Filed Pursuant to Rule 424(b)(3)
Registration No. 333-261323

PROSPECTUS SUPPLEMENT NO. 8
(to Prospectus dated December 6, 2021)

Navitas Semiconductor Corporation

Up to 87,007,757 Shares of Class A Common Stock

Up to 4,741,667 Warrants

This prospectus supplement no. 8 amends and supplements the prospectus dated December 6, 2021, as supplemented by Prospectus Supplement No. 1, dated February 1, 2022, Prospectus Supplement No. 2, dated February 4, 2022, Prospectus Supplement No. 3, dated February 22, 2022, Prospectus Supplement No. 4, dated March 31, 2022, Prospectus Supplement No. 5, dated May 2, 2022, Prospectus Supplement No. 6, dated May 16, 2022, and Prospectus Supplement No. 7, dated May 26, 2022 (the "Prospectus"), which forms a part of our registration statement on Form S-1 (No. 333-261323). This prospectus supplement is being filed to update and supplement the information in the Prospectus with the information contained in our current report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "SEC") on August 15, 2022 (the "Form 8-K"), and with the information contained in our quarterly report on Form 10-Q for the quarterly period ended June 30, 2022, filed with the SEC on August 15, 2022 (the "Form 10-Q"). Accordingly, we have attached the Form 8-K and the Form 10-Q to this prospectus supplement.

The Prospectus and this prospectus supplement relate to: (1) the issuance by us of up to 13,100,000 shares of Class A Common Stock, par value $0.0001 per share (the "Common Stock"), that may be issued upon exercise of warrants to purchase Common Stock at an exercise price of $11.50 per share of Common Stock, including the Public Warrants and the Private Placement Warrants (each as defined in the Prospectus); and (2) the offer and sale, from time to time, by the selling securityholders identified in the Prospectus, or their permitted transferees, of (i) up to 87,007,757 shares of Common Stock, (ii) up to 4,666,667 Private Placement Warrants and (iii) up to 75,000 Public Warrants held by certain of our directors and their affiliates.

The Common Stock is listed on The Nasdaq Stock Market LLC under the symbol "NVTS." On August 12, 2022, the last reported sales price of the Common Stock was $5.88 per share. We are an "emerging growth company" as defined under the U.S. federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for this and future filings.

This prospectus supplement updates and supplements the information in the Prospectus and is not complete without, and may not be delivered or utilized except in combination with, the Prospectus. This prospectus supplement should be read in conjunction with the Prospectus and if there is any inconsistency between the information in the Prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

Investing in our securities involves risks that are described in the section entitled "Risk Factors" beginning on page 6 of, and elsewhere in, the Prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued or sold under the Prospectus or determined if the Prospectus or this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is August 15, 2022

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 15, 2022

NAVITAS SEMICONDUCTOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**001-39755**	**85-2560226**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2101 E. El Segundo Blvd. , Suite 205, El Segundo CA	**90245**
(Address of principal executive offices)	(Zip Code)

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

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
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. ☐

Item 1.01. Entry into a Material Definitive Agreement.

Merger Agreement

On August 15, 2022, Navitas Semiconductor Corporation ("Navitas") entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Navitas, Gemini Acquisition LLC, a Delaware limited liability company and a wholly owned direct subsidiary of Navitas ("Merger Sub"), GeneSiC Semiconductor Inc., a Delaware corporation ("GeneSiC"), and the stockholders of GeneSiC, including Ranbir Singh and The Ranbir Singh Irrevocable Trust dated February 4, 2022 (collectively, "Sellers"). Pursuant to the Merger Agreement and immediately after its execution and delivery, GeneSiC merged with and into Merger Sub (the "Merger"), with Merger Sub as the surviving entity and continuing to operate the GeneSiC business after the Merger as a wholly owned subsidiary of Navitas.

Total consideration for all of Sellers' equity interests in GeneSiC acquired by Navitas in the Merger consisted of approximately $100,000,000 in cash (subject to customary purchase price adjustments) and 24,883,161 shares of Navitas common stock. The Merger Agreement also includes possible earn-out payments of up to $25,000,000 conditioned on the achievement of substantial revenue targets for the GeneSiC business over the four fiscal quarters ending September 30, 2023.

All of the shares of Navitas common stock issued in the Merger are subject to restrictions on transfer for six months following the closing date. In addition, 50% of the shares issued in the Merger are subject to further restrictions on transfer until October 19, 2023, which latter restrictions are subject to release (but not before six months following the closing date) if the closing price of Navitas common stock equals or exceeds $20 per share on any 20 trading days (whether or not consecutive) in any period of 30 consecutive trading days.

The Merger Agreement contains customary representations and warranties by Navitas and Sellers. Sellers have also agreed not to compete with the GeneSiC business or to solicit or hire any GeneSiC employees (subject to customary exceptions), or to solicit any of the GeneSiC business' customers or suppliers, in each case for a period of five years after the closing date.

Pursuant to the Merger Agreement, Navitas purchased a buyer-side representations and warranties insurance policy as additional recourse for certain losses arising out of a breach of Sellers' representations and warranties contained in the Merger Agreement. The policy is subject to certain policy limits, exclusions, deductibles and other terms and conditions. Sellers' obligation to indemnify Navitas for breaches of the non-fundamental representations and warranties contained in the Merger Agreement is generally limited to one-half of the retention under the representations and warranties insurance policy.

The above description of the Merger Agreement is not complete and is qualified in its entirety by reference to the full text of the Merger Agreement, which is filed as Exhibit 2.1 to this report and incorporated herein by reference.

The Merger Agreement and the above description of the Merger Agreement have been included to provide investors with information regarding the terms of the Merger Agreement. They are not intended to provide any other factual information about GeneSiC, Sellers or Navitas. The Merger Agreement contains representations, warranties, covenants and agreements of Sellers and Navitas, made solely for the benefit of the other. The representations, warranties and covenants contained in the Merger Agreement were made only for purposes of the Merger Agreement as of the date thereof, were solely for the benefit of the parties to the Merger Agreement, may be subject to limitations agreed upon by the contracting parties, including for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors.

Registration Rights Agreement

In connection with the consummation of the Merger Agreement, on August 15, 2022 Navitas entered into a registration rights agreement (the "Registration Rights Agreement") with the Sellers, pursuant to which the Sellers have certain registration rights that will require Navitas to file registration statements with the Securities and Exchange Commission to register resales by the Sellers of shares issued to them in the Merger. Under the Registration Rights Agreement, Navitas agreed, among other things, to pay all fees and expenses incident to its performance of or compliance with the Registration

Rights Agreement, and to indemnify the selling holders under such registration statements from certain liabilities relating thereto.

The foregoing description of the Registration Rights Agreement is qualified in its entirety by reference to the terms and conditions of the Registration Rights Agreement, to be included in forthcoming filings with the Securities and Exchange Commission.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On August 15, 2022, Navitas Semiconductor Corporation consummated the acquisition of GeneSiC Semiconductor Inc. The information regarding the acquisition set forth in Item 1.01 of this Form 8-K is incorporated by reference into this Item 2.01.

Item 2.02. Results of Operations and Financial Condition.

On August 15, 2022, Navitas Semiconductor Corporation issued a press release announcing its unaudited consolidated financial results for the quarterly period ended June 30, 2022. The press release is furnished as Exhibit 99.1 to this report and incorporated herein by reference.

Information in this Item 2.02 and Exhibit 99.1 is furnished and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, and none of such information is incorporated by reference in any filing under the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such a filing.

Item 3.02. Unregistered Sales of Equity Securities.

On August 15, 2022, Navitas Semiconductor Corporation issued 24,883,161 shares of its common stock in partial consideration for the acquisition of GeneSiC Semiconductor Inc. The information regarding the acquisition set forth in Item 1.01 of this Form 8-K is incorporated by reference into this Item 3.02. The shares were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, or Rule 506 thereunder.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 15, 2022, in connection with its acquisition of GeneSiC Semiconductor Inc. ("GeneSiC"), described in Item 1.01 of this Form 8-K, Navitas Semiconductor Corporation ("Navitas") appointed Dr. Ranbir Singh as Executive Vice President for the GeneSiC business, reporting to President and CEO Gene Sheridan. Dr. Singh, 52, was previously President and CEO of GeneSiC, which he founded in 2004. Prior to that he conducted research on silicon carbide (SiC) power devices, first at Cree Inc. and then at the National Institutes of Standards and Testing (NIST). Dr. Singh has published on a wide range of SiC and power technology subjects, including PiN, JBS and Schottky diodes, MOSFETs, IGBTs, Thyristors and field-controlled thyristors. He received Ph.D. and M.S. degrees in Electrical and Computer Engineering from North Carolina State University and a B. Tech. degree from the Indian Institute of Technology, Delhi.

