

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

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

Date of Report (Date of earliest event reported): October 19, 2021

NAVITAS SEMICONDUCTOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39755
(Commission
File Number)

85-2560226
(IRS Employer
Identification No.)

22 Fitzwilliam Square South, Dublin, Ireland
(Address of principal executive offices)

D02 FH68
(Zip Code)

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

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	NVTS	The Nasdaq Stock Market LLC
Warrants to receive one share of Common Stock at an exercise price of \$11.50 per share	NVTSW	The Nasdaq Stock Market LLC

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

Emerging growth company

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

Explanatory Note

On October 25, 2021, Navitas Semiconductor Corporation (f/k/a Live Oak Acquisition Corp. II (“LOKB”)) (the “Company”) filed a Current Report on Form 8-K with the Securities and Exchange Commission (the “SEC”) (the “Original Report”) to report various matters related to the consummation of its Business Combination (as defined in the Original Report) with Navitas Semiconductor Limited, a private company limited by shares organized under the laws of Ireland (“Navitas Ireland”) with a dual existence as a domesticated limited liability company in the State of Delaware as Navitas Semiconductor Ireland, LLC (“Navitas Delaware”, and together with Navitas Ireland, “Legacy Navitas”) pursuant to that certain business combination agreement and plan of reorganization (the “Business Combination Agreement”), dated as of May 6, 2021, by and among LOKB, Live Oak Merger Sub Inc., a Delaware corporation and a wholly owned direct subsidiary of LOKB (“Merger Sub”), and Legacy Navitas. The Company is filing this Amended Report on Form 8-K/A (the “Amended Report”) solely to (a) amend and restate Item 2.01 to include the unaudited condensed consolidated financial statements of Legacy Navitas as of September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020 in Exhibit 99.4 and the related management’s discussion and analysis of the financial condition and results of operation of Legacy Navitas in Exhibit 99.3, (b) amend and restate Item 5.02 to correct a typographical error relating to the Incentive Plan (as defined in the Original Report) which included the reserved share number under the Prior Plan (as defined in the Incentive Plan) pre-conversion, and (c) correct the related typographical error in the Incentive Plan filed as Exhibit 10.5.

Except as stated in this Explanatory Note, no other information contained in the Original Report is being changed. Accordingly, this Amended Report consists only of the facing page, this Explanatory Note, the entirety of the updated Items 2.01, 5.02 and 9.01, the related new exhibits, and the signature page. This Amended Report speaks as of the original filing date of the Original Report and does not modify or update in any way disclosures made in the Original Report. Capitalized terms used but not defined herein have the meanings ascribed to them in the Original Report.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The disclosure set forth in the “*Introductory Note*” as set forth in the Original Report is incorporated into this Item 2.01 by reference. The material provisions of the Business Combination Agreement are described in the Final Proxy Statement/Prospectus in the section titled “*The Business Combination*”, which description is incorporated herein by reference.

As previously reported in the Current Report on Form 8-K filed by LOKB with the SEC on October 13, 2021, LOKB held a special meeting of its stockholders on October 12, 2021 (the “Special Meeting”). At the Special Meeting, the LOKB stockholders considered and adopted, among other matters, the Business Combination Agreement. Prior to the Special Meeting, the holders of 10,135,544 shares of LOKB’s common stock sold in its initial public offering (the “Public Shares”) exercised their right to redeem those shares for cash at a price of approximately \$10.00 per share, for an aggregate redemption price of approximately \$101.4 million, which redemption occurred concurrent with the Closing of the Business Combination. The per share redemption price of approximately \$10.00 for holders of Public Shares electing redemption was paid out of LOKB’s trust account, which after taking into account the redemptions, had a balance immediately prior to the Closing of approximately \$152 million.

On the Closing Date, the following transactions (collectively, the “Transactions”) were completed:

- LOKB acquired all of the issued and allotted Navitas Ireland Shares pursuant to the Tender Offer;
- Merger Sub merged with and into Navitas Delaware, with Navitas Delaware surviving as a wholly-owned subsidiary of the Company;

- each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time was automatically converted into one validly issued, fully paid and nonassessable limited liability company interest of Navitas Delaware held by the Company, which limited liability company interest constitutes the only outstanding limited liability company interest of Navitas Delaware;
- all issued and outstanding Navitas Ireland Shares (other than Navitas Ireland Restricted Shares) converted into an aggregate of 39,477,026 shares of Common Stock;
- all issued and outstanding Navitas Delaware Shares (other than Navitas Delaware Restricted Shares, shares held by the Company, Sponsor or held in treasury) converted into an aggregate of 39,477,026 shares of Common Stock;
- all Navitas Delaware Shares held in treasury were canceled without any conversion thereof;
- all of the outstanding options of Navitas Delaware and Navitas Ireland to acquire Navitas Delaware Common Shares or Navitas Ireland Common Shares, respectively, were assumed by the Company and converted into options to acquire an aggregate of 11,276,706 shares of Common Stock;
- all of the outstanding Navitas Delaware restricted stock units and Navitas Ireland restricted stock units were assumed by the Company and converted into awards of restricted stock units ("RSUs") to acquire an aggregate of 4,525,344 shares of Common Stock;
- all of the outstanding warrants of Navitas Delaware and Navitas Ireland to acquire Navitas Delaware Common Shares, Navitas Delaware Preferred Shares, Navitas Ireland Common Stock, or Navitas Ireland Preferred Stock, respectively, were assumed by the Company and converted into warrants to acquire an aggregate of 375,189 shares of Common Stock;
- all of the 6,315,000 outstanding shares of the Company's Class B common stock, par value \$0.0001 per share (the "Class B Common Stock"), held by the Sponsor were converted into an aggregate of 6,315,000 shares of Common Stock;
- all of the outstanding Company units were separated into one share of Common Stock and one-third (1/3) of one warrant to purchase one share of Common Stock at an exercise price of \$11.50 per share (the "Warrants"); and
- the Company issued an aggregate of 17,300,000 shares of Common Stock to the PIPE Investors pursuant to the closing of the PIPE (as defined below).

As a result of the foregoing Transactions (including the redemptions described above), as of the Closing Date and immediately following the completion of the Merger and the PIPE, the Company had the following outstanding securities:

- 117,733,507 shares of Common Stock;
- options to acquire an aggregate of 11,276,706 shares of Common Stock;
- RSUs to acquire an aggregate of 4,525,344 shares of Common Stock; and
- 8,433,333 public Warrants and 4,666,667 Private Placement Warrants (as defined below), each exercisable for one share of Class A Common Stock at a price of \$11.50 per share.

Following the Closing, LOKB's shares, warrants and units ceased trading on the NYSE, the Common Stock began trading on NASDAQ under the symbol "NVTS" and the Warrants began trading on NASDAQ under the symbol "NVTSW."

FORM 10 INFORMATION

Prior to the Closing, the Company was a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) with no operations, formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. As of the Closing, the Company is a holding company whose only assets consist of all of the equity interests in Legacy Navitas.

Item 2.01(f) of Form 8-K states that if the predecessor registrant was a shell company, then the registrant must disclose the information that would be required if the registrant were filing a general form for registration of securities on Form 10. Accordingly, the Company is providing the information below that would be included in a

Form 10 if the Company were to file a Form 10. Please note that the information provided below relates to the Company as of the consummation of the Business Combination, unless otherwise specifically indicated or the context otherwise requires.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements. Forward-looking statements provide the Company's current expectations or forecasts of future events. Forward-looking statements include statements about the Company's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. The words "anticipates," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predicts," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Examples of forward-looking statements in this Current Report on Form 8-K include, but are not limited to, statements regarding the Company's disclosure concerning the Company's operations, cash flows, financial position and dividend policy. The Company cautions you that these forward-looking statements are subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to:

- the financial and business performance of the Company, including financial projections and business metrics and any underlying assumptions thereunder;
- changes in the Company's strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects and plans;
- the Company's product development timeline and expected start of production;
- the implementation, market acceptance and success of the Company's business model;
- the Company's ability to scale in a cost-effective manner;
- developments and projections relating to the Company's competitors and industry;
- the impact of health epidemics, including the COVID-19 pandemic, on Legacy Navitas' business and the actions the Company may take in response thereto;
- the Company's expectations regarding its ability to obtain and maintain intellectual property protection and not infringe on the intellectual property rights of others;
- expectations regarding the time during which the Company will be an emerging growth company under the JOBS Act;
- the Company's future capital requirements and sources and uses of cash;
- the Company's ability to obtain funding for its operations;
- the Company's business, expansion plans and opportunities; and
- the outcome of any known and unknown litigation and regulatory proceedings.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors described in "Risk Factors" in this Amended Report. These forward-looking statements speak only as of the date of this Amended Report. The Company undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this Amended Report or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks that the Company describes in the reports it will file from time to time with the SEC after the date of this Amended Report as well as the risk factors included in the Company's Annual Report on Form 10-K filed with the SEC on March 25, 2021 and the Final Proxy Statement/Prospectus.

In addition, statements that "the Company believes" and similar statements reflect the Company's beliefs and opinions on the relevant subject. These statements are based on information available to the Company as of the date of this Amended Report. And while the Company believes that information provides a reasonable basis for these statements, that information may be limited or incomplete. The Company's statements should not be read to indicate that it has conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely on these statements.

Although the Company believes the expectations reflected in the forward-looking statements were reasonable at the time made, it cannot guarantee future results, level of activity, performance or achievements. You should carefully consider the cautionary statements contained or referred to in this section in connection with the forward-looking statements contained in this Amended Report on Form 8-K and any subsequent written or oral forward-looking statements that may be issued by the Company or persons acting on the Company's behalf.

Business

The business of the Company is described in the Final Proxy Statement/Prospectus in the section titled "Information About Navitas", which description is incorporated herein by reference.

Risk Factors

The risks associated with the Company's business are described in the Final Proxy Statement/Prospectus in the section titled "Risk Factors", which description is incorporated herein by reference.

Financial Information

Unaudited Pro Forma Combined Financial Information

The unaudited pro forma combined financial information of the Company for the year ended December 31, 2020 and for the six months ended June 30, 2021 is set forth in Exhibit 99.1 to the Original Report and is incorporated herein by reference.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The management's discussion and analysis of financial condition and results of operations of the Company as of and for the six months ended June 30, 2021 and for the period from August 12, 2020 (inception) through December 31, 2020 is included in the Final Proxy Statement/Prospectus in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of LOKB", which is incorporated herein by reference.

The management's discussion and analysis of the financial condition and results of operation of Legacy Navitas as of and for the six months ended June 30, 2021 and 2020 is included in the Final Proxy Statement/Prospectus in the Section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of Navitas", which is incorporated herein by reference.

The management's discussion and analysis of the financial condition and results of operation of Legacy Navitas as of and for the nine months ended September 30, 2021 and 2020 is attached hereto as Exhibit 99.3.

Properties

The facilities of the Company are described in the Final Proxy Statement/Prospectus in the section titled "Information About Navitas - Manufacturability" and is incorporated herein by reference.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of shares of the Company's Common Stock as of October 19, 2021, after giving effect to the Transactions, by:

- each person known by the Company to be the beneficial owner of more than five percent (5%) of the outstanding shares of Common Stock;
- each current executive officer and director of the Company; and
- all current executive officers and directors of the Company, as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within sixty (60) days.

Unless otherwise indicated, the Company believes that all persons named in the table have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them.

Name and Address of Beneficial Owner(1)	Number of Shares	% of Class
Five Percent (5%) Stockholders:		
MalibuIQ, LLC(2)	12,839,519	10.9%
Atlantic Bridge III LP(3)	8,866,500	7.5%
Capricorn-Libra investment Group, LP(4)	6,379,718	5.4%
Directors and Executive Officers:		
Gene Sheridan(5)	5,070,588	4.3%
Daniel Kinzer(6)	3,770,107	3.2%
Todd Glickman(7)	359,509	0.3%
Brian Long(3)	9,876,963	8.4%
David Moxam(2)	12,953,747	11.0%
Dipender Saluja(4)	9,627,342	8.2%
Gary K. Wunderlich, Jr.(8)	12,457,130	10.6%
Richard J. Hendrix(9)	12,432,130	10.6%
All Directors and Executive Officers as a Group (8 individuals)	54,150,849	46%

* Less than one percent.

- (1) Unless otherwise noted, the business address of each of the following individuals or entities is c/o Navitas Semiconductor Corporation, 22 Fitzwilliam Square South, Dublin, D02 FH68 Ireland.
- (2) David Moxam, a director of the Company, is the sole manager of MalibuIQ, LLC and may be deemed to have beneficial ownership of these shares. The business address of MalibuIQ, LLC is 21245 Smith Road, Covington, LA 70435.
- (3) Consists of 8,866,500 shares of Common Stock held by Atlantic Bridge III LP ("AB III") and 1,000,000 PIPE Shares held by China Ireland Growth Technology Fund II, L.P. ("CIGTF II"), an affiliate of AB III. The general partner of AB III is Atlantic Bridge III GP Limited ("AB III GP"). The general partner of CIGTF II is China Ireland Growth Technology Fund II GP, L.P. ("CIGTF II GP"), whose general partner is China Ireland Growth Technology Fund II GP Limited ("CIGTF GP Limited"). Atlantic Bridge Services Limited ("ABSL") is a 50% shareholder in CIGTF GP Limited. Each of ABSL, AB III GP and CIGTF II GP Limited have common directors, some of whom are also shareholders in ABSL. Brian Long, a director of the Company, is a shareholder in ABSL and is a director of each of AB III GP and CIGTF II GP Limited. The address of AB III, CIGTF II and AB III GP is 22 Fitzwilliam Square, Dublin 2, Ireland, and the address of CIGTF II GP, ABSL and CIGTF GP Limited is PO Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Island.
- (4) Consists of shares 66% of which are held by Capricorn-Libra Investment Group, LP ("CLIG") and 34% of which are held by Technology Impact Fund, LP ("TIF"). Capricorn-Libra Partners, LLC ("CLP") is the general partner of CLIG. Dipender Saluja, a director of the Company, is the sole managing member of CLP and may be deemed to have beneficial ownership of the shares held by CLP. TIF Partners, LLC ("TIFP") is the general partner of TIF. TIFP is owned by Dipender Saluja (50%) and Ion Yadigaroglu (50%), who may be deemed to share beneficial ownership of the shares held by TIF. The business address of CLIG, TIF, CLP and TIFP is 250 University Avenue, Palo Alto, CA 94301.
- (5) Consists of (i) 3,076,044 shares of Common Stock held by The Eugene and Melissa Sheridan Trust, which are beneficially owned by Mr. Sheridan as Trustee and (ii) 1,994,544 shares of Common Stock underlying options that are exercisable within 60 days of October 19, 2021.
- (6) Consists of (i) 4,414,435 shares of Common Stock and (ii) 450,072 shares of Common Stock underlying options that are exercisable within 60 days of October 19, 2021.
- (7) Consists of (i) 225,240 shares of Common Stock and (ii) 134,269 shares of Common Stock underlying options and RSUs that settle within 60 days of October 19, 2021.

- (8) Consists of (i) 6,315,000 shares of Common Stock held by the Sponsor, (ii) Warrants to purchase 4,666,667 shares of Common Stock held by the Sponsor, (iii) Warrants to purchase 30,000 shares of Common Stock held by trusts of which Mr. Wunderlich is trustee, (iv) Warrants to purchase 10,000 shares of Common Stock held by trusts of which Mr. Wunderlich may be deemed to have beneficial ownership, (v) 1,415,000 shares of Common Stock held by Live Oak GaN Partners LLC and (vi) Warrants to purchase 10,000 shares of Common Stock held by Mr. Wunderlich's IRA. Mr. Wunderlich is a managing member of each of the Sponsor and Live Oak GaN Partners LLC and may be deemed to have shared beneficial ownership of the securities held by each of the Sponsor and Live Oak GaN Partners LLC.
- (9) Consists of (i) 6,315,000 shares of Common Stock held by the Sponsor, (ii) Warrants to purchase 4,666,667 shares of Common Stock held by the Sponsor, (iii) 1,415,000 shares of Common Stock held by Live Oak GaN Partners LLC and (iv) Warrants to purchase 25,000 shares of Common Stock held by Mr. Hendrix's IRA. Mr. Hendrix is a managing member of each of the Sponsor and Live Oak GaN Partners LLC and may be deemed to have shared beneficial ownership of securities held by each of the Sponsor and Live Oak GaN Partners LLC.

Directors and Executive Officers

Information with respect to the Company's directors and executive officers immediately after the Closing is set forth in the Final Proxy Statement/Prospectus in the section titled "*Management After the Business Combination*", which description is incorporated herein by reference.

The following table lists the names, ages as of October 19, 2021 and positions of the individuals who are serving, effective as of Closing, as directors and executive officers of the Company:

Name	Age	Position(s)
Gene Sheridan	55	Chairman, President, Chief Executive Officer and Director
Daniel Kinzer	63	Chief Operating Officer, Chief Technology Officer and Director
Todd Glickman	37	Senior Vice President, Interim Chief Financial Officer and Treasurer
Brian Long(2)(3)	64	Director
Dipender Saluja(3)	56	Director
David Moxam(1)(2)	64	Director
Richard J. Hendrix(1)(2)	56	Director
Gary K. Wunderlich, Jr.(1)(3)	51	Director

- (1) Member of the audit committee.
(2) Member of the compensation committee.
(3) Member of the nominating and corporate governance committee.

Todd Glickman. On October 19, 2021, Todd Glickman was appointed Interim Chief Financial Officer of Legacy Navitas and to serve, subject to and effective as of Closing, as Interim Chief Financial Officer of the Company. Mr. Glickman joined Navitas in 2015 and most recently served as Senior Vice President Finance (Head of Finance and G&A). Mr. Glickman has more than 15 years of experience in finance, accounting and corporate development. Preceding his employment at Navitas, Mr. Glickman served as a venture capitalist at MalibuIQ, LLC, evaluating early-stage technology investments. Prior to that Mr. Glickman held various roles at Activision Blizzard in Corporate Development, Vance Street Capital in Private Equity and Lehman Brothers in Investment Banking. Mr. Glickman holds a B.B.A. in Finance, Investment and Banking from the University of Wisconsin - Madison and an MBA with honors from the Marshall School of Business at the University of Southern California.

Executive Compensation

Information about the executive compensation of the Company's executive officers and directors is described in the Final Proxy Statement/Prospectus in the section titled "*Executive Compensation*" and is incorporated herein by reference.

Additionally, outlined below is information relating to the Interim Chief Financial Officer's compensation. The information below supplements the information set forth in the Final Proxy Statement/Prospectus in the section titled "*Executive Compensation*" and should be read in conjunction with it.

Summary Compensation Table

The following table sets forth information concerning the compensation of Mr. Glickman for the years ended December 31, 2020 and December 31, 2019.

Name and principal position	Fiscal Year	Salary (\$)	Bonus (\$)(1)	Option Awards (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Todd Glickman	2020	\$210,060	\$45,000	\$ —	\$ 10,202	\$265,262
Vice President Finance & Treasurer	2019	207,396		17,600	8,296	233,292

- (1) Reflects cash bonuses paid pursuant to Legacy Navitas' informal annual cash bonus plan.
- (2) Excludes options to purchase 135,000 shares of Navitas Delaware Stock granted to Mr. Glickman on October 15, 2020. These stock options have been cancelled pursuant to the option cancellation agreement between Navitas Delaware and Mr. Glickman, dated May 26, 2021. For further information see section titled "Change-In-Control-Benefits" below and section titled "Stock Grants, Option Awards and Amendments to Executive Officer Employment Agreements" in the Final Proxy Statement/Prospectus.
- (3) Amounts reported under "All Other Compensation" reflect employer matching contributions made pursuant to Legacy Navitas' 401(k) plan.

Employment Arrangement

In March 2019, Legacy Navitas and Mr. Glickman entered into an employment agreement pursuant to which Mr. Glickman served as Vice President of Finance of Legacy Navitas for annual base salary of \$210,000, which was subsequently increased (see "Summary Compensation Table" above). In connection with the Business Combination, Mr. Glickman entered into a new employment agreement with LOKB (the "New Employment Agreement"), which became effective upon the Closing and provides for substantially the same terms as his former employment agreement, except that it does not provide for any equity compensation element. The summary of the New Employment Agreement is qualified in its entirety by reference to the New Employment Agreement, which is included as Exhibit 10.2 to the Original Report and is incorporated herein by reference.

Potential Payments Upon Termination or Change-In-Control

Severance Payments

Mr. Glickman's New Employment Agreement provides that in the event that Mr. Glickman's employment agreement is terminated for any reason other than cause (as defined in the New Employment Agreement), disability or death, or if Mr. Glickman resigns for good reason (as defined in the New Employment Agreement), Mr. Glickman is entitled to (i) a lump sum payment equal to twelve (12) months of his then-current base salary and (ii) a lump sum payment equal to 100% of his potential maximum annual target bonus and (iii) up to 12 months of Company-paid COBRA premiums, subject to his signing and not revoking the Company's then-standard separation agreement and release of claims.

Change-In-Control Benefits

In September 2015, Legacy Navitas granted Mr. Glickman options to purchase 140,000 Navitas Common Shares for a total exercise price of \$18,200. In August 2019, Legacy Navitas granted Mr. Glickman options to purchase 80,000 Navitas Common Shares for a total exercise price of \$17,600. Upon a change in control (which includes the consummation of the Business Combination), the option agreements provide that all then-unvested options will fully vest if Mr. Glickman is terminated without cause by the acquiring entity at any time following the acquisition or resigns for good reason. As of the date hereof, all stock options held by Mr. Glickman are fully vested.

In February 2021, Navitas Delaware and Todd Glickman entered into an amendment to his former employment agreement pursuant to which Mr. Glickman was granted the right to purchase 373,915 shares of restricted stock at the fair market value per share, funded with a \$210,000 full recourse promissory note. Following receipt of an independent valuation report received in May 2021, Navitas Delaware and Todd Glickman jointly decided to rescind this grant, the note and the amendment to the employment agreement because the parties had intended for these awards to be issued at a price of less than fair value. In the event the rescission gives rise to any personal income tax consequences for Mr. Glickman, Navitas Delaware agreed to indemnify him. See the section titled "Stock Grants, Option Awards and Amendments to Executive Officer Employment Agreements" in the Final Proxy Statement/Prospectus for more details.

On August 25, 2021, Mr. Glickman was granted 135,000 Navitas RSUs under the 2020 Equity Incentive Plan pursuant to a restricted stock unit award agreement (the “RSU Award Agreement”). These RSUs vest, subject to Mr. Glickman remaining employed with the Company, in accordance with the following vesting schedule:

<u>Vesting Date</u>	<u>RSUs Subject to Vesting</u>
Closing Date	52,500
9/15/22	33,750
9/15/23	33,750
1/15/24	6,250
9/15/24	8,750

Additionally, on August 25, 2021, Mr. Glickman was granted 500,000 Navitas RSUs under the 2020 Equity Incentive Plan pursuant to a restricted stock unit and bonus award agreement (the “RSU and Bonus Award Agreement”). Upon the occurrence of an exit event (which includes the consummation of the Business Combination) having an aggregate fair market value of all issued and outstanding shares of Common Stock equal to or greater than the amounts set forth below, the corresponding numbers of Navitas RSUs set forth below become earned and will vest in full on the six-month anniversary, subject to Mr. Glickman remaining employed by the Company:

<u>Fair Market Value</u>	<u>Navitas Restricted Stock Units of Mr. Glickman becoming eligible for vesting</u>
\$500,000,000	250,000 RSUs
\$700,000,000	500,000 RSUs

Under the RSU and Bonus Award Agreement, Mr. Glickman was also awarded a one-time cash-bonus in the amount \$300,000 earned upon the occurrence of an exit event (which includes the consummation of the Business Combination).

