UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number: **001-39755**

Navitas Semiconductor Corporation

(Exact name of registrant as specified in its charter)

Delaware	**85-2560226**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3520 Challenger Street	
Torrance, California	**90503-1640**
(Address of Principal Executive Offices)	(Zip Code)

(844) 654-2642
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	**NVTS**	**Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was $1,219,930,904.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 179,253,182 shares of Class A Common Stock and 0 shares of Class B Common Stock were outstanding at February 27, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the 2024 annual meeting of stockholders are incorporated into Part III herein.

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CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements. All statements other than statements of historical facts contained in this annual report, including statements concerning possible or assumed future actions, business strategies, events or results of operations, and any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this annual report and are subject to a number of important risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, including risks and uncertainties relating to:

- our financial and business performance;
- our ability to realize benefits from the acquisition of GeneSiC Semiconductor Inc. on August 15, 2022, as discussed elsewhere in this report including in Part II, Item 1A (Risk Factors);
- changes in our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects and plans;
- our product development timeline and expected start of production;
- the implementation, market acceptance and success of our business model;
- our ability to scale in a cost-effective manner;
- developments relating to our competitors and industry;
- the impact of health epidemics, including the Covid-19 pandemic, on our business and the actions we may take in response thereto;
- our ability to obtain and maintain intellectual property protection, and not infringe on the rights of the intellectual property rights others;
- our future capital requirements and sources and uses of cash;
- our ability to obtain funding for our operations;
- our business, expansion plans and opportunities;
- the outcome of any known and unknown litigation and regulatory proceedings; and
- the risks and uncertainties described in this annual report, including under the section titled “Risk Factors.”

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. Some of these risks and uncertainties may in the future be amplified by events we do not expect or cannot predict. Additionally, new risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. As a result of these factors, the forward-looking statements in this annual report may not prove to be accurate.

Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this annual report, whether as a result of any new information, future events, changed circumstances or otherwise. You should read this annual report completely, and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

SUMMARY OF RISK FACTORS

The below summary of risk factors provides an overview of many of the risks we are exposed to in the normal course of our business activities. As a result, the below summary risks do not contain all of the information that may be important to you, and you should read the summary risks together with the more detailed and complete discussion of risks set forth under the heading "Risk Factors" in Part I, Item 1A of this annual report, as well as elsewhere in this annual report. Additional risks, beyond those summarized below or discussed elsewhere in this annual report, may apply to our activities or operations as currently conducted or as we may conduct them in the future or in the markets in which we operate or may in the future operate.

Consistent with the foregoing, we are exposed to a variety of risks, including risks associated with the following:

Risks Related to Our Business and Operations

- Our success and future revenue depend on our ability to achieve design wins and to convince our current and prospective end customers to design our products into their product offerings.
- To date we have been successful primarily as a result of introducing our leading-edge GaN power IC technology in mobile charging applications, such as wall chargers and adapters for mobile phones and laptop computers, and on motor drives for home appliances, where we believe we have achieved a market-leading position in GaN power ICs. Growth in demand for our GaN products depends on achieving similar successes in other markets where we believe our GaN technology provides comparable advantages, including consumer electronics, data center, solar and EV. Although we believe we are on track in these efforts, no assurance can be given that we will succeed in similarly displacing legacy silicon solutions in these other target markets for our GaN products.
- Our August 2022 acquisition of GeneSiC Semiconductor Inc. ("GeneSiC") was our first significant acquisition. We have devoted, and expect to continue to devote, significant time and attention to integrating GeneSiC with our GaN operations teams. Given our relatively small size and relative inexperience with acquisitions, we expect to face challenges which present a number of risks to achieving the anticipated benefits of the acquisition. Our revenue, expenses, results of operations and financial condition could be materially adversely affected as a result.
- We are dependent on a limited number of distributors and end customers. The loss of, or a significant disruption in the relationships with any of these distributors or end customers, could significantly reduce our revenue and adversely impact our operating results. In addition, if we are unable to expand or further diversify our end customer base, our business, financial condition, and results of operations could suffer.
- Since we have significant operations and revenues in China, our business development plans, results of operations and financial condition may be materially and adversely affected by significant political, social and economic developments in China, including governmental or regulatory changes, as well as trade relations between China and the United States and other countries.
- We currently rely on a single third-party wafer fabrication supplier and facility for the fabrication of semiconductor wafers for GaN ICs and a separate third-party wafer fabrication supplier and facility for the fabrication of semiconductor wafers SiC MOSFETs, and on a limited number of suppliers of other materials. Commencing manufacturing operations, in particular wafer fabrication, at additional suppliers is a complex and time-consuming process requiring supplier qualification and, usually, end-customer acceptance. As a result, the failure of any existing facilities or suppliers, or of additional suppliers, to continue to produce wafers or other materials, on a timely basis or at all, could harm our business and our financial results.
- We may experience difficulties in transitioning to new wafer fabrication process technologies or in achieving higher levels of design integration, which may result in reduced manufacturing yields, delays in product deliveries and increased costs.
- Increased costs of wafers and materials, or shortages in wafers and materials, could increase our costs of operations and our business could be harmed. Raw material price fluctuations can increase the cost of our products, impact our ability to meet end customer commitments, and may adversely affect our results of operations.

- Because we do not have long-term purchase commitments with our end customers, orders may be cancelled, reduced, or rescheduled with little or no notice, which in turn exposes us to inventory risk, and may cause our business, financial results and future prospects to be harmed.
- The complexity of our products could result in unforeseen delays or expenses from undetected defects, errors or bugs in hardware or software which could reduce the market adoption of our products, damage our reputation with current or prospective end customers and adversely affect our operating costs.
- From time to time, we may rely on strategic partnerships, joint ventures and alliances for manufacturing and research and development. However, we may not control these partnerships and joint ventures, and actions taken by any of our partners or the termination of these partnerships or joint ventures could adversely affect our business.
- We may pursue mergers, acquisitions, investments and joint ventures, which could divert our management's attention or otherwise disrupt our operations and adversely affect our results of operations.

Tax-Related Risks

- Legacy Navitas is a tax resident of, and is subject to tax in, both the United States and Ireland. Although we are pursuing relief from double taxation under the double tax treaty between the United States and Ireland, there can be no assurance that such efforts will be successful. Accordingly, the status of Legacy Navitas as a tax resident in the U.S. and Ireland may result in an increase in our cash tax obligations and effective tax rate, which increase may be material.
- Any adjustment to the purchase price of the assets that were transferred pursuant to the restructuring of Legacy Navitas in 2020 could adversely impact our tax position.
- We could be subject to domestic or international changes in tax laws, tax rates or the adoption of new tax legislation, or we could otherwise have exposure to additional tax liabilities, which could adversely affect our business, results of operations, financial condition or future profitability.
- As a result of the plans to expand our business operations, including to jurisdictions in which tax laws may not be favorable, our obligations may change or fluctuate, become significantly more complex or become subject to greater risk of examination by taxing authorities, any of which could adversely affect our after-tax profitability and financial results.
- Our ability to use net operating loss carryforwards and other tax attributes may be limited in connection with the Business Combination or other ownership changes.

Risks Related to Intellectual Property

- We may not be able to adequately protect our intellectual property rights. If we fail to adequately enforce or defend our intellectual property rights, our business may be harmed.
- We may not be able to obtain additional patents and the legal protection afforded by any additional patents may not adequately cover the full scope of our business or permit us to gain or keep competitive advantage.
- If we infringe or misappropriate, or are accused of infringing or misappropriating, the intellectual property rights of third parties, we may incur substantial costs or be prevented from being able to commercialize new products.
- Our ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property, including third party and "open source" software.

Risks Related to Owning Our Common Stock

- Concentration of ownership among existing executive officers, directors and their affiliates, including the investment funds they represent, may prevent new investors from influencing significant corporate decisions.
- If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.
- The issuance of additional capital stock in connection with financings, acquisitions, investments, our stock incentive plans or otherwise by us could dilute the ownership and voting power of our stockholders.

- Our management has limited public company experience. The obligations associated with being a public company involve significant expenses and require significant resources and management attention, which may divert from our business operations and if we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.
- We may issue a substantial number of additional shares under our employee equity incentive plans.

PART I

Item 1. Business.

Overview

We design, develop and market next-generation power semiconductors including gallium nitride (GaN) power integrated circuits (ICs), silicon carbide (SiC) power devices, associated high-speed silicon system controllers, and digital isolators used in power conversion and charging. Power supplies incorporating our products may be used in a wide variety of electronics products including fast chargers for mobile phones and laptops, consumer electronics, data centers, solar inverters and electric vehicles, among numerous other applications.

Our products provide superior efficiency, performance, size, cost and sustainability relative to existing silicon technology. Our solutions offer faster charging, higher power density and greater energy savings compared to silicon-based power systems with the same output power. By unlocking this speed and efficiency, we believe Navitas is leading a revolution in high-frequency, high-efficiency, high-density, and sustainable power electronics to “Electrify Our World”™ for a cleaner tomorrow.

Industry Overview

Most electronic devices that connect to a wall socket require a power supply to convert energy provided by utilities at 100-240V alternating current (AC) into lower-voltage direct current (DC) required by most electronic devices. Power supplies can be located inside the devices they are powering, as is the case with many consumer electronics and home appliances, or outside of the device, as is typically the case with devices like mobile phone chargers or laptop computers, typically referred to as wall chargers or power adapters.

In other applications such as electric vehicles, power may be converted from a high-voltage (e.g. 400 V) DC battery to a lower voltage (e.g. 12 V) or, in the case of solar inverters, from low-voltage DC to high-voltage AC.

In electronic devices today, most of these charging and power supply functions are carried out using silicon (Si) power MOSFETs (Metal Oxide Silicon Field Effect Transistors) or IGBTs (Insulated Gate Bipolar Transistors), along with related analog peripheral semiconductors. As the electronic content and functionality of systems have increased over time, existing silicon-based solutions have struggled to achieve high energy efficiency and fast charging, and they require large heat sinks or other thermal management methods, and large or complex form factors.

Two newer “wide band-gap” (WBG) materials have entered the power electronics market—gallium nitride (GaN) and silicon carbide (SiC). In general terms, devices rated around 700V address applications requiring output power of approximately 20 W to 20 kW, such as smartphone chargers or data center power supplies. Silicon Carbide (SiC) solutions are generally designed for higher power applications (up to 1 MW) and higher device voltages (up to 6,500 V).

At the highest level, GaN is a combination of gallium and nitrogen, which forms a powerful bond with materially stronger electric fields and greater electron mobility compared to silicon. With a GaN power IC, increased power system switching speeds and energy efficiency can be achieved, which translate into notable benefits for power electronics such as smaller size, lighter weight, higher density, faster charging, energy savings and ultimately a lower system cost. These are significant gains relative to existing Si-based power solutions. A transistor is at the heart of a power supply, and a discrete (that is, non-integrated) GaN transistor requires a specialized silicon driver and multiple other components to drive and protect that GaN transistor. This additional circuitry has limited the adoption of GaN over the last decade due to cost, complexity, size, and vulnerability to system transients. Navitas has solved this problem with the GaN power IC. The Company is the first to integrate all the drive and protection components along with the GaN transistor in a single GaN chip. This provides several form-factor improvements and energy savings compared to silicon solutions. The GaN IC solution also provides several benefits compared to GaN discrete solutions, including a smaller footprint, fewer components, energy savings, and lower cost.

Based on third-party estimates, the GaN device market (all voltages) in 2023 was about $260 million with SiC around $2.8 billion. Based on Navitas' estimates, Navitas is a market leader in high-voltage (600-700V) GaN, and has a growing share of the SiC market. The combined GaN and SiC market is estimated to grow around 29% in 2024, with the legacy silicon market growing only approximately 5%.

Combining GaN and SiC, the total potential market opportunity is estimated to be over $22 billion per year by 2026, split $7 billion for GaN, $9.3 billion for SiC, and with $6.1 billion overlapping GaN/SiC market. By the end of 2028, Yole, which is a consulting firm that specializes in the strategic analysis of markets, estimates that 30% of the legacy power silicon market will have been taken by GaN and SiC.

Company Overview

Converting power efficiently has emerged as a critical challenge as the electrification of our planet continues amid the pursuit of reduced carbon footprints. Electric vehicles, renewable energy, large-scale data processing and other applications all demand power and charging infrastructures with greater speed and efficiency than status-quo silicon technology. Navitas' GaN and SiC products solve complex and demanding challenges that are inherent in power conversion by unlocking both speed and efficiency. Since our founding in 2014, we have successfully harnessed the fundamentally superior material properties of GaN to enable cost savings and enhanced power conversion through product integration, reducing the amount of space needed to support multiple requirements while dramatically increasing charging speeds. With ten-times stronger electrical fields and twice the electron mobility compared to silicon, GaN is ideally suited for disrupting power switching applications, but challenges around manufacturing quality and reliability make commercialization difficult. By developing a fully qualified manufacturing process with over one billion device hours tested, Navitas overcame these key hurdles to successfully and reliably integrate the critical drive, control and protection circuits into a single chip, enabling mainstream GaN adoption and unlocking the full potential of GaN in speed, efficiency, simplicity and cost. Navitas estimates show that GaN-based power systems can provide 20x faster switching, up to 3x higher power density, 3x faster charging, up to 40% energy savings and are 3x smaller and lighter compared to silicon-based power systems. Navitas' ICs allow end customers to implement GaN technology with a simple, dependable solution to realize groundbreaking power density and efficiency. We are developing a differentiated GaN power IC platform utilizing decades of power semiconductor technical expertise, robust applications knowledge and strong end customer relationships. We believe our competitive strengths and robust IP portfolio of over 250 issued and pending patents have enabled us to establish a leading market position in GaN power semiconductors.

In August 2022, Navitas acquired GeneSiC Semiconductor, adding a broad range of SiC MOSFETs and diodes to the Navitas portfolio. GeneSiC proprietary trench-assisted planar-grade MOSFET technology combines the best of planar SiC (ease of manufacturing, robustness) with the best of trench SiC (low resistance, smaller die sizes). Navitas SiC MOSFETs have lower resistance than competitors at higher temperatures, and operate at cooler temperatures, for expected 3x longer device life expectancy.

Navitas is led by a team of power semiconductor industry experts with a combined 300+ years of experience in semiconductor materials, devices, applications, systems and marketing.

Navitas' Market Opportunities

We believe GaN and SiC will continue to displace silicon-based power semiconductors in a broad range of markets ranging from mobile/consumer to home appliance/industrial, data center, solar/storage, and EV. These markets are driven by major, long-term secular trends including explosive growth in data traffic, increasing electricity cost, and the transition from fossil fuel-based to sustainable energy sources to help address climate change. Industry analyst Yole estimates that by the end of 2028, GaN and SiC will have replaced 30% of the legacy silicon market.

- ***Mobile/Consumer.*** With short design-in times, and a strong "portability" value proposition, our initial focus and technology beachhead for GaN was the mobile fast and ultra-fast charging market for smartphones, tablets and laptops. GaN Power ICs generally can provide up to 3x more power and up to 3x faster charging, with half the size and weight of silicon chargers with the same output power. With the introduction of USB Type-C universal connectors and charging protocols, and as smartphone screen size, batteries and functions have increased, demand for high-power "ultra-fast" chargers has been established. For example, GaN-based 240 W chargers supplied with today's flagship smartphones can enable 0-100% charging in less than 10 minutes. As over 2.5 billion chargers are shipped every year, each estimated to include potentially approximately $1 of GaN content, the mobile charger market represents a multi-billion-dollar opportunity based on estimates from IDC PC tracker, USB-C research, Yole research and Navitas estimates. As of December 2023, all of the top-10 mobile OEMs are in production or development with Navitas. Non-mobile (non-battery) applications include ultra-thin TVs, high-powered gaming systems, desktop all-in-one PCs, and various smart home internet-connected devices.

- ***Data Center*** Within the enterprise end-market, we primarily focus on solving power problems of data centers. Nearly 50% of the total cost of ownership of a data center is related to power, which includes the cost of power supplies as well as the cost of electricity for data processing, cooling, lighting and other power needs. For the data processing component alone, by our estimates (2021), a silicon-based data center is about 75% efficient, implying 25% of the energy used by a data center is wasted as heat. A GaN-based data center can improve efficiency to about 84% total efficiency, representing benefits in reduced cost of electricity and the cost of cooling. Navitas' data center power platform designs are half the size of legacy silicon solutions, meet or exceed European Union efficiency requirements and, based on customer feedback, have an overall bill-of-materials cost lower than legacy silicon. In aggregate, we estimate that data centers represent about a $1 billion opportunity for GaN ICs based on IDC Worldwide Quarterly Server Tracker and Navitas analysis.
- ***Solar/Storage.*** In residential solar, we believe GaN is well positioned to replace silicon in per-panel micro-inverters (350 – 500 W). Based on customer feedback, we estimate system cost reductions of approximately 25% compared to legacy silicon solutions, in addition to efficiency-driven energy savings over time. We estimate this translates into about a 10% improvement in the return on investment in solar systems. Overall, we estimate the GaN IC opportunity for solar applications to be over $1 billion per year based on Markets and Markets Micro-Inverter Market report and Navitas analysis. Meanwhile, higher-power, higher-voltage commercial "string" inverters have adopted SiC to replace legacy silicon IGBTs, with significant savings in weight and size. To help balance solar supply and electrical demand, and for users to become more grid-independent, the "attach rate" for battery-based energy-storage designs (or "bi-directional" EV) that require SiC, is expected to increase from less than 10% in 2022 to 30%-40% in 2025, according to a leading customer.
- ***Home Appliance / Industrial.*** This market is dominated by high-efficiency motor drive applications, including domestic appliances such as washing machines, vacuum cleaners, dishwasher pumps, refrigerator compressors and heat pumps, plus industrial uses such as water pumps, conveyor systems, robots, and warehouse materials handling systems. Based on Navitas estimates, high-speed GaN half-bridge power ICs deliver improved energy savings compared to legacy silicon and enable drive-motor integration due to their smaller size and lighter weight. We estimate the opportunity for GaN in 50-300 W motor drive applications to be around $1.5 billion per year. As motor drive power increases to over 1 hp (~750 W), the higher current-handling capabilities of SiC come into play.
- ***Electric Vehicles.*** EV demand is increasing. Boston Consulting Group's 2018 forecast for world-wide EV adoption in 2030 was 21%. By 2022, that 2030 forecast had risen to 53%. EV adoption challenges include three main themes: the need for faster charging, demand for extended range, and lowering the cost compared to traditional, internal combustion powered cars. EVs can also act as supplementary energy back-up for your home to balance energy supply (from household AC, solar, generators) and demand (heating, cooling, cooking, device charging and other electronics), and be a critical part of an energy-independent micro-grid in the event of a grid

power failure. This is known as “V2x” (vehicle to anything) charging. For 400 V-rated EV battery systems, ~700 V-rated GaN operates at high-speeds in on-board chargers (OBCs) and DC-DC converters. For example, Navitas’ “3-in-1” platform design includes a 6.6 kW bi-directional charge/discharge and consolidated DC-DC converter. For higher-power traction inverters, and systems with 800 V-rated batteries, 1,200 V SiC is an optimized solution. We estimate GaN and SiC content per passenger EV to be approximately $350 per vehicle. For trucks, buses and earth-moving equipment, OBCs may be up to 300 kW, and use higher-voltage distribution rails such as 1,000 V – which require 1,700 – 3,300 V SiC. Similar power and voltage requirements are found in roadside fast chargers.

Competitive Strengths

By December 2023, over 125 million Navitas GaN devices have been shipped, with failure rates of less than one part per million. Over 400 mobile charger models that include Navitas GaN devices have entered mass production. As of February 2024, based on publicly-available data, no other vendor has entered production with monolithically-integrated high-voltage GaN, other than simple diode-connected gate-protection transistors. We believe Navitas is the market and technology leader in GaN power ICs, with leading revenue, technology and intellectual property. To date, over 12 million GeneSiC products have shipped with excellent quality, and superior performance. We believe our key competitive advantages include:

- ***Industry-Leading IP Position and Proprietary Design Support.*** Navitas has a broad portfolio of over 250 patents issued or pending, encompassing key aspects of GaN power circuitry analog and digital integration and SiC device design. Our patents are generally applicable to use cases in all of our targeted market applications. A key element of our intellectual property is our GaN IC process design kit (PDK), which we use to facilitate and accelerate product implementation and end customer development. We believe our PDK includes the industry’s first and most mature and comprehensive device and circuit development libraries, characterization and verification tools, and robust simulation models.
- ***Differentiated GaN Power Solutions.*** Our integrated circuit approach to GaN power semiconductors eliminates complexity in driving, controlling and protecting GaN transistors while simultaneously fostering design simplicity. We have overcome key hurdles to commercialization with our proprietary GaN design and manufacturing test systems and are fully qualified with over one billion device hours tested to underscore reliability.
- ***Industry-leading, Proprietary SiC Power Solutions.*** GeneSiC proprietary trench-assisted planar-gate MOSFET technology combines the best of planar SiC (ease of manufacturing, robustness) with the best of trench SiC (low resistance, smaller die sizes). Navitas SiC MOSFETs have lower resistance than competitors at higher temperatures, and in head-to-head bench evaluations, run 25°C cooler, for 3x longer device life expectancy.
- ***Enabling, High-frequency Eco-system Control and Isolation Technology.*** For performance- and cost-optimized applications, high-speed GaN and SiC power components are accompanied by high-frequency system control ICs and digital isolators. Navitas is unique in having a comprehensive eco-system that enables the high levels of integration from 30 W smartphone chargers to 22 kW on-board, and mega-Watt roadside EV chargers.
- ***Established Relationships with Key Partners and End Customers.*** In support of our technology leadership, we have formed relationships with numerous Tier 1 manufacturers and suppliers, gaining significant traction in mobile and consumer charging applications.
- ***Dedicated Application-Specific Design Centers.*** We believe we are unique in adding application-specific design centers for mobile, data center and EV, which allow us to develop GaN- and SiC-based power systems working with key customers in each of these segments, driving additional value with these customers and fueling additional system-led integration back in to our products for future generations.

- ***Proven Leadership Team of Tenured Industry Experts.*** Navitas' management team has over 400 years of combined power semiconductor experience and a track record of shareholder value creation. Three of Navitas' founders have worked closely together for over 25 years and are credited with power semiconductor industry achievements and successes that include over 200 issued patents and 200 industry papers and presentations.

Strategy

We are committed to offering unprecedented speed and efficiency to our end-customers through next-generation power semiconductor solutions, empowering efficient electrification while reducing the carbon footprint of our customers' products. Navitas products address a variety of power applications from 20 W to 20 MW, across markets including mobile/consumer, data centers, home appliance/industrial, solar/storage and EV. With an established track record in mobile fast charging, over 125 million GaN units shipped, we believe Navitas is well positioned to expand GaN into higher power applications and accelerate adoption of our expansive GeneSiC SiC portfolio. Our key strategic initiatives include:

- ***Acceleration of Technology Development and Innovation.*** We are focused on bringing to market multiple generations of high-voltage GaN, SiC, and low-voltage Si controller technology that enhance our margin profile while providing further integration benefits and advanced packaging to serve higher power markets.
- ***Expansion into New End Markets and Geographies.*** Building on our initial success in mobile fast charging and consumer electronics, Navitas is poised for expansion into new market applications including data centers, solar and renewable energy as well as electric vehicles and mobility. Our fabless manufacturing model allows us to scale efficiently into new markets and applications while minimizing capital expenditures.
- ***Selective Acquisitions of Complementary Technologies.*** We plan to continually evaluate acquisition opportunities that are complementary to our existing portfolio and increase power semiconductor content in our targeted applications. In 2022, Navitas acquired VDDTECH srl, a developer of high-speed digital isolator technology, and GeneSiC Semiconductor Inc., a producer of SiC MOSFETs and diodes. In 2023, Navitas bought-out the remainder of a joint venture with Halo Microelectronics International Corporation for high-speed, low-voltage silicon system controllers.
- ***Leadership in Sustainability.*** Through Navitas analysis and third-party auditing, we estimate that each GaN power IC shipped saves a net 4 kg of CO_2 emissions, and each SiC MOSFET saves 25kg. To date, over 200,000 tons of CO_2 emissions have been saved as compared to legacy silicon solutions providing the same power output. Overall, by the target date of the Paris Accord, we estimate that GaN and SiC can reduce CO_2 emissions by over 6 Gtons per year. Navitas was the first semiconductor producer solely focused on GaN and SiC products to publish a quantitative, third-party-verified sustainability report, and the first semiconductor company worldwide to be certified CarbonNeutral® by Climate Impact Partners. Each customer can adapt the CO_2 footprint-reduction value of GaN and SiC to achieve their own sustainability analysis and commitments.

Sales, Marketing and End Customer Support

For GaN, our go-to-market strategy combines robust GaN commercialization and design expertise with validated success in mobile and consumer charging applications to capture market share and expand into new vertical markets. We partner with numerous platforms and end customers globally and target innovative, Tier 1 suppliers to design differentiated power semiconductor solutions. To facilitate end customer success, we offer comprehensive design support and utilize a proprietary process design kit tailored to specific engineering needs. Navitas is unique in opening three, separate, system-dedicated application design centers to accelerate adoption of GaN and SiC into fast chargers, data centers and EV. Furthermore, our technologies are capable of being integrated into numerous product generations and design architectures, creating a scalable business opportunity. This technical business-to-business (B2B) approach is supplemented by commercial business-to-consumer (B2C) end-user awareness, and customer co-operative activities across in-person and virtual multi-media platforms.

Key distribution partners provide additional field application engineering resources to assist in introducing our technology to a diversified end customer base and implementing our products in end customers' products and systems. In addition, Navitas' direct sales team works to facilitate development of new end customer partnerships with our distribution partners. With a focus on leading global clients, we believe Navitas is well positioned to expand both its existing end customer base and enter new markets in the near-term, while maintaining its current market leadership position in mobile fast charging.

Intellectual Property

The core strength of our business lies in our industry-leading IP position in GaN power ICs and SiC MOSFETs. We invented the first commercial GaN power ICs and along the way have patented many fundamental circuit elements which are needed in most power systems from 20 W to 20 kW. We have more than 250 issued or pending patents, which are expected to expire between the end of 2034 and early 2041.

A key element of our intellectual property is our GaN IC process design kit (PDK), which we use to facilitate and accelerate product implementation and end customer development. We believe our PDK includes the industry's first and most mature and comprehensive device and circuit development libraries, characterization and verification tools, and robust simulation models.

Competition

Our competitors include suppliers of silicon-based as well as GaN-based and SiC-based power semiconductors. Most suppliers of GaN-based devices today offer discrete (i.e., non-integrated) GaN solutions, which require silicon-based and other components for drive, control and protection. These solutions, even though they offer some benefits compared to silicon, still do not capture all the advantages of a GaN integrated power IC that Navitas provides. Our primary GaN competitors include Infineon Technologies AG, Power Integrations, Inc., Texas Instruments Incorporated, Innoscience (Suzhou) Semiconductor Co., Ltd., Transphorm, Inc. and Efficient Power Conversion Corporation (EPC). Primary SiC competitors include Infineon, Wolfspeed, Inc., ON Semiconductor Corporation, ROHM Co., Ltd., Qorvo, Inc., and STMicroelectronics International N.V.

Our primary silicon-based power semiconductor competitors include Infineon, STMicroelectronics, ON Semiconductor and Power Integrations, among others. Silicon-based power devices are still the incumbent solutions used for power applications and currently have a lower-cost advantage. However, given the speed, power and size advantages of an integrated GaN IC over a silicon solution, coupled with expected cost reductions, we estimate that system cost parity for GaN-based (vs. silicon-based) mobile chargers with output power of 65 W or above was reached in 2023. In higher-power systems, such as kW-level data center supplies, we believe the cost-parity point was reached even earlier, based on customer feedback.

Although we believe system cost parity for these GaN-based applications was reached in 2023, there are inherent risks that market conditions may change, which include:

- GaN wafer and assembly (packaging) prices may not be reduced by suppliers as fast as expected or committed, especially if global semiconductor shortages occur.
- GaN manufacturing yields, while demonstrated over 90% on a stable, multi-month basis, could deteriorate causing manufacturing costs of GaN ICs to increase.
- The cost of silicon controllers, which are an important complement to GaN power ICs used in all mobile chargers, is expected to decrease, but price increases could occur, particularly if global semiconductor shortages occur. Such costs are not directly controlled by Navitas.
- Passive and mechanical components (inductors, transformers, capacitors, printed circuit boards (PCBs), plastic housings, and others) are an important complement to GaN power ICs, are used in all mobile chargers and contribute to cost reduction as they generally decrease in size, weight and cost as GaN increases charger switching frequency compared to silicon-based chargers. Although we expect these cost reductions for passive and

mechanical components to continue, it is possible that they will not materialize as expected, and such costs are not directly controlled by Navitas.

Even in the absence of shortages in the semiconductor industry, corresponding components in silicon-based chargers may increase, allowing GaN-based chargers to achieve expected system cost parity on a relative basis. With respect to SiC, the market has been supply-restricted, and in 2023 Navitas entered into long-term supply agreements to increase raw-material availability and manufacturing capacity.

Manufacturability

We utilize a fabless business model, working with third parties to manufacture, assemble and test our products.

Navitas devices are fabricated in a layer of GaN sitting on a silicon substrate (known as "GaN-on-Si"). This combination traditionally posed several challenges due to physical dissimilarities in the materials and resulting defect densities, which translated into poor manufacturing, low yields, high costs, and poor reliability. We have spent a significant amount of our history working to solve these problems through process and design improvements and test methods. As a result of these efforts, we have achieved stable, predictable, and consistent yields of well over 90%.

Gallium is produced primarily as a byproduct from the production of bauxite, the chief ore of aluminum. In 2017 world production capacity was estimated at over 1,000 tons (low-grade and refined), and is estimated to be growing at about 15% per year, with a supply potential of over 2,000 tons sourced from many countries. Semiconductor applications dominate the commercial demand for gallium, representing 98% of its use, which includes microwave circuits, ultra high-speed logic chips, LEDs, laser diodes and, as is the case for Navitas GaN power ICs, in power electronics. Gallium is not considered a rare or precious metal. GaN power ICs typically use only 95 µg (micrograms) of gallium per devi in the manufacture of a device. On this basis we estimate Navitas will consume less than .01% of the 2,000 tons estimated annual supply potential by 2026.

Our GaN wafer fab partner since inception has been Taiwan Semiconductor Manufacturing Company (TSMC). We have worked to co-develop GaN-based product manufacturing capabilities with TSMC, which has invested significant capital to develop this capability. Although we have no volume-contracted commitments with TSMC, and purchase wafers on a purchase-order basis, we believe our volumes of GaN products in TSMC wafer fabs are critical to the utilization and efficiency of TSMC's GaN-specific infrastructure. TSMC operates as a leading global supplier, with significant capacity to meet our growth needs. Our process is compatible with multiple complementary metal-oxide-semiconductor ("CMOS") foundries with the addition of a small number of GaN-specific process modules. Navitas' SiC products are manufactured by XFAB Texas, Inc. on 150 mm wafers, with high yields and lead times we believe are around half that of competitors. In 2023, Navitas entered into long-term supply agreements with XFAB and raw wafer suppliers to establish capacity increases.

Research & Development

Navitas has invested its time and effort to carefully develop its proprietary GaN IC chips for power electronics and semiconductor applications. Our experienced teams around the world have made GaN adoption a reality as many end customers in different end markets start to realize the true potential of our GaN power ICs. To protect our market leadership in GaN ICs, we continually look to innovate and improve our GaN ICs, to achieve greater efficiency, integration and speed at lower costs. We evaluate various complementary technologies, look to improve our PDK and hope to keep introducing newer generations of GaN technology. In 2022, Navitas acquired GeneSiC Semiconductor for SiC MOSFETs and diodes with plans to accelerate research and development and adoption of the expansive GeneSiC SiC portfolio. Navitas' research and development activities are located primarily in the U.S., China and Taiwan.

Sustainability

We believe we are the first company to publish a sustainability report that comprehensively quantifies the positive impact of GaN power semiconductors on climate change based on global standards. Our report includes a third-party Lifecycle Assessment (LCA) of GaN technology according to ISO14040/14044, the international standard for assessing environmental impacts throughout a product's life cycle—from raw material acquisition through production, use, end-of-life treatment, recycling and final disposal. The Navitas report also quantifies corporate greenhouse gas (GHG) impacts through 3rd party assessments. We estimate that each GaN power IC shipped saves a net 4 kg of CO_2 emissions, and each SiC MOSFET saves 25 kg. Combined, GaN and SiC are estimated to save an aggregate of 6 Gtons of CO_2 emissions per year by 2050.

Human Capital Resources

As of December 31, 2023, our worldwide workforce consisted of 314 full and part-time employees. Our approach to compensation attempts to align the interests of every employee with the creation of company value over time. The Company offers a wide variety of benefits for employees around the world and invests in tools and resources that are designed to support employees' individual growth and development.

Item 1A. Risk Factors.

Risk Related to Our Business and Operations

Our success and future revenue depends on our ability to achieve design wins and to convince our current and prospective end customers to design our products into their product offerings. If we do not continue to win designs or our products are not designed into our end customers' product offerings, our results of operations and business will be harmed.

We sell our power chips to end customers who select our solutions for inclusion in their product offerings. This selection process is typically lengthy and may require us to incur significant design and development expenditures and dedicate scarce engineering resources in pursuit of a single design win, with no assurance that our solutions will be selected. If we fail to convince our current or prospective end customers to include our products in their product offerings or to achieve a consistent number of design wins, our business, financial condition, and results of operations will be harmed.

Because of our extended sales cycle, our revenue in future years is highly dependent on design wins we are awarded in prior years. It is typical that a design win will not result in meaningful revenue for one year or more or later, if at all. If we do not continue to achieve design wins in the short term, our revenue in the following years will deteriorate.

Further, a significant portion of our revenue in any period may depend on a single product design win with a large customer. As a result, the loss of any key design win or any significant delay in the ramp of volume production of the customer's products into which our product is designed could adversely affect our business, financial condition, and results of operations. We may not be able to maintain sales to our key end customers or continue to secure key design wins for a variety of reasons, and our end customers can stop incorporating our products into their product offerings with limited notice to us and suffer little or no penalty.

If we fail to anticipate or respond to technological shifts or market demands, or to timely develop new or enhanced products or technologies in response to the same, it could result in decreased revenue and the loss of our design wins to our competitors. Due to the interdependence of various components in the systems within which our products and the products of our competitors operate, end customers are unlikely to change to another design, once adopted, until the next generation of a technology. As a result, if we fail to introduce new or enhanced products that meet the needs of our end customers or penetrate new markets in a timely fashion, and our designs do not gain acceptance, we will lose market share and our competitive position.

The loss of a key end customer or design win, a reduction in sales to any key customer, a significant delay or negative development in our end customers' product development plans, or our inability to attract new significant end customers or secure new key design wins could seriously impact our revenue and materially and adversely affect our business, financial condition, and results of operations.

If we fail in a timely and cost-effective manner to develop new product features or new products that address end customer preferences and achieve market acceptance, our operating results could be adversely affected.

Our products are based on novel design technology and our future success depends on the successful development of high-voltage power switching components and systems based on design technology. There can be no assurance that any development problems we experience in the future related to our products will not cause significant delays or unanticipated costs, or that such development problems can be solved. In addition, we compete in a dynamic environment characterized by rapid technology and product evolution. Our end customers are constantly seeking new products with more features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and market to our end customers new and innovative products and improvements of existing products. In order to respond to new and evolving end customer demands, achieve strong market share and keep pace with new technological, processing and other developments, we must constantly introduce new and innovative products into the market. Our failure to timely develop new technologies or to react quickly to changes in existing technologies could materially delay our development of new products, which could result in product obsolescence, decreased revenue, and/or a loss of market share to competitors. As we develop new product lines, we must adapt to market conditions that are unfamiliar to us, such as competitors and distribution channels that are different from those we have known in the past. Some of our new product lines require us to re-equip our labs to test parameters we have not tested in the past. If we are unable to adapt rapidly to these new and additional conditions, we may not be able to successfully penetrate new markets, although we strive to respond to end customer preferences and industry expectations in the development of our products. Further, if initial sales volumes for new or enhanced products do not reach anticipated levels within the time periods we expect, we may be required to engage in additional marketing efforts to promote such products and the costs of developing and commercializing such products may be higher than we predict. Moreover, new and enhanced products may not perform as expected. We may also encounter lower manufacturing yields and longer delivery schedules in commencing volume production of new products that we introduce, which could increase our costs and disrupt our supply of such products.

The success of a new product depends on accurate forecasts of long-term market demand and future technological developments, as well as on a variety of specific implementation factors, including:

- timely and efficient completion of process design and device structure improvements;
- timely and efficient implementation of manufacturing, assembly, and test processes;
- the ability to secure and effectively utilize fabrication capacity in different geometries;
- product performance;
- product availability;
- product quality and reliability; and
- effective marketing, sales and service.

To the extent that we fail to timely introduce new products or to quickly penetrate new markets, our business, financial condition and results of operations could be materially and adversely affected.

