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

FORM 10-K/A
(Amendment No. 1)

(Mark One)

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

For the fiscal year ended December 31, 2023

or

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

For the transition period from ______ to ______

Commission file number: **001-39755**

Navitas Semiconductor Corporation
(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☒ Yes ☐ No

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

☒ Yes ☐ No

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

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

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2023, was $1,219,930,904.

The number of shares outstanding of each of the registrant's classes of common stock as of February 27, 2024 was 179,253,182 shares of Class A Common Stock and 0 shares of Class B Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

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

EXPLANATORY NOTE

We filed our quarterly report on Form 10-Q for the quarter ended March 31, 2024 (the “Form 10-Q”) on May 15, 2024, where we identified certain material weaknesses as outlined in our Form 10-Q. Further, in May 2024, the Public Company Accounting Oversight Board conducted an inspection of our fiscal year 2023 audit conducted by Moss Adams LLP (“Moss Adams”), our independent registered public accounting firm, which had originally resulted in an unqualified opinion on the effectiveness of our internal controls over financial reporting. As a result of the material weaknesses identified in our Form 10-Q and queries raised during the inspection process, Moss Adams reevaluated certain of our internal controls and its previous conclusions with respect to the effectiveness of our internal controls over financial reporting as of December 31, 2023 and determined that the material weaknesses that were identified in the Form 10-Q as well as certain additional material weaknesses related to journal entries, the earnout liability and segments/reporting units existed as of December 31, 2023. As a result, we have also reevaluated our previous conclusions and have determined that we had material weaknesses related to such internal controls as of December 31, 2023, which we are in the process of addressing.

The material weaknesses *did not* result in any misstatement of our consolidated financial statements for the year ended December 31, 2023. No restatement of prior period financial statements and no change in previously released financial results are required as a result of the identification of the material weaknesses.

We are filing this amendment no. 1 on Form 10-K/A (this “Amendment”) to our annual report on Form 10-K for the year ended December 31, 2023, originally filed with the Securities and Exchange Commission (“SEC”) on March 6, 2024 (the “Original Filing”) in order to (i) revise Moss Adams’ previous report regarding the audit of our consolidated financial statements as of and for the year ended December 31, 2023 and the effectiveness of our internal control over financial reporting as of December 31, 2023 (the “Auditors Report”) contained in Item 8 (Financial Statements and Supplementary Data); (ii) revise Item 8 solely to reflect the inclusion of two items: (a) Moss Adams’ revised report on the effectiveness of internal control over financial reporting as of December 31, 2023, and (b) Moss Adams’ updated audit report on the consolidated financial statements as of and for the year ended December 31, 2023; (iii) revise Item 9A (Controls and Procedures) to reflect management’s conclusion that our disclosure controls and procedures and internal control over financial reporting were not effective at December 31, 2023 due to the material weaknesses identified after the Original Filing; and (iv) revise the risk factor regarding our internal control over financial reporting in Item 1A (Risk Factors). We are also amending Item 15 (Exhibits, Financial Statement Schedules) and the Exhibit Index to include updated auditor consents and updated certifications of our CEO and CFO.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, this Amendment includes the entire text of the amended items. However, except as described above, there are no changes to the text or figures in any of the amended items, nor are there any changes to the XBRL data in Exhibit 101 of the Original Filing.

Except for the revisions in this Amendment as specifically described above, information in the Original Filing remains unchanged and reflects the disclosures made at the time of the Original Filing. Also, except as specifically described above, this Amendment does not describe events occurring after the Original Filing, including exhibits, or modify or update disclosures affected by such subsequent events. Accordingly, this Amendment should be read in conjunction with the Original Filing and our other filings with the Securities and Exchange Commission, including without limitation those made after the Original Filing. Information in such subsequent filings may update or supersede information contained in the Original Filing.

Table of Contents

Part I

Item 1A. Risk Factors.

