

Risk Factors Comparison 2024-02-15 to 2023-02-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

We face a variety of risks that may affect our business, financial condition, operating results, the trading price of our common stock, or any combination thereof. You should carefully consider the following information and the other information in this Form 10-K in evaluating our business and prospects and before making an investment decision with respect to our common stock. If any of these risks were to occur, our business, financial condition, results of operations or prospects could be materially and adversely affected. In such an event, the market price of our common stock could decline and you could lose all or part of your investment. The risks and uncertainties we describe below are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also affect our business. Risks Related to Our Business Challenges relating to our ability to enter into new license agreements and renew existing license agreements could cause our revenue and cash flow to decline. We face challenges in entering into new patent license agreements. **One of the most Most implementers of our technology significant challenges we face is that most potential licensees** do not voluntarily seek to enter into license agreements with us before they commence manufacturing and / or selling devices that use our patented inventions. **As a result, we must approach companies that are reluctant to take licenses and attempt to establish license agreements with them.** The process of identifying potential users of our inventions and negotiating license agreements with reluctant prospective licensees requires significant time, effort and expense. **Once discussions with unlicensed companies have commenced, we face the additional challenges imposed by the significant negotiation issues that arise from time to time.** Some infringers may act in bad faith, by **attempting to hold out on taking a license altogether or** behaving opportunistically **in to try to impact license negotiations . Even good faith negotiations are often very long and complex, involving significant company time and resources .** Given these challenges relating to our ability, **we cannot ensure that we will be able to enter into patent license agreements either at all or on terms acceptable to us. Additionally, given the large number of implementers using our patented inventions, we may not be able to identify all potential licensees. Once identified, it is not feasible for us to seek licenses from all users of our patented technologies, so we may have to make strategic decisions with respect to which companies we should approach for license negotiations. Uncertainty related to entry** into new license agreements **could impact**, we cannot ensure that all prospective licensees will be identified or **our forecasts**, if they are identified, will be persuaded during negotiations to enter into a patent license agreement with us, either at all or on terms acceptable to us, and **ultimately**, as a result, our revenue and cash flow could materially decline. The length of time required to negotiate a license agreement also leads to delays in the receipt of the associated revenue stream, which could also cause our revenue and **business cash flow to decline**. We may also face challenges in renewing our existing license agreements. **Many of our license agreements have fixed terms.** Although we endeavor to renew such license agreements prior to their expiration, due to various factors, including the technology and business needs and competitive positions of our licensees and, at times, reluctance on the part of our licensees to participate in renewal discussions, we may not be able to renegotiate the license agreements on acceptable terms before ~~or after~~ the expiration of the license agreement, or at all. If there is a delay in renegotiating and renewing a license agreement prior to its expiration, there could be a gap in time during which we may be unable to recognize revenue from that licensee or we may be forced to renegotiate and renew the license agreement on terms that are more favorable to such licensee ~~;~~. **If we fail to renegotiate and renew our license agreements prior to their expiration , at all as a result, our - or on terms that are favorable to us, our forecasts,** revenue and cash flow could be materially adversely affected . **In addition, if we fail to renegotiate and renew our license agreements at all or on terms that are favorable to us, our revenue and cash flow could be materially adversely affected.** In addition, as discussed elsewhere in these Risk Factors, we are currently operating in a challenging regulatory and judicial environment, which may, under certain circumstances, lead to delays in the negotiation of and entry into patent license agreements. Also, as discussed above in these Risk Factors and in Item 3, Legal Proceedings, in this Form 10-K, we are also currently, and may in the future be, involved in legal proceedings with potential licensees with whom we do not yet have a patent license agreement, or with whom an existing agreement has expired. Any such delays in the negotiation or entry into patent license agreements and receipt of the associated revenue stream could cause our revenue and cash flow to decline. Royalty rates, or other terms, under our patent license agreements could be subject to determination through arbitration or other third-party adjudications or regulatory or court proceedings, and arbitrators, judges or other third-party adjudicators or regulators could ~~determine that our patent royalty rates should be at levels lower than our agreed or historical rates or otherwise make~~ **unfavorable** determinations ~~resulting in less favorable terms and conditions under our patent license agreements~~. Historically, we strive for the terms of our patent license agreements, including our royalty rates, to be reached through arms-length bilateral negotiations with our licensees. We could agree, as we ~~recently~~ did with Samsung pursuant to a binding arbitration agreement, to have royalty rates, and any other disputed terms, set by third party adjudicators (such as arbitrators). We have no guarantee that the royalty rates or other terms set by arbitrators, courts or other third parties will be favorable to us. It is possible that courts or regulators could decide to set or otherwise determine the FRAND consistency of such terms or the manner in which such terms are determined, including by determining a worldwide royalty rate for our SEPs. Changes to or clarifications of our obligations to be prepared to offer licenses to SEPs on FRAND terms and conditions could require such terms, including our royalty rates, to be determined through third party adjudications. Finally, we and certain of our current and prospective licensees have initiated, and we and others could in the future initiate, legal proceedings or regulatory proceedings requesting third party adjudicators or regulators to set FRAND terms and conditions for a worldwide license to our SEPs, or to determine the FRAND- consistency of current terms and conditions in our patent license agreements.