Furthermore, we face the risk that end customers may not value or be willing to bear the cost of incorporating newer solutions we develop into our product offerings, particularly if they believe their end customers are satisfied with prior offerings. Regardless of the improved features or superior performance of the newer solutions, end customers may be unwilling to adopt our new solutions due to design or pricing constraints. Because of the extensive time and resources that we invest in developing new solutions, if we are unable to sell new generations of our solutions, our revenue could decline and our business, financial condition, and results of operations would be negatively affected.

A fundamental shift in technologies, the regulatory climate or demand patterns and preferences in our existing product markets or the product markets of our end customers or end-users could make our current products obsolete, prevent or delay the introduction of new products or enhancements to our existing products or render our products irrelevant to our end customers' needs. If our new product development efforts fail to align with the needs of our end customers, including due to circumstances outside of our control like a fundamental shift in the product markets of our end customers and end users or regulatory changes, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to accurately anticipate and respond to rapid technological change in the industries in which we operate, our ability to attract and retain end customers could be impaired and our competitive position could be harmed.

We operate in industries characterized by rapidly changing technologies as well as technological obsolescence. The introduction of new products by our competitors, the delay or cancellation of any of our end customers' product offerings for which our solutions are designed, the market acceptance of products based on new or alternative technologies, or the emergence of new industry standards could render our existing or future products uncompetitive, obsolete, and otherwise unmarketable. Our failure to anticipate or timely develop new or enhanced products or technologies in response to changing market demand, whether due to technological shifts or otherwise, could result in the loss of end customers and decreased revenue and have an adverse effect on our business, financial condition, and results of operations.

The success of some of our products are dependent on our end customers' ability to develop products that achieve market acceptance, and our end customers' failure to do so could negatively affect our business, financial condition, and results of operations.

The success of some of our products are heavily dependent on the timely introduction, quality, and market acceptance of our end customers' products incorporating our solutions, which are impacted by factors beyond our control. Our end customers' products are often very complex and subject to design complexities that may result in design flaws, as well as potential defects, errors, and bugs. We have in the past been subject to delays and project cancellations as a result of design flaws in the products developed by our end customers, changing market requirements, such as the end customer adding a new feature, or because a customer's product fails their end customer's evaluation or field trial. In other cases, end customer products are delayed due to incompatible deliverables from other vendors. Such end customers have in the past, and may in the future, vary order levels significantly from period to period, request postponements of scheduled delivery dates, modify their orders or reduce lead times. This is particularly common during periods of low demand.

We incur significant design and development costs in connection with designing our products for end customers' products that may not ultimately achieve market acceptance. As the company offers more products to new and existing customers, potentially expands its supply relationships, and enters new markets, the company may encounter yield, bugs and reliability issues with specific products, and any such issues could cause customer problems or adversely affect financial results. No assurance can be given that future reliability issues will not have a material effect on financial results in any given period. If our end customers discover design flaws, defects, errors, or bugs in their products, or if they experience changing market requirements, failed evaluations or field trials, or incompatible deliverables from other vendors, they may delay, change, or cancel a project, and we may have incurred significant additional development costs and may not be able to recoup our costs, which in turn would adversely affect our business, financial condition, and results of operations.

Furthermore, developing industry trends, including end customers' use of outsourcing and new and revised supply chain models, may affect our revenue, costs and working capital requirements.

Even if we succeed in securing design wins for our products, we may not generate timely or sufficient net sales or margins from those wins and our financial results could suffer.

After incurring significant design and development expenditures and dedicating engineering resources to achieve a single initial design win for a product, a substantial period of time generally elapses before we may generate meaningful net sales relating to such product, if at all. The reasons for this delay include, among other things, the following:

- changing end customer requirements, resulting in an extended development cycle for the product;
- delay in the ramp-up of volume production of the customer's products into which our solutions are designed;
- delay or cancellation of the customer's product development plans;
- competitive pressures to reduce our selling price for the product;

- the discovery of design flaws, defects, errors or bugs in the products;
- lower than expected end customer acceptance of the solutions designed for the customer's products;
- lower than expected acceptance of our end customers' products; and
- higher manufacturing costs than anticipated.

If we do not achieve design wins in the short term, then we may not be able to achieve expected net sales levels associated with these design wins. If we experience delays in achieving such sales levels, our operating results could be adversely affected. Moreover, even if an end customer selects our products, we cannot guarantee that this will result in any sales of our products, as the end customer may ultimately change or cancel our product plans, or our end customers' efforts to market and sell our product may not be successful.

We rely on our relationships with industry and technology leaders to enhance our product offerings and our inability to continue to develop or maintain such relationships in the future would harm our ability to remain competitive.

We develop many of our products for applications in systems that are driven by industry and technology leaders in mobile consumer electronics, enterprise, eMobility and new energy markets. We work with distributors, resellers, ODMs, and OEMs to define industry conventions and standards within our target markets. We believe that these relationships enhance our ability to achieve market acceptance and widespread adoption of our products. If we are unable to continue to develop or maintain these relationships, our solutions could become less desirable to our end customers, our sales could suffer and our competitive position could be harmed.

We may not be able to effectively manage our growth and may need to incur significant expenditures to address the additional operational and control requirements of our growth, either of which could harm our business and operating results.

To continue to grow, we must continue to expand our operational, engineering, accounting and financial systems, procedures, controls and other internal management systems. This may require substantial managerial and financial resources, and our efforts in this regard may not be successful. Our current systems, procedures and controls may not be adequate to support our future operations. Unless our growth results in an increase in our revenues that is proportionate to the increase in our costs associated with this growth, our operating margins and profitability will be adversely affected. If we fail to adequately manage our growth, improve our operational, financial and management information systems, or effectively motivate and manage our new and future employees, it could adversely affect our business, financial condition and results of operations.

If we do not sustain our growth rate, we may not be able to execute our business plan and our operating results could suffer.

We have experienced significant growth in a short period of time. Our net revenue increased from zero in fiscal year 2017, to $23.7 million in fiscal year 2021, to $37.9 million in fiscal year 2022, and to $79.5 million in fiscal year 2023. We may not achieve similar growth rates in future periods. You should not rely upon our revenue growth, gross margins or operating results for any prior quarterly or annual periods as an indication of Navitas' future operating performance. If we are unable to maintain adequate revenue growth, our financial results could suffer and our stock price could decline.

If our products do not conform to, or are not compatible with, existing or emerging industry standards, demand for our products may decrease, which in turn would harm our business and operating results.

We design certain of our products to conform to current industry standards. Some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by our distributors or our end customers.

Our ability to compete in the future will depend on our ability to identify and ensure compliance with evolving industry standards in our target markets. The emergence of new industry standards could render our products incompatible with products developed by third-party suppliers or make it difficult for our products to meet the requirements of certain original equipment manufacturers. If our end customers or our third-party suppliers adopt new or competing industry standards with which our solutions are not compatible, or if industry groups fail to adopt standards with which our solutions are compatible, our products would become less desirable to our current or prospective end customers. As a result, our sales would suffer, and we could be required to make significant expenditures to develop new products. Although we believe our products are compliant with applicable industry standards, proprietary enhancements may not in the future result in conformance with existing industry standards under all circumstances.

We may have difficulties integrating the operations and business of GeneSiC with our own.

Our acquisition of GeneSiC is the first significant acquisition we have ever undertaken. The complexities involved in the integration and expansion of GeneSiC as part of our Company are not yet fully understood. We have devoted and expect to continue to devote a significant amount of time and attention to integrating GeneSiC into our existing operations teams.

Given our relatively small size and relative inexperience with acquisitions, we expect the challenges involved in this integration to be complex and time consuming. Among other risks that arise from these challenges, we may not be successful in our efforts to: (1) integrate new employees with our existing teams; (2) integrate and align numerous business and work processes, including information technology and cybersecurity systems; (3) demonstrate that the GeneSiC acquisition will not adversely affect our ability to address the needs of existing customers, or result in the loss of attention or focus on our existing businesses; (4) coordinate and integrate research and development and engineering teams across technologies and product platforms; (5) consolidate and integrate corporate, information technology, finance and administrative processes; (6) coordinate sales and marketing efforts to effectively position our capabilities and the direction of product development; and (7) minimize diversion of management attention from important business objectives.

Even if we are able to integrate the GeneSiC and Navitas businesses and operations successfully, we may not realize the growth and other opportunities that are anticipated from the GeneSiC acquisition.

The benefits that we expect to achieve as a result of the GeneSiC acquisition will depend, in part, on our ability to realize anticipated growth and profitability opportunities. Even if we are able to integrate the GeneSiC and Navitas businesses and operations successfully, despite the risks identified in the preceding risk factor, the integration may not result in the realization of the full benefits of the growth and profitability opportunities we currently expect within the anticipated time frame or at all. For example, we may incur substantial expenses in connection with the integration of the GeneSiC business, which are difficult to estimate accurately, and may exceed current estimates. We may need to invest in additional business processes and systems to support the GeneSiC business within Navitas, which may be more complex or costly than the processes and systems needed to operate GeneSiC before the acquisition. Such additional costs would offset the financial benefits realized from the acquisition.

We are subject to risks and uncertainties associated with international operations, which may harm our business.

We maintain our operations around the world, including the United States, Ireland, Germany, Italy, Belgium, China, Taiwan, Thailand, South Korea, and the Philippines. For the years ended December 31, 2023 and December 31, 2022, approximately 70% and 43%, respectively, of our net sales were to end customers in Asia. We allocate revenue among individual countries based on the location to which the products are initially billed even if our end customers' revenue is attributable to end customers that are located in a different location. As of December 31, 2023, approximately 60% of our workforce was located outside of the United States. In addition, a substantial majority of our products are manufactured, assembled, tested and packaged by third parties located outside of the United States. Our principal assembly and test facilities are located in Taiwan and the Philippines. We also rely on several other wafer fabrication manufacturing partners located throughout Asia. Any conflict or uncertainty in this region, inducing public health or safety concerns or natural disasters, could have a material adverse effect on our business, financial condition and results of operations. Moreover, the global nature of our business subjects us to a number of additional risks and uncertainties, which could harm our business, financial condition and results of operations, including:

- international economic and political conditions and other political tensions between countries in which we do business;

- actual or threatened military conflicts in countries or regions where we do not do business or have manufacturing partners, such as the military conflict between Russia and Ukraine, may increase the likelihood of supply interruptions or disruptions in countries or regions where we do business or in which our manufacturing partners have facilities. Such interruptions or disruptions may make it harder for us to find favorable pricing and reliable sources for materials and services we need to make our products, putting upward pressure on our costs;
- unexpected changes in, or impositions of, legislative or regulatory requirements, including changes in tax laws;
- restrictions on cross-border investment, including enhanced oversight by the Committee on Foreign Investment in the United States ("CFIUS") and substantial restrictions on investment from China;
- differing legal standards with respect to protection of intellectual property and employment practices;
- local business and cultural factors that differ from our normal standards and practices, including business practices that we are prohibited from engaging in by the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA") and other anticorruption laws and regulations;
- exporting or importing issues related to export or import restrictions, including deemed export restrictions, tariffs, quotas and other trade barriers and restrictions; and
- disruptions of capital and trading markets and currency fluctuations.

Since we have significant operations and revenues in China, our business development plans, results of operations and financial condition may be materially and adversely affected by significant political, social and economic developments in China.

A slowdown in economic growth in China could adversely impact our end customers, prospective end customers, suppliers, distributors and partners in China, which could have a material adverse effect on our results of operations and financial condition. There is no guarantee that economic downturns, whether actual or perceived, any further decrease in economic growth rates or an otherwise uncertain economic outlook in China will not occur or persist in the future, that they will not be protracted, or that governments will respond adequately to control and reverse such conditions, any of which could materially and adversely affect our business, financial condition and results of operations.

A significant portion of our net sales is generated through end customers in China which subjects us to risks associated with changes of Chinese end customer interest and governmental or regulatory changes.

We generate a significant portion of our net sales through end customers in China. In the fiscal years ended December 31, 2023 and December 31, 2022, 62% and 38%, respectively, of our net revenues were from sales to end customers in China. We expect that our end customers in China will continue to account for a high percentage of our revenue for the foreseeable future. Thus, our business success depends on our ability to maintain strong relationships with our end customers in China. Any loss of our key end customers for any reason, including because of changes of end customer interest in our products, or a change in the relationship with them, including a significant delay or reduction in their purchases, may cause a significant decrease in our revenue, which we may not be able to recapture, and our business could be harmed.

Additionally, China's government has implemented policies from time to time to regulate economic expansion in China. It exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Any additional new regulations or the amendment or modification of previously implemented regulations could require us and our manufacturing partners to change our business plans, increase our costs, or limit our ability to sell products and conduct activities in China, which could adversely affect our business and operating results.

The Chinese government also has broad discretion and authority to regulate the technology industry in China. The Chinese government and provincial and local governments also have provided, and continue to provide, various incentives to encourage the development of the semiconductor industry in China. Such incentives include tax rebates, reduced tax rates, favorable lending policies and other measures, some or all of which may be available to our manufacturing partners in China. Any of these incentives could be reduced or eliminated by governmental authorities at any time. Any such reduction or elimination of incentives currently provided to our manufacturing partners could adversely affect our business and operating results.

Because we do not have long-term purchase commitments with our end customers, orders may be cancelled, reduced, or rescheduled with little or no notice, which in turn exposes us to inventory risk, and may cause our business, financial results and future prospect to be harmed.

We sell our products primarily through distributors and resellers, with no long-term or minimum purchase commitments from them or their end customers. Substantially all of our sales to date have been made on a purchase order basis, which orders may be cancelled, changed, or rescheduled with little or no notice or penalty. In addition, even when distributors or end customers may not have the contractual right to cancel or reschedule orders, it is customary business practice in the semiconductor industry for suppliers like us to permit such cancellations or rescheduling in order to retain a customer's good will or for other business reasons. As a result, our revenue and operating results could fluctuate materially and could be materially and disproportionately impacted by purchasing decisions of our end customers, including our larger end customers. In the future, our distributors or their end customers may decide to purchase fewer units than they have in the past, may alter their purchasing patterns at any time with limited or no notice, or may decide not to continue to purchase our power semiconductor chips at all, any of which could cause our revenue to decline materially and materially harm our business, financial condition, and results of operations. Cancellations of, reductions in, or rescheduling of end customer orders could also result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses, as a substantial portion of our expenses are fixed at least in the short term. In addition, changes in forecasts or the timing of orders expose Navitas to the risks of inventory shortages or excess inventory. As we no longer intend to acquire inventory to pre-build custom products, we may not be able to fulfill increased demand, at least in the short term. Any of the foregoing events could materially and adversely affect our business, financial condition, and results of operations.

Reliability is especially critical in the power semiconductor industry, and any adverse reliability result by us with any of our end customers could negatively affect our business, financial condition, and results of operations.

Our end customers generally establish demanding specifications for quality, performance, and reliability that our products must meet. ICs as complex as ours often encounter development delays and may contain undetected defects or failures when first introduced or after commencement of commercial shipments, which might require product replacement or recall. Further, our third-party manufacturing processes or changes thereof, or raw material used in the manufacturing processes may cause our products to fail. We have from time to time in the past experienced product quality, performance or reliability problems. Our standard warranty period is generally one to two years. We recently announced a warranty period of 20 years for our GaN IC products. Although we believe this warranty represents a differentiating feature of our GaN IC products and is justified by the reliability our products have demonstrated, our product warranties expose us to significant risks of claims for defects and failures. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expense and costs associated with end customer support, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our operating results. Furthermore, we may incur costs to investigate customer warranty claims even when those claims prove to be unfounded, such as when a claimed defect results from a customer's improper system design.

Further, the manufacture of our products, including the fabrication of semiconductor wafers, and the assembly and testing of products, involve highly complex processes. For example, minute levels of contaminants in the manufacturing environment, difficulties in the wafer fabrication process or other factors can cause a substantial portion of the components on a wafer to be nonfunctional. These problems may be difficult to detect at an early stage of the manufacturing process and often are time-consuming and expensive to correct.

From time to time, we have experienced problems achieving acceptable yields at our third-party wafer fabrication partner, resulting in delays in the availability of components. Moreover, an increase in the rejection rate of products during the quality control process before, during or after manufacture and/or shipping of such products, results in lower yields and margins.

In addition, changes in manufacturing processes required as a result of changes in product specifications, changing end customer needs and the introduction of new product lines have historically significantly reduced manufacturing yields, resulting in low or negative margins on those products. Poor manufacturing yields over a prolonged period of time could adversely affect our ability to deliver products on a timely basis and harm relationships with our end customers, which could materially and adversely affect our business, financial condition and results of operations.

The complexity of our products could result in unforeseen delays or expenses from undetected defects, errors or bugs in hardware or software which could reduce the market adoption of our products, damage our reputation with current or prospective end customers and adversely affect our operating costs.

Our products may contain defects, errors or bugs when they are first introduced or as new versions are released. We have in the past and may in the future experience these defects, errors and bugs. If any of our solutions have reliability, quality or compatibility problems, we may not be able to successfully correct these problems in a timely manner or at all. In addition, if any of our proprietary features contain defects, errors or bugs when first introduced or as new versions of our solutions are released, we may be unable to timely correct these problems. Consequently, our reputation may be damaged and end customers may be reluctant to buy our products, which could harm our ability to retain existing end customers and attract new end customers, and could adversely affect our financial results. In addition, these defects, errors or bugs could interrupt or delay sales to our end customers. If any of these problems are not found until after we have commenced commercial production of a new product, we may incur significant additional development costs and product recall, repair or replacement costs. These problems may also result in claims against us by our end customers or others.

Warranty claims, product liability claims and product recalls could harm our business, results of operations and financial condition.

We face an inherent business risk of exposure to warranty and product liability claims if products fail to perform as expected or are alleged to result in bodily injury, death, and/or property damage. In addition, if any of our designed products are alleged to be defective, we may be required to participate in their recall. We carry various commercial liability policies, including umbrella/excess policies which provide some protection against product liability exposure. However, a successful warranty or product liability claim against us in excess of our available insurance coverage and established reserves, or a requirement that we participate in a product recall, could have adverse effects on our business results. Further, it is possible that, in the future, we will not be able to obtain insurance coverage in the amounts and for the risks we seek at policy costs and terms we desire.

Additionally, in the event that our products fail to perform as expected or such failure of our products results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective end customers and could materially and adversely affect our business, results of operations and financial condition.

Furthermore, end customers may recall their end products if they prove to be defective or they may make compensatory payments in accordance with industry or business practice or in order to maintain good end customer relationships. If such a recall or payment is caused by a defect in one of our products, end customers may seek to recover all or a portion of their losses from us. If any of these risks materialize, our reputation would be harmed and there could be a material adverse effect on our business, financial condition and results of operations.

Our competitive position could be adversely affected if we are unable to meet end customers' or device manufacturers' quality requirements.

Semiconductor IC suppliers must meet increasingly stringent quality standards of end customers. While our quality performance to date has generally met these requirements, we may experience problems in achieving acceptable quality results in the manufacture of our products, particularly in connection with the production of new products or adoption of a new manufacturing process. This risk is greater for products used in applications with higher quality and reliability standards, such as applications in the automotive industry, an important market in which we expect to introduce new products and increase our revenues in response to expected growing demand for electric vehicles. Our failure to achieve acceptable quality levels for products intended for such applications, or generally, could adversely affect our business results.

We may experience difficulties in transitioning to new wafer fabrication process technologies or in achieving higher levels of design integration, which may result in reduced manufacturing yields, delays in product deliveries and increased costs.

We aim to use the most advanced manufacturing process technology appropriate for our products that is available from our third-party foundry. As a result, we periodically evaluate the benefits of migrating our solutions to smaller geometry process technologies in order to improve performance and reduce costs. We believe this strategy will help us to remain competitive. These ongoing efforts require us from time to time to modify the manufacturing processes for our products and to redesign some products, which in turn may result in delays in product deliveries. We may face difficulties, delays and increased expense as we transition our products to new processes and potentially to new foundries. We cannot assure you that our current third-party foundry will be able to effectively manage such transitions or that we will be able to maintain our relationship with our current third-party foundries or develop relationships with new foundries. If we or our foundry experience significant delays in transitioning to smaller geometries or fail to efficiently implement transitions, we could experience reduced manufacturing yields, delays in product deliveries and increased costs, all of which could harm our relationships with our end customers and our operating results. As new processes become more prevalent, we expect to continue to integrate greater levels of functionality, as well as more end customer and third-party intellectual property, into our solutions. We may not be able to achieve higher levels of design integration or deliver new integrated solutions on a timely basis.

If our foundry vendor does not achieve satisfactory yields or quality, our reputation and end customer relationships could be harmed.

The fabrication of our GaN power ICs is a complex and technically demanding process. Minor deviations in the manufacturing process can cause substantial decreases in yields, and in some cases, cause production to be suspended. Our foundry vendor, from time to time, experience manufacturing defects and reduced manufacturing yields. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by our foundry vendors could result in lower than anticipated manufacturing yields or unacceptable performance of our ICs. Many of these problems are difficult to detect at an early stage of the manufacturing process and may be time consuming and expensive to correct. Poor yields from our foundry vendor, or defects, integration issues or other performance problems in our solutions, could cause us significant end customer relations and business reputation problems, harm our financial results and give rise to financial or other damages to our end customers.

Our end customers might consequently seek damages from us for their losses. A product liability claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend.

Our margins are dependent on us achieving continued yield improvement.

We rely on obtaining yield improvements and corresponding cost reductions in the manufacture of existing products and on introducing new products that incorporate advanced features and other price/performance factors that enable us to increase revenues while maintaining acceptable margins. To the extent such cost reductions and new product introductions do not occur in a timely manner, or that our products do not achieve market acceptance or market acceptance at acceptable pricing, our forecasts of future revenue, financial condition, and operating results could be harmed.

We rely on a single third-party wafer fabrication facility for the fabrication of semiconductor wafers and on a limited number of suppliers of other materials, and the failure of this facility or any of these suppliers or additional suppliers to continue to produce wafers or other materials on a timely basis could harm our business and our financial results.

We rely on a single supplier to supply and fabricate silicon wafers used in the manufacture of our IC products and purchases a number of key materials and components used in the manufacture of our products from single or limited sources which means that any disruption in their supply (including ceasing or suspending operations entirely), may require us to transfer manufacturing processes to a new location or facility. Our success is dependent upon our ability to successfully partner with our suppliers and our ability to produce wafers with competitive performance attributes and prices, including smaller process geometries. In addition, terms with respect to the volume and timing of wafer production and the pricing of wafers produced by the semiconductor foundries are determined through periodic negotiations with wafer foundries, which usually result in short-term agreements that do not provide for long-term supply or allocation commitments for end customers, including us. We cannot guarantee that the foundry that supplies our wafers will offer us competitive pricing terms or other commercial terms important to our business.

We cannot guarantee that our suppliers will not experience manufacturing problems, including delays in the realization of advanced manufacturing process technologies or difficulties due to limitations of new and existing process technologies. For example, we may experience supply shortages due to the difficulties our supplier and other foundries may encounter if they must rapidly increase their production capacities from low utilization levels to high utilization levels because of an unexpected increase in demand. Furthermore, we cannot guarantee that the supplier will be able to manufacture sufficient quantities of our products or that they will continue to manufacture a given product for the full life of the product. We could also experience supply shortages due to very strong demand for our products, or a surge in demand for semiconductors in general, which may lead to tightening of foundry capacity across the industry.

We do not have long-term contracts with some of our suppliers and third-party manufacturers. As a result, such supplier or third-party manufacturer can discontinue supplying components or materials to us at any time without penalty. Converting or transferring such fabrication processes from one of our primary facilities to an alternative or backup facility due to a disruption would likely be expensive and could take substantial time, given our highly complex manufacturing and fabrication processes, which incorporate our proprietary technologies. During such a transition, we may attempt to meet end customer demand through our existing inventories, or may attempt to modify partially finished goods to meet the required fabrication specifications. Given the rapid obsolescence timeline to which our products are typically subject, however, we generally do not maintain significant levels of excess inventory and, as a result, it is unlikely that our existing inventory will be sufficient to meet end customer demand during such a transition. In addition, any attempt to modify partially finished goods to meet the required fabrication specifications may not be successful and will require us to incur unanticipated costs. As a result, we may not be able to meet our end customers' needs during such a transition, which would negatively impact our net sales, potentially damage our end customer relationships and our reputation and may have a material adverse effect on our business, financial condition and results of operations.

Further, public health crises such as an outbreak of contagious diseases like Covid-19 have negatively affected the supply chain for silicon wafers, resulting in shortages, and may affect the operations of our supplier and other foundries. In addition, weak economic conditions may adversely impact the financial health and viability of the supplier and result in its insolvency or its inability to meet its commitments to us. The insolvency of our supplier or any significant manufacturing problem or insufficient foundry capacity would disrupt our operations and negatively impact our financial condition and results of operations.

If we fail to maintain our supplier relationships, if our suppliers do not provide facilities and support for our development efforts, if our suppliers are insolvent or experience financial difficulty, or if we elect or are required to change foundry, we may incur significant costs and delays. If our suppliers are unable to, or do not, manufacture sufficient quantities of our products at acceptable yields, we may be required to allocate the affected products among our end customers, prematurely limit or discontinue the sales of certain products, or incur significant costs to transfer products to another foundry, which could harm our end customer relationships and operating results.

We rely on the timely supply of materials and new technologies and could suffer if suppliers fail to meet their delivery obligations or raise prices. Certain new technologies and materials needed in our manufacturing operations are only available from a limited number of suppliers.

Our manufacturing operations depend on deliveries of materials in a timely manner and, in some cases, on a just-in-time basis. From time to time, suppliers may extend lead times, limit the amounts supplied or increase prices due to capacity constraints or other factors.

Supply disruptions may also occur due to shortages in critical materials or components. We have encountered shortages and delays in obtaining components and materials and may encounter additional shortages and delays in the future. Because our products are complex, it is frequently difficult or impossible to substitute one type of material with another.

Further, a failure by suppliers to deliver requirements could result in disruptions to our third party manufacturing operations. Our business, financial condition and results of operations could be harmed if we are unable to obtain adequate supplies of materials in a timely manner or if there are significant increases in the costs of materials.

In addition, our next-generation technology depends on other new technologies supplied by third-party vendors. We depend on these third parties to supply us with new technology in a timely manner that meets our performance, cost and quality needed by our end customers. We do not have any long-term supply agreements with any of our suppliers. If these new technologies are not available in the future or if we encounter any problems with the delivery, quality, cost or performance of these new technologies, our business could be materially impacted and our financial condition and results of operation could be harmed.

Increased costs of wafers and materials, or shortages in wafers and materials, could increase our costs of operations and our business could be harmed.

Worldwide manufacturing capacity for wafers is relatively inelastic. If the demand for wafers or assembly material exceeds market supply, our supply of wafers or assembly material could quickly become limited or prohibitively expensive. A shortage in manufacturing capacity could also hinder our ability to meet product demand and therefore reduce our revenue.

If greater demand for wafers is not offset by an increase in foundry capacity, market demand for wafers or production and assembly materials increases, or if a supplier of our wafers or other materials ceases or suspends operations, for example due to shutdown measures implemented in response to the Covid-19 outbreak, our supply of wafers and other materials could become limited. Such shortages raise the likelihood of potential wafer price increases, wafer shortages or shortages in materials at production and test facilities, resulting in potential inability to address our end customer product demands and our backlog in a timely manner and reduce our revenue and gross margins. If we are unable to purchase wafers at favorable prices or at all, or we face supply shortages, our financial condition and results of operations will be harmed.

Our working capital needs are difficult to predict.

Our working capital needs are difficult to predict and may fluctuate. The comparatively long period between the time at which we commence the manufacturing process and the time at which a product may be delivered to an end customer leads to high inventory and work-in-progress levels. The volatility of our end customers' businesses and the time required to manufacture products also make it difficult to manage inventory levels.

We may require additional capital to support our business, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional capital to respond to business opportunities and challenges, including the need to develop new features and products or enhance existing services, improve operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in debt or equity financings to secure additional funds. Any such financing secured in the future would increase expenses and could involve restrictive covenants relating to capital raising activities or create significant shareholder dilution, which may make it more difficult to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on favorable terms, if at all. If we are unable to obtain adequate financing or financing on satisfactory terms when required, our ability to continue to support business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

Raw material price fluctuations can increase the cost of our products, impact our ability to meet end customer commitments, and may adversely affect our results of operations.

The cost of raw materials is a key element in the cost of our products. Our inability to offset material price inflation through increased prices to end customers, suppliers, productivity actions, or through commodity hedges could adversely affect our results of operations. Many major components, product equipment items, and raw materials, are procured or subcontracted on a single or sole-source basis. Although we maintain a qualification and performance surveillance process and believe that sources of supply for raw materials and components are generally adequate, it is difficult to predict what effects shortages or price increases may have in the future. Our inability to fill our supply needs would jeopardize our ability to fulfill obligations under our contracts, which could, in turn, result in reduced sales and profits, contract penalties or terminations, and damage to our end customer relationships.

Furthermore, increases in the price of wafers, testing costs, and commodities, which may result in increased production costs, mainly assembly and packaging costs, may result in a decrease in our gross margins. Moreover, our suppliers may pass the increase in raw materials and commodity costs onto us which would further reduce the gross margin of our products. In addition, as we are a fabless company, global market trends such as a shortage of capacity to fulfill our fabrication needs also may increase our raw material costs and thus decrease our gross margin.

We have in the past identified material weaknesses in our internal control over financial reporting. If we identify such material weaknesses in the future and are unable to remedy these material weaknesses, or if we fail to establish and maintain effective internal controls, we may be unable to produce timely and accurate financial statements, and we may conclude that our internal control over financial reporting is not effective, which could adversely impact our investors' confidence and our stock price.

As previously disclosed in our annual report on Form 10-K for the year ended December 31, 2021 and 2022, in connection with the audit of our consolidated financial statements for the years then ended, we identified material weaknesses in our internal control over financial reporting, as described in Part II, Item 9A, Controls and Procedures. In 2022 and into 2023, we began implementing and are continuing to implement measures designed to improve our internal control over financial reporting to remediate these material weaknesses, specifically by hiring additional accounting personnel to augment existing technical expertise as well as to provide the staffing necessary to maintain effective segregation of duties. In 2023, we hired an external consulting firm to act as our internal audit department and to assist us with the Company's SOX 404(b) requirements. As part of the Company's SOX 404(b) requirements, we have identified and implemented additional internal controls to mitigate the material weaknesses identified from the prior year. As disclosed in Part II, Item 9A, we have tested our controls related to the material weaknesses identified from the prior year for a sufficient period of time and have concluded through testing that as of December 31, 2023, these controls were operating effectively. Therefore, we have concluded that the material weaknesses previously identified have been remediated at December 31, 2023.

Risks Related to Taxes

We could be subject to domestic or international changes in tax laws, tax rates or the adoption of new tax legislation, or we could otherwise have exposure to additional tax liabilities, which could adversely affect our business, results of operations, financial condition or future profitability.

The Company and Legacy Navitas are a U.S. corporation for U.S. federal income tax purposes and thus subject to U.S. corporate income tax on our worldwide income. In addition, because Legacy Navitas is also incorporated under Irish law, Legacy Navitas is also subject to Irish income tax on its worldwide income. We, through our foreign subsidiaries, are subject to income taxes in other foreign jurisdictions as a result of foreign operations in such jurisdictions. Thus, new laws and policy relating to either U.S., Irish or other applicable foreign jurisdiction taxes may have an adverse effect on our business and future profitability. Further, existing U.S., Irish or other foreign tax laws, statutes, rules, regulations, ordinances or treaties could be interpreted, changed, modified or applied adversely to us, possibly with retroactive effect. The passage of any legislation resulting in changes in U.S. federal income tax laws could adversely affect our business and future profitability. Further, we could be adversely impacted by changes in tax treaties or the interpretation or enforcement thereof by any tax authority. Such changes could materially and adversely affect the effective tax rate of our business and require us to take further action, at potentially significant expense, to seek to preserve our effective tax rate.

Legacy Navitas is a tax resident of, and is subject to tax in, both the United States and Ireland. While we intend to pursue relief from double taxation under the double tax treaty between the United States and Ireland, there can be no assurance that such efforts will be successful. Accordingly, the status of Legacy Navitas as a tax resident in the U.S. and Ireland may result in an increase in our cash tax obligations and effective tax rate, which increase may be material.

Because Legacy Navitas is registered as a Delaware limited liability company and because it is treated as a U.S. corporation under Section 7874 of the Code and the Treasury Regulations promulgated thereunder, it is treated as a U.S.

corporation for U.S. federal income tax purposes. Because Legacy Navitas is treated as a domestic corporation for U.S. federal income tax purposes, among other consequences, it is generally subject to U.S. federal income tax on its worldwide income, and its dividends are treated as dividends from a U.S. corporation. Regardless of the application of Section 7874 of the Code and its registration as a Delaware limited liability company, Legacy Navitas is also treated as an Irish tax resident for Irish income tax purposes as a consequence of being incorporated under the laws of Ireland. Therefore, because Legacy Navitas is a tax resident of Ireland and the U.S., it could be liable for both U.S. and Irish taxes on its worldwide income and dividends paid by it to us could be subject to Irish withholding taxes.

While we intend to pursue relief from double taxation under the double tax treaty between the United States and Ireland, there can be no assurance that such efforts will be successful or result in a favorable outcome. Accordingly, the status of Legacy Navitas as a tax resident in the United States and Ireland may result in an increase in its cash tax obligations and effective tax rate, which increase may be material.

As a consequence of Legacy Navitas being treated as an inverted domestic corporation under the Homeland Security Act, the U.S. federal government and certain state and local governments may refrain from entering into contracts with it in the future, which could substantially decrease the value of our business and, accordingly, the value of our common shares.

The Federal Acquisition Regulation ("FAR") prohibits U.S. federal government agencies from using appropriated (or otherwise made available) funds for contracts with a foreign incorporated entity, or a subsidiary of such an entity, that is an "inverted domestic corporation," as defined in the Homeland Security Act at 6 U.S.C. § 395(b). This means that government agencies may be prohibited from entering into new contracts with an inverted domestic corporation, and may be prohibited from paying for contractor activities on existing contracts after the date of the "inversion." If our business becomes heavily dependent upon revenues generated from U.S. federal government contracts, the treatment of Legacy Navitas as an inverted domestic corporation could substantially decrease the value of our business and, accordingly, the value of our common shares. The application of the "inverted domestic corporation" definition is somewhat unclear due to the lack of detailed regulations or other guidance promulgated with respect to the relevant provisions of the Homeland Security Act (or similar state or local rules). Section 7874 of the Code, discussed above, includes substantially similar provisions regarding the determination of whether a foreign corporation is treated as a U.S. domestic corporation for U.S. federal income tax purposes. While the regulatory provisions and other guidance issued by the IRS and the Treasury Department with respect to Section 7874 of the Code provide more detailed guidance, which interprets Section 7874 of the Code as having expansive application, these regulations do not explicitly apply for the purposes of determining whether a corporation is an inverted domestic corporation under the Homeland Security Act (or similar state or local rules), and it is unclear to what extent they should be viewed as interpretive guidance for such purposes. As discussed above, Legacy Navitas is treated as a U.S. domestic corporation under Section 7874 of the Code. Therefore, if the expansive guidance issued by the IRS and Treasury Department were viewed as interpretive for purposes of the definition of "inverted domestic corporation" in the Homeland Security Act (or similar state or local rules), it is expected that Legacy Navitas will be treated as an inverted domestic corporation for such purposes.

Any adjustment to the purchase price of the assets that were transferred pursuant to the restructuring of Legacy Navitas in 2020 could adversely impact our tax position.

In connection with the restructuring of Legacy Navitas in 2020, substantially all of the intellectual property and other intangible assets of Legacy Navitas were sold from a subsidiary of the Legacy Navitas group to Navitas Ireland. Legacy Navitas has recently obtained a third-party valuation of the transferred assets to support the purchase price paid for such assets. However, there can be no assurance that the relevant taxing authorities will agree with the purchase price ascribed to the transferred assets, and an adjustment to the purchase price could adversely impact Legacy Navitas' tax position.

As a result of the plans to expand our business operations, including to jurisdictions in which tax laws may not be favorable, our obligations may change or fluctuate, become significantly more complex or become subject to greater risk of examination by taxing authorities, any of which could adversely affect our after-tax profitability and financial results.

In the event our business expands domestically or internationally, our effective tax rates may fluctuate widely in the future. Future effective tax rates could be affected by operating losses in jurisdictions where no tax benefit can be recorded under U.S. GAAP, changes in the composition of earnings in countries with differing tax rates, changes in deferred tax assets and liabilities, or changes in tax laws. Additionally, we may be subject to tax on more than one-hundred percent of our income as a result of such income being subject to tax in multiple state, local or non-U.S. jurisdictions. Factors that could materially affect our future effective tax rates include, but are not limited to: (a) changes in tax laws or the regulatory environment, (b) changes in accounting and tax standards or practices, (c) changes in the composition of operating income by tax jurisdiction and (d) pre-tax operating results of the combined business.