In connection his employment by Navitas, Dr. Singh and Navitas entered into an employment agreement dated August 15, 2022. Under the agreement, Dr. Singh's initial annual base salary is $350,000, with an opportunity to earn an annual incentive bonus of 50% of his base salary if target financial and other performance goals are achieved, and up to a maximum of 70% of his base salary if the goals are exceeded, in accordance with Navitas' annual bonus plan. In connection with his recruitment, on August 15, 2022, Dr. Singh received an award, under the Navitas Semiconductor Corporation 2021 Equity Incentive Plan ("2021 Plan") of long-term incentive performance ("LTIP") stock options to purchase up to 3,250,000 shares of Navitas common stock. The LTIP award is structured on substantially identical terms to 2021 LTIP option grants to Navitas' Chief Executive Officer and Chief Operating Officer / Chief Technology Officer. The options have an exercise price of $10.00 per share (the higher of $10.00 or the fair market value of Navitas common stock on the grant date). The award is divided into 10 tranches of 325,000 options, with each tranche having a corresponding share price target, revenue target and, for tranches 4-10, a target for adjusted EBITDA (earnings before interest, taxes, depreciation and amortization). The share price and performance targets are designed to provide financial rewards conditioned upon Navitas' achievement of financial performance milestones which, if realized, would be expected to result in substantial increases in shareholder value over the long-term performance period of these awards. For more information on Navitas' LTIP option awards, see the description in Item 11 of our annual report on Form 10-K/A for the fiscal year ended December 31, 2021, filed with the Securities and Exchange Commission on May 2, 2022, which description is incorporated into this Item 5.02 by reference.

Under Dr. Singh's employment agreement, if Dr. Singh's employment is involuntarily terminated by Navitas without cause or by Dr. Singh for "good reason", as those terms are defined in his employment agreement, then Dr. Singh would be eligible for severance benefits equal to 12 months' base salary and 12 months' continued health benefits. If such a termination of employment occurs within 12 months of a change in control of Navitas, then Dr. Singh would be eligible for severance benefits equal to 24 months' base salary and 24 months' continued health benefits, and full vesting of equity incentive awards outstanding on the date of termination (with performance-based awards vesting at target achievement). Under Dr. Singh's employment agreement, if Navitas provides severance benefits which are more favorable to any other C-level executive, such improved benefits will be extended to Dr. Singh.

The foregoing description of Dr. Singh's employment agreement and elements of his compensation is qualified in its entirety by reference to the terms and conditions of the 2021 Plan and Dr. Singh's employment agreement, included in past or forthcoming filings with the Securities and Exchange Commission.

Item 7.01. Regulation FD Disclosure.

On August 15, 2022, Navitas issued a press release announcing its acquisition of GeneSiC Semiconductor Inc. The press release is furnished as Exhibit 99.2 to this report and incorporated in this Item 7.01 by reference.

Information in this Item 7.01 and Exhibit 99.2 is furnished and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, and none of such information is incorporated by reference in any filing under the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The financial statements required by Item 9.01(a) of Form 8-K, in connection with Navitas' acquisition of GeneSiC Semiconductor Inc., are not included in this report. Navitas intends to file these financial statements by an amendment to this report within the timeframe permitted by Item 9.01(a).

(d) Exhibits.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of August 15, 2022, among Navitas Semiconductor Corporation, Gemini Acquisition LLC, GeneSiC Semiconductor Inc., Ranbir Singh, the Ranbir Singh Irrevocable Trust dated February 4, 2022, and Ranbir Singh in his capacity as representative of the other Stockholder
99.1	Press release dated August 15, 2022, announcing Navitas' unaudited financial results for the second quarter ended June 30, 2022
99.2	Press release dated August 15, 2022, announcing Navitas' acquisition of GeneSiC Semiconductor Inc.
104	Cover Page Interactive Data File

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 hereunto duly authorized.

NAVITAS SEMICONDUCTOR CORPORATION

Dated: August 15, 2022

By: /s/ Gene Sheridan
Gene Sheridan
President and Chief Executive Officer

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

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.)
2101 E. El Segundo Blvd., Suite 205 **El Segundo, California**	**90245**
(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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 125,700,886 shares of Class A Common Stock and 0 shares of Class B Common Stock were outstanding at August 10, 2022.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements. All statements other than statements of historical facts contained in this quarterly 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 quarterly 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 the benefits of the Business Combination, which may be affected by, among other things, competition and our ability to grow and manage growth profitably;
- 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 status as an emerging growth company (as defined by U.S. federal law);
- 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 the summary below, and in our annual report on Form 10-K in 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 quarterly 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 quarterly report, whether as a result of any new information, future events, changed circumstances or otherwise. You should read this quarterly 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.

Please see the Summary of Risk Factors below and the more detailed discussion in Part I, Item 1A (Risk Factors) of our annual report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 31, 2022, for additional information about many of the risks we are exposed to in the normal course of our business.

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 our annual report on Form 10-K.

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 in introducing our leading-edge GaN power IC technology in mobile charging applications, such as wall chargers and adapters for mobile phones and laptop computers, where we believe we have achieved a market-leading position in GaN power ICs. Growth in demand for our products depends on achieving similar successes in other markets where we believe our 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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

- 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.

- 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.
- 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.
- 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 IP, 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.
- Future resales of our Class A Common Stock, including following the expiration of lock-up periods related to the Business Combination, may cause the market price of our securities to drop significantly, even if our business is doing well.
- 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 have identified material weaknesses in our internal control over financial reporting. If we 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.
- We may issue a substantial number of additional shares under our employee equity incentive plans.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

NAVITAS SEMICONDUCTOR CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except share and par value amounts)

	June 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 240,504	$ 268,252
Accounts receivable, net	9,407	8,263
Inventory	13,995	11,978
Prepaid expenses and other current assets	2,342	2,877
Total current assets	266,248	291,370
PROPERTY AND EQUIPMENT, net	4,266	2,302
OPERATING LEASE RIGHT OF USE ASSETS	7,039	—
INTANGIBLE ASSETS, net	421	170
GOODWILL	1,177	—
OTHER ASSETS	7,166	1,759
Total assets	$ 286,317	$ 295,601
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and other accrued expenses	$ 6,300	$ 4,860
Accrued compensation expenses	4,910	2,639
Current operating lease liabilities	1,165	—
Current portion of long-term debt	3,200	3,200
Other liabilities	4	29
Total current liabilities	15,579	10,728
LONG-TERM DEBT	2,122	3,716
OPERATING LEASE LIABILITIES NONCURRENT	5,824	—
WARRANT LIABILITY	—	81,388
EARNOUT LIABILITY	15,913	134,173
OTHER LIABILITIES	—	60
Total liabilities	39,438	230,065
COMMITMENTS AND CONTINGENCIES (Note 14)		
STOCKHOLDERS' EQUITY:		
Common stock, $0.0001 par value, 740,000,000 shares authorized as of June 30, 2022 and December 31, 2021, and 125,473,437 and 117,750,608 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	16	15
Additional paid-in capital	361,963	294,190
Accumulated other comprehensive loss	(62)	(2)
Accumulated deficit	(115,038)	(228,667)
Total stockholders' equity	246,879	65,536
Total liabilities and stockholders' equity	$ 286,317	$ 295,601

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

NAVITAS SEMICONDUCTOR CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
NET REVENUES	$ 8,611	$ 5,450	$ 15,351	$ 10,767
COST OF REVENUES	5,026	2,971	8,803	5,930
GROSS PROFIT	3,585	2,479	6,548	4,837
OPERATING EXPENSES:				
Research and development	9,606	6,267	23,019	10,521
Selling, general and administrative	13,993	14,794	38,537	20,163
Total operating expenses	23,599	21,061	61,556	30,684
LOSS FROM OPERATIONS	(20,014)	(18,582)	(55,008)	(25,847)
OTHER INCOME (EXPENSE), net:				
Interest income (expense), net	52	(63)	28	(124)
Gain from change in fair value of warrants	—	—	51,763	—
Gain from change in fair value of earnout liabilities	54,854	—	118,260	—
Other expense	(785)	—	(1,141)	—
Total other income (expense), net	54,121	(63)	168,910	(124)
INCOME (LOSS) BEFORE INCOME TAXES	34,107	(18,645)	113,902	(25,971)
PROVISION FOR INCOME TAXES	270	5	273	24
NET INCOME (LOSS)	$ 33,837	$ (18,650)	$ 113,629	$ (25,995)
NET INCOME (LOSS) PER COMMON SHARE:				
Basic net income (loss) per share attributable to common stockholders	$ 0.27	$ (0.89)	$ 0.93	$ (1.28)
Diluted net income (loss) per share attributable to common stockholders	$ 0.26	$ (0.89)	$ 0.87	$ (1.28)
WEIGHTED AVERAGE COMMON SHARES USED IN NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS:				
Basic common shares	124,030	20,900	121,827	20,324
Diluted common shares	132,132	20,900	130,882	20,324