In particular, in 2021, the IP Tribunal of the Supreme People's Court of the People's Republic of China (SPC) affirmed its position that in certain SEP licensing disputes, Chinese courts can set worldwide royalty rates. ~~In, and in December 2021-2023~~, ~~Lenovo initiated a proceeding before the Wuhan Chongqing First Intermediate People's Court~~ **issued such a decision setting a worldwide rate for Nokia's cellular patents in response to a complaint filed by Oppo. We currently face similar proceedings that Oppo initiated before the Guangzhou Intellectual Property Court** to determine a worldwide rate for our 3G, 4G, and 5G SEPs, and in 2022, Oppo initiated a proceeding before the Guangzhou Intellectual Property Court to determine a worldwide rate for our 3G, 4G, 5G, 802. 11 and HEVC SEPs. ~~If the~~ **In addition, our court in our case applied the same framework as the court did in the Nokia decision, our standard essential patent portfolio would be significantly devalued as it relates to the FRAND trial before royalty Oppo should pay. Also in 2023, Tesla and certain of its subsidiaries filed a claim in the UK High Court to establish against InterDigital and Avanci seeking a determination of what the FRAND terms would be for a worldwide license between Tesla with Lenovo for our 3G, 4G, and Avanci covering Avanci's 5G Connected Vehicle platform SEPs is pending a decision.** To the extent that our patent royalty rates for our patent license agreements are determined through arbitration or other third party adjudications or regulatory or court proceedings rather than through bilateral negotiations, because such proceedings are inherently unpredictable and uncertain and there are currently few precedents for such determinations, it is possible that royalty rates may be lower than our comparable rates. This could also have a negative impact on royalties we are able to obtain from future licensees, which may have an adverse effect on our revenue and cash flow. **Prospective customers may delay, and in some cases have delayed, negotiations on the basis of an adverse decision.** In addition, to the extent that other terms and conditions for our patent license agreements are determined through such means, such terms and conditions could be less favorable than our historical terms and conditions, which may have an adverse effect on our licensing business. ~~We~~ **Due to the nature of our business, we** could continue to be involved in a number of costly litigation, arbitration and administrative proceedings to enforce or defend our intellectual property rights and to defend our licensing practices. While some companies seek licenses before they commence manufacturing and / or selling devices **or services** that use our patented inventions, most do not. Consequently, we approach companies and seek to establish license agreements for using our inventions. We expend significant time and effort identifying users and potential users of our inventions and negotiating license agreements with companies that may be reluctant to take licenses. However, if ~~we believe that~~ a third party **implementer is required-unwilling to take a license to-on reasonable terms our- or patents in order to manufacture a reasonable time frame**, ~~sell, offer for- or at all sale, import or use products-~~ we have in the past commenced, and may in the future commence, legal or administrative **action-actions** against the **such** third **parties** party if they refuse to **enforce our intellectual property rights** enter into a license agreement with us. In turn, we have faced, and ~~could~~ **expect to** continue to face, counterclaims and other legal proceedings that challenge the essential nature of our patents, or that claim that our patents are invalid, unenforceable or not infringed. Litigation adversaries have and may continue to allege that we have not complied with certain commitments to standards- setting organizations and therefore that we are not entitled to the relief that we seek. For example, Lenovo and other parties have alleged that we have not complied with an obligation to offer a license to a party on FRAND terms and conditions. Parties have also filed, and may in the future file, antitrust claims, unfair competition claims or regulatory complaints on that or other bases, and may seek damages and other relief based on such claims. Litigation adversaries have also filed against us, and other third parties may in the future file, validity challenges such as inter partes proceedings in the USPTO or the China National Intellectual Property Administration, which can lead to delays of our patent infringement actions as well as potential findings of invalidity. Such parties may also seek to obtain a determination that our patents are not infringed, are not essential or are unenforceable. Litigation may be also required to ~~enforce our intellectual property rights,~~ protect our trade secrets, enforce patent license and confidentiality agreements or determine the validity, enforceability and scope of proprietary rights of others. The cost of enforcing and defending our intellectual property and of defending our licensing practices has been and may continue to be significant, **in particular with rising fees from outside counsel**. As a result, we could be subject to significant legal fees and costs, including in certain jurisdictions the costs and fees of opposing counsel if we are unsuccessful. In addition, litigation, arbitration and administrative proceedings require significant key employee involvement for significant periods of time, which could divert these employees from other business activities. Potential patent and litigation reform legislation, potential USPTO and international patent rule changes, potential legislation affecting mechanisms for patent enforcement and available remedies, and potential changes to the intellectual property rights ("IPR") policies of worldwide standards bodies, as well as rulings in legal proceedings, may affect our investments in research and development and our strategies for patent prosecution, licensing and enforcement and could have a material adverse effect on our licensing business as well as our business as a whole. Potential changes to certain U. S. and international patent laws, rules and regulations may occur in the future, some or all of which may affect our research and development investments, patent prosecution costs, the scope of future patent coverage we secure, the number of forums in which we can seek to enforce our patents, the remedies that we may be entitled to in patent litigation, and attorneys' fees or other remedies that could be sought against us, and may require us to reevaluate and modify our research and development activities and patent prosecution, licensing and enforcement strategies. For example, the State Administration for Market Regulation in China **regularly reviews** requested comments on ~~June 27, 2022 on its~~ **policies related to** draft Provisions on the Prohibition of the Abuse of Intellectual **intellectual** Property Rights to Exclude or Restrict Competition. If adopted as drafted, among other things, the provisions might create an **and ambiguous standard for a violation of Chinese antitrust laws where, and any such review could result in ambiguous standards and / or create a worse position for patent holder-holders like us** seeks to enforce its patents "improperly". ~~The~~ **Additionally, the** European Commission ("**EC**") has also initiated a **several processes to review of the EU's IP policies**, ~~in particular~~ as they relate to SEPs and FRAND. **This review** ~~Most recently there is~~ **currently being discussed and debated inside** ongoing discussion in the European **Parliament and the European Council and any** Telecommunications Standards Institute ("ETSI") to change its rules in order to give **the legal or regulatory landscape as** a more prominent role to National