Outstanding Equity Awards at Fiscal Year 2020 Year-End

The following table provides information about the outstanding equity awards of Navitas Delaware held by Mr. Glickman as of December 31, 2020:

<u>Name</u>	<u>Grant Date</u>	<u>Number of Securities Underlying Unexercised Options (#) Exercisable (1)</u>	<u>Number of Securities Underlying Unexercised Options (#) Unexercisable</u>	<u>Option Exercise Price (\$)</u>	<u>Option Expiration Date</u>
Todd Glickman	9/3/2015	140,000(2)	—	\$ 0.13	9/2/2025
	3/28/2018	62,437(3)	18,563	0.20	3/27/2028
	8/19/2019	35,000(4)	45,000	0.22	8/18/2029

- (1) All awards vest as to 25% of the shares underlying the award one year from the vesting commencement date and, thereafter, as to 1/48 of the shares underlying the award each month. Upon a change in control (which includes the consummation of the Business Combination), all then-unvested options fully vest if the holder is terminated without cause by the acquiring entity or resigns for good reason.
- (2) The award became fully vested on July 15, 2019.
- (3) The vesting commencement date was November 16, 2017 and the award will be fully vested on November 16, 2021.
- (4) The vesting commencement date was March 16, 2019 and the award will be fully vested on March 16, 2023.

Non-Employee Director Compensation

On October 19, 2021, the Board approved, based on advice received from the Company's compensation consultants, the following annual compensation for directors who are not employees or officers of the Company:

Component	Fee Per Year
Annual Retainer	\$45,000
Lead Independent Director	20,000
Audit Committee Member (Chair paid 2x)	10,000
Compensation Committee Member (Chair paid 2x)	7,500
Nominating and Corporate Governance Committee Member (Chair paid 2x)	5,000

In addition, the Board granted annual RSUs to each non-employee director under the Incentive Plan (as defined below), representing the right to receive Common Stock of the Company having an aggregate fair market value on the grant date of \$140,000. On the Closing Date, each non-employee director was granted RSUs under the Incentive Plan to acquire an aggregate of 10,463 Common Shares. These RSUs all vest on the one-year anniversary of their grant date or earlier upon a Change in Control of the Company (as defined in the Incentive Plan).

Certain Relationships and Related Transactions

Information relating to certain relationships and related party transactions of the Company are described in the Final Proxy Statement/Prospectus in the section titled "*Certain Relationships and Related Party Transactions*", which description is incorporated herein by reference.

Director Independence

Director independence is described in the Final Proxy Statement/Prospectus in the section titled "*Management After the Business Combination - Director Independence*" and is incorporated herein by reference.

Legal Proceedings

From time to time, the Company may become involved in legal proceedings arising in the ordinary course of its business. The Company is not presently a party to any legal proceedings that, if determined adversely to it, would individually or in the aggregate have a material adverse effect on its business, results of operations, financial condition or cash flows.

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

Following completion of its initial public offering, the Company's Common Stock, Warrants and units began trading on the NYSE under the ticker symbols "LOKB," "LOKB.WS" and "LOKB.U," respectively. On October 20, 2021, the Company's Common Stock and Warrants were listed on NASDAQ under the new trading symbols "NVTB" and "NVTBW", respectively, and all of the Company's units separated into their component parts of (i) one share of Common Stock and (ii) one-third (1/3) of one Warrant, and ceased trading on the NYSE.

The Company has not paid any cash dividends on shares of its Common Stock to date. The payment of cash dividends in the future will be dependent upon the Company's revenues and earnings, if any, capital requirements and general financial condition. The payment of any dividends will be within the discretion of the Board. It is the present intention of the Board to retain all earnings, if any, for use in the Company's business operations and, accordingly, the Board does not anticipate declaring any dividends in the foreseeable future.

Information regarding LOKB's common stock, warrants and units and related stockholder matters are described in the Final Proxy Statement/Prospectus in the section titled "*Market Price and Dividend Information*" and such information is incorporated herein by reference.

Recent Sales of Unregistered Securities

Founder Shares

On September 1, 2020, the Company issued an aggregate of 5,750,000 shares of Class B Common Stock to the Sponsor, for an aggregate purchase price of \$25,000 in cash. In December 2020, LOKB effected a stock dividend of 0.1 share for each share of Class B Common Stock outstanding, resulting in an aggregate of 6,325,000 shares of Class B Common Stock outstanding. In connection with the Closing, 10,000 shares of Class B Common Stock held by the Sponsor were forfeited (the remaining shares of Class B Common Stock held by the Sponsor, hereinafter, the “Founder Shares”). The Founder Shares automatically converted into Common Stock at Closing, on a one-for-one basis, subject to certain adjustments. No underwriting discounts or commissions were paid with respect to the issuance or conversion of the Founder Shares. The Sponsor is an accredited investor and there was no general solicitation in connection with these transactions. The shares of Class B Common Stock issued as Founder Shares, and the shares of Common Stock issued upon their conversion, were not registered under the Securities Act of 1933 (the “Securities Act”) and were issued in reliance upon the exemption provided in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, and with respect to the conversion, Section 3(a)(9) of the Securities Act.

Private Placement Warrants

Simultaneously with the Company’s initial public offering on December 7, 2020, the Company sold to the Sponsor an aggregate of 4,666,667 warrants at \$1.50 per warrant for an aggregate purchase price of \$7.0 million (the “Private Placement Warrants”). Each whole Private Placement Warrant entitles the holder thereof to purchase one share of Common Stock at a price of \$11.50 per share, subject to certain adjustments. The Private Placement Warrants are not transferable, assignable or salable until thirty (30) days after the Closing (except, to certain permitted transferees) and are not redeemable as long as they are held by the Sponsor or its permitted transferees. In accordance with that certain backstop agreement, dated August 20, 2021, by and between the Sponsor and Encompass Capital Advisors LLC (“Encompass”), certain accounts or fund entities for which Encompass exercises investment discretion acquired 1,500,000 Private Placement Warrants from the Sponsor following the closing of the Business Combination. No underwriting discounts or commissions were paid with respect to such sale. The Sponsor is an accredited investor and there was no general solicitation in connection with such sale. The Private Placement Warrants were not registered under the Securities Act and were issued in reliance upon the exemption provided in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

PIPE Subscription Agreements

In connection with the Business Combination, LOKB entered into a series of separate subscription agreements (the “PIPE Subscription Agreements”) with a number of accredited investors (“PIPE Investors”), pursuant to which LOKB agreed to sell, and the PIPE Investors agreed to purchase, on a private placement basis without any general solicitation, an aggregate of 17,300,000 shares of Common Stock (the “PIPE Shares”) at a purchase price of \$10.00 per share, for gross proceeds of \$173.0 million (collectively, the “PIPE”), as follows:

<u>Date Entered</u>	<u>Shares of Common Stock</u>	<u>Gross Proceeds</u>
May 2021	14,500,000	\$145,000,000
August 2021	1,000,000	10,000,000
October 2021	1,800,000	18,000,000
Total	17,300,000	\$173,000,000

In accordance with the terms of the PIPE Subscription Agreements, on October 19, 2021, the Company issued and sold 17,300,000 unregistered securities to the PIPE Investors. The shares of Common Stock issued pursuant to the Subscription Agreements were not registered under the Securities Act of 1933, as amended (the “Securities Act”) and were issued in reliance upon the exemption provided in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

This summary is qualified in its entirety by reference to the PIPE Subscription Agreements, the form of which is included as Exhibit 10.3 to the Original Report and is incorporated herein by reference.

Description of Registrant's Securities

The description of the Company's securities is contained in the Final Proxy Statement/Prospectus in the section titled "Description of Securities" and is incorporated herein by reference

Indemnification of Directors and Officers

Reference is made to the disclosure set forth under Item 5.02 of the Original Report concerning indemnification agreements entered into with each of the Company's directors and executive officers.

Financial Statements and Supplementary Data

Reference is made to the disclosure set forth under Item 9.01 of this Amended Report concerning the financial statements and supplementary data of LOKB and Legacy Navitas.

Financial Statements and Exhibits

Reference is made to the disclosure set forth under Item 9.01 of this Amended Report concerning the financial information of LOKB and Legacy Navitas.

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

Appointment of Directors and Officers

The persons identified as directors and executive officers in Item 2.01 under the heading "Directors and Executive Officers" began serving as executive officers and directors of the Company upon the Closing. The information under such heading is incorporated herein by reference (including the disclosure it incorporates by reference from the Final Proxy Statement/Prospectus). Effective upon the Closing, John P. Amboian, Andrea Tarbox, Adam Fishman, Jonathan Furer and Tor Braham resigned as executive officers and directors of the Company and Richard J. Hendrix and Gary K. Wunderlich, Jr. resigned as executive officers of the Company.

The Board is classified into three classes, each comprising as nearly as possible one-third of the directors to serve three-year terms. As Class I directors, each of Gene Sheridan and Daniel Kinzer will serve until the Company's 2022 annual meeting; as Class II directors, each of Brian Long, Dipender Saluja and David Moxam will serve until the Company's 2023 annual meeting; and as Class III directors, each of Richard J. Hendrix and Gary K. Wunderlich, Jr. will serve until the Company's 2024 annual meeting, or in each case until their respective successors are duly elected and qualified, or until their earlier resignation, removal or death.

2021 Equity Incentive Plan

As previously reported in the Current Report on Form 8-K filed with the SEC on October 13, 2021, at the Special Meeting, the LOKB stockholders considered and approved the Navitas Semiconductor Corporation 2021 Equity Incentive Plan (the "Incentive Plan"), and reserved 16,334,527 shares of Common Stock for issuance thereunder plus up to 15,802,050 shares of Common Stock subject to awards granted under the Prior Plan (as defined in the Incentive Plan). The Incentive Plan was previously approved, subject to stockholder approval, by the board of directors of LOKB on August 17, 2021. The Incentive Plan became effective immediately upon the Closing of the Business Combination. The number of shares of Common Stock reserved for issuance under the Incentive Plan will automatically increase on January 1 of each year, beginning on January 1, 2022 and continuing through January 1, 2032, by 4% of the total number of shares of Common Stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares as may be determined by the Board.

In conjunction with the approval of the Incentive Plan, the board of directors of LOKB also adopted a form of Restricted Stock Units Agreement (the "RSU Agreement") and a form of Stock Option Agreement (the "Stock Option Agreement") that the Company will use for grants under its Incentive Plan. The RSU Agreement provides that restricted stock units will vest over a fixed period and be paid as shares of Common Stock, and unvested

restricted stock units will expire upon certain terminations of the grantees' employment or relationship with the Company. The Stock Option Agreement provides that stock options will vest over a fixed period and unvested options will expire upon certain terminations of the grantees' employment or relationship with the Company.

A more complete summary of the terms of the Incentive Plan is set forth in the Final Proxy Statement/Prospectus in the section titled "2021 Plan Proposal". That summary and the foregoing description of the Incentive Plan are qualified in their entirety by reference to the text of the Incentive Plan, which is filed as Exhibit 10.5 hereto and incorporated herein by reference. The summary of the form of RSU Agreement and form of Stock Option Agreement is qualified in its entirety by reference to the form of RSU Agreement and form of Stock Option Agreement, which are attached as Exhibit 10.6 and Exhibit 10.7 to the Original Report, respectively.

Indemnification Agreements for Company Directors and Officers

In connection with the Closing of the Business Combination, the Company entered into indemnification agreements with each of its directors and officers (the "Indemnification Agreements"). The Indemnification Agreements provide the directors and executive officers with contractual rights to indemnification and expense advancement. The foregoing description of the Indemnification Agreements is not complete and is subject to, and qualified in its entirety by reference to the text of the form of Indemnification Agreement, which is included as Exhibit 10.4 to the Original Report.

Item 9.01. Financial Statement and Exhibits.

(a) Financial Statements

The audited financial statements of LOKB, as of and for the year ended December 31, 2020 and the related statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2020, and the related notes thereto and report of independent registered public accounting firm, included in the Final Proxy Statement/Prospectus in the section titled "*Index to Financial Statements— Live Oak Acquisition Corp. II Audited Financial Statements*" are incorporated herein by reference.

The unaudited financial statements of LOKB, as of June 30, 2021 and for the three months and six months ended June 30, 2021 included in the Final Proxy Statement/Prospectus in the section "*Index to Financial Statements- Live Oak Acquisition Corp. II Unaudited Condensed Financial Statements*" are incorporated herein by reference.

The audited financial statements of Legacy Navitas, as of and for the years ended December 31, 2020 and 2019 and the related statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2020 and 2019, and the related notes thereto and report of independent registered public accounting firm, included in the Final Proxy Statement/Prospectus in the section titled "*Index to Financial Statements— Navitas Semiconductor Limited Audited Consolidated Financial Statements*" are incorporated herein by reference.

The unaudited financial statements of Legacy Navitas as of June 30, 2021 for the three months and six months ended June 30, 2021 and 2020 included in the Final Proxy Statement/Prospectus in the section titled "*Index to Financial Statements— Navitas Semiconductor Limited Unaudited Condensed Consolidated Financial Statements*" are incorporated herein by reference.

The unaudited financial statements of Legacy Navitas as of September 30, 2021 for the three months and nine months ended September 30, 2021 and 2020 are attached hereto as Exhibit 99.4 and are incorporated by reference.

(b) Pro Forma Financial Information

The unaudited pro forma combined financial information of the Company for the year ended December 31, 2020 and for the six months ended June 30, 2021 is set forth in Exhibit 99.2 to the Original Report and is incorporated herein by reference.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
2.1*	Business Combination Agreement and Plan of Reorganization, dated May 6, 2021, by and 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 (included as Annex A to the Final Proxy Statement/Prospectus filed under Rule 424(b)(3) (File No. 333-256880) on September 20, 2021)
3.1*	Second Amended and Restated Certificate of Incorporation of Navitas Semiconductor Corporation (incorporated by reference to Exhibit 3.1 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
3.2*	Amended and Restated Bylaws of Navitas Semiconductor Corporation (incorporated by reference to Exhibit 3.2 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
10.1*	Amended and Restated Registration Rights Agreement, dated October 19, 2021, by and among the Company, the Sponsor and certain Holders (incorporated by reference to Exhibit 10.1 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
10.2*†	New Employment Agreement, dated as of May 6, 2021, by and among LOKB and Todd Glickman (incorporated by reference to Exhibit 10.2 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
10.3*	Form of PIPE Subscription Agreement (incorporated by reference to Exhibit 10.6 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on May 7, 2021)
10.4*†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.4 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
10.5†	2021 Equity Incentive Plan
10.6*†	Form of Restricted Stock Units Agreement (incorporated by reference to Exhibit 10.6 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
10.7*†	Form of Stock Option Agreement (incorporated by reference to Exhibit 10.7 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
16.1*	Letter from CohnReznik, dated July 13, 2021 (incorporated by reference to Exhibit 16.1 filed with the Registrant's Registration Statement on Form S-4 (File No. 333-256880), filed on July 14, 2021)
99.1*	Historical Financial Information of Navitas Semiconductor Limited (incorporated by reference to Exhibit 99.1 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
99.2*	Unaudited Pro Forma Condensed Combined Financial Information of the Company as of December 31, 2020 and for the Six Months Ended June 30, 2021 (incorporated by reference to Exhibit 99.2 filed on the Registrant's Current Report on Form 8-K (File No. 001-39755), filed on October 25, 2021)
99.3	Legacy Navitas' Management's Discussion and Analysis of the Financial Condition and Results of Operation as of and for the Nine Months Ended September 30, 2021 and 2020
99.4	Unaudited Condensed Consolidated Financial Statements of Legacy Navitas for the Three and Nine Months Ended September 30, 2021 and 2020, and as of September 30, 2021 and December 31, 2020
104	Cover Page Interactive Data File

* Filed previously

† Management compensatory contract

SIGNATURES

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

Dated: November 15, 2021

Navitas Semiconductor Corporation

By: /s/ Gene Sheridan

Gene Sheridan

Chief Executive Officer

NAVITAS SEMICONDUCTOR CORPORATION
2021 EQUITY INCENTIVE PLAN

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Navitas Semiconductor Corporation
2021 Equity Incentive Plan

1. ESTABLISHMENT, PURPOSE AND TERM OF PLAN.

1.1 **Establishment.** The Navitas Semiconductor Corporation 2021 Equity Incentive Plan (the “**Plan**”) is hereby established effective as of October 19, 2021, the date of the closing of the transactions contemplated by that certain merger agreement entered into by and among Navitas Semiconductor Corporation, a Delaware corporation f/k/a Live Oak Acquisition Corp. II, Live Oak Merger Sub Inc., a Delaware corporation, and Navitas Semiconductor Limited, a private company limited by shares organized under the laws of Ireland that was domesticated in the State of Delaware as Navitas Semiconductor Ireland, LLC, a Delaware limited liability company, following the Plan’s approval by the stockholders of the Company (the “**Effective Date**”).

1.2 **Purpose.** The purpose of the Plan is to advance the interests of the Participating Company Group and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group. The Plan seeks to achieve this purpose by providing for Awards in the form of Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Performance Shares, Performance Units, Cash-Based Awards and Other Stock-Based Awards.

1.3 **Term of Plan.** The Plan shall continue in effect until its termination by the Committee; provided, however, that all Awards shall be granted, if at all, within ten (10) years from the earlier of the date that the Plan was approved by the Board or the stockholders of the Company.

2. DEFINITIONS AND CONSTRUCTION.

2.1 **Definitions.** Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) “**Affiliate**” means (i) a parent entity, other than a Parent Corporation, that directly, or indirectly through one or more intermediary entities, controls the Company or (ii) a subsidiary entity, other than a Subsidiary Corporation, that is controlled by the Company directly or indirectly through one or more intermediary entities. For this purpose, the terms “parent,” “subsidiary,” “control” and “controlled by” shall have the meanings assigned to such terms for the purposes of registration of securities on Form S-8 under the Securities Act.

(b) “**Award**” means any Option, Stock Appreciation Right, Restricted Stock Purchase Right, Restricted Stock Bonus, Restricted Stock Unit, Performance Share, Performance Unit, Cash-Based Award or Other Stock-Based Award granted under the Plan.

(c) “**Award Agreement**” means a written or electronic agreement between the Company and a Participant setting forth the terms, conditions and restrictions applicable to an Award.

(d) “**Board**” means the Board of Directors of the Company.

(e) “**Cash-Based Award**” means an Award denominated in cash and granted pursuant to Section 11.

(f) “**Cashless Exercise**” means a Cashless Exercise as defined in Section 6.3(b)(i).

(g) “**Cause**” means “cause” (or a term of like import) as defined under an Award Agreement or, in the absence of such Award Agreement that defines “cause” (or a term of like import), Cause means any of the following: (i) the Participant’s theft, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, or falsification of any Participating Company documents or records; (ii) the Participant’s material failure to abide by a Participating Company’s code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct); (iii) the Participant’s unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of a Participating Company (including, without limitation, the Participant’s improper use or disclosure of a Participating Company’s confidential or proprietary information); (iv) any intentional act by the Participant which has a material detrimental effect on a Participating Company’s reputation or business; (v) the Participant’s repeated failure or inability to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure or inability; (vi) any material breach by the Participant of any employment, service, non-disclosure, non-competition, non-solicitation or other similar agreement between the Participant and a Participating Company, which breach is not cured pursuant to the terms of such agreement (except with respect to a disclosure protected by applicable law); or (vii) the Participant’s conviction (including any plea of guilty or *nolo contendere*) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which impairs the Participant’s ability to perform his or her duties with a Participating Company.

(h) “**Change in Control**” means “change in control” (or a term of like import) as defined under an Award Agreement or, in the absence of such Award Agreement that defines “change in control” (or a term of like import), Change in Control means the occurrence of any one or a combination of the following:

(i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total Fair Market Value or total combined voting power of the Company’s then-outstanding securities entitled to vote generally in the election of Directors; provided, however, that a Change in Control shall not be deemed to have occurred if such degree of beneficial ownership results from any of the following: (A) an acquisition by any person who on the Effective Date is the beneficial owner of more than fifty percent (50%) of such voting power, (B) any acquisition directly from the Company, including, without limitation, pursuant to or in connection with a public offering of securities, (C) any acquisition by the Company, (D) any acquisition by a trustee or other fiduciary under an employee benefit plan of a Participating Company or (E) any acquisition by an entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the voting securities of the Company; or

(ii) an Ownership Change Event or series of related Ownership Change Events (collectively, a “**Transaction**”) in which the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding securities entitled to vote generally in the election of Directors or, in the case of an Ownership Change Event described in Section 2.1(dd)(iii), the entity to which the assets of the Company were transferred (the “**Transferee**”), as the case may be; or

(iii) a date specified by the Committee following approval by the stockholders of a plan of complete liquidation or dissolution of the Company;

provided, however, that a Change in Control shall be deemed not to include a transaction described in subsections (i) or (ii) of this Section 2.1(h) in which a majority of the members of the board of directors of the continuing, surviving or successor entity, or parent thereof, immediately after such transaction is comprised of Incumbent Directors.

For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company or the Transferee, as the case may be, either directly or through one or more subsidiary corporations or other business entities. The Committee shall determine whether multiple events described in subsections (i), (ii) and (iii) of this Section 2.1(h) are related and to be treated in the aggregate as a single Change in Control, and its determination shall be final, binding and conclusive.

(i) “**Code**” means the Internal Revenue Code of 1986, as amended, and any applicable regulations and administrative guidelines promulgated thereunder.

(j) “**Committee**” means the Compensation Committee and such other committee or subcommittee of the Board, if any, duly appointed to administer the Plan and having such powers in each instance as shall be specified by the Board. If, at any time, there is no committee of the Board then authorized or properly constituted to administer the Plan, the Board shall exercise all of the powers of the Committee granted herein, and, in any event, the Board may in its discretion exercise any or all of such powers and, in such instances, references herein to the Committee shall mean the Board. Unless the Board specifically determines otherwise, each member of the Committee shall, at the time it takes any action with respect to an Award under the Plan, be a “non-employee director” within the meaning of Rule 16b-3 and an “independent director” under the rules of any stock exchange on which the Stock is listed. However, the fact that a Committee member shall fail to qualify as “non-employee director” or an “independent director” shall not invalidate any Award granted by the Committee which Award is otherwise validly granted under the Plan.

(k) “**Company**” means Navitas Semiconductor Corporation, a Delaware corporation, and any successor corporation thereto.

(l) “**Consultant**” means a person engaged to provide consulting or advisory services (other than as an Employee or a Director) to a Participating Company, provided that the identity of such person, the nature of such services or the entity to which such services are provided would not preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on registration on Form S-8 under the Securities Act.

(m) “**Director**” means a member of the Board.

(n) “**Disability**” means the permanent and total disability of the Participant, within the meaning of Section 22(e)(3) of the Code.

(o) “**Dividend Equivalent Right**” means the right of a Participant, granted at the discretion of the Committee or as otherwise provided by the Plan, to receive a credit for the account of such Participant in an amount equal to the cash dividends paid on one share of Stock for each share of Stock represented by an Award held by such Participant.