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

NAVITAS SEMICONDUCTOR CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
NET INCOME (LOSS)	$ 33,837	$ (18,650)	$ 113,629	$ (25,995)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax	—	(3)	(60)	(4)
Total other comprehensive loss	—	(3)	(60)	(4)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 33,837	$ (18,653)	$ 113,569	$ (25,999)

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

NAVITAS SEMICONDUCTOR CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

(unaudited)

(in thousands)

	Redeemable Convertible Preferred Stock								Stockholder's equity (deficit)						
	Series A redeemable convertible preferred stock		Series B redeemable convertible preferred stock		Series B-1 redeemable convertible preferred stock		Series B-2 redeemable convertible preferred stock		Common stock		Additional paid in capital	Accumulated deficit	Notes receivable - shareholder's	Accumulated comprehensive income (loss)	Total
THREE AND SIX MONTHS ENDED JUNE 30, 2022	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**					
BALANCE AT JANUARY 1, 2022	—	$ —	—	$ —	—	$ —	—	$ —	117,751	$ 15	$ 294,190	$ (228,667)	$ —	$ (2)	$ 65,536
Issuance of common stock under employee stock option and stock award plans	—	—	—	—	—	—	—	—	2,459	—	1,305	—	—	—	1,305
Repurchase of common stock	—	—	—	—	—	—	—	—	(67)	—	(550)	—	—	—	(550)
Exercise of warrants	—	—	—	—	—	—	—	—	3,318	—	29,641	—	—	—	29,641
Stock-based compensation expense related to employee and non-employee stock awards	—	—	—	—	—	—	—	—	—	—	24,072	—	—	—	24,072
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	(60)	(60)
Net income	—	—	—	—	—	—	—	—	—	—	—	79,792	—	—	79,792
BALANCE AT MARCH 31, 2022	—	$ —	—	$ —	—	$ —	—	—	123,461	$ 15	$ 348,658	$ (148,875)	$ —	$ (62)	$ 199,736
Issuance of common stock under employee stock option and stock award plans	—	—	—	—	—	—	—	—	1,862	1	2,514	—	—	—	2,515
Shares issued for business acquisition	—	—	—	—	—	—	—	—	150	—	1,068	—	—	—	1,068
Stock-based compensation expense related to employee and non-employee stock awards	—	—	—	—	—	—	—	—	—	—	9,723	—	—	—	9,723
Net income	—	—	—	—	—	—	—	—	—	—	—	33,837	—	—	33,837
BALANCE AT JUNE 30, 2022	—	$ —	—	$ —	—	$ —	—	$ —	125,473	$ 16	$ 361,963	$ (115,038)	$ —	$ (62)	$ 246,879

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

NAVITAS SEMICONDUCTOR CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

(unaudited)

(in thousands)

	Redeemable Convertible Preferred Stock								**Stockholder's equity (deficit)**						
	Series A redeemable convertible preferred stock		**Series B redeemable convertible preferred stock**		**Series B-1 redeemable convertible preferred stock**		**Series B-2 redeemable convertible preferred stock**		**Common stock**		**Additional paid in capital**	**Accumulated deficit**	**Notes receivable - shareholder's**	**Accumulated comprehensive income (loss)**	**Total**
THREE AND SIX MONTHS ENDED JUNE 30, 2021	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**					
BALANCE AT JANUARY 1, 2021	16,620	14,970	14,213	27,371	5,416	14,786	18,199	52,379	16,774	$ 2	$ 3,557	$ (75,982)	$ —	$ (1)	$ (72,424)
Issuance of common stock under employee stock option and stock award plans	—	—	—	—	—	—	—	—	5,843	1	1,405	—	(1183)	—	223
Stock-based compensation expense related to employee and non-employee stock awards	—	—	—	—	—	—	—	—	—	—	1,835	—	—	—	1,835
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—		—		—
Net loss	—	—	—	—	—	—	—	—	—	—	—	(7,345)	—	—	(7,345)
BALANCE AT MARCH 31, 2021	16,620	14,970	14,213	27,371	5,416	14,786	18,199	52,379	22,617	3	6,797	(83,327)	(1,183)	(1)	(77,711)
Issuance of common stock under employee stock option and stock award plans	—	—	—	—	—	—		—			12,729	—		—	12,729
Rescission of common stock	—	—	—	—	—	—	—	—	(4,729)	—	(1,231)	—	1,183	—	(48)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	(3)	(3)
Net loss	—	—	—	—	—	—	—	—	—	—	—	(18,650)	—	—	(18,650)
BALANCE AT JUNE 30, 2021	16,620	14,970	14,213	27,371	5,416	14,786	18,199	52,379	17,888	3	18,295	(101,977)	—	(4)	(83,683)

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

NAVITAS SEMICONDUCTOR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)
(in thousands)

	Six Months Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 113,629	$ (25,995)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	352	166
Amortization of intangibles	171	167
Amortization of deferred rent	—	(22)
Non-cash lease expense	480	—
Other	1,155	(1)
Stock-based compensation expense	36,362	14,564
Amortization of debt discount and issuance costs	6	6
Gain from change in fair value of warrants	(51,763)	—
Gain from change in fair value of earnout liability	(118,260)	—
Change in operating assets and liabilities:		
Accounts receivable	(1,144)	(349)
Inventory	(2,017)	(4,520)
Prepaid expenses and other current assets	926	(2,230)
Other assets	418	(121)
Accounts payable, accrued compensation and other liabilities	1,883	4,562
Operating lease liability	(581)	—
Net cash used in operating activities	(18,383)	(13,773)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business acquisition, net of cash acquired	(645)	—
Asset acquisition	—	(680)
Investment in joint venture	(5,204)	(150)
Purchases of property and equipment	(2,305)	(641)
Receipts on notes receivable	97	2
Net cash used in investing activities	(8,057)	(1,469)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemption of warrants	(38)	—
Repurchase of common stock	(550)	—
Proceeds from issuance of common stock in connection stock option exercises	880	222
Proceeds from issuance of long-term debt	—	—
Principal payments on long-term debt	(1,600)	—
Net cash provided by financing activities	(1,308)	222
Effect of exchange rate changes on cash	—	(1)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(27,748)	(15,021)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	268,252	38,869
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 240,504	$ 23,848
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 188	$ —
Cash paid for interest	$ 132	$ 60
Shares issued for business acquisition	$ 1,068	$ —
Capital expenditures in accounts payable	$ 873	$ 254

The accompanying condensed notes are an integral part of these condensed 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.

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 2013 and has since been developing ultra-efficient gallium nitride (GaN) semiconductors. 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 and the Philippines, with principal executive offices in El Segundo, California.

Reorganization

Navitas Semiconductor USA, Inc. (f/k/a Navitas Semiconductor, Inc., "Navitas U.S.") was incorporated in the State of Delaware on October 25, 2013. In 2020 Navitas U.S. initiated a restructuring to streamline its worldwide legal entity structure and more efficiently align its business operations (the "Restructuring"). The Restructuring introduced wholly owned subsidiary in China as well as the addition of Legacy Navitas, an entity registered in Ireland and the U.S., as the parent of Navitas U.S. and the other Navitas subsidiaries. In connection with the Restructuring, effective September 1, 2020, Legacy Navitas acquired certain intellectual property and other intangible assets from Navitas U.S. and, after the Restructuring, contracts directly with customers. The transfer of intellectual property and other intangible assets by Navitas U.S. to Legacy Navitas in connection with the Restructuring was among entities within the same consolidated group and, as a result, did not result in any gain or loss to the Company. Legacy Navitas is treated as a corporation for U.S. federal income tax purposes and is a tax resident in both Ireland and the United States. See Note 13.

Business combination

Pursuant to the terms of the BCA, the Business Combination was consummated (the "Closing") on October 19, 2021 (the "Closing Date") by means of (i) a tender offer to acquire the entire issued share capital of Navitas Ireland (other than Navitas Ireland Restricted Shares (as defined below)) in exchange for the Tender Offer Consideration (as defined below) (the "Tender Offer") and (ii) the merger of a wholly owned subsidiary of Live Oak ("Merger Sub") with and into Navitas Delaware (the "Merger"), with Navitas Delaware surviving the Merger. See the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2022 for further information.

The Business Combination was accounted for as a reverse recapitalization, in accordance with GAAP. Under this method of accounting, although Live Oak issued shares for outstanding equity interests of Legacy Navitas in the Business Combination, Live Oak was treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination was treated as the equivalent of Legacy Navitas issuing stock for the net assets of Live Oak, accompanied by a recapitalization. The net assets of Live Oak were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination are those of Navitas.

For all periods presented, unless stated otherwise, references to Legacy Navitas common shares and options for common shares outstanding before the Closing and related per share amounts have been retroactively restated to give effect to the reverse recapitalization, specifically, the Exchange Ratio of 1.0944 shares to 1 at Closing. References to share quantities for Legacy Navitas convertible preferred stock related to balances or activity before the Closing reflect the historical quantities and are not adjusted for the Exchange Ratio.