Administrations in the standards making process and to align voting weights of companies to those of National Administrations. Absence of change could result **of this review** in ETSI no longer being recognized as an official Standards Developing Organization by the EC. Any change as it relates to these matters could impact our ability to negotiate license agreements on favorable terms or at all, **while also limit limiting** our potential legal remedies and materially **impact impacting** our business. Further, legislation designed to reduce the value of SEPs and alter the U. S. patent system, including legislation designed to reduce the jurisdiction and remedial authority of the USITC, has periodically been introduced in Congress. Any potential changes in the law, the IPR policies of standards bodies or other developments that reduce the **available number of** forums **available** or the **type types** of relief available in such forums (such as injunctive relief), restrict permissible licensing practices (such as our ability to license on a worldwide portfolio basis) or that otherwise cause us to seek alternative forums (such as arbitration or state court), would make it more difficult for us to enforce our patents, whether in adversarial proceedings or in negotiations. Because we have historically depended on the availability of certain forms of legal process to enforce our patents and obtain fair and adequate compensation for our investments in research and development and the unauthorized use of our intellectual property, developments that undermine our ability to do so could have a negative impact on future licensing efforts. Rulings in our legal proceedings, as well as those of third parties, may affect our strategies for patent prosecution, licensing and royalty rate setting and enforcement. For example, in **recent years the past**, the USITC and U. S. courts, including the U. S. Supreme Court **and the U. S. Court of Appeals for the Federal Circuit**, have taken **some** actions that have been viewed as unfavorable to patentees, including us. Decisions that occur in the U. S. or in international forums may change the law applicable to various patent law issues, such as, for example, patentability, validity, claim construction, patent exhaustion, patent misuse, permissible licensing practices, available forums, and remedies such as damages and injunctive relief, in ways that are detrimental to the ability of patentees to enforce patents and obtain suitable relief. **Currently, there There are regularly is an ongoing discussion discussions** within the EC regarding potential regulations and policy changes that could determine how and whether a patent is essential to a standard. The risk of having our patents determined essential based on a single methodology or specific criteria and conditions associated with patent enforcement and licensing as imposed by the EC would affect our strategies as well. Ongoing uncertainty related to the feasibility and criteria used for this evaluation as well as the cost associated with such essentiality determination could impact the assessment of our SEP portfolio. We continue to monitor and evaluate our strategies for prosecution, licensing and enforcement with regard to these developments; however, any resulting change in such strategies may have an adverse impact on our business and financial condition. Our plans to renew license agreements with current licensees as well as additional handset manufacturers in China may be adversely affected by a deterioration in United States- China trade and geopolitical relations, our customers facing economic uncertainty there or our failure to establish a positive reputation in China, which could materially adversely affect our long- term business, financial condition and operating results. Companies headquartered in China currently comprise a substantial portion of the handset manufacturers that remain unlicensed to our patent portfolio. Our ability to renew license agreements with current licensees in China as well as license new manufacturers is, among other things, affected by the macroeconomic and geopolitical climate, as well as our business relationships and perceived reputation in China. The U. S. and Chinese governments are regularly engaged in various trade discussions, and the U. S. State Department originally issued a travel advisory in January 2019 and reissued this travel advisory on January 11, 2023 **advising along with updates to COVID-19 information which, among other things, advised** U. S. citizens to exercise increased caution in China due to arbitrary enforcement of local laws **. This travel advisory and other security concerns, along with public health concerns related to the COVID-19 pandemic, have continued to restrict our ability to conduct in-person negotiations with prospective Chinese licensees, and could continue to do so in the future.** In January 2020, the U. S. and China entered into Phase One of the Economic and Trade Agreement Between the United States of America and the People's Republic of China (the "Phase One Trade Agreement"). The Phase One Trade Agreement takes steps to ease certain trade tensions between the U. S. and China, including tensions involving intellectual property theft and forced intellectual property transfers by China. Although the Phase One Trade Agreement was an encouraging sign of progress in the trade negotiations between the U. S. and China, questions still remain as to the enforcement of its terms, the resolution of a number of other points of dispute between the parties, and the prevention of further tensions. If the U. S.- China trade dispute re- escalates or relations between the United States and China deteriorate, these conditions could adversely affect our ability to renew license agreements with current licensees as well as license our patent portfolio to currently unlicensed Chinese handset manufacturers. Our ability to renew or conclude new license agreements with such manufacturers could also be affected by economic uncertainty, particularly in the handset market, in China or by our failure to establish a positive reputation and relationships in China. The occurrence of any of these events could have an adverse effect on our ability to enter into any renewal or new license agreements with Chinese handset manufacturers, which, in turn, could cause our long- term business, financial condition and operating results to be materially adversely affected. Setbacks in defending our patent licensing practices could cause our cash flow and revenue to decline and could have an adverse effect on our licensing business. Adverse decisions in litigation or regulatory actions relating to our licensing practices, including, but not limited to, findings that we have not complied with our FRAND commitments and / or engaged in anticompetitive or unfair licensing activities or that any of our license agreements are void or unenforceable, could have an adverse impact on our cash flow and revenue. Regulatory bodies may assess fines in the event of adverse findings, and as part of court or arbitration proceedings, a judgment could require us to pay damages (including the possibility of treble damages for antitrust claims). In addition, to the extent that legal decisions find patent license agreements to be void or unenforceable in whole or in part, that could lead to a decrease in the revenue associated with and cash flow generated by such agreements, and, depending on the damages requested, could lead to the refund of certain payments already made. **Such decisions could also cause serious reputational harm.** Finally, adverse legal decisions related to our licensing practices could have an adverse effect on our ability to enter into license agreements, which, in turn, could cause our cash flow and revenue to decline. We are subject to risks resulting from **the customer concentration . We earn a significant**

amount of our revenues from a limited number of licensees or customers, and ~~in the wireless industry generally. We earn a significant amount of our revenues from a limited number of licensees or customers, and~~ we expect that a significant portion of our revenues will continue to come from a limited number of licensees or customers for the foreseeable future. For example, in ~~2022~~ **2023**, Apple, Samsung, **Lenovo**, and Xiaomi each comprised 10 % or more of our consolidated revenues. Further, because of the limited number of licensees and potential licensees, any opportunistic behavior during license negotiations by a company or companies using our technology could create large exposure for us. In the event that we are unable to renew one or more of such license agreements at all or on terms that are favorable to us, our future revenue and cash flow could be materially adversely affected. In the event that one or more of our significant licensees or customers fail to meet their payment or reporting obligations (for example, due to a credit issue or in connection with a legal dispute or similar proceeding) under their respective license agreements, our future revenue and cash flow could be materially adversely affected. In addition, in the event that there is a material decrease in shipments of licensed products by one of our per- unit licensees, our revenues from such licensee could significantly decline and our future revenue and cash flow could be adversely affected. Additionally, there is significant concentration ~~among participants~~ in the wireless communications industry **in general**, and these trends may continue. For example, in ~~2021~~ **2022**, Samsung, Apple and Xiaomi collectively accounted for approximately 50 % of worldwide smartphone shipments. ~~Although the rollout of 5G handsets is still in its early stages, and~~ we anticipate a similar level of concentration in worldwide shipments **for 2023 and beyond** of those units as well. Any further concentration or sale within the wireless industry among handset providers and / or original design manufacturers ("ODMs") may reduce the number of licensing opportunities or, in some instances, result in the reduction, loss or elimination of existing royalty obligations. Further, if wireless carriers consolidate with companies that utilize technologies that are competitive with our technologies or that are not covered by our patents, we could lose market opportunities, which could negatively impact our revenues and financial condition.