(p) “**Employee**” means any person treated as an employee (including an Officer or a Director who is also treated as an employee) in the records of a Participating Company and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the Code; provided, however, that neither service as a Director nor payment of a Director’s fee shall be sufficient to constitute employment for purposes of the Plan. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual’s employment or termination of employment, as the case may be. For purposes of an individual’s rights, if any, under the terms of the Plan as of the time of the Company’s determination of whether or not the individual is an Employee, all such determinations by the Company shall be final, binding and conclusive as to such rights, if any, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination as to such individual’s status as an Employee.

(q) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(r) “**Fair Market Value**” means, as of any date, the value of a share of Stock or other property as determined by the Committee, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) Except as otherwise determined by the Committee, if, on such date, the Stock is listed or quoted on a national or regional securities exchange or quotation system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock as quoted on the national or regional securities exchange or quotation system constituting the primary market for the Stock, as reported in *The Wall Street Journal* or such other source as the Company deems reliable. If the relevant date does not fall on a day on which the Stock has traded on such securities exchange or quotation system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded or quoted prior to the relevant date, or such other appropriate day as shall be determined by the Committee, in its discretion.

(ii) If, on such date, the Stock is not listed or quoted on a national or regional securities exchange or quotation system, the Fair Market Value of a share of Stock shall be as determined by the Committee in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse, and in a manner consistent with the requirements of Section 409A or Section 422 of the Code to the extent applicable.

(s) “**Full Value Award**” means any Award settled in Stock, other than (i) an Option, (ii) a Stock Appreciation Right, or (iii) a Restricted Stock Purchase Right or an Other Stock-Based Award under which the Company will receive monetary consideration equal to the Fair Market Value (determined on the effective date of grant) of the shares subject to such Award.

(t) “**Incentive Stock Option**” means an Option intended to be (as set forth in the Award Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

(u) “**Incumbent Director**” means a director who either (i) is a member of the Board as of the Effective Date or (ii) is elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but excluding a director who was elected or nominated in connection with an actual or threatened proxy contest relating to the election of directors of the Company).

(v) “**Insider**” means an Officer, a Director or other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

(w) “**Net Exercise**” means a Net Exercise as defined in Section 6.3(b)(iii).

(x) “**Nonemployee Director**” means a Director who is not an Employee.

(y) “**Nonemployee Director Award**” means any Award granted to a Nonemployee Director.

(z) “**Nonstatutory Stock Option**” means an Option not intended to be (as set forth in the Award Agreement) or which does not qualify as an incentive stock option within the meaning of Section 422(b) of the Code.

(aa) “**Officer**” means any person designated by the Board as an officer of the Company.

(bb) “**Option**” means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

(cc) “**Other Stock-Based Award**” means an Award denominated in shares of Stock and granted pursuant to Section 11.

(dd) “**Ownership Change Event**” means the occurrence of any of the following with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of securities of the Company representing more than fifty percent (50%) of the total combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of Directors; (ii) a merger or consolidation in which the Company is a party; or (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company (other than a sale, exchange or transfer to one or more subsidiaries of the Company).

(ee) “**Parent Corporation**” means any present or future “parent corporation” of the Company, as defined in Section 424(e) of the Code.

(ff) “**Participant**” means any eligible person who has been granted one or more Awards.

(gg) “**Participating Company**” means the Company or any Parent Corporation, Subsidiary Corporation or Affiliate.

(hh) “**Participating Company Group**” means, at any point in time, the Company and all other entities collectively which are then Participating Companies.

(ii) “**Performance Award**” means an Award of Performance Shares or Performance Units.

(jj) “**Performance Award Formula**” means, for any Performance Award, a formula or table established by the Committee pursuant to Section 10.3 which provides the basis for computing the value of a Performance Award at one or more levels of attainment of the applicable Performance Goal(s) measured as of the end of the applicable Performance Period.

(kk) “**Performance Goal**” means a performance goal established by the Committee pursuant to Section 10.3.

(ll) “**Performance Period**” means a period established by the Committee pursuant to Section 10.3 at the end of which one or more Performance Goals are to be measured.

(mm) “**Performance Share**” means a right granted to a Participant pursuant to Section 10 to receive a payment equal to the value of a Performance Share, as determined by the Committee, based upon attainment of applicable Performance Goal(s).

(nn) “**Performance Unit**” means a right granted to a Participant pursuant to Section 10 to receive a payment equal to the value of a Performance Unit, as determined by the Committee, based upon attainment of applicable Performance Goal(s).

(oo) “**Prior Plan**” means the Navitas Semiconductor Limited 2020 Equity Incentive Plan, as amended, supplemented or modified from time to time.

(pp) “**Restricted Stock Award**” means an Award of a Restricted Stock Bonus or a Restricted Stock Purchase Right.

(qq) “**Restricted Stock Bonus**” means Stock granted to a Participant pursuant to Section 8.

(rr) “**Restricted Stock Purchase Right**” means a right to purchase Stock granted to a Participant pursuant to Section 8.

(ss) “**Restricted Stock Unit**” means a right granted to a Participant pursuant to Section 9 to receive on a future date or occurrence of a future event a share of Stock or cash in lieu thereof, as determined by the Committee.

(tt) “**Rule 16b-3**” means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

(uu) “**SAR**” or “**Stock Appreciation Right**” means a right granted to a Participant pursuant to Section 7 to receive payment, for each share of Stock subject to such Award, of an amount equal to the excess, if any, of the Fair Market Value of a share of Stock on the date of exercise of the Award over the exercise price thereof.

(vv) “**Section 409A**” means Section 409A of the Code, as amended from time to time, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto.

(ww) “**Section 409A Deferred Compensation**” means compensation provided pursuant to an Award that constitutes nonqualified deferred compensation within the meaning of Section 409A.

(xx) “**Securities Act**” means the Securities Act of 1933, as amended.

(yy) “**Service**” means a Participant’s employment or service with the Participating Company Group, whether as an Employee, a Director or a Consultant. Unless otherwise provided by the Committee, a Participant’s Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders Service or a change in the Participating Company for which the Participant renders Service, provided that there is no interruption or termination of the Participant’s Service. Furthermore, a Participant’s Service shall not be deemed to have been interrupted or terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by the Company. However, unless otherwise provided by the Committee, if any such leave taken by a Participant exceeds ninety (90) days, then on the ninety-first (91st) day following the commencement of such leave the Participant’s Service shall be deemed to have terminated, unless the Participant’s right to return to Service is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, an unpaid leave of absence shall not be treated as Service for purposes of determining vesting under the Participant’s Award Agreement. A Participant’s Service shall be deemed to have terminated either upon an actual termination of Service or upon the business entity for which the Participant performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its discretion, shall determine whether the Participant’s Service has terminated and the effective date of and reason for such termination.

(zz) “**Stock**” means the Class A common stock of the Company, as adjusted from time to time in accordance with Section 4.

(aaa) “**Stock Tender Exercise**” means a Stock Tender Exercise as defined in Section 6.3(b)(ii).

(bbb) “**Subsidiary Corporation**” means any present or future “subsidiary corporation” of the Company, as defined in Section 424(f) of the Code.

(ccc) “**Ten Percent Owner**” means a Participant who, at the time an Option is granted to the Participant, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of a Participating Company (other than an Affiliate) within the meaning of Section 422(b)(6) of the Code.

(ddd) “**Trading Compliance Policy**” means the written policy of the Company pertaining to the purchase, sale, transfer or other disposition of the Company’s equity securities by Directors, Officers, Employees or other service providers who may possess material, nonpublic information regarding the Company or its securities.

(eee) “**Vesting Conditions**” mean those conditions established in accordance with the Plan prior to the satisfaction of which an Award or shares subject to an Award remain subject to forfeiture or a repurchase option in favor of the Company exercisable for the Participant’s monetary purchase price, if any, for such shares upon the Participant’s termination of Service or failure of a performance condition to be satisfied.

2.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

3. **ADMINISTRATION.**

3.1 **Administration by the Committee.** The Plan shall be administered by the Committee. All questions of interpretation of the Plan, of any Award Agreement or of any other form of agreement or other document employed by the Company in the administration of the Plan or of any Award shall be determined by the Committee, and such determinations shall be final, binding and conclusive upon all persons having an interest in the Plan or such Award, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or Award Agreement or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest therein. All expenses incurred in connection with the administration of the Plan shall be paid by the Company.

3.2 Authority of Officers. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election that is the responsibility of or that is allocated to the Company herein, provided that the Officer has apparent authority with respect to such matter, right, obligation, determination or election. To the extent permitted by applicable law, the Committee may, in its discretion, delegate to a committee comprised of one or more Officers the authority to grant one or more Awards, without further approval of the Committee, to any Employee, other than a person who, at the time of such grant, is an Insider, and to exercise such other powers under the Plan as the Committee may determine; provided, however, that (a) the Committee shall fix the maximum number of shares subject to Awards that may be granted by such Officers, (b) each such Award shall be subject to the terms and conditions of the appropriate standard form of Award Agreement approved by the Board or the Committee and shall conform to the provisions of the Plan, and (c) each such Award shall conform to such other limits and guidelines as may be established from time to time by the Committee.

3.3 Administration with Respect to Insiders. With respect to participation by Insiders in the Plan, at any time that any class of equity security of the Company is registered pursuant to Section 12 of the Exchange Act, the Plan shall be administered in compliance with the requirements, if any, of Rule 16b-3.

3.4 Powers of the Committee. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Committee shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of shares of Stock, units or monetary value to be subject to each Award;

(b) to determine the type of Award granted;

(c) to determine the Fair Market Value of shares of Stock or other property;

(d) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired pursuant thereto, including, without limitation, (i) the exercise or purchase price of shares pursuant to any Award, (ii) the method of payment for shares purchased pursuant to any Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with any Award, including by the withholding or delivery of shares of Stock, (iv) the timing, terms and conditions of the exercisability or vesting of any Award or any shares acquired pursuant thereto, (v) the Performance Measures, Performance Period, Performance Award Formula and Performance Goals applicable to any Award and the extent to which such Performance Goals have been attained, (vi) the time of expiration of any Award, (vii) the effect of any Participant's termination of Service on any of the foregoing, and (viii) all other terms, conditions and restrictions applicable to any Award or shares acquired pursuant thereto not inconsistent with the terms of the Plan;

(e) to determine whether an Award will be settled in shares of Stock, cash, other property or in any combination thereof;

(f) to approve one or more forms of Award Agreement;

(g) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any shares acquired pursuant thereto;

(h) to accelerate, continue, extend or defer the exercisability or vesting of any Award or any shares acquired pursuant thereto, including with respect to the period following a Participant's termination of Service;

(i) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternative versions of, the Plan, including, without limitation, as the Committee deems necessary or desirable to comply with the laws of, or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose residents may be granted Awards; and

(j) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Committee may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

3.5 Option or SAR Repricing. Without the affirmative vote of holders of a majority of the shares of Stock cast in person or by proxy at a meeting of the stockholders of the Company at which a quorum representing a majority of all outstanding shares of Stock is present or represented by proxy, the Committee shall not approve a program providing for either (a) the cancellation of outstanding Options or SARs having exercise prices per share greater than the then Fair Market Value of a share of Stock ("**Underwater Awards**") and the grant in substitution therefor of new Options or SARs having a lower exercise price, Full Value Awards or payments in cash, or (b) the amendment of outstanding Underwater Awards to reduce the exercise price thereof. This Section shall not be construed to apply to (i) "issuing or assuming a stock option in a transaction to which Section 424(a) applies," within the meaning of Section 424 of the Code, (ii) adjustments pursuant to the assumption of or substitution for an Option or SAR in a manner that would comply with Section 409A, or (iii) an adjustment pursuant to Section 4.3 or Section 13.

3.6 Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or the Committee or as officers or employees of the Participating Company Group, to the extent permitted by applicable law, members of the Board or the Committee and any officers or employees of the Participating Company Group to whom authority to act for the Board, the Committee or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

4. SHARES SUBJECT TO PLAN.

4.1 Maximum Number of Shares Issuable. Subject to adjustment as provided in Sections 4.2 and 4.3, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be equal to (a) 16,334,527 shares, plus (b) up to 15,802,050 shares of Stock subject to awards granted under the Prior Plan that are outstanding on the Closing Date and that subsequently are forfeited, expire or lapse unexercised or unsettled and shares of Stock issued pursuant to awards granted under the Prior Plan that are outstanding on the Closing Date and that are subsequently forfeited to or reacquired by the Company, plus (c) an annual increase, effective as of the first day of the Company's fiscal year beginning in the year following the fiscal year in which the Company's stockholders approved the Plan and the first day of each subsequent fiscal year through and including the first day of the Company's fiscal year beginning on the tenth (10th) anniversary of the commencement of such annual increase, equal to the lesser of (i) four percent (4%) of the number of shares of Stock outstanding as of the conclusion of the Company's immediately preceding fiscal year, or (ii) such amount, if any, as the Board may determine, and such shares shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof. Any Awards granted under the Prior Plan will continue to be governed by the terms of the Prior Plan, but any shares of Stock remaining available for issuance under the Prior Plan will not be issued.

4.2 Share Counting. If an outstanding Award for any reason expires or is terminated or canceled without having been exercised or settled in full, or if shares of Stock acquired pursuant to an Award subject to forfeiture or repurchase are forfeited or repurchased by the Company for an amount not greater than the Participant's purchase price, the shares of Stock allocable to the terminated portion of such Award or such forfeited or repurchased shares of Stock shall again be available for issuance under the Plan. Shares of Stock shall not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash or to the extent that shares are withheld or reacquired by the Company in satisfaction of tax withholding obligations pursuant to Section 16.2. Upon payment in shares of Stock pursuant to the exercise of an SAR, the number of shares available for issuance under the Plan shall be reduced only by the number of shares actually issued in such payment. If the exercise price of an Option is paid by tender to the Company, or attestation to the ownership, of shares of Stock owned by the Participant, or by means of a Net Exercise, the number of shares available for issuance under the Plan shall be reduced by the net number of shares for which the Option is exercised.

4.3 Adjustments for Changes in Capital Structure. Subject to any required action by the stockholders of the Company and the requirements of Section 409A and Section 424 of the Code to the extent applicable, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (excepting regular, periodic cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number and kind of shares subject to the Plan and to any outstanding Awards, the annual increase set forth in Section 4.1, the Award limits set forth in Section 5.3, and in the exercise or purchase price per share under any outstanding Award in

order to prevent dilution or enlargement of Participants' rights under the Plan. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." If a majority of the shares which are of the same class as the shares that are subject to outstanding Awards are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event) shares of another corporation (the "**New Shares**"), the Committee may unilaterally amend the outstanding Awards to provide that such Awards are for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise or purchase price per share of, the outstanding Awards shall be adjusted in a fair and equitable manner as determined by the Committee, in its discretion and in accordance with Section 409A and Section 424 of the Code to the extent applicable. Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number and the exercise or purchase price per share shall be rounded up to the nearest whole cent. In no event may the exercise or purchase price, if any, under any Award be decreased to an amount less than the par value, if any, of the stock subject to such Award. The Committee in its discretion, may also make such adjustments in the terms of any Award to reflect, or related to, such changes in the capital structure of the Company or distributions as it deems appropriate, including modification of Performance Goals, Performance Award Formulas and Performance Periods. The adjustments determined by the Committee pursuant to this Section shall be final, binding and conclusive.

4.4 Assumption or Substitution of Awards. The Committee may, without affecting the number of shares of Stock reserved or available hereunder, authorize the issuance or assumption of equity awards under this Plan in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate, subject to compliance with Section 409A and any other applicable provisions of the Code, without reducing the number of shares otherwise available for issuance under the Plan. In addition, subject to compliance with applicable laws, and listing requirements, shares available for grant under a stockholder approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for awards under the Plan to individuals who were not Employees or Directors of the Participating Company Group prior to the transaction and shall not reduce the number of shares otherwise available for issuance under the Plan.

5. ELIGIBILITY, PARTICIPATION AND AWARD LIMITATIONS.

5.1 Persons Eligible for Awards. Awards may be granted only to Employees, Consultants and Directors.

5.2 Participation in the Plan. Awards are granted solely at the discretion of the Committee. Eligible persons may be granted more than one Award. However, eligibility in accordance with this Section shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

5.3 Incentive Stock Option Limitations.

(a) **Maximum Number of Shares Issuable Pursuant to Incentive Stock Options.** Subject to adjustment as provided in Section 4.3, the maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to the exercise of Incentive Stock Options shall not exceed 16,334,527 shares. The maximum aggregate number of shares of Stock that may be issued under the Plan pursuant to all Awards other than Incentive Stock Options shall be the number of shares determined in accordance with Section 4.1, subject to adjustment as provided in Sections 4.2 and 4.3.

(b) **Persons Eligible.** An Incentive Stock Option may be granted only to a person who, on the effective date of grant, is an Employee of the Company, a Parent Corporation or a Subsidiary Corporation (each being an “**ISO-Qualifying Corporation**”). Any person who is not an Employee of an ISO-Qualifying Corporation on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option.

(c) **Fair Market Value Limitation.** To the extent that options designated as Incentive Stock Options (granted under all stock plans of the Participating Company Group, including the Plan) become exercisable by a Participant for the first time during any calendar year for stock having a Fair Market Value greater than One Hundred Thousand Dollars (\$100,000), the portion of such options which exceeds such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a limitation different from that set forth in this Section, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section, the Participant may designate which portion of such Option the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Upon exercise of the Option, shares issued pursuant to each such portion shall be separately identified.

5.4 Nonemployee Director Award Limit. Annual compensation awarded to any Nonemployee Director during each calendar year, including both shares of Stock subject to Awards and any cash fees paid to such Nonemployee Director (but excluding any cash retainer fees, including cash retainer fees converted into equity awards at the election of the Nonemployee Director, expense reimbursements or distributions from any deferred compensation program applicable to the Nonemployee Director), may not exceed \$750,000 in total value, or \$1,000,000 in total value in the calendar year in which any Nonemployee Director is initially elected to the Board (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes).

6. STOCK OPTIONS.

Options shall be evidenced by Award Agreements specifying the number of shares of Stock covered thereby, in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 Exercise Price. The exercise price for each Option shall be established in the discretion of the Committee; provided, however, that (a) the exercise price per share shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option and (b) no Incentive Stock Option granted to a Ten Percent Owner shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option (whether an Incentive Stock Option or a Nonstatutory Stock Option) may be granted with an exercise price less than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner that would qualify under the provisions of Section 409A or Section 424(a) of the Code.

6.2 Exercisability and Term of Options. Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award Agreement evidencing such Option; provided, however, that (a) no Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, (b) no Incentive Stock Option granted to a Ten Percent Owner shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option and (c) no Option granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable until at least six (6) months following the date of grant of such Option (except in the event of such Employee's death, disability or retirement, upon a Change in Control, or as otherwise permitted by the Worker Economic Opportunity Act). Subject to the foregoing, unless otherwise specified by the Committee in the grant of an Option, each Option shall terminate ten (10) years after the effective date of grant of the Option, unless earlier terminated in accordance with its provisions.

6.3 Payment of Exercise Price.

(a) **Forms of Consideration Authorized.** Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or in cash equivalent; (ii) if permitted by the Committee and subject to the limitations contained in Section 6.3(b), by means of (1) a Cashless Exercise, (2) a Stock Tender Exercise or (3) a Net Exercise; (iii) by such other consideration as may be approved by the Committee from time to time to the extent permitted by applicable law, or (iv) if permitted by the Committee, by any combination thereof. The Committee may at any time or from time to time grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration.

(b) Limitations on Forms of Consideration.

(i) **Cashless Exercise.** A "**Cashless Exercise**" means the delivery of a properly executed notice of exercise together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise, including with respect to one or more Participants specified by the Company notwithstanding that such program or procedures may be available to other Participants.

(ii) **Stock Tender Exercise.** A “*Stock Tender Exercise*” means the delivery of a properly executed exercise notice accompanied by a Participant’s tender to the Company, or attestation to the ownership, in a form acceptable to the Company of whole shares of Stock owned by the Participant having a Fair Market Value that does not exceed the aggregate exercise price for the shares with respect to which the Option is exercised. A Stock Tender Exercise shall not be permitted if it would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company’s stock. If required by the Company, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Participant for a period of time required by the Company (and not used for another option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

(iii) **Net Exercise.** A “*Net Exercise*” means the delivery of a properly executed exercise notice followed by a procedure pursuant to which (1) the Company will reduce the number of shares otherwise issuable to a Participant upon the exercise of an Option by the largest whole number of shares having a Fair Market Value that does not exceed the aggregate exercise price for the shares with respect to which the Option is exercised, and (2) the Participant shall pay to the Company in cash the remaining balance of such aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued.

6.4 Effect of Termination of Service.

(a) **Option Exercisability.** Subject to earlier termination of the Option as otherwise provided by this Plan and unless otherwise provided by the Committee or in an Award Agreement, an Option shall terminate immediately upon the Participant’s termination of Service to the extent that it is then unvested and shall be exercisable after the Participant’s termination of Service to the extent it is then vested only during the applicable time period determined in accordance with this Section and thereafter shall terminate.

(i) **Disability.** If the Participant’s Service terminates because of the Disability of the Participant, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant’s Service terminated, may be exercised by the Participant (or the Participant’s guardian or legal representative) at any time prior to the expiration of twelve (12) months (or such longer or shorter period provided by the Award Agreement) after the date on which the Participant’s Service terminated, but in any event no later than the date of expiration of the Option’s term as set forth in the Award Agreement evidencing such Option (the “*Option Expiration Date*”).

(ii) **Death.** If the Participant’s Service terminates because of the death of the Participant, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant’s Service terminated, may be exercised by the Participant’s legal representative or other person who acquired the right to exercise the Option by reason of the Participant’s death at any time prior to the expiration of twelve (12) months (or such longer or shorter period provided by the Award Agreement) after the date on which the Participant’s Service terminated, but in any event no later than the Option Expiration Date. The Participant’s Service shall be deemed to have terminated on account of death if the Participant dies within three (3) months (or such longer or shorter period provided by the Award Agreement) after the Participant’s termination of Service for any reason other than Cause.

(iii) **Termination for Cause.** Notwithstanding any other provision of the Plan to the contrary, if the Participant's Service is terminated for Cause or if, following the Participant's termination of Service and during any period in which the Option otherwise would remain exercisable, the Participant engages in any act that would constitute Cause, the Option shall terminate in its entirety and cease to be exercisable immediately upon such termination of Service or act.

(iv) **Other Termination of Service.** If the Participant's Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable for vested shares on the date on which the Participant's Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months (or such longer or shorter period provided by the Award Agreement) after the date on which the Participant's Service terminated, but in any event no later than the Option Expiration Date.

(b) **Extension if Exercise Prevented by Law.** Notwithstanding the foregoing, other than termination of Service for Cause, if the exercise of an Option within the applicable time periods set forth in Section 6.4(a) or an Award Agreement is prevented by the provisions of Section 14 below, the Option shall remain exercisable until the later of (i) thirty (30) days after the date such exercise first would no longer be prevented by such provisions or (ii) the end of the applicable time period under Section 6.4(a), but in any event no later than the Option Expiration Date.