Acquisition of VDDTech

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 $1,859 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 Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2022, and were not material. The Company issued 113 restricted shares that are subject to time based vesting and issued another 151 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 has recorded a preliminary 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 $1,177 was recorded as goodwill. Upon a final determination of the purchase price and the final valuation of the intangible assets acquired, primarily including developed technology, the Company will allocate the purchase price to tangible and intangible assets acquired and liabilities assumed, and adjust the excess purchase price allocated to goodwill as needed.

Basis of presentation

The accompanying condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The results of operations for the three and six months ended June 30, 2022 shown in this report are not necessarily indicative of results to be expected for the full year ending December 31, 2022. In the opinion of the Company's management, the information contained herein reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the Company's results of operations, financial position, cash flows and stockholders' equity (deficit). Certain footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to Securities and Exchange Commissions (SEC) rules and regulations relating to interim financial statements. The accompanying condensed consolidated financial statements should be read in conjunction with consolidated financial statements and notes thereto contained in the Company's annual report on Form 10-K filed with the SEC on March 31, 2022. Except as further described below, there have been no significant changes in the Company's accounting policies from those disclosed in its annual report on Form 10-K filed with the SEC on March 31, 2022.

Basis of consolidation

The condensed 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (ASC 842) ("ASU 2016-02"), and also issued subsequent amendments under ASU 2019-10 and ASU 2020-05 (collectively ASC 842). On January 1, 2022, the Company adopted

($ in thousands, except per share amounts and where noted)

ASC 842 and the related amendments. ASC 842 requires lessees to (i) recognize a right of use asset and a lease liability that is measured at the present value of the remaining lease payments, on the consolidated balance sheets, (ii) recognize a single lease cost, calculated over the lease term on a straight-line basis and (iii) classify lease related cash payments within operating and financing activities. The Company recognized approximately $1,634 of operating lease right-of-use assets and $1,685 operating lease liabilities on the consolidated balance sheets upon adoption on January 1, 2022.

Credit Losses

In June 2016, the FASB amended guidance related to impairment of financial instruments as part of ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces 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. For non-public business entities, this ASU is effective for fiscal years beginning after December 15, 2022, with early adoption permitted, and will be effective for the Company beginning in 2023. The Company is currently evaluating the impact of the new standard on the Company's condensed consolidated financial statements and related disclosures.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	June 30, 2022	December 31, 2021
Furniture and fixtures	$ 209	$ 265
Computers and other equipment	5,007	3,116
Leasehold improvements	929	577
	$ 6,145	$ 3,958
Accumulated depreciation	(1,879)	(1,656)
Total	$ 4,266	$ 2,302

For the three and six months ended June 30, 2022, depreciation expense was $186 and $352, respectively. For the three and six months ended June 30, 2021, depreciation expense was $86 and $166. The depreciation method 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

4. INVENTORY

Inventory consists of the following:

	June 30, 2022	December 31, 2021
Raw materials	$ 867	$ 60
Work-in-process	9,358	9,945
Finished goods	3,770	1,973
Total	$ 13,995	$ 11,978

($ in thousands, except per share amounts and where noted)

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 were $131.5 million and $159.6 million as of June 30, 2022 and December 31, 2021, respectively.

The following table presents the Company's fair value hierarchy for financial liabilities as of June 30, 2022 :

	Level 1	Level 2	Level 3	Total
Liabilities:				
Earnout liability	$ —	$ —	$ 15,913	$ 15,913
Total	$ —	$ —	$ 15,913	$ 15,913

The following table presents the Company's fair value hierarchy for financial liabilities as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Liabilities:				
Public warrants	$ 52,361	$ —	$ —	$ 52,361
Private warrants	—	29,027	—	29,027
Earnout liability	—	—	134,173	134,173
Total	$ 52,361	$ 29,027	$ 134,173	$ 215,561

The liability for the Private Warrants is a level 2 valuation because there is no active market.

6. DEBT OBLIGATIONS

On April 29, 2020, the Company entered into a loan and security agreement with a new bank (the "Term Loan"), which provides for term advances up to $8,000. The loan is divided into three term advances, First Term Advance, Second Term Advance and Third Term Advance. The First Term Advance has a maximum available amount of $6,000. The Second Term Advance has a maximum available amount of $1,000 and is subject to the Company receiving aggregate net proceeds from Series B-2 Preferred Stock of $29,800 by no later than September 30, 2020. The Third Term Advance has a maximum available amount of $1,000 and is subject to the Company receiving aggregate net proceeds from Series B-2 Preferred Stock of $39,900 by no later than September 30, 2020. The Term Loan bears interest at a rate equal to the greater of (i) US Prime Rate plus 0.75% or (ii) 5.5% and is collateralized by all assets of the Company. As of June 30, 2022, the interest rate was 5.5%. The loan is payable in monthly installments beginning September 1, 2021 with a final maturity date of January 1, 2024. Concurrent with the execution of the Term Loan, the Company paid off the outstanding principal balance and accrued interest on its then-existing long-term debt (which bore interest at 5% at December 31, 2019) with a different bank, fully satisfying its obligations. On August 1, 2021, the Company drew down $2,000, the maximum available amount under the Second Term Advance and Third Term Advance.

($ in thousands, except per share amounts and where noted)

In connection with execution of the Term Loan, the Company issued warrants to the bank (see Note 9). The fair value of the warrants at the date of issuance was $16 and was recorded as debt discount, subject to amortization using the effective interest rate method over the term of the loan.

Amortization of debt discount and issuance costs for the three and six months ended June 30, 2022 was $2 and $6, respectively. Amortization of debt discount and issuance costs for the three and six months ended June 30, 2021 was $3 and $6, respectively. Amortization of debt discount and issuance costs includes the write-off of unamortized costs as of the date that the prior term loan was extinguished in 2020.

The following is a summary of the carrying value of long-term debt as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Note payable	$ 5,333	$ 6,933
Less: Current portion	(3,200)	(3,200)
Less: Debt discount and issuance costs	(11)	(17)
Note payable, net of current portion	$ 2,122	$ 3,716

As of June 30, 2022, future scheduled principal payments of debt obligations were as follows:

Fiscal Year	
2022 (remaining)	$ 1,600
2023	3,200
2024	533
Thereafter	—
Total	$ 5,333

7. LEASES:

The Company has entered into operating leases primarily for commercial buildings. These leases have terms which range from 0.2 to 6.4 years. There are no economic penalties for the Company to extend the lease, and it is not reasonably certain the Company will exercise the extension options. The operating leases do not contain material residual value guarantees or material restrictive covenants.

Rent expense, including short-term lease cost, was $364 and $716 for the three and six months ended June 30, 2022, respectively. Rent expense, including short-term lease cost, was $285 and $552 for the three and six months ended June 30, 2021, respectively.

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

	Six Months Ended June 30, 2022
Cash paid for operating lease liabilities	$ 527
Operating lease cost	610
Right-of-use assets obtained in exchange for lease obligations	5,892
Weighted-average remaining lease term	2.26
Weight-average discount rate	4.25% - 5.5%

($ in thousands, except per share amounts and where noted)

Maturities of lease liabilities due in 12-month period ending June 30,		
2023	$	1,502
2024		1,491
2025		1,146
2026		1,149
2027		1,183
Thereafter		1,724
	$	8,195
Less imputed interest		1,206
Total lease liabilities	$	6,989

Supplemental information for comparative periods

As of December 31, 2021 prior to the adoption of ASC 842, minimum payments under operating leases having initial or remaining non-cancelable lease terms in excess of one year were as follows:

	Operating Leases	
2022	$	966
2023		585
2024		170
Total minimum payments	$	1,721

8. SHARE BASED COMPENSATION:

Equity Incentive Plans

The 2020 Equity Incentive Plan, initially adopted by the Company's board of directors on August 5, 2020 as an amendment and restatement of the 2013 Equity Incentive Plan ("2013 Plan"), was amended and restated at the Closing of the Business Combination as the Amended and Restated Navitas Semiconductor Limited 2020 Equity Incentive Plan (the "2020 Plan"). The 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 has 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

($ in thousands, except per share amounts and where noted)

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.

Stock-Based Compensation

At the Closing of the Business Combination on October 19, 2021, Legacy Navitas' outstanding vested and unvested share-based compensation awards (as such terms are defined below) were converted into equity, RSUs or options in the Company at a ratio of 1.0944 to 1 share (the "Exchange Ratio"). Share and per share information below has been converted from historical disclosures based on the Exchange Ratio.

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. 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 three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net revenues	$ —	$ 50	$ —	$ 163
Research and development	3,037	1,424	10,531	1,630
Selling, general and administrative	7,999	11,255	25,831	12,771
Total stock-based compensation expense	$ 11,036	$ 12,729	$ 36,362	$ 14,564

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 awards during the six months ended June 30, 2022.