~~Setbacks in defending~~ **We face competition from companies developing other or similar technologies. We face competition from companies developing other and enforcing similar technologies that are competitive with our technologies, including in the standards- setting arena. Due to competition, our technologies may not find a viable commercial marketplace or, where applicable, be adopted by the relevant standards. In particular, increasing participation within standards- setting organizations has contributed to greater competition for influence within such organizations and for ultimately setting standards. In addition, in licensing our patent rights could cause portfolio, we may compete with other companies, many of whom also claim to hold SEPs, for a share of the royalties that certain licensees may argue to be the total royalty that is supported by a certain product our- or products revenue and cash flow to decline. Some third** ~~In any device or piece of equipment that contains intellectual property, the manufacturer may need to obtain a license from multiple holders of intellectual property. To the extent that multiple parties all seek royalties on the same product, the manufacturers could claim to have difficulty in meeting~~ **challenged, and we expect will continue to challenge, the financial requirements** ~~infringement, validity and enforceability of each certain of our patents. In some instances, certain of our patent holder claims could be substantially narrowed or declared..... either at all or on beneficial terms.~~ Royalty rates could decrease for future license agreements due to downward product pricing pressures and competition over patent royalties. Royalty payments to us under future license agreements could be lower than anticipated. Certain licensees and others in the wireless and consumer electronics industries, individually and collectively, are demanding that royalty rates for patents be lower than historic royalty rates and / or that such rates should be applied to royalty bases smaller than the selling price of an end product (such as the "smallest salable patent practicing unit"). There is also increasing downward pricing pressure on certain wireless products, including handsets, and other consumer electronics devices that we believe implement our patented inventions, and some of our royalty rates are tied to the pricing of these devices. In addition, a number of other companies also claim to hold patents that are essential with respect to products we aim to license. Demands by certain licensees to reduce royalties due to pricing pressure or the number of patent holders seeking royalties on these technologies could result in a decrease in the royalty rates we receive for use of our patented inventions, thereby decreasing future revenue and cash flow. Our technologies may not become patented, adopted by wireless or video standards or widely deployed. We invest significant resources in the development of advanced technology and related solutions. However, certain of our inventions that we believe will be employed in current and future products, including 4G, 5G, HEVC, VVC and others, are the subject of patent applications where no patent has been issued to us yet by the relevant patent issuing authorities. There is no assurance that these applications will issue as patents, either at all or with claims that would be required by products in the market currently or in the future. Our investments may not be recoverable or may not result in meaningful revenue if a sufficient number of our technologies are not patented and / or adopted by the relevant standards or if products based on the technologies in which we invest are not widely deployed. Competing technologies could reduce the opportunities for the adoption or deployment of technologies we develop. In addition, it is possible that in certain technology areas, such as in the IoT space, the adoption of proprietary systems could compete with or replace standards- based technology. It is also possible in certain technology areas, such as video coding and the IoT, that open source and / or purportedly royalty- free solutions such as AV1, VP- 9 and OCF could compete with or replace proprietary standards- based technology. If the technologies in which we invest do not become patented ~~or,~~ are not adopted by the relevant standards, or are not adopted by and deployed in the mainstream markets, at all or at the rate or within time periods that we expect, ~~or in the case of open source solutions, do not infringe our technology,~~ our business, financial condition and operating results could be adversely affected ~~patents have been held~~ **claims could be substantially narrowed or declared** ~~invalid, unenforceable, not essential~~ **by courts in proceedings initiated by counterparties to our- or litigation proceedings not infringed.** We cannot ensure that the validity and enforceability of our patents will be maintained or that our patents will be determined to be applicable to any particular product or standard. Moreover, third parties could attempt to circumvent certain of our patents through design changes. Any significant adverse findings as to the validity, infringement, enforceability or scope of our patents and / or any successful design- around of our patents could result in the loss of patent licensing revenue from existing licensees, through

termination or modification of agreements or otherwise, and could substantially impair our ability to secure new patent licensing arrangements, either at all or on beneficial terms. Macroeconomic conditions including rising inflation may result in increased costs of operations. A decline in economic conditions, such as a recession, economic downturn or inflationary conditions in the U. S. or elsewhere could adversely affect our business. In particular, inflation has accelerated in the U. S. and globally. A majority of our revenue is derived from patent license agreements that provide for fixed payments that were negotiated before the recent rise in inflation. An inflationary environment can increase our cost of labor, as well as our other operating costs, without a corresponding increase in our revenue, which may have a material adverse impact on our operating results and financial condition. ~~We face competition from companies developing other or similar technologies. We face competition from companies developing other and similar technologies that are competitive with our technologies, including in the standards-setting arena. Due to competition, our technologies may not find a viable commercial marketplace or, where applicable, be adopted by the relevant standards. In particular, increasing participation within standards-setting organizations has contributed to greater competition for influence within such organizations and for ultimately setting standards. In addition, in licensing our patent portfolio, we may compete with other companies, many of whom also claim to hold SEPs, for a share of the royalties that certain licensees may argue to be the total royalty that is supported by a certain product or products. In any device or piece of equipment that contains intellectual property, the manufacturer may need to obtain a license from multiple holders of intellectual property. To the extent that multiple parties all seek royalties on the same product, the manufacturers could claim to have difficulty in meeting the financial requirements of each patent holder.~~ Scrutiny by antitrust authorities may affect our strategies for patent prosecution, licensing and enforcement and may increase our costs of doing business and / or lead to monetary fines, penalties or other remedies or sanctions. Domestic and foreign antitrust authorities regularly review their policies with respect to the use of SEPs, including the enforcement of such patents against competitors and others. Such scrutiny has in the past resulted in enforcement actions against Qualcomm and other licensing companies, and could lead to additional investigations of, or enforcement actions against, us. Such inquiries and / or enforcement actions could impact the availability of injunctive and monetary relief, which may adversely affect our strategies for patent prosecution, licensing and enforcement and increase our costs of operation. Such inquiries and / or enforcement actions could also result in monetary fines, penalties or other remedies or sanctions that could adversely affect our business and financial condition. **Our commercialization, licensing and /..... operating results may be materially adversely affected.** We have in the past and may in the future make acquisitions or engage in other strategic transactions that could result in significant changes, costs and / or management disruption and that may fail to enhance shareholder value or produce the anticipated benefits. We have in the past and may in the future acquire companies, businesses, technology and / or intellectual property, and enter into joint ventures or other strategic transactions. Acquisitions or other strategic transactions may increase our costs, including but not limited to accounting and legal fees, and may not generate financial returns or result in increased adoption or continued use of our technologies or of any technologies we may acquire. The integration of acquired companies or businesses may result in significant challenges, including, among others: successfully integrating new employees, technology and / or products; consolidating research and development operations; minimizing the diversion of management's attention from ongoing business matters; and consolidating corporate and administrative infrastructures. As a result, we may be unable to accomplish the integration smoothly or successfully. In addition, we cannot be certain that the integration of acquired companies, businesses, technology and / or intellectual property with our business will result in the realization of the full benefits that we anticipate will be realized from such acquisitions. Our plans to integrate and / or expand upon research and development programs and technologies obtained through acquisitions may result in products or technologies that are not adopted by the market, or the market may adopt solutions competitive to our technologies. A portion of our revenue and cash flow is dependent upon our licensees' sales and market conditions and other factors that are beyond our control or are difficult to forecast. A portion of our licensing revenues is dependent on sales by our licensees that are outside our control and that could be negatively affected by a variety of factors, including global, regional and / or country- specific economic conditions and / or public health concerns, country- specific natural disasters impacting licensee manufacturing and sales, demand and buying patterns of end users, which are often driven by replacement and innovation cycles, the service life of products incorporating our technologies, competition for our licensees' products, supply chain disruptions, and any decline in the sale prices our licensees receive for their covered products. In addition, our operating results also could be affected by general economic and other conditions that cause a downturn in the market for the licensees of our technologies. Our revenue and cash flow also could be affected by (i) the unwillingness of any licensee to satisfy all of their royalty obligations on the terms or within the timeframe we expect, (ii) a decline in the financial condition or market position of any licensee or (iii) the failure of sales to meet market forecasts due to global or regional economic conditions, political instability, natural disasters, competitive technologies, lower demand or otherwise. It is also difficult to predict the timing, nature and amount of licensing revenue associated with past infringement (including as a result of the unwillingness of our licensees to compensate us for such past infringement) and new licenses, strategic relationships and the resolution of legal proceedings. The foregoing factors are difficult to forecast and could adversely affect both our quarterly and annual operating results and financial condition. In addition, some of our patent license agreements provide for upfront fixed payments or prepayments that cover our licensees' future sales for a specified period and reduce future cash receipts from those licensees. As a result, our cash flow has historically fluctuated from period to period. Depending upon the payment structure of any new patent license agreements into which we may enter, such cash flow fluctuations may continue in the future. Our revenue may be affected by the deployment of future-generation wireless standards in place of 3G, 4G and 5G technologies or future- generation video standards, by the timing of such deployment, or by the need to extend or modify certain existing license agreements to cover subsequently issued patents. We own an evolving portfolio of issued and pending patents related to 3G, 4G and 5G cellular technologies and non- cellular technologies including video coding technologies, and our patent portfolio licensing program for future- generation wireless standards or video coding standards may not be as successful in generating licensing income as our current licensing programs.