6.5 Transferability of Options. During the lifetime of the Participant, an Option shall be exercisable only by the Participant or the Participant's guardian or legal representative. An Option shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Notwithstanding the foregoing, to the extent permitted by the Committee, in its discretion, and set forth in the Award Agreement evidencing such Option, an Option shall be assignable or transferable subject to the applicable limitations, if any, described in the General Instructions to Form S-8 under the Securities Act or, in the case of an Incentive Stock Option, only as permitted by applicable regulations under Section 421 of the Code in a manner that does not disqualify such Option as an Incentive Stock Option.

7. STOCK APPRECIATION RIGHTS.

Stock Appreciation Rights shall be evidenced by Award Agreements specifying the number of shares of Stock subject to the Award, in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

7.1 **Types of SARs Authorized.** SARs may be granted in tandem with all or any portion of a related Option (a “**Tandem SAR**”) or may be granted independently of any Option (a “**Freestanding SAR**”). A Tandem SAR may only be granted concurrently with the grant of the related Option.

7.2 **Exercise Price.** The exercise price for each SAR shall be established in the discretion of the Committee; provided, however, that (a) the exercise price per share subject to a Tandem SAR shall be the exercise price per share under the related Option and (b) the exercise price per share subject to a Freestanding SAR shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the SAR. Notwithstanding the foregoing, an SAR may be granted with an exercise price lower than the minimum exercise price set forth above if such SAR is granted pursuant to an assumption or substitution for another stock appreciation right in a manner that would qualify under the provisions of Section 409A.

7.3 **Exercisability and Term of SARs.**

(a) **Tandem SARs.** Tandem SARs shall be exercisable only at the time and to the extent, and only to the extent, that the related Option is exercisable, subject to such provisions as the Committee may specify where the Tandem SAR is granted with respect to less than the full number of shares of Stock subject to the related Option. The Committee may, in its discretion, provide in any Award Agreement evidencing a Tandem SAR that such SAR may not be exercised without the advance approval of the Company and, if such approval is not given, then the Option shall nevertheless remain exercisable in accordance with its terms. A Tandem SAR shall terminate and cease to be exercisable no later than the date on which the related Option expires or is terminated or canceled. Upon the exercise of a Tandem SAR with respect to some or all of the shares subject to such SAR, the related Option shall be canceled automatically as to the number of shares with respect to which the Tandem SAR was exercised. Upon the exercise of an Option related to a Tandem SAR as to some or all of the shares subject to such Option, the related Tandem SAR shall be canceled automatically as to the number of shares with respect to which the related Option was exercised.

(b) **Freestanding SARs.** Freestanding SARs shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Committee and set forth in the Award Agreement evidencing such SAR; provided, however, that (i) no Freestanding SAR shall be exercisable after the expiration of ten (10) years after the effective date of grant of such SAR and (ii) no Freestanding SAR granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable until at least six (6) months following the date of grant of such SAR (except in the event of such Employee’s death, disability or retirement, upon a Change in Control, or as otherwise permitted by the Worker Economic Opportunity Act). Subject to the foregoing, unless otherwise specified by the Committee in the grant of a Freestanding SAR, each Freestanding SAR shall terminate ten (10) years after the effective date of grant of the SAR, unless earlier terminated in accordance with its provisions.

7.4 Exercise of SARs. Upon the exercise (or deemed exercise pursuant to Section 7.5) of an SAR, the Participant (or the Participant's legal representative or other person who acquired the right to exercise the SAR by reason of the Participant's death) shall be entitled to receive payment of an amount for each share with respect to which the SAR is exercised equal to the excess, if any, of the Fair Market Value of a share of Stock on the date of exercise of the SAR over the exercise price. Payment of such amount shall be made (a) in the case of a Tandem SAR, solely in shares of Stock in a lump sum upon the date of exercise of the SAR and (b) in the case of a Freestanding SAR, in cash, shares of Stock, or any combination thereof as determined by the Committee and set forth in the Award Agreement, in a lump sum upon the date of exercise of the SAR. When payment is to be made in shares of Stock, the number of shares to be issued shall be determined on the basis of the Fair Market Value of a share of Stock on the date of exercise of the SAR. For purposes of Section 7, an SAR shall be deemed exercised on the date on which the Company receives notice of exercise from the Participant or as otherwise provided in Section 7.5.

7.5 Deemed Exercise of SARs. If, on the date on which an SAR would otherwise terminate or expire, the SAR by its terms remains exercisable immediately prior to such termination or expiration and, if so exercised, would result in a payment to the holder of such SAR, then any portion of such SAR which has not previously been exercised shall automatically be deemed to be exercised as of such date with respect to such portion. The Company may elect to discontinue the deemed exercise of SARs pursuant to this Section 7.5 at any time upon notice to a Participant or to apply the deemed exercise feature only to certain groups of Participants. The deemed exercise of a SAR pursuant to this Section 7.5 shall apply only to a SAR that has been timely accepted by a Participant under procedures specified by the Company from time to time.

7.6 Effect of Termination of Service. Subject to earlier termination of the SAR as otherwise provided herein and unless otherwise provided by the Committee or in an Award Agreement, an SAR shall be exercisable after a Participant's termination of Service only to the extent and during the applicable time period determined in accordance with Section 6.4 (treating the SAR as if it were an Option) and thereafter shall terminate.

7.7 Transferability of SARs. During the lifetime of the Participant, an SAR shall be exercisable only by the Participant or the Participant's guardian or legal representative. An SAR shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. Notwithstanding the foregoing, to the extent permitted by the Committee, in its discretion, and set forth in the Award Agreement evidencing such Award, a Tandem SAR related to a Nonstatutory Stock Option or a Freestanding SAR shall be assignable or transferable subject to the applicable limitations, if any, described in the General Instructions to Form S-8 under the Securities Act.

8. RESTRICTED STOCK AWARDS.

Restricted Stock Awards shall be evidenced by Award Agreements specifying whether the Award is a Restricted Stock Bonus or a Restricted Stock Purchase Right and the number of shares of Stock subject to the Award, in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

8.1 Types of Restricted Stock Awards Authorized. Restricted Stock Awards may be granted in the form of either a Restricted Stock Bonus or a Restricted Stock Purchase Right. Restricted Stock Awards may be granted upon such conditions as the Committee shall determine, including, without limitation, upon the attainment of one or more Performance Goals described in Section 10.4. If either the grant of or satisfaction of Vesting Conditions applicable to a Restricted Stock Award is to be contingent upon the attainment of one or more Performance Goals, the Committee shall follow procedures substantially equivalent to those set forth in Sections 10.3 through 10.5(a).

8.2 Purchase Price. The purchase price for shares of Stock issuable under each Restricted Stock Purchase Right shall be established by the Committee in its discretion. No monetary payment (other than applicable tax withholding) shall be required as a condition of receiving shares of Stock pursuant to a Restricted Stock Bonus, the consideration for which shall be services actually rendered to a Participating Company or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock subject to a Restricted Stock Award.

8.3 Purchase Period. A Restricted Stock Purchase Right shall be exercisable within a period established by the Committee, which shall in no event exceed thirty (30) days from the effective date of the grant of the Restricted Stock Purchase Right.

8.4 Payment of Purchase Price. Except as otherwise provided below, payment of the purchase price for the number of shares of Stock being purchased pursuant to any Restricted Stock Purchase Right shall be made (a) in cash, by check or in cash equivalent, (b) by such other consideration as may be approved by the Committee from time to time to the extent permitted by applicable law, or (c) by any combination thereof.

8.5 Vesting and Restrictions on Transfer. Shares issued pursuant to any Restricted Stock Award may (but need not) be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, including, without limitation, Performance Goals as described in Section 10.4, as shall be established by the Committee and set forth in the Award Agreement evidencing such Award. During any period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, such shares may not be sold, exchanged, transferred, pledged, assigned or otherwise disposed of other than pursuant to an Ownership Change Event or as provided in Section 8.8. The Committee, in its discretion, may provide in any Award Agreement evidencing a Restricted Stock Award that, if the satisfaction of Vesting Conditions with respect to any shares subject to such Restricted Stock Award would otherwise occur on a day on which the sale of such shares would violate the provisions of the Trading Compliance Policy, then satisfaction of the Vesting Conditions automatically shall be determined on the next trading day on which the sale of such shares would not violate the Trading Compliance Policy. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

8.6 Voting Rights; Dividends and Distributions. Except as provided in this Section, Section 8.5 and any Award Agreement, during any period in which shares acquired pursuant to a Restricted Stock Award remain subject to Vesting Conditions, the Participant shall have all of the rights of a stockholder of the Company holding shares of Stock, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares; provided, however, that such dividends and distributions shall be subject to the same Vesting Conditions as the shares subject to the Restricted Stock Award with respect to which such dividends or distributions were paid, and otherwise shall be paid no later than the end of the calendar year in which such dividends or distributions are paid to stockholders (or, if later, the 15th day of the third month following the date such dividends or distributions are paid to stockholders). In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.3, any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant is entitled by reason of the Participant's Restricted Stock Award shall be immediately subject to the same Vesting Conditions as the shares subject to the Restricted Stock Award with respect to which such dividends or distributions were paid or adjustments were made.

8.7 Effect of Termination of Service. Unless otherwise provided by the Committee in the Award Agreement evidencing a Restricted Stock Award, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then (a) the Company shall have the option to repurchase for the purchase price paid by the Participant any shares acquired by the Participant pursuant to a Restricted Stock Purchase Right which remain subject to Vesting Conditions as of the date of the Participant's termination of Service and (b) the Participant shall forfeit to the Company any shares acquired by the Participant pursuant to a Restricted Stock Bonus which remain subject to Vesting Conditions as of the date of the Participant's termination of Service. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company.

8.8 Nontransferability of Restricted Stock Award Rights. Rights to acquire shares of Stock pursuant to a Restricted Stock Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or the laws of descent and distribution. All rights with respect to a Restricted Stock Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

9. RESTRICTED STOCK UNITS.

Restricted Stock Unit Awards shall be evidenced by Award Agreements specifying the number of Restricted Stock Units subject to the Award, in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

9.1 Grant of Restricted Stock Unit Awards. Restricted Stock Unit Awards may be granted upon such conditions as the Committee shall determine, including, without limitation, upon the attainment of one or more Performance Goals described in Section 10.4. If either the grant of a Restricted Stock Unit Award or the Vesting Conditions with respect to such Award is to be contingent upon the attainment of one or more Performance Goals, the Committee shall follow procedures substantially equivalent to those set forth in Sections 10.3 through 10.5(a).

9.2 Purchase Price. No monetary payment (other than applicable tax withholding, if any) shall be required as a condition of receiving a Restricted Stock Unit Award, the consideration for which shall be services actually rendered to a Participating Company or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock issued upon settlement of the Restricted Stock Unit Award.

9.3 Vesting. Restricted Stock Unit Awards may (but need not) be made subject to Vesting Conditions based upon the satisfaction of such Service requirements, conditions, restrictions or performance criteria, including, without limitation, Performance Goals as described in Section 10.4, as shall be established by the Committee and set forth in the Award Agreement evidencing such Award.

9.4 Voting Rights, Dividend Equivalent Rights and Distributions. Participants shall have no voting rights or dividend rights with respect to shares of Stock represented by Restricted Stock Units until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Restricted Stock Unit Award that the Participant shall be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Stock during the period beginning on the date such Award is granted and ending, with respect to each share subject to the Award, on the earlier of the date the Award is settled or the date on which it is terminated. Dividend Equivalent Rights, if any, shall be paid by crediting the Participant with a cash amount or with additional whole Restricted Stock Units as of the date of payment of such cash dividends on Stock, as determined by the Committee. The number of additional Restricted Stock Units (rounded to the nearest whole number), if any, to be credited shall be determined by dividing (a) the amount of cash dividends paid on the dividend payment date with respect to the number of shares of Stock represented by the Restricted Stock Units previously credited to the Participant by (b) the Fair Market Value per share of Stock on such date. Such cash amount or additional Restricted Stock Units shall be subject to the same terms and conditions and shall be settled in the same manner and at the same time as the Restricted Stock Units originally subject to the Restricted Stock Unit Award. In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.3, appropriate adjustments shall be made in the Participant's Restricted Stock Unit Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant would be entitled by reason of the shares of Stock issuable upon settlement of the Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same Vesting Conditions as are applicable to the Award.

9.5 Effect of Termination of Service. Unless otherwise provided by the Committee and set forth in the Award Agreement evidencing a Restricted Stock Unit Award, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or disability), then the Participant shall forfeit to the Company any Restricted Stock Units pursuant to the Award which remain subject to Vesting Conditions as of the date of the Participant's termination of Service.

9.6 Settlement of Restricted Stock Unit Awards. The Company shall issue to a Participant on the date on which Restricted Stock Units subject to the Participant's Restricted Stock Unit Award vest or on such other date determined by the Committee in compliance with Section 409A, if applicable, and set forth in the Award Agreement one (1) share of Stock (and/or any other new, substituted or additional securities or other property pursuant to an adjustment described in Section 9.4) for each Restricted Stock Unit then becoming vested or otherwise to be settled on such date, subject to the withholding of applicable taxes, if any. The Committee, in its discretion, may provide in any Award Agreement evidencing a Restricted Stock Unit Award that if the settlement date with respect to any shares issuable upon vesting of Restricted Stock Units would otherwise occur on a day on which the sale of such shares would violate the provisions of the Trading Compliance Policy, then the settlement date shall be deferred until the next trading day on which the sale of such shares would not violate the Trading Compliance Policy but in any event no later than the 15th day of the third calendar month following the year in which such Restricted Stock Units vest. If permitted by the Committee, the Participant may elect, consistent with the requirements of Section 409A, to defer receipt of all or any portion of the shares of Stock or other property otherwise issuable to the Participant pursuant to this Section, and such deferred issuance date(s) and amount(s) elected by the Participant shall be set forth in the Award Agreement or an Election (as defined in Section 15.2). Notwithstanding the foregoing, the Committee, in its discretion, may provide in an Award Agreement for settlement of any Restricted Stock Unit Award by payment to the Participant in cash of an amount equal to the Fair Market Value on the payment date of the shares of Stock or other property otherwise issuable to the Participant pursuant to this Section.

9.7 Nontransferability of Restricted Stock Unit Awards. The right to receive shares pursuant to a Restricted Stock Unit Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to a Restricted Stock Unit Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

10. PERFORMANCE AWARDS.

Performance Awards shall be evidenced by Award Agreements in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

10.1 Types of Performance Awards Authorized. Performance Awards may be granted in the form of either Performance Shares or Performance Units. Each Award Agreement evidencing a Performance Award shall specify the number of Performance Shares or Performance Units subject thereto, the Performance Award Formula, the Performance Goal(s) and Performance Period applicable to the Award, and the other terms, conditions and restrictions of the Award.

10.2 Initial Value of Performance Shares and Performance Units. Unless otherwise provided by the Committee in granting a Performance Award, each Performance Share shall have an initial monetary value equal to the Fair Market Value of one (1) share of Stock, subject to adjustment as provided in Section 4.3, on the effective date of grant of the Performance Share, and each Performance Unit shall have an initial monetary value established by the Committee at the time of grant. The final value payable to the Participant in settlement of a Performance Award determined on the basis of the applicable Performance Award Formula will depend on the extent to which Performance Goals established by the Committee are attained within the applicable Performance Period established by the Committee.

10.3 Establishment of Performance Period, Performance Goals and Performance Award Formula. In granting each Performance Award, the Committee shall establish in writing the applicable Performance Period, Performance Award Formula and one or more Performance Goals which, when measured at the end of the Performance Period, shall determine on the basis of the Performance Award Formula the final value of the Performance Award to be paid to the Participant. The Company shall notify each Participant granted a Performance Award of the terms of such Award, including the Performance Period, Performance Goal(s) and Performance Award Formula.

10.4 Measurement of Performance Goals. Performance Goals shall be established by the Committee on the basis of targets to be attained (“*Performance Targets*”) with respect to one or more measures of business or financial performance or other criteria established by the Committee (each, a “*Performance Measure*”), subject to the following:

(a) ***Performance Measures.*** Performance Measures based on objective criteria shall be calculated in accordance with the Company’s financial statements, or, if such measures are not reported in the Company’s financial statements, they shall be calculated in accordance with generally accepted accounting principles, a method used generally in the Company’s industry, or in accordance with a methodology established by the Committee prior to the grant of the Performance Award. Performance Measures based on subjective criteria shall be determined on the basis established by the Committee in granting the Award. As specified by the Committee, Performance Measures may be calculated with respect to the Company and each Subsidiary Corporation consolidated therewith for financial reporting purposes, one or more Subsidiary Corporations or such division or other business unit of any of them selected by the Committee. The Committee may make appropriate adjustments (whether positive or negative) in the method of calculating Performance Measures for a Performance Period, including (i) to exclude restructuring and/or other nonrecurring charges; (ii) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated Performance Measures; (iii) to exclude the effects of changes to generally accepted accounting principles; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; (v) to exclude the effects of items that are “unusual” in nature or occur “infrequently” as determined under generally accepted accounting principles; (vi) to exclude the dilutive effects of acquisitions or joint ventures; (vii) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of

a Performance Period following such divestiture; (viii) to exclude the effect of any change in the outstanding shares of Stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to stockholders other than regular cash dividends; (ix) to exclude the effects of stock-based compensation or the award of an annual cash incentive under any annual incentive program maintained by the Company; (x) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item; and (xi) to make other appropriate adjustments selected by the Committee. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of Performance Measures in order to prevent the dilution or enlargement of the Participant's rights with respect to a Performance Award. Performance Measures may be based upon one or more of the following, without limitation, as determined by the Committee:

- (i) revenue;
- (ii) sales;
- (iii) expenses;
- (iv) operating income;
- (v) gross margin;
- (vi) operating margin;
- (vii) earnings before any one or more of: stock-based compensation expense, interest, taxes, depreciation and amortization;
- (viii) pre-tax profit;
- (ix) net operating income;
- (x) net income;
- (xi) economic value added;
- (xii) free cash flow;
- (xiii) operating cash flow;
- (xiv) balance of cash, cash equivalents and marketable securities;
- (xv) stock price;
- (xvi) earnings per share;
- (xvii) return on stockholder equity;
- (xviii) return on capital;

- (xix) return on assets;
- (xx) return on investment;
- (xxi) total stockholder return;
- (xxii) employee satisfaction;
- (xxiii) employee retention;
- (xxiv) market share;
- (xxv) customer satisfaction;
- (xxvi) product development;
- (xxvii) research and development expenses;
- (xxviii) completion of an identified special project;
- (xxix) completion of a joint venture or other corporate transaction; and
- (xxx) personal performance objectives established for an individual Participant or group of Participants.

Notwithstanding the foregoing, the Committee retains discretion to select any other Performance Measures whether or not listed herein.

(b) **Performance Targets.** Performance Targets may include a minimum, maximum, target level and intermediate levels of performance, with the final value of a Performance Award determined under the applicable Performance Award Formula by the Performance Target level attained during the applicable Performance Period. A Performance Target may be stated as an absolute value, an increase or decrease in a value, or as a value determined relative to an index, budget or other standard selected by the Committee.

10.5 Settlement of Performance Awards.

(a) **Determination of Final Value.** As soon as practicable following the completion of the Performance Period applicable to a Performance Award, the Committee shall determine the extent to which the applicable Performance Goals have been attained and the resulting final value of the Award earned by the Participant and to be paid upon its settlement in accordance with the applicable Performance Award Formula.

(b) **Discretionary Adjustment of Award Formula.** In its discretion, the Committee may, either at the time it grants a Performance Award or at any time thereafter, provide for the positive or negative adjustment of the Performance Award Formula applicable to a Performance Award to reflect such Participant's individual performance in his or her position with the Company or such other factors as the Committee may determine.

(c) **Notice to Participants.** As soon as practicable following the Committee's determination in accordance with Sections 10.5(a) and (b), the Company shall notify each Participant of the determination of the Committee.

(d) **Payment in Settlement of Performance Awards.** As soon as practicable following the Committee's determination in accordance with Sections 10.5(a) and (b), but in any event within the Short-Term Deferral Period described in Section 15.1 (except as otherwise provided below or consistent with the requirements of Section 409A), payment shall be made to each eligible Participant (or such Participant's legal representative or other person who acquired the right to receive such payment by reason of the Participant's death) of the final value of the Participant's Performance Award. Payment of such amount shall be made in cash, shares of Stock, or a combination thereof as determined by the Committee and set forth in the Award Agreement. Unless otherwise provided in the Award Agreement evidencing a Performance Award, payment shall be made in a lump sum. If permitted by the Committee, the Participant may elect, consistent with the requirements of Section 409A, to defer receipt of all or any portion of the payment to be made to the Participant pursuant to this Section, and such deferred payment date(s) elected by the Participant shall be set forth in the Award Agreement or an Election. If any payment is to be made on a deferred basis, the Committee may, but shall not be obligated to, provide for the payment during the deferral period of Dividend Equivalent Rights or interest.

(e) **Provisions Applicable to Payment in Shares.** If payment is to be made in shares of Stock, the number of such shares shall be determined by dividing the final value of the Performance Award by the Fair Market Value of a share of Stock determined by the method specified in the Award Agreement. Shares of Stock issued in payment of any Performance Award may be fully vested and freely transferable shares or may be shares of Stock subject to Vesting Conditions as provided in Section 8.5. Any shares subject to Vesting Conditions shall be evidenced by an appropriate Award Agreement and shall be subject to the provisions of Sections 8.5 through 8.8 above.

10.6 Voting Rights; Dividend Equivalent Rights and Distributions. Participants shall have no voting rights or dividend rights with respect to shares of Stock represented by Performance Share Awards until the date of the issuance of such shares, if any (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Performance Share Award that the Participant shall be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Stock during the period beginning on the date the Award is granted and ending, with respect to each share subject to the Award, on the earlier of the date on which the Performance Shares are settled or the date on which they are forfeited. Such Dividend Equivalent Rights, if any, shall be credited to the Participant either in cash or in the form of additional whole Performance Shares as of the date of payment of such cash dividends on Stock, as determined by the Committee. The number of additional Performance Shares (rounded to the nearest whole number), if any, to be so credited shall be determined by dividing (a) the amount of cash dividends paid on the dividend payment date with respect to the number of shares of Stock represented by the Performance Shares previously credited to the Participant by (b) the Fair Market Value per share of Stock on such date. Dividend Equivalent Rights, if any, shall be accumulated and paid to the extent that the related Performance Shares become nonforfeitable. Settlement of Dividend Equivalent Rights may be

made in cash, shares of Stock, or a combination thereof as determined by the Committee, and may be paid on the same basis as settlement of the related Performance Share as provided in Section 10.5. Dividend Equivalent Rights shall not be paid with respect to Performance Units. In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.3, appropriate adjustments shall be made in the Participant's Performance Share Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant would be entitled by reason of the shares of Stock issuable upon settlement of the Performance Share Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same Performance Goals as are applicable to the Award.

10.7 Effect of Termination of Service. Unless otherwise provided by the Committee and set forth in the Award Agreement evidencing a Performance Award, the effect of a Participant's termination of Service on the Performance Award shall be as follows:

(a) **Death or Disability.** If the Participant's Service terminates because of the death or Disability of the Participant before the completion of the Performance Period applicable to the Performance Award, the final value of the Participant's Performance Award shall be determined by the extent to which the applicable Performance Goals have been attained with respect to the entire Performance Period and shall be prorated based on the number of months of the Participant's Service during the Performance Period. Payment shall be made following the end of the Performance Period in any manner permitted by Section 10.5.