A summary of stock options outstanding, excluding LTIP options as of June 30, 2022, and activity during the three months then ended, is presented below:

Stock Options	Shares (In thousands)	Exercise Price Per Share	Weighted-Average Exercise Price	Remaining Weighted-Average Remaining Contractual Term (In years)	Per Share Average Intrinsic Value
Outstanding at December 31, 2021	11,253	$.08 - $1.06	$ 0.51	6.80	$ 3.34
Granted	—	—	—	—	—
Exercised	(3,165)	$.08 - $1.06	0.32	—	3.54
Forfeited or expired	(34)	$1.06	0.76	—	3.10
Cancelled	(1)	$1.06	1.06	—	2.80
Outstanding at June 30, 2022	8,053	$.08 - $1.06	$ 0.60	6.88	$ 3.26
Vested and Exercisable at June 30, 2022	5,945	$.08 - $1.06	$ 0.45	6.40	$ 3.41

During the three and six months ended June 30, 2022, the Company recognized $120 and $245 respectively, of stock-based compensation expense for the vesting of outstanding stock options, excluding $1.4 million related to the LTIP Options described below. During the three and six months ended June 30, 2021, the Company recognized $208 and $347, respectively, of stock-based compensation expense for the vesting of outstanding stock options. At June 30, 2022, unrecognized compensation cost related to unvested awards totaled $0.9 million. The weighted-average period over which this remaining compensation cost will be recognized is 1.9 years.

Long-term Incentive Plan Stock Options

The Company awarded a total of 6,500,000 performance stock options (“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 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. The weighted average contractual period remaining is 9.5 years. The Black-Scholes model and a Monte Carlo simulation incorporating 100,000 scenarios. The valuation model utilized the following assumptions:

Risk-free interest rates	1.47 %
Expected volatility rates	58 %
Expected dividend yield	—
Cost of equity (for derived service period)	9.96 %
Weighted-average grant date fair value of options	$ 8.13

The Company recognized $1.4 million and $2.8 million of stock-based compensation expense for the three month and six months ended June 30, 2022, respectively. The unrecognized compensations expense related to the LTIP Options is $50.1 million.

Restricted Stock Units

On August 25, 2021, Legacy Navitas granted an aggregate of 4,135,000 Legacy Navitas RSUs under the 2020 Plan to certain members of senior management pursuant to restricted stock unit agreements (collectively, the “RSU Agreements”). At the Closing of the Business Combination, these Legacy Navitas RSUs were assumed by the Company and converted at the Exchange Ratio into RSUs to acquire an aggregate of 4,525,344 shares of common stock. 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. 3,830,400 of these RSU awards are subject to vesting 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, and subject to accelerated vesting based on the satisfaction of certain stock price targets. 547,200 of these RSUs were subject to vesting on the six-month anniversary of the grant date, subject to the occurrence of an IPO (which included the Business Combination) and certain valuation targets. 57,456 of these RSUs were subject to vesting upon the occurrence of an IPO (which included the Business Combination), while the remaining 90,288 RSUs are subject to vesting 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 as a result of the completion of the Business Combination.

A summary of RSUs outstanding as of June 30, 2022, and activity during the six months then ended, is presented below:

Restricted Common Stock Awards	**Shares (In thousands)**	**Weighted-Average Grant Date Fair Value Per Share**
Outstanding at December 31, 2021	4,468	$ 9.62
Granted	3,656	10.20
Vested	(807)	9.52
Forfeited	(119)	10.83
Outstanding at June 30, 2022	7,198	$ 9.91

During the three and six months ended June 30, 2022, the Company recognized $7.4 million and $23.3 million of stock-based compensation expense for the vesting of RSAs and RSUs. During the three and six months ended June 30, 2021, the Company recognized $12,330 and $13,772 of stock-based compensation expense for the vesting of RSAs and RSUs. As of June 30, 2022, unrecognized compensation cost related to unvested RSU awards totaled $31.3 million. The weighted-average period over which this remaining compensation cost is expected be recognized is 2.03 years.

The Company accrued $3.5 million and $2.0 million as of June 30, 2022 and December 31, 2021, respectively, related to a stock-based bonus plan that the Company plans to settle by issuing a variable number of fully-vested restricted stock units to employees. Based on the closing share price of the Company’s Class A Common Stock of $3.86 on June 30, 2022, approximately 907,954 shares would have been issued, however, the actual number of shares will be based on the share price at the date of settlement.

Unvested Earnout Shares

A portion of the earnout shares may be issued to individuals with unvested equity awards. While the payout of these shares requires achievement of the volume weighted average price of the Company's common stock, 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 six months ended June 30, 2022, the Company recognized $0.8 million of stock-based compensation expense for the vesting of earnout shares. At June 30, 2022, unrecognized compensation cost related to unvested earnout shares totaled $6.1 million. The weighted-average period over which this remaining compensation cost is expected be recognized is 0.4 years. Refer to Note 10.

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 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 $81,388 which resulted in a gain of $0 and $51,763 due to the decrease in the fair value of the warrant liability in the three and six months ended June 30, 2022. There were no outstanding warrants as of June 30, 2022.

10. EARNOUT LIABILITY

Certain of the Company's stockholders are entitled to receive up to 10,000,000 Earnout Shares of the Company's Class A common stock if the Earnout Milestones are met. The Earnout Milestones represents three independent criteria, which each entitles the eligible stockholders to 3,333,333 earn-out shares per milestone met. Each Earnout Milestone is considered met if at any time 150 days following the Business Combination and prior to 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 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.

($ in thousands, except per share amounts and where noted)

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:

	June 30, 2022	December 31, 2021
Risk-free interest rate	3.00 %	1.23 %
Equity volatility rate	65.00 %	55.00 %

At the closing of the Business Combination on October 19, 2021, the earnout liability had an initial fair value of $96,069, which was recorded as a long-term liability and a reduction to additional paid in capital in the consolidated balance sheet. As of June 30, 2022 and December 31, 2021, the earnout liability had a fair value of $15,913 and $134,173, respectively which resulted in a gain due to the decrease in the fair value of the earnout liability of $54,854 and $118,260 for the three and six month ended June 30, 2022, respectively.

($ in thousands, except per share amounts and where noted)

11. SIGNIFICANT CUSTOMERS AND CREDIT CONCENTRATIONS

Customer Concentration

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 for the respective three and six months ended June 30, 2022 and 2021, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
Customer	**2022**	**2021**	**2022**	**2021**
Distributor A	16 %	*	*	*
Distributor B	22 %	*	12 %	*
Distributor C	21 %	23 %	29 %	19 %
Distributor D	16 %	32 %	23 %	21 %
Distributor E	*	42 %	*	38 %
Distributor F	*	*	*	20 %

**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 three and six months ended June 30, 2022 and 2021, were attributable to end customers in the following countries:

	Three Months Ended June 30,		Six Months Ended June 30,	
Country	**2022**	**2021**	**2022**	**2021**
Europe*	38 %	—	21 %	—
China	32	78	44	75
United States	18	13	25	16
Rest of Asia	12	9	10	9
Total	100 %	100 %	100 %	100 %

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

($ in thousands, except per share amounts and where noted)

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.

Customer	June 30, 2022	December 31, 2021
Distributor A	*	44 %
Distributor B	*	14 %
Distributor C	*	14 %
Distributor D	13 %	*
Distributor E	30 %	*

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

Concentration of Supplier Risk

The Company currently relies on a single foundry to produce wafers for GaN ICs. Loss of the relationship with this supplier 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 third-party foundries that supply 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.

($ in thousands, except per share amounts and where noted)

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 for the three and six months ended June 30:

	Three Months Ended June 30,		Six Months Ended June 30,	
Numerator - basic and diluted:	**2022**	**2021**	**2022**	**2021**
Net income (loss)	$ 33,837	$ (18,650)	$ 113,629	$ (25,995)
Denominator				
Weighted-average common shares - basic common stock	124,030	20,900	121,827	20,324
Weighted-average common shares - diluted common stock	132,132	20,900	130,882	20,324
Net income (loss) per share - basic common stock	$ 0.27	$ (0.89)	$ 0.93	$ (1.28)
Net income (loss) per share - diluted common stock	$ 0.26	$ (0.89)	$ 0.87	$ (1.28)

Denominator				
Weighted-average common shares - basic common stock	124,030	20,900	121,827	20,324
Stock options and other dilutive awards	8,102	—	9,055	—
Weighted-average common shares - diluted common stock	132,132	20,900	130,882	20,324
Shares excluded from diluted weighted-average shares:[1, 2]				
Redeemable convertible preferred stock shares	—	54,449	—	54,449
Warrants to purchase redeemable convertible preferred stock	—	176	—	176
Warrants to purchase common shares	—	1,107	—	1,107
Earnout shares (potentially issuable common shares)	10,000	—	10,000	—
Unvested restricted stock units and restricted stock awards	6,858	—	6,256	—
Stock options potentially exercisable for common shares	6,500	11,753	6,500	11,753
Shares excluded from diluted weighted average shares	23,358	67,485	22,756	67,485

(1) The Company's potentially dilutive securities, which include unexercised stock options, unvested shares, preferred shares, earnout shares, and warrants for common and preferred 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 three and six months ended June 30, 2021. For the three and six months ended June 30, 2022, potentially dilutive securities have been excluded as these securities contain performance metric(s) which have not be satisfied as of June 30, 2022. Therefore, the

weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same.