Although we continue to participate in worldwide standards bodies and contribute our intellectual property to future- generation wireless and video coding standards, including standards that will define 5G, our technologies might not be adopted by the relevant standards. In addition, we may not be as successful in the licensing of future- generation products as we have been in licensing products deploying existing wireless and video coding standards, or we may not achieve a level of royalty revenues on such products that is comparable to that which we have historically received on products deploying existing wireless and video coding standards. Furthermore, if there is a delay in the standardization and / or deployment of 5G or future video coding standards, our business and revenue could be negatively impacted. The licenses that we grant under our patent license agreements typically only cover products designed to operate in accordance with specified technologies and that were manufactured or deployed or anticipated to be manufactured or deployed at the time of entry into the agreement. Also, we have patent license agreements with licensees that now offer for sale types of products that were not sold by such licensees at the time the patent license agreements were entered into and, thus, are not licensed by us. We do not derive patent licensing revenue from the sale of products by our licensees that are not covered by a patent license agreement. In order to grant a patent license for any such products, we will need to extend or modify our patent license agreements or enter into new license agreements with such licensees, and we may not be able to do so on terms acceptable to us or at all. Further, such extensions, modifications or new license agreements may adversely affect our revenue on the sale of products covered by the license prior to any extension, modification or new license. ~~Our plans to expand our revenue opportunities may not be successful. As part of our business strategy, we are seeking to expand our revenue opportunities through targeted acquisitions, research partnerships, joint ventures and licensing platforms, and the continued development of new technologies, particularly in the video coding and IoT spaces. We also seek to expand our revenue opportunities beyond device- based licensing revenue to certain video and cloud- based service providers, which may not be successful. Commercial success depends on many factors, including the demand for the technology, the highly competitive markets for products that utilize our technology, regulatory issues associated with such products, and effective marketing and licensing or product sales. Our technology development and acquisition activities may experience delays, or the markets for our technology solutions may fail to materialize to the extent or at the rate we expect, if at all, each of which could reduce our opportunities for technology sales and licensing. In addition, there could be fewer applications for our technology than we expect, and / or our offerings may require robust ecosystems of customers and service providers that may fail to materialize. Technology markets also could be affected by general economic conditions, customer buying patterns, timeliness of equipment development, and the availability of capital for, and the high cost of, infrastructure improvements. Additionally, investing in technology development is costly and may require structural changes to the organization that could require additional costs, including without limitation legal and accounting fees. Furthermore, delays or failures to enter into additional partnering relationships to facilitate technology development efforts and secure support for our technologies or delays or failures to enter into technology licensing agreements to secure integration of additional functionality could impair our ability to introduce into the market portions of our technology and resulting products, cause us to miss critical market windows, or decrease our ability to remain competitive. In the event that any of these risks materialize, our long- term business, financial condition and operating results may be materially adversely affected. We may not be able to attract and retain qualified employees. Competition for top talent is substantial. In order to be successful, we must attract, develop, and retain employees. Implementing our business strategy requires specialized engineering and other technical talent, and these skills are in high demand among our competitors. The market for employees in our industry is extremely competitive, and competitors for talent, particularly engineering talent, increasingly attempt to hire, and to varying degrees have been successful in hiring, our employees or employment candidates. Further, the increased availability of remote working arrangements, largely driven by the COVID- 19 pandemic, has expanded the pool of companies that can compete for our employees and employment candidates. A number of such competitors for talent are significantly larger than us and may be able to offer compensation, benefits or work arrangements perceived as more desirable than what we are able to offer. If we are unable to recruit, retain, and motivate our employees, then we may not be able to innovate, execute on our strategy and grow our business as planned. The extent Further, the cost and loss of efficiency related to which turnover, particularly at senior levels, may be significant. A potential public health crisis, pandemic or similar event could adversely impact our business, financial condition and results of operations. As we saw with the COVID- 19 pandemic or, any such other potential future public health crises, pandemics or similar events- event can will adversely impact our business, financial condition and results of operations is highly uncertain and cannot be predicted. The COVID- 19 pandemic has created- create significant worldwide uncertainty, volatility and economic disruption. The extent to which COVID- 19 and any other potential future public health crises, pandemics or similar events could adversely impact our business, financial condition and results of operations is dependent upon numerous factors, many of which are highly uncertain, rapidly changing and uncontrollable. These factors include, but are not limited to: (i) the duration and scope of the pandemic or other event ; (ii) governmental, business and individual actions that have been and continue to be taken in response to the pandemic or other event, including travel restrictions, quarantines, social distancing, work- from- home and shelter- in- place orders and shut- downs; (iii) the impact on our customers, including those that are presently unlicensed, and other business partners; (iv) the impact on U. S. and global economies and the timing and rate of economic recovery; (v) potential adverse effects on the financial markets and access to capital; (vi) potential goodwill or other impairment charges; (vii) increased cybersecurity risks as a result of pervasive remote working conditions; (viii) our ability to effectively carry out our operations due to any adverse impacts on the health and safety of our employees and their families; (ix) the ability of our customers to timely satisfy their payment obligations to us; and (x) fluctuations in global shipments of handsets and consumer electronics devices. Many of our employees have the flexibility to work remotely on at least a part- time basis, which could impair our ability to maintain our collaborative and innovative culture, and may cause disruptions among our employees, including decreases in productivity, challenges in communications between on- site and off- site employees and, potentially, employee dissatisfaction and attrition. When our employees do work in our offices, they may be exposed to COVID-~~