(b) **Other Termination of Service.** If the Participant's Service terminates for any reason except death or Disability before the completion of the Performance Period applicable to the Performance Award, such Award shall be forfeited in its entirety; provided, however, that in the event of an involuntary termination of the Participant's Service, the Committee, in its discretion, may waive the automatic forfeiture of all or any portion of any such Award and determine the final value of the Performance Award in the manner provided by Section 10.7(a). Payment of any amount pursuant to this Section shall be made following the end of the Performance Period in any manner permitted by Section 10.5.

10.8 Nontransferability of Performance Awards. Prior to settlement in accordance with the provisions of the Plan, no Performance Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to a Performance Award granted to a Participant hereunder shall be exercisable during his or her lifetime only by such Participant or the Participant's guardian or legal representative.

11. CASH-BASED AWARDS AND OTHER STOCK-BASED AWARDS.

Cash-Based Awards and Other Stock-Based Awards shall be evidenced by Award Agreements in such form as the Committee shall establish. Such Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

11.1 Grant of Cash-Based Awards. Subject to the provisions of the Plan, the Committee, at any time and from time to time, may grant Cash-Based Awards to Participants in such amounts and upon such terms and conditions, including the achievement of performance criteria, as the Committee may determine.

11.2 Grant of Other Stock-Based Awards. The Committee may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted securities, stock-equivalent units, stock appreciation units, securities or debentures convertible into common stock or other forms determined by the Committee) in such amounts and subject to such terms and conditions as the Committee shall determine. Other Stock-Based Awards may be made available as a form of payment in the settlement of other Awards or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may involve the transfer of actual shares of Stock to Participants, or payment in cash or otherwise of amounts based on the value of Stock and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

11.3 Value of Cash-Based and Other Stock-Based Awards. Each Cash-Based Award shall specify a monetary payment amount or payment range as determined by the Committee. Each Other Stock-Based Award shall be expressed in terms of shares of Stock or units based on such shares of Stock, as determined by the Committee. The Committee may require the satisfaction of such Service requirements, conditions, restrictions or performance criteria, including, without limitation, Performance Goals as described in Section 10.4, as shall be established by the Committee and set forth in the Award Agreement evidencing such Award. If the Committee exercises its discretion to establish performance criteria, the final value of Cash-Based Awards or Other Stock-Based Awards that will be paid to the Participant will depend on the extent to which the performance criteria are met.

11.4 Payment or Settlement of Cash-Based Awards and Other Stock-Based Awards. Payment or settlement, if any, with respect to a Cash-Based Award or an Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash, shares of Stock or other securities or any combination thereof as the Committee determines and set forth in the Award Agreement. To the extent applicable, payment or settlement with respect to each Cash-Based Award and Other Stock-Based Award shall be made in compliance with the requirements of Section 409A.

11.5 Voting Rights; Dividend Equivalent Rights and Distributions. Participants shall have no voting rights or dividend rights with respect to shares of Stock represented by Other Stock-Based Awards until the date of the issuance of such shares of Stock (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), if any, in settlement of such Award. However, the Committee, in its discretion, may provide in the Award Agreement evidencing any Other Stock-Based Award that the Participant shall be entitled to Dividend Equivalent Rights with respect to the payment of cash dividends on Stock during the period beginning on the date such Award is granted and ending, with respect to each share subject to the Award, on the earlier of the date the Award is settled or the date on which it is terminated. Such Dividend Equivalent Rights, if any, shall be paid in accordance with the provisions set forth in Section 9.4. Dividend Equivalent Rights shall not be

granted with respect to Cash-Based Awards. In the event of a dividend or distribution paid in shares of Stock or other property or any other adjustment made upon a change in the capital structure of the Company as described in Section 4.3, appropriate adjustments shall be made in the Participant's Other Stock-Based Award so that it represents the right to receive upon settlement any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends) to which the Participant would be entitled by reason of the shares of Stock issuable upon settlement of such Award, and all such new, substituted or additional securities or other property shall be immediately subject to the same Vesting Conditions and performance criteria, if any, as are applicable to the Award.

11.6 Effect of Termination of Service. Each Award Agreement evidencing a Cash-Based Award or Other Stock-Based Award shall set forth the extent to which the Participant shall have the right to retain such Award following termination of the Participant's Service. Such provisions shall be determined in the discretion of the Committee, need not be uniform among all Cash-Based Awards or Other Stock-Based Awards, and may reflect distinctions based on the reasons for termination, subject to the requirements of Section 409A, if applicable.

11.7 Nontransferability of Cash-Based Awards and Other Stock-Based Awards. Prior to the payment or settlement of a Cash-Based Award or Other Stock-Based Award, the Award shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. The Committee may impose such additional restrictions on any shares of Stock issued in settlement of Cash-Based Awards and Other Stock-Based Awards as it may deem advisable, including, without limitation, minimum holding period requirements, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such shares of Stock are then listed and/or traded, or under any state securities laws or foreign law applicable to such shares of Stock.

12. STANDARD FORMS OF AWARD AGREEMENT.

12.1 Award Agreements. Each Award shall comply with and be subject to the terms and conditions set forth in the appropriate form of Award Agreement approved by the Committee and as amended from time to time. No Award or purported Award shall be a valid and binding obligation of the Company unless evidenced by a Company-executed Award Agreement, which execution may be evidenced by electronic means.

12.2 Authority to Vary Terms. The Committee shall have the authority from time to time to vary the terms of any standard form of Award Agreement either in connection with the grant or amendment of an individual Award or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Award Agreement are not inconsistent with the terms of the Plan.

13. CHANGE IN CONTROL.

13.1 **Effect of Change in Control on Awards.** In the event of a Change in Control, outstanding Awards shall be subject to the definitive agreement entered into by the Company in connection with the Change in Control. Subject to the requirements and limitations of Section 409A, if applicable, the Committee may provide in an Award Agreement or otherwise for any one or more of the following:

(a) **Accelerated Vesting.** In its discretion, the Committee may provide in the grant of any Award or at any other time may take such action as it deems appropriate to provide for acceleration of the exercisability, vesting and/or settlement in connection with a Change in Control of each or any outstanding Award or portion thereof and shares acquired pursuant thereto upon such conditions, including termination of the Participant's Service prior to, upon, or following the Change in Control, and to such extent as the Committee determines.

(b) **Assumption, Continuation or Substitution.** In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "**Acquiror**"), may, without the consent of any Participant, assume or continue the Company's rights and obligations under each or any Award or portion thereof outstanding immediately prior to the Change in Control or substitute for each or any such outstanding Award or portion thereof a substantially equivalent award with respect to the Acquiror's stock, as applicable, with appropriate adjustments in accordance with Section 4.3. For purposes of this Section, if so determined by the Committee in its discretion, an Award denominated in shares of Stock shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Plan and the applicable Award Agreement, for each share of Stock subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Committee may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise or settlement of the Award, for each share of Stock subject to the Award, to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. Any Award or portion thereof which is neither assumed or continued by the Acquiror in connection with the Change in Control nor exercised or settled as of the time of consummation of the Change in Control shall terminate and cease to be outstanding effective as of the time of consummation of the Change in Control.

(c) **Cash-Out of Outstanding Stock-Based Awards.** The Committee may, in its discretion and without the consent of any Participant, determine that, upon the occurrence of a Change in Control, each or any Award denominated in shares of Stock or portion thereof outstanding immediately prior to the Change in Control and not previously exercised or settled shall be canceled in exchange for a payment with respect to each vested share (and each unvested share, if so determined by the Committee) of Stock subject to such canceled Award in (i) cash, (ii) stock of the Company or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control, reduced (but not below zero) by the exercise or purchase price per share, if

any, under such Award. In the event such determination is made by the Committee, an Award having an exercise or purchase price per share equal to or greater than the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control may be canceled without notice or payment of consideration to the holder thereof. Payment pursuant to this Section (reduced by applicable withholding taxes, if any) shall be made to Participants in respect of the vested portions of their canceled Awards as soon as practicable following the date of the Change in Control and in respect of the unvested portions of their canceled Awards in accordance with the vesting schedules applicable to such Awards or, if determined by the Committee and in compliance with Section 409A, as soon as practicable following the date of the Change in Control.

(d) **Adjustments and Earnouts.** In making any determination pursuant to this Section 13.1 in the event of a Change in Control, the Committee may, in its discretion, determine that an Award shall or shall not be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, earnouts and similar conditions as the other holders of the Company's Stock, subject to any limitations or reductions as may be necessary to comply with Section 409A or Section 424 of the Code.

13.2 Effect of Change in Control on Nonemployee Director Awards. Unless otherwise provided in an Award Agreement, subject to the requirements and limitations of Section 409A, if applicable, including as provided by Section 15.4(f), in the event of a Change in Control, each outstanding Nonemployee Director Award shall become immediately exercisable and vested in full and, except to the extent assumed, continued or substituted for pursuant to Section 13.1(b) or otherwise restricted by Section 409A, shall be settled effective immediately prior to the time of consummation of the Change in Control.

13.3 Federal Excise Tax Under Section 4999 of the Code.

(a) **Excess Parachute Payment.** If any acceleration of vesting pursuant to an Award and any other payment or benefit received or to be received by a Participant would subject the Participant to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an "excess parachute payment" under Section 280G of the Code, then, provided such election would not subject the Participant to taxation under Section 409A, the Participant may elect to reduce the amount of any acceleration of vesting called for under the Award in order to avoid such characterization.

(b) **Determination by Tax Firm.** To aid the Participant in making any election called for under Section 13.3(a), no later than the date of the occurrence of any event that might reasonably be anticipated to result in an "excess parachute payment" to the Participant as described in Section 13.3(a), the Company shall request a determination in writing by the professional firm engaged by the Company for general tax purposes, or, if the tax firm so engaged by the Company is serving as accountant or auditor for the Acquiror, the Company will appoint a nationally recognized tax firm to make the determinations required by this Section (the "**Tax Firm**"). As soon as practicable thereafter, the Tax Firm shall determine and report to the Company and the Participant the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Tax Firm may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Tax Firm such information and documents as the Tax Firm may reasonably request in order to make its required determination. The Company shall bear all fees and expenses the Tax Firm charges in connection with its services contemplated by this Section.

14. COMPLIANCE WITH SECURITIES LAW.

The grant of Awards and the issuance of shares of Stock pursuant to any Award shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities and the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Award may be exercised or shares issued pursuant to an Award unless (a) a registration statement under the Securities Act shall at the time of such exercise or issuance be in effect with respect to the shares issuable pursuant to the Award, or (b) in the opinion of legal counsel to the Company, the shares issuable pursuant to the Award may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares under the Plan shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to issuance of any Stock, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

15. COMPLIANCE WITH SECTION 409A.

15.1 **Awards Subject to Section 409A.** The Company intends that Awards granted pursuant to the Plan shall either be exempt from or comply with Section 409A, and the Plan shall be so construed. The provisions of this Section 15 shall apply to any Award or portion thereof that constitutes or provides for payment of Section 409A Deferred Compensation. Such Awards may include, without limitation:

(a) A Nonstatutory Stock Option or SAR that includes any feature for the deferral of compensation other than the deferral of recognition of income until the later of (i) the exercise or disposition of the Award or (ii) the time the stock acquired pursuant to the exercise of the Award first becomes substantially vested.

(b) Any Restricted Stock Unit Award, Performance Award, Cash-Based Award or Other Stock-Based Award that either (i) provides by its terms for settlement of all or any portion of the Award at a time or upon an event that will or may occur later than the end of the Short-Term Deferral Period (as defined below) or (ii) permits the Participant granted the Award to elect one or more dates or events upon which the Award will be settled after the end of the Short-Term Deferral Period.

Subject to the provisions of Section 409A, the term "**Short-Term Deferral Period**" means the 2 1/2 month period ending on the later of (i) the 15th day of the third month following the end of the Participant's taxable year in which the right to payment under the applicable portion of the Award is no longer subject to a substantial risk of forfeiture or (ii) the 15th day of the third month following the end of the Company's taxable year in which the right to payment under the applicable portion of the Award is no longer subject to a substantial risk of forfeiture. For this purpose, the term "substantial risk of forfeiture" shall have the meaning provided by Section 409A.

15.2 Deferral and/or Distribution Elections. Except as otherwise permitted or required by Section 409A and the Company, the following rules shall apply to any compensation deferral and/or payment elections (each, an “**Election**”) that may be permitted or required by the Committee pursuant to an Award providing Section 409A Deferred Compensation:

(a) Elections must be in writing and specify the amount of the payment in settlement of an Award being deferred, as well as the time and form of payment as permitted by this Plan.

(b) Elections shall be made by the end of the Participant’s taxable year prior to the year in which services commence for which an Award may be granted to the Participant.

(c) Elections shall continue in effect until a written revocation or change in Election is received by the Company, except that a written revocation or change in Election must be received by the Company prior to the last day for making the Election determined in accordance with paragraph (b) above or as permitted by Section 15.3.

15.3 Subsequent Elections. Except as otherwise permitted or required by Section 409A, any Award providing Section 409A Deferred Compensation which permits a subsequent Election to delay the payment or change the form of payment in settlement of such Award shall comply with the following requirements:

(a) No subsequent Election may take effect until at least twelve (12) months after the date on which the subsequent Election is made.

(b) Each subsequent Election related to a payment in settlement of an Award not described in Section 15.4(a)(ii), 15.4(a)(iii) or 15.4(a)(vi) must result in a delay of the payment for a period of not less than five (5) years from the date on which such payment would otherwise have been made.

(c) No subsequent Election related to a payment pursuant to Section 15.4(a)(vi) shall be made less than twelve (12) months before the date on which such payment would otherwise have been made.

(d) Subsequent Elections shall continue in effect until a written revocation or change in the subsequent Election is received by the Company, except that a written revocation or change in a subsequent Election must be received by the Company prior to the last day for making the subsequent Election determined in accordance the preceding paragraphs of this Section 15.3.

15.4 Payment of Section 409A Deferred Compensation.

(a) **Permissible Payments.** Except as otherwise permitted or required by Section 409A, an Award providing Section 409A Deferred Compensation must provide for payment in settlement of the Award only upon one or more of the following:

- (i) The Participant's "separation from service" (as defined by Section 409A);
- (ii) The Participant's becoming "disabled" (as defined by Section 409A);
- (iii) The Participant's death;

(iv) A time or fixed schedule that is either (i) specified by the Committee upon the grant of an Award and set forth in the Award Agreement evidencing such Award or (ii) specified by the Participant in an Election complying with the requirements of Section 15.2 or 15.3, as applicable;

(v) A change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company determined in accordance with Section 409A; or

- (vi) The occurrence of an "unforeseeable emergency" (as defined by Section 409A).

(b) **Installment Payments.** It is the intent of this Plan that any right of a Participant to receive installment payments (within the meaning of Section 409A) shall, for all purposes of Section 409A, be treated as a right to a series of separate payments.

(c) **Required Delay in Payment to Specified Employee Pursuant to Separation from Service.** Notwithstanding any provision of the Plan or an Award Agreement to the contrary, except as otherwise permitted by Section 409A, no payment pursuant to Section 15.4(a)(i) in settlement of an Award providing for Section 409A Deferred Compensation may be made to a Participant who is a "specified employee" (as defined by Section 409A) as of the date of the Participant's separation from service before the date (the "**Delayed Payment Date**") that is six (6) months after the date of such Participant's separation from service, or, if earlier, the date of the Participant's death. All such amounts that would, but for this paragraph, become payable prior to the Delayed Payment Date shall be accumulated and paid on the Delayed Payment Date.

(d) **Payment Upon Disability.** All distributions of Section 409A Deferred Compensation payable pursuant to Section 15.4(a)(ii) by reason of a Participant becoming disabled shall be paid in a lump sum or in periodic installments as established by the Participant's Election. If the Participant has made no Election with respect to distributions of Section 409A Deferred Compensation upon becoming disabled, all such distributions shall be paid in a lump sum or commence upon the determination that the Participant has become disabled.

(e) **Payment Upon Death.** If a Participant dies before complete distribution of amounts payable upon settlement of an Award subject to Section 409A, such undistributed amounts shall be distributed to his or her beneficiary under the distribution method for death established by the Participant's Election upon receipt by the Committee of satisfactory notice and confirmation of the Participant's death. If the Participant has made no Election with respect to distributions of Section 409A Deferred Compensation upon death, all such distributions shall be paid in a lump sum upon receipt by the Committee of satisfactory notice and confirmation of the Participant's death.

(f) **Payment Upon Change in Control.** Notwithstanding any provision of the Plan or an Award Agreement to the contrary, to the extent that any amount constituting Section 409A Deferred Compensation would become payable under this Plan by reason of a Change in Control, such amount shall become payable only if the event constituting a Change in Control would also constitute a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Section 409A. Any Award which constitutes Section 409A Deferred Compensation and which would vest and otherwise become payable upon a Change in Control as a result of the failure of the Acquiror to assume, continue or substitute for such Award in accordance with Section 13.1(b) shall vest to the extent provided by such Award but shall be converted automatically at the effective time of such Change in Control into a right to receive, in cash on the date or dates such award would have been settled in accordance with its then existing settlement schedule (or as required by Section 15.4(c)), an amount or amounts equal in the aggregate to the intrinsic value of the Award at the time of the Change in Control.

(g) **Payment Upon Unforeseeable Emergency.** The Committee shall have the authority to provide in the Award Agreement evidencing any Award providing for Section 409A Deferred Compensation for payment pursuant to Section 15.4(a)(vi) in settlement of all or a portion of such Award in the event that a Participant establishes, to the satisfaction of the Committee, the occurrence of an unforeseeable emergency. In such event, the amount(s) distributed with respect to such unforeseeable emergency cannot exceed the amounts reasonably necessary to satisfy the emergency need plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution(s), after taking into account the extent to which such emergency need is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by cessation of deferrals under the Award. All distributions with respect to an unforeseeable emergency shall be made in a lump sum upon the Committee's determination that an unforeseeable emergency has occurred. The Committee's decision with respect to whether an unforeseeable emergency has occurred and the manner in which, if at all, the payment in settlement of an Award shall be altered or modified, shall be final, conclusive, and not subject to approval or appeal.

(h) **Prohibition of Acceleration of Payments.** Notwithstanding any provision of the Plan or an Award Agreement to the contrary, this Plan does not permit the acceleration of the time or schedule of any payment under an Award providing Section 409A Deferred Compensation, except as permitted by Section 409A.

(i) **No Representation Regarding Section 409A Compliance.** Notwithstanding any other provision of the Plan, the Company makes no representation that Awards shall be exempt from or comply with Section 409A. No Participating Company shall be liable for any tax, penalty or interest imposed on a Participant by Section 409A.

16. TAX WITHHOLDING.

16.1 Tax Withholding in General. The Company shall have the right to deduct from any and all payments made under the Plan, or to require the Participant, through payroll withholding, cash payment or otherwise, to make adequate provision for, the federal, state, local and foreign taxes (including social insurance), if any, required by law to be withheld by any Participating Company with respect to an Award or the shares acquired pursuant thereto. The Company shall have no obligation to deliver shares of Stock, to release shares of Stock from an escrow established pursuant to an Award Agreement, or to make any payment in cash under the Plan until the Participating Company Group's tax withholding obligations have been satisfied by the Participant.

16.2 Withholding in or Directed Sale of Shares. The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable to a Participant upon the exercise or settlement of an Award, or to accept from the Participant the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the tax withholding obligations of any Participating Company. The Fair Market Value of any shares of Stock withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates (or the maximum individual statutory withholding rates for the applicable jurisdiction if use of such rates would not result in adverse accounting consequences or cost). The Company may require a Participant to direct a broker, upon the vesting, exercise or settlement of an Award, to sell a portion of the shares subject to the Award determined by the Company in its discretion to be sufficient to cover the tax withholding obligations of any Participating Company and to remit an amount equal to such tax withholding obligations to such Participating Company in cash.

17. AMENDMENT, SUSPENSION OR TERMINATION OF PLAN.

The Committee may amend, suspend or terminate the Plan at any time. However, without the approval of the Company's stockholders, there shall be (a) no increase in the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Sections 4.2 and 4.3, (b) no change in the class of persons eligible to receive Incentive Stock Options, and (c) no other amendment of the Plan that would require approval of the Company's stockholders under any applicable law, regulation or rule, including the rules of any stock exchange or quotation system upon which the Stock may then be listed or quoted. No amendment, suspension or termination of the Plan shall affect any then outstanding Award unless expressly provided by the Committee. Except as provided by the next sentence, no amendment, suspension or termination of the Plan may have a materially adverse effect on any then outstanding Award without the consent of the Participant. Notwithstanding any other provision of the Plan or any Award Agreement to the contrary, the Committee may, in its sole and absolute discretion and without the consent of any Participant, amend the Plan or any Award Agreement, to take effect retroactively or otherwise, as it deems necessary or advisable for the purpose of conforming the Plan or such Award Agreement to any present or future law, regulation or rule applicable to the Plan, including, but not limited to, Section 409A.

18. MISCELLANEOUS PROVISIONS.

18.1 Repurchase Rights. Shares issued under the Plan may be subject to one or more repurchase options, or other conditions and restrictions as determined by the Committee in its discretion at the time the Award is granted. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, each Participant shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

18.2 Forfeiture Events.

(a) The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of Service for Cause or any act by a Participant, whether before or after termination of Service, that would constitute Cause for termination of Service, or any accounting restatement due to material noncompliance of the Company with any financial reporting requirements of securities laws as a result of which, and to the extent that, such reduction, cancellation, forfeiture, or recoupment is required by applicable securities laws. In addition, to the extent that claw-back or similar provisions applicable to Awards are required by applicable law, listing standards and/or policies adopted by the Company, Awards granted under the Plan shall be subject to such provisions.

(b) If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, any Participant who knowingly or through gross negligence engaged in the misconduct, or who knowingly or through gross negligence failed to prevent the misconduct, and any Participant who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, shall reimburse the Company for (i) the amount of any payment in settlement of an Award received by such Participant during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever first occurred) of the financial document embodying such financial reporting requirement, and (ii) any profits realized by such Participant from the sale of securities of the Company during such twelve- (12-) month period.

18.3 Provision of Information. Each Participant shall be given access to information concerning the Company equivalent to that information generally made available to the Company's common stockholders.

18.4 Rights as Employee, Consultant or Director. No person, even though eligible pursuant to Section 5, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee, Consultant or Director or interfere with or limit in any way any right of a Participating Company to terminate the Participant's Service at any time. To the extent that an Employee of a Participating Company other than the Company receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company.

18.5 Rights as a Stockholder. A Participant shall have no rights as a stockholder with respect to any shares covered by an Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 4 or another provision of the Plan.

18.6 Delivery of Title to Shares. Subject to any governing rules or regulations, the Company shall issue or cause to be issued the shares of Stock acquired pursuant to an Award and shall deliver such shares to or for the benefit of the Participant by means of one or more of the following: (a) by delivering to the Participant evidence of book entry shares of Stock credited to the account of the Participant, (b) by depositing such shares of Stock for the benefit of the Participant with any broker with which the Participant has an account relationship, or (c) by delivering such shares of Stock to the Participant in certificate form.

18.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

18.8 Retirement and Welfare Plans. Neither Awards made under this Plan nor shares of Stock or cash paid pursuant to such Awards may be included as “compensation” for purposes of computing the benefits payable to any Participant under any Participating Company’s retirement plans (both qualified and non-qualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a Participant’s benefit. In addition, unless a written employment agreement or other service agreement specifically references Awards, a general reference to “benefits” or a similar term in such agreement shall not be deemed to refer to Awards granted hereunder.