(2) Balances as of June 30, 2022 retroactively restated to give effect to the October 19, 2021 reverse recapitalization.

13. PROVISION FOR INCOME TAXES:

Income Taxes

The Company determined the income tax provision for interim periods using an estimate of the Company’s annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the Company updates its estimated annual effective tax rate, and if the estimated annual effective tax rate changes, a cumulative adjustment is recorded in that quarter. The Company’s quarterly income tax provision and quarterly estimate of the annual effective tax rate are subject to volatility due to several factors, including our ability to accurately predict the proportion of our income (loss) before provision for income taxes in multiple jurisdictions, the tax effects of our stock-based compensation, and the effects of its foreign entity

At December 31, 2021, the Company has approximately $100,147 of federal net operating loss (“NOL”) carryforwards and approximately $82,583 of State NOL carryforwards expiring in varying amounts through 2037, with the exception of 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 is also potentially subject to usage limitations due to changes in the Company’s ownership. As of June 30, 2022, the Company continues to maintain a valuation allowance as the Company believes that it is not more likely than not that the deferred tax assets will be fully realized.

The Company had no unrecognized tax benefits for the three and six months ended June 30,2022 and 2021. The Company recognizes interest and penalties related to unrecognized tax benefits in operating expenses. No such interest and penalties were recognized during the three and six months ended June 30, 2022 and 2021.

14. COMMITMENTS and CONTINGENCIES

Purchase Obligations

At June 30, 2022, the Company had no non-cancelable purchase obligations that were due beyond one year.

Employment agreements

The Company has entered into agreements with certain employees to provide severance payments to the employees for termination for reasons other than cause, death or disability. Aggregate payments that would be required to be made in the event of termination under the agreements are approximately $1,443. At June 30, 2022, no terminations have occurred or are expected to occur pursuant to these arrangements and, accordingly, no termination benefits have been accrued.

Indemnifications

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.

($ in thousands, except per share amounts and where noted)

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 June 30, 2022. 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 and distributors 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 condensed consolidated financial statements.

15. RELATED PARTY TRANSACTIONS

Notes Receivable

The Company has outstanding interest-bearing notes receivable from an employee. The notes have various maturity dates through May 1, 2023 and bear interest at rates ranging from 1% to 2.76%. As of June 30, 2022, Note 1 was forgiven for a loss of $109 and Note 2 was paid off in the amount of $88. The Company recognized $0.3 and $0.9 of interest income from the notes for the three and six months ended June 30, 2022, respectively. The Company recognized $0.8 and $1.7 of interest income from the notes for the three and six months ended June 30, 2021.

	June 30, 2022	December 31, 2021
Notes receivable	$ —	$ 206

Joint Venture

In 2021, Navitas entered into a partnership with a manufacturer of power management ICs to develop products and technology relating to ac-dc converters. Structured as a joint venture, Navitas' initial contribution 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). The Company accounts for the investment in the joint venture as an equity-method investment. Total related party revenues recognized by the Company as a result of arrangements with its joint venture were $45 and $658 for the three and six months ended June 30, 2022, respectively, and are included in Net Revenues in the Condensed Consolidated Statements of Operations. As of June 30, 2022, the investment balance of $4.7 million was included in other assets on the consolidated balance sheet.

For its unconsolidated joint venture investments, the Company measures and records impairment losses, and reduces the carrying value of the equity investment when indicators of impairment are present and the expected discounted cash flows related to the investment is less than the carrying value. For the six months ended June 30, 2022, the Company did not record any impairment charges.

Related Party License Revenue

As of June 30, 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 $850 during the three months ended June 30, 2022. Such amounts are included in Net Revenues in the Condensed Consolidated Statement of Operations.

16. SUBSEQUENT EVENTS

The Company evaluated material subsequent events from the consolidated balance sheet date of June 30, 2022, through August 15, 2022, the date the condensed consolidated financial statements were issued. There were no material subsequent events as of August 15, 2022, except as noted below.

Acquisition of GeneSiC Semiconductor

On August 15, 2022, the Company acquired GeneSiC Semiconductor Inc., a private Delaware corporation ("GeneSiC"), in exchange for consideration consisting of $100,000 in cash and 24,883,161 shares of Navitas common stock. The acquisition was consummated pursuant to an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, Gemini Acquisition LLC, a Delaware limited liability company and a wholly owned direct subsidiary of the Company ("Merger Sub"), GeneSiC, and the stockholders of GeneSiC. Pursuant to the Merger Agreement and immediately after its execution and delivery, GeneSiC merged with and into Merger Sub (the "Merger"), with Merger Sub as the surviving entity and continuing to operate the GeneSiC business after the Merger as a wholly owned subsidiary of the Company. The Merger Agreement also includes possible earn-out payments of up to $25,000, conditioned on revenue targets for the GeneSiC business over the four fiscal quarters ending September 30, 2023.

Due to the limited time since the acquisition date, and the size and complexity of the GeneSiC acquisition, the accounting for the business combination is not yet complete.

Item 2. 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 quarterly report on Form 10-Q. This discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve risks and uncertainties. As a result of many factors, such as those set forth under the "Summary of Risk Factors" and "Cautionary Statement About Forward-Looking Statements" sections and elsewhere in this quarterly report, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

Founded in 2013, 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 and the Philippines, with principal executive offices in El Segundo, California.

We design, develop and market gallium nitride ("GaN") power integrated circuits ("ICs") 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 is now in mass production with 9 of the top 10 mobile OEMs across smartphone and laptops, and is in development with 10 out of 10. 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 GaN Power ICs. Navitas invented the first commercial GaN Power ICs. Today, we have over 165 patents that are issued or pending.

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 device 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 2021 and the six months ended June 30, 2022, we spent approximately 117% and 150%, respectively of our revenue on research and development. Navitas' research and development activities are located primarily in the US and China. As of June 30, 2022, we had approximately 116 full-time personnel in our research & development team, with approximately 55% with advanced degrees (PhD and MS).

Acquisition of VDDTech

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 $1,859 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 Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2022.

We recorded a preliminary allocation of the purchase price to tangible and intangible 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 assets of $1,177 was recorded as goodwill.

Business Combination and Reverse Recapitalization

On May 6, 2021, Navitas Semiconductor Limited ("Navitas Ireland"), a private company limited by shares organized under the Laws of Ireland and domesticated in the State of Delaware as Navitas Semiconductor Ireland, LLC, ("Navitas Delaware", and together with Navitas Ireland, "Legacy Navitas") a Delaware limited liability company, entered into a business combination agreement and plan of reorganization (the "Business Combination Agreement" or "BCA") with Live Oak Acquisition Corp. II, ("Live Oak"). Pursuant to the BCA, through a series of transactions, Navitas Ireland merged with and into Live Oak effective October 19, 2021 (the "Closing Date"), with Navitas Ireland's newly formed parent, Navitas Semiconductor Corporation ("Navitas Corp" or after the Business Combination, the "Company", formerly named Live Oak Acquisition Corp. II), surviving the transaction.

The Business Combination was accounted for as a reverse recapitalization in accordance with US GAAP. Under the guidance in ASC 805, Live Oak was treated as the "acquired" company for financial reporting purposes. We were deemed the accounting predecessor and the post-combination company is the successor SEC registrant, meaning that our financial statements for previous periods will be disclosed in our annual report Form 10-K filed with the SEC filed on June 30, 2022. The Business Combination had a significant impact on our reported financial position and results as a consequence of the reverse recapitalization. The most significant change in our reported financial position and results of operations was net cash proceeds of $298,054 from the merger transaction, which included $173,000 in gross proceeds from the PIPE financing that was consummated in conjunction with the Business Combination. The increase in cash was offset by transaction costs incurred in connection with the Business Combination of approximately $24,967. Navitas expects to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees and additional internal and external accounting and legal and administrative resources, including increased audit and legal fees.

Results of Operations

Revenue

We design, develop and manufacture GaN ICs. 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. The vast majority of our product revenue originates from sales shipped to customer locations in Asia.

Cost of Goods Sold

Cost of goods sold 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, 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 Expense

Interest expense primarily consists of interest under our term loan facility.