~~19 or other illnesses. Any of these factors could adversely impact our business.~~ We face risks from doing business and maintaining offices in international markets. A significant portion of our licensees, potential licensees and customers are international, and our licensees, potential licensees and customers sell their products to markets throughout the world. In addition, in recent years, we have expanded, and we may continue to expand, our international operations, opening offices in **China**, France, Belgium and Finland. Accordingly, we are subject to the risks and uncertainties of operating internationally. **Our international operations could exacerbate the other risk factors we have identified,** and we could be affected by a variety of uncontrollable and changing factors, including, but not limited to: difficulty in protecting our intellectual property in foreign jurisdictions; enforcing contractual commitments in foreign jurisdictions or against foreign corporations; government regulations, tariffs and other applicable trade barriers; biased enforcement of foreign laws and regulations to promote industrial or economic policies at our expense; retaliatory practices by foreign actors; currency control regulations; export license requirements and restrictions on the use of technology; social, economic and political instability; costly, time consuming and changing regulatory regimes; natural disasters, acts of terrorism, widespread illness and war; potentially adverse tax consequences; general delays in remittance of and difficulties collecting non- U. S. payments; foreign labor regulations; anti-corruption laws; public health issues; and difficulty in staffing and managing operations remotely. **Managing operations and complying with relevant laws and regulations in China may be particularly complex, costly and time- consuming.** We also are subject to risks specific to the individual countries in which we and our licensees, potential licensees and customers do business. In addition, adverse movements in currency exchange rates may negatively affect our business due to a number of situations, including the following: • If the effective price of products sold by our licensees were to increase as a result of fluctuations in the exchange rate of the relevant currencies, demand for the products could fall, which in turn would reduce our royalty revenues. • Assets or liabilities of our consolidated subsidiaries may be subject to the effects of currency fluctuations, which may affect our reported earnings. • Certain of our operating and investing costs, such as foreign patent prosecution, are based in foreign currencies. If these costs are not subject to foreign exchange hedging transactions, strengthening currency values in selected regions could adversely affect our near- term operating expenses, investment costs and cash flows. In addition, continued strengthening of currency values in selected regions over an extended period of time could adversely affect our future operating expenses, investment costs and cash flows. Environmental, social and governance (ESG) matters may expose us to reputational risks and legal liability. There is an increasing focus from investors, customers and employees as well as other stakeholders concerning ESG matters. Current and prospective investors are increasingly utilizing ESG data to inform their decisions including investment and voting using a multitude of evolving score and rating frameworks. Additionally public interest and legislative pressure related to public companies' ESG practices continue to grow. If our ESG practices fail to meet the expectations of any of our stakeholders' evolving standards, our reputation, brand and employee retention may be negatively impacted. If we do not adapt our strategy or execution quickly enough to meet the evolving expectations, our business, financial condition, results of operations and reputation could be adversely affected. Our industry is subject to rapid technological change, uncertainty and shifting market opportunities. Our success depends, in part, on our ability to define and keep pace with changes in industry standards, technological developments and varying customer requirements. Changes in industry standards and needs could adversely affect the development of, and demand for, our technology, rendering our technology currently under development obsolete and unmarketable. The patents and applications comprising our portfolio have fixed terms, and, if we fail to anticipate or respond adequately to these changes through the development or acquisition of new patentable inventions, patents or other technology, we could miss a critical market opportunity, reducing or eliminating our ability to capitalize on our patents, technology solutions or both. Our **Our** commercialization, licensing and / or M & A activities could lead to patent exhaustion or implied license issues that could materially adversely affect our business. The legal doctrines of patent exhaustion and implied license may be subject to different judicial interpretations. Our commercialization or licensing of certain technologies and / or our M & A activities could potentially lead to patent exhaustion or implied license issues that could adversely affect our patent licensing program (s) and limit our ability to derive licensing revenue from certain patents under such program (s), whether through the assumption of license agreements that would result in our patents being captured by such agreements, the acquisition of a business that sells or licenses products that practice our patents, or otherwise. In the event of successful challenges by current or prospective licensees based on these doctrines that result in a material decrease to our patent licensing revenue, our financial condition and operating results may be materially adversely affected. ~~Our~~ use of open source software could materially adversely affect our business, financial condition, operating results and cash flow. Certain of our technology and our suppliers' technology may contain or may be derived from " open source " software, which, under certain open source licenses, may offer accessibility to a portion of a product' s source code and may expose related intellectual property to adverse licensing conditions. Licensing of such technology may impose certain obligations on us if we were to distribute derivative works of the open source software. For example, these obligations may require us to make source code for derivative works available or license such derivative works under a particular type of license that is different from what we customarily use to license our technology. While we believe we have taken appropriate steps and employ adequate controls to protect our intellectual property rights, our use of open source software presents risks that, if we inappropriately use open source software, we may be required to re- engineer our technology, discontinue the sale of our technology, release the source code of our proprietary technology to the public at no cost or take other remedial actions, which could adversely affect our business, operating results and financial condition. There is a risk that open source licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions, which could adversely affect our business, operating results and financial condition. In addition, developing open source products, while adequately protecting the intellectual property rights upon which our licensing business depends, may prove burdensome and time- consuming under certain circumstances, thereby placing us at a competitive disadvantage. We may have exposure to additional tax liabilities. The United States government enacted tax reform in 2017 and continues to provide regulatory guidance related to tax reform

provisions, and state authorities continue to provide guidance around the application of tax reform provisions, that in each case, could impact future effective tax rates favorably or unfavorably. The United States government could enact further tax reform legislation, which could adversely impact our tax rate. The international tax environment also continues to change as a result of both coordinated efforts by governments and unilateral measures designed by individual countries, which could ultimately have an adverse effect on the taxation of international businesses such as ours. Accordingly, our tax rate could be adversely affected by several factors, many of which are outside of our control, including: changing tax laws, regulations and interpretations thereof; changes in tax rates; and assessments and any related tax, interest or penalties. If we are deemed to owe additional taxes, our business, financial condition, and results of operations could be adversely affected. Changes to our tax assets or liabilities could have an adverse effect on our consolidated financial condition or results of operations. The calculation of tax assets and liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. We are subject to examinations by the Internal Revenue Service ("IRS") and other taxing jurisdictions on various tax matters, including challenges to various positions we assert in our filings and foreign tax liability and withholding. Pursuant to the guidance for accounting for uncertainty in income taxes, certain tax contingencies are recognized when they are determined to be more likely than not to occur. Although we believe we have adequately recorded tax assets and accrued for tax contingencies that meet this criterion, we may not fully recover our tax assets or may be required to pay taxes in excess of the amounts we have accrued. In the event that the IRS or another taxing jurisdiction levies an assessment in the future, it is possible the assessment could have an adverse effect on our consolidated financial condition or results of operations. **Market projections and data are forward-looking in nature. Our strategy is based on our own projections and on analyst, industry observer and expert projections, which are forward-looking in nature and are inherently subject to risks and uncertainties. We utilize these projections in various ways, including key strategic decisions that we regularly make regarding the direction of our business, research and licensing efforts. The validity of their and our assumptions, the timing and scope of wireless markets, economic conditions, customer buying patterns, timeliness of equipment development, pricing of products, growth in wireless telecommunications services that would be delivered on wireless devices and availability of capital for infrastructure improvements could affect these predictions. Projections on the size of various markets may be inaccurate. In addition, market data upon which we rely is based on third party reports that may be inaccurate. The inaccuracy of any of these projections and / or market data could adversely affect our business prospects, operating results and financial condition.