Additionally, we may be subject to significant income, withholding and other tax obligations in the United States and Ireland and may become subject to taxes in numerous additional state, local and non-U.S. jurisdictions with respect to income, operations and subsidiaries related to those jurisdictions. Our after-tax profitability and financial results could be subject to volatility or be affected by numerous factors, including: (a) the availability of tax deductions, credits, exemptions, refunds (including refunds of value added taxes) and other benefits to reduce tax liabilities; (b) changes in the valuation of deferred tax assets and liabilities; (c) expected timing and amount of the release of any tax valuation allowances; (d) tax treatment of stock-based compensation; (e) changes in the relative amount of earnings subject to tax in the various jurisdictions in which we operate; (f) the potential expansion into or otherwise becoming subject to tax in additional jurisdictions; (g) changes to the existing intercompany structure (and any costs related thereto) and business operations; (h) the extent of intercompany transactions and the extent to which taxing authorities in the relevant jurisdictions respect such intercompany transactions; and (i) the ability to structure our operations in an efficient and competitive manner. Outcomes from audits or examinations by taxing authorities could have an adverse effect on our after-tax profitability and financial condition. Additionally, the IRS and several foreign tax authorities have increasingly focused attention on intercompany transfer pricing with respect to sales of products and services and the use of intangibles. Tax authorities could disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. If we do not prevail in any such disagreements, our profitability may be adversely affected.

Our ability to use net operating loss carryforwards and other tax attributes may be limited in connection with the Business Combination or other ownership changes.

We have incurred net operating losses for U.S. federal income tax purposes since our inception. To the extent that we continue to generate U.S. federal net operating losses, amounts which are not used to offset taxable income may carry forward to offset future taxable income, if any, for U.S. federal income tax purposes until such carryforwards expire, if at all. As of December 31, 2023, Navitas had U.S. federal net operating loss carryforwards of approximately $165.0 million.

Under the Tax Cuts and Jobs Act of 2017 (the “TCJA”), as modified by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), U.S. federal net operating loss carryforwards generated in taxable years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such net operating loss carryforwards in taxable years beginning after December 31, 2020, is limited to 80% of taxable income. It is uncertain if and to what extent various states will conform to the TCJA or the CARES Act.

In addition, our U.S. federal net operating loss carryforwards are subject to review and possible adjustment by the IRS and state tax authorities. Under Sections 382 and 383 of the Code, the deductibility of our U.S. federal net operating loss carryforwards and other tax attributes may become subject to an annual limitation in the event of certain cumulative changes in the ownership of our common stock. Under Section 382 of the Code, if a corporation experiences an “ownership change,” the corporation’s ability to use its pre-change net operating loss carryforwards to offset its post-change income may be limited. An ownership change pursuant to Section 382 of the Code generally occurs if one or more stockholders or groups of stockholders who own at least 5 percent of a corporation’s stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. If we have experienced an ownership change at any time since our inception, utilization of the U.S. federal net operating loss carryforwards or other U.S. federal tax attributes would be subject to an annual limitation under Section 382 of the Code, which is determined by first multiplying the value of our common stock at the time of the ownership change by the applicable long-term tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of our U.S. federal net operating loss carryforwards before utilization. Additionally, future changes in our stock ownership, which may be outside our control, may trigger an ownership change. Our U.S. federal net operating losses may also be impaired under state tax laws. Accordingly, we may not be able to utilize a material portion of our U.S. federal net operating loss carryforwards. We have not yet determined any resulting limitations on our ability to utilize our net operating loss carryforwards and other tax attributes. If we earn taxable income for U.S. federal income tax purposes in the future, such limitations could result in increased future income tax liability to us and our future cash flows could be adversely affected. We have recorded a valuation allowance related to our net operating loss carryforwards and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

Risks Related to Our Intellectual Property

We may not be able to adequately protect our intellectual property rights. If we fail to adequately enforce or defend our intellectual property rights, our business may be harmed.

Much of the technology used in the markets in which we compete is protected by patents and trade secrets, and our commercial success will depend in significant part on our ability to obtain and maintain patent and trade secret protection for our products and methods. To compete in these markets, we rely on a combination of trade secret protection, nondisclosure and licensing agreements, patents and trademarks to establish and protect our proprietary intellectual property rights. Our intellectual property rights may be challenged or infringed upon by third parties or we may be unable to maintain, renew or enter into new license agreements with third-party owners of intellectual property on reasonable terms. In addition, our intellectual property may be subject to infringement or other unauthorized use outside of the United States. In such case, our ability to protect our intellectual property rights by legal recourse or otherwise may be limited, particularly in countries where laws or enforcement practices are undeveloped or do not recognize or protect intellectual property rights to the same extent as the United States. Unauthorized use of our intellectual property rights or our inability to preserve existing intellectual property rights could adversely impact our competitive position and results of operations. The loss of our patents could reduce the value of the related products that practice such patents. In addition, the cost to litigate infringements of our patents, or the cost to defend ourselves against patent infringement actions by others, could be substantial and, if incurred, could materially affect our business and financial condition.

Proprietary trade secrets and unpatented know-how are also very important to our business. We rely on trade secrets to protect certain aspects of our technology, especially where we do not believe that patent protection is appropriate or obtainable. However, trade secrets can be difficult to protect. Our employees, consultants, contractors, outside collaborators and other advisors may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using our trade secrets may be expensive and time consuming Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

We may not be able to obtain additional patents and the legal protection afforded by any additional patents may not adequately cover the full scope of our business or permit us to gain or keep competitive advantage.

Our ability to obtain additional patents is uncertain and the legal protection afforded by these patents may not adequately protect our rights or permit us to gain or keep competitive advantage. In addition, the specific content required of patents and patent applications that are necessary to support and interpret patent claims can be uncertain due to the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws in the United States or elsewhere may diminish the value of our intellectual property or narrow the scope of our patent protection. Even if patents are issued regarding our products and processes, our competitors may challenge the validity of those patents.

If we infringe or misappropriate, or are accused of infringing or misappropriating, the intellectual property rights of third parties, we may incur substantial costs or prevent us from being able to commercialize new products.

The semiconductor industry is characterized by frequent litigation regarding patent and other intellectual property rights. From time to time, we may receive communications from third parties that allege that our products or technologies infringe their patent or other intellectual property rights. Lawsuits or other proceedings resulting from allegations of infringement could subject us to significant liability for damages, invalidate our proprietary rights and adversely affect our business. In the event that any third-party succeeds in asserting a valid claim against us or any of our end customers, we could be forced to do one or more of the following:

- discontinue selling, importing or using certain technologies that contain the allegedly infringing intellectual property which could cause us to stop manufacturing certain products;
- seek to develop non-infringing technologies, which may not be feasible;
- incur significant legal expenses;
- pay substantial monetary damages to the party whose intellectual property rights we may be found to be infringing; and/or
- we or our end customers could be required to seek licenses to the infringed technology that may not be available on commercially reasonable terms, if at all.

We may not prevail in such matters or be able to license any valid and infringed patents from third parties on commercially reasonable terms. This could result in the loss of our ability to import and sell our products or require us to pay costly royalties to third parties in connection with sales of our products. In addition, if a third-party causes us to discontinue the use of any technologies, we could be required to design around those technologies. This could be costly and time consuming and could have an adverse effect on our financial results. Any significant impairments of intellectual property rights from any litigation we face could materially and adversely impact our business, financial condition, results of operations and our ability to compete.

In addition, we could be subject to claims that our employees, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of third parties. If we are unable to resolve claims that may be brought against us by third parties related to their intellectual property rights on terms acceptable to us, we may be precluded from offering some of our products or using some of our processes. Defending ourselves against third-party claims, including litigation in particular, may be costly and time consuming and may divert management’s attention from our business.

Our ability to design and introduce new products in a timely manner is dependent upon third-party IP, including third party and “open source” software.

In the design and development of new products and product enhancements, we rely on third-party intellectual property such as software development tools and hardware testing tools. Furthermore, certain product features rely on intellectual property acquired from third parties, including hardware and software tools and products. The design requirements necessary to meet future consumer demands for more features and greater functionality from semiconductor products may exceed the capabilities of the third-party intellectual property or development tools that are available to us. In addition, hardware and software tools and products procured from third parties may contain design or manufacturing defects that such third parties are unable to resolve, including flaws that could unexpectedly interfere with the operation of our products. Furthermore, some of the software licensed from third parties may not be available in the future on terms acceptable to us or allow our products to remain competitive. The loss of these licenses or the inability to maintain any of them on commercially acceptable terms could delay development of future products or the enhancement of existing products. If the third-party intellectual property that we use becomes unavailable or fails to produce designs that meet consumer demands, our business could be harmed.

Risks Related to Regulatory Compliance

Investments in or by us may be subject to foreign investment regulation and review in the United States and elsewhere, which may result in material restrictions, conditions, prohibitions or penalties on us or our investors related to any such investments. Semiconductor technologies generally, and GaN and SiC semiconductors specifically, may be subject to heightened regulatory scrutiny.

Our industry is subject to foreign direct investment ("FDI") regulations in many countries, including the United States. Our ability to invest in companies or operations in, and our ability to raise capital from investors affiliated with, those jurisdictions may be subject to review or approval requirements, restrictions, conditions, or prohibitions. Any review and approval of an investment or transaction by an FDI regulator may have outsized impacts on transaction certainty, timing, feasibility, and cost, among other things. FDI regulatory policies and practices are rapidly evolving, and in the event that an FDI regulator reviews one or more proposed or existing investments, there can be no assurance that we will be able to maintain, or proceed with, such investments on terms acceptable to us. We may be unable to complete commercially desirable acquisitions in such jurisdictions or be subject to material costs or restrictions in connection with such acquisitions. While we strive to comply with all applicable laws and regulations, the application of FDI regulations could also in some circumstances result in financial or other penalties or require divestments, any of which could have a material impact on us.

In the United States, certain investments that involve the acquisition of, or investment in, a U.S. business by an investor subject to foreign control (a "foreign person") may be subject to review and approval by the Committee on Foreign Investment in the United States ("CFIUS"). Whether CFIUS has jurisdiction to review an acquisition or investment transaction depends on, among other factors, the nature and structure of the transaction, including the level of beneficial ownership interest and the nature of any information or governance rights involved, and the nature of the technology possessed by the U.S. business. For example, investments that result in "control" of a U.S. business, which may include governance rights falling well short of majority control, by a foreign person are always subject to CFIUS jurisdiction. CFIUS's jurisdiction also extends to investments that do not result in control of a U.S. business by a foreign person, if they afford foreign investors with information or governance rights in a U.S. business that has a nexus to, among other things, "critical technologies." Transactions involving companies that develop, produce, or test critical technologies may be subject to mandatory filing requirements. In addition, recent U.S. regulatory initiatives have classified certain semiconductor technologies as "critical to national security," including compound semiconductors and wide-bandgap semiconductors. Both gallium nitride (GaN) and silicon carbide (SiC) are compound semiconductors and wide-bandgap semiconductors. As a result, our company's exclusive focus on GaN- and SiC-based products, together with our global presence in rapidly growing markets, including China, may subject our company to additional regulatory restrictions or scrutiny, including by CFIUS, in connection with past or future transactions that involve investments in us or by us. Although we believe all of our GaN and SiC products are generally not subject to export controls under the U.S. Export Administration Regulations (EAR), CFIUS could choose to review proposed or past investments in us by foreign persons whether or not our business is deemed to involve "critical technologies." In the case of such review, CFIUS could prohibit or impose conditions on the relevant investment. Such conditions might include limitations or obligations on our operations that could result in material costs or disruptions of our current or future operations. The prospect of CFIUS review, or any such prohibitions or conditions, could result in material costs or disruptions in our current or future operations or plans, and could also have a negative impact on our stock price. Furthermore, we have had communications with CFIUS with respect to our products, investors and acquisitions, and may have additional communications in the future with respect to these or other matters. Any future communications with CFIUS or other similar regulatory agency with authority over FDI, if not satisfactorily resolved, may result in material restrictions, conditions, prohibitions or penalties on us or our investors.

Finally, U.S. authorities have publicly announced plans to institute an outbound investment review regime, and various legislative proposals to implement such a regime are also pending. For example, on August 9, 2023, the U.S. Treasury Department issued an Advance Notice of Proposed Rulemaking announcing a proposed program that would prohibit certain types of investments by U.S. companies into certain Chinese entities with capabilities or activities related to specified semiconductor technologies, including integrated circuits manufactured from a gallium-based compound semiconductor. The final scope and content of this program remain to be defined through public comment and further rule-making. There can be no assurance that any such regime will not restrict our ability to engage in commercially desirable investments in jurisdictions outside the United States, particularly China, or that any such restrictions will not impose material costs or competitive disadvantages on us.

We are subject to export restrictions and laws affecting trade and investments that could materially and adversely affect our business and results of operations.

Since the beginning of 2018, there have been several instances of U.S. tariffs on Chinese goods, some of which prompted retaliatory Chinese tariffs on U.S. goods. In May 2019, the U.S. President issued an executive order that invoked national emergency economic powers to implement a framework to regulate the acquisition or transfer of information communications technology in transactions that imposed undue national security risks. These actions could lead to additional restrictions on the export of products that include or enable certain technologies, including products we provide to China-based end customers.

The institution of trade tariffs both globally and between the U.S. and China specifically carries the risk of negatively affecting China's overall economic condition, which could have negative repercussions on our business.

Furthermore, the imposition of tariffs could cause a decrease in the sales of products to end customers located in China or other end customers selling to Chinese end users, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to U.S. laws and regulations that could limit and restrict the export of some products and services and may restrict transactions with certain end customers, business partners and other persons, including, in certain cases, dealings with or between our employees and subsidiaries. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services and technologies and in other circumstances we may be required to obtain an export license before exporting the controlled item. Compliance with these laws and regulations could materially limit operations or sales, which would materially and adversely affect our business and results of operations.

In addition, U.S. laws and regulations and sanctions, or threat of sanctions, that could limit and restrict the export of some of our products and services to end customers, may also encourage end customers to develop their own solutions to replace our products, or seek to obtain a greater supply of similar or substitute products from competitors that are not subject to these restrictions, which could materially and adversely affect our business, financial condition and results of operations.

Further, our sales may be adversely affected by the current and future political environment in China and the policies of the China Central Government. China's government has exercised and continues to exercise substantial control over nearly all sectors of the Chinese economy through regulation and state ownership. Our ability to ship products to China may be adversely affected by changes in Chinese laws and regulations, including those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property and other matters. Under its current leadership, China's government has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that China's government will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice. The United States government has called for substantial changes to foreign trade policy with China and has raised (as well as has proposed to further raise in the future), tariffs on several Chinese goods. China has retaliated with increased tariffs on United States goods. Any further changes in United States trade policy could trigger retaliatory actions by affected countries, including China, resulting in trade wars. Any changes in United States and China relations, including through changes in policies by the Chinese government could adversely affect our financial condition and results of operations, including: changes in laws, regulations or the interpretation thereof, confiscatory taxation, governmental royalties, restrictions on currency conversion, imports or sources of supplies, or the expropriation or nationalization of private enterprises.

In addition, there may be circumstances where we may have to incur premium freight charges to expedite the delivery of our products to end customers or as a result of being required to ship to alternative ports due to local Chinese government regulations or delays at the ports that we typically utilize. If we incur a significant amount of freight charges, our gross profit will be negatively affected if we are unable to pass on those charges to end customers.

Risks Related to Ownership of Our Common Stock

Concentration of ownership among existing executive officers, directors and their affiliates, including the investment funds they represent, may prevent new investors from influencing significant corporate decisions.

At December 31, 2023, executive officers, directors and their affiliates, including the investment funds they represent, as a group beneficially owned approximately 32.5% of our outstanding Class A Common Stock. As a result, these stockholders are able to exercise a significant level of influence over matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. Such influence could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

The issuance of additional capital stock in connection with financings, acquisitions, investments, our stock incentive plans or otherwise by us could dilute the ownership and voting power of our stockholders.

At December 31, 2023, we had 540,991,421 shares of Class A Common Stock authorized but unissued. In addition, our certificate of incorporation authorizes us to issue up to 10,000,000 shares of Class B Common Stock and 1,000,000 shares of preferred stock. The preferred stock can be issued with such rights and preferences as may be determined by our board. Our certificate of incorporation authorizes us to issue shares of Class A Common Stock or other securities convertible into or exercisable or exchangeable for shares of Class A Common Stock from time to time, for the consideration and on the terms and conditions established by our board in its sole discretion, whether in connection with a financing, an acquisition, an investment, stock incentive plans or otherwise. Such additional shares of Class A Common Stock or such other securities may be issued at a discount to the market price of Class A Common Stock at the time of issuance. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of Class A Common Stock. As discussed below, the potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for Class A Common Stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of Class A Common Stock. Any issuance of such securities could result in substantial dilution to our then existing stockholders and cause the market price of shares of Class A Common Stock to decline.

Provisions in our certificate of incorporation and our bylaws and under the DGCL contain antitakeover provisions that could prevent or discourage a takeover.

Provisions in our certificate of incorporation and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our Class A Common Stock, thereby depressing the market price of Class A Common Stock. In addition, because our board is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board. Among other things, these provisions include those establishing:

- a classified board of directors with three-year staggered terms, which may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control of us or our management;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board to elect a director to fill a vacancy created by, among other things, the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from filling vacancies on our board;

- the ability of our board to authorize the issuance of shares of preferred stock and to determine the terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the ability of our board to alter the bylaws without obtaining stockholder approval;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of stockholders;
- the requirement that a special meeting of stockholders may be called only by a majority vote of our board, which may delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board or to propose matters to be acted upon at an annual meeting or special meeting of stockholders, which may discourage or delay a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us until the next stockholder meeting or at all.

We may issue a substantial number of additional shares under an employee incentive plan. The issuance of additional shares of common or preferred stock:

- may significantly dilute the equity interests of our investors;
- may subordinate the rights of holders of Class A Common Stock if preferred stock is issued with rights senior to those afforded our Class A Common Stock;
- could cause a change in control if a substantial number of shares of our Class A Common Stock is issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for our Class A Common Stock.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

In July 2023, the SEC implemented cybersecurity amendments effective for annual reports with fiscal years ending on or after December 15, 2023, which was effective for Navitas beginning in 2023. The board of directors oversees our cybersecurity program, which is managed by our director of IT in collaboration with management of our businesses and functions. During the year ended December 31, 2023, we experienced no material cybersecurity incidents. Our approach to identifying and managing cybersecurity risks involves maintaining an updated firewall, monitored by our director of IT, coupled with annual cybersecurity awareness training for all our employees. We also have email filters to prevent spam and phishing attacks, while anti-virus software on employee computers alerts out IT department to potential threats. We have performed an annual penetration test, conducted by consultants, to ensure the robustness of our cybersecurity. To date, to our knowledge no external entity has successfully breached our system. If a breach is discovered, the director of IT informs our chief financial officer and chief executive officer, who would then communicate the information to our board of directors.

Item 2. Properties.

We do not own any real property. We lease approximately 100,000 square feet of corporate office and research and development space in Torrance, California. We also lease office, research and development, and design center space in Shanghai, Shenzhen and Hangzhou, China; Hsinchu and Taipei, Taiwan; Dublin, Ireland; Mont-Saint-Guibert, Belgium; Campbell, California and Dulles, Virginia; and Seoul, Korea. We believe our present facilities are suitable and adequate for our current operating needs. We intend to procure additional space as we add employees and expand geographically.

Item 3. Legal Proceedings.

The information required by this item is incorporated by reference to the information set forth in Item 15 of Part IV, “Exhibits, Financial Statement Schedules” Note 14 – Commitments and Contingencies, in the accompanying notes to the consolidated financial statements included in this report.

Item 4. Mine Safety Disclosures.

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information. Our common stock has been listed on the Nasdaq Global Market under the ticker symbol "NVTS" since October 20, 2021.

Holders. As of February 26, 2024, there were 27 holders of record of our common stock. The actual number of beneficial owners of our common stock is much greater than the number of record holders and includes stockholders whose shares are held in brokerage accounts or by other nominees. The number of holders of record presented here also does not include stockholders whose shares may be held in trust by other entities.

Dividends. We have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends for the foreseeable future. We expect to retain future earnings, if any, to fund the development and growth of our business. Any future determination to pay dividends on our common stock will be at the discretion of our board of directors and will depend upon, among other factors, our financial condition, operating results, current and anticipated cash needs, plans for expansion and other factors that our board of directors may deem relevant.

Item 6. [Reserved.]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Unless the context otherwise requires, all references in this section to the "Company," "we," "us" or "our" refer to the business of Navitas and its subsidiaries. Throughout this section, unless otherwise noted, "Navitas" refers to Navitas Semiconductor Corporation and its consolidated subsidiaries.

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes appearing elsewhere in this annual report on Form 10-K. This discussion contains forward-looking statements that reflect our plans, estimates, and beliefs and that involve risks and uncertainties. As a result of many factors, such as those set forth under the "Risk Factors" and "Cautionary Statement About Forward-Looking Statements" sections and elsewhere in this annual report, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

Navitas Semiconductor Corporation, a Delaware holding company, operates through its wholly owned subsidiaries, including Navitas Semiconductor Limited and GeneSiC Semiconductor LLC ("GeneSiC"). Originally founded in 2014 as the legacy Navitas Semiconductor business, we were previously an SEC registrant named Live Oak Acquisition Corp. II ("Live Oak"). On October 19, 2021, we completed a business combination (which we refer to as the "Business Combination") in which, among other transactions, Live Oak acquired Navitas Semiconductor Limited and its subsidiaries, changed our name to Navitas Semiconductor Corporation, and began trading on Nasdaq under the trading symbol "NVTS." We acquired GeneSiC Semiconductor in August 2022. Further details about the Business Combination and the acquisition of GeneSiC Semiconductor can be found in our SEC filings.

Founded in 2014, Navitas is a U.S.-based developer of gallium nitride power integrated circuits that provide superior efficiency, performance, size and sustainability relative to existing silicon technology. Our solutions offer faster charging, higher power density and greater energy savings compared to silicon-based power systems with the same output power. By unlocking this speed and efficiency, we believe we are leading a revolution in high-frequency, high-efficiency and high-density power electronics to electrify our world for a cleaner tomorrow. We maintain operations around the world, including the United States, Ireland, Germany, Italy, Belgium, China, Taiwan, Thailand, South Korea, and the Philippines, with principal executive offices in Torrance, California.

We design, develop and market next-generation power semiconductors including gallium nitride (“GaN”) power integrated circuits (“ICs”), silicon carbide (“SiC”) and associated high-speed silicon system controllers, and digital isolators used in power conversion and charging. Power supplies incorporating our products may be used in a wide variety of electronics products including mobile phones, consumer electronics, data centers, solar inverters and electric vehicles. We utilize a fabless business model, working with third parties to manufacture, assemble and test our designs. Our fabless model allows us to run the business today with minimal capital expenditures.

Our go-to-market strategy is based on partnering with leading manufacturers and suppliers through focused product development, addressing both mainstream and emerging applications. We consider ourselves to be a pioneer in the GaN market with a proprietary, proven GaN power IC platform that is shipping in mass production to tier-1 companies including Samsung, Dell, Lenovo, LG, Xiaomi, OPPO, Amazon, vivo, and Motorola. Most of the products we ship today are used primarily as components in mobile device chargers. Charger manufacturers we ship to today are worldwide, supporting major international mobile brands. Other emerging applications will also be addressed across the world.

In support of our technology leadership, we have formed relationships with numerous Tier 1 manufacturers and suppliers over the past eight years, gaining significant traction in mobile and consumer charging applications. Navitas GaN has entered mass production and is being utilized by 9 out of the top 10 global mobile OEMs for the development of smartphones and laptops, with all 10 out of 10 currently in progress. In addition, our supply chain partners have committed manufacturing capacity in excess of what we consider to be necessary to support our continued growth and expansion.

A core strength of our business lies in our industry leading IP position. In addition to our comprehensive patent portfolio, our biggest proprietary advantage is our process design kit (PDK), the ‘how-to’ guide for Navitas designers to create new GaN based devices and circuits. Our GaN power IC inventions and intellectual property translate across all of our target markets from mobile, consumer, EV, enterprise, and renewables. We evaluate various complementary technologies and look to improve our PDK, in order to keep introducing newer generations of GaN technology. In the years ended December 31, 2023 and 2022, we spent approximately 87% and 133%, respectively, of our revenue on research and development. Navitas’ research and development activities are located primarily in the US and China.

May 2023 Public Offering

On May 26, 2023, the Company completed an underwritten public offering (the “May 2023 Public Offering”) of 10,000.000 shares of its Class A Common Stock at a public offering price of $8.00 per share, before deducting underwriting discounts and commissions. In connection with the May 2023 Public Offering, the Company granted the underwriters of the offering a 30-day option to purchase up to an additional 1,500,000 shares of the Company’s Class A Common Stock (the “Option Shares”) from the Company at the same public offering price. On June 1, 2023, the underwriters exercised in full their option to purchase the Option Shares. The sale of the Option Shares closed on June 5, 2023. After deducting underwriting discounts and commissions and before deducting offering expenses payable by the Company, the Company received net proceeds of $75.6 million and $11.3 million from the May 2023 Public Offering and sale of the Option Shares, respectively. The total net proceeds received by the Company after deducting offering expenses was $86.5 million. The Company intends to use the net proceeds for working capital and other general corporate purposes, including potential acquisitions or strategic manufacturing investments.

Buyout of Elevation Semiconductor

On January 19, 2023, the Company announced an agreement to acquire the remaining minority interest in its silicon control IC joint venture from Halo Microelectronics International Corporation (“Halo”). Total consideration for the joint venture interests and certain intellectual property rights purchased from Halo, and certain other interests and agreements of Halo and joint venture employees, was approximately $22.4 million in Navitas stock. As Navitas was already the majority shareholder, financial results from the joint venture have already been reflected in Navitas’ historical financial statements. The transaction was completed on February 13, 2023. In connection with the purchase of intellectual property, the Company recognized an intangible asset at its estimated fair value of $4.4 million related to acquired intellectual property.

Acquisition of GeneSiC

On August 15, 2022, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) to acquire 100% of the outstanding shares of GeneSiC Semiconductor Inc. (“GeneSiC”) for $146.3 million of equity, $97.1 million of cash consideration, and potential future earn-out payments of up to an aggregate of $25.0 million in cash. GeneSiC was a silicon carbide (“SiC”) pioneer with deep expertise in SiC power device design and process, based in Dulles, Virginia. The future earn-out payments were fair valued at $0.6 million, for a total merger consideration of $244.0 million.

During the Company’s second quarter of 2023, the Company received information regarding products shipped by GeneSiC to a distributor prior to the Company’s acquisition of GeneSiC. GeneSiC had the option, but not the obligation, to accept returns sold to the distributor. The Company determined that a $1.7 million return liability should have been recorded as of the close of the acquisition on August 15, 2022. The Company recorded the return liability as a purchase price adjustment as of June 30, 2023, resulting in an increase to goodwill and accounts payable and other accrued expenses of $1.7 million.

Acquisition of VDDTech

On June 10, 2022, the Company’s wholly owned subsidiary, Navitas Semiconductor Limited, acquired all of the capital stock of VDDTECH srl, a private Belgian company (“VDDTech”), for approximately $1.9 million in cash and stock. Based in Mont-Saint-Guibert, Belgium, VDDTech creates advanced digital-isolators for next-generation power conversion. VDDTech’s net assets and operating results since the acquisition date are included in the Company’s Consolidated Balance Sheet and Consolidated Statement of Operations for the year ended December 31, 2023.

Results of Operations

Revenue

We design, develop and manufacture GaN ICs, SiC MOSFETs and Schottky MPS diodes that deliver best-in-class performance, ruggedness and quality. Our revenue represents the sale of semiconductors through specialized distributors to original equipment manufacturers (“OEMs”), their suppliers and other end customers.

Our revenues fluctuate in response to a combination of factors, including the following:

- our overall product mix and sales volumes;
- gains and losses in market share and design win traction;
- pace at which technology is adopted in our end markets;
- the stage of our products in their respective life cycles;
- the effects of competition and competitive pricing strategies;
- availability of specialized field application engineering resources supporting demand creation and end customer adoption of new products;

- achieving acceptable yields and obtaining adequate production capacity from our wafer foundries and assembly and test subcontractors;
- market acceptance of our end customers' products; governmental regulations influencing our markets; and
- the global and regional economic cycles.

Our product revenue is recognized when the customer obtains control of the product and the timing of recognition is based on the contractual shipping terms of a contract. We provide a non-conformity warranty which is not sold separately and does not represent a separate performance obligation. Our product revenue is diversified across the United States, Europe, and Asia.

Cost of Revenues

Cost of revenues consists primarily of the cost of semiconductors purchased from subcontractors, including wafer fabrication, assembly, testing and packaging, manufacturing support costs, including labor and overhead (which includes depreciation and amortization) associated with such purchases, final test and wafer level yield fallout, inventory impairments, consumables, system and shipping costs. Cost of goods sold also includes compensation related to personnel associated with manufacturing.

Research and Development Expense

Costs related to research, design and development of our products are expensed as incurred. Research and development expense consists primarily of pre-production costs related to the design and development of our products and technologies, including costs related to cash and share-based employee compensation, benefits and related costs of sustaining our engineering teams, project material costs, third-party fees paid to consultants, prototype development expenses, and other costs incurred in the product design and development process.

Selling, General and Administrative Expense

Selling, general and administrative costs include employee compensation, including cash and share-based compensation and benefits for executive, finance, business operations, sales, field application engineers and other administrative personnel. In addition, it includes marketing and advertising, IT, outside legal, tax and accounting services, insurance, and occupancy costs and related overhead based on headcount. Selling, general and administrative costs are expensed as incurred.

Interest Income

Interest income primarily consists of interest earned from our cash on hand.

Interest Expense

Interest expense primarily consists of interest under our term loan facility, held during the fiscal year 2022. The term loan was paid off as of December 31, 2023.

Income Taxes

Legacy Navitas is a dual domesticated corporation for Ireland and U.S. federal income tax purposes. Refer to Note 13, Provision for Income Taxes, in our accompanying consolidated financial statements elsewhere in this annual report.

Results of Operations

The tables and discussion below present our results for the years ended December 31, 2023 and 2022 (in thousands):

	Year Ended December 31,			
(dollars in thousands)	2023	2022	Change $	Change %
Net revenues (including $0 and $1,528 of related party revenues)	$ 79,456	$ 37,943	$ 41,513	109 %
Cost of revenues (exclusive of amortization of intangibles included below)	48,392	25,996	22,396	86 %
Operating expenses:				
Research and development	68,825	50,318	18,507	37 %
Selling, general and administrative	61,551	78,353	(16,802)	(21)%
Amortization of intangible assets	18,820	6,913	11,907	172 %
Total operating expenses	149,196	135,584	13,612	10 %
Loss from operations	(118,132)	(123,637)		
Other income (expense), net:				
Interest income, net	5,368	1,387	3,981	287 %
Gain from change in fair value of warrants	—	51,763	(51,763)	(100)%
Gain (loss) from change in fair value of earnout liabilities	(33,788)	121,709	(155,497)	(128)%
Other income (expense)	84	(1,147)	1,231	(107)%
Total other income (expense), net	(28,336)	173,712	(202,048)	(116)%
Income (loss) before income taxes	(146,468)	50,075		
Income tax benefit	(517)	(22,812)	22,295	(98)%
Net income (loss)	$ (145,951)	$ 72,887	$ (218,838)	(300)%
LESS: net loss attributable to noncontrolling interest	(518)	(1,026)	508	(50)%
Net income (loss) attributable to controlling interest	$ (145,433)	$ 73,913	$ (219,346)	(297)%

Comparison of the Years ended December 31, 2023 and 2022

Revenue

Net revenues for the twelve months ended December 31, 2023 were $79.5 million compared to $37.9 million for the twelve months ended December 31, 2022, an increase of $41.6 million, or 109%. The increase was driven primarily by revenues derived from a full year of operations from the GeneSiC acquisition that closed on August 15, 2022, partially offset by decreased unit sales in the home appliance market.

Cost of Revenues

Cost of revenues for the twelve months ended December 31, 2023 was $48.4 million, an increase of $22.4 million or 86% compared to the twelve months ended December 31, 2022. The increase was primarily driven by revenue growth and the acquisition of GeneSiC.

Research and Development Expense

Research and development expense for the twelve months ended December 31, 2023 of $68.8 million increased by $18.5 million, or 37%, when compared to the twelve months ended December 31, 2022, primarily driven by increases of $7.0 million in stock based compensation and payroll due to growth in headcount as the Company develops new products. We expect research and development expense to continue to increase as we grow our headcount to continue our diversification into new applications.

Selling, General and Administrative Expense

Selling, general and administrative expense for the twelve months ended December 31, 2023 of $61.6 million decreased by $16.8 million, or 21%, when compared to the twelve months ended December 31, 2022. The decrease is primarily driven by decreases of $16.2 million in stock based compensation.

Amortization of Definite-Lived Intangible Assets

Amortization of definite-lived intangible assets for the twelve months ended December 31, 2023 of $18.8 million increased by $11.9 million, or 172%, when compared to the twelve months ended December 31, 2022. The increase is primarily due to having a full year of amortization expense in 2023 compared to 2022, as a result of business acquisitions that occurred during the fiscal year ended December 31, 2022.

Other Income (Expense), net

Net interest income for the twelve months ended December 31, 2023 of $5.4 million compared to expense of $1.4 million for the twelve months ended December 31, 2022, primarily due to higher interest earned on cash equivalents.

During the twelve months ended December 31, 2023, we recognized a $33.8 million loss from an increase in fair value of our earnout liabilities and a $0.1 million loss from equity method investment. The loss of $33.8 million in our earn-out liability was primarily a result of the increase of the closing price of our Class A common stock listed on the Nasdaq, resulting in an increase in the estimated fair value of the earnout shares from $1.47 as of December 31, 2022 to $5.50 as of December 31, 2023.

Income Tax Benefit

Income tax benefit for the twelve months ended December 31, 2023 was $0.5 million while for the twelve months ended December 31, 2022, income tax benefit was $22.8 million. As a result of the GeneSiC Semiconductor Inc. acquisition in 2022, (see Note 17, Business Combinations), the Company released $20.5 million of its U.S. federal valuation allowance . The release was primarily attributable to the $23.1 million of net federal deferred tax liability recorded on GeneSiC's opening balance sheet that is available to offset most of the U.S. federal deferred tax assets of Navitas. As of December 31, 2023, the Company continues to maintain a valuation allowance on the remaining deferred tax assets as the Company believes that it is not more likely than not that the deferred tax assets will be fully realized.

Liquidity and Capital Resources

Our primary use of cash is to fund our operating expenses, working capital requirements, and outlays for strategic investments and acquisitions. In addition, we use cash to conduct research and development, incur capital expenditures, and fund our debt service obligations.

We expect to continue to incur net operating losses and negative cash flows from operations and we expect our research and development expenses, general and administrative expenses and capital expenditures will continue to increase. We expect our expenses and capital requirements to increase in connection with our ongoing initiatives to expand our operations, product offerings and end customer base.

As December 31, 2023, we had cash and cash equivalents of $152.8 million. We currently expect to fund our cash requirements through the use of cash and cash equivalents on hand. We believe that our current levels of cash and cash equivalents are sufficient to finance our operations, working capital requirements and capital expenditures for the foreseeable future.

We expect our operating and capital expenditures to increase as we increase headcount, expand our operations and grow our end customer base. If additional funds are required to support our working capital requirements, acquisitions or other purposes, we may seek to raise funds through additional equity or debt financing or from other sources. If we raise additional funds through the issuance of equity, the percentage ownership of our equity holders could be significantly diluted, and these newly issued securities may have rights, preferences or privileges senior to those of existing equity holders. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operating flexibility and would also require us to incur interest expense. We can provide no assurance that additional financing will be available at all or, if available, that we would be able to obtain additional financing on terms favorable to us.

Cash Flows

The following table summarizes our consolidated cash flows for the periods presented (in thousands):

	Year Ended December 31,	
	2023	2022
Consolidated Statements of Cash Flows Data:		
Net cash used in operating activities	$ (40,098)	$ (44,497)
Net cash used in investing activities	(5,782)	(107,608)
Net cash provided by (used in) financing activities	88,382	(5,810)

We derive liquidity primarily from cash on hand, debt, and equity financing activities. As of December 31, 2023, our balance of cash and cash equivalents was $152.8 million, which is an increase of $42.5 million or 39% compared to December 31, 2022. As of December 31, 2023 and 2022, we had no debt outstanding.

Operating Activities

For the year ended December 31, 2023, net cash used in operating activities was $40.1 million, which primarily reflects a net loss of $146.0 million, adjusted for non-cash share-based compensation of $54.0 million, non-cash losses of $33.8 million in earnout due to changes in fair value and an aggregate cash used in operating assets and liabilities of $4.3 million. Specifically, the changes reflect $16.7 million increase in accounts receivable and $4.1 million increase inventory, both as a result of higher revenues, $3.0 million increase in prepaids and $1.2 million increase in other current assets, partially offset by an increase of $12.2 million in accounts payable primarily due to timing of disbursements and higher inventory, and an increase of $10.5 million in deferred revenue.

For the year ended December 31, 2022, net cash used in operating activities was $44.5 million, which primarily reflects net income of $72.9 million, adjusted for non-cash share-based compensation of $63.3 million and non-cash, non-operating losses of $173.5 million in earnout and warrant liabilities due to changes in fair value and an aggregate cash provided by operating assets and liabilities of $2.7 million. Specifically, $1.3 million decrease in account receivable, $4.7 million increase in inventory, and $7.1 million increase in accounts payable, due to increased sales, partially offset by $1.1 million decrease in operating lease liability.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2023 of $5.8 million was primarily due to purchases of fixed assets of $4.8 million and $1.0 million cash funding of a joint venture.