Risk Related to Our Business and Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- changing end customer requirements, resulting in an extended development cycle for the product;
- delay in the ramp-up of volume production of the customer's products into which our solutions are designed;
- delay or cancellation of the customer's product development plans;
- competitive pressures to reduce our selling price for the product;
- the discovery of design flaws, defects, errors or bugs in the products;
- lower than expected end customer acceptance of the solutions designed for the customer's products;
- lower than expected acceptance of our end customers' products; and
- higher manufacturing costs than anticipated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- international economic and political conditions and other political tensions between countries in which we do business;
- actual or threatened military conflicts in countries or regions where we do not do business or have manufacturing partners, such as the military conflict between Russia and Ukraine, may increase the likelihood of supply interruptions or disruptions in countries or regions where we do business or in which our manufacturing partners have facilities. Such interruptions or disruptions may make it harder for us to find favorable pricing and reliable sources for materials and services we need to make our products, putting upward pressure on our costs;
- unexpected changes in, or impositions of, legislative or regulatory requirements, including changes in tax laws;
- restrictions on cross-border investment, including enhanced oversight by the Committee on Foreign Investment in the United States ("CFIUS") and substantial restrictions on investment from China;
- differing legal standards with respect to protection of intellectual property and employment practices;

- local business and cultural factors that differ from our normal standards and practices, including business practices that we are prohibited from engaging in by the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA") and other anticorruption laws and regulations;
- exporting or importing issues related to export or import restrictions, including deemed export restrictions, tariffs, quotas and other trade barriers and restrictions; and
- disruptions of capital and trading markets and currency fluctuations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our margins are dependent on us achieving continued yield improvement.

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

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

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

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

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

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

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

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

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

Supply disruptions may also occur due to shortages in critical materials or components. We have encountered shortages and delays in obtaining components and materials and may encounter additional shortages and delays in the future. Because our products are complex, it is frequently difficult or impossible to substitute one type of material with another. Further, a failure by suppliers to deliver requirements could result in disruptions to our third party manufacturing operations. Our business, financial condition and results of operations could be harmed if we are unable to obtain adequate supplies of materials in a timely manner or if there are significant increases in the costs of materials.

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

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

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

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

Our working capital needs are difficult to predict.

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

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

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

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

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

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

We have identified material weaknesses in our internal control over financial reporting and may identify other material weaknesses in the future. 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.

As disclosed in Item 9A of this annual report for the year ended December 31, 2023, as amended, and as previously disclosed in our annual report on Form 10-K for the year ended December 31, 2022, in connection with the audit of our consolidated financial statements for the years then ended, we identified material weaknesses in our internal control over financial reporting (see Part II, Item 9A (Controls and Procedures) of this annual report on Form 10-K/A for the year ended December 31, 2023 and our annual report on Form 10-K for the year ended December 31, 2022, filed with the SEC on July 23, 2024 and April 3, 2023, respectively). We began implementing and are continuing to implement measures designed to improve our internal control over financial reporting to remediate these material weaknesses, specifically by hiring additional accounting personnel to augment existing technical expertise as well as to provide the staffing necessary to maintain effective segregation of duties. In 2023, we hired an external consulting firm to act as our internal audit department and to assist us with the Company's SOX 404(b) requirements. The Company utilizes an external accounting firm to assist with technical accounting issues as they arise. The Company hired a Director of Information Technology at the end of 2023, to segregate financial accounting systems access and system changes between the IT and accounting departments. The Company will continue to review and modify system access for accounting personnel to ensure proper segregation of duties around manual journal entries and at least on an annual basis or warranted due to organizational changes, perform a segment/reporting unit analysis.

Risks Related to Taxes

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

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

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

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

Navitas is a tax resident of Ireland and the U.S., it could be liable for both U.S. and Irish taxes on its worldwide income and dividends paid by it to us could be subject to Irish withholding taxes.

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Our Intellectual Property

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Regulatory Compliance

Investments in or by us may be subject to foreign investment regulation and review in the United States and elsewhere, which may result in material restrictions, conditions, prohibitions or penalties on us or our investors related to any such

investments. Semiconductor technologies generally, and GaN and SiC semiconductors specifically, may be subject to heightened regulatory scrutiny.

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Ownership of Our Common Stock

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

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

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

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

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

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

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

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

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

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

Part II

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Navitas Semiconductor Corporation (the “Company”) as of December 31, 2023, the related consolidated statements of operations, comprehensive income (loss), stockholders’ equity (deficit) and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 6, 2024, except for the effect of the material weaknesses described in that report, as to which the date is July 23, 2024, expressed an adverse opinion on the Company’s internal control over financial reporting due to material weaknesses.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

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

Valuation of Inventory

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

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

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

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

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

/s/ Moss Adams LLP

Los Angeles, CA

March, 6, 2024, except for the effect of the material weaknesses described in the second paragraph of the Opinion on the Financial Statements above, as to which the date is July 23, 2024.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited Navitas Semiconductor Corporation's (the "Company") internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (*2013*)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control - Integrated Framework (*2013*)* issued by COSO.

