

Company: Navitas Semiconductor Corp. (NVTX)

Item 1: Business

- Design and develop GaN and integrated circuits (IC) power semiconductors as well as SiC power devices
- Claim to offer faster charging, higher power density, and energy savings compared to silicon-based power systems
- The company has successfully overcome manufacturing challenges to ensure reliability and scalability, with over one billion device hours tested.
- Navitas' strategic focus includes expanding into new markets and geographies, accelerating technology development, and selectively acquiring complementary technologies.
- With a strong emphasis on sustainability, Navitas has published a detailed sustainability report quantifying the positive environmental impact of their GaN and SiC products.
- Navitas boasts a strong intellectual property portfolio with over 250 patents issued or pending, including key innovations in GaN power circuitry and SiC device design.
- The company employs a fabless manufacturing model, collaborating with leading foundries such as Taiwan Semiconductor Manufacturing Company (TSMC) and XFAB Texas, Inc. to produce their GaN and SiC products.

Item 1A: Risk Factors

1. **Dependency on Design Wins:** The company's success relies heavily on securing design wins with end customers. Failure to achieve these wins could harm the company's financial performance and business operations.
2. **Lengthy Sales Cycle:** The sales cycle for the company's products is typically lengthy, involving significant design and development expenditures. There's no guarantee of success even after dedicating resources to pursue a single design win.
3. **Revenue Dependency on Design Wins:** Future revenue is highly dependent on past design wins, with significant delays between winning designs and generating meaningful revenue. Failure to continue achieving design wins could lead to revenue deterioration.
4. **Revenue Concentration:** A significant portion of revenue may depend on a single product design win with a large customer. Loss of such a key design win or delays in volume production could adversely affect the company's financial performance.
5. **Technological Shifts and Market Demands:** Failure to anticipate or respond to technological shifts or market demands could result in decreased revenue and loss of market share to competitors.
6. **Development Risks:** The success of the company's products depends on successful development efforts, including addressing design flaws, defects, errors, and bugs. Development problems could cause significant delays and unanticipated costs.
7. **Market Acceptance:** End customer preferences and market acceptance play a critical role in the success of the company's products. Failure to develop products that meet end customer needs or penetrate new markets could lead to loss of market share.
8. **End Customer Product Development:** The company's success is heavily dependent on the timely introduction, quality, and market acceptance of its end customers' products

incorporating its solutions. Delays or flaws in end customer products could negatively impact the company's business.

9. Operational Challenges with Growth: Managing growth effectively and addressing additional operational and control requirements pose challenges. Inadequate management of growth could harm the company's business and operating results.
10. Compliance with Industry Standards: Failure to conform to or be compatible with existing or emerging industry standards could decrease demand for the company's products and harm its business and operating results.

Item 7: Management's Discussion and Analysis of the Financial Condition

- Business Overview: Navitas Semiconductor Corporation, founded in 2014, develops gallium nitride (GaN) power integrated circuits known for their efficiency and performance, with operations worldwide.
- Go-to-Market Strategy: The company partners with leading manufacturers and suppliers to develop and market next-generation power semiconductors, focusing on mainstream and emerging applications, particularly in mobile and consumer charging.
- Technology Leadership: Navitas boasts industry-leading intellectual property, including a proprietary process design kit (PDK) for GaN-based devices, enabling innovation across various markets.
- Public Offering and Financial Boost: A successful public offering in May 2023 generated net proceeds of \$86.5 million, strengthening the company's financial position for working capital, corporate purposes, and potential acquisitions.
- Acquisitions: Navitas strategically acquired minority interests in its joint venture and the remaining shares of GeneSiC Semiconductor Inc., further expanding its portfolio and capabilities in silicon control ICs and SiC power devices.
- Revenue Growth: Total revenues surged by 109% to \$79.5 million in 2023 compared to \$37.9 million in 2022, driven by gains in market share, product mix, and the pace of technology adoption.
- Operating Expenses: Operating expenses increased by 10% to \$149.2 million in 2023, attributed to higher research and development costs, selling, general, and administrative expenses, and amortization of intangible assets.
- Loss from Operations: Despite revenue growth, the company reported a loss from operations of \$118.1 million in 2023, impacted by increased operating expenses and non-operating expenses such as amortization of intangible assets.
- Other Income (Expense): Notable items include interest income of \$5.4 million, a gain from change in fair value of warrants, and a significant loss from change in fair value of earnout liabilities.
- Outlook: Despite operational losses, Navitas remains focused on innovation, market expansion, and strategic investments to drive future growth and enhance shareholder value.