18.9 Beneficiary Designation. Subject to local laws and procedures and if the Committee so permits, each Participant may file with the Company a written designation of a beneficiary who is to receive any benefit under the Plan to which the Participant is entitled in the event of such Participant’s death before he or she receives any or all of such benefit. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant’s lifetime. If a married Participant designates a beneficiary other than the Participant’s spouse, the effectiveness of such designation may be subject to the consent of the Participant’s spouse. If a Participant dies without an effective designation of a beneficiary who is living at the time of the Participant’s death, the Company will pay any remaining unpaid benefits to the Participant’s legal representative.

18.10 Severability. If any one or more of the provisions (or any part thereof) of this Plan shall be held invalid, illegal or unenforceable in any respect, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions (or any part thereof) of the Plan shall not in any way be affected or impaired thereby.

18.11 No Constraint on Corporate Action. Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company's or another Participating Company's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or another Participating Company to take any action which such entity deems to be necessary or appropriate.

18.12 Unfunded Obligation. Participants shall have the status of general unsecured creditors of the Company. Any amounts payable to Participants pursuant to the Plan shall be considered unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974. No Participating Company shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Committee or any Participating Company and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of any Participating Company. The Participants shall have no claim against any Participating Company for any changes in the value of any assets which may be invested or reinvested by the Company with respect to the Plan.

18.13 Choice of Law. Except to the extent governed by applicable federal law, the validity, interpretation, construction and performance of the Plan and each Award Agreement shall be governed by the laws of the State of Delaware, without regard to its conflict of law rules.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF NAVITAS

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

This discussion contains forward-looking statements that are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results and the timing of events may differ materially from those described in or implied by these forward-looking statements due to a number of factors, including those discussed below and those set forth under "Risk Factors" in the Amended Report and other filings we make with the SEC from time to time.

Overview

Founded in 2013, Navitas is a developer of gallium nitride power integrated circuits that provide superior efficiency, performance, size and sustainability relative to existing silicon technology. Our solutions offer faster charging, higher power density and greater energy savings compared to silicon-based power systems with the same output power. By unlocking this speed and efficiency, we believe we are leading a revolution in high-frequency, high-efficiency and high-density power electronics to electrify our world for a cleaner tomorrow. We maintain operations around the world, including the United States, Ireland, Hong Kong, China, Taiwan and the Philippines, with principal executive offices in Dublin, Ireland.

We design, develop and market gallium nitride ("GaN") power integrated circuits ("ICs") used in power conversion and charging. Power supplies incorporating our products may be used in a wide variety of electronics products including mobile phones, consumer electronics, data centers, solar inverters and electric vehicles. We utilize a fabless business model, working with third parties to manufacture, assemble and test our designs. Our fabless model allows us to run the business today with minimal capital expenditures.

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

In support of our technology leadership, we have formed relationships with numerous Tier 1 manufacturers and suppliers over the past seven years, gaining significant traction in mobile and consumer charging applications. We are developing next-generation fast chargers with 90% of the top 10 world-wide mobile OEMs using Navitas GaN power ICs. In addition, our customers have introduced over 135 GaN chargers into mass production, with an additional 150 GaN chargers in development across all of our mobile customers world-wide. Moreover, our supply chain partners have committed significant manufacturing capacity in excess of what we consider to be necessary to support our continued growth and expansion.

The core strength of our business lies in our industry leading IP position in GaN Power ICs. Navitas invented the first commercial GaN Power ICs and along the way we patented many fundamental circuit elements which are needed in most power systems from 10 W to 100 kW. Today, we have over 120 patents that are issued or pending.

In addition to our comprehensive patent portfolio, our biggest proprietary advantage is our process design kit (PDK), the ‘how-to’ guide for designers to create new GaN based device and circuits. Our GaN power IC inventions and intellectual property translate across all of our target markets from mobile, consumer, EV, enterprise, and renewables. We evaluate various complementary technologies and look to improve our PDK, in order to keep introducing newer generations of GaN technology. In 2020, we spent approximately 110% of our revenue on research and development. Navitas’ research and development activities are located primarily in the US and China. As of 2020, we had approximately 55 full-time personnel in our research & development team, with approximately 55% with advanced degrees (PhD and MS).

Business Combination Agreement

On October 19, 2021, Navitas consummated its Business Combination contemplated by the Business Combination Agreement. The Business Combination was effected by way of (i) a tender offer to acquire the entire issued share capital of Navitas Ireland (other than Navitas Ireland Restricted Shares) in exchange for the Tender Offer Consideration and (ii) the merger of Merger Sub with and into Navitas Delaware, with Navitas Delaware surviving the Merger as a wholly owned subsidiary of the Company, and as a result of the Tender Offer and the Merger, Legacy Navitas became a wholly owned direct subsidiary of LOKB. In connection with the Business Combination, the Company changed its name from Live Oak Acquisition Corp. II to “Navitas Semiconductor Corporation.”

The Business Combination was accounted for as a reverse recapitalization in accordance with US GAAP. Under the guidance in ASC 805, LOKB was treated as the “acquired” company for financial reporting purposes. The most significant change in the successor’s future reported financial position and results is the net increase in cash of approximately of \$325 million, after stockholder redemptions of \$101.4 million permitted under the Business Combination Agreement and prior to the payment of non-recurring transaction costs and other payments that totaled approximately \$41 million.

Results of Operations

Revenue

We design, develop and manufacture GaN ICs. Our revenue represents the sale of semiconductors through specialized distributors to original equipment manufacturers (“OEMs”), their suppliers and other end customers.

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

- our overall product mix and sales volumes;
- gains and losses in market share and design win traction;
- pace at which technology is adopted in our end markets;
- the stage of our products in their respective life cycles;
- the effects of competition and competitive pricing strategies;

- availability of specialized field application engineering resources supporting demand creation and end customer adoption of new products;
- achieving acceptable yields and obtaining adequate production capacity from our wafer foundries and assembly and test subcontractors;
- market acceptance of our end customers' products; governmental regulations influencing our markets; and
- the global and regional economic cycles.

Our product revenue is recognized when the customer obtains control of the product and the timing of recognition is based on the contractual shipping terms of a contract. We provide a non-conformity warranty which is not sold separately and does not represent a separate performance obligation. The majority of our product revenue originates from sales shipped to customer locations in Asia.

Cost of Goods Sold

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

Research and Development Expense

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

Selling, General and Administrative Expense

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

Interest Expense

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

Income Taxes

We are a dual domesticated corporation for Ireland and U.S. federal income tax purposes. Refer to Note 11, Provision for Income Taxes, in our accompanying financial statements elsewhere in this proxy statement/prospectus.

Results of Operations

The table and discussion below present our results for the three and nine months ended September 30, 2021 and 2020:

(dollars in thousands)	Three Months Ended September 30,		Change \$	Change %	Nine Months Ended September 30,		Change \$	Change %
	2021	2020			2021	2020		
Revenue	\$ 5,631	\$ 3,500	\$ 2,131	61%	\$ 16,398	\$ 7,196	\$ 9,202	128%
Cost of goods sold	3,032	2,184	848	39%	8,962	5,027	3,935	78%
Gross profit	2,599	1,316	1,283	97%	7,436	2,169	5,267	243%
Operating expenses:								
Research and development	5,804	3,062	2,742	90%	16,325	8,142	8,183	101%
Selling, general and administrative	3,550	2,241	1,309	58%	23,713	5,624	18,089	322%
Total operating expenses	9,354	5,303	4,051		40,038	13,766	26,272	
Loss from operations	(6,755)	(3,987)			(32,602)	(11,597)		
Interest expense, net	(75)	(63)	(12)	19%	(199)	(172)	(27)	16%
Loss before income taxes	(6,830)	(4,050)			(32,801)	(11,769)		
Income tax expense	13	—	13	— %	37	6	31	517%
Net loss	<u>\$(6,843)</u>	<u>\$(4,050)</u>	<u>\$(2,793)</u>	69%	<u>\$(32,838)</u>	<u>\$(11,775)</u>	<u>\$(21,063)</u>	179%

Comparison of the Three Months ended September 30, 2021 and 2020

Revenue

Revenue for the three months ended September 30, 2021 was \$5.6 million compared to \$3.5 million for the three months ended September 30, 2020, an increase of \$2.1 million, or 61%. The increase reflected expansion of product and end-customer base and total sales volumes increasing 103%, from 3.0 million to 6.1 million GaN ICs shipped.

Cost of Goods Sold

Cost of goods sold for the three months ended September 30, 2021 was \$3.0 million, an increase of \$0.8 million or 39% compared to the three months ended September 30, 2020. The increase was primarily driven by significant revenue growth, partially offset by lower costs on second generation (“Gen 2”) and third generation (“Gen 3”) products launched into production the second half of 2020 and second half of 2021, respectively. Gen 2 provided consistent manufacturing yields in excess of 90%, while Gen 3 improved energy savings by up to an additional 10% compared to prior generations, as well as further reduced external component counts and shrank system footprints.

Research and Development Expense

Research and development expense for the three months ended September 30, 2021 of \$5.8 million increased by \$2.7 million, or 90%, when compared to the three months ended September 30, 2020, primarily driven by increases in headcount, resulting in \$1.7 million higher compensation costs, along with an increase of \$1.0 million in non-compensation costs related to new applications and reliability expenses devoted to next generation product development. We expect research and development expense to continue to increase as we grow our headcount to support our expansion into new applications.

Selling, General and Administrative Expense

Selling, general and administrative expense for the three months ended September 30, 2021 of \$3.6 million increased by \$1.3 million, or 58%, when compared to the three months ended September 30, 2020. The increase is due to a \$0.4 million increase in compensation costs related to growth in headcount along with a \$0.9 million increase in other costs of growing the business. We expect selling, general and administrative costs to increase to support our growth and as a result of the administrative costs of the expected merger and increased costs for infrastructure required as a public company.

Interest Expense

Interest expenses for the three months ended September 30, 2021 of \$75 thousand increased by 19%, when compared to the three months ended September 30, 2020, primarily due to higher outstanding debt.

Income Tax Expense

Income tax expenses for the three months ended September 30, 2021 increased by \$13 thousand when compared to the three months ended September 30, 2020. We expect our tax rate to remain close to zero in the near term due to full valuation allowances against deferred tax assets.

Comparison of the Nine Months ended September 30, 2021 and 2020

Revenue

Revenue for the nine months ended September 30, 2021 was \$16.4 million compared to \$7.2 million for the nine months ended September 30, 2020, an increase of \$9.2 million, or 128%. The increase reflected the achievement of expansion of product and end-customer base and total sales volumes increasing 187%, from 6.1 million to 17.5 million GaN ICs shipped.

Cost of Goods Sold

Cost of goods sold for the nine months ended September 30, 2021 was \$9.0 million, an increase of \$3.9 million or 78% compared to the nine months ended September 30, 2020. The increase was primarily driven by significant revenue growth, partially offset by lower costs on second generation (“Gen 2”) products launched in the second half of 2020 combined with third generation (“Gen 3”) products launched in 2021 that represented the majority of cost of goods sold. Gen 2 provides consistent manufacturing yields in excess of 90%, while Gen 3 improved energy savings by up to an additional 10% compared to prior generations, as well as further reduced external component count and shrank system footprints .

Research and Development Expense

Research and development expense for the nine months ended September 30, 2021 of \$16.3 million increased by \$8.2 million, or 101%, when compared to the nine months ended September 30, 2020, primarily driven by increases in headcount and stock based compensation resulting in \$4.3 million and \$1.7 million higher compensation costs, respectively, along with an increase of \$2.2 million in non-compensation costs related to new applications and reliability expenses devoted to next generation product development. We expect research and development expense to continue to increase as we grow our headcount to support our expansion into new applications.

Selling, General and Administrative Expense

Selling, general and administrative expense for the nine months ended September 30, 2021 of \$23.7 million increased by \$18.1 million, or 322%, when compared to the nine months ended September 30, 2020. The increase is primarily due to a \$12.8 million increase in stock-based compensation, of which \$12.6 million was related to rescinded restricted stock grants, a \$2.2 million increase in compensation costs related to growth in headcount and a \$3.1 million increase in other costs of growing the business. We expect selling, general and administrative costs to increase to support our growth and as a result of the administrative costs of the expected merger and increased costs for infrastructure required as a public company.

Interest Expense

Interest expenses for the nine months ended September 30, 2021 of \$199 thousand increased by 16%, when compared to the nine months ended September 30, 2020, primarily due to higher outstanding debt.

Income Tax Expense

Income tax expenses for the nine months ended September 30, 2021 increased by \$31 thousand when compared to the nine months ended September 30, 2020. We expect our tax rate to remain close to zero in the near term due to full valuation allowances against deferred tax assets.

Liquidity and Capital Resources

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

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

We have derived our liquidity and capital resources primarily from the issuance and sale of convertible preferred stock. Through September 30, 2021, we had raised \$110.9 million from preferred stockholders, including \$53.1 million from the issuance of Navitas Ireland Series B-2 Preferred Shares in 2020. We have also raised funds from term loans from multiple sources, of which \$7.7 million is outstanding as of September 30, 2021. The term loan principal balance is payable in monthly installments of \$0.27 million, which began in September 2021.

As of September 30, 2021, we had cash and cash-equivalents of \$11.1 million. We currently use cash to fund operations, meet working capital requirements, for capital expenditures and strategic investments.

The Company raised approximately \$325 million of proceeds in the Business Combination transaction, including funds from the Trust Account net of redemptions and proceeds from the PIPE Offering. Subsequent to the Business Combination on October 19, 2021, the Company has additional access to capital resources through public market transactions and we expect our historical focus on near-term working capital and liquidity to shift to more strategic and forward-looking capital optimization plans. We believe that the influx of capital from the Business Combination is sufficient to finance our operations, working capital requirements and capital expenditures for the foreseeable future.

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

Cash Flows

The following table summarizes our consolidated cash flows for the nine months ended September 30, 2021 and 2020:

	Nine Months Ended September 30,	
	2021	2020
(in thousands)		
Consolidated Statements of Cash Flows Data:		
Net cash used in operating activities	\$(24,792)	\$(12,785)
Net cash used in investing activities	(2,525)	(223)
Net cash (used in) provided by financing activities	(476)	53,991

We derive liquidity primarily from debt and equity financing activities. As of September 30, 2021, our balance of cash and cash equivalents was \$11.1 million, which is a decrease of \$27.8 million or 72% compared to December 31, 2020. Our total outstanding debt principal balance as of September 30, 2021 was \$7.7 million, an increase of \$1.7 million from the total debt outstanding at December 31, 2020.

Operating Activities

For the nine months ended September 30, 2021, net cash used in operating activities was \$24.8 million, which primarily reflects a net loss of \$32.8 million, adjusted for non-cash share-based compensation of \$14.8 million and increases in aggregate receivable and inventory balances of \$9.7 million.

For the nine months ended September 30, 2020, net cash used in operating activities was \$12.8 million, which included a net loss of \$11.8 million and a decrease in cash of \$1.5 million due to changes in net operating assets.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2021 of \$2.5 million was primarily due to \$0.7 million cash consideration paid for an asset acquisition, \$0.6 million contributed towards a joint venture and \$1.2 million for purchases of fixed assets.

Net cash used in investing activities for the nine months ended September 30, 2020 of \$223 thousand was primarily due to the purchase of fixed assets.

Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2021 of \$0.5 million was the result of payments of deferred offering costs of \$2.5 million, \$1.7 million of net borrowing and \$0.3 million of proceeds from the exercise of stock options.

Net cash provided by financing activities for the nine months ended September 30, 2020 of \$54.0 million was primarily the result of \$52.8 million of net proceeds from the issuance of convertible preferred equity and a \$1.2 million increase in net borrowings.

Contractual Obligations, Commitments and Contingencies

In the ordinary course of business, Navitas enters into contractual arrangements that may require future cash payments. The following table sets forth information related to anticipated future cash payments as of September 30, 2021:

(in thousands)	Remainder of 2021	2022	2023	2024	2025	Thereafter	Total
Operating lease obligations	\$ 275	\$ 911	\$ 530	\$154	\$—	\$ —	\$1,870
Debt obligations payable	800	3,200	3,200	533	—	—	7,733
Interest on debt obligations ¹	75	222	92	2	—	—	391
Total	<u>\$ 1,150</u>	<u>\$4,333</u>	<u>\$3,822</u>	<u>\$689</u>	<u>\$—</u>	<u>\$ —</u>	<u>\$9,994</u>

¹ Interest is projected based on current rates and scheduled principal payments.

Off-Balance Sheet Commitments and Arrangements

As of September 30, 2021, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Critical Accounting Policies and Estimates

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

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

Our most critical accounting estimates include revenue recognition and the assumptions used in the determination of share-based compensation.

Revenue Recognition

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

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

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

Share-Based Compensation

The fair value of stock option awards to employees and restricted stock awards 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.

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

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

In addition to considering the results of these third-party valuations, we considered various objective and subjective factors to determine the fair value of our common stock as of each grant date. The assumptions underlying these valuations represented management’s best estimates, which involved inherent uncertainties and the application of management’s judgment, including the probability and timing of liquidity events. As a result, if we had used significantly different assumptions or estimates, the fair value of our common stock and our stock-based compensation expense could be materially different. The fair value of the underlying common stock will be determined by the board of directors until such time as our common shares are listed on an established stock exchange. The fair value of the Company’s common stock ranged from \$0.22 per share in June 2019 to \$1.16 per share in the second half of 2020 to \$10.53 per share as of August 25, 2021, the date of the most recent contemporaneous valuation report and the Company’s most recent equity grants.

Recent Developments

Navitas is pursuing key strategic initiatives, including bringing to market multiple generations of GaN technology that enhance our margin profile and continually evaluating acquisition opportunities that are complementary to our existing portfolio and increase power semiconductor content in our targeted applications. See “*Information about Navitas — Company Strategy.*” Consistent with these key strategic initiatives, Navitas recently entered into a partnership with a manufacturer of power management ICs to develop products and technology relating to ac-dc converters. Structured as a joint venture, Navitas’ initial contribution to the partnership will be the sale of its GaN integrated circuit die at cost & non-material expenses to contribute to the operating expenses of the partnership in exchange for a minority interest, with the right to acquire the balance of the joint venture based on the future results of the partnership (among other rights and obligations).

Recently Issued and Adopted Accounting Pronouncements

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

JOBS Act Accounting Election

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

NAVITAS SEMICONDUCTOR LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands, except shares and par value)	September 30, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,075	\$ 38,869
Accounts receivable, net	5,570	4,152
Inventory	11,719	3,404
Prepaid expenses and other current assets	4,737	522
Total current assets	33,101	46,947
PROPERTY AND EQUIPMENT, net	1,616	722
INTANGIBLE ASSETS, net	258	515
NOTES RECEIVABLE	210	221
OTHER ASSETS	240	102
Total assets	<u>\$ 35,425</u>	<u>\$ 48,507</u>
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable and other accrued expenses	\$ 6,118	\$ 3,698
Accrued compensation expenses	2,206	1,668
Current portion of long-term debt	3,200	1,000
Deferred revenue	59	—
Total current liabilities	11,583	6,366
LONG-TERM DEBT	4,513	4,971
OTHER LIABILITIES	75	88
Total liabilities	16,171	11,425
COMMITMENTS AND CONTINGENCIES (Note 12)		
REDEEMABLE CONVERTIBLE PREFERRED STOCK:		
Series A convertible preferred stock, \$0.0001 par value; 16,716,348 shares authorized and 16,620,018 shares issued and outstanding at September 30, 2021 and December 31, 2020; liquidation preference of \$17,451 at September 30, 2021 and December 31, 2020, respectively	14,970	14,970
Series B convertible preferred stock, \$0.0001 par value; 14,262,664 shares authorized, 14,213,431 shares issued and outstanding at September 30, 2021 and December 31, 2020; liquidation preference of \$27,574 at September 30, 2021 and December 31, 2020, respectively	27,371	27,371
Series B-1 convertible preferred stock, \$0.0001 par value; 6,133,979 shares authorized, 5,416,551 shares issued and outstanding at September 30, 2021 and December 31, 2020; liquidation preference of \$15,112 at September 30, 2021 and December 31, 2020, respectively	14,786	14,786
Series B-2 convertible preferred stock, \$0.0001 par value; 24,027,913 shares authorized, 18,198,891 shares issued and outstanding at September 30, 2021 and December 31, 2020; liquidation preference of \$53,085 at September 30, 2021 and December 31, 2020	52,379	52,379
STOCKHOLDERS' EQUITY (DEFICIT):		
Common stock, \$0.0001 par value, 93,000,000 shares authorized as of September 30, 2021 and December 31, 2020, 16,790,768 and 15,327,160 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	3	2
Additional paid-in capital	18,567	3,557
Accumulated other comprehensive income (loss)	(2)	(1)
Accumulated deficit	(108,820)	(75,982)
Total stockholders' equity (deficit)	(90,252)	(72,424)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	<u>\$ 35,425</u>	<u>\$ 48,507</u>

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

NAVITAS SEMICONDUCTOR LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
NET REVENUES	\$ 5,631	\$ 3,500	\$ 16,398	\$ 7,196
COST OF REVENUES	3,032	2,184	8,962	5,027
GROSS PROFIT	<u>2,599</u>	<u>1,316</u>	<u>7,436</u>	<u>2,169</u>
OPERATING EXPENSES:				
Research and development	5,804	3,062	16,325	8,142
Selling, general and administrative	3,550	2,241	23,713	5,624
Total operating expenses	<u>9,354</u>	<u>5,303</u>	<u>40,038</u>	<u>13,766</u>
LOSS FROM OPERATIONS	(6,755)	(3,987)	(32,602)	(11,597)
INTEREST EXPENSE, net of interest income of \$1, \$1, \$4 and \$2	(75)	(63)	(199)	(172)
LOSS BEFORE INCOME TAXES	(6,830)	(4,050)	(32,801)	(11,769)
PROVISION FOR INCOME TAXES	13	—	37	6
NET LOSS	<u>\$ (6,843)</u>	<u>\$ (4,050)</u>	<u>\$ (32,838)</u>	<u>\$ (11,775)</u>
NET LOSS PER COMMON SHARE:				
Basic and diluted	<u>\$ (0.41)</u>	<u>\$ (0.27)</u>	<u>\$ (1.83)</u>	<u>\$ (0.79)</u>
COMMON SHARES USED IN PER SHARE CALCULATION:				
Basic and diluted	<u>16,726</u>	<u>14,841</u>	<u>17,949</u>	<u>14,827</u>

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

NAVITAS SEMICONDUCTOR LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss	\$(6,843)	\$(4,050)	\$(32,838)	\$(11,775)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax	2	—	(1)	—
Total other comprehensive income (loss)	2	—	(1)	—
TOTAL COMPREHENSIVE LOSS	<u>\$(6,841)</u>	<u>\$(4,050)</u>	<u>\$(32,839)</u>	<u>\$(11,775)</u>

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

NAVITAS SEMICONDUCTOR LIMITED

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

(Unaudited)