Income Taxes

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

Results of Operations

The table and discussion below present our results for the three and six months ended June 30, 2022 and 2021:

(dollars in thousands)	Three Month Ended June 30, 2022	2021	Change $	Change %
Revenue	$ 8,611	$ 5,450	$ 3,161	58 %
Cost of goods sold	5,026	2,971	2,055	69 %
Gross profit	3,585	2,479	1,106	45 %
Operating expenses:				
Research and development	9,606	6,267	3,339	53 %
Selling, general and administrative	13,993	14,794	(801)	(5)%
Total operating expenses	23,599	21,061	2,538	12 %
Loss from operations	(20,014)	(18,582)	(1,432)	8 %
Other income (expense), net:		—	—	— %
Interest income (expense), net	52	(63)	115	(183)%
Gain (loss) from change in fair value of warrants	—	—	—	— %
Gain (loss) from change in fair value of earnout liabilities	54,854	—	54,854	— %
Other income (expense)	(785)	—	(785)	— %
Total other income (expense), net	54,121	(63)	54,184	(86006)%
Income (loss) before income taxes	34,107	(18,645)	52,752	(283)%
Income tax expense	270	5	265	5300 %
Net income (loss)	$ 33,837	$ (18,650)	$ 52,487	(281)%

(dollars in thousands)	Six Months Ended June 30, 2022	2021	Change $	Change %
Revenue	$ 15,351	$ 10,767	$ 4,584	43 %
Cost of goods sold	8,803	5,930	2,873	48 %
Gross profit	6,548	4,837	1,711	35 %
Operating expenses:				
Research and development	23,019	10,521	12,498	119 %
Selling, general and administrative	38,537	20,163	18,374	91 %
Total operating expenses	61,556	30,684	30,872	101 %
Loss from operations	(55,008)	(25,847)	(29,161)	113 %
Other income (expense), net:			—	— %
Interest income (expense), net	28	(124)	152	(123)%
Gain (loss) from change in fair value of warrants	51,763	—	51,763	— %
Gain (loss) from change in fair value of earnout liabilities	118,260	—	118,260	— %
Other income (expense)	(1,141)	—	(1,141)	— %
Total other income (expense), net	168,910	(124)	169,034	(136318)%
Income (loss) before income taxes	113,902	(25,971)	139,873	(539)%
Income tax expense	273	24	249	1038 %
Net income (loss)	$ 113,629	$ (25,995)	$ 139,624	(537)%

Comparison of the Quarters ended June 30, 2022 and 2021

<u>Revenue</u>

Revenue for the three months ended June 30, 2022 was $8.6 million compared to $5.5 million for the three months ended June 30, 2021, an increase of $3.2 million, or 58%. The significant increase primarily reflected the Company's customer growth trajectory, evolving from aftermarket customers to the higher volume customers and total sales volumes increasing 26%, from 5.8 million to 7.3 million units shipped, while the average selling price increased 11% to $1.06 per unit.

<u>Cost of Goods Sold</u>

Cost of goods sold for the three months ended June 30, 2022 was $5.0 million compared to $3.0 million for the three months ended June 30, 2021, an increase of $2.1 million or 69%. The increase was primarily driven by significant revenue growth, in addition to TSMC's 20% wafer price increase which created a higher cost of goods sold.

<u>Research and Development Expense</u>

Research and development expense for the three months ended June 30, 2022 of $9.6 million increased by $3.3 million, or 53%, when compared to the three months ended June 30, 2021, driven by increases in stock based compensation, resulting in $1.7 million higher compensation costs, along with an increase of $1.7 million compensation costs related to growth in headcount as the Company develops products in Solar, Enterprise and EV. We expect research and development expense to continue to increase as we grow our headcount to support our expansion into new applications.

<u>Selling, General and Administrative Expense</u>

Selling, general and administrative expense for the three months ended June 30, 2022 of $14.0 million decreased by $(0.8) million, or (5)%, when compared to the three months ended June 30, 2021. The decrease is primarily due to a

($3.3) million decrease in stock-based compensation issued for one-time executive stock awarded in the three months ended June 30, 2021, offset by a $2.5 million increase in compensation costs related to growth in headcount and an increase in other costs of growing the business. We expect selling, general and administrative costs to increase to support our growth and as a result of the increased costs for infrastructure required as a public company.

Other Income (Expense), net

Net interest income for the three months ended June 30, 2022 was $52 thousand compared to $(63) thousand net interest expense for the three months ended June 30, 2021, primarily due to the higher interest rate received on money markets funds.

During the three months ended June 30, 2022, we recognized $54.9 million gain from the change in fair value of our earn out liabilities and $(0.8) million loss from an equity method investment as follows:

i) Earnout liability: Subsequent to the recognition of the earnout liability upon the consummation of the Business Combination on October 19, 2021, we remeasure the fair value of this liability at each reporting date. The decrease in fair value of our earn-out liability of $54.9 million was primarily a result of the decrease of the closing price of our Class A common stock listed on the Nasdaq, resulting in the decline in the estimated fair value of the earnout shares from $8.47 as of March 31, 2022 to $1.89 as of June 30, 2022.

ii) Other expense primarily reflects our minority interest in the net loss of a joint venture.

Income Tax Expense

Income tax expenses for the three months June 30, 2022 increased by $265 thousand when compared to the three months June 30, 2021. We expect our tax rate to remain close to zero in the near term due to full valuation allowances against deferred tax assets.

Comparison of the Six Months ended June 30, 2022 and 2021

Revenue

Revenue for the six months ended June 30, 2022 was $15.4 million compared to $10.8 million for the six months ended June 30, 2021, an increase of $4.6 million, or 43%. The significant increase primarily reflected the Company’s customer growth trajectory, evolving from aftermarket customers to higher volume customers and total sales volumes increasing 29%, from 11.5 million to 14.8 million units shipped, while the average selling price remained approximately flat at $0.94 per unit.

Cost of Goods Sold

Cost of goods sold for the six months ended June 30, 2022 was $8.8 million compared to $5.9 million for the six months ended June 30, 2021, an increase of $2.9 million or 48%. The increase was primarily driven by significant revenue growth, in addition to TSMC's 20% wafer price increase which created a higher cost of goods sold.

Research and Development Expense

Research and development expense for the six months ended June 30, 2022 of $23.0 million increased by $12.5 million, or 119%, when compared to the six months ended June 30, 2021, primarily driven by increases in stock based compensation, resulting in $8.9 million higher compensation costs, along with an increase of $3.6 million in non-compensation costs related to new applications and reliability expenses devoted to next generation product development and compensation costs related to growth in headcount as the Company develops products in Solar, Enterprise and EV. We expect research and development expense to continue to increase as we grow our headcount to support our expansion into new applications.

Selling, General and Administrative Expense

Selling, general and administrative expense for the six months ended June 30, 2022 of $38.5 million increased by $18.4 million, or 91%, when compared to the six months ended June 30, 2021. The increase is primarily due to a $13 million increase in stock-based compensation, and a $5.3 million increase in compensation costs related to growth in headcount and other costs of growing the business. We expect selling, general and administrative costs to increase to support our growth and as a result of the increased costs for infrastructure required as a public company.

Other Income (Expense), net

Net interest income for the six months ended June 30, 2022 was $28 thousand compared to $(124) thousand net interest expense for the six months ended June 30, 2021, increased by 123%, primarily due to the higher interest rate received on cash equivalents.

During the six months ended June 30, 2022, we recognized $51.8 million gain from the change in fair value of our warrant liabilities, $118.3 million decrease in fair value of our earn out liabilities and $(1.1) million loss from an equity method investment, as follows:

i) Warrants: The change in fair value of our warrant liability is due to the Company issuing a notice of redemption on February 4, 2022 and the Company revaluing the liability just before the exercise and redemptions which resulted in a valuation change of $51.8 million.

ii) Earnout liability: Subsequent to the recognition of the earnout liability upon the consummation of the Business Combination on October 19, 2021, we remeasure the fair value of this liability at each reporting date. The decrease in fair value of our earn-out liability of $118.3 million was primarily a result of the decrease of the closing price of our Class A common stock listed on the Nasdaq, resulting in the decline in the estimated fair value of the earnout shares from $16.09 as of December 31, 2021 to $1.89 as of June 30, 2022.

iii) Other expense primarily reflects our minority interest in the net loss of a joint venture.

Income Tax Expense

Income tax expenses for the six months ended June 30, 2022 increased by $249 thousand when compared to the six months ended June 30, 2021. We expect our tax rate to remain close to zero in the near term due to full valuation allowances against deferred tax assets.

Liquidity and Capital Resources

Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, working capital requirements related to inventory, accounts payable and accounts receivable, and selling, general and administrative expenditures. In addition, we use cash to fund our debt service obligations, and purchases of capital and software assets.

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.