In our report dated March 6, 2024, we expressed an unqualified opinion that the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria. Management has subsequently identified deficiencies in internal controls and has further concluded that such deficiencies represented material weaknesses as of December 31, 2023; these material weaknesses are described within management's Item 9A. As a result, management has revised its assessment, as presented in the accompanying Management's Annual Report on Internal Control over Financial Reporting, to conclude that the Company's internal control over financial reporting was not effective as of December 31, 2023. Accordingly, our present opinion on the effectiveness of Navitas Semiconductor Corporation's internal control over financial reporting as of December 31, 2023, as expressed herein, is different from that expressed in our previous report.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet of Navitas Semiconductor Corporation as of December 31, 2023, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity (deficit) and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements") and our report dated March 6, 2024, except for the effect of the material weaknesses described below, as to which the date is July 23, 2024, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified:

- The Company did not fully maintain components of the COSO framework, including elements of the control environment, risk assessment, control activities, and monitoring activities components, relating to: (i) sufficiency of processes related to identifying and analyzing risks to the achievement of objectives across the entity, (ii) sufficiency of competent personnel with appropriate levels of knowledge, experience, and training in accounting for complex and non-routine transactions, and internal control matters to perform assigned responsibilities and have appropriate accountability for the design and operation of internal control over financial reporting; (iii) performing control activities in accordance with established policies in a timely manner, and (iv) performing ongoing evaluation to ascertain whether the components of internal controls are present and functioning.

The entity level material weaknesses contributed to other material weaknesses within the Company's system of internal control over financial reporting as follows:

- The Company did not design and implement effective controls, such that, personnel within the Company have incompatible duties which allow for the creation, review and processing of journal entries without independent review and authorization, which affects substantially all financial statement account balances and disclosures.
- The Company did not design and implement effective controls over the accounting for share-based payments, including the long-term incentive plan awards and earnout liability.
- The Company did not design and implement effective controls over the accounting for its license and release agreement.
- The Company did not design and implement effective controls over the inputs and assumptions used in the valuation of the earnout liability and information utilized to classify awards as either equity or liability.
- The Company did not maintain effective controls over its determination of reportable segments for purposes of segment reporting and reporting units for purposes of goodwill.

We considered the material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the Company's consolidated financial statements as of and for the year ended December 31, 2023, and our opinion on such consolidated financial statements was not affected.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Moss Adams LLP

Los Angeles, California
March 6, 2024, except for the effect of the material weaknesses described in the second paragraph above, as to which the date is July 23, 2024.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

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

Basis for Opinion

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

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

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

/s/ Deloitte & Touche LLP

Los Angeles, CA

April 3, 2023

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

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED BALANCE SHEETS

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

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

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

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

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

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

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

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

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

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

NAVITAS SEMICONDUCTOR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

1. ORGANIZATION AND BASIS OF PRESENTATION

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

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

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

Acquisitions

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

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

Basis of Consolidation

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

Use of Estimates

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Significant Accounting Policies and Estimates

Segment Reporting

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

Revenue Recognition

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

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

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

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

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

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

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

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

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

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

Business Combinations

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

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

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

Valuation of Contingent Consideration Resulting from a Business Combination

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

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

Inventory

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

Stock-based compensation

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

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

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

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

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

Income Taxes

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

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

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

Accounts receivable

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

Fair Value Measurements

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

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

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

Derivative Liabilities

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

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

Intangible Assets

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

Goodwill

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

Cash and Cash Equivalents

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

Foreign Currency Risk and Foreign Currency Translation

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

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

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

Advertising

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

Research and Development

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

Recently Adopted Accounting Standards

Credit Losses

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

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

Recently Issued Accounting Standards

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

3. INVENTORY

Inventory consisted of the following (in thousands):

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

4. PROPERTY AND EQUIPMENT, NET

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

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

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

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

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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