Net cash used in investing activities for the year ended December 31, 2022 of $107.6 million was primarily due to $96.4 million in business acquisitions, $5.2 million cash funding of a joint venture and $4.6 million for purchases of fixed assets.

Financing Activities

Net cash provided by financing activities for the year ended December 31, 2023 of $88.4 million was primarily the result of proceeds from the issuance of common stock in our May 2023 public offering, net of issuance costs, of $86.5 million and proceeds from the issuance of common stock in connection with stock option exercises of $1.9 million.

Net cash used in financing activities for the year ended December 31, 2022 of $5.8 million was primarily the result of $6.9 million repayment of debt, partially offset by $1.7 million from the issuance of common stock in connection with option exercises.

Contractual Obligations, Commitments and Contingencies

In the ordinary course of business, we enter into contractual arrangements that may require future cash payments. As of December 31, 2023, our non-cancellable contractual arrangements consisted entirely of lease obligations. Refer to Note 7 - Leases for further information on our minimum future payments related to lease obligations.

Off-Balance Sheet Commitments and Arrangements

As of December 31, 2023, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Critical Accounting Policies and Estimates

The preparation of our financial statements and related disclosures in accordance with U.S. GAAP requires our management to make judgments, assumptions and estimates that affect the amounts reported in our accompanying consolidated financial statements and the accompanying notes included elsewhere in this annual report. Our management bases its estimates and judgments on historical experience, current economic and industry conditions and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The methods, estimates, and judgments that we use in applying our accounting policies have a significant impact on the results that we report in our consolidated financial statements. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain.

There have been no material changes to our critical accounting policies and estimates from the information in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, included in our 2022 annual report on Form 10-K, except for our inventory reserve.

Revenue Recognition

Revenue is recognized when a customer obtains control of products or services in an amount that reflects the consideration which we expect to receive in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of ASC 606, *“Revenue from Contracts with Customers”*, we perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) we satisfy performance obligations. We recognize revenue when the control of the promised goods or services is transferred to customers in an amount that reflects the consideration we expect to receive in exchange for such goods or services.

The majority of our revenue is derived from the sale of semiconductor products. In determining the transaction price, we evaluate whether the price is subject to refund or adjustment to determine the net consideration to which we expect to be entitled.

Revenue is recognized when control of the product is transferred to the customer (i.e., when our performance obligation is satisfied), which is defined by the commercial terms of each purchase but typically occurs at shipment. In determining whether control has transferred, we consider if there is a present right to payment and legal title, and whether risks and rewards of ownership have transferred to the customer. Refer to Note 2 to our consolidated financial statements included elsewhere in this annual report for additional discussion of our revenue recognition policy.

Business Combinations

We account for business combinations using the acquisition method of accounting, in accordance with ASC 805, *"Business Combinations"*. The acquisition method requires identifiable assets acquired and liabilities assumed be recognized and measured at fair value on the acquisition date, which is the date that the acquirer obtains control of the acquired business. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired also requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. This judgment and determination affects the amount of consideration paid that is allocatable to assets and liabilities acquired in the business purchase transaction. Examples of critical estimates in valuing certain of the intangible assets and goodwill we have acquired include, but are not limited to, future expected cash inflows and outflows, expected technology life cycle, and discount rates. We estimate the useful lives of the intangible assets based on the expected period over which we anticipate generating economic benefit from the asset. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Valuation of Inventory

We assess inventory to address potential obsolescence and declining values through periodic assessments, considering factors like aging analysis, known risks, and assumptions about future demand. Identified impaired inventory items are adjusted to reflect net realizable values. The valuation of inventory requires management to make significant assumptions and subjective judgments about the future salability of the inventory and the value of obsolete and unmarketable inventory. These assumptions include the assessment of market conditions and trends, sales forecasts, historic usage, expected demand, anticipated sales price, new product development schedules, product obsolescence, customer design activity, customer concentrations, product merchantability and other factors. For example, we adjust our inventory reserve for items that are considered obsolete based on changes in customer demand or new product introductions that may eliminate the demand for such products.

Share-Based Compensation

The fair value of stock option awards to employees and, prior to the Business Combination, restricted stock awards to non-employees with service based vesting conditions is estimated using the Black-Scholes option pricing model and for awards with market conditions, incorporate Monte Carlo simulations. The value of an award is recognized as expense over the requisite service period in the consolidated statements of operations. The option pricing model requires management to make assumptions and to apply judgment in determining fair value of the awards. The most significant assumptions and judgments include the expected volatility, risk-free interest rate, expected dividend rate and expected term of the award, in addition to the fair value of the underlying common stock. We have also granted long term performance stock options ("LTIP Options") to certain members of senior management. These options vest in increments subject to certain market and performance conditions over the duration of the defined service period. We have utilized the services of a professional valuation firm to develop the Black-Scholes option pricing model incorporating Monte Carlo simulations for these option awards.

Prior to the Business Combination, there was no public market for our common stock and the estimated fair value of our common stock was historically determined by our board of directors, with input from management, and considering our most recently available third-party valuation of our common stock. The board of directors determined fair value at the time of grant of the option by considering a number of objective and subjective factors, including financing investment rounds, operating and financial performance, the lack of liquidity of share capital and general and industry specific economic outlook, among other factors. These third-party valuations were performed in accordance with the guidance outlined in the *American Institute of Certified Public Accountants Accounting and Valuation Guide, Valuation of Privately Held Company Equity Securities Issued as Compensation*. The fair value of our common stock was derived by first determining the equity value of our company. The equity value of our company was historically determined using the market approach by reference to the closest round of equity financing, if any, preceding the date of valuation and analysis of the trading values of publicly traded companies deemed comparable to us. In allocating the equity value of our company among various classes of stock, we used an option pricing model ("OPM"). The OPM takes into account our classes of equity, dividend policy and conversion rights to determine how proceeds from a liquidity event shall be distributed among the various ownership classes at a future date. The OPM arrives at a final estimated fair value per share of the common stock before a discount for lack of marketability is applied.

Beginning with the common stock valuation as of February 2021 and for all subsequent valuations prior to the Business Combination, the equity value of our company was determined using the probability weighted expected return method ("PWERM") approach, which assigns a probability or weighting to valuations determined under distinct scenarios. The February 12, 2021 valuation incorporated two scenarios under the PWERM method. The first scenario is a stay-private scenario in which the estimated current enterprise value was allocated to the various securities using an OPM, reflecting the rights and preferences for each security (i.e., convertible notes, preferred equity, common equity, options and warrants). The second scenario was a form of PWERM in which a single future exit event, a near-term IPO, was assumed. Under this scenario the future total enterprise value at the near-term IPO date was allocated to various equity and equity-linked securities using a common stock equivalent method reflecting as-converted common stock equivalents for each security class, since, upon an IPO, these outstanding equity-linked securities will convert into common stock. The future value of each security is then discounted to the valuation date.

In addition to considering the results of these third-party valuations, we considered various objective and subjective factors to determine the fair value of our common stock as of each grant date. The assumptions underlying these valuations represented management's best estimates, which involved inherent uncertainties and the application of management's judgment, including the probability and timing of liquidity events. As a result, if we had used significantly different assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could be materially different. The fair value of the Company's common stock ranged from $1.16 per share in the second half of 2020 to $10.53 per share as of August 25, 2021, the date of the most recent contemporaneous valuation report prior to the Business Combination.

Earnout Shares

Certain shareholders of the Company are eligible to receive up to 10,000,000 Earnout Shares of the Company's Class A common stock, contingent upon the fulfillment of Earnout Milestones. These milestones consist of three distinct criteria, with each criterion granting eligible stockholders 3,333,333 earn-out shares upon meeting the specified conditions. Each Earnout Milestone is deemed achieved if, at any time within 150 days following the Business Combination and before

October 19, 2026, the volume-weighted average price of the Company's Class A common stock reaches or exceeds $12.50, $17.00, or $20.00 for any twenty trading days within a thirty trading day period, respectively.

These earnout shares have been categorized into two components: (i) the “Vested Shares” - those associated with stockholders with vested equity at the closing of the Business Combination that will be earned upon achievement of the Earnout Milestones and (ii) the “Unvested Shares” - those associated with stockholders with unvested equity at the closing of the Business Combination that will be earned over the remaining service period with the Company on their unvested equity shares and upon achievement of the Earnout Milestones. The Vested Shares are classified as liabilities in the consolidated balance sheet and the Unvested Shares are equity-classified share-based compensation to be recognized over time (see Note 8 - Share-based Compensation). The earnout liability was initially measured at fair value at the closing of the Business Combination and subsequently remeasured at the end of each reporting period. The change in fair value of the earn-out liability is recorded as part of *Other income (expense), net* in the consolidated statement of operations.

The estimated fair value of the earnout liability was determined using a Monte Carlo analysis of 20,000 simulations of the future path of the Company’s stock price over the earnout period. The assumptions utilized in the calculation are based on the achievement of certain stock price milestones including projected stock price, volatility, and risk-free rate.

Recent Developments

We are pursuing key strategic initiatives, including bringing to market multiple generations of GaN technology that enhance our margin profile and continually evaluating acquisition opportunities that are complementary to our existing portfolio and increase power semiconductor content in our targeted applications. See “*Information about Navitas — Company Strategy*.”

Recently Issued and Adopted Accounting Standards

See Note 2 to our consolidated financial statements included elsewhere in this annual report for a discussion of accounting pronouncements recently adopted and recently issued accounting pronouncements not yet adopted and their potential impact to our financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Although we are no longer a smaller reporting company, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, for this reporting period, we are not required to provide the information required under this item. According to the SEC Manual Topic 5, we may continue utilizing scaled disclosures through our annual report on the Form 10-K and larger company disclosures will be incorporated in the first Form 10-Q of the subsequent fiscal year.

Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Navitas Semiconductor Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of Navitas Semiconductor Corporation (the "Company") as of December 31, 2023, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit) and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023, and the consolidated results of its operations and its cash flows for the year ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting included in Item 9A. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidate financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Inventory

As described in Notes 2 and 3 to the consolidated financial statements, the Company's inventory balance was $23.2 million as of December 31, 2023. The Company values inventory at lower of cost (first-in, first-out) or market. The Company periodically reviews inventory for potential obsolescence based upon an aging analysis of the inventory on hand, specifically known inventory-related risks, and assumptions about future demand and market conditions. Inventory items determined to be impaired are reduced to their net realizable values.

The potential obsolescence is subjective and primarily dependent on the estimates of future demand and market conditions for a particular product. Changes in assumptions of product demand could have a significant impact on the amount of write-down recorded. The valuation of inventory requires management to make significant assumptions and subjective judgments about the future salability of the inventory and the value of obsolete and unmarketable inventory. These assumptions include the assessment of market conditions and trends, sales forecasts, historic usage, expected demand, anticipated sales price, the stage in the product life cycle of its customers' products, new product development schedules, the effect new products might have on the sale of existing products, product obsolescence, customer design activity, customer concentrations, and product merchantability.

We identified the valuation of inventory, in particular the estimate for potential obsolescence to reduce inventory to net realizable value, as a critical audit matter, because of the significant assumptions and subjective judgments used by management, which involved significant audit effort and the use of especially challenging and subjective auditor judgment when performing audit procedures and evaluating the results of those procedures.

The primary procedures we performed to address this critical audit matter included:

- Evaluating management's process used in developing the estimate by:
  - Evaluating the methodology used.
  - Evaluating the reasonableness of the significant assumptions used, including but not limited to -
    - Performing inquiries with non-financial personnel regarding slow-moving, obsolete or discontinued inventory items; and
    - Examining purchase orders or other audit evidence of future demand.
  - Testing the completeness, accuracy, and relevance of the underlying data used.
  - Testing the mathematical accuracy of management's calculations.
- Evaluating audit evidence from transactions occurring after year-end.

/s/ Moss Adams LLP
Los Angeles, CA
March, 6, 2024

We have served as the Company's auditor since 2023.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Navitas Semiconductor Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Navitas Semiconductor Corporation and subsidiaries (the "Company") as of December 31, 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit), and cash flows, for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Los Angeles, CA

April 3, 2023

We began serving as the Company’s auditor in 2021. In 2023, we became the predecessor auditor.

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except shares and par value)	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 152,839	$ 110,337
Accounts receivable, net	25,858	9,127
Inventories	23,166	19,061
Prepaid expenses and other current assets	6,619	3,623
Total current assets	208,482	142,148
PROPERTY AND EQUIPMENT, net	9,154	6,532
OPERATING LEASE RIGHT OF USE ASSETS	8,268	6,381
INTANGIBLE ASSETS, net	91,099	105,620
GOODWILL	163,215	161,527
OTHER ASSETS	5,328	3,054
Total assets	$ 485,546	$ 425,262
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and other accrued expenses	$ 26,637	$ 14,653
Accrued compensation expenses	10,902	3,907
Operating lease liabilities, current	1,892	1,305
Deferred revenue	10,953	486
Total current liabilities	50,384	20,351
OPERATING LEASE LIABILITIES NONCURRENT	6,653	5,263
EARNOUT LIABILITY	46,852	13,064
DEFERRED TAX LIABILITIES	1,040	1,824
Total liabilities	104,929	40,502
COMMITMENTS AND CONTINGENCIES (Note 14)		
STOCKHOLDERS' EQUITY:		
Common stock, $0.0001 par value, 750,000,000 shares authorized as of December 31, 2023 and 2022, 179,196,418 and 153,628,838 shares issued and outstanding at December 31, 2023 and 2022, respectively	21	18
Additional paid-in capital	680,790	535,875
Accumulated other comprehensive loss	(7)	(7)
Accumulated deficit	(300,187)	(154,754)
Total stockholders' equity of Navitas Semiconductor Corporation	380,617	381,132
Noncontrolling interest	—	3,628
Total stockholders' equity	380,617	384,760
Total liabilities and stockholders' equity	$ 485,546	$ 425,262

The accompanying notes are an integral part of these consolidated financial statements

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	**Year Ended December 31, 2023**	**2022**
NET REVENUES (including $0 and $1,528 of related party revenues)	$ 79,456	$ 37,943
COST OF REVENUES (exclusive of amortization of intangibles included below)	48,392	25,996
OPERATING EXPENSES:		
Research and development	68,825	50,318
Selling, general and administrative	61,551	78,353
Amortization of intangible assets	18,820	6,913
Total operating expenses	149,196	135,584
LOSS FROM OPERATIONS	(118,132)	(123,637)
OTHER INCOME (EXPENSE), net:		
Interest income	5,368	1,387
Gain from change in fair value of warrants	—	51,763
Gain (loss) from change in fair value of earnout liabilities	(33,788)	121,709
Other income (expense)	84	(1,147)
Total other income (expense), net	(28,336)	173,712
INCOME (LOSS) BEFORE INCOME TAXES	(146,468)	50,075
INCOME TAX BENEFIT	(517)	(22,812)
NET INCOME (LOSS)	$ (145,951)	$ 72,887
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	$ (518)	$ (1,026)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	$ (145,433)	$ 73,913
NET INCOME (LOSS) PER COMMON SHARE:		
Basic net income (loss) per share attributable to common stockholders	$ (0.86)	$ 0.55
Diluted net income (loss) per share attributable to common stockholders	$ (0.86)	$ 0.51
WEIGHTED AVERAGE COMMON SHARES USED IN NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS:		
Basic common shares	168,927	133,668
Diluted common shares	168,927	145,743

The accompanying notes are an integral part of these consolidated financial statements.

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)	Year Ended December 31, 2023	2022
Net (loss) income	$ (145,951)	$ 72,887
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments, net of tax	—	(5)
Total other comprehensive income (loss)	—	(5)
COMPREHENSIVE INCOME (LOSS) INCLUDING NONCONTROLLING INTEREST	(145,951)	72,882
COMPREHENSIVE LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(518)	(1,026)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	$ (145,433)	$ 73,908

The accompanying notes are an integral part of these consolidated financial statements.

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Stockholder's equity (deficit)						
	Common stock		Additional paid in capital	Accumulated deficit	Accumulated comprehensive income (loss)	Non-controlling Interest	Total
(In thousands)	**Shares**	**Amount**					
Balance at December 31, 2021	117,751	$ 15	$ 294,190	$ (228,667)	$ (2)	$ —	$ 65,536
Issuance of common stock under employee stock option and stock award plans	7,423	1	3,780	—	—	—	3,781
Stock-based compensation expense related to employee and non-employee stock awards	—	—	60,436	—	—	—	60,436
Repurchase of common stock	(66)	—	(550)	—	—	—	(550)
Exercise of warrants	3,318	—	29,641	—	—	—	29,641
Shares issued for business acquisitions	25,033	2	147,378	—	—	—	147,380
Shares issued for transaction fees	170	—	1,000	—	—	—	1,000
Change in noncontrolling interest	—	—	—	—	—	4,654	4,654
Foreign currency translation adjustment	—	—	—	—	(5)	—	(5)
Net (loss) income	—	—	—	73,913	—	(1,026)	72,887
Balance at December 31, 2022	153,629	$ 18	$ 535,875	$ (154,754)	$ (7)	$ 3,628	$ 384,760
Issuance of common stock under employee stock option and stock award plans	9,835	—	5,904				5,904
Stock-based compensation expense related to employee and non-employee stock awards			45,043				45,043
Shares issued in public offering	11,500	3	86,459				86,462
Shares issued in connection with buyout agreement	4,232		7,509			(3,110)	4,399
Net loss				(145,433)		(518)	(145,951)
Balance at December 31, 2023	179,196	$ 21	$ 680,790	$ (300,187)	$ (7)	$ —	$ 380,617

The accompanying notes are an integral part of these consolidated financial statements.

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (145,951)	$ 72,887
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	2,160	980
Amortization of intangibles	18,820	6,859
Non-cash lease expense	2,036	1,207
Other	85	4,350
Stock-based compensation expense	54,028	63,288
Amortization of debt discount and issuance costs	—	17
Gain from change in fair value of warrants	—	(51,763)
(Gain) loss from change in fair value of earnout liability	33,788	(121,709)
Deferred income taxes	(784)	(23,294)
Change in operating assets and liabilities:		
Accounts receivable	(16,731)	1,253
Inventory	(4,105)	(4,748)
Prepaid expenses and other current assets	(2,996)	100
Other assets	(1,173)	(448)
Accounts payable, accrued compensation and other expenses	12,204	7,138
Operating lease liability	(1,946)	(1,071)
Deferred revenue	10,467	457
Net cash used in operating activities	(40,098)	(44,497)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment purchase	(1,000)	—
Business acquisitions, net of cash acquired	—	(96,357)
Investment in joint venture	—	(5,204)
Investment in preferred stock	—	(1,500)
Purchases of property and equipment	(4,782)	(4,644)
Receipts on notes receivable	—	97
Net cash used in investing activities	(5,782)	(107,608)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of warrants	—	(38)
Repurchase of common stock	—	(550)
Proceeds from issuance of common stock in connection with stock option exercises	1,923	1,711
Proceeds from issuance of common stock in May 2023 public offering	86,941	—
Payment of May 2023 public offering costs	(482)	—
Principal payments on long-term debt	—	(6,933)
Net cash provided by (used in) financing activities	88,382	(5,810)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,502	(157,915)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	110,337	268,252
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 152,839	$ 110,337
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Net assets acquired through change in control of joint venture	$ —	$ 3,813
Shares issued for business acquisition	$ —	$ 147,380

Shares issued for transaction fees	$	—	$	1,000
Capital expenditures in accounts payable	$	499	$	22
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for income taxes	$	160	$	193
Cash paid for interest	$	—	$	290

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

On May 6, 2021, Navitas Semiconductor Limited, a private company limited by shares organized under the laws of Ireland ("Navitas Ireland") and domesticated in the State of Delaware as Navitas Semiconductor Ireland, LLC, a Delaware limited liability company ("Navitas Delaware" and, together with Navitas Ireland, "Legacy Navitas"), entered into a business combination agreement and plan of reorganization (the "Business Combination Agreement" or "BCA") with Live Oak Acquisition Corp. II, a Delaware corporation ("Live Oak"). Pursuant to the BCA, among other transactions consummated on October 19, 2021 (collectively, the "Business Combination"), Live Oak acquired all of the capital stock of Navitas Ireland (other than the Navitas Ireland Restricted Shares, as defined below) by means of a tender offer, and a wholly owned subsidiary of Live Oak merged with and into Navitas Delaware, with Navitas Delaware surviving the merger. As a result, Legacy Navitas became a wholly owned subsidiary of Live Oak effective October 19, 2021. At the closing of the Business Combination, Live Oak changed its name to Navitas Semiconductor Corporation ("Navitas").

References to the "Company" in these financial statements refer to Legacy Navitas and its predecessors before the consummation of the Business Combination, or to Navitas Semiconductor Corporation after the Business Combination, as the context suggests.

The Company was founded in 2014 and has since been developing next-generation power semiconductors including gallium nitride (GaN) power integrated circuits (ICs), silicon carbide (SiC) and associated high-speed silicon system controllers and digital isolators used in power conversion and charging. The Company presently operates as a product design house that contracts the manufacturing of its chips and packaging to partner suppliers. Navitas maintains its operations around the world, including the United States, Ireland, Germany, Italy, Belgium, China, Taiwan, Thailand, South Korea and the Philippines, with principal executive offices in Torrance, California.

Acquisitions

In February 2023, the Company acquired the remaining minority interest in its silicon control IC joint venture from Halo Microelectronics for a purchase price of $22.4 million in Navitas stock. See Note 18, Noncontrolling Interest, for more information.

In June 2022, the Company acquired VDDTech for $1.9 million in cash and stock, and in August 2022 the Company acquired GeneSiC for $246.2 million in cash and stock. See Note 17, Business Combinations, for more information.

Basis of Consolidation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements include the accounts of the Company, its wholly owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

On an ongoing basis, management evaluates the assumptions used in making estimates, including those related to (i) the collectability of accounts receivable; (ii) write-down for excess and obsolete inventory; (iii) warranty obligations; (iv) the value assigned to and estimated useful lives of long-lived assets; (v) the realization of tax assets and estimates of tax liabilities and tax reserves; (vi) recoverability of intangible assets; (vii) the computation of share-based compensation; (viii) accrued compensation and other expenses; and (ix) the recognition of revenue. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company engages third-party valuation specialists to assist with estimates related to the valuation of intangible assets, stock options, restricted common stock awards, and, earnout shares. Such estimates often require the selection of appropriate valuation methodologies and models, and significant judgment in evaluating ranges of assumptions and financial inputs. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Significant Accounting Policies and Estimates

Segment Reporting

The Company is organized and operates as one reportable segment, the design, development, manufacture and marketing of integrated circuits and related components for use primarily in mobile device and other markets. The Company's Chief Operating Decision Maker, the Chief Executive Officer, reviews financial information presented on a consolidated basis for purposes of making operating decisions and assessing financial performance.

Revenue Recognition

The Company recognizes revenue under the core principle of depicting the transfer of control to the Company's customers in an amount reflecting the consideration to which the Company expects to be entitled. In order to achieve that core principle, the Company applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

Product revenues consist of sales to distributors, original equipment manufacturers, or OEMs, and merchant power supply manufacturers. The Company considers customer purchase orders, which in some cases are governed by master sales agreements, to be the contracts with a customer. In situations where sales are to a distributor, the Company has concluded that its contracts are with the distributor as the Company holds a contract bearing enforceable rights and obligations only with the distributor. As part of its consideration of the contract, the Company evaluates certain factors including the customer's ability to pay (or credit risk). If the Company concludes that the customer has the ability to pay, a contract has been established. For each contract, the Company considers the promise to transfer products, each of which is distinct, to be the identified performance obligations. In determining the transaction price the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the Company expects to be entitled. As the Company's standard payment terms are less than one year, the Company has elected the practical expedient to not assess whether a contract has a significant financing component.

The Company allocates the transaction price to each distinct performance obligation based on their relative standalone selling price. The product price as specified on the purchase order is considered the standalone selling price as it is an observable input which depicts the price as if sold to a similar customer in similar circumstances. Revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment. Further, in determining whether control has transferred, the Company considers if there is a present right to payment and legal title, along with risks and rewards of ownership having transferred to the customer.

When the Company receives orders for products to be delivered over multiple dates that may extend across several reporting periods, the Company invoices for each delivery upon shipment and recognizes revenues for each distinct product delivered. The Company has also elected the practical expedient to expense commissions when incurred as the amortization period of the commission asset the Company would have otherwise recognized is less than one year.

The majority of sales to international customers that are shipped from the Company's or its vendor's facility outside of the United States are pursuant to EX Works, or EXW, shipping terms, meaning that control of the product transfers to the customer upon shipment from the Company's or its vendors' foreign warehouse.

Sales to most distributors are made under terms allowing certain limited rights of return (known as "stock rotation") of the Company's products held in their inventory or upon sale to their end customers. Revenue from sales to distributors is recognized upon the transfer of control to the distributor. Stock rotation rights grant the distributor the ability to return certain specified amounts of inventory. Stock rotation adjustments are a form of variable consideration and are estimated using the expected value method based on historical return rates. Historically, distributor stock rotation adjustments have been insignificant.

The Company generally provides an assurance warranty that its products will substantially conform to the published specifications for twelve months from the date of shipment. The Company's liability is limited to either a credit equal to the purchase price or replacement of the defective part. Returns under warranty have historically not been material. As such, the Company does not record a specific warranty reserve.

Revenue received from customers in advance of the Company shipping the related product is considered a contract liability and is included in deferred revenue on the Company's consolidated balance sheets.

The opening and closing balances of our receivables and contract liabilities from our contracts with customers are as follows (in thousands):

	January 1, 2022	December 31, 2022	December 31, 2023
Accounts receivable, net	$ 8,263	$ 9,127	$ 25,858
Deferred revenue	$ 29	$ 486	$ 10,953

Business Combinations

We account for business combinations using the acquisition method of accounting, in accordance with Accounting Standards Codification ("ASC") 805, *"Business Combinations"*. The acquisition method requires identifiable assets acquired and liabilities assumed be recognized and measured at fair value on the acquisition date, which is the date that the acquirer obtains control of the acquired business. The amount by which the fair value of consideration transferred exceeds the net fair value of assets acquired and liabilities assumed is recorded as goodwill.

The determination of estimated fair value requires us to make significant estimates and assumptions. These fair value determinations require judgment and involve the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, and asset lives, among other items. As a result, we may record adjustments to the fair values of assets acquired and liabilities assumed within the measurement period (up to *one* year from the acquisition date) with the corresponding offset to goodwill.

Transaction costs associated with business combinations are expensed as they are incurred.

Valuation of Contingent Consideration Resulting from a Business Combination

In connection with certain acquisitions, we may be required to pay future consideration that is contingent upon the achievement of specified milestone events. We record contingent consideration resulting from a business combination at its fair value on the acquisition date. Each quarter thereafter, we revalue these obligations and record increases or decreases in their fair value within our Statement of Operations until such time as the specified milestone achievement period is complete.

Increases or decreases in fair value of the contingent consideration liabilities can result from updates to assumptions such as the expected timing or probability of achieving the specified milestones. Significant judgment is employed in determining these assumptions as of the acquisition date and for each subsequent period. Updates to assumptions could have a significant impact on our results of operations in any given period. Actual results may differ from estimates.

Inventory

Inventory (which consist of costs associated with the purchases of wafers from foundries and of packaged components from offshore assembly manufacturers, as well as internal labor and overhead, including depreciation and amortization, associated with the testing of both wafers and packaged components) are stated at the lower of cost (first-in, first-out) or market. The Company periodically reviews inventory for potential obsolescence based upon an aging analysis of the inventory on hand, specifically known inventory-related risks, and assumptions about future demand and market conditions. Inventory items determined to be impaired are reduced to their net realizable values.

Stock-based compensation

The Company measures and recognizes compensation expense for all stock-based awards based on the grant date fair value of the awards. The Company recognizes compensation expense over the requisite service period in the consolidated statements of operations for restricted stock awards. The fair value of restricted stock unit grants is typically determined using the Monte Carlo simulation method.

The fair value of stock option awards to employees and to non-employees with service based vesting conditions is estimated using the Black-Scholes option pricing model. The value of an award is recognized as expense over the requisite service period in the consolidated statements of operations.

The option pricing model requires management to make assumptions and to apply judgment in determining fair value of the awards. The most significant assumptions and judgments include the expected volatility, risk-free interest rate, expected dividend rate and expected term of the award.

The expected volatility of the awards is typically based on historical volatility of selected public companies within the Company’s industry. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury notes with a term approximately equal to the expected term of the awards. The expected dividend rate is zero as the Company currently has no history or expectation of cash dividends on its common stock. The Company has adopted the practical expedient for determining the expected term of stock option awards, which is the midpoint between the end of the vesting term and the expiration of the award. The Company has elected to account for forfeitures as they occur.

The Company elected to treat share-based payment awards with graded vesting schedules and time-based service conditions as a single award and recognize compensation expense on a straight-line basis over the requisite service period.

Income Taxes

Current income tax expense is an estimate of current income taxes payable or refundable in the current fiscal year based on reported income before income taxes. Deferred income taxes reflect the effect of temporary differences and carry-forwards that are recognized for financial reporting and income tax purposes.

The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, utilizing the tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company recognizes valuation allowances to reduce any deferred tax assets to the amount that it estimates will more likely than not be realized based on available evidence and management's judgment. In the event that the Company determines, based on available evidence and management judgment, that all or part of the net deferred tax assets will not be realized in the future, it would record a valuation allowance in the period the determination is made. In addition, the calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Resolution of these uncertainties in a manner inconsistent with the Company's expectations could have a material impact on the Company's results of operations and financial position.

The Company has no unrecognized tax benefits at December 31, 2023 and 2022. The Company's federal and state income tax returns since inception are open and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. When necessary, the Company recognizes interest and penalties associated with tax matters as part of the income tax provision and includes accrued interest and penalties with the related tax liability in the balance sheet. The Company had no accrued interest and penalties at December 31, 2023 and 2022.

Accounts receivable

Accounts receivable are reported as the amount management expects to collect from outstanding balances. Management performs an analysis of the current status of each individual customer account to determine the appropriate level for the allowance for doubtful accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. As of December 31, 2023 and 2022, all receivables were considered collectible.

Fair Value Measurements

ASC 820, *"Fair Value Measurements and Disclosures"*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company categorizes its financial assets and liabilities measured at fair value into a hierarchy that categorizes fair value measurements into the following three levels based on the types of inputs used in measuring their fair value:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities;
Level 2: Observable market-based inputs or observable inputs that are corroborated by market data; and
Level 3: Unobservable inputs reflecting the Company's own assumptions.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Derivative Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815, “Derivatives and Hedging”. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The 8,433,333 warrants issued in connection with Live Oak’s Initial Public Offering (the “Public Warrants”), the 4,666,667 Private Placement Warrants and the Earnout Shares associated with Vested Shares are recognized as derivative liabilities in accordance with ASC 815. Accordingly, the Company recognizes the warrant instruments and earnout shares as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised. The Public Warrant quoted market price was used as the fair value for the Public Warrants and the Private Placement Warrants as of each relevant date. The Earnout shares were valued using a Monte Carlo analysis. Derivative warrant liabilities are classified as non-current liabilities as their liquidation is not reasonably expected to require the use of significant current assets or require the creation of current liabilities. There were no outstanding warrants as of December 31, 2023, and December 31, 2022.

Intangible Assets

Long-lived assets, such as property and equipment and intangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of tangible and intangible assets acquired. The carrying value of goodwill is reviewed for possible impairment in accordance with the authoritative guidance on goodwill, intangibles and other. The Company assesses possible impairments to goodwill at least annually, or more frequently when events or changes in circumstances would more likely than not reduce the fair value of a reporting unit below its carrying value.

Cash and Cash Equivalents

The Company considers cash invested in highly liquid financial instruments with maturities of three months or less at the date of purchase to be cash equivalents.

Foreign Currency Risk and Foreign Currency Translation

As of December 31, 2023, the Company’s primary transactional currency was U.S. Dollars. Gains and losses arising from the remeasurement of non-functional currency balances are recorded in selling, general and administrative expenses in the accompanying consolidated statements of operations. The Company realized a foreign currency transaction net loss of $0.4 million and $0.1 million in 2023 and 2022, respectively.

The functional currencies of the Company’s non-U.S. subsidiaries are the U.S. Dollar. Accordingly, all monetary assets and liabilities are translated into U.S. Dollars at the current exchange rates as of the applicable balance sheet date.

Non-monetary assets and liabilities into U.S. Dollars at the applicable historical rates. Revenues and expenses are translated at either the average exchange rate prevailing during the period or historical rates as applicable.

Advertising

Advertising costs, which are included in selling, general and administrative expenses, are expensed as incurred. They are not material in 2023 and $0.1 million in 2022.

Research and Development

Costs related to research, design, and development of our products are expensed as incurred. Research and development expense consists primarily of pre-production costs related to the design and development of our products and technologies, including costs related to contracted non-recurring engineering services. These expenses include employee compensation, benefits and related costs of sustaining our engineering teams, project material costs, third party fees paid to consultants, prototype development expenses, and other costs incurred in the product and technology design and development processes.

Recently Adopted Accounting Standards

Credit Losses

In June 2016, the Financial Accounting Standards Board (“FASB”) amended guidance related to impairment of financial instruments as part of Accounting Standards Update (ASU) 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaced the incurred loss impairment methodology with an expected credit loss model for which a company recognizes an allowance based on the estimate of expected credit loss. This ASU requires entities to measure the impairment of certain financial instruments, including accounts receivable, based on expected losses rather than incurred losses. This ASU was effective for the Company beginning in 2023. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements and related disclosures.

We pool financial assets based on their risk characteristics, which include class of customer, geographic location of the customer, contractual life of the financial asset, and age of the open receivable balance. The allowance for credit losses pool is estimated based on historical credit loss rates adjusted for management’s reasonable and supportable expectations of future economic conditions, which consider macroeconomic, industry and market trends that could impact future credit loss rates. Additions to the allowance are charged to general and administrative expenses in the consolidated statements of operations. Accounts receivables are written off against the allowance when the probability of collection of an account balance is deemed remote.

Recently Issued Accounting Standards

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, titled Income Taxes (Topic 740): Improvements to Income Tax Disclosures. These amendments address investor requests for enhanced transparency regarding income tax information. Specifically, they improve income tax disclosures related to rate reconciliation and income taxes paid. ASU 2023-09 becomes effective for fiscal years beginning after December 15, 2024, with early adoption permitted. While we are currently assessing the impact of this standard, we anticipate it will result in disclosure changes only.

3. INVENTORY

Inventory consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Raw materials	$ 7,743	$ 4,314
Work-in-process	10,863	9,166
Finished goods	4,560	5,581
Total	$ 23,166	$ 19,061

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Furniture and fixtures	$ 244	$ 215
Computers and other equipment	10,339	7,251
Leasehold improvements	2,360	2,054
Construction in Progress	1,114	—
	14,057	9,520
Accumulated depreciation	(4,903)	(2,988)
Total	$ 9,154	$ 6,532

For the years ended December 31, 2023 and 2022, depreciation expense was $2.2 million and $1.0 million, respectively, and was determined using the straight-line method over the following estimated useful lives:

Furniture and fixtures	3 — 7 years
Computers and other equipment	2 — 5 years
Leasehold improvements	2 — 5 years

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The accounting guidance on fair value measurements clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices for identical assets in active markets; (Level 2) inputs other than the quoted prices in active markets that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions. This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The short-term nature of the Company’s cash and cash equivalents, accounts receivable, debt and current liabilities causes each of their carrying values to approximate fair value for all periods presented. Cash equivalents classified as Level 1 instruments was $139.0 million for December 31, 2023 and not material for 2022.

The following table presents the Company’s fair value hierarchy for financial liabilities as of December 31, 2023 (in thousands):

	Level 1	Level 2	Level 3	Total
Liabilities:				
Earnout liability	$ —	$ —	$ 46,852	$ 46,852
Total	$ —	$ —	$ 46,852	$ 46,852

The following table presents the Company’s fair value hierarchy for financial liabilities as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Liabilities:				
Earnout liability	$ —	$ —	$ 13,064	$ 13,064
Total	$ —	$ —	$ 13,064	$ 13,064

The Company did not transfer any investments between level 1 and level 2 of the fair value hierarchy in the years ended December 31, 2023 and 2022.

The following table provides a reconciliation between the beginning and ending balances of items measured at fair value on a recurring basis that used significant unobservable inputs (Level 3) (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs
Balance at December 31, 2022	$ 13,064
Fair value adjustment	33,788
Balance at Balance at December 31, 2023	$ 46,852

6. GOODWILL AND INTANGIBLES

The following table presents the changes in the Company’s goodwill balance (in thousands):

	Goodwill
Balance at December 31, 2022	$ 161,527
Purchase price adjustment	1,688
Balance at December 31, 2023	$ 163,215

Refer to Note 17, Business Combinations, for further details.