** The high amount of capital required to obtain radio frequency licenses, deploy and expand wireless networks and obtain new subscribers, as well as the cost of new handsets could slow the growth of the wireless communications industry and adversely affect our business. Our growth is partially dependent upon the increased use of wireless communications services and cellular handsets that utilize our technology. In order to provide wireless communications services, wireless operators must obtain rights to use specific radio frequencies. The allocation of frequencies is regulated in the United States and other countries throughout the world, and limited spectrum space is allocated to wireless communications services. Industry growth may be affected by the amount of capital required to obtain licenses to use new frequencies, deploy wireless networks to offer voice and data services, expand wireless networks to grow voice and data services and obtain new subscribers. The significant cost of licenses, wireless networks and subscriber additions may slow the growth of the industry if wireless operators are unable to obtain or service the additional capital necessary to implement or expand advanced wireless networks. Growth in the number of cellular handsets may slow as the number of people worldwide without a cellular handset declines. In addition, if the cost of cellular handsets increases, customers may be less likely to replace their existing devices with new devices. The growth of our business could be adversely affected if either of these events occur. **We regularly make strategic decisions about our patent portfolio. Although we seek to focus our operations in areas where we see the potential for growth and to divest assets where we see more limited opportunities, dispositions we decide to undertake may involve risks, and the anticipated benefits of such actions may not be realized. From time to time, we intend to make strategic decisions about our patent portfolio, whether through a formal portfolio review or opportunistic dispositions. Cost savings expectations of any portfolio review are uncertain. The validity of their and, therefore, we cannot provide assurance that we will achieve any expected, or our assumptions any actual cost savings from any such action. Our portfolio review activities may place substantial demands on our management, which the timing and scope of wireless markets, economic conditions, customer buying patterns, timeliness of equipment development, pricing of products, growth in wireless telecommunications services that would be delivered on wireless devices and availability of capital for infrastructure improvements could affect these predictions. In addition, market data upon which we rely is based on third party reports that may be inaccurate. The inaccuracy not realize the anticipated benefits of any strategic decision about of these projections and / or our patent portfolio market data could adversely affect our operating results and financial condition.** It can be difficult for us to verify royalty amounts owed to us under our per-unit licensing agreements, and this may cause us to lose potential revenue. The standard terms of our per-unit license agreements require our licensees to document the sale of licensed products and report this data to us on a quarterly basis. Although our standard license terms give us the right to audit books and records of our licensees to verify this information, audits can be expensive, time consuming, incomplete and subject to dispute. From time to time, we audit certain of our licensees to verify independently the accuracy of the information contained in their royalty reports in an effort to decrease the likelihood that we will not receive the royalty revenues to which we are entitled under the terms of our license agreements, but we cannot give assurances that these audits will be **sufficient** numerous enough and / or effective to that end. Our technology development

activities may experience delays. We may experience technical, financial, resource or other difficulties or delays related to the further development of our technologies. Delays may have adverse financial effects and may allow competitors with comparable technology offerings to gain an advantage over us in the marketplace or in the standards setting arena. There can be no assurance that we will continue to have adequate staffing or that our development efforts will ultimately be successful. Moreover, certain of our technologies have not been fully tested in for commercial use, and it is possible that they may not perform as expected. In such cases, our business, financial condition and operating results could be adversely affected, and our ability to secure new licensees and other business opportunities could be diminished. We rely on relationships with third parties to develop and deploy technology solutions. Successful exploitation of our technology solutions is partially dependent on the establishment and success of relationships with equipment producers and other industry participants. Delays or failure to enter into licensing or other relationships to facilitate technology development efforts or delays or failure to enter into technology licensing agreements to secure integration of additional functionality could impair our ability to introduce into the market portions of our technology and resulting products, cause us to miss critical market windows or impair our ability to remain competitive. Our business and operations could suffer in the event of security breaches. Attempts by others to gain unauthorized access to information technology systems are becoming more sophisticated. These attempts, which in some cases could be related to industrial or other espionage, include covertly introducing malware to computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but, in some cases, we might be unaware of an incident or its magnitude and effects. While we have not identified any material incidents of unauthorized access to date, the theft, unauthorized use or publication of our intellectual property and / or confidential business or personal information (whether through a breach of our own systems or the breach of a system of a third party that provides services to us) could harm our competitive or negotiating positions, reduce the value of our investment in research and development and other strategic initiatives, compromise our patent enforcement strategies or outlook, damage our reputation or otherwise adversely affect our business. In addition, to the extent that any future security breach results in inappropriate disclosure of our employees', licensees', or customers' confidential and / or personal information, we may incur liability or additional costs to remedy any damages caused by such breach. Our business is subject to a variety of domestic and international laws, rules and policies and other obligations regarding data protection. We may be affected by existing and proposed laws and regulations, as well as government policies and practices related to cybersecurity, privacy and data protection. For example, the European General Data Protection Regulation (" GDPR"), the United Kingdom' s GDPR, the California Consumer Privacy Act of 2018 and the California Privacy Rights Act of 2020 impose obligations on companies such as ours regarding the handling of personal data. Additionally, in 2021, China adopted the Personal Information Protection Law (" PIPL "), which, together with China' s existing cyber and data securities regulations, have required and will continue to require significant investment and resources to ensure compliance. Complying with these and other privacy and cybersecurity regulations could cause us to incur substantial costs or require us to change our business practices. If we cannot implement an effective compliance mechanism for cross- border privacy and security matters, we may face increased exposure to regulatory actions, substantial fines and other penalties. Further, these areas are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. ~~We regularly make strategic decisions about our patent portfolio. Although we seek to focus our operations in areas where we see the potential for growth and to divest assets where we see more limited opportunities, dispositions we decide to undertake may involve risks, and the anticipated benefits of such actions may not be realized. From time to time, we intend to make strategic decisions about our patent portfolio, whether through a formal portfolio review or opportunistic dispositions. Cost savings expectations of any portfolio review are inherently uncertain and, therefore, we cannot provide assurance that we will achieve any expected, or any actual cost savings from any such action. Our portfolio review activities may place substantial demands on our management, which could lead to the diversion of management' s attention from other business priorities. We have divested a number of assets, including as part of a recent strategic portfolio rationalization review. Any assets that we divest could turn out to be more valuable than we had anticipated and we may not realize the anticipated benefits of any strategic decision about our patent portfolio.