6. GOODWILL AND INTANGIBLES

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

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

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

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

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

NAVITAS SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

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

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

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

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

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

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

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

7. LEASES:

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

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

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

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

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

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

8. SHARE BASED COMPENSATION

Equity Incentive Plans

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

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

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

Stock-Based Compensation

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

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

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

Stock Options

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

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

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

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

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

Long-term Incentive Plan Stock Options

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

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

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

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

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

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

Restricted Stock Units

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

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

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

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

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

2022 Employee Stock Purchase Plan

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

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

Other Share Awards

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

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

Unvested Earnout Shares

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

9. WARRANT LIABILITY

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

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

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

10. EARNOUT LIABILITY

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

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

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

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

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

GeneSiC Earnout Liability

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

11. SIGNIFICANT CUSTOMERS AND CREDIT CONCENTRATIONS

Customer Concentration

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

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

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

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

Revenues by Geographic Area

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

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

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

Concentration of Credit Risk

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

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

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

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

Concentration of Supplier Risk

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

12. NET INCOME (LOSS) PER SHARE:

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

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

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

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

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

13. PROVISION FOR INCOME TAXES

Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

14. COMMITMENTS and CONTINGENCIES

Purchase Obligations

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

Indemnification

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

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

Legal proceedings and contingencies

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

15. EMPLOYEE BENEFIT PLAN

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

16. RELATED PARTY TRANSACTIONS

Notes Receivable

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

Joint Venture

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

Related Party License Revenue

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

Related Party Investment

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

Related Party Advance

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

Related Party Lease

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

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

17. BUSINESS COMBINATIONS

Acquisition of VDDTech srl

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

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

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

Acquisition of GeneSiC Semiconductor Inc.

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

NAVITAS SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18. NONCONTROLLING INTEREST

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

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

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

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

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

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

19. SUBSEQUENT EVENTS

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

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, including our chief executive officer and chief financial officer, have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of December 31, 2023. We first filed our annual report on Form 10-K for the year ended December 31, 2023, before the determination of the material weaknesses described below. (We refer to our initial Form 10-K filing on March 6, 2024, as the "Original Filing".) In the Original Filing, our CEO and CFO concluded that, as of December 31, 2023, our disclosure controls and procedures were operating effectively. However, after the determination of the material weaknesses described below, our CEO and CFO concluded that our disclosure controls and procedures were not effective, as of December 31, 2023.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act). Management assessed the effectiveness of its internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the Internal Control-Integrated Framework (2013), or the COSO Report. In Management's Report on Internal Control Over Financial Reporting included in our Original Filing, our management concluded that we maintained effective internal control over financial reporting as of December 31, 2023. Following the Public Company Accounting Oversight Board's inspection of Moss Adams LLP's audit of our December 31, 2023 financial statements and internal controls over financial reporting, management conducted a reassessment and subsequently concluded that the material weaknesses described below existed as of December 31, 2023, and also concluded that we did not maintain effective internal control over financial reporting as of December 31, 2023.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified:

- The Company did not fully maintain components of the COSO framework, including elements of the control environment, risk assessment, control activities, and monitoring activities components, relating to: (i) sufficiency of processes related to identifying and analyzing risks to the achievement of objectives across the entity, (ii) sufficiency of competent personnel with appropriate levels of knowledge, experience, and training in accounting for complex and non-routine transactions, and internal control matters to perform assigned responsibilities and have appropriate accountability for the design and operation of internal control over financial reporting; (iii) performing control activities in accordance with established policies in a timely manner, and (iv) performing ongoing evaluation to ascertain whether the components of internal controls are present and functioning.

The entity level material weaknesses contributed to other material weaknesses within the Company's system of internal control over financial reporting as follows:

- The Company did not design and implement effective controls, such that, personnel within the Company have incompatible duties which allow for the creation, review and processing of journal entries without independent review and authorization, which affects substantially all financial statement account balances and disclosures.
- The Company did not design and implement effective controls over the accounting for share-based payments, including the long-term incentive plan awards and earnout liability.
- The Company did not design and implement effective controls over the accounting for its license and release agreement.
- The Company did not design and implement effective controls over the inputs and assumptions used in the valuation of the earnout liability and information utilized to classify awards as either equity or liability.
- The Company did not maintain effective controls over its determination of reportable segments for purposes of segment reporting and reporting units for purposes of goodwill.

Our independent registered public accounting firm, Moss Adams LLP, has issued a revised attestation report on our internal control over financial reporting. This report appears on page F-4.