The following table presents the Company's intangible asset balance by asset class for the fiscal year ended December 31, 2023 (in thousands):

Intangible Asset	Cost	Accumulated Amortization	Net Book Value	Amortization Method	Useful Life
Trade Names	$ 900	$ (619)	$ 281	Straight line	2 years
Developed Technology	53,500	(17,703)	35,797	Straight line	4 years
In-process R&D	1,177	—	1,177	Indefinite	N/A
Patents	34,900	(3,424)	31,476	Straight line	5-15 years
Customer Relationships	24,300	(3,341)	20,959	Straight line	10 years
Non-Competition Agreements	1,900	(523)	1,377	Straight line	5 years
Other	658	(626)	32	Straight line	5 years
Total	$ 117,335	$ (26,236)	$ 91,099		

The following table presents the Company's intangible asset balance by asset class for the fiscal year ended December 31, 2022 (in thousands):

Intangible Asset	Cost	Accumulated Amortization	Net Book Value	Amortization Method	Useful Life
Trade Names	$ 900	$ (169)	$ 731	Straight line	2 years
Developed Technology	49,100	(4,603)	44,497	Straight line	4 years
In-process R&D	1,177	—	1,177	Indefinite	N/A
Patents	33,900	(848)	33,052	Straight line	5-15 years
Customer Relationships	24,300	(911)	23,389	Straight line	10 years
Non-Competition Agreements	1,900	(143)	1,757	Straight line	5 years
Other	1,842	(825)	1,017	Straight line	5 years
Total	$ 113,119	$ (7,499)	$ 105,620		

The following tables presents the changes in the Company's intangible asset balance for the fiscal year ended December 31, 2023 and December 31, 2022 (in thousands):

	Intangible Assets, net
Balance at December 31, 2021	$ 170
Additions to intangible assets	112,309
Amortization expense	(6,859)
Balance at December 31, 2022	$ 105,620
Additions to intangible assets	4,299
Amortization expense	(18,820)
Balance at December 31, 2023	$ 91,099

The amortization expense was $18.8 million for the fiscal year ended December 31, 2023 and was $6.9 million for the fiscal year ended December 31, 2022.

Total future amortization expense of intangible assets is estimated to be as follows (in thousands):

Fiscal Year Ending December 31,	Total
2024	$ 18,926
2025	18,645
2026	14,042
2027	5,336
2028	4,690
Thereafter	28,301
Total	$ 89,940

There were no impairment charges during the years ended December 31, 2023 and 2022.

7. LEASES:

The Company has entered into operating leases primarily for commercial buildings. These leases have terms which range from 0.3 to 5.8 years. As of December 31, 2023 no operating lease agreements contain economic penalties for the Company to extend the lease, and it is not reasonably certain the Company will exercise these extension options. Additionally, these operating lease agreements do not contain material residual value guarantees or material restrictive covenants. As of December 31, 2023, all leases recorded on the Company's consolidated balance sheets were operating leases.

Upon adoption of ASC 842 on January 1, 2022, the Company recorded operating lease assets of $1.6 million and lease liabilities of $1.7 million in the Company's consolidated balance sheets. The adoption of this standard did not have a material impact on retained earnings, the consolidated statement of operations, or cash flows. The Company obtained $3.2 million in additional right-of-use assets in exchange for lease obligations during the fiscal year ended December 31, 2023. The Company has made the accounting policy election to use certain ongoing practical expedients made available by ASC 842 to: (i) not separate lease components from nonlease components for real estate; and (ii) exclude leases with an initial term of 12 months or less ("short-term" leases) from the consolidated balance sheets and will recognize related lease payments in the consolidated statements of operations on a straight-line basis over the lease term. For leases that do not have a readily determinable implicit rate, the Company uses its estimated secured incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments.

Rent expense, including short-term lease cost, was $2.7 million and $2.1 million for the fiscal years ended December 31, 2023 and 2022, respectively. In addition to rent payments, the Company's leases include real estate taxes, common area maintenance, utilities, and management fees, which are not fixed. The Company accounts for these costs as variable payments and does not include such costs as a lease component. Total variable expense was $0.1 million and $0.2 million for the fiscal years ended December 31, 2023 and 2022, respectively.

Information related to the Company right-of-use assets and related operating lease liabilities were as follows (in thousands):

	December 31, 2023		December 31, 2022	
Cash paid for operating lease liabilities	$	1,919	$	1,166
Operating lease cost	$	2,036	$	1,610
Non-cash right-of-use assets obtained in exchange for new operating lease obligations	$	3,230	$	5,883
Weighted-average remaining lease term		4.88		5.41
Weight-average discount rate		3.5% - 9.3%		4.25% - 5.5%

Maturities of lease liabilities (in thousands) due in the 12-month period ending December 31,		
2024	$	2,139
2025		1,863
2026		1,766
2027		1,772
2028		1,687
Thereafter		419
	$	9,646
Less imputed interest	$	1,101
Total lease liabilities	$	8,545

8. SHARE BASED COMPENSATION

Equity Incentive Plans

The 2020 Equity Incentive Plan ("2020 Plan") provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit (RSU) awards, stock appreciation rights, and other stock awards to employees, directors and consultants. Pursuant to the 2020 Plan, the exercise price for incentive stock options and non-statutory stock options is generally at least 100% of the fair market value of the underlying shares on the date of grant. Options generally vest over 48 months measured from the date of grant. Options generally expire no later than ten years after the date of grant, subject to earlier termination upon an optionee's cessation of employment or service.

Under the terms of the 2020 Plan, the Company is authorized to issue 18,899,285 shares of common stock pursuant to awards under the 2020 Plan. As of October 19, 2021, the Company issued an aggregate of 11,276,706 stock options and non-statutory options to its employees and consultants and 4,525,344 shares of restricted stock to employees, directors and consultants under the 2020 Plan. No awards have or will be issued under the 2020 Plan after October 19, 2021. Shares of Common Stock subject to awards under the 2020 Plan that are forfeited, expire or lapse after October 19, 2021 will become authorized for issuance pursuant to awards under the 2021 Plan (as defined below).

The Navitas Semiconductor Corporation 2021 Equity Incentive Plan (the "2021 Plan") was adopted by the Company's board of directors on August 17, 2021 and adopted and approved by the Company's stockholders at the Special Meeting on October 12, 2021. Under the terms of the 2021 Plan, the Company is authorized to issue, pursuant to awards granted under the 2021 Plan, (a) up to 16,334,527 shares of Common Stock; plus (b) up to 15,802,050 shares of Common Stock subject to awards under the 2020 Plan that are forfeited, expire or lapse after October 19, 2021; plus (c) an annual increase, effective as of the first day of each fiscal year up to and including January 1, 2031, equal to the lesser of (i) 4% of the number of shares of Common Stock outstanding as of the conclusion of the Company's immediately preceding fiscal year, or (ii) such amount, if any, as the board of directors may determine. As of December 31, 2023, the Company has issued 9,750,000 non-statutory stock options under the 2021 Plan.

Stock-Based Compensation

The Company recognizes the fair value of stock-based compensation in its financial statements over the requisite service period of the individual grants, which generally equals a four-year vesting period, except for Long-Term Incentive Plan Stock Options discussed below. The Company uses estimates of volatility, expected term, risk-free interest rate and dividend yield in determining the fair value of these awards and the amount of compensation expense to recognize. The Company uses the straight-line method to amortize stock awards granted over the requisite service period of the award, which may be explicit or derived, unless market or performance conditions result in a graded attribution.

The following table summarizes the stock-based compensation expense recognized for the years ended December 31, 2023 and 2022:

	Years Ended December 31,	
(In thousands)	2023	2022
Research and development	$ 26,806	$ 19,853
Selling, general and administrative	27,222	43,435
Total stock-based compensation expense	$ 54,028	$ 63,288

Stock Options

Generally, stock options granted under the Plans have ten year terms and vest 1/4th on the anniversary of the vesting commencement date and 1/48th monthly thereafter. Stock options with performance vesting conditions begin to vest upon achievement of the performance condition. Expense is recognized beginning in the period in which performance is considered probable.

The fair value of incentive stock options and non-statutory stock options issued was estimated using the Black-Scholes model. The Company did not grant any stock option awards during the years ended December 31, 2023 or 2022, except as discussed below under Long-term Incentive Plan Stock Options.

A summary of stock options outstanding as of December 31, 2023, and activity during the two years then ended, is presented below:

Stock Options	Shares (In thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In years)
Outstanding at December 31, 2021	11,253	$ 0.51	6.8
Exercised	(4,356)	0.39	
Forfeited or expired	(122)	0.97	
Outstanding at December 31, 2022	6,775	$ 0.59	6.2
Exercised	(3,899)	0.49	
Forfeited or expired	(219)	1.06	
Outstanding at December 31, 2023	2,657	$ 0.72	5.7
Vested and exercisable at December 31, 2023	2,314	$ 0.67	5.5

During the years ended both December 31, 2023 and 2022, the Company recognized $0.5 million of stock-based compensation expense for the vesting of outstanding stock options, excluding $7.9 million and $6.0 million, respectively, related to the LTIP Options described below. At December 31, 2023, unrecognized compensation cost related to unvested options totaled $0.1 million. The weighted-average period over which this remaining compensation cost will be recognized is 0.6 years.

Long-term Incentive Plan Stock Options

The Company awarded a total of 6,500,000 performance stock options ("2021 LTIP Options") to certain members of senior management on December 29, 2021, pursuant to the 2021 Plan. These non-statutory options are intended to be the only equity awards for the recipients over the duration of the performance period. The options vest in increments subject to achieving certain market and performance conditions, including ten share price hurdles ranging from $15 to $60 per share, coupled with revenue and EBITDA targets, measured over a seven year performance period and expire on the tenth anniversary of the grant date. The options have an exercise price of $15.51 per share and the average fair value on the grant date was $8.13 based on the Black-Scholes model and a Monte Carlo simulation incorporating 500,000 scenarios. The weighted average contractual period remaining is 8.0 years. The Company utilized the services of a professional valuation firm to finalize these assumptions during the fiscal year ended December 31, 2023. The valuation model utilized the following assumptions:

Risk-free interest rate	1.47 %
Expected volatility rates	67.33 %
Expected dividend yield	—
Cost of equity (for derived service period)	11.77 %
Weighted-average grant date fair value of options	$9.14

In connection with the “2021 LTIP Options”, the Company recognized $6.9 million and $5.7 million of stock-based compensation expense for the years ended December 31, 2023, and 2022 respectively. The unrecognized compensation expense related to these 2021 LTIP Options is $46.9 million as of December 31, 2023, and compensation expense will be recognized over 2.4 years.

The Company awarded a total of 3,250,000 performance stock options (“2022 LTIP Options”) to a member of senior management on August 15, 2022 pursuant to the 2021 Plan. The options vest in increments subject to achieving certain market and performance conditions, including ten share price hurdles ranging from $15 to $60 per share, coupled with revenue and EBITDA targets, measured over a seven year performance period and expire on the tenth anniversary of the grant date. The options have an exercise price of $10.00 per share and the average fair value on the grant date was $2.51. The weighted average contractual period remaining is 8.6 years. The Black-Scholes model and a Monte Carlo simulation incorporated 100,000 scenarios. The Company utilized the services of a professional valuation firm to finalize these assumptions during the fiscal year ended December 31, 2023.The valuation model utilized the following assumptions:

Risk-free interest rates	2.82 %
Expected volatility rates	68.48 %
Expected dividend yield	—
Cost of equity (for derived service period)	14.64 %
Weighted-average grant date fair value of options	$2.89

In connection with 2022 LTIP Options, the Company recognized $1.1 million and $0.4 million of stock-based compensation expense for the years ended December 31, 2023 and 2022, respectively. The unrecognized compensation expense related to the 2022 LTIP Options is $7.9 million as of December 31, 2023, and compensation expense will be recognized over 3.0 years.

Restricted Stock Units

On August 25, 2021, the Company granted an aggregate of 4,135,000 RSUs under the 2020 Plan to certain members of senior management pursuant to restricted stock unit agreements (collectively, the “RSU Agreements”). Each RSU represents the right to receive one share of common stock of the Company, subject to the vesting and other terms and conditions set forth in the RSU Agreements and the 2020 Plan. Up to 3,500,000 of these RSU awards vest in three equal installments over a three-year period subject to the occurrence of an IPO (which includes the Business Combination) and certain valuation targets, subject to an accelerated vesting schedule based on the satisfaction of certain stock price targets. Up to 500,000 RSUs vest on the six-month anniversary of the grant date, subject to the occurrence of an IPO and certain valuation targets. Up to 52,500 RSUs vest upon the occurrence of an IPO, while the remaining 82,500 RSUs vest as specified by an RSU Agreement over a period of approximately three years. As of October 19, 2021, the IPO performance condition had been met.

The Company regularly grants RSUs to employees as a component of their compensation. A summary of RSUs outstanding as of December 31, 2023, and activity during the year then ended, is presented below:

Restricted Stock Unit Awards	Shares (In thousands)		Weighted-Average Grant Date Fair Value Per Share
Outstanding at December 31, 2021	4,525	$	9.62
Granted	10,118		7.71
Vested	(2,801)		2.93
Forfeited	(236)		13.85
Outstanding at December 31, 2022	11,606	$	5.93
Granted	6,184		6.30
Vested	(4,811)		5.76
Forfeited	(107)		7.47
Outstanding at December 31, 2023	12,872	$	6.70

During the years ended December 31, 2023 and 2022, the Company recognized $31.5 million and $41.9 million, respectively, of stock-based compensation expense for the vesting of RSUs. At December 31, 2023, unrecognized compensation cost related to unvested RSU awards totaled $71.2 million. The weighted-average period over which this remaining compensation cost is expected to be recognized is 2.4 years.

The Company implemented a yearly stock-based bonus plan in 2021 and plans to settle accrued bonus liabilities of $7.9 million related to fiscal year 2023 (included in accrued compensation expense liability on the balance sheet), by issuing a variable number of fully-vested restricted stock units to its employees in 2023. Based on the closing share price of the Company's Class A Common Stock of $8.07 on December 31, 2023, approximately 976,723 shares would be issued, however the actual number of shares will be based on the share price at the date of settlement.

2022 Employee Stock Purchase Plan

In August 2022, the Company's board of directors adopted the Company's 2022 Employee Stock Purchase Plan (the "2022 ESPP"), subject to stockholder approval. The 2022 ESPP was approved by stockholders at the Company's annual stockholders meeting held November 10, 2022. The Company authorized the issuance of 3,000,000 shares of common stock under the 2022 ESPP.

Under the 2022 ESPP, eligible employees are granted the right to purchase shares of common stock at the lower of 85% of the fair value at the time of offering or 85% of the fair value at the time of purchase, generally over a six-month period. The first offering period under the 2022 ESPP commenced in February 2023 and the second offering in September 2023. For the year ended December 31, 2023, employees who elected to participate in the ESPP purchased 257,963 shares of common stock under the 2022 ESPP, resulting in cash proceeds to the Company of $1.3 million. The purchase price was $4.96, which was 15% of the fair market value in August 2023. As of December 31, 2023 the Company had 2,742,037 remaining authorized shares available for purchase. As the plan was adopted in 2023, there were no shares issued as of December 31, 2022. During the year ended December 31, 2023 and 2022, the Company recognized $1.2 million and $0.0 million of stock-based compensation expense for the ESPP, respectively.

Other Share Awards

In connection with the acquisition of the remaining minority interest of a silicon control IC joint venture, as described in Note 16, the Company issued 841,729 fully vested shares to certain former employees of the joint venture with a grant date fair value totaling $4.5 million. Such amount has been recognized as stock-based compensation expense during the year ended December 31, 2023.

On June 10, 2022, the Company's wholly owned subsidiary, Navitas Semiconductor Limited, acquired all of the stock of VDDTECH srl, a private Belgian company ("VDDTech") for approximately $1.9 million in cash and stock. Among shares issued in the transaction, the Company issued approximately 113,000 restricted shares that are subject to time based vesting and issued approximately 151,000 restricted shares that are subject to time and performance based vesting over the next four and three years, respectively. These restricted shares are subject to certain individuals maintaining employment with the Company and, therefore, are accounted for under ASC 718. The Company recognized $0.9 million and $0.1 million of stock-based compensation expense related to the vesting of these shares during the year ended December 31, 2023 and 2022, respectively.

Unvested Earnout Shares

A portion of the earnout shares may be issued to individuals with unvested equity awards. While the release of these shares require achievement of the Earn-out Milestones, the individuals are required to complete the remaining service period associated with these unvested equity awards to be eligible to receive the earnout shares. As a result, these unvested earn-out shares are equity-classified awards and have an aggregated grant date fair value of $19.1 million (or $11.52 per share). During the year ended December 31, 2023, the Company recognized $0.3 million of stock-based compensation expense for the vesting of earnout shares. As of the beginning of the second quarter of fiscal year 2023, these earnout shares had fully vested. At December 31, 2023, there was no remaining compensation cost related to unvested earnout shares. During the year ended December 31, 2022, the Company recognized $11.9 million of stock-based compensation expense for the vesting of earnout shares. Refer to Note 10, Earnout Liability.

9. WARRANT LIABILITY

In connection with the closing of the Business Combination, holders of Live Oak Class A ordinary shares automatically received Class A Common Stock of the Company, and holders of Live Oak warrants automatically received 13,100,000 warrants of the Company with substantially identical terms ("the Warrants"). At the Closing, 8,433,333 Live Oak public warrants automatically converted into 8,433,333 warrants to purchase one share of the Company's Class A Common Stock at $11.50 per share (the "Public Warrants"), and 4,666,667 Private Placement Warrants held by the Sponsor and certain permitted transferees, each exercisable for one Class A ordinary share of Live Oak at $11.50 per share, automatically converted into warrants to purchase one share of the Company's Class A Common Stock at $11.50 per share with substantially identical terms as the Public Warrants. On February 4, 2022, the Company gave notice that it would redeem all of the Warrants, as further described below.

The Warrants were exercisable only during the period commencing December 7, 2021 (12 months after the consummation of Live Oak's initial public offering) and ending on the earlier of October 19, 2026 (five years after the Closing of the Business Combination) or, in the event of redemption, the corresponding redemption date. The Company had the right to redeem not less than all of the outstanding Public Warrants on 30 days' notice, at a redemption price of $0.01 per Warrant, if the reported closing price of the Common Stock was at least $18.00 per share for any 20 of 30 trading days ending three business days before the notice of redemption, subject to certain other conditions. The Company also had the right to redeem not less than all of the outstanding Public Warrants on 30 days' notice, at a redemption price of $0.10 per Warrant, if the reported closing price of the Common Stock was at least $10.00 per share for any 20 of 30 trading days ending three business days before the notice of redemption, subject to certain other conditions. If the Company elected to exercise the latter right to redeem the Public Warrants for $0.10 per Warrant, and the reported closing price of the Common Stock was less than $18.00 per share for any 20 of 30 trading days ending three business days before the notice of redemption, the Company was required by the terms of the Public Warrants to concurrently redeem the Private Placement Warrants on the same terms. In addition, in such event, holders of Warrants subject to redemption would have the right to exercise their Warrants on a "cashless" basis, whereby they would receive a fractional number of shares of Common Stock per Warrant exercised before the redemption date, based on the volume weighted average price of the Common Stock for the 10 trading days following notice of redemption (the "Redemption Fair Market Value") and the time period between the redemption date and the original expiration of the Warrants in the absence of redemption.

On February 4, 2022, the Company issued a notice of redemption that it would redeem, at 5:00 p.m. New York City time on March 7, 2022 (the "Redemption Date"), all of the Company's outstanding Public Warrants and Private Placement Warrants to purchase shares of the Company's Class A Common Stock that were governed by the Warrant Agreement, dated as of December 2, 2020 (the "Warrant Agreement"), between the Company and Continental Stock Transfer & Trust Company, as warrant agent (the "Warrant Agent"), at a redemption price of $0.10 per Warrant (the "Redemption Price"). On February 22, 2022, the Company issued a notice that the "Redemption Fair Market Value," determined in accordance with the Warrant Agreement based on the volume weighted average price of the Common Stock for the 10 trading days immediately following the date on which notice of redemption was sent, was $10.33 and, accordingly, that holders exercising Warrants on a "cashless" basis before the Redemption Date would receive 0.261 shares of Common Stock per Warrant exercised. The Warrants were exercisable by their holders until immediately before 5:00 p.m. New York City time on the Redemption Date, either (i) on a cash basis, at an exercise price of $11.50 per share of Common Stock, or (ii) on a "cashless" basis in which the exercising holder would receive 0.261 shares of Common Stock per Warrant exercised. Between December 7, 2021 (the date the Warrants became exercisable) and the Redemption Date, an aggregate of 12,722,773 Warrants were exercised (including 17,785 on a cash basis and 12,704,988 on a "cashless" basis); an aggregate of 3,333,650 shares of Common Stock were issued upon exercise of the Warrants (including 17,785 shares in respect of cash exercises and 3,315,865 shares in respect of "cashless" exercises). A total of 377,187 Warrants remained outstanding and unexercised at the Redemption Date and were redeemed for an aggregate Redemption Price of $38. Prior to the redemption date, the warrants had an aggregate fair value of $81.4 million which resulted in a gain of $51.8 million due to the decrease in the fair value of the warrant liability in fiscal year ended December 31, 2022. There were no outstanding warrants as of December 31, 2022 or December 31, 2023.

10. EARNOUT LIABILITY

Certain of the Company's stockholders are entitled to receive an aggregate of up to 10,000,000 Earnout Shares of the Company's Class A common stock if the Earnout Milestones are met. The Earnout Milestones represent three independent criteria, each of which entitles the eligible stockholders to an aggregate of up to 3,333,333 Earnout Shares per milestone met. Each Earnout Milestone is considered met if at any time between March 18, 2022 (150 days following the Business Combination) and October 19, 2026, the volume-weighted average price of the Company's Class A common stock is greater than or equal to $12.50, $17.00 or $20.00 for any twenty trading days within any thirty trading day period, respectively. Further, the Earnout Milestones are also considered to be met if the Company undergoes a Sale. A Sale is defined as the occurrence of any of the following: (i) engage in a "going private" transaction pursuant to Rule 13e-3 under the Exchange Act or otherwise cease to be subject to reporting obligations under Sections 13 or 15(d) of the Exchange Act; (ii) Class A common stock cease to be listed on a national security exchange, other than for the failure to satisfy minimum listing requirements under applicable stock exchange rules; or (iii) change of ownership (including a merger or consolidation) or approval of a plan for complete liquidation or dissolution.

These Earnout Shares have been categorized into two components: (i) the "Vested Shares" - those associated with stockholders with vested equity at the closing of the Business Combination that will be earned upon achievement of the Earnout Milestones and (ii) the "Unvested Shares" - those associated with employee stockholders with unvested equity at the closing of the Business Combination that will be earned over the remaining service period with the Company on their unvested equity shares and upon achievement of the Earnout Milestones. The Vested Shares are classified as liabilities in the consolidated balance sheet and the Unvested Shares are equity-classified share-based compensation to be recognized over time (see Note 8 - Share-based Compensation). The earnout liability was initially measured at fair value at the closing of the Business Combination and subsequently remeasured at the end of each reporting period. The change in fair value of the earn-out liability is recorded as part of *Other income (expense), net* in the consolidated statement of operations.

The estimated fair value of the earnout liability was determined using a Monte Carlo analysis of 20,000 simulations of the future path of the Company's stock price over the earnout period. The assumptions utilized in the calculation are based on the achievement of certain stock price milestones including projected stock price, volatility, and risk-free rate. The valuation model utilized the following assumptions:

	December 31, 2023	December 31, 2022
Risk-free interest rate	4.05 %	4.13 %
Equity volatility rate	70 %	65 %

As of December 31, 2023 and December 31, 2022, the earnout liability had a fair value of $46.9 million and $13.1 million, respectively which resulted in a loss in the fair value of the earnout liability of $33.8 million and a gain in the fair value of the earnout liability of $121.7 million for the year ended December 31, 2023 and 2022, respectively, due to the fluctuations in the fair value of the earnout liability.

GeneSiC Earnout Liability

In connection with the merger agreement of GeneSiC Semiconductor as discussed in Note 17, the Company will pay additional contingent consideration of up to $25.0 million, in the form of cash earnout payments to the Sellers and certain employees of GeneSiC, conditioned on the achievement of substantial revenue and gross profit margin targets for the GeneSiC business over the four fiscal quarters beginning on October 1, 2022 and ending on September 30, 2023. The estimated fair value of the earnout liability was determined using a Monte Carlo analysis of 20,000 simulations assuming that GeneSiC's revenue and gross profit margins follow a geometric Browian motion over the earnout period. The valuation model utilized an assumption on the risk-free interest rate of 3.1% and equity volatility rate of 99.9%. As of December 31, 2023, the GeneSiC Earnout was not achieved, and no liability was recorded in earnout liability on the Company's Consolidated Balance Sheets. As of December 31, 2022, a liability of $0.6 million was recorded in Earnout Liability on the Company's Consolidated Balance Sheets related to the GeneSiC Earnout.

11. SIGNIFICANT CUSTOMERS AND CREDIT CONCENTRATIONS

Customer Concentration

A majority of the Company's revenues are attributable to sales of the Company's products to distributors of electronic components. These distributors sell the Company's products to a range of end users, including OEMs and merchant power supply manufacturers.

The following customers represented 10% or more of the Company's net revenues (in thousands):

	Year Ended December 31,	
Customer	**2023**	**2022**
Distributor A	45 %	*
Distributor B	*	21 %
Distributor C	*	16 %
Distributor D	*	14 %
Distributor E	*	12 %

* Total customer net revenues was less than 10% of total net revenues.

Revenues by Geographic Area

The Company considers the domicile of its end customers, rather than the distributors it sells to directly, to be the basis for attributing revenues from external customers to individual countries. Revenues for the twelve months ended December 31, 2023 and 2022, were attributable to end customers in the following countries:

	Year Ended December 31,	
Country	**2023**	**2022**
China	62 %	38 %
Europe*	17 %	32 %
United States	13 %	24 %
Asia excluding China	8 %	5 %
All others	— %	1 %
Total	100 %	100 %

**Impractical to disclose revenue percentages by individual countries within Europe and therefore is presented in total.*

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consisted principally of cash, cash equivalents and trade receivables. The Company maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. The Company has not experienced any losses on cash or cash equivalents held at financial institutions. The Company does not have any off-balance-sheet credit exposure related to its customers.

The following customers represented 10% or more of the Company's accounts receivable:

	As of December 31,	
Customer	**2023**	**2022**
Distributor A	77 %	*
Distributor B	*	25 %
Distributor C	*	19 %

**Total customer accounts receivable was less than 10% of total net accounts receivable.*

Concentration of Supplier Risk

The Company currently relies on a single foundry to produce wafers for GaN ICs and a separate single foundry to produce SiC MOSFETs. Loss of the relationship with either of these suppliers could have a substantial negative effect on the Company. Additionally, the Company relies on a limited number of third-party subcontractors and suppliers for testing, packaging and certain other tasks. Disruption or termination of supply sources or subcontractors, including due to the COVID-19 pandemic or natural disasters such as an earthquake or other causes, could delay shipments and could have a material adverse effect on the Company. Although there are generally alternate sources for these materials and services, qualification of the alternate sources could cause delays sufficient to have a material adverse effect on the Company. A significant amount of the Company's third-party subcontractors and suppliers, including the third-party foundry that supplies wafers for GaN ICs, are located in Taiwan. A significant amount of the Company's assembly and test operations are conducted by third-party contractors in Taiwan and the Philippines.

12. NET INCOME (LOSS) PER SHARE:

Basic income (loss) per share is calculated by dividing net income (loss) by the weighted-average shares of common stock outstanding during the period. Diluted earnings per share are calculated by dividing net income (loss) by the weighted-average shares of common stock and dilutive common equivalent shares outstanding during the period. Dilutive common equivalent shares included in this calculation consist of dilutive shares issuable upon the assumed exercise of outstanding common stock options, the assumed vesting of outstanding restricted stock units and restricted stock awards, the assumed issuance of awards for contingently issuable performance-based awards, as computed using the treasury stock method. Performance-based restricted stock units and restricted stock awards are included in the number of shares used to calculate diluted earnings per share after evaluating the applicable performance criteria as of period end and under the assumption the end of the reporting period was the end of the contingency period, and the effect is dilutive. Restricted stock awards are eligible to receive all dividends declared on the Company's common shares during the vesting period; however, such dividends are not paid until the restrictions lapse. The Company has no plans to declare dividends.

A summary of the net income (loss) per share calculation is as follows (in thousands, except per share amounts):

	Year Ended December 31,	
	2023	**2022**
Weighted-average common shares - basic common stock	168,927	133,668
Stock options and other dilutive awards	—	12,075
Weighted-average common shares - diluted common stock	168,927	145,743
Shares excluded from diluted weighted-average shares: [1]		
Dilutive shares excluded [2]	9,809	—
Earnout shares (potentially issuable common shares)	10,000	10,000
Unvested restricted stock units and restricted stock awards	250	376
Stock options potentially exercisable for common shares	9,750	9,750
Shares excluded from diluted weighted average shares	29,809	20,126

[1] The Company's potentially dilutive securities, which include unexercised stock options, unvested shares, and earnout shares have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share for the fiscal year ended December 31, 2023.

[2] We exclude the impact of restricted stock from the calculation of diluted net loss per common share in periods where we have a net loss or when their inclusion would be antidilutive.

13. PROVISION FOR INCOME TAXES

Income Taxes

Deferred tax assets and liabilities are recognized based on the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, utilizing the tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

U.S. and foreign components of income (loss) before income taxes were (in thousands):

	Year Ended December 31,	
	2023	2022
U.S. operations	$ (56,198)	$ 125,500
Foreign operations	(90,270)	(75,425)
Total income (loss) before income taxes	$ (146,468)	$ 50,075

The components of the provision (benefit) for income taxes are as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Current provision (benefit):		
Federal	$ —	$ —
State	47	335
Foreign	226	154
	$ 273	$ 489
Deferred provision (benefit):		
Federal	$ (1,149)	$ (21,666)
State	232	(1,603)
Foreign	127	(32)
	$ (790)	$ (23,301)
Total	$ (517)	$ (22,812)

The provision (benefit) for income taxes differs from the amount that would result by applying the applicable federal income tax rate to income before income taxes, as follows:

	Year Ended December 31,	
	2023	2022
Provision computed at Federal statutory rate	21.0 %	21.0 %
Change in valuation allowance	(19.0)%	15.6 %
Return to provision adjustments	— %	(7.6)%
Foreign income tax rate and benefit	7.7 %	(18.8)%
Effect of permanent differences	(0.1)%	0.2 %
Non deductible executive compensation	(2.3)%	3.9 %
Non deductible expenses - mark to market liabilities	(4.8)%	(72.8)%
Stock based compensation	0.3 %	8.9 %
State tax, net of federal	(2.7)%	3.3 %
Other	0.2 %	0.7 %
Total	0.3 %	(45.6)%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. At December 31, 2023 and 2022, deferred tax assets and liabilities consisted of the following (in thousands):

	December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	$ 59,953	$ 50,084
Benefit of tax credit carry-forwards	207	208
Start up costs	1,262	1,457
Capitalized software	11,629	2,029
Stock compensation	9,005	6,625
Lease Liabilities	1,602	—
Other	2,315	1,654
Valuation allowance	(66,663)	(40,177)
	$ 19,310	$ 21,880
Deferred tax liabilities:		
Right of Use Asset	(1,528)	—
Depreciation	$ (178)	$ (231)
Intangibles	(18,644)	(23,473)
	$ (20,350)	$ (23,704)
Net deferred tax balance	$ (1,040)	$ (1,824)

During the fiscal years ended December 31, 2023 and 2022, the valuation allowance increased by $26.5 million and $7.8 million, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income. In the event that the Company determines, based on available evidence and management judgment, that all or part of the net deferred tax assets will not be realized in the future, the Company would record a valuation allowance in the period the determination is made. In addition, the calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Resolution of these uncertainties in a manner inconsistent with the Company's expectations could have a material impact on its results of operations and financial position.

The Company has approximately $165.0 million and $146.9 million of federal net operating loss ("NOL") carryforwards and approximately $0.2 million and $4.6 million of tax-effected state NOL carryforwards as of December 31, 2023 and 2022, respectively, expiring in varying amounts through 2038, with the exception Federal NOLs arising from the years ended after December 31, 2017 that may be carried forward indefinitely. Realization of the NOL carryforwards is dependent on the Company generating sufficient taxable income prior to expiration of the NOL carryforwards and these NOLs could also potentially be subject to usage limitations to the extent there are future changes in the Company's ownership. As of December 31, 2023, the Company had a full valuation allowance on its net deferred tax assets. As a result of the 2022 acquisition of GeneSiC Semiconductor Inc. (see Note 17, Business Combinations), during 2022, the Company released $20.5 million of its U.S. federal valuation allowance. The release was primarily attributable to the $23.1 million of net federal deferred tax liability recorded on GeneSiC's opening balance sheets that is available to offset most of the U.S. federal deferred tax assets of Navitas. As of December 31, 2023, the Company continues to maintain a valuation allowance on the remaining deferred tax assets as the Company believes that it is not more likely than not that the deferred tax assets will be fully realized. The Company also has foreign net operating loss carry forwards of $199.7 million and $111.9 million as of December 31, 2023 and 2022, respectively. Of the foreign NOLs, $198.6 million are in Ireland and the deferred tax asset has a full valuation allowance as a result of the historical losses in the country.

The Company had no unrecognized tax benefits for the years ended December 31, 2023 or December 31, 2022. The Company recognizes interest and penalties related to unrecognized tax benefits in operating expenses. No such interest and penalties were recognized during the years ended December 31, 2023 and 2022. The Company is treated as a corporation for U.S. federal income tax purposes and is a tax resident in both Ireland and the United States.

14. COMMITMENTS and CONTINGENCIES

Purchase Obligations

At December 31, 2023, the Company had no non-cancellable contractual agreements that were due beyond one year apart from lease obligations.

Indemnification

The Company sells products to its distributors under contracts, collectively referred to as Distributor Sales Agreements (DSA). Each DSA contains the relevant terms of the contractual arrangement with the distributor, and generally includes certain provisions for indemnifying the distributor against losses, expenses, and liabilities from damages that may be awarded against the distributor in the event the Company’s products are found to infringe upon a patent, copyright, trademark, or other proprietary right of a third party (Customer Indemnification). The DSA generally limits the scope of and remedies for the Customer Indemnification obligations in a variety of industry-standard respects, including, but not limited to, limitations based on time and geography, and a right to replace an infringing product. The Company also, from time to time, has granted a specific indemnification right to individual customers.

The Company believes its internal development processes and other policies and practices limit its exposure related to such indemnifications. In addition, the Company requires its employees to sign a proprietary information and inventions agreement, which assigns the rights to its employees’ development work to the Company. To date, the Company has not had to reimburse any of its distributors or end customers for any losses related to these indemnifications and no material claims were outstanding as of December 31, 2023. For several reasons, including the lack of prior indemnification claims and the lack of a monetary liability limit for certain infringement cases, the Company cannot determine the maximum amount of potential future payments, if any, related to such indemnifications.

Legal proceedings and contingencies

From time to time in the ordinary course of business, the Company may become involved in lawsuits, or end customers, distributors, suppliers or other third parties may make claims against the Company. The Company makes a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company is not currently subject to any pending actions or regulatory proceedings that either individually or in the aggregate are expected to have a material impact on its consolidated financial statements.

15. EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) tax-deferred savings plan for all employees in the United States who meet certain eligibility requirements. Participants may contribute up to the amount allowable as a deduction for federal income tax purposes. The Company contributes a certain percentage of employee annual salaries on a discretionary basis, not to exceed an established threshold. For the fiscal years ended December 31, 2023 and 2022, the Company made $0.6 million and $0.5 million, respectively, in matching contributions to the 401(k) plan.

16. RELATED PARTY TRANSACTIONS

Notes Receivable

The Company had outstanding interest-bearing notes receivable from an employee. The notes had various maturity dates through May 1, 2023 and bore interest at rates ranging from 1% to 2.76%. As of December 31, 2022, Note 1 has been forgiven for a loss of $0.1 million and Note 2 has been paid off in the amount of $0.1 million. The Company did not recognize significant interest income from the notes for the fiscal years ended December 31, 2023 or 2022.

Joint Venture

In 2021, Navitas entered into a silicon control IC joint venture with Halo Microelectronics Co., Ltd. (“Halo”), a manufacturer of power management ICs, to develop products and technology relating to AC/DC converters. Navitas’ initial contribution to the joint venture was the commitment to sell its GaN integrated circuit die at prices representing cost plus insignificant handling fees, in exchange for a minority interest, with the right to acquire the balance of the joint venture based on the future results of the venture (among other rights and obligations). On January 19, 2023, the Company announced an agreement to acquire the remaining minority interest in the joint venture as well as rights to certain intellectual property from Halo and its U.S. affiliate for a total purchase price of $22.4 million in Navitas stock. Total related party revenues recognized by the Company as a result of arrangements with its joint venture were $0.0 million for year ended December 31, 2023, and $0.7 million and for the year ended December 31, 2022, respectively, and are included in Net Revenues in the Condensed Consolidated Statements of Operations. See Note 18, Noncontrolling Interest, for more information.