~~ Risks Relating to Our Common Stock and our Convertible Notes Our operating results may fluctuate significantly, which could make our future results difficult to predict and could cause our operating results to fall below expectations. Our operating results may fluctuate from quarter to quarter as a result of a number of factors, many of which are outside of our control and may be difficult to predict. In particular, the timing of revenue recognition may cause our revenues and earnings to fluctuate, and there is significant judgment in the application of our revenue recognition principles. For example, accounting principles may sometimes require us to recognize revenue before the actual amount is certain, which could add to uncertainty in our revenue guidance. The variability and unpredictability of our results of operations or other operating metrics could result in our failure to meet our expectations or those of industry or financial analysts. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our common stock could fall substantially. Our stock repurchase program may not result in a positive return of capital to shareholders. Our stock repurchase program, including the tender offer that we initiated completed during first quarter 2023, may not return value to shareholders as it was designed to do because the market price of the stock may decline below the levels at which we repurchased shares of stock. Stock repurchase programs are intended to deliver shareholder value over the long term, but stock price fluctuations can reduce the effectiveness of such programs. In addition, our Board of Directors could choose to suspend or terminate the stock repurchase program at any time or not to renew the program. Our shareholders may not receive the level of dividends provided for in our dividend policy or any dividend at all, and any decrease in or suspension of the dividend could cause our stock price to decline. Our current dividend policy contemplates the payment of a regular quarterly cash dividend of \$ 0. 35-40 per share on our outstanding common stock. We expect to continue to pay quarterly cash dividends on our common stock at the rate set forth in our current dividend policy. However, the dividend policy and the payment and timing of future cash dividends under the policy are subject to the final determination each quarter by our Board of Directors that (i) the dividend

will be made in compliance with laws applicable to the declaration and payment of cash dividends, including Section 1551 (b) of the Pennsylvania Business Corporation Law, and (ii) the policy remains in our best interests, which determination will be based on a number of factors, including our earnings, financial condition, capital resources and capital requirements, alternative uses of capital, restrictions imposed by any existing debt, economic conditions and other factors considered relevant by the Board of Directors. Given these considerations, our Board of Directors may increase or decrease the amount of the dividend at any time and may also decide to vary the timing of or suspend or discontinue the payment of dividends in the future. Any decrease in the amount of the dividend, or suspension or discontinuance of payment of a dividend, could cause our stock price to decline. Securities analyst coverage or lack of coverage may have a negative impact on our common stock's market price. The trading market for our common stock will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If securities or industry analysts stop their coverage of us or additional securities and industry analysts fail to cover us in the future, the trading price for our common stock would be negatively impacted. If any analyst or analysts who cover us downgrade our common stock, changes their opinion of our shares or publishes inaccurate or unfavorable research about our business, our stock price could decline. If any analyst or analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease and we could lose visibility in the financial markets, which could cause our stock price and trading volume to decline. Our indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under such indebtedness. Our total indebtedness as of December 31, 2022-2023 was approximately \$ 616-615. 8-2 million. This level of debt could have significant consequences on our future operations, including: • reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes; • limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and • placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged. Any of the above- listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the 2024 Notes and the 2027 Notes . In addition, as more fully described in Note 9 “ Obligations ” within the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10- K, we made an irrevocable election to “ Net Share Settle ” our obligations under the 2024 Notes, which requires us to pay the outstanding principal amount due under the 2024 Notes in cash. Our ability to meet our payment and other obligations under the 2024 Notes depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot be certain that our business will generate cash flow from operations, or that future borrowings will be available to us, in an amount sufficient to enable us to meet our payment obligations under the 2024 Notes and the 2027 Notes and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the 2024 Notes or 2027 Notes, and this default could cause us to be in default on any other currently existing or future outstanding indebtedness. The convertible note hedge transactions and warrant transactions that we entered into in connection with the offering of the 2024 Notes and the 2027 Notes may affect the value of the such notes, and the market price of our common stock. In connection with the offerings of the 2024 Notes and the 2027 Notes, we entered into convertible note hedge transactions with certain financial institutions (the “ option counterparties ”) and sold warrants to the respective option counterparties. These transactions will be accounted for as an adjustment to our shareholders' equity. The convertible note hedge transactions are expected to reduce the potential equity dilution upon any conversion of the notes. The warrants will have a dilutive effect on our earnings per share to the extent that the market price of our common stock exceeds the applicable strike price of the warrants on any expiration date of the warrants. In addition, the respective option counterparties (and / or their affiliates) may modify their respective hedge positions from time to time (including during any observation period related to a conversion of the notes) by entering into or unwinding various derivative transactions with respect to our common stock and / or by purchasing or selling our common stock in open market transactions and / or privately negotiated transactions. The potential effect, if any, of any of these transactions and activities on the market price of our common stock will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the market price of our common stock. We are subject to counterparty risk with respect to the convertible note hedge transactions. The respective option counterparties are financial institutions or affiliates of financial institutions, and we will be subject to the risk that such option counterparties may default under the respective convertible note hedge transactions. Our exposure to the credit risk of the option counterparties is not secured by any collateral. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the applicable convertible note hedge transactions. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in our common stock market price and in volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and dilution with respect to our common stock. We can provide no assurance as to the financial stability or viability of the option counterparties. Provisions of the 2024 Notes and 2027 Notes could discourage an acquisition of us by a third party. Certain provisions of the 2024 Notes and the 2027 Notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change under the indentures, holders of the notes will have the right, at their option, to require us to repurchase all of their applicable notes or any portion of the principal amount of such notes at a price of 100 % of the principal amount of the notes being repurchased, plus accrued and unpaid interest. We may also be required to issue additional shares upon conversion in the event of certain fundamental change transactions. These provisions could limit the price that some investors might be willing to pay in the future for shares of our common stock.