Remediation Plan

We have immediately commenced developing a plan to enhance the design and operating effectiveness of our internal controls over financial reporting, including maintaining sufficient contemporaneous documentation of management review controls over accounting for share-based payments, including the long-term incentive plan awards, earnout liability, as well as the accounting for the Company's license and release agreement, which we believe will address the material weakness described above. At least on an annual basis or as warranted due to organizational changes, we will perform a segment/reporting unit analysis. We expect our remediation will be complete prior to the end of the fourth quarter of fiscal 2024.

We have hired a Director of Information Technology at the end of 2023 to, among other responsibilities, segregate financial accounting systems access and system changes between IT and accounting department. The Company will continue to review and modify system access for accounting personnel to ensure proper segregation of duties around manual journal entries.

Changes in Internal Control Over Financial Reporting

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

Part IV

Item 15. Exhibits and Financial Statement Schedules.

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

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

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

EXHIBIT INDEX

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

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

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

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† Management contract or compensatory arrangement.

* Included in the original filing of our annual report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission on March 6, 2024.

+ Filed herewith.

++ Furnished herewith.

SIGNATURES

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

NAVITAS SEMICONDUCTOR CORPORATION

By:	/s/ Gene Sheridan
Name:	Gene Sheridan
Title:	President and Chief Executive Officer
Date:	July 23, 2024

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

Signature	Title	Date
/s/ Gene Sheridan Gene Sheridan	President, Chief Executive Officer and Director (principal executive officer)	July 23, 2024
/s/ Janet Chou Janet Chou	Chief Financial Officer and Treasurer (principal financial and accounting officer)	July 23, 2024
* Daniel Kinzer	Chief Operating Officer, Chief Technology Officer and Director	July 23, 2024
* Richard J. Hendrix	Director	July 23, 2024
* Brian Long	Director	July 23, 2024
* David Moxam	Director	July 23, 2024
* Dipender Saluja	Director	July 23, 2024
* Gary K. Wunderlich, Jr.	Director	July 23, 2024

*By: /s/ Paul D. Delva
Paul D. Delva, as attorney-in-fact

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-269752 and No. 333-261323) and Form S-8 (No. 333-262324, No. 333-271252, No. 333-271253 and No 333-277759) of Navitas Semiconductor Corporation (the “Company”), of our reports dated March 6, 2024, except for the effect of the material weaknesses described in our reports, as to which the date is July 23, 2024, relating to the consolidated financial statements of the Company as of and for the year ended December 31, 2023, and the effectiveness of internal control over financial reporting of the Company as of December 31, 2023 (which report expresses an adverse opinion due to material weaknesses), appearing in this Annual Report on Form 10-K/A of the Company for the year ended December 31, 2023.

/s/ Moss Adams LLP

Los Angeles, CA

July 23, 2024

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-261323 and No. 333-269752) and Form S-8 (No. 333-262324, No. 333-271252, No. 333-271253 and No. 333-277759) of Navitas Semiconductor Corporation (the “Company”) of our report dated April 3, 2023, relating to the consolidated financial statements of the Company for the year ended December 31, 2022, appearing in this Annual Report on Form 10-K/A of the Company for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Los Angeles, CA

July 23, 2024

Exhibit 31.1

CERTIFICATION

I, Gene Sheridan, certify that:

1. I have reviewed this annual report on Form 10-K/A for the fiscal year ended December 31, 2023 of Navitas Semiconductor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2024

/s/ Gene Sheridan
Gene Sheridan
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Janet Chou, certify that:

1. I have reviewed this annual report report on Form 10-K/A for the fiscal year ended December 31, 2023 of Navitas Semiconductor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2024

/s/ Janet Chou
Janet Chou
Executive V.P., Chief Financial Officer and Treasurer
(principal financial and accounting officer)

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his or her capacity as an officer of Navitas Semiconductor Corporation (“Navitas”), that, to his or her knowledge, Navitas’ annual report on Form 10-K for the year ended December 31, 2023, as amended, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Navitas. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to that Form 10-K, as amended. A signed original of this statement, which may be electronic, has been provided to Navitas and will be retained by Navitas and furnished to the Securities and Exchange Commission or its staff upon request.

Date: July 23, 2024	/s/ Gene Sheridan Gene Sheridan President and Chief Executive Officer (principal executive officer)
Date: July 23, 2024	/s/ Janet Chou Janet Chou Executive Vice President, Chief Financial Officer and Treasurer (principal financial and accounting officer)