Related Party License Revenue

During the second quarter of 2022, Navitas entered into a Patent License Agreement with an entity under common control with the Company’s partner in the joint venture described above. In consideration of the license rights granted, the Company recorded license fee revenue of $0.9 million during the fiscal year ended December 31, 2022. Such amounts are included in Net Revenues in the Consolidated Statement of Operations. There was no license fee revenue during the fiscal year ended December 31, 2023.

Related Party Investment

During the third quarter of 2022, Navitas made a $1.5 million investment in preferred interests of an entity under common control with the Company’s partner in the joint venture described above (“Related Party Investment”). During the first quarter of 2023 the Company made an additional investment of $1.0 million in the entity. The Related Party Investment was $2.5 million and $1.5 million as of December 31, 2023 and December 31, 2022, respectively, and is included in Other Assets in the Condensed Consolidated Balance Sheets. The Related Party Investment is accounted for as an equity investment under *ASC 321 Investments - Equity Securities*. In accordance with ASC 321, the Company elected to use the measurement alternative to measure such investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any.

Related Party Advance

During the third quarter of 2022, Navitas made a $1.0 million advance to its partner in the joint venture described above in order to facilitate orders of raw materials. There was no outstanding amount as of December 31, 2023.

Related Party Lease

The Company leases certain property from an entity that it is owned by an executive of the Company, which expired in September 2023 and is now a month to month lease. Rental payments in relation to this lease was $0.1 million and $36 thousand for the years ended December 31, 2023 and December 31, 2022, respectively. These payments were made at standard market rates in the ordinary course of business.

The Company leases certain property from the family member of a senior executive of the Company, which expires in March 2024. During the year 2023, the Company paid an immaterial amount in rental payments in relation to this lease. These payments were made at standard market rates in the ordinary course of business. The total rent obligation as of December 31, 2023 was $11 thousand through March 31, 2024.

17. BUSINESS COMBINATIONS

Acquisition of VDDTech srl

On June 10, 2022, the Company's wholly owned subsidiary, Navitas Semiconductor Limited, acquired all of the stock of VDDTECH srl, a private Belgian company ("VDDTech") for approximately $1.9 million in cash and stock. Based in Mont-saint-Guibert, Belgium, VDDTech creates advanced digital-isolators for next-generation power conversion. VDDTech's net assets and operating results since the acquisition date are included in the Company's Consolidated Statement of Operations for the fiscal year ended December 31, 2022, and were not material. Among shares issued in the transaction, the Company issued approximately 113,000 restricted shares that are subject to time based vesting and issued approximately 151,000 restricted shares that are subject to time and performance based vesting over the next four and three years, respectively. These restricted shares are subject to certain individuals maintaining employment with the Company and, therefore, are accounted for under ASC 718.

The Company recorded an allocation of the purchase price to tangible assets acquired and liabilities assumed based on their fair values as of the acquisition date. The excess of the purchase price over the fair value of tangible assets and liabilities of $1.2 million was recorded as goodwill as of June 30, 2022. Subsequent to June 30, 2022, a preliminary valuation of the intangible assets acquired was calculated at $1.2 million. During the third quarter of fiscal year 2022 the Company reclassed the goodwill to an intangible asset.

The fair value of the in-process R&D was estimated using the multi-period excess earnings method, an income approach (Level 3), which converts projected revenues and costs into cash flows. To reflect the fact that certain other assets contribute to the cash flows generated, the returns for these contributory assets were removed to arrive at estimated cash flows solely attributable to the acquired technology, which were discounted at a rate of 18% to determine the fair value.

Acquisition of GeneSiC Semiconductor Inc.

On August 15, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire 100% of the outstanding shares of GeneSiC Semiconductor Inc., a silicon carbide ("SiC") pioneer with deep expertise in SiC power device design and process, based in Dulles, Virginia. Total merger consideration was $244.0 million and consisted of approximately $146.3 million of common stock, $97.1 million of cash consideration, and potential future cash earn-out payments of up to an aggregate of $25.0 million which were fair valued at $0.6 million. The acquisition was accounted for as a business combination in accordance with ASC 805, *"Business Combinations"*. The Company has determined fair values of the assets acquired and liabilities assumed.

The following tables summarize the purchase consideration and the purchase price allocation to estimated fair values of the identifiable assets acquired and liabilities assumed (in thousands) at acquisition date:

Merger Consideration		**Fair Value (in thousands)**
Cash consideration at closing	$	97,116
Equity consideration at closing		146,314
Contingent earn-out		600
Total	$	244,030
Purchase price allocation		
Cash and cash equivalents	$	951
Accounts receivable		823
Inventory		1,539
Fixed assets		226
Other assets		5
Intangible assets		110,100
Goodwill		157,699
Total assets acquired	$	271,343
Liabilities assumed:		
Interest bearing debt		16
Other current liabilities		2,749
Deferred tax liabilities		24,548
Total liabilities acquired		27,313
Estimated fair value of net assets acquired	$	244,030

During the Company’s second quarter of 2023, the Company received information regarding products shipped by GeneSiC to a distributor prior to the Company’s acquisition of GeneSiC. GeneSiC had the option, but not the obligation, to accept returns sold to the distributor. The Company determined that a $1.7 million return liability should have been recorded as of the close of the acquisition on August 15, 2022. The Company recorded the return liability as a purchase price adjustment as of June 30, 2023, resulting in an increase to goodwill and accounts payable and other accrued expenses of $1.7 million.

Goodwill represents the excess of the merger price over the amounts assigned to the fair value of the assets acquired and the liabilities assumed, the final amount of the goodwill recorded could differ materially from the amount presented. Goodwill is primarily attributable to assembled workforce, market and expansion capabilities, expected synergies from integration and streamlining operational activities and other factors. Goodwill is not expected to be deductible for income tax purposes.

The Company’s cumulative purchase price allocation adjustment through December 31, 2023 was $1.6 million, primarily due to sales returns discussed above, inventory reserve, working capital adjustment and employee bonuses.

The fair values of the identifiable intangible assets acquired at the date of Acquisition are as follows (in thousands):

Intangible Asset	Fair Value		Amortization Method	Useful Life
Trade Names	$	900	Straight line	2 years
Developed Technology		49,100	Straight line	4 years
Patents		33,900	Straight line	15 years
Customer Relationships		24,300	Straight line	10 years
Non-Competition Agreements		1,900	Straight line	5 years
	$	110,100		

The valuations of intangible assets incorporate significant unobservable inputs and require significant judgment and estimates, including the amount and timing of future cash flows. The Company recognized approximately $5.9 million of transaction costs in the fiscal year ended December 31, 2022. These costs are recorded in “Selling, general and administrative expense” in the consolidated statements of operations. The financial results of GeneSiC have been included in the Company’s consolidated financial statements since the date of the acquisition.

The fair value of developed technology was estimated using the multi-period excess earnings method, an income approach (Level 3), which converts projected revenues and costs into cash flows. To reflect the fact that certain other assets contribute to the cash flows generated, the returns for these contributory assets were removed to arrive at estimated cash flows solely attributable to the acquired technology, which were discounted at a rate of 15% to determine the fair value.

The fair value of customer relationships was estimated using the distributor method, an income level approach (Level 3), which estimates the value of an asset based upon costs avoided through ownership of the asset. Estimated costs on projected revenues were made using historical data pertaining to sales to new and existing customers. The cash flow impact of projected cost savings, primarily avoidance of legal costs pertaining to new customers and lower commission rates applicable to existing customers than new customers, were discounted at a rate of 16% to determine the fair value.

The fair value of the trade name and trademarks was estimated using the relief from royalty method, an income approach (Level 3), because of the licensing appeal of these assets, the Company estimated the benefit of the ownership as the relief from the royalty expense that would be incurred in the absence of ownership A royalty rate was applied to the projected revenues associated with the intangible asset to determine the amount of savings, which was at a rate of 1% to determine the fair value.

The fair value of the patents was estimated using the relief from royalty method, an income approach (Level 3), because of the licensing appeal of these assets, the Company estimated the benefit of the ownership as the relief from the royalty expense that would be incurred in the absence of ownership. A royalty rate was applied to the projected revenues associated with the intangible asset to determine the amount of savings, which was at a rate of 5% to determine the fair value.

The value of the non-competition agreement was estimated using the lost income method (Level 3). Because the non-competition agreement prohibits the covenantor from competing with the Company, the fair value of the non-competition agreement can be determined by estimating cash flows that would be lost if the covenantors were to compete. Based on this method we estimated a discount rate of 16% to determine the fair value.

Discount rates for each respective intangible asset were determined by accounting for the risk associated with each asset, including required technology development and customer acquisition required to support respective projections, the uncertainty of market success and the risk inherent with projected financial results. The estimated useful lives were determined by evaluating the expected economic and useful lives of the assets and of similar intangible assets from comparable business combinations and adjusting accordingly after taking into account circumstances that may be unique to GeneSiC. Net tangible assets and intangibles assets assumed as well as goodwill recognized are presented as continuing operations in the consolidated balance sheets.

The following unaudited pro forma financial information presented in the table below is provided for illustrative purposes only and is based on the historical financial statements of the Company and presents the Company's results as if the business combination had occurred as of January 1, 2022 (in thousands):

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS		
		Year Ended December 31, 2022
Revenue	$	48,615
Net income (loss)	$	72,279
Basic net income (loss) per share	$	0.54
Diluted net income (loss) per share	$	0.50

The unaudited pro forma financial information may not be indicative of the results of operations that the Company would have attained had the business combination occurred as of January 1, 2022, nor is the pro forma financial information indicative of the results of operations that may occur in the future.

18. NONCONTROLLING INTEREST

In July 2021, the Company formed a joint venture for the purpose of conducting research and development on technology in the area of AC/DC converters for chargers and adapters.

On August 19, 2022, the Company obtained control of the joint venture, and no consideration was paid pursuant to the Change of Control Agreement. The Company consolidated the fair value of the net assets of the joint venture as of August 19, 2022, and the Company reports noncontrolling interests of the joint venture as a component of equity separate from the Company's equity. The fair value of the noncontrolling interest and net assets is based on estimates. The Company's net income (loss) excludes income (loss) attributable to the noncontrolling interests. The fair value of the joint venture was determined based on a multiple of future annual revenues with a discount rate of 30%. In connection with the consolidation, the Company reacquired a patent license, which was fair valued at $1.0 million based on comparable transactions during the year, and is amortized over a five year term. Goodwill of $3.1 million was recorded in connection with this transaction.

On January 19, 2023, the Company completed the acquisition of the remaining minority interest in the joint venture as well as rights to certain intellectual property from Halo and its U.S. affiliate for a total purchase price of $22.4 million in Navitas stock. In connection with the purchase of intellectual property, the Company recognized developed technology as an intangible asset at its estimated fair value of $4.4 million. As a result of this transaction, the Company recorded a net increase to additional paid in capital of $7.5 million representing the difference between the fair value of share consideration related to the acquisition of the remaining noncontrolling interest and the carrying value of the noncontrolling interest at the date of the transaction.

The fair value of the developed technology was estimated using the relief from royalty method, an income approach (Level 3), because of the licensing appeal of these assets The Company estimated the benefit of the ownership as the relief form the royalty expense that would be incurred in the absence of ownership. A royalty rate was applied to the projected revenues associated with the intangible asset to determine the amount of savings, which was at a rate of 10% to determine the fair value.

The carrying value of the non-controlling interest as of December 31, 2022 (in thousands):

Entity	Carrying Value of Non-Controlling Interest as of August 19, 2022	Net loss Attributable to the Non-Controlling Interest	Carrying Value of Non-Controlling Interest as of December 31, 2022
Former Joint Venture	$ 4,654	$ (1,026)	$ 3,628

19. SUBSEQUENT EVENTS

On January 3, 2024, the Company made an additional investment of $2.5 million in preferred interests of an entity under common control with the Company's partner in the joint venture as discussed in Note 16, Related Party Transactions. The Company's new ownership percentage increased to 15.48%. There were no other material subsequent events as of March 6, 2024.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, including our chief executive officer and chief financial officer, have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2023. Based on that evaluation, our management, including our chief executive and chief financial officer, concluded that as of December 31, 2023, our disclosure controls and procedures were effective to provide a reasonable assurance that the information required to be disclosed by us in this Annual Report on Form 10-K was reported within the time periods specified by SEC rules and regulations, and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding the required disclosures.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act). Management assessed the effectiveness of its internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the Internal Control-Integrated Framework (2013), or the COSO Report. Based on this assessment, management concluded that our internal control over financial reporting is effective as of December 31,, 2023.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Moss Adams LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of its audit, has issued an attestation report, included herein, on the effectiveness of our internal control over financial reporting.

Material Weaknesses

As disclosed in our annual report on Form 10-K for the year ended December 31, 2022, management concluded that a material weakness existed in our internal control over financial reporting. Specifically we determined that due to a lack of sufficient number of trained professional with technical accounting expertise to identify, evaluate, value and account for complex and non-routine transactions, including revenue and stock-based compensation. We also found we have insufficient accounting resources to maintain appropriate segregation of duties, including to ensure journal entries are reviewed by personnel independent of the preparer during our year ended December 31, 2022.

During the twelve months ended December 31, 2023, management has evaluated the design and operating effectiveness of internal controls over financial reporting and has taken the following steps to remediate the identified material weaknesses:

- Management has added a SEC reporting manager, a staff accountant and two accounts payable accountant.
- For complex transactions and to the extent there is a lack of knowledge within the current accounting team, management engaged external professional firms to assist with the applicable transactions as they arise.

- Management hired a consulting firm to act as the Company's co-sourced internal audit department and assist with the Company's SOX 404(b) requirements.
- As part of the Company's SOX 404(b) requirements, management has identified and implemented additional internal controls to mitigate the material weaknesses identified from the prior year.

During the twelve months ended December 31, 2023, management tested the remediated controls related to the material weakness described above for a sufficient period of time, and management has concluded, through testing, that as of December 31, 2023, these controls were operating effectively. Therefore, management has concluded that the material weaknesses previously identified in the Company's internal control over financial reporting has been remediated at December 31, 2023.

Regardless of the previously identified and now remediated material weaknesses, management has concluded that the Company's consolidated financial statements included in this annual report on Form 10-K fairly present, in all material respects, our financial position, results of operations and cash flows as of the date, and for the periods presented, in conformity with U.S. GAAP.

Changes in Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), except as discussed above, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference to the proxy statement on Schedule 14A to be filed with the Securities and Exchange Commission in connection with our 2024 annual stockholders' meeting within 120 days of the fiscal year ended December 31, 2023 (our "Proxy Statement").

Our board of directors has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including our President and Chief Executive Officer, Chief Financial Officer, and other executive and senior officers. The full text of this code of business conduct and ethics is posted on the investor relations page of our website, at https://ir.navitassemi.com/corporate-governance/documents-charters. The reference to our website address in this filing does not include or incorporate by reference the information on that website into this filing. We intend to disclose future amendments to certain provisions of this code of business conduct and ethics, or waivers of these provisions, on our website or in public filings to the extent required by the applicable rules.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to our Proxy Statement.

Item 13. Certain Relationships and Related Person Transactions.

The information required by this item is incorporated by reference to our Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required by this item is incorporated by reference to our Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) *Financial Statements*. Financial statements included in this annual report are listed under Part II, Item 8.

(2) *Financial Statement Schedules*. Schedules not listed above have been omitted because they are not required, not applicable, or the required information is otherwise included.

(3) *Exhibits*. The exhibits listed below are filed or furnished, as applicable, as part of this annual report or are incorporated by reference as indicated.

EXHIBIT INDEX

		Incorporated by Reference			
Exhibit	Description	Form	File No.	Exhibit	Filing Date
2.1	Business Combination Agreement and Plan of Reorganization, dated as of May 6, 2021, among Live Oak Acquisition Corp. II, Live Oak Merger Sub Inc. and Navitas Semiconductor Limited, including as domesticated in the State of Delaware as Navitas Semiconductor Ireland, LLC ("Legacy Navitas")	S-4	333-256880	2.1	6/8/2021
2.2	Agreement and Plan of Merger, dated as of August 15, 2022, by and among Navitas Semiconductor Corporation, Gemini Acquisition LLC, GeneSiC Semiconductor Inc., Ranbir Singh and The Ranbir Singh Irrevocable Trust dated February 4, 2022	10-Q	001-39755	2.1	11/14/2022
3.1	Second Amended and Restated Certificate of Incorporation of Navitas Semiconductor Corporation	8-K	001-39755	3.1	10/25/2021
3.2	Amended and Restated Bylaws of Navitas Semiconductor Corporation	8-K	001-39755	3.2	10/25/2021
4.1*	Description of Registrant's Securities				
10.1†	Navitas Semiconductor Corporation 2021 Equity Incentive Plan	8-K/A	001-39755	10.5	11/15/2021
10.2†	Form of Restricted Stock Unit Agreement	8-K	001-39755	10.6	10/25/2021
10.3†	Form of Stock Option Agreement	8-K	001-39755	10.7	10/25/2021
10.4†	Amended and Restated Navitas Semiconductor Limited 2020 Equity Incentive Plan	S-4/A	333-256880	10.16	8/23/2021
10.5	Warrant Agreement, dated December 2, 2020, between Live Oak Acquisition Corp. II and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39755	4.1	12/8/2020
10.6	Private Placement Warrants Purchase Agreement, dated December 2, 2020, between Live Oak Acquisition Corp. II and Live Oak Sponsor Partners II, LLC	8-K	001-39755	10.4	12/8/2020
10.7	Registration Rights Agreement, dated December 2, 2020, among Live Oak Acquisition Corp. II, Live Oak Sponsor Partners II, LLC and certain other security holders named therein	8-K	001-39755	10.3	12/8/2020
10.8†	Form of Indemnification Agreement	8-K	001-39755	10.4	10/25/2021
10.9	Lock-Up Agreement (Management), dated as of May 6, 2021, among Live Oak Acquisition Corp. II, Legacy Navitas and certain equity holders of Legacy Navitas	8-K	001-39755	10.2	5/7/2021
10.10	Lock-Up Agreement (VPs), dated as of May 6, 2021, among Live Oak Acquisition Corp. II, Legacy Navitas and certain equity holders of Legacy Navitas	8-K	001-39755	10.3	5/7/2021
10.11	Lock-Up Agreement (Non-Management), dated as of May 6, 2021, among Live Oak Acquisition Corp. II, Legacy Navitas and certain equity holders of Legacy Navitas	8-K	001-39755	10.4	5/7/2021
10.12	Letter Agreement, dated December 2, 2020, among Live Oak Acquisition Corp. II, its officers and directors and Live Oak Sponsor Partners II, LLC	8-K	001-39755	10.1	12/8/2020
10.13	Sponsor Letter Agreement, dated May 6, 2021, between Live Oak Acquisition Corp. II and Live Oak Sponsor Partners II, LLC	8-K	001-39755	10.5	5/7/2021

Exhibit	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.14	Amendment to Letter Agreement, dated May 6, 2021. among Live Oak Acquisition Corp. II, its officers and directors and Live Oak Sponsor Partners II, LLC	8-K	001-39755	10.5	5/7/2021
10.15†	Employment Agreement of Gene Sheridan, dated as of May 6, 2021	S-4/A	333-256880	10.14	8/23/2021
10.16†	Employment Agreement of Daniel Kinzer, dated as of May 6, 2021	S-4/A	333-256880	10.15	8/23/2021
10.17†	Employment Agreement of Todd Glickman, dated as of May 6, 2021	8-K	001-39755	10.2	10/25/2021
10.18	Sponsor Letter Agreement, dated October 6, 2021, among Live Oak Sponsor Partners II, LLC, Live Oak Acquisition Corp. II and Navitas Semiconductor Limited	8-K	001-39755	10.3	10/7/2021
10.19†	Stock Repurchase Agreement, dated March 4, 2022, between Todd Glickman and Navitas Semiconductor Corporation	10-Q	001-39755	10.5	5/16/2022
10.20†	Employment Offer Letter, dated May 17, 2022, between Ron Shelton and Navitas Semiconductor Corporation	10-Q	001-39755	10.1	8/15/2022
10.21†	Registration Rights Agreement, dated August 15, 2022, among Navitas Semiconductor Corporation, Ranbir Singh and The Ranbir Singh Irrevocable Trust dated February 4, 2022	10-Q	001-39755	10.1	11/14/2022
10.22†	Employment Offer Letter, dated August 15, 2022, among Navitas Semiconductor Corporation, Navitas Semiconductor USA, Inc. and Ranbir Singh	10-K/A	001-39755	10.31	4/14/2023
10.23†*	Navitas Semiconductor 2022 Employee Stock Purchase Plan				
10.24†	Navitas Semiconductor Executive Severance Plan	8-K	001-39755	10.1	1/3/2024
10.25†*	Employment Offer Letter, dated December 1, 2023, between Navitas Semiconductor USA, Inc. and Janet Chou				
10.26†*	Letter Agreement, dated January 9, 2024, among Navitas Semiconductor USA, Inc., Navitas Semiconductor Corporation and Ron Shelton				
19.1*	Insider Trading Policy				
19.2*	Equity Grant Policy and Procedures				
21.1*	List of Subsidiaries				
23.1*	Consent of Moss Adams LLP				
23.2*	Consent of Deloitte & Touche LLP				
24.1*	Power of Attorney (included on signature page)				
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act				
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act				
32.1**	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. § 1350				
97.1*	Navitas Semiconductor Dodd-Frank Clawback Policy				
101.SCH*	XBRL Taxonomy Extension Schema Document				
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document				

		Incorporated by Reference			
Exhibit	**Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document				

† Management contract or compensatory arrangement.
* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NAVITAS SEMICONDUCTOR CORPORATION

By:	/s/ Gene Sheridan
Name:	Gene Sheridan
Title:	President and Chief Executive Officer
Date:	March 6, 2024

Each person whose signature appears below constitutes and appoints Ron Shelton and Paul D. Delva as his true and lawful attorney-in-fact and agent, with full power of substitution and, for him and in his name, place and stead, in any and all capacities to sign any and all amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Gene Sheridan Gene Sheridan	President, Chief Executive Officer and Director (principal executive officer)	March 6, 2024
/s/ Ron Shelton Ron Shelton	Chief Financial Officer and Treasurer (principal financial and accounting officer)	March 6, 2024
/s/ Daniel Kinzer Daniel Kinzer	Chief Operating Officer, Chief Technology Officer and Director	March 6, 2024
/s/ Richard J. Hendrix Richard J. Hendrix	Director	March 6, 2024
/s/ Brian Long Brian Long	Director	March 6, 2024
/s/ David Moxam David Moxam	Director	March 6, 2024
/s/ Dipender Saluja Dipender Saluja	Director	March 6, 2024
/s/ Gary K. Wunderlich, Jr. Gary K. Wunderlich, Jr.	Director	March 6, 2024

Exhibit 4.1

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2021, Navitas Semiconductor Corporation ("Navitas", "we", "our", "us" or the "Company") had the following two forms of security registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"): (1) Class A Common Stock and (2) warrants, each exercisable for one share of Class A Common Stock for $11.50 per share. We redeemed all warrants that remained outstanding and unexercised at 5:00 p.m. New York City time on March 7, 2022, pursuant to a notice of redemption we issued on February 4, 2022, in accordance with the terms and conditions of the warrant agreement governing the warrants. Accordingly, pursuant to a notification on Form 25 filed with the Securities and Exchange Commission (the "SEC") on March 7, 2022 by Nasdaq Stock Market LLC pursuant to Exchange Act Rule 12d2-2(a)(2), the warrants ceased to be registered under Section 12 of the Exchange Act and ceased to be listed on the Nasdaq Stock Market as of March 7, 2022. For more information about the redemption of the warrants, see Note 10, Warrant Liability, to our consolidated financial statements for the year ended December 31, 2022, included in Part II, Item 8 of our annual report on Form 10-K for the year ended December 31, 2022, filed with the SEC on April 3, 2023. For a description of the warrants provided in accordance with Regulation S-K Item 601(b)(4)(vi), see Exhibit 4.5 to the registrant's annual report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 25, 2021, which exhibit is incorporated herein by reference only to the extent describing the warrants prior to their redemption.

As of and following March 8, 2022 to the date of the filing that includes this exhibit, the only Navitas security registered under Section 12 of the Exchange Act is our Class A Common Stock.

Description of Class A Common Stock

The following description of our Class A Common Stock is based upon our Second Amended and Restated Certificate of Incorporation (our "certificate of incorporation"), our Amended and Restated Bylaws (our "bylaws"), and applicable provisions of law. We have summarized certain portions of our certificate of incorporation and bylaws below. The summary is not complete. The certificate of incorporation and bylaws are filed as exhibits to our annual reports on Form 10-K. You should read the certificate of incorporation and bylaws for the provisions that are important to you.

Certain provisions of the Delaware General Corporation Law (the "DGCL") and of our certificate of incorporation and bylaws summarized in the following paragraphs may have an anti-takeover effect. This may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in the stockholder's best interests, including those attempts that might result in a premium over the market price for the shares held by such stockholder.

Our certificate of incorporation authorizes us to issue a total of 751,000,000 shares of stock, all having a par value of $0.0001 per share, including (a) 750,000,000 shares of a class designated common stock ("Common Stock"), comprised of (i) 740,000,000 shares of a series of such class designated Class A Common Stock and (ii) 10,000,000 shares of a series of such class designated Class B Common Stock; and (b) 1,000,000 shares of a class designated preferred stock. (As of the end of the last fiscal year and the filing of the report in which this summary is included, there were 0 shares of Class B Common Stock and 0 shares of preferred stock outstanding. Neither the Class B Common Stock nor the preferred stock is registered under Section 12 of the Exchange Act.)

We are authorized to issue additional shares of Class A Common Stock without further stockholder approval, except as may be required by applicable law or stock exchange regulations. Holders of shares of our Class A Common Stock, subject to the preferential rights of holders of any shares of preferred stock, are entitled to dividends when and as declared by our board of directors. Holders of our Class A Common Stock have one vote per share on all matters submitted to a vote of the stockholders, and the right to share pro rata in our net assets in liquidation after payment of any amounts due to creditors and in respect of any preferred stock. Holders of shares of our Class A Common Stock are not entitled as a matter of right to any preemptive or subscription rights, and are not entitled to cumulative voting in director elections. All issued and outstanding shares of Class A Common Stock are fully paid and non-assessable. Our Class A Common Stock is listed on The Nasdaq Stock Market under the trading symbol "NVTS." The transfer agent and registrar for our Class A Common Stock is Continental Stock Transfer & Trust Company.

Our bylaws provide that the annual meeting of stockholders shall be held on such date as may be fixed by our board of directors and as stated in a written notice, which must be mailed or delivered to stockholders not less than 10 nor more than 60 days before the date of the meeting unless otherwise required by the DGCL.

Certain Provisions of our Certificate of Incorporation and Bylaws

Our certificate of incorporation provides for a classified board of directors with three-year staggered terms, which may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control of us or our management.

Our certificate of incorporation states that action may be taken by stockholders only at annual or special meetings of stockholders, and that stockholders may not act by written consent. The bylaws vest the power to call special meetings of stockholders only in our chairman of the board, our chief executive officer, or a majority of our board of directors. Special meetings may not be called by any other person.

No business may be transacted at an annual meeting of stockholders other than business specified in the company's notice of meeting, or otherwise properly brought before the annual meeting by the board, or otherwise properly brought before the annual meeting by any stockholder of record entitled to vote at the meeting on the date notice of the meeting was given and on the record date for the meeting, provided the stockholder complies with the notice procedures set forth in the bylaws.

To properly bring an item of business before an annual meeting, a stockholder must give timely notice to the company. To be timely, the notice must be received by the secretary of the company at its principal executive offices not later than the close of business on the 90th day nor earlier than the close of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event the annual meeting is more than 30 days before or more than 60 days after such anniversary date (or if there has been no prior annual meeting), then notice by the stockholder to be timely must be so received not earlier than the close of business on the 120th day before the meeting and not later than the later of (i) the close of business on the 90th day before the meeting or (ii) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting is first made by the company.

Certain Anti-Takeover Effects of Delaware Law

We are subject to Section 203 of the DGCL ("Section 203"). In general, Section 203 prohibits a publicly held Delaware corporation from engaging in various "business combination" transactions with any interested stockholder for a period of three years following the date of the transactions in which the person became an interested stockholder, unless:

- the transaction is approved by the board of directors prior to the date the interested stockholder obtained such status;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or subsequent to such date the business combination is approved by the board and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

A "business combination" is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder. In general, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of a corporation's voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts with respect to our company and, accordingly, may discourage attempts to acquire our company even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Exhibit 10.23

NAVITAS SEMICONDUCTOR 2022 EMPLOYEE STOCK PURCHASE PLAN

1. General.

(a) Definitions. Capitalized terms used in this Plan have the meanings given in Section 17.

(b) Purpose. The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations and Affiliates. The Plan provides a means by which Eligible Employees of the Company and certain Designated Companies may be given an opportunity to purchase shares of Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan.

(c) Qualified and Non-Qualified Offerings Permitted. The Plan includes two components: a 423 Component and a Non-423 Component. The Company intends (but makes no undertaking or representation to maintain) the 423 Component to qualify as an Employee Stock Purchase Plan. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes grants of Purchase Rights under the Non-423 Component that do not meet the requirements of an Employee Stock Purchase Plan. Except as otherwise provided in the Plan or determined by the Board, the Non-423 Component will operate and be administered in the same manner as the 423 Component. In addition, the Company may make separate Offerings which vary in terms (provided that such terms are not inconsistent with the provisions of the Plan or the requirements of an Employee Stock Purchase Plan to the extent the Offering is made under the 423 Component), and the Company will designate which Designated Company is participating in each separate Offering.

2. Administration.

(a) The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time which Related Corporations will be eligible to participate in the Plan as Designated 423 Corporations or which Related Corporations or Affiliates will be eligible to participate in the Plan as Designated Non-423 Corporations, which Affiliates or Related Corporations may be excluded from participation in the Plan, and which Designated Companies will participate in each separate Offering (to the extent that the Company makes separate Offerings).

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company, its Related Corporations, and Affiliates and to carry out the intent that the 423 Component be treated as an Employee Stock Purchase Plan.

(viii) To adopt such rules, procedures and sub-plans relating to the operation and administration of the Plan as are necessary or appropriate under applicable local laws, regulations and procedures to permit or facilitate participation in the Plan by

Employees who are foreign nationals or employed or located outside the United States. Without limiting the generality of, but consistent with, the foregoing, the Board specifically is authorized to adopt rules, procedures, and sub-plans, which, if applicable to a Designated Non-423 Corporation, do not have to comply with the requirements of Section 423 of the Code, regarding, without limitation, eligibility to participate in the Plan, the definition of eligible "earnings," handling and making of Contributions, establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, withholding procedures and handling of share issuances, any of which may vary according to applicable requirements.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Further, to the extent not prohibited by Applicable Law, the Board or Committee may, from time to time, delegate some or all of its authority under the Plan to other persons or groups of persons, including without limitation the Plan Administrator, as it deems necessary, appropriate, or advisable under conditions or limitations that it may set at or after the time of the delegation. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee, the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. Shares of Common Stock Subject to the Plan.

(a) Number of Shares Available. Subject to the provisions of Section 11(a) relating to Capitalization Adjustments, the initial number of shares of Common Stock that may be issued under the Plan shall equal 3,000,000 shares of Common Stock (the "***Share Reserve***"). For the avoidance of doubt, up to the maximum number of shares of Common Stock reserved under this Section 3(a) may be used to satisfy purchases of Common Stock under the 423 Component and any remaining portion of such maximum number of shares may be used to satisfy purchases of Common Stock under the Non-423 Component.

(b) Shares Available Following Purchase Right Terminations. If any Purchase Right granted under the Plan terminates without having been exercised in full, the shares of Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) Source of Shares. The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

4. Grant of Purchase Rights; Offerings.

(a) Offerings. The Board may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate, and, with respect to the 423 Component, will comply with the requirements of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the Offering Document or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8 of the Plan, inclusive.

(b) Restart Provision Permitted. The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Common Stock on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a share of Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day and (ii) the

Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. Eligibility.

(a) General. Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation or an Affiliate. Except as provided in Section 5(b) or as required by Applicable Law, an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company, a Related Corporation or an Affiliate, as the case may be, for such continuous period preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two years. The Board may provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee's customary employment with the Company, the Related Corporation or the Affiliate, as applicable, is more than 20 hours per week and/or more than five months per calendar year and/or such other criteria as the Board may determine consistent with Section 423 of the Code with respect to the 423 Component and Applicable Law. The Board further retains the discretion to determine which Eligible Employees may participate in an Offering pursuant to and consistent with U.S. Treasury Regulation Section 1.423-2(e) and (f).

(b) Grant of Purchase Rights in Ongoing Offering. The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the "Offering Date" of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) 5% Stockholders Excluded. No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) US$25,000 Limit. As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations or Affiliates, do not permit such Eligible Employee's rights to purchase stock of the Company or any Related Corporation or Affiliates to accrue at a rate which, when aggregated, exceeds US$25,000 of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time, subject to compliance with Applicable Law.

(e) Highly Compensated Employees. Officers of the Company and any Designated Company, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Board may provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

(f) Non-423 Component Offerings. Notwithstanding anything in this Section 5 to the contrary, in the case of an Offering under the Non-423 Component, an Eligible Employee (or group of Eligible Employees) may be excluded from participation in the Plan or an Offering if the Board has determined, in its sole discretion, that participation of such Eligible Employee(s) is not advisable or practical for any reason.

6. Purchase Rights; Purchase Price.

(a) Grant and Maximum Contribution Rate. On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of shares of Common Stock (rounded down to the nearest whole number of shares) purchasable either with a percentage or with a maximum dollar amount, as designated by the Board, but in either case not exceeding 20% of such Employee's earnings (as defined by the Board in each Offering) during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) Purchase Dates. The Board will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and shares of Common Stock will be purchased in accordance with such Offering.

(c) Other Purchase Limitations. A Participant may not purchase more than 5,000 shares of Common Stock under the Plan on any one Purchase Date. Without stockholder approval the Board may increase or reduce such maximum (including without limitation pursuant to Section 11(a) relating to Capitalization Adjustments) but shall not eliminate it under any circumstances with respect to an Offering under the 423 Component. In addition, in connection with each Offering made under the Plan, the Board may specify (i) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants pursuant to such Offering and/or (ii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of shares of Common Stock issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata allocation (based on each Participant's accumulated Contributions) of the shares of Common Stock (rounded down to the nearest whole number of shares) available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) Purchase Price. The purchase price of shares of Common Stock acquired pursuant to Purchase Rights will be not less than the lesser of:

(i) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the Offering Date; or

(ii) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the applicable Purchase Date.

7. Participation; Withdrawal; Termination.

(a) Enrollment and Contributions. An Eligible Employee may elect to authorize payroll deductions as the means of making Contributions by completing and delivering to the Company or Company Designee, within the time specified in the Offering, an enrollment form provided by the Company or Company Designee. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where Applicable Laws require that Contributions be deposited with a Company Designee or otherwise segregated. If permitted in the Offering, a Participant may begin such Contributions with the first payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter during the Offering reduce (including to zero) or increase his or her Contributions. If required under Applicable Law or if specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through a payment by cash, check or wire transfer prior to a Purchase Date, in a manner directed by the Company or a Company Designee.

(b) Withdrawals. During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company or a Company Designee a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions. A Participant's withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Termination of Employment or Eligible Employee Status. Unless otherwise required by Applicable Law, Purchase Rights granted to a Participant pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason or (ii) is otherwise no longer eligible to participate, and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions and such Participant's Purchase Right in that Offering shall thereupon terminate.

(d) Leave of Absence. For purposes of this Section 7, an Employee will be deemed not to have terminated employment or not failed to remain in the continuous employ of the Company or of a Designated Company in the case of sick leave, military leave, or any other leave of absence approved by the Company; provided that such leave is for a period of not more than 90 days or reemployment upon the expiration of such leave is guaranteed by contract or statute. The Company will have sole discretion to determine whether a Participant has terminated employment and the effective date on which the Participant terminated employment, regardless of any notice period or garden leave required under local law.

(e) Employment Transfers. Unless otherwise determined by the Board, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company and a Designated Company or between Designated Companies will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's Purchase Right will be qualified under the 423 Component only to the extent such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Purchase Right will remain non-qualified under the Non-423 Component. In the event that a Participant's Purchase Right is terminated under the Plan, the Company will distribute as soon as practicable to such individual all of his or her accumulated but unused Contributions.

(f) No Transfers of Purchase Rights. During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation.

(g) No Interest. Unless otherwise specified in the Offering or required by Applicable Law, the Company will have no obligation to pay interest on Contributions.

8. Exercise of Purchase Rights.

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Common Stock (rounded down to the nearest whole number of shares), up to the maximum number of shares of Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b) Unless otherwise provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Common Stock on a Purchase Date in an Offering, then such remaining amount will be distributed to such Participant as soon as practicable after the applicable Purchase Date, without interest, unless the payment of interest is required by Applicable Law and *provided, that*, if the remaining amount is less than the applicable purchase price of one full share of Common Stock on such Purchase Date, then the Company may approve, in its discretion, for such amount to be included in Contributions for the next Offering (if the Participant elects to participate therein).