Prior to the Business Combination, we derived our liquidity and capital resources primarily from the issuance and sale of convertible preferred stock. The term loan principal balance is payable in monthly installments beginning in September 2021.

As June 30, 2022, we had cash and cash equivalents of $240.5 million. We currently use cash to fund operations, meet working capital requirements, for capital expenditures and strategic investments. Post-Business Combination, the Company has additional access to capital resources through public market transactions and the historical focus on near-term working capital and liquidity has shifted to more strategic and forward-looking capital optimization plans. We believe that the influx of capital from the Business Combination is 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 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 six months ended June 30, 2022 and 2021:

(dollars in thousands)		June 30, 2022		June 30, 2021
Consolidated Statements of Cash Flow Data:				
Net cash used in operating activities	$	(18,383)	$	(13,773)
Net cash used in investing activities	$	(8,057)	$	(1,469)
Net cash provided (used in) by financing activities	$	(1,308)	$	222

We derive liquidity primarily from debt and equity financing activities. As of June 30, 2022, our balance of cash and cash equivalents was $240.5 million, which is an decrease of $27.7 million or 10% compared to December 31, 2021. Our total outstanding debt principal balance as of June 30, 2022 was $5.3 million, which is a decrease of $1.6 million from the $6.9 million of total debt outstanding at December 31, 2021.

Operating Activities

For the six months ended June 30, 2022, net cash used in operating activities was $18.4 million, which primarily reflects a net income of $113.6 million, adjusted for non-cash share-based compensation of $36.4 million, non-cash gains of $170.0 million in earnout and warrant liabilities and an aggregate cash used in operating activities of $1.0 million. Specifically, $1.1 million increase in account receivable and $2 million increase in inventory are primarily due to increased sales. $1.9 million increase in account payable is primarily due to accrued bonus and increased wages, offsetting by $0.6 million increase in operating lease liability.

For the six months ended June 30, 2021, net cash used in operating activities was $13.8 million, which reflects a net loss of $26.0 million, adjusted for non-cash share-based compensation of $14.6 million and includes an aggregate cash used in operating activities of $2.7.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2022 of $8.1 million was primarily due to $5.2 million cash funding of a joint venture, $2.3 million for purchases of fixed assets, coupled with $0.6 million business acquisition.

Net cash used in investing activities of $1.5 million for the six months ended June 30, 2021, was primarily related to the purchase of an asset acquisition and property and equipment.

Financing Activities

Net cash used in financing activities for the six months ended June 30, 2022 of $1.3 million was primarily due to debt payments of $1.6 million and repurchase of our common stock of $0.6 million, partially offset by proceeds from stock option exercises of $0.9 million.

Net cash provided by financing activities for the six months ended June 30, 2021 of $222 thousand was primarily the result proceeds from stock option exercises.

Contractual Obligations, Commitments and Contingencies

Except for a new operating lease entered into during the quarter, there have been no significant changes to our contractual obligations as described in our annual report on Form 10-K for the year ended December 31, 2021.

Off-Balance Sheet Commitments and Arrangements

As of June 30, 2022, 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 condensed consolidated financial statements and the accompanying notes included elsewhere in this quarterly 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 condensed 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 2021 annual report on Form 10-K.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies, allowing them to delay the adoption of those standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period under the JOBS Act. As a result, following the Business Combination, our condensed consolidated financial statements may not be comparable to the financial statements of companies that are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make common stock less attractive to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, for this reporting period and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer (our principal executive officer and principal financial officer, respectively), of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2022, pursuant to Exchange Act Rule 13a-15. Based upon this evaluation, our chief executive officer and chief financial officer have concluded that as of August 12, 2022, as a result of the material weaknesses in our internal control over financial reporting discussed below, and in the Company's annual report on Form 10-K for the year ended December 31, 2021, our disclosure controls and procedures were not effective.

As disclosed in Item 9 of our annual report on Form 10-K for the year ended December 31, 2021, management concluded that we lack a sufficient number of trained professionals with technical accounting expertise to identify, evaluate, value and account for complex transactions. 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.

Management has taken steps to evaluate resources throughout the organization to determine where current resources should be reassigned and where additional resources are needed to consistently and timely execute internal control activities. During the second quarter, a new Controller and a Financial Reporting Manager was added to the accounting department, which Management believes have sufficient work experience and technical accounting knowledge. In addition for more complex transactions and to the extent there is a lack of knowledge within the current accounting team, Management plans to engage external professional firms to assist with such transactions as they arise. With the additional hires in the second quarter, Management will continue to assess segregation of duties and the journal entries process to ensure there is a separate preparer and reviewer. The material weaknesses will not be considered remediated until remediated controls operate for a sufficient period of time and management has concluded that these controls are operating effectively.

Management has concluded that, notwithstanding the material weaknesses described above, the Company's condensed consolidated financial statements included in this quarterly report on Form 10-Q 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

During the quarter ended June 30, 2022, there were no significant changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended) that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time we may be involved in various disputes and litigation matters that arise in the ordinary course of business. We are currently not a party to any material legal proceedings.

Item 1A. Risk Factors.

In addition to the Summary of Risk Factors set forth at the beginning of this report, you should carefully consider the factors discussed in Part I, Item 1A ("Risk Factors") of our annual report on Form 10-K for the year ended December 31, 2021. The risks described herein and in our 2021 annual report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Risks Related to Our Acquisition of GeneSiC Semiconductor

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. Although GeneSiC is a stand-alone business capable of continuing operations as a separate, wholly owned subsidiary of the Company, 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 the acquisition, we may not be successful in our efforts to: (1) integrate new employees with our existing staff; (2) integrate and align numerous business and work processes, including information technology and cyber security 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.

If we do not successfully manage these issues and the other challenges inherent in the GeneSiC acquisition, then we may not achieve the anticipated benefits of the transaction and our post-acquisition revenue, expenses, results of operations and financial condition could be materially adversely affected, any of which could materially adversely affect the trading price of our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On June 10, 2022, in connection with the acquisition of VDDTECH srl, a private Belgian company ("VDDTech"), by Navitas Semiconductor Limited, our wholly owned subsidiary, we issued 414,207 shares of our common stock to the former shareholders of VDDTech. Consideration for all of the capital stock of VDDTech consisted of 150,616 shares and approximately $791,000 in cash. The shares were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, or Rule 506 thereunder.

Item 5. Other Information.

2022 Annual Stockholder Meeting

We are planning to hold our 2022 annual meeting of stockholders on November 10, 2022. Although we are announcing the meeting date in this report, we have not yet given notice of the meeting. Additional details on the time and place of the meeting, including instructions to attend the meeting on-line, will be provided in the notice of meeting and proxy materials for the meeting.

For any proposal to be considered for inclusion in our proxy statement and form of proxy for submission to stockholders at our 2022 annual meeting of stockholders, it must be submitted in writing and comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934 and our bylaws. Such proposals must be received at our offices at 2101 East El Segundo Blvd., Suite 205, El Segundo, CA 90245, within a reasonable time before we begin to print and send proxy materials for the meeting. We currently expect to begin to print and send proxy materials for the meeting on or about September 15, 2022.

In addition, our amended and restated bylaws provide notice procedures for stockholders to propose business to be considered by stockholders at a meeting. To be timely, a stockholder's notice must be received by the secretary of the company at our 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 prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that 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), notice by the stockholder to be timely must be so received no earlier than the close of business on the 120th day prior to such annual meeting and no later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement of the date such meeting is first made. Assuming the 2022 annual meeting of stockholders is held on November 10, 2022 as planned, this means that a stockholder's notice to propose business at the meeting must be received by the secretary as provided above no later than August 22, 2022. The chairman of the board may refuse to acknowledge the introduction of any stockholder proposal not made in compliance with the foregoing procedures.

Further, our amended and restated bylaws provide notice procedures for stockholders to nominate a person as a director to be considered by stockholders at a meeting. To be timely, a stockholder's notice must be received by the secretary at the principal executive offices of the company, in the case of an annual meeting not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that 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), notice by the stockholder to be timely must be so received no earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting was first made. Assuming the 2022 annual meeting of stockholders is held on November 10, 2022 as planned, this means that a stockholder's notice to nominate a person as a director must be received by the secretary as provided above no later than August 22, 2022. The chairman of the board may refuse to acknowledge the introduction of any stockholder nomination not made in compliance with the foregoing procedures.

Item 6. Exhibits.

EXHIBIT INDEX

Exhibit	Description
10.1†	Employment agreement with Ron Shelton, dated May 17, 2022
31.1*	Section 302 Certification of the Chief Executive Officer
31.2*	Section 302 Certification of the Chief Financial Officer
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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
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
Gene Sheridan
President and Chief Executive Officer

Date: August 15, 2022

NAVITAS SEMICONDUCTOR CORPORATION

By: /s/ Ron Shelton
Ron Shelton
Chief Financial Officer
(principal financial and accounting officer)

Date: August 15, 2022