(in thousands)	Redeemable convertible preferred stock								Stockholder's equity (deficit)						
	Series A redeemable convertible preferred stock		Series B redeemable convertible preferred stock		Series B-1 redeemable convertible preferred stock		Series B-2 redeemable convertible preferred stock		Common stock		Additional paid in capital	Accumulated deficit	Notes receivable-shareholders	Accumulated comprehensive income (loss)	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
BALANCE AT JUNE 30, 2020	16,620	\$ 14,970	14,213	\$ 27,371	5,416	\$ 14,786	11,942	\$ 34,740	14,841	\$ 1	\$ 2,579	\$ (64,663)	\$ —	\$ —	\$ (62,083)
Issuance of common stock under employee stock option and stock award plans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of preferred stock	—	—	—	—	—	—	6,257	18,250	—	—	—	—	—	—	—
Preferred stock issuance costs	—	—	—	—	—	—	—	(205)	—	—	—	—	—	—	—
Stock-based compensation expense related to stock awards	—	—	—	—	—	—	—	—	—	—	163	—	—	—	163
Issuance of warrants	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	(4,050)	—	—	(4,050)
BALANCE AT SEPTEMBER 30, 2020	<u>16,620</u>	<u>\$ 14,970</u>	<u>14,213</u>	<u>\$ 27,371</u>	<u>5,416</u>	<u>\$ 14,786</u>	<u>18,199</u>	<u>\$ 52,785</u>	<u>14,841</u>	<u>\$ 1</u>	<u>\$ 2,742</u>	<u>\$ (68,713)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (65,970)</u>
	Series A redeemable convertible preferred stock	Series B redeemable convertible preferred stock	Series B-1 redeemable convertible preferred stock	Series B-2 redeemable convertible preferred stock	Common stock	Additional paid in capital	Accumulated deficit	Notes receivable-shareholders	Accumulated comprehensive income (loss)	Total					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid in capital	Accumulated deficit	Notes receivable-shareholders	Accumulated comprehensive income (loss)	Total
BALANCE AT DECEMBER 31, 2019	16,620	\$ 14,970	14,213	\$ 27,371	5,416	\$ 14,786	—	\$ —	14,655	\$ 1	\$ 2,479	\$ (56,938)	\$ —	\$ —	\$ (54,458)
Issuance of common stock under employee stock option and stock award plans	—	—	—	—	—	—	—	—	186	—	26	—	—	—	26
Issuance of preferred stock	—	—	—	—	—	—	18,199	53,085	—	—	—	—	—	—	—
Preferred stock issuance costs	—	—	—	—	—	—	—	(300)	—	—	—	—	—	—	—
Stock-based compensation expense related to employee and non-employee stock awards	—	—	—	—	—	—	—	—	—	—	221	—	—	—	221
Issuance of warrants	—	—	—	—	—	—	—	—	—	—	16	—	—	—	16
Net loss	—	—	—	—	—	—	—	—	—	—	—	(11,775)	—	—	(11,775)
BALANCE AT SEPTEMBER 30, 2020	<u>16,620</u>	<u>\$ 14,970</u>	<u>14,213</u>	<u>\$ 27,371</u>	<u>5,416</u>	<u>\$ 14,786</u>	<u>18,199</u>	<u>\$ 52,785</u>	<u>14,841</u>	<u>\$ 1</u>	<u>\$ 2,742</u>	<u>\$ (68,713)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (65,970)</u>

NAVITAS SEMICONDUCTOR LIMITED

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

(Unaudited)

(in thousands)	Redeemable convertible preferred stock								Stockholder's equity (deficit)						
	Series A redeemable convertible preferred stock		Series B redeemable convertible preferred stock		Series B-1 redeemable convertible preferred stock		Series B-2 redeemable convertible preferred stock		Common stock		Additional paid in capital	Accumulated deficit	Notes receivable-shareholders	Accumulated comprehensive income (loss)	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
BALANCE AT JUNE 30, 2021	16,620	\$ 14,970	14,213	\$ 27,371	5,416	\$ 14,786	18,199	\$ 52,379	16,345	\$ 3	\$ 18,295	\$ (101,977)	\$ —	\$ (4)	\$ (83,683)
Issuance of common stock under employee stock option and stock award plans	—	—	—	—	—	—	—	—	446	—	71	—	—	—	71
Stock-based compensation expense related to employee and non-employee stock awards	—	—	—	—	—	—	—	—	—	—	201	—	—	—	201
Rescission of common stock	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	2	2
Net loss	—	—	—	—	—	—	—	—	—	—	—	(6,843)	—	—	(6,843)
BALANCE AT SEPTEMBER 30, 2021	<u>16,620</u>	<u>\$ 14,970</u>	<u>14,213</u>	<u>\$ 27,371</u>	<u>5,416</u>	<u>\$ 14,786</u>	<u>18,199</u>	<u>\$ 52,379</u>	<u>16,791</u>	<u>\$ 3</u>	<u>\$ 18,567</u>	<u>\$ (108,820)</u>	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ (90,252)</u>
	Series A redeemable convertible preferred stock	Series B redeemable convertible preferred stock	Series B-1 redeemable convertible preferred stock	Series B-2 redeemable convertible preferred stock	Common stock	Additional paid in capital	Notes receivable-shareholders	Accumulated comprehensive income (loss)	Total						
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
BALANCE AT DECEMBER 31, 2020	16,620	\$ 14,970	14,213	\$ 27,371	5,416	\$ 14,786	18,199	\$ 52,379	15,327	\$ 2	\$ 3,557	\$ (75,982)	\$ —	\$ (1)	\$ (72,424)
Issuance of common stock under employee stock option and stock award plans	—	—	—	—	—	—	—	—	5,785	1	1,476	—	(1,183)	—	294
Stock-based compensation expense related to employee and non-employee stock awards	—	—	—	—	—	—	—	—	—	—	14,765	—	—	—	14,765
Rescission of common stock awards	—	—	—	—	—	—	—	—	(4,321)	—	(1,231)	—	1,183	—	(48)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	(1)	(1)
Net loss	—	—	—	—	—	—	—	—	—	—	—	(32,838)	—	—	(32,838)
BALANCE AT SEPTEMBER 30, 2021	<u>16,620</u>	<u>\$ 14,970</u>	<u>14,213</u>	<u>\$ 27,371</u>	<u>5,416</u>	<u>\$ 14,786</u>	<u>18,199</u>	<u>\$ 52,379</u>	<u>16,791</u>	<u>\$ 3</u>	<u>\$ 18,567</u>	<u>\$ (108,820)</u>	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ (90,252)</u>

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

NAVITAS SEMICONDUCTOR LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Nine Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(32,838)	\$(11,775)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	278	276
Amortization of intangibles	253	—
Other non-cash (income) expenses	50	(1)
Amortization of deferred rent	(35)	14
Stock-based compensation expense	14,765	221
Amortization of debt discount and issuance costs	9	4
Change in operating assets and liabilities:		
Accounts receivable	(1,418)	(1,611)
Inventory	(8,315)	(1,547)
Prepaid expenses and other current assets	(101)	(79)
Other assets	(138)	—
Accounts payable, accrued compensation and other expenses	2,639	1,929
Deferred revenue	59	(216)
Net cash used in operating activities	<u>(24,792)</u>	<u>(12,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Asset acquisition	(680)	—
Investment purchases	(634)	—
Purchases of property and equipment	(1,213)	(223)
Repayment of notes receivable	2	—
Net cash used in investing activities	<u>(2,525)</u>	<u>(223)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of preferred stock	—	53,085
Payment of preferred stock issuance costs	—	(300)
Payment of deferred offering costs	(2,503)	—
Proceeds from issuance of common stock in connection with stock options exercised	294	26
Proceeds from issuance of long-term debt	2,000	6,000
Principal payments on long-term debt	(267)	(4,800)
Payment of debt issuance costs	—	(20)
Net cash (used in) provided by financing activities	<u>(476)</u>	<u>53,991</u>
Effect of exchange rate changes on cash	(1)	—
NET INCREASE (DECREASE) IN CASH, CASH-EQUIVALENTS AND RESTRICTED CASH	(27,794)	40,983
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	38,869	6,118
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	<u>\$ 11,075</u>	<u>\$ 47,101</u>
NON-CASH FINANCING ACTIVITIES		
Deferred offering costs in other current assets and accounts payable and accrued expenses	\$ 977	—

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

NAVITAS SEMICONDUCTOR LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
September 30, 2021
(\$ in thousands, except where noted)

1. ORGANIZATION AND BASIS OF PRESENTATION

Navitas Semiconductor Limited (“Navitas IE” or collectively with its consolidated subsidiaries, “Navitas” or the “Company”), is a private company limited by shares organized under the Laws of Ireland and is domesticated in the State of Delaware as Navitas Semiconductor Ireland, LLC, a Delaware limited liability company. Navitas was founded in 2013 and has since been developing ultra-efficient gallium nitride (GaN) semiconductors. The Company presently operates as a product design house that contracts the manufacturing of its chips and packaging to partner suppliers. Navitas maintains its operations around the world, including the United States, Hong Kong, China, Taiwan and the Philippines.

Reorganization

Navitas Semiconductor USA, Inc. (“Navitas U.S.”) was incorporated in the State of Delaware on October 25, 2013. In 2020, Navitas U.S. initiated a restructuring to streamline its worldwide legal entity structure and more efficiently align its business operations (the “Restructuring”). The Restructuring introduced wholly owned subsidiaries in Hong Kong and China as well as the addition of Navitas IE, an entity registered in Ireland and the U.S., as the parent of Navitas U.S. and the other Navitas subsidiaries. In connection with the Restructuring, effective September 1, 2020, Navitas IE acquired certain intellectual property and other intangible assets from Navitas U.S. and, after the Restructuring, contracts directly with customers. The transfer of intellectual property and other intangible assets by Navitas U.S. to Navitas IE in connection with the Restructuring was among entities within the same consolidated group, and as a result, did not result in any gain or loss to the Company. Navitas IE is treated as a corporation for U.S. federal income tax purposes and is a tax resident in both Ireland and the United States. See Note 11.

Business combination

On May 6, 2021, the Company entered into a business combination agreement and plan of reorganization (the “Business Combination Agreement” or “BCA”) with Live Oak Acquisition Corp. II, (“Live Oak”). Pursuant to the BCA, through a series of transactions, the Company merged with and into Live Oak effective October 19, 2021, with the Company’s newly formed parent, Navitas Semiconductor Corporation (“Navitas Corp” or after the Business Combination, the “Company”, formerly named Live Oak Acquisition Corp. II), surviving the transaction.

References to the “Company” in these financial statements refer to Navitas Semiconductor Limited before the consummation of the Business Combination or Navitas Semiconductor Corporation after the Business Combination, as the context suggests.

On October 19, 2021 (the “Closing Date”), Navitas Semiconductor Corporation, a Delaware corporation (formerly named Live Oak Acquisition Corp. II (“LOKB”)) (the “Company”), consummated (the “Closing”) the previously announced Business Combination (as defined below) pursuant to that certain business combination agreement and plan of reorganization (the “Business Combination Agreement”), dated as of May 6, 2021, by and among LOKB, Live Oak Merger Sub Inc., a Delaware corporation and a wholly owned direct subsidiary of LOKB (“Merger Sub”), and Navitas Semiconductor Limited, a private company limited by shares organized under the laws of Ireland (“Navitas Ireland”) with a dual existence as a domesticated limited liability company in the State of Delaware as Navitas Semiconductor Ireland, LLC (“Navitas Delaware”, and together with Navitas Ireland, “Legacy Navitas”).

Pursuant to the terms of the Business Combination Agreement, the Business Combination between LOKB and Legacy Navitas was effected through (i) a tender offer to acquire the entire issued share capital of Navitas Ireland (other than Navitas Ireland Restricted Shares (as defined below)) in exchange for the Tender Offer Consideration (as defined below) (the “Tender Offer”) and (ii) the merger of Merger Sub with and into Navitas Delaware (the “Merger”) and together with the Tender Offer and the other transactions related thereto, the “Business Combination”), with Navitas Delaware surviving the Merger as a wholly owned subsidiary of the Company, and as a result of the Tender Offer and the Merger, Legacy Navitas became a wholly owned direct subsidiary of LOKB.

A total of 72,143,708 Navitas Ireland Shares (as defined below) were validly tendered (and not withdrawn) pursuant to the Tender Offer. The “Tender Offer Consideration” for all outstanding ordinary shares of Navitas Ireland, par value of \$ 0.0001 per share (the “Navitas Ireland Common Shares”) (other than the outstanding restricted Navitas Ireland Common Shares granted pursuant to the 2020 Equity Incentive Plan (the “Navitas Ireland Restricted Shares”), and all Navitas Ireland Series A Preferred Shares, Navitas Ireland Series B Preferred Shares, Navitas Ireland Series B-1 Preferred Shares and Navitas Ireland Series B-2 Preferred Shares (the “Navitas Ireland Preferred Shares” and together with the Navitas Ireland Common Shares, the “Navitas Ireland Shares”) accepted pursuant to the Tender Offer, was comprised of (i) the aggregate offer price of 39,477,026 shares (the “Tender Shares”) of the Company’s Class A common stock, par value \$0.0001 per share (the “Common Stock”), and (ii) the contingent right to receive during the five-year period following the Closing, but excluding the first 150 days following the Closing (the “Earnout Period”), certain additional shares of Common Stock as specified in the Business Combination Agreement (the “Tender Earnout Shares”), which, together with the Merger Earnout Shares and certain shares of Common Stock that may become issuable to equity award holders and/or warrant holders, will be comprised of up to 10,000,000 additional shares of Common Stock in the aggregate (the “Earnout Shares”), in three equal tranches, upon the satisfaction of certain price targets set forth in the Business Combination Agreement, which price targets will be based upon the volume-weighted average closing sale price of one share of Common Stock quoted on the Nasdaq Global Market (“NASDAQ”), for any twenty (20) trading days within any thirty (30) consecutive trading day period within the Earnout Period.

NAVITAS SEMICONDUCTOR LIMITED
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September 30, 2021
(\$ in thousands, except where noted)

At the effective time of the Merger (the “Effective Time”) all of the issued and outstanding limited liability company interests represented by the ordinary shares of Navitas Delaware, par value \$0.0001 per share (each a “Navitas Delaware Common Share”) (other than the outstanding restricted Navitas Delaware Common Shares granted pursuant to the 2020 Equity Incentive Plan (the “Navitas Delaware Restricted Shares”)) and each Navitas Delaware Series A Preferred Share, Navitas Delaware Series B Preferred Share, Navitas Delaware Series B-1 Preferred Share and Navitas Delaware Series B-2 Preferred Share (collectively, the “Navitas Delaware Preferred Shares” and together with the Navitas Delaware Common Shares, the “Navitas Delaware Shares”), were converted into an aggregate of 39,477,026 shares of Common Stock (the “Merger Shares”) and (ii) the contingent right to receive during the Earnout Period certain additional shares of Common Stock as specified in the Business Combination Agreement (the “Merger Earnout Shares”), in three equal tranches, upon the satisfaction of certain price targets set forth in the Business Combination Agreement, which price targets will be based upon the volume-weighted average closing sale price of one share of Common Stock quoted on the NASDAQ, for any twenty (20) trading days within any thirty (30) consecutive trading day period within the Earnout Period.

In connection with the Business Combination Agreement, in a private placement of its securities, LOKB entered into PIPE subscription agreements with certain third-party investors (the “PIPE Investors”), pursuant to which the PIPE Investors agreed to purchase, and LOKB agreed to sell to the PIPE Investors, an aggregate of 17,300,000 shares of Common Stock (the “PIPE Shares”), for a purchase price of \$10.00 per share and an aggregate purchase price of \$173.0 million. The PIPE Shares were issued concurrently with the Closing of the Business Combination on the Closing Date.

LOKB held a special meeting of its stockholders on October 12, 2021 (the “Special Meeting”). At the Special Meeting, the LOKB stockholders considered and adopted, among other matters, the Business Combination Agreement. Prior to the Special Meeting, the holders of 10,135,544 shares of LOKB’s common stock sold in its initial public offering (the “Public Shares”) exercised their right to redeem those shares for cash at a price of approximately \$10.00 per share, for an aggregate redemption price of approximately \$101.4 million, which redemption occurred concurrent with the Closing of the Business Combination. The per share redemption price of approximately \$10.00 for holders of Public Shares electing redemption was paid out of LOKB’s trust account, which after taking into account the redemptions, had a balance immediately prior to the Closing of approximately \$152 million.

On the Closing Date, the following transactions (collectively, the “Transactions”) were completed:

- LOKB acquired all of the issued and allotted Navitas Ireland Shares pursuant to the Tender Offer;
- Merger Sub merged with and into Navitas Delaware, with Navitas Delaware surviving as a wholly-owned subsidiary of Navitas Corp;
- each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time was automatically converted into one validly issued, fully paid and nonassessable limited liability company interest of Navitas Delaware held by the Navitas Corp, which limited liability company interest constitutes the only outstanding limited liability company interest of Navitas Delaware;
- all issued and outstanding Navitas Ireland Shares (other than Navitas Ireland Restricted Shares) converted into an aggregate of 39,477,026 shares of Common Stock;
- all issued and outstanding Navitas Delaware Shares (other than Navitas Delaware Restricted Shares, shares held by the Company, Sponsor or held in treasury) converted into an aggregate of 39,477,026 shares of Common Stock;
- all Navitas Delaware Shares held in treasury were canceled without any conversion thereof;
- all of the outstanding options of Navitas Delaware and Navitas Ireland to acquire Navitas Delaware Common Shares or Navitas Ireland Common Shares, respectively, were assumed by Navitas Corp and converted into options to acquire an aggregate of 11,276,706 shares of Common Stock;

NAVITAS SEMICONDUCTOR LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
September 30, 2021
(\$ in thousands, except where noted)

- all of the outstanding Navitas Delaware restricted stock units and Navitas Ireland restricted stock units were assumed by Navitas Corp and converted into awards of restricted stock units (“RSUs”) to acquire an aggregate of 4,525,344 shares of Common Stock;
- all of the outstanding warrants of Navitas Delaware and Navitas Ireland to acquire Navitas Delaware Common Shares, Navitas Delaware Preferred Shares, Navitas Ireland Common Stock, or Navitas Ireland Preferred Stock, respectively, were assumed by the Company and converted into warrants to acquire an aggregate of 375,189 shares of Common Stock;
- all of the 6,315,000 outstanding shares of the Company’s Class B common stock, par value \$0.0001 per share (the “Class B Common Stock”), held by the Sponsor were converted into an aggregate of 6,315,000 shares of Common Stock;
- all of the outstanding Company units were separated into one share of Common Stock and one-third (1/3) of one warrant to purchase one share of Common Stock at an exercise price of \$11.50 per share (the “Warrants”); and
- the Company issued an aggregate of 17,300,000 shares of Common Stock to the PIPE Investors pursuant to the closing of the PIPE (as defined below).

As a result of the foregoing Transactions (including the redemptions described above), as of the Closing Date and immediately following the completion of the Merger and the PIPE, Navitas Corp. had the following outstanding securities:

- 117,733,507 shares of Common Stock;
- options to acquire an aggregate of 11,276,706 shares of Common Stock;
- RSUs to acquire an aggregate of 4,525,344 shares of Common Stock; and
- 8,433,333 public Warrants and 4,666,667 Private Placement Warrants (as defined below), each exercisable for one share of Class A Common Stock at a price of \$11.50 per share.

Liquidity

Primarily as a result of ongoing product development investments, the Company has incurred recurring losses and negative cash flows from operating activities since its inception, including net losses of \$32,838 and \$19,044 for the nine months ended September 30, 2021 and year ended December 31, 2020, respectively. The Company expects to continue to invest in product development and generate operating losses in the near future.

The Company received approximately \$325 million of gross proceeds on October 19, 2021 upon Closing of the Business Combination. The Company believes its liquidity is sufficient to allow continued operations for more than one year after the date the financial statements are available to be issued.

NAVITAS SEMICONDUCTOR LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
September 30, 2021
(\$ in thousands, except where noted)

Basis of Presentation

The accompanying condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. The condensed consolidated balance sheet as of December 31, 2020 has been derived from the audited consolidated financial statements as of that date but does not include all of the information and footnotes included in such audited consolidated financial statements. The interim information is unaudited and excludes some of the disclosures required in annual financial statements. Management believes it has made all necessary adjustments such that the condensed consolidated financial statements are presented fairly. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The condensed consolidated financial statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. For all periods presented, the Company did not have an interest in any variable interest entities. 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 and 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.

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

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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). 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 has entered into warrant agreements for preferred and common stock with certain investors who are downstream users of the Company's products. The Company considers the warrants, which are subject to the achievement of revenue-based performance incentives, to be a form of consideration payable to customers. Accordingly, any value attributable to the warrants is accounted for as a reduction of the transaction price.

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.

Sales to international customers that are shipped from the Company'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 an additional form of variable consideration and are also estimated using the expected value method based on historical return rates. Historically, distributor stock rotation adjustments have not been material.

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 condensed consolidated balance sheet.

Inventory

Inventory (which consist of costs associated with the purchases of wafers from offshore 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.

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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 statements of operations for restricted stock awards.

The fair value of stock option awards to employees and restricted stock awards 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 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 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 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.

Debt issuance costs and debt discounts

The Company records debt issuance costs and debt discounts, net of accumulated amortization, as direct deductions from the principal balance of its long-term debt to which they relate. Amortization is reported as a component of interest expense and is computed using the effective interest method.

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.

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 September 30, 2021, and December 31, 2020, all receivables were considered collectible.

Intangible Assets

Intangible assets are evaluated for impairment on an annual basis, or sooner if indicators exist for a potential impairment.

Long-lived assets, such as property and equipment and intangible assets, 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.

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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. As of September 30, 2021, December 31, 2020, September 30, 2020 and December 31, 2019, cash, cash equivalents and restricted cash per the statements of cash flows was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 11,075	\$ 38,869	\$ 47,101	\$ 5,970
Restricted cash	—	—	—	148
Total cash, cash equivalents and restricted cash	\$ 11,075	\$ 38,869	\$ 47,101	\$ 6,118

Stock Subject to Possible Redemption

We account for common and preferred stock subject to possible redemption in accordance with the accounting guidance applicable to distinguishing liabilities from equity. Stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable stock (including preferred stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common and preferred stock is classified as stockholders' equity. The Company's preferred stock features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at September 30, 2021, all of the Company's preferred stock is considered subject to possible redemption and is presented as temporary equity, outside of the stockholders' equity section of our balance sheet.

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.

Emerging Growth Company

On April 5, 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. We qualify as an "emerging growth company" under the JOBS Act and are allowed to comply with new or revised accounting pronouncements based on the effective date for private (not publicly traded) companies. We elected to delay the adoption of new or revised accounting standards, and as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

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Recent Accounting Developments

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”), whereby lessees will be required to recognize for all leases at the commencement date a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. A modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements must be applied. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The FASB issued Accounting Standards Updates 2019-10 and ASU 2020-05, which changed some effective dates for ASU 2016-02 on leasing. After applying ASU 2019-10 and 2020-05, ASU 2016-02 is effective for annual periods beginning after December 15, 2021, and interim periods within those fiscal years for public business entities. The adoption of the new standard is expected to result in the recognition of lease liabilities and right-of-use assets as of January 1, 2022. The Company is currently evaluating the impact of the new standard on its condensed consolidated financial statements and related disclosures.

Credit Losses

In June 2016, the FASB amended guidance related to impairment of financial instruments as part of ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology with an expected credit loss model for which a company recognizes an allowance based on the estimate of expected credit loss. This ASU requires entities to measure the impairment of certain financial instruments, including accounts receivable, based on expected losses rather than incurred losses. For non-public business entities, this ASU is effective for fiscal years beginning after December 15, 2022, with early adoption permitted, and will be effective for the Company beginning in 2023. The Company is currently evaluating the impact of the new standard on the Company’s condensed consolidated financial statements and related disclosures.