(c) No Purchase Rights may be exercised to any extent unless the shares of Common Stock to be issued upon such exercise under the Plan are covered by and permitted to be sold under an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable U.S. federal and state, foreign and other securities, exchange control and other laws applicable to the Plan. If on a Purchase Date the shares of Common Stock are not so registered and permitted to be sold, or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Common Stock are subject to and may be sold under such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 6 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the shares of Common Stock are not registered permitted to be sold under such registration, or the

Plan is not in material compliance with Applicable Law, as determined by the Company in its sole discretion, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed as soon as practicable to the Participants without interest, unless the payment of interest is required by Applicable Law.

9. Covenants of the Company.

The Company will seek to obtain from each U.S. federal or state, non-U.S., or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Purchase Rights and issue and sell shares of Common Stock thereunder unless the Company determines, in its sole discretion, that doing so is not practical or would cause the Company to incur costs that are unreasonable. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights and the lawful issuance and sale of Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Common Stock upon exercise of such Purchase Rights.

10. Death of Participant.

If a Participant dies, the Company will deliver any shares of Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Common Stock and/or Contributions, without interest, unless the payment of interest is required by Applicable Law, to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. Adjustments upon Changes in Common Stock; Corporate Transactions.

(a) Capitalization Adjustment. In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) or kind and maximum number of securities subject to the Plan pursuant to Section 3(a); (ii) the class(es) or kind and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights; and (iv) the class(es) or kind and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) Corporate Transaction. In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Common Stock (rounded down to the nearest whole number of shares) within ten business days (or such other period specified by the Board) prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

(c) Spin-Off. In the event of a spin-off or similar transaction involving the Company, the Board may take actions deemed necessary or appropriate in connection with an ongoing Offering and subject to compliance with Applicable Law (including the assumption of Purchase Rights under an ongoing Offering by the spun-off company, or shortening an Offering and scheduling a new Purchase Date prior to the closing of such transaction). In the absence of any such action by the Board, a Participant in an ongoing Offering whose employer ceases to qualify as a Related Corporation as of the closing of a spin-off or similar transaction will be treated in the same manner as if the Participant had terminated employment (as provided in Section 7(c)).

12. Amendment, Termination or Suspension of the Plan.

(a) Plan Amendment. The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by Applicable Law, including any amendment that either (i) materially increases the number of shares of Common Stock available for issuance under the Plan, (ii) materially expands the class of individuals eligible to become Participants and receive Purchase Rights, (iii) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which shares of Common Stock may be purchased under the Plan, or (iv) expands the types of awards available for issuance under the Plan, but in each of (i) through (iv) above only to the extent stockholder approval is required by Applicable Law.

(b) Suspension or Termination. The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(c) No Impairment of Rights. Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to facilitate compliance with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans), including without limitation any such regulations or other guidance that may be issued or amended after the Effective Date, or (iii) as necessary to obtain or maintain any special tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the 423 Component complies with the requirements of Section 423 of the Code, or other Applicable Law.

(d) Corrections and Administrative Procedures. Notwithstanding anything in the Plan to the contrary, the Board or the Plan Administrator will be entitled to: (i) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (ii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Contributions; (iii) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code; and (iv) establish other limitations or procedures as the Board or the Plan Administrator determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board or the Plan Administrator pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. Tax Matters.

(a) Code Section 409A. Purchase Rights granted under the 423 Component are intended to be exempt from the application of Section 409A of the Code under U.S. Treasury Regulation Section 1.409A-1(b)(5)(ii). Purchase Rights granted under the Non-423 Component to U.S. taxpayers are intended to be exempt from the application of Section 409A of the Code under the short-term deferral exception or compliant with Section 409A of the Code and any ambiguities will be construed and interpreted in accordance with such intent.

(b) No Guarantee of Tax Treatment. Although the Company may endeavor to qualify a Purchase Right for special tax treatment under the laws of the United States or jurisdictions outside the United States, or avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain special or to avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan.

14. Tax Withholding.

The Participant will make adequate provision to satisfy the Tax-Related Items withholding obligations, if any, of the Company and/or the applicable Designated Company which arise with respect to Participant's participation in the Plan or upon the disposition of the shares of the Common Stock. The Company and/or the Designated Company may, but will not be obligated to, withhold from the Participant's compensation or any other payments due the Participant the amount necessary to meet such withholding obligations, withholding a sufficient whole number of shares of Common Stock issued following exercise having an aggregate value sufficient to pay the Tax-Related Items or withhold from the proceeds of the sale of shares of Common Stock, either through a voluntary sale or a mandatory sale arranged by the Company or any other method of withholding that the Company and/or the Designated Company deems appropriate. The Company and/or the Designated Company will have the right to take such other action as may be necessary in the opinion of the Company or a Designated Company to satisfy withholding and/or reporting obligations for such Tax-Related Items. The Company shall not be required to issue any shares of Common Stock under the Plan until such obligations are satisfied.

15. Effective Date of Plan.

The Plan will become effective upon its adoption and approval by the Board. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Board.

16. Miscellaneous Provisions.

(a) Proceeds from the sale of shares of Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Common Stock subject to Purchase Rights unless and until the Participant's shares of Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at-will nature of a Participant's employment or amend a Participant's employment contract, if applicable, or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company, a Related Corporation, or an Affiliate, or on the part of the Company, a Related Corporation or an Affiliate to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

(e) If any particular provision of the Plan is found to be invalid or otherwise unenforceable, such provision will not affect the other provisions of the Plan, but the Plan will be construed in all respects as if such invalid provision were omitted.

(f) If any provision of the Plan does not comply with Applicable Law, such provision shall be construed in such a manner as to comply with Applicable Law.

17. Definitions.

As used in the Plan, the following capitalized terms have the respective meanings given:

"***423 Component***" means the part of the Plan, which excludes the Non-423 Component, pursuant to which Purchase Rights that satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

"***Affiliate***" means any entity, other than a Related Corporation, in which the Company has an equity or other ownership interest or that is directly or indirectly controlled by, controls, or is under common control with the Company, in all cases as determined by the Board, whether now or hereafter existing.

"***Applicable Law***" means the requirements relating to the administration of equity-based awards under state corporate laws, United States federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Purchase Rights are, or will be, granted under the Plan.

"***Board***" means the board of directors of the Company.

"***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Purchase Right after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

"***Code***" means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

"***Committee***" means a committee of one or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).

"***Common Stock***" means the Class A Common Stock, par value $0.0001 per share, of the Company.

"***Company***" means Navitas Semiconductor Corporation, a Delaware corporation, and any successor corporation thereto.

"***Contributions***" means the payroll deductions and/or other payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already contributed the maximum permitted amount of payroll deductions and/or other payments during the Offering.

"***Corporate Transaction***" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation or the sole parent of the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

"***Designated 423 Corporation***" means any Related Corporation selected by the Board as participating in the 423 Component.

"***Designated Company***" means any Designated 423 Corporation or any Designated Non-423 Corporation, provided, however, that at any given time, a Related Corporation participating in the 423 Component shall not be a Related Corporation participating in the Non-423 Component.

"***Designated Non-423 Corporation***" means any Related Corporation or Affiliate selected by the Board as participating in the Non-423 Component.

"***Director***" means a member of the Board.

"***Effective Date***" means the effective date of the Plan, as set forth in Section 15.

"***Eligible Employee***" means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan. For purposes of clarity, the term "***Eligible Employee***" shall not include the following, regardless of any subsequent reclassification as an employee by the Company or a Designated Company, any governmental agency, or any court: (i) any independent contractor; (ii) any consultant; or (iii) any individual performing services for the Company or a Designated Company who has entered into an independent contractor or consultant agreement with the Company or a Designated Company. The Board shall have exclusive discretion to determine whether an individual is an Eligible Employee for purposes of the Plan.

"***Employee***" means any person, including an Officer or Director, who is "employed" for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation (including an Affiliate). However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "***Employee***" for purposes of the Plan.

"***Employee Stock Purchase Plan***" means a plan that grants Purchase Rights intended to be options issued under an "employee stock purchase plan," as that term is defined in Section 423(b) of the Code.

"***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"***Fair Market Value***" means, as of any date of determination, the closing sales price of the Common Stock as quoted on the Nasdaq Stock Market, LLC on such date. Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists. In the absence of such a market for the Common Stock, the Fair Market Value will be determined by the Board in good faith in compliance with Applicable Law and, to the extent applicable as determined in the sole discretion of the Board, in a manner that complies with Sections 409A of the Code.

"***Non-423 Component***" means the part of the Plan, which excludes the 423 Component, pursuant to which Purchase Rights that are not intended to satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

"***Offering***" means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the "***Offering Document***" approved by the Board for that Offering.

"***Offering Date***" means a date selected by the Board for an Offering to commence.

"***Officer***" means a person who is an officer of the Company or a Related Corporation or Affiliate within the meaning of Section 16 of the Exchange Act.

"***Participant***" means an Eligible Employee who holds an outstanding Purchase Right.

"***Plan***" means this Navitas Semiconductor 2022 Employee Stock Purchase Plan, as amended from time to time.

"***Plan Administrator***" means one or more Officers or Employees designated by the Board to administer the day-to-day operations of the Plan and the Company's other equity incentive programs.

"***Purchase Date***" means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Common Stock will be carried out in accordance with such Offering.

"***Purchase Period***" means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

"***Purchase Right***" means an option to purchase shares of Common Stock granted pursuant to the Plan.

"***Related Corporation***" means any "parent corporation" or "subsidiary corporation" of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

"***Securities Act***" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"***Share Reserve***" means the maximum number of shares of Common Stock that may be issued under the Plan, as defined and determined in accordance with Section 3(a) of the Plan.

"***Tax-Related Items***" means any income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising in relation to a Participant's participation in the Plan and legally applicable to a Participant.

"***Trading Day***" means any day on which the exchange(s) or market(s) on which shares of Common Stock are listed, including but not limited to the Nasdaq Global Market or any successors thereto, is open for trading.

Exhibit 10.25

Navitas Semiconductor USA, Inc.
3520 Challenger St.

11/27/2023 Torrance, CA 90503

Janet Chou
[Redacted pursuant to 17 CFR § 229.601(a)(6)]

Dear Janet,

I am pleased to offer you a position with Navitas Semiconductor, Inc. (the "Company"). We believe you will make a valuable addition to our team.

Position: Chief Financial Officer

Supervisor: Gene Sheridan, CEO

Work Location: Campbell, CA Office / Home Based Expected Start Date: January, 2024

Base Salary: $380,000.00 per annum

Bonus: Target 60%, up to 90%

RSUs: $3,200,000.00 vesting over four (4) years

Please note, wages will be paid in accordance with the Company's normal regional payroll procedures. Annual bonus is predicated on preceding 12 month's average base salary and is dependent upon achieving individual and Company milestones, defined annually. Bonus is always issued as liquid, vested, RSUs. Bonus for this position first becomes payable Q1 of 2025. As an employee, you will also be eligible to receive certain employee benefits which the Company makes generally available to its employees from time to time. You should note that the Company may modify job titles, salaries, bonuses, and benefits from time to time as it deems necessary. Employees joining the Company after July 1st of each year are ineligible for a salary increase during the following performance review period. The duties of this occupation are to be performed in accordance with the Company's standard operating schedule and telecommuting policy, at the "Work Location" specified above. Travel up 50% is a required component of this position. Employees being hired for finance, accounting, HR, IT, Office Manager positions, and/or Director level and above are subject to a criminal background check. Finance and accounting are subject to both a criminal background check and credit history check. Navitas may rescind this offer at any time, including as a result of findings/results of reference checks, background checks, and/or credit checks. This offer is also contingent upon the successful outcome of your reference checks that will take place over the next week.

As shown above, in consideration of your service, the Company will recommend to the Board of Directors (the "**Board**") at the first meeting following your hire date that the Company grant you Restricted Stock Units ("RSUs") representing a right to acquire stock equivalent to **$3,200,000.00** where the number of shares depends on the average stock price of the twenty (20) previous business days before your official start date, pursuant to the Navitas Semiconductor Corporation 2021 Equity Incentive Plan (the "**Plan**"). The RSUs will vest based on occurrence of a time-based service condition. The time-based service condition will be met, subject to your continuous employment with the Company through each applicable date, with respect to twenty-five percent (25%) of the RSUs on the date 12 months from the RSUs' vesting commencement date, and the time-based service condition will lapse with respect to the remaining RSUs in three (3) equal yearly installments thereafter. The vesting commencement date of the RSUs will be your employment start date, and the RSUs will be subject to the terms and conditions of the Navitas Semiconductor Corporation 2021 Equity Incentive Plan. However, the time-based service condition is subject to change and will be approved by the Board of Directors.

The Company is excited about your services to the Company. Nevertheless, you should be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice. We request that, in the event of resignation, you give the Company at least two weeks' notice.

For purposes of federal immigration law, the Company requires documentary evidence of your identity and eligibility for employment in the country where this position will be performed. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you may be terminated. Please note that if work sponsorship is required, the Company will initiate that process immediately. If the employee fails to maintain employment for two (2) years from hire date, any recoverable portion of those expenses, allowable by law, will be recovered.

We also ask that, if you have not already done so, you disclose to the Company any and all agreements relating to your current or prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. By accepting this offer, you confirm that you fully understand the duties, scope, and activities of your employment with the Company. You further confirm you are able to accept this job and carry out the work that it would involve without breaching any legal restrictions on your activities, such as restrictions imposed by a current or former employer.

Moreover, you agree not to remove or take any documents or proprietary data or materials of any kind, electronic or otherwise, with you from your current or former employer to the Company without written authorization from your current or former employer, and that in performing your duties for the Company you will not in any way utilize nor disclose any such information. If you have any questions about the ownership of particular documents or other information, discuss such questions with your former employer before removing or copying the documents or information.

Similarly, you agree that, during the term of your employment with the Company, you will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company is now involved or becomes involved during the term of your employment, nor will you engage in any other activities that conflict with your obligations to the Company. As a Company employee, you will be expected to abide by the Company's rules and standards. Specifically, you will be required to sign an acknowledgment that you have read and that you understand the Company's rules of conduct which are included in the Company Handbook.

As a condition of your employment, you are also required to sign and comply with an At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement ("**PIAA**") which requires, among other provisions, the assignment of patent rights to any invention made during your employment at the Company, and non-disclosure of Company proprietary information. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that (i) any and all disputes between you and the Company will be fully and finally resolved by binding arbitration, (ii) you are waiving any and all rights to a jury trial but all court remedies will be available in arbitration, (iii) all disputes will be resolved by a neutral arbitrator who will issue a written opinion, (iv) the arbitration will provide for adequate discovery, and (v) the Company will pay all the arbitration fees, except an amount equal to the filing fees you would have paid had you filed a complaint in a court of law. Please note that we must receive your signed Agreement before your first day of employment.

To accept the Company's offer, please sign and date this letter in the space provided below. This offer will expire three (3) days from issuance. This letter, along with any agreements relating to proprietary rights between you and the Company, set forth the terms of your employment with the Company and supersede any prior representations or agreements including, but not limited to, any representations made during your recruitment, interviews or pre-employment negotiations, whether written or oral. This letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by a director of the Company and you.

We look forward to your favorable reply and the prospect of working with you at Navitas Semiconductor, Inc.

Sincerely,
/s/
Senior Human Resources Manager

Agreed to and accepted:
Signature: /s/ Janet Chou
Printed Name: Janet Chou

Date: December 1, 2023

Exhibit 10.26

[Navitas Semiconductor Letterhead]

January 9, 2024

Ron Shelton
[* *]

Dear Ron:

As we have discussed, this letter agreement (this "Agreement") sets forth an agreement, dated as of the date set forth above, among you, Navitas Semiconductor USA, Inc. (the "Company") and Navitas Semiconductor Corporation ("NVTS"), regarding the terms and conditions of your resignation from the Company and NVTS. Accordingly, you and the Company agree as follows:

1. Continuing CFO Role; Transition and Consulting Period. You will continue to be employed as Senior Vice President, Chief Financial Officer and Treasurer of NVTS, and as an executive officer of NVTS, with the same duties and responsibilities and at your current salary and benefits, up to and including the day on which NVTS files its annual report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K"). Thereafter you will cease to be Chief Financial Officer and Treasurer of NVTS and will no longer be an executive officer of NVTS. You will continue to be employed by the Company as a Senior Vice President in a consulting capacity to provide transition assistance and support to the successor CFO and Treasurer, at your current salary and benefits, up to and including the close of business on March 15, 2024 (your "Resignation Date"), which will be your last day of employment with the Company. After the filing of the Form 10-K through your Resignation Date, you will continue to report to Gene Sheridan, President and CEO, you will not represent that you are an officer or agent of the Company or NVTS for any purpose, and you will not be authorized to act on behalf of the Company or NVTS. Except as otherwise set forth in this Agreement, your Resignation Date will be your employment termination date for all purposes, meaning you are not entitled to any further compensation, monies, or other benefits from the Company or any of its affiliates, including coverage under any benefit plans or programs sponsored by the Company or any of its affiliates, as of your Resignation Date.

2. 2023 Bonus and PRSU Vesting. Your 2023 annual bonus, and the extent to which 50,000 performance restricted stock units will vest based on 2023 performance, will be determined and paid to you on or before your Resignation Date in accordance with applicable plans and the Company's customary practices.

3. Other Benefits. As consideration for your execution of, non-revocation of, and compliance with this Agreement, including the waiver and release of claims in Section 4, and subject to and conditioned upon your execution and non-revocation of the attached Addendum to Letter Agreement (the "Addendum") on or after your Resignation Date, the Company shall pay or provide the following amounts and benefits to which you are not otherwise entitled:

(a) Salary continuation for six months following your Resignation Date, at your current salary, less all relevant taxes and other withholdings, payable according to the Company's customary payroll practices or, at your option, in a lump-sum promptly (and in any event not more than 10 days) after the Payment Effective Date (as defined below).

(b) If you timely and properly elect COBRA and, as applicable, Cal-COBRA continuation coverage under the Company's group health care plan (the "Plan"), the Company will provide continued participation in the Plan at participation and coverage levels and on terms no less favorable to you than those in effect immediately before your Resignation Date, until the earliest of: (i) the expiration of six months following your Resignation Date; (ii) the date you become covered under another employer's health plan; or (iii) the expiration of the maximum continuation coverage period for which you are eligible under federal and California laws. At the end of this period, you will be eligible to continue coverage under COBRA or Cal-COBRA, as applicable, and will be responsible for the entire premium for the remainder of the applicable continuation period.

[**redacted pursuant to 17 CFR § 229.601(a)(6)]

(c) 46,875 of your outstanding unvested time-based restricted stock units, otherwise scheduled to vest on April 20, 2024, shall become fully vested and any restrictions thereon shall lapse on and as of your Resignation Date, and NVTS shall settle and deliver the underlying shares of NVTS common stock to you on the Payment Effective Date.

You understand, acknowledge and agree that the foregoing benefits set forth in this Section 3 exceed what you are otherwise entitled to receive on separation from employment, and that these benefits are being given as consideration in exchange for your execution of and compliance with this Agreement, including the general release contained in Section 4 and your agreement to execute the Addendum. You further acknowledge that you are not entitled to any additional payment or consideration not specifically referenced in this Agreement. Nothing in this Agreement shall be deemed or construed as an express or implied policy or practice of the Company or any of its affiliates to provide these or other benefits to any individuals other than you.

4. Release.

(a) General Release and Waiver of Claims.

In exchange for the consideration provided in this Agreement, you and your heirs, executors, representatives, administrators, agents and assigns (collectively, the "Releasors") irrevocably and unconditionally fully and forever waive, release, and discharge the Company, its parents, subsidiaries, and other corporate affiliates, and each of their respective present and former employees, officers, directors, owners, shareholders, and agents, individually and in their official capacities (collectively referred to as the "Employer Group") (collectively, the "Released Parties"), from any and all claims, demands, actions, causes of action, judgments, rights, fees, damages, debts, obligations, liabilities, and expenses (inclusive of attorneys' fees) of any kind whatsoever, whether known or unknown (collectively, "Claims"), that the Releasors may have or have ever had against the Released Parties, or any of them, arising out of, or in any way related to your hire, benefits, employment, termination, or separation from employment with the Employer Group by reason of any actual or alleged act, omission, transaction, practice, conduct, occurrence, or other matter from the beginning of time up to and including the date of your execution of this Agreement, including but not limited to:

(i) any and all claims under Title VII of the Civil Rights Act of 1964 (Title VII), the Americans with Disabilities Act (ADA), the Family and Medical Leave Act (FMLA) (regarding existing but not prospective claims), the Equal Pay Act, the Employee Retirement Income Security Act (ERISA) (regarding unvested benefits), the Civil Rights Act of 1991, Section 1981 of U.S.C. Title 42, the Fair Credit Reporting Act (FCRA), the National Labor Relations Act (NLRA), the Age Discrimination in Employment Act (ADEA), the California Fair Employment and Housing Act (FEHA), the California Labor Code, the California Constitution, all including any amendments and their respective implementing regulations, and any other federal, state, local, or foreign law (statutory, regulatory, or otherwise) that may be legally waived and released; however, the identification of specific statutes is for purposes of example only, and the omission of any specific statute or law shall not limit the scope of this general release in any manner;

(ii) any and all claims arising under tort, contract, and quasi-contract law, including but not limited to claims of breach of an express or implied contract, wrongful or retaliatory discharge, fraud, defamation, negligent or intentional infliction of emotional distress, tortious interference with a contract or prospective business advantage, breach of the implied covenant of good faith and fair dealing, promissory estoppel, detrimental reliance, invasion of privacy, nonphysical injury, personal injury or sickness, or any other harm;

(iii) any and all claims for compensation of any type whatsoever, including but not limited to claims for wages, salary, bonuses, commissions, incentive compensation, vacation, sick pay, and severance that may be legally waived and released; and

(iv) any and all claims for monetary or equitable relief, including but not limited to attorneys' fees, back pay, front pay, reinstatement, experts' fees, medical fees or expenses, costs and disbursements, punitive damages, liquidated damages, and penalties.

However, this general release and waiver of claims excludes, and you do not waive, release, or discharge (A) claims that cannot be waived by law, such as claims for unemployment benefit rights; (B) any right to file an unfair labor practice (ULP) charge under the National Labor Relations Act or participate or assist in proceedings before the National Labor Relations Board (NLRB); (C) indemnification rights you have against the Company or NVTS pursuant to NVTS' certificate of incorporation, bylaws, any employment or indemnification agreement, applicable insurance policies, or otherwise; and (D) any rights to vested benefits, such as pension or retirement benefits, the rights to which are governed by the terms of the applicable plan documents and award agreements.

This general release and waiver of claims also excludes, and you do not waive, release, or discharge, the right to file an administrative charge or complaint with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by or before, any government agencies, including the right to seek or receive a monetary award or penalty from any government agencies.

(b) Waiver of California Civil Code Section 1542.

This Agreement is intended to be effective as a general release of and bar to all claims as stated in this Section. Accordingly, the Releasors specifically waive all rights under California Civil Code Section 1542, which states, "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." You acknowledge that you may later discover claims or facts in addition to or different from those which you now know or believe to exist with regard to the subject matter of this Agreement, and which, if known or suspected at the time of executing this Agreement, may have materially affected its terms. Nevertheless, the Releasors waive any and all Claims that might arise as a result of such different or additional claims or facts.

5. Knowing and Voluntary Acknowledgment. You specifically agree and acknowledge that:

(a) you have read this Agreement (including the Addendum) in its entirety and understand all of its terms;

(b) by this Agreement, you have been advised to consult with an attorney before executing this Agreement, and have been given at least five business days to do so, although you may sign it sooner if desired;

(c) you knowingly, freely and voluntarily assent to all of this Agreement's terms and conditions including, without limitation, the waiver, release, and covenants contained in it and in the Addendum;

(d) you are signing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which you are otherwise entitled;

(e) you are not waiving or releasing rights or claims that may arise after you sign this Agreement (it being understood that, upon you signing the Addendum as you agree to do under this Agreement as a condition to receiving the payments and benefits under Section 3, you will be releasing rights or claims that may arise after you sign this Agreement); and

(f) you understand that the waiver and release in this Agreement and the waiver and release in the Addendum are being requested in connection with your separation of employment from the Employer Group.

You further acknowledge that you are waiving and releasing claims under the Age Discrimination in Employment Act (ADEA), as amended, and have had 21 days to consider the terms of this Agreement and consult with an attorney of your choice, although you may sign it sooner if desired, and changes to this Agreement, whether material or immaterial, do not restart the 21-day period. Further, you acknowledge that you will have an additional seven days from signing this Agreement to revoke consent to your release of claims under the ADEA by delivering notice of revocation to the general counsel of the Company and NVTS at the address above before the end of the seven-day period. In the event of a revocation by you, the Employer Group shall have the option of treating this Agreement as null and void in its entirety.

6. Payment Effective Date. The Company's payment obligation under Section 3(a), and NVTS' obligation to deliver shares of common stock under Section 3(c), will become effective on the eighth (8th) day after you sign the Addendum without having revoked the release provided either in this Agreement or the Addendum prior to such date (the "Payment Effective Date"). No payments or RSU settlements due to you under those provisions shall be made before the Payment Effective Date. Further, if you revoke the release provided in this Agreement or the Addendum, then the benefits under Section 3(b) will terminate immediately without notice or further action by the Company except to the extent required by law.

7. Non-Disparagement. You agree and covenant that you shall not make, publish, or communicate defamatory or disparaging remarks, comments, or statements concerning any of the Employer Group's products or services. You agree and covenant that you shall not make, publish, or communicate to any person or entity or in any public forum any maliciously false, defamatory, or disparaging remarks, comments, or statements concerning the Employer Group or its businesses, or any of its employees, officers, or directors, and their existing and prospective customers, suppliers, investors, and other associated third parties, now or at any time in the future. This Section does not, in any way, restrict or impede you from exercising protected rights to the extent that such rights cannot be waived by agreement. This Section also does not prevent you from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. Nothing in this Agreement prevents you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful.

8. Securities Laws Compliance. You acknowledge and agree that:

(a) until the filing of the Form 10-K, you will remain an "executive officer" and an "affiliate" of NVTS as those terms are defined under applicable federal securities laws, and accordingly will be subject to applicable restrictions under the NVTS Insider Trading Policy, and obligated to report any acquisitions or sales (or other dispositions) of shares of NVTS in accordance with Rule 144(a)(2) under the Securities Act of 1933 ("Securities Act") and Section 16(a) of the Securities Exchange Act of 1934 ("Exchange Act") and applicable regulations thereunder;

(b) in connection with sales of NVTS shares for your account, or for the account of a "person" within the meaning of Rule 144(a)(2) under the Securities Act, any of which sales occur within 90 days after the filing of the Form 10-K, you shall comply with the conditions applicable to sales by affiliates under Rule 144(b)(2), including without limitation the requirement to file a Notice of Proposed Sale on Form 144 with the Securities and Exchange Commission ("SEC") in accordance with Rule 144(h);

(c) you shall report to the SEC on Form 4 any acquisition of beneficial ownership (as defined by Rule 16a-1(a)(2) under the Exchange Act) in NVTS shares, or any other transactions, any of which constitutes an "opposite-way" transaction with respect to a transaction reported on Form 4 by you during the six months preceding the Form 10-K filing; and

(d) for all transactions in NVTS shares through your Resignation Date (and thereafter to the extent you possess, as of your Resignation Date, material non-public information about NVTS or its securities), you shall comply with the NVTS Insider Trading Policy and applicable securities laws and regulations that impose restrictions on securities trading by insiders. The office of the NVTS general counsel shall provide reasonable assistance to you in effecting any such filings with the SEC, consistent with past practice.

9. Entire Agreement. Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Employer Group and you relating to the subject matter in this Agreement and supersedes all prior and contemporaneous understandings, discussions, agreements, representations, and warranties, both written and oral, regarding such subject matter; provided, however, that nothing in this Agreement modifies, supersedes, voids, or otherwise alters your employment agreement, which shall remain in full force and effect, or any of your rights to indemnification under subclause (C) of the second-to-last paragraph of Section 4(a).

10. Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service, as a short-term deferral, or as a settlement payment pursuant to a bona fide legal dispute shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, any installment payments provided under this Agreement shall each be treated as a separate payment. To the extent required under Section 409A, any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination constitutes a “separation from service” under Section 409A. Notwithstanding the foregoing, Employer Group makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall Employer Group be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

[Signature Page Follows]

Please indicate your agreement to the foregoing terms and conditions by signing where indicated below.

Yours very truly,

NAVITAS SEMICONDUCTOR USA, INC.

By: /s/ Gene Sheridan
Gene Sheridan
President and CEO

NAVITAS SEMICONDUCTOR CORPORATION

By: /s/ Gene Sheridan
Gene Sheridan
President and CEO

Acknowledged and agreed:

/s/ Ron Shelton
Ron Shelton

<u>Addendum to Letter Agreement</u>

This addendum to letter agreement (this "Addendum") supplements the attached letter agreement, dated January 9, 2024 (the "Agreement"), between the Employer Group and Ron Shelton ("you"). By signing this Addendum, you agree to extend the general release of claims in the Agreement to any and all Claims against the Employer Group relating in any way to your employment with or provision of services to the Employer Group or termination of employment or other relationship arising during the period after your execution of the Agreement through the execution of this Addendum. This Addendum does not otherwise modify or supersede the provisions of the Agreement.

Unless otherwise specified, capitalized terms in this Addendum have the same meanings as defined in the Agreement, and those definitions are incorporated by reference.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth in this Addendum and the Agreement, you and the Employer Group agree as follows:

1. <u>Agreement</u>. The terms of the Agreement, which are incorporated by reference into this Addendum as though set forth in full, remain in full force and effect.

2. <u>General Release and Waiver of Claims</u>.

(a) In exchange for and as a condition of receiving the consideration and other benefits described in Section 3 of the Agreement, Releasors irrevocably and unconditionally fully and forever waive, release, and discharge the Released Parties from any and all Claims that you may have or ever has had against the Released Parties, or any of them, arising at any time through and including the date of your execution of this Addendum.

For the avoidance of doubt, such Claims include, but are not limited to:

(i) any and all claims under Title VII of the Civil Rights Act of 1964 (Title VII), the Americans with Disabilities Act (ADA), the Family and Medical Leave Act (FMLA) (regarding existing but not prospective claims), the Equal Pay Act, the Employee Retirement Income Security Act (ERISA) (regarding unvested benefits), the Civil Rights Act of 1991, Section 1981 of U.S.C. Title 42, the Fair Credit Reporting Act (FCRA), the National Labor Relations Act (NLRA), the Age Discrimination in Employment Act (ADEA), the California Fair Employment and Housing Act (FEHA), the California Labor Code, the California Constitution, all including any amendments and their respective implementing regulations, and any other federal, state, local, or foreign law (statutory, regulatory, or otherwise) that may be legally waived and released; however, the identification of specific statutes is for purposes of example only, and the omission of any specific statute or law shall not limit the scope of this general release in any manner;

(ii) any and all claims arising under tort, contract, and quasi-contract law, including but not limited to claims of breach of an express or implied contract, wrongful or retaliatory discharge, fraud, defamation, negligent or intentional infliction of emotional distress, tortious interference with a contract or prospective business advantage, breach of the implied covenant of good faith and fair dealing, promissory estoppel, detrimental reliance, invasion of privacy, nonphysical injury, personal injury or sickness, or any other harm;

(iii) any and all claims for compensation of any type whatsoever, including but not limited to claims for wages, salary, bonuses, commissions, incentive compensation, vacation, sick pay, and severance that may be legally waived and released; and

(iv) any and all claims for monetary or equitable relief, including but not limited to attorneys' fees, back pay, front pay, reinstatement, experts' fees, medical fees or expenses, costs and disbursements, punitive damages, liquidated damages, and penalties.

However, this general release and waiver of claims excludes, and you do not waive, release, or discharge (A) claims that cannot be waived by law, such as claims for unemployment benefit rights; (B) any right to file an unfair labor practice (ULP) charge under the National Labor Relations Act or participate or assist in proceedings before the National Labor Relations Board (NLRB); (C) indemnification rights you have against the Company or NVTS pursuant to NVTS' certificate of incorporation, bylaws, any employment or indemnification agreement, applicable insurance policies, or otherwise; and (D) any rights to vested benefits, such as pension or retirement benefits, the rights to which are governed by the terms of the applicable plan documents and award agreements.

This general release and waiver of claims also excludes, and you do not waive, release, or discharge, the right to file an administrative charge or complaint with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by or before, any government agencies, including the right to seek or receive a monetary award or penalty from any government agencies.

(b) Waiver of California Civil Code Section 1542.

This Addendum is intended to be effective as a general release of and bar to all claims as stated in this Section. Accordingly, the Releasors specifically waive all rights under California Civil Code Section 1542, which states, "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." You acknowledge that you may later discover claims or facts in addition to or different from those which you now know or believe to exist with regards to the subject matter of this Addendum, and which, if known or suspected at the time of executing this Addendum, may have materially affected its terms. Nevertheless, the Releasors waive any and all Claims that might arise as a result of such different or additional claims or facts.

If you revoke this Addendum, the revocation does not affect the enforceability of the release contained in the Agreement, which remains in full force and effect.

3. Consideration. You acknowledge that the consideration provided in Section 3 of the Agreement is satisfactory and adequate in exchange for your waiver and general release of claims in the Agreement and this Addendum, and that your entitlement to this consideration was conditioned on signing this Addendum on or after your Resignation Date.

[Signature Page Follows]

IN WITNESS WHEREOF, you and Employer Group have executed this Addendum as of the dates shown below.

NAVITAS SEMICONDUCTOR USA, INC.

By: ______________________________ Date: ____________
Gene Sheridan
President and CEO

NAVITAS SEMICONDUCTOR CORPORATION

By: ______________________________ Date: ____________
Gene Sheridan
President and CEO

____________________________ Date: ____________
Ron Shelton

NAVITAS SEMICONDUCTOR

INSIDER TRADING POLICY

Section 1. Important Definitions Used in This Policy.

"***You***" means any employee, officer, member of the board of directors of Navitas (the "***Board of Directors***"), or consultant of Navitas.

"***Family Member***" means (a) anyone who lives in your household (whether or not family members) and (b) any family members who do not live in your household but whose transactions in Navitas securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Navitas securities.

"***Navitas***" or the "***Company***" means Navitas Semiconductor Corporation and its subsidiaries worldwide.

"***Material Nonpublic Information***" means any information about Navitas, or about its common stock, warrants or other securities, that is both "Material" and "Nonpublic".

> "***Material***". Information about Navitas is "***material***" if it would be expected to affect the investment or voting decisions of a reasonable stockholder or investor, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about Navitas. In simple terms, material information is any type of information which could reasonably be expected to affect the market price of Navitas securities or an investor's decision to buy or sell Navitas securities. Both positive and negative information may be material. While it is not possible to identify all information that would be considered material, the following information is usually considered material:

- Financial performance, including operating results and changes in performance or liquidity.
- Projections of future earnings or losses, or other earnings guidance, and any changes to previously announced earnings guidance.
- Potential mergers or acquisitions, or the sale of Navitas assets or subsidiaries.
- Changes in senior management or the Board of Directors.
- Development or release of a significant new product, or achievement of a significant development step.
- Strategic plans.
- New major contracts, customers, suppliers, or finance sources.
- Termination or loss of major contracts, customers, suppliers, or finance sources.
- Significant pricing or cost changes.
- Partnering agreements and joint ventures.

- Equity or debt offerings and or other transactions affecting Navitas' capital structure.
- Actual or threatened major litigation, or the results of such litigation.

"***Nonpublic***". Material information is "***nonpublic***" if it has not been widely disseminated to the general public through a press release issued by Navitas or a report filed by Navitas with the Securities and Exchange Commission (the "***SEC***"). Information will be considered public after one full trading day has passed following Navitas' public release of the information by press release or SEC filing.

"***Exchange Act***" means the Securities Exchange Act of 1934 and the rules and regulations thereunder.

"***Securities Act***" means the Securities Act of 1933 and the rules and regulations thereunder.

Consult Compliance Officer When in Doubt. Any employees who are unsure whether the information that they possess is material or nonpublic must consult Navitas' compliance officer, who, unless the Board of Directors provides otherwise, will act as Navitas' insider trading compliance officer (the "***Compliance Officer***") for guidance before trading in any Company securities. The Compliance Officer is Navitas' General Counsel, except with respect to transactions in Navitas securities by the General Counsel, in which case the Compliance Officer is the Chief Financial Officer (see Section 18).

Section 2. Scope of This Policy: All Directors, Officers, Employees, Family Members and Affiliates Covered.

This Insider Trading Policy applies to:

A. Directors, officers, employees and certain designated consultants of Navitas.

B. Family Members of any director, officer, employee or designated consultant of Navitas.

C. Any legal entity over which any person described in clause A or B has or shares voting or investment control.

D. Any other person who receives Material Nonpublic Information from any "Navitas Insider" (as defined in Section 16) or is otherwise designated by the Compliance Officer.

This policy continues to apply following termination of employment or other relationship with Navitas until after the first trading day that any Material Nonpublic Information in your possession has become public or is no longer material. If a person covered by this policy (other than a Section 16 Insider as defined in Section 16 of this policy) does not possess Material Nonpublic Information at the time of such person's termination of employment or service, the restrictions of this policy will not apply to the person following such termination.

Section 3. Responsibility for Family Members. You are *personally responsible* for the actions of your Family Members, and other persons connected to you who are subject to this policy. For Insiders (defined in Section 16), this includes responsibility for obtaining any required pre-clearances and for reporting any trades required to be reported to the SEC.