3. PROPERTY AND EQUIPMENT, NET

At September 30, 2021 and December 31, 2020, property and equipment, net consist of the following:

	September 30, 2021	December 31, 2020
Furniture and fixtures	\$ 265	\$ 164
Computers and other equipment	2,285	1,591
Leasehold improvements	553	135
	<u>3,103</u>	<u>1,890</u>
Accumulated depreciation	(1,487)	(1,168)
Total	<u>\$ 1,616</u>	<u>\$ 722</u>

For the three and nine months ended September 30, 2021 and 2020, depreciation expense was \$112, \$278, \$84 and \$276, 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

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4. INVENTORY

Inventory consists of the following:

	September 30, 2021	December 31, 2020
Raw materials	\$ 3,427	\$ 1,042
Work-in-process	6,991	1,991
Finished goods	1,301	371
Total	<u>\$ 11,719</u>	<u>\$ 3,404</u>

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 and accounts payable causes each of their carrying values to approximate fair value. Please see Note 6 for the fair value of the Company's outstanding debt obligations.

The Company did not transfer any investments between level 1 and level 2 of the fair value hierarchy in the nine months ended September 30, 2021 and 2020. There were no level 3 assets or liabilities for any period presented.

6. DEBT OBLIGATIONS

On April 29, 2020, the Company entered into a loan and security agreement with a new bank (the "Term Loan"), which provides for term advances up to \$8,000. The loan is divided into three term advances, First Term Advance, Second Term Advance and Third Term Advance. The First Term Advance has a maximum available amount of \$6,000. The Second Term Advance has a maximum available amount of \$1,000 and was subject to the Company receiving aggregate net proceeds from Series B-2 Preferred Stock of \$29,800 by no later than September 30, 2020. The Third Term Advance has a maximum available amount of \$1,000 and was subject to the Company receiving aggregate net proceeds from Series B-2 Preferred Stock of \$39,900 by no later than September 30, 2020. As of December 31, 2020, the Company had met all of the fundraising conditions. The Term Loan bears interest at a rate equal to the greater of (i) US Prime Rate plus 0.75% and (ii) 4% and is collateralized by all assets of the Company. As of December 31, 2020, and September 30, 2021, the interest rate was 4%. The loan is payable in monthly installments beginning September 1, 2021 with a final maturity date of January 1, 2024. Concurrent with the execution of the Term Loan, the Company borrowed \$6,000 and paid off the outstanding principal balance and accrued interest on its then-existing long-term debt with a different bank, fully satisfying its obligations. On August 1, 2021, the Company drew down \$2,000, the maximum available amount under the Second Term Advance and Third Term Advance.

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

Under the terms of the previously outstanding loan, as amended on March 6, 2018, the Company was able to borrow up to \$7,000. Term loan borrowings bore interest at the lower of the bank's prime rate plus 0.75% or 5.0% (5% at December 31, 2019). Interest was payable monthly from the date of the first borrowing. Principal was payable in 30 equal monthly installments beginning July 1, 2019 through the amended maturity date of December 1, 2021.

Amortization of debt discount and issuance costs for three and nine months ended September 30, 2021 and 2020 was \$3, \$9, \$1 and \$2, respectively.

The Term Loan agreement contains certain restrictive covenants. At September 30, 2021, the Company is in compliance with all such covenants.

The following is a summary of the carrying value of long-term debt as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Note payable	\$ 7,733	\$ 6,000
Less: Current portion	(3,200)	(1,000)
Less: Debt discount and issuance costs	(20)	(29)
Note payable, net of current portion	<u>\$ 4,513</u>	<u>\$ 4,971</u>

As of September 30, 2021, future scheduled principal payments of debt obligations were as follows:

Fiscal Year	
Remainder of 2021	\$ 800
2022	3,200
2023	3,200
2024	533
2025	—
Thereafter	—
Total	<u>\$7,733</u>

7. SHARE BASED COMPENSATION:

2020 Equity Incentive Plan

The 2020 Equity Incentive Plan (the "Plan") was adopted by the Company's board of directors on August 5, 2020, as an amendment and restatement of the 2013 Equity Incentive Plan ("2013 Plan"). The 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 Plan, the exercise price for incentive stock options and non-statutory stock options is generally at

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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. Certain options are subject to accelerated vesting upon a change in control (as defined by the Plan).

Under the terms of the Plan, the Company is authorized to issue 18,899,285 shares of common stock awards. As of September 30, 2021, excluding the impact of forfeitures and other transactions that impact the number of shares issuable under the Plan, the Company has issued 13,112,808 stock options to its employees and consultants and 7,804,809 shares of restricted stock to employees, directors and consultants under the 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. 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 all stock awards granted over the requisite service period of the award.

The following table summarizes the stock-based compensation expense recognized for the three and nine month periods ended September 30, 2021 and 2020:

(In thousands)	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Cost of revenues	\$ —	\$ —	\$ 163	\$ —
Research and development	68	151	1,698	175
Selling, general and administrative	133	12	12,904	46
Total stock-based compensation expense	<u>\$ 201</u>	<u>\$ 163</u>	<u>\$ 14,765</u>	<u>\$ 221</u>

Stock options

Generally, stock options granted under the Plan have 10-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 issued was estimated using the Black-Scholes model with the following weighted-average assumptions used during the nine months ended September 30, 2021:

Risk-free interest rates	<u>2021</u> 0.42%
Expected volatility rates	44%
Expected dividend yield	—
Expected term (in years)	6
Weighted-average grant date fair value of options	\$0.48

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A summary of stock options outstanding as of September 30, 2021, and activity during the nine months then ended, is presented below:

	Shares (In thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (In years)
Outstanding at December 31, 2020	11,861	\$ 0.51	7.8
Granted	190	1.16	
Exercised	(1,465) ¹	0.17	
Forfeited or expired	(53)	1.14	
Cancelled	(135)	1.16	
Outstanding at September 30, 2021	<u>10,398</u>	<u>\$ 0.56</u>	7.4
Vested and Exercisable at September 30, 2021	<u>6,353</u>	<u>\$ 0.32</u>	6.8

¹ Net of 240 options exercised in the first quarter of 2021 which were subsequently rescinded in the three months ended June 30, 2021.

A summary of unvested stock options outstanding as of September 30, 2021, and activity during the nine months then ended, is presented below:

	Shares (In thousands)	Weighted Average Fair Value
Unvested options outstanding at December 31, 2020	5,935	\$ 0.33
Granted	190	0.48
Vested	(1,892)	0.24
Forfeited or expired	(53)	0.47
Cancelled	(135)	0.48
Unvested options outstanding at September 30, 2021	<u>4,045</u>	\$ 0.38

During the nine months ended September 30, 2021, the Company recognized \$492 of stock-based compensation expense for the vesting of outstanding stock options. At September 30, 2021, unrecognized compensation cost related to unvested awards totaled \$1,285. The weighted-average period over which this remaining compensation cost will be recognized is 2.5 years.

Restricted common stock

In 2020, the Company awarded 485,959 common shares to an investor as consideration for consulting services. The Company recognized \$282 and \$0 of stock-based compensation expense for vesting during the nine months ended September 30, 2021 and 2020, based on grant date fair value per share of \$1.16. As of September 30, 2021, the awards were fully vested.

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In February 2021, certain members of senior management entered into amended employment agreements, which provided for the right to purchase restricted Navitas common shares at fair market value per share. These restricted shares vest over terms of up to four years, subject to various performance conditions. The purchases were funded with full recourse promissory notes bearing interest at rates ranging from 0.48% to 0.56% per annum. Restricted common stockholders are entitled to all of the rights of common stockholders.

The share purchase agreements and related promissory notes were based on an initial grant date fair value of \$0.29 per share based on a valuation report obtained from a third party, however, the Company later determined that the appropriate fair value at the date of grant was \$5.53 per share. Restricted common stock issued at prices below fair value are recognized in compensation expense over the vesting term based on fair value at grant. On May 26, 2021, the Navitas Board and certain executives jointly decided to rescind the restricted stock awards granted to these executives on February 12, 2021, as well as the associated recourse promissory notes and the amendment to the executives' employment agreements and the Company agreed to indemnify the executives from any personal tax consequences related to the rescission of these awards. As a result, the Company recognized \$12,330 of additional stock-based compensation expense in the financial statements during the three months ended June 30, 2021. Such amount represents the recognition of compensation expense related to the unrecognized compensation cost at the rescission date. For the three and nine months ended September 30, 2021, the Company recognized compensation expense of \$12,330 and \$13,772, respectively, for restricted stock awards issued at prices below the grant date fair value of the awards.

On August 25, 2021, the Company granted an aggregate amount of 4,135,000 Navitas Restricted Stock Units ("RSU"s) under the 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 Plan. Up to 3,500,000 of these RSU awards vest in three equal instalments over a three-year period subject to the occurrence of an IPO (which includes the Business Combination), subject to an accelerated vesting schedule, based on the satisfaction of certain valuation and 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. Due to the IPO performance condition, no expense was recognized for these IPO performance RSUs as of September 30, 2021. Up to 52,500 RSUs vest upon the occurrence of an IPO, while the remaining 82,500 RSUs vest as specified by the RSU Agreement over a period of approximately three years.

A summary of restricted stock awards ("RSA"s) and RSUs outstanding as of September 30, 2021, and activity during the nine months then ended, is presented below:

Restricted Common Stock Awards	Shares (In thousands)	Weighted- Average Issuance Price	Weighted- Average Grant Date Fair Value Per Share
Outstanding at December 31, 2020	—	\$ —	\$ —
Granted	4,081 (1)	0.29	5.53
Vested	— (1)	—	—
Forfeited	—	—	—
Rescinded	(4,081)	0.29	5.53
Outstanding at September 30, 2021	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>

RSU Awards	Shares (In thousands)	Weighted- Average Grant Date Fair Value Per Share
Outstanding at December 31, 2020	—	\$ —
Granted	4,135	10.53
Vested	—	—
Forfeited	—	—
Outstanding at September 30, 2021	<u>4,135</u>	<u>\$ 10.53</u>

(1) All shares awarded, both 271 which were vested prior to rescission and the remaining unvested shares, were rescinded for no consideration in the second quarter of 2021.

During the nine months ended September 30, 2021, the Company recognized \$14,273 of stock-based compensation expense for the vesting of RSAs and RSUs. At September 30, 2021, unrecognized compensation cost related to unvested RSU awards totaled \$813. The weighted-average period over which this remaining compensation cost is expected to be recognized is 0.9 years.

8. SIGNIFICANT CUSTOMERS AND CREDIT CONCENTRATIONS

Customer Concentration

Nearly all 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.

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The following customers represented 10% or more of the Company's net revenues for the respective periods:

Customer	<u>Nine Months Ended September 30,</u>	
	<u>2021</u>	<u>2020</u>
Distributor A	21%	49%
Distributor B	13	*
Distributor C	19	20
Distributor D	27	12
Distributor E	*	19

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

No other customers accounted for 10% or more of the Company's net revenues in the periods presented.

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 accounts receivable:

Customer	<u>As of September 30,</u>	
	<u>2021</u>	<u>2020</u>
Distributor A	17%	41%
Distributor B	*	*
Distributor C	16	13
Distributor D	14	15
Distributor E	*	29
Distributor F	13	*

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

No other customers accounted for 10% or more of the Company's accounts receivable in the periods presented.

Concentration of Supplier Risk

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

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9. STOCKHOLDERS EQUITY (DEFICIT)

Common Stock

As of September 30, 2021, the Company had 93,000,000 authorized shares of common stock, of which, 87,055,332 are issued and outstanding or reserved for potential issuances of common stock related to the exercise of stock options, the vesting of restricted common stock awards and RSUs, conversion of convertible preferred stock and the exercise of warrants.

Series B-1 convertible preferred stock

On July 5, 2018, the Company amended its articles of incorporation and authorized the issuance of 6,133,979 shares of a new class of stock, Series B-1. On July 5, 2018, the Company entered into a Series B-1 purchase agreement with six new investors for 4,340,415 shares of Series B-1 for an aggregate purchase price of \$12,100. The Company incurred \$146, of direct costs related to the issuance of Series B-1 shares, which is recorded as a reduction of the Series B-1 convertible preferred stock.

On May 22, 2019, the Company amended the Series B-1 purchase agreement to allow for the issuance of additional shares of Series B-1. On May 22, 2019, the Company issued 1,076,136 shares of Series B-1, in exchange for cash of \$3,000, to a new unrelated investor under the amended Series B-1 purchase agreement.

Series B-2 convertible preferred stock

During 2020, the Company amended its articles of incorporation and authorized the issuance of up to 24,027,913 shares of a new class of stock, Series B-2. The Company entered into Series B-2 purchase agreements with 13 investors for 18,198,891 shares of Series B-2 for an aggregate purchase price of \$53,085. The Company incurred \$706 of direct costs related to the issuance of Series B-2 shares, which is recorded as a reduction of the Series B-2 convertible preferred stock.

Preferred stock conversion rights

Under the terms of the July 5, 2018 amended articles of incorporation, Series A, Series B, Series B-1 and Series B-2 shares (collectively, the "Preferred Stock") are convertible into common stock at the option of the holders at any time after issuance. Preferred Stock shares are automatically converted upon the firm underwriting commitment for an initial public offering of aggregate proceeds not less than \$100,000 or upon receipt by the Company of a conversion request by at least 60% of the outstanding Preferred Stock shares. The number of common units issuable upon conversion is determined based on original issuance price divided by the conversion price. The Series A conversion price is equal to the original issuance price of \$1.05 per share, the Series B conversion price is equal to the original issuance price of \$1.94 per share, the Series B-1 conversion price is equal to the original issuance price of \$2.79 per share and the Series B-2 conversion price is equal to the original issuance price of \$2.92 per share. The conversion prices may be adjusted downward if subsequent dilutive events occur such as an issuance of additional equity. The conversion prices cannot drop below \$0.01 per share.

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Preferred stock distribution, redemption and liquidation preference

Series A, Series B, Series B-1 and Series B-2 shareholders are entitled to an annual, noncumulative, dividend preference of \$0.08, \$0.15, \$0.22 and \$0.23 per share, respectively. Preferred shareholders are entitled to receive dividends, when, as and if declared by the Company's Board of Directors. The Company has not declared or paid dividends since its inception. Dividends may be made to common stockholders after satisfying the Preferred Stock dividend preferences. Payment of dividends is made on a pro-rata basis in proportion to the number of shares held by each shareholder. In addition, the Preferred Stock can be redeemed by the holders upon certain events outside of the Company's sole control, such as a Liquidation Event (as defined in the Company's constitution), at the liquidation preference amount plus declared but unpaid dividends. As such, Preferred Stock is presented outside of permanent equity on the Company's balance sheets.

Series A, Series B, Series B-1 and Series B-2 shareholders are entitled to a \$1.05, \$1.94, \$2.79 and \$2.92 per share liquidation preference, respectively, subject to adjustment for any declared but unpaid dividends. After satisfying the Preferred Stock liquidation preference, remaining assets will be distributed pro-rata to the holders of common stock in proportion to the number of shares held by each holder of common stock. In the case of a Liquidation Event, to the extent that assets available for liquidation are less than the amount necessary to satisfy the liquidation preference, assets will be liquidated on a pro-rata basis to the Preferred Stock shareholders in proportion to the number of Series A, Series B, Series B-1 and Series B-2 shares held by each holder of Preferred Stock. After satisfying the Preferred Stock liquidation preference, remaining assets will be distributed pro-rata to the holders of common stock in proportion to the number of shares held by each holder of common stock.

Warrants

The Company issued warrants in connection with its term loan agreement with a bank (see Note 6). Under the original term loan agreement, the Company issued 96,300 warrants in 2016 to the bank. These warrants are exercisable into Series A shares at a price of \$1.05 per share and expire on February 16, 2026. In connection with the modification of the term loan agreement on March 6, 2018, the Company issued an additional 49,223 warrants to the bank. These warrants are exercisable into Series B shares at a price of \$1.94 per share and expire on March 6, 2028. The warrants issued to the bank may be exercised through payment of cash or net share settlement. The warrants issued to the bank are automatically net share settled upon expiration, acquisition of the Company or an initial public offering (including the Business Combination).

On September 6, 2018, the Company issued 717,424 warrants to a potential customer. The warrants are exercisable into Series B-1 shares at a price of \$2.79 per share and expire on January 31, 2020. The warrants vest based on purchases by the end customer from January 1, 2019 through December 31, 2019. The warrants are exercisable through payment of cash. As of the date of grant and December 31, 2019, the Company has determined that it was not probable that the end customer will make enough purchases to begin vesting, and, accordingly, no expense has been recognized. The warrants did not vest and were cancelled effective January 31, 2020.

On September 7, 2018, the Company issued 215,227 warrants to an investor entity that is involved in generating sales for the Company. The warrants are exercisable into shares of common stock at a price of \$0.22 per share and expire on September 7, 2023. The warrants vest based on sales generated by the investor entity through May 15, 2021. The warrants are exercisable through payment of cash or net share settlement. As of the date of grant and December 31, 2019, the investor entity has met the performance conditions for vesting of 21,522 warrants, and, accordingly, an expense amounting to \$1 has been recognized. A performance milestone was achieved in March 2021, resulting in the vesting of an additional 40,176 warrants and the recognition of \$4 of expense. The warrants vest and are automatically net share settled upon acquisition of the Company or an initial public offering (including the Business Combination).

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On April 29, 2020, the Company issued warrants in connection with its loan and security agreement with a new bank. Pursuant to the agreement, the Company issued 30,000 warrants that are exercisable into Series B-2 Preferred Stock at a price of \$2.92 per share and expire on April 30, 2030. The warrants issued to the bank may be exercised through payment of cash or net share settlement. The warrants are automatically net share settled upon expiration, acquisition of the Company or an initial public offering (including the Business Combination).

On December 16, 2020, the Company issued 548,523 warrants to an investor entity that is also an end customer of the Company. Vested warrants are exercisable into shares of common stock at a price of \$0.29 per share and expire on December 16, 2025. The warrants vest based on purchases (indirectly) by the investor entity through December 31, 2021. The warrants are exercisable through payment of cash or net share settlement. As of December 31, 2020, the Company determined it was probable the investor would achieve the performance threshold for vesting, consequently, the company began recognizing the vesting charge for the fair value of the warrants as a reduction of revenue in proportion to the revenue generated. The Company recognized contra-revenue in the amount of \$163 for the nine months ended September 30, 2021. As of June 30, 2021, the warrants were fully vested and fully expensed.

On December 29, 2020, the Company issued 342,827 warrants to an investor entity that is also an end customer of the Company. Vested warrants are exercisable into shares of common stock at a price of \$0.29 per share and expire on December 29, 2025. The warrants vest based on purchases (indirectly) by the investor entity through December 31, 2021. The warrants are exercisable through payment of cash or net share settlement. As of the date of grant and September 30, 2021, the Company determined that it was not probable the investor entity would meet the performance conditions for vesting of the warrants, and, accordingly, no expense was recognized in any period.

The Company determined that all warrants issued should be classified as equity at the grant date fair value. The Company determined the grant date fair value using the Black-Scholes option pricing model.

10. LOSS PER SHARE:

Basic loss per share is calculated by dividing net loss by the weighted-average shares of common stock outstanding during the period. Diluted earnings per share are calculated by dividing net 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, the assumed issuance of awards for contingently issuable performance-based awards, as computed using the treasury stock method.

The Company's potentially dilutive securities, which include unexercised stock options, unvested shares, preferred shares and warrants for common and preferred shares, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same.

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11. 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.

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.

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.

At December 31, 2020, the Company has approximately \$65,434 of federal net operating loss ("NOL") carryforwards and approximately \$31,042 of State NOL carryforwards expiring in varying amounts through 2037, 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 is also potentially subject to usage limitations due to changes in the Company's ownership. As of September 30, 2021, the Company continues to maintain a full valuation allowance as the Company believes that it is not more likely than not that the deferred tax assets will be fully realized.

The transfer of intellectual property and other intangible assets by Navitas U.S. to Navitas IE in connection with the Restructuring was among entities within the same consolidated group for U.S. federal income tax purposes, and as a result, any gain or loss to Navitas U.S. is expected to be deferred for U.S. federal income tax purposes.

12. COMMITMENTS and CONTINGENCIES

Lease commitments

The Company leases its corporate offices and certain equipment under noncancelable operating leases expiring through May 2024. For the three and nine months ended September 30, 2021 and 2020, total rental expense under the operating leases that have initial or remaining lease terms in excess of one year is \$371, \$923, \$171 and \$571, respectively.

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Future minimum lease payments under all non-cancelable lease agreements as of September 30, 2021, are as follows:

	<u>September 30, 2021</u>
Remainder of 2021	\$ 275
2022	911
2023	530
2024	154
2025	—
Thereafter	—
Total future minimum lease payments	<u>\$ 1,870</u>

Purchase Obligations

At September 30, 2021, the Company had no non-cancelable purchase obligations that were due beyond one year.

Employment agreements

The Company has entered into agreements with certain employees to provide severance payments to the employees for termination for reasons other than cause, death or disability. Aggregate payments that would be required to be made in the event of termination under the agreements are approximately \$1,443. At September 30, 2021, no terminations have occurred or are expected to occur pursuant to these arrangements and, accordingly, no termination benefits have been accrued.

Indemnifications

The Company sells products to its distributors under contracts, collectively referred to as Distributor Sales Agreements (DSA). Each DSA contains the relevant terms of the contractual arrangement with the distributor, and generally includes certain provisions for indemnifying the distributor against losses, expenses, and liabilities from damages that may be awarded against the distributor in the event the Company's products are found to infringe upon a patent, copyright, trademark, or other proprietary right of a third party (End Customer Indemnification). The DSA generally limits the scope of and remedies for the End 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 end 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 September 30, 2021, and December 31, 2020. 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.

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Legal proceedings and contingencies

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

13. 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 nine months ended September 30, 2021 and 2020, the Company made \$249 and \$189, respectively, in matching contributions to the 401(k) plan.

14. RELATED PARTY TRANSACTIONS

Notes Receivable

The Company has outstanding interest-bearing notes receivable from an employee. The notes have various maturity dates through May 1, 2023 and bear interest at annual rates ranging from 1.0% to 2.76%. The Company recognized \$3 and \$2 of interest income from the notes for the nine months ended September 30, 2021 and September 30, 2020 respectively.

	September 30, 2021	December 31, 2020
Notes receivable — employee	\$ 210	\$ 221

Service Agreement

On November 1, 2020, Navitas Ireland entered into a service agreement with a company affiliated with a current member of the Navitas Board to provide strategic advisory services and to assist the management team in its activities as directed by the chief executive officer in exchange for a monthly service fee of \$16.

15. SUBSEQUENT EVENTS

The Company evaluated material subsequent events from the condensed consolidated balance sheet date of September 30, 2021, through November 14, 2021, the date the condensed consolidated financial statements were available to be issued.

On October 19, 2021, Navitas Semiconductor Corporation consummated the previously announced Business Combination pursuant to that certain Business Combination Agreement and Plan of Reorganization, dated as of May 6, 2021, by and among LOKB, Live Oak Merger Sub Inc., a Delaware corporation and a wholly owned direct subsidiary of LOKB and Navitas Semiconductor. (See Note 1 for further detail).