Section 4. Trading in Navitas Securities While in Possession of Material Nonpublic Information is Prohibited. The purchase or sale of securities by any person who possesses Material Nonpublic Information is a violation of U.S. federal and state securities laws.

It is important to avoid the *appearance* of, as well as actual, trading on the basis of Material Nonpublic Information.

If you are aware of Material Nonpublic Information relating to Navitas, you must not, directly or indirectly (through Family Members, other persons, entities or otherwise) buy, sell, or otherwise trade in the securities of Navitas, or advise anyone else to do so, or otherwise engage in any action to take personal advantage of that information. The term "***trade***" includes any transaction in Navitas common stock, stock options, restricted stock units (RSUs), warrants or other securities, including gifts and pledges (i.e., using securities as collateral for a loan or extension of credit).

Exceptions: Only trades pursuant to a 10b5-1 Plan that complies with Section 7 of this policy, and trades that are specifically exempted under Section 15.B of this policy, are not subject to the previous paragraph.

Each person subject to this policy may, from time to time, have to forego a proposed transaction even if they planned to make the transaction before learning Material Nonpublic Information and even though they may suffer economic loss or miss out on anticipated profit by waiting.

Section 5. Regular Trading Windows. Directors, officers and employees of Navitas are only permitted to purchase or sell Navitas securities during an open "***trading window***." The trading window generally opens after one full trading day has passed after Navitas releases its financial results, and closes at the close of trading on the last trading day before the 16th calendar day of the third month of a fiscal quarter. The Compliance Officer may advise directors, officers and employees of Navitas when the trading window opens and closes; but, in any event, all directors, officers and employees of Navitas are responsible for knowing the trading windows and for compliance with this policy.

Even during open trading windows, directors, officers and employees of Navitas must not trade Navitas securities if they are aware of Material Nonpublic Information.

Section 6. Navitas May Suspend All Trading Activities by Employees. In order to avoid the appearance or any question regarding possible unlawful insider trading, and to protect both employees and Navitas from any potential liability, from time to time Navitas may impose additional "***blackout***" periods during which some or all employees may not buy or sell Navitas securities. The Compliance Officer will impose such a blackout period if, in the Compliance Officer's judgment, there exists (or may exist) nonpublic information that would make trades by Navitas employees (or certain employees) inappropriate in light of the risk that such trades could be viewed as violating applicable securities laws.

The existence of such additional blackout periods will itself constitute Material Nonpublic Information. As a result, if you are made aware of such a blackout period applicable to you or others, you must not disclose the existence of the blackout to anyone.

Section 7. 10b5-1 Plans. A "***10b5-1 Plan***" is a written trading plan that satisfies the requirements of Rule 10b5-1(c) under the Exchange Act and this policy. Any person covered by this policy will be deemed not to have violated this policy for sales or other transactions in Navitas securities that are executed pursuant to a 10b5-1 Plan.

A. To satisfy the requirements of this policy, the written trading plan must be either:

1. a Rule 10b5-1 trading plan created using the *E*Trade from Morgan Stanley* on-line platform for Navitas equity plan awards (or any successor platform or service authorized by Navitas), which is approved by the Compliance Officer and otherwise becomes effective in accordance with the terms, conditions and procedures of the platform; or

2. a documented plan, entered into in good faith with a broker registered as a broker-dealer under the Exchange Act, that complies with all then-applicable provisions of Rule 10b5-1(c) under the Exchange Act, and that is authorized prior to the effective time of any transactions under such plan by the Compliance Officer. The Company reserves the right to withhold authorization of any plan that the Compliance Officer determines, in his or her sole discretion, fails to comply with Rule 10b5-1(c).

B. Any modifications to or deviations from a 10b5-1 Plan (other than termination thereof) without prior authorization of the Compliance Officer is a violation of this policy. Any such modifications or deviations are subject to the authorization of the Compliance Officer.

C. Each 10b5-1 Plan must be established at a time when (i) the trading window is open, or when the Board of Directors, the Governance Committee, or the Compliance Officer has otherwise provided notice of an open period for the adoption of 10b5-1 Plans, and (ii) the person entering into the plan is not in possession of Material Nonpublic Information.

D. Each 10b5-1 Plan must provide (or the person covered by the plan must otherwise arrange for) appropriate mechanisms to ensure that the person complies with all rules and regulations applicable to transactions under the 10b5-1 Plan, including Rule 144 under the Securities Act and Section 16 of the Exchange Act.

E. Each 10b5-1 Plan must provide for the suspension of all transactions under such plan in the event that Navitas, in its sole discretion, deems such suspension necessary and advisable, including suspensions necessary to comply with trading restrictions imposed in connection with any lock-up agreement required in connection with a securities issuance transaction or other similar events.

F. None of Navitas, the Compliance Officer, or any of Navitas' officers, employees or other representatives shall be deemed, solely by their authorization of any 10b5-1 Plan, to have represented that any such plan complies with Rule 10b5-1(c) or to have assumed any liability or responsibility to the person covered by the plan or any other party if such plan fails to comply with Rule 10b5-1(c).

G. The Compliance Officer will maintain the confidentiality of 10b5-1 Plans, including the identities of persons who have submitted them and the terms and conditions thereof, except in each case to the extent required by law or as reasonably necessary for the administration of applicable company plans and policies.

Section 8. Trading in Other Public Companies' Securities While in Possession of Material Nonpublic Information is Prohibited. If you are aware of Material Nonpublic Information relating to other publicly traded companies, including our vendors, customers and partners, as a result of your employment or other relationship with Navitas, you must not, directly or indirectly (through Family Members, other persons, entities or otherwise) buy or sell securities of such other companies, or advise anyone else to do so, or otherwise engage in any action to take personal advantage of that information.

Section 9. Certain Types of Transactions are Prohibited.

A. ***Short Sales***. Short sales of Navitas securities are prohibited, as short sales evidence the seller's expectation that Navitas securities will decline in value, signal to the market that the seller has no confidence in Navitas or its short-term prospects, and may reduce the seller's incentive to improve Navitas' performance. In addition, Section 16(c) of the Exchange Act prohibits executive officers and directors from engaging in short sales.

B. ***Publicly Traded Options***. Transactions in puts, calls or other derivative securities involving Navitas stock are prohibited, as any such transaction is, in effect, a bet on the short-term movement of Navitas' stock, creates the appearance of trading based on inside information, and may focus attention on short-term performance at the expense of Navitas' long-term objectives. *Exception*: transactions in derivative instruments issued by Navitas, such as stock options and restricted stock units (RSUs), are not prohibited by this paragraph, but are subject to all other parts of this policy.

C. ***Hedging Transactions***. Hedging or monetization transactions (including but not limited to zero-cost collars, prepaid variable forwards, equity swaps, puts, calls, collars, forwards and other derivative instruments) are prohibited, as such transactions allow you to continue to own Navitas securities without the full risks and rewards of ownership and as a result, you may not have the same objectives as other stockholders.

D. ***Margin Accounts and Pledges***. Subject to such exceptions as may be made by the board of directors in its sole discretion, considering the applicable facts and circumstances, directors, officers and other employees are prohibited from holding Navitas securities in a margin account, or pledging Navitas securities as collateral for a loan, as such securities may be traded without your consent (for failing to meet a margin call or if you default on the loan) at a time when you possess Material Nonpublic Information or otherwise are not permitted to trade.

E. ***Short-Term Trading***. Executive officers and directors who purchase Navitas securities in the open market may not sell any Navitas securities of the same class during the six months following the purchase (or purchase such securities during the six months following a sale), as short-term trading of Navitas' securities may be distracting and may unduly focus the person on short-term stock market performance, instead of Navitas' long-term business objectives, and may result in the disgorgement of any short-swing profits.

Section 10. Sharing Material Nonpublic Information is Prohibited. If you are aware of Material Nonpublic Information relating to Navitas or any other publicly traded company with which Navitas has a relationship, you must not trade, directly or indirectly (through Family Members, other persons, entities or otherwise), pass that information on to others outside Navitas (except as authorized and appropriate in the conduct of your role with Navitas, and under suitable non-disclosure obligations by the outsider recipient), including Family Members, friends or other acquaintances until the information is no longer "Nonpublic" (as defined see Section 1). Passing Material Nonpublic Information to others in such a fashion is referred to as "***tipping***". You must treat Material Nonpublic Information about our business partners with the same care required with respect to such information related to Navitas.

Tipping includes passing information under circumstances that actually helps another person make a profit or avoid a loss, or that might suggest you were trying to help another person make a profit or avoid a loss. You must exercise care when speaking with others who do not "***need to know***", even if they are subject to this policy, as well as when communicating with Family Members, friends and others not associated with Navitas.

Unless you are authorized to do so in connection with your job responsibilities, you must not discuss Navitas business or prospects, make recommendations about buying or selling Navitas securities, or the securities of other companies with which we have a relationship.

Section 11. Recommendations Regarding Trading in Company Securities are Prohibited. If you possess Material Nonpublic Information, you must not make any recommendations or express any opinions about trading in Navitas securities, except to advise others not to trade in Navitas securities if doing so might violate the law or this policy. In general, it is a good idea *never* to discuss Navitas securities with others at any time, whether or not you are aware of Material Nonpublic Information.

Section 12. Only Designated Company Spokespersons are Authorized to Disclose Material Nonpublic Information. U.S. federal securities laws prohibit Navitas from selectively disclosing Material Nonpublic Information. Navitas has established procedures for releasing material information in a manner that is designed to achieve broad dissemination of the information immediately upon its release. You must not disclose Material Nonpublic Information to anyone outside Navitas, including Family Members and friends, other than in accordance with those established procedures.

Section 13. Refer All Inquiries to Authorized Spokespersons. All outside inquiries about Navitas should be directed to Investor Relations, Corporate Communications, the Compliance Officer or the general counsel of Navitas (the "General Counsel"). This includes inquiries from outside researchers, analysts and others, who may try to contact you for information. You must not provide any information to such persons, even if they promise to keep what you tell them confidential, and even if they tell you they do not want you to reveal Material Nonpublic Information.

Section 14. Employees Must Follow Company Guidelines Pertaining to Electronic Communications. Employees must follow the Navitas Disclosure and Regulation FD Policy before participating in any Internet electronic communication forums concerning Navitas.

Section 15. Other Transactions in Company Securities.

A. ***General Rule***. This policy applies to all transactions in Navitas securities, including any securities Navitas may issue from time to time, such as common stock, preferred stock, warrants or convertible debentures, as well as to derivative securities relating to Navitas' stock, whether or not issued by Navitas, such as exchange-traded options.

B. ***Employee Stock Plans***.

1. <u>*Equity Incentive Plans*</u>. The trading restrictions set forth in this policy apply generally to transactions in stock options, restricted stock units (RSUs) and other awards granted to employees under Navitas' equity incentive plans. However, the restrictions of this policy do not apply to:

a. the *exercise* of stock options or other similar equity awards and the corresponding *purchase* of securities underlying the option, if (and only if) the exercise price and any applicable withholding taxes are paid in cash to the Company by the option holder (this is known as an "***exercise-and-hold***" transaction); or

b. the *delivery* of securities following the vesting of restricted stock units (RSUs), restricted shares or other such "full-value" securities that are taxable to the recipient upon receipt, and any corresponding "*sales-to-cover*" only to the extent necessary to pay the minimum withholding taxes that result from the receipt of such securities, if (and only if) the corresponding vesting date of the securities was specified in writing or otherwise fixed and determinable at the time of grant and occurred at least 120 days after the time of grant.

However, all (i) *sales* of securities acquired through the exercise of stock options or similar equity awards, including "same-day sale", "cashless" exercises, and "net exercise" transactions, or exercises in which the exercise price is paid in shares of Company stock, and (ii) *sales* of securities acquired upon the vesting of RSUs or other full-value securities in excess of the minimum number that are "sold-to-cover" withholding taxes as permitted above, will be subject to the trading restrictions set forth in this policy, except to the extent they are covered by a 10b5-1 Plan.

2. <u>*Employee Stock Purchase Plan (ESPP)*</u>. The trading restrictions set forth in this policy do not apply to purchases of Navitas securities pursuant to the employee's advance instructions under the Navitas Semiconductor 2022 Employee Stock Purchase Plan or any other Company benefit plan (e.g., a pension or 401(k) plan). However, no alteration to instructions regarding the level of withholding or the purchase of Navitas securities in such plans is permitted while in the possession of Material Nonpublic Information. Further, any sale of securities acquired under such plans remains subject to the prohibitions and restrictions of this policy.

C. Even though, pursuant to this Section 15, the restrictions under this policy may not apply to certain transactions under the Company's employee stock plans, the Company may nevertheless choose to delay or otherwise modify such transactions from time to time, in its discretion, in order to further the goals of this policy, including to assure compliance with applicable securities laws and regulations or to avoid the appearance of unlawful insider trading.

Section 16. Directors, Officers and Certain Named Employees are Subject to Additional Restrictions.

A. ***Section 16 Insiders***. Members of Navitas' board of directors and certain executive officers designated by the board of directors (collectively, "***Section 16 Insiders***") are subject to the reporting provisions and trading restrictions of Section 16 of the Exchange Act and rules and regulations thereunder.

B. ***Insider Employees***. Navitas has designated the persons with the roles/titles listed on <u>Exhibit A</u> as employees who have (or are likely to have) frequent access to Material Nonpublic Information concerning Navitas ("***Insider Employees***"). The Company will amend <u>Exhibit A</u> from time to time as necessary.

Section 16 Insiders and Insider Employees are collectively referred to as "***Insiders***".

C. ***Additional Restrictions***. Because Insiders regularly possess Material Nonpublic Information about Navitas, and in light of the reporting requirements to which Section 16 Insiders are subject, all Insiders are subject to the additional restrictions set forth in <u>Appendix I</u>.

Section 17. Policy Violations Must Be Reported. Any person who violates this policy, Navitas' Disclosure and Regulation FD Policy or any federal or state laws governing insider trading, or knows of any such violation by any other person, must report the violation immediately to the Compliance Officer. Upon learning of any such violation, the Compliance Officer will determine whether Navitas should release any Material Nonpublic Information or whether Navitas should report the violation to the SEC or other appropriate governmental authority.

Section 18. Insider Trading Compliance Officer. The Compliance Officer is currently Navitas' General Counsel. *Exception:* if the regular Compliance Officer is a party to a proposed trade, transaction or inquiry relating to this policy, then Navitas' Chief Financial Officer shall act as the Compliance Officer with respect to such proposed trade, transaction or inquiry. The Compliance Officer may delegate his or her authority to act as the Compliance Officer as he or she deems necessary or appropriate in his or her sole discretion. The duties of the Compliance Officer and his/her delegees include the following:

- Administering, monitoring and enforcing compliance with this policy.
- Responding to all inquiries relating to this policy and its procedures.
- Designating and announcing special trading blackout periods during which persons covered by the blackout must not trade in Company securities.
- Providing copies of this policy and other appropriate materials to all current and new directors, officers and employees, and such other persons as the Compliance Officer determines have access to Material Nonpublic Information concerning Navitas.
- Administering, monitoring and enforcing compliance with federal and state insider trading laws and regulations.
- Assisting in the preparation and filing of all required SEC reports relating to trading in Navitas securities by Insiders, including SEC Forms 3, 4, 5 and 144 and Schedules 13D and 13G.
- Maintaining as Company records originals or copies of all documents required by this policy, and copies of all required SEC reports, including Forms 3, 4, 5 and 144 and Schedules 13D and 13G.
- Reviewing this policy in light of changes in federal or state insider trading laws and regulations and submitting any modifications to the Governance Committee (as defined below) for approval by the Board of Directors.
- Maintaining the accuracy of the list of roles/titles as set forth on Exhibit A, and updating such list periodically as necessary to reflect additions or deletions.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer's duties under this policy in the event that a Compliance Officer is unable or unavailable to perform such duties.

Section 19. Violations of Insider Trading Laws or This Policy Can Result in Severe Consequences.

A. ***Civil and Criminal Penalties***. The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge the profit made or loss avoided, pay civil penalties up to three times the profit made or loss avoided, face private action for damages, as well as be subject to criminal penalties, including up to 20 years in prison and fines of up to $5 million. The Company and/or the supervisors of the person violating the rules may also be required to pay major civil or criminal penalties.

B. ***Company Discipline***. Violation of this policy or federal or state insider trading laws by any director, officer or employee may subject the director to removal proceedings and the officer or employee to disciplinary action by Navitas, including termination for cause.

Section 20. This Policy is Subject to Revision. Navitas may change the terms of this policy from time to time to respond to developments in law and practice, and will take steps to inform all affected persons of any material changes.

Section 21. All Persons Must Acknowledge Their Agreement to Comply with This Policy. This policy will be available on Navitas' website, delivered to all persons subject to this policy upon adoption, and to all other persons at the start of their employment or relationship with Navitas. Upon first receiving a copy of this policy or any revised versions, each such person must acknowledge that they have received a copy and agree to comply with this policy's terms.

[APPENDIX I and EXHIBIT A Follow]

APPENDIX I

Special Restrictions on Transactions in Company Securities by Insiders

To minimize the risk of apparent or actual violations of the laws and regulations governing insider trading, Navitas has adopted these special restrictions relating to transactions in our securities by Insiders. All Insiders (as defined in Section 16 of the policy) are responsible for ensuring compliance with this Appendix I, including restrictions on all trading during certain periods, by Family Members and by entities over which they exercise voting or investment control. Insiders should provide each of these persons or entities with a copy of this policy.

Section 1. Trade Pre-Clearance Required. As part of this policy, all purchases and sales of equity securities of Navitas by Insiders, other than transactions pursuant to a 10b5-1 Plan, must be pre-cleared by the Compliance Officer. This requirement is intended to prevent inadvertent policy violations, avoid trades involving the appearance of improper insider trading, facilitate timely Form 4 reporting by Section 16 Insiders and avoid transactions that are subject to disgorgement under Section 16(b) of the Exchange Act.

Requests for pre-clearance must be submitted via email to the Compliance Officer at least **two** business days in advance of each proposed transaction. If the Insider does not receive a response from the Compliance Officer within **24** hours, the Insider must follow up to ensure that the message was received. Each Insider request for pre-clearance should include the nature of the proposed transaction and the expected date of the transaction. In addition, each request by a Section 16 Insider for pre-clearance should also include the following information:

- Number of shares involved.
- If the transaction involves a stock option exercise, the specific option to be exercised.
- Contact information for the broker who will execute the transaction.

If the proposed transaction is pre-cleared, the Insider may proceed with it on the approved terms, provided the Insider complies with all other provisions of this policy, securities law requirements such as Rule 144, and prohibitions on trading on the basis of Material Nonpublic Information. For example, if, after receiving approval for a proposed trade from the Compliance Officer, the Insider becomes aware of Material Nonpublic Information, or if Navitas imposes a special blackout, in either case before completion of the trade, then the Insider must not complete the trade.

Pre-clearance will not be required for transactions effected pursuant to a 10b5-1 Plan that has been pre-cleared by the Compliance Office. However, all Section 16 Insiders must immediately report the results of transactions effected under a 10b5-1 Plan to the Compliance Officer since they will be reportable on Form 4 within two business days following the execution of the trade. Notwithstanding the foregoing, any transactions by the Compliance Officer, or a delegate of the Compliance Officer under this policy, shall be subject to pre-clearance by the Chief Financial Officer.

Section 2. Pre-Clearance of 10b5-1 Plans Required. Like all other persons covered by this policy, Insiders must pre-clear proposed 10b5-1 Plans with the Compliance Officer or a delegatee of the Compliance Officer, preferably at least five business days prior to entry into or modification of the plan, and in any case the Compliance Officer must approve the plan only during a permitted trading period. Approval by the Compliance Officer of a 10b5-1 Plan created using the *E*Trade from Morgan Stanley* on-line platform (or successor platform or service) constitutes pre-clearance for purposes of this policy. Any other proposed 10b5-1 Plan must be submitted in draft form to the Compliance Officer for review and approval. The draft plan may be created and reviewed for pre-approval at any time, but it must be entered into by the Insider, and finally approved by the Compliance Officer, only during a permitted trading period and only if the Insider is not in possession of Material Nonpublic Information at such time.

Section 3. Hardship Exemptions. The Compliance Officer may, on a case by case basis, authorize a transaction in Navitas securities or the entry into a 10b5-1 Plan outside of the regular permitted trading period (but in no event during a special blackout period or when the Insider possesses Material Nonpublic Information) due to financial or other hardship. Any request for a hardship exemption must be in writing and must describe the amount and nature of the proposed transaction and the circumstances of the hardship. The Insider requesting the hardship exemption must also certify to the Compliance Officer within two business days prior to the date of the proposed trade that they are not in possession of Material Nonpublic Information concerning Navitas, and that they will not proceed with the trade if, at the time of the trade, they are in possession of Material Nonpublic Information. The existence of the foregoing procedure does not in any way obligate the Compliance Officer to approve any hardship exemption requested by an Insider.

Section 4. Brokers. All Section 16 Insiders must ensure that their broker does not execute any transaction for the Insider (other than under a 10b5-1 Plan) until the broker has verified with the Compliance Officer that the transaction has been pre-cleared.

Section 5. Reporting of Transactions Required. To facilitate timely reporting under Section 16 of the Exchange Act, Section 16 Insiders are required, ***on the same day as the trade date***, or, with respect to transactions effected pursuant to a Rule 10b5-1 plan, on the day the Insider is advised of the terms of the transaction, (a) to report the details of each transaction to the Compliance Officer and (b) to arrange with persons whose trades must be reported by the Insider under Section 16 (such as Family Members) to immediately report directly to Navitas and to the Insider the following transaction details:

- Transaction date (trade date).
- Number of shares involved.
- Price per share at which the transaction was executed (before addition or deduction of brokerage commission and other transaction fees).
- For stock option exercises, the specific option exercised.
- Contact information for the broker who executed the transaction.
- Specific representation that the Insider is not in possession of material non-public information.

The transaction details must be reported to the Compliance Officer, with copies to Navitas personnel who will assist the Section 16 Insider in preparing their Form 4.

Section 6. Oversight by the Governance and Sustainability Committee. The Governance and Sustainability Committee (the "***Governance Committee***") of the Board of Directors will be responsible for monitoring and recommending any modification to this policy, if necessary or advisable, to the Board of Directors. The Governance Committee will also review, at least annually, those individuals who are deemed to be executive officers for purposes of Section 16 and will recommend any changes regarding such status to the Board of Directors.

Section 7. Named Employees Considered Insiders. The Governance Committee will review, at least annually, those individuals deemed to be "Insiders" for purposes of this Appendix I. Insiders shall include persons subject to Section 16 and such other persons as the Governance Committee deems to be Insiders. Generally, Insiders shall be any person who by function of their employment is *consistently* in possession of Material Nonpublic Information *or* performs an operational role, such as head of a division or business unit, that is material to Navitas as a whole.

[EXHIBIT A FOLLOWS]

NAVITAS SEMICONDUCTOR CORPORATION

POLICY AND PROCEDURES FOR
GRANTING OF EQUITY-BASED AWARDS

Purpose

The purpose of this Policy and Procedures for Granting of Equity-Based Awards (this "**Policy**") is to create a framework for a consistent process for granting equity-based awards. The board of directors (the "**Board**") of Navitas Semiconductor Corporation (the "**Company**") has adopted this Policy to ensure the integrity and efficiency of the Company's award process.

General

This Policy shall be followed in connection with all issuances of equity-based awards by the Company to officers, employees and consultants under the Company's equity plans, including but not limited to the Navitas Semiconductor Corporation 2021 Equity Incentive Plan (the "**2021 Plan**"). Capitalized terms used and not otherwise defined in this Policy have the meanings given in the 2021 Plan. Equity-based awards include any compensatory award issued or granted in the form of the Company's common stock or a derivative thereof, including, but not limited to, stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units. It is the intent of the Company that no equity-based awards shall be backdated, nor shall the timing of the public release of material information or of an equity-based award be manipulated with the intent of benefiting an award recipient. All equity-based awards will be made in accordance with applicable laws, the charter of the compensation committee of the Board (the "**Compensation Committee**") and applicable equity plan documents. This Policy may be amended at any time by the Board.

It is the intent of this Policy that, except as otherwise provided below, awards be made during open trading windows, consistent with the Company's Insider Trading Policy, to minimize the risk of grant decisions being made while any employee or member of the Board is in possession of material, non-public information.

Authority to Grant Awards

The Board has determined that the Compensation Committee is best qualified to review and approve grants of equity-based awards and policies governing the approval of such awards. Accordingly, all equity-based awards granted by the Company shall either be (a) approved by the Compensation Committee or (b) approved by the Chief Executive Officer (the "**CEO**") or, if authorized by the CEO, the direct report to the CEO responsible for human resources ("**HR VP**") or the senior manager for human resources ("**HR Director**"), in either case pursuant to a written delegation of authority by the Compensation Committee which sets out the specific limits of such delegation, and provided that any such delegation of authority shall not delegate authority to grant awards to Directors, Officers or employees whose compensation is otherwise subject to approval by the Board or the Compensation Committee.. Awards granted pursuant to such written delegation of authority will not be subject to ratification or approval by the Compensation Committee. However, management shall provide a summary report, in a format satisfactory to the Compensation Committee, of all awards granted pursuant to such delegation to the Compensation Committee at the next committee meeting following the applicable grant dates.

Annual Grants

Annual grants of equity-based awards to eligible officers, employees and consultants shall be made on the second business day following the Company's release of earnings for the previously completed fiscal year or such later date or dates determined or authorized by the Board or Compensation Committee. Such awards shall be approved in aggregate by the Compensation Committee in advance of the grant date, provided that awards to Directors, Officers, and others whose compensation is subject to approval by the Board or Compensation Committee, shall be individually approved. In advance of the Compensation Committee meeting at which such grants are subject to approval, management shall provide the Compensation Committee with a list of grants to be considered, including each recipient's name, the amount and nature of the recommended award and the vesting schedule, *provided that*, as to annual awards to recipients that the CEO may approve pursuant to delegated authority, the list of grants may be aggregated based on the rank of participants or otherwise organized in such manner as the Compensation Committee may approve.

The Board or the Compensation Committee may change the annual grant date for any particular year if the Company is in possession of material non-public information or if the Board or Compensation Committee otherwise determines that making grants on such date would not be in the Company's best interest.

New-Hire, Promotions and Other Grants

Grants of equity-based awards to new hires or for promotions, retention or purposes other than annual or other broad-based Company-wide grants shall be approved at regularly scheduled meetings of the Compensation Committee or by the CEO, HR VP or HR Manager pursuant and subject to the delegated authority described above.

In advance of each meeting of the Compensation Committee at which grants of equity awards are subject to approval by the Compensation Committee, management shall provide the Compensation Committee with a list of those individuals for whom management or the Board recommends an award, the amount and nature of the recommended award, vesting schedule and the reason or basis for the award (for example, new-hire grants, merit awards, transaction-related awards), *provided that*, as to awards that the CEO, HR VP or HR Manager may approve pursuant to delegated authority, the list may be aggregated based on the rank of participants or otherwise organized in such format as the Compensation Committee may approve.

No additional grants from those included on such list of equity-based awards shall be made once the list has been approved by the Compensation Committee, except for awards that the CEO, HR VP or HR Manager may approve pursuant to delegated authority.

Grant Date of Awards

The grant date of an annual award shall be the date on which the Compensation Committee approves the award grants unless a subsequent date is specified by the Compensation Committee or in the terms of the award.

Under no circumstances shall a grant date be selected which precedes the date of approval by the Compensation Committee, CEO, HR VP or HR Manager, as applicable.

Sell-to-Cover Authorizations for RSUs

In cases where the vesting and settlement of RSU awards results in a taxable event to the Participant, and the corresponding vesting date occurs during a scheduled trading blackout period under the Insider Trading Policy, then, in accordance with the 2021 Plan, the settlement of the corresponding shares may be delayed until the next open trading period , whereupon a sell-to-cover transaction or, at the Company's sole discretion, a "net-exercise" or share repurchase by the Company, shall be executed automatically, pursuant to this Policy and without authorization or discretion of the Participant, sufficient to cover all applicable withholding taxes and charges applicable to such vesting, notwithstanding any provision of the Insider Trading Policy to the contrary. Such sales shall be deemed to constitute transactions intended to comply with a trading plan under Rule 10b5-1(c) of the Securities Exchange Act of 1934. The sale of any shares in excess of such sell-to-cover amount or of shares remaining after a net exercise or share repurchase by the Company, as applicable, will be at the Participant's discretion and subject to all applicable provisions of the Insider Trading Policy.

Annual Awards of RSUs to Directors

Individual grants of annual awards of RSUs to Directors, in such amounts and on such vesting and other terms and conditions as the Board shall have determined from time to time, shall be approved by the Board at or before the annual meeting of stockholders, or as otherwise determined by the Board. The grant date for such awards shall be the date of such annual meeting of stockholders, or, if such annual meeting of stockholders is not held during an open trading period, the first trading day during the next open trading period.

Annual Bonus Awards Paid in the Form of RSUs

In the event the Company determines to pay annual performance incentive awards in the form of RSUs, including fully vested RSUs and/or RSUs subject to vesting, such determination shall be approved by the Compensation Committee in advance of the grant date of such RSUs. The grant date for such RSUs shall be the first day of the first open trading period following such approval or such later date authorized by the Board or Compensation Committee (including a date selected by an Officer pursuant to such authorization). The sell-to-cover authorization described above shall apply to such awards unless otherwise determined by the Compensation Committee in accordance with its administrative authority under the Plan, or otherwise determined by the CEO pursuant to authority delegated by the Compensation Committee.

Exercise Price

The exercise price of any equity-based award requiring an exercise price shall be no less than the fair market value (defined as the closing price on the grant date, unless otherwise required under the terms of the equity plan under which the award is granted) of the Company's common stock on the grant date.

Timing of Public Announcements

The Company shall not purposely accelerate or delay the public release of material information in consideration of a pending equity grant in order to allow an award recipient to benefit from a more favorable stock price. The Company recognizes, however, that a release of information by the Company in close proximity to an equity grant could create the appearance of an effort to time the announcement to a recipient's benefit, even if no such benefit was intended. Accordingly, management shall advise the Compensation Committee whenever it is aware that material non-public information is planned to be released to the public in close proximity to the grant of an equity-based award.

Documentation and Administration

Committee Minutes. Authorization for equity-based awards granted by the Company, whether approved by the Compensation Committee itself or pursuant to authority delegated by the Compensation Committee, shall be reflected in the minutes of the Compensation Committee. The minutes shall include, or incorporate or refer to written materials provided or made available to the Compensation Committee which set forth, the names of award recipients or, as to recipients other than Directors andOfficers or other employees whose compensation is subject to approval by the Board or Compensation Committee, suitable categories or other descriptions that permit the orderly granting of such awards, as well as the number and type of award granted to recipients and applicable vesting terms.

Award Agreements. All equity-based awards shall be evidenced by written award agreements, the form of which shall have been approved by the Compensation Committee.

Amendments/Modifications to Outstanding Awards. Amendments or modifications to outstanding equity-based awards must be approved by the same authority as would be required if such awards, as amended or modified, were being granted for the first time.

Grant Documentation. Recipients of equity-based awards will be notified promptly and the equity-based awards shall be documented and distributed as soon as practicable following the grant date.

Interpretation

The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any interpretation made by the Compensation Committee shall be final, conclusive and binding.

Review of Equity-Based Award Policy

The Compensation Committee shall review this Policy periodically and may recommend any modifications to the Board. The Board will determine any changes to be made to this Policy based on the Compensation Committee's recommendations.

Training

All individuals involved in the administration of the Company's equity plans shall undergo periodic training regarding the implementation of this Policy and the material accounting, legal and other issues related to equity-based awards. The training program will be reviewed and implemented by the human resource and legal departments.

Exhibit 21.1

Subsidiaries of Navitas Semiconductor Corporation

Name	**Jurisdiction**
Navitas Semiconductor Limited, *including as domesticated in Delaware as* Navitas Semiconductor Ireland, LLC	Ireland and Delaware
GeneSiC Semiconductor LLC	Delaware
Navitas Semiconductor USA, Inc.	Delaware

Excludes subsidiaries which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as defined in 17 C.F.R. § 210.1-02(w).

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-269752 and No. 333-261323) and Form S-8 (No. 333-262324, No. 333-271252 and No. 333-271253) of Navitas Semiconductor Corporation (the "Company") of our report dated March 6, 2024, relating to the consolidated financial statements of the Company as of and for the year ended December 31, 2023, and the effectiveness of internal control over financial reporting of the Company as of December 31, 2023, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2023.

/s/ Moss Adams LLP

Los Angeles, CA

March 6, 2024

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-261323 and No. 333-269752) and Form S-8 (No. 333-262324, No. 333-271252 and No. 333-271253) of Navitas Semiconductor Corporation (the "Company") of our report dated April 3, 2023, relating to the consolidated financial statements of the Company for the year ended December 31, 2022, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Los Angeles, CA

March 6, 2024

Exhibit 31.1

CERTIFICATION

I, Gene Sheridan, certify that:

1. I have reviewed this annual report report on Form 10-K for the fiscal year ended December 31, 2023 of Navitas Semiconductor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2024

/s/ Gene Sheridan
Gene Sheridan
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Ron Shelton, certify that:

1. I have reviewed this annual report report on Form 10-K for the fiscal year ended December 31, 2023 of Navitas Semiconductor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2024

/s/ Ron Shelton
Ron Shelton
Sr. V.P., Chief Financial Officer and Treasurer
(principal financial and accounting officer)

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Navitas Semiconductor Corporation ("Navitas"), that, to his knowledge, Navitas' annual report on Form 10-K for the year ended December 31, 2023, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Navitas. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to that Form 10-K. A signed original of this statement, which may be electronic, has been provided to Navitas and will be retained by Navitas and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 6, 2024	/s/ Gene Sheridan Gene Sheridan President and Chief Executive Officer (principal executive officer)
Date: March 6, 2024	/s/ Ron Shelton Ron Shelton Sr. Vice President, Chief Financial Officer and Treasurer (principal financial and accounting officer)

Exhibit 10.32

NAVITAS SEMICONDUCTOR DODD-FRANK CLAWBACK POLICY

Navitas Semiconductor Corporation, a Delaware corporation (the “Company”), has adopted this clawback policy (the “Policy”) as a supplement to any other clawback policies in effect now or in the future at the Company. To the extent this Policy applies to compensation payable to a person covered by this Policy, it shall be the only clawback policy applicable to such compensation and no other clawback policy shall apply; provided that, if such other policy provides that a greater amount of such compensation shall be subject to clawback, such other policy shall apply to the amount in excess of the amount subject to clawback under this policy. This Policy shall be interpreted to comply with the clawback rules found in 229 C.F.R. §240.10D and the related listing rules of the national securities exchange or national securities association (“Exchange”) on which the Company has listed securities, and, to the extent this Policy is any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

1. Definitions. 229 C.F.R. §240.10D-1(d) defines the terms “Executive Officer,” “Financial Reporting Measure,” “Incentive-Based Compensation,” and “Received.” As used herein, these terms shall have the same meaning as in that regulation.

2. Application of the Policy. This Policy shall only apply in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the issuer with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

3. Recovery Period. The Incentive-Based Compensation subject to clawback is the Incentive-Based Compensation Received during the three completed fiscal years immediately preceding the date that the issuer is required to prepare an accounting restatement as described in section 2, provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. The date that the Company is required to prepare an accounting restatement shall be determined pursuant to 229 C.F.R. §240.10D-1(b)(1)(ii).

(a) Notwithstanding the foregoing, the Policy shall only apply if the Incentive-Based Compensation is Received (1) while the issuer has a class of securities listed on an Exchange and (2) on or after December 1, 2023.

(b) See 229 C.F.R. §240.10D-1(b)(1)(i) for certain circumstances under which the Policy will apply to Incentive-Based Compensation received during a transition period arising due to a change in the Company’s fiscal year.

4. Erroneously Awarded Compensation. The amount of Incentive-Based Compensation subject to the Policy (“Erroneously Awarded Compensation”) is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive Based-Compensation that otherwise would have been Received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid.

(a) For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (1) the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (2) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

5. The Company shall recover reasonably promptly any Erroneously Awarded Compensation except to the extent that the conditions of paragraphs (a), (b), or (c) below apply. The Compensation

Committee (the "Committee") shall determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with this "reasonably promptly" requirement. Such determination shall be consistent with any applicable legal guidance, by the SEC, judicial opinion, or otherwise. The determination of "reasonably promptly" may vary from case to case and the Committee is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement.

(a) Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered and the Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange.

(b) Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and shall provide such opinion to the Exchange.

(c) Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the registrant, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

6. <u>Committee decisions.</u> Decisions of the Committee with respect to this Policy shall be final, conclusive and binding on all Executive Officers subject to this policy, unless determined to be an abuse of discretion.
7. <u>No Indemnification</u>. Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss of any Erroneously Awarded Compensation.

8. <u>Agreement to Policy by Executive Officers</u>. The Committee shall take reasonable steps to inform Executive Officers of this Policy and obtain their agreement to this Policy, which steps may constitute the inclusion of this Policy as an attachment to any award that is accepted by the Executive Officer.

Document History:

Adopted November 2, 2023