

Risk Factors Comparison 2025-02-10 to 2024-02-12 Form: 10-K

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You should carefully consider the following risk factors, in addition to the other information contained in this report, including the section of this report captioned “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” and our financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this report occur, then our business, operating results and financial condition could be materially impacted. This report also contains forward- looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward- looking statements due to factors that are described below and elsewhere in this report.

Risks Relating to Our Platform, Products and Technologies We operate in a very competitive market. Our primary competitors are:

- Endpoint ICs: NXP, EM Microelectronic, Kiloway, Quanray, Shanghai Fudan Microelectronics Group, Alibaba and Alien.
- Reader ICs: Phychips Inc, Shanghai Fudan Microelectronics Group and, MagicRF and NationRFID.
- Readers and gateways: Zebra
- Test and measurement systems: CISC.

These competitors include companies that have much greater financial, operating, research and development, marketing and other resources than us. To gain market share, they could discount their products and accept lower margins, or they could maintain margins by achieving cost savings through better, more efficient designs or production methods. They could devote more resources than we can to product development, promotion, ~~sale~~ sales and support. They could also bundle other technologies, including those we do not have in our product portfolio, with their RAIN products. Our partners, including our OEMs, ODMs, distributors, SIs, VARs and solution partners, may choose to compete with us rather than purchase our products, which would not only reduce our customer base but also increase competition in the market. Companies in adjacent markets or newly formed companies may decide to enter our market, particularly as RAIN adoption grows. Further, the Chinese government has made development of the Chinese semiconductor industry a priority, potentially increasing competition for us globally while possibly restricting our ability to participate in the Chinese market. RAIN adoption is concentrated in key markets and the extent and pace of RAIN market adoption beyond those markets is uncertain. Our financial performance depends on the pace of end- user RAIN adoption in key markets, such as retail apparel ; ~~(our largest market ;)~~ retail general merchandise and SC & L. Although RAIN has been adopted to some degree by end users in those markets, those end users as well as the markets themselves are subject to business cycles and macroeconomic trends. Continued RAIN adoption by those end users and in those markets may be at risk if and when negative business or economic conditions arise. The RAIN opportunity is still developing. RAIN adoption, as well as adoption of our platform and products, depends on many factors, including the extent to which end users understand and embrace the benefits that RAIN offers; whether the benefits of RAIN adoption outweigh the cost and time to replace or modify end users’ existing systems and processes; and whether RAIN products and applications meet end users’ current or anticipated needs. We have, at times, anticipated and forecasted a pace of end- user adoption that exceeded the actual pace of adoption. We expect continued difficulty forecasting the pace of adoption. As a result, we may be unable to accurately forecast our future operating results including revenue, gross margins, cash flows and profitability, any or all of which could negatively impact our financial performance. We must ~~regularly~~ introduce new products and, product enhancements **and services** to compete effectively. We introduce new products and services to advance our business, satisfy increasingly demanding end- user requirements and grow RAIN market adoption. We commit significant resources developing and introducing these new products and services ~~, and to~~ ~~We also commit significant resources~~ improving the performance and reliability of, and reducing the costs of, our existing products and services. Whether our new **or enhanced** products and services will succeed is uncertain. Our success developing the technologies, processes or capabilities necessary or desired for new or enhanced products and services, or licensing or otherwise acquiring them from third parties, and our ability to introduce new **or enhanced** products and services before our competition, depends on many factors, including:

- our ability to identify new product capabilities or services that end users will widely adopt;
- our timely and efficient completion of the design process;
- our timely and efficient implementation of manufacturing, assembly and testing procedures;
- our attainment of appropriate product or service performance levels and product certifications;
- partnering successfully with others to deliver complementary products or services;
- the quality, reliability and selling price of our product or service; and
- the effectiveness of our marketing, sales and ~~service~~ **support**.

When we introduce new products **and services**, our success in ramping adoption depends, in part, on us making those products **and services** easy for our partners and end users to deploy and use. For example, ~~for when we launched~~ our new M800- family endpoint ICs, we ~~supported~~ **are currently significantly supporting** our inlay partners ~~to in produce~~ **producing** high- performing, high- quality **M800- based** inlays. ~~Until~~ **Without this support, M800 adoption would have been delayed, and our partners are operating results would have suffered. We cannot guarantee that we will be** able to ~~deploy our~~ **provide sufficient support for future** products widely, adoption and ~~in which case~~ our operating results could suffer. Our ~~abilities~~ **ability** to deliver enterprise solutions at scale are nascent. We believe we are still at a very early stage in our ability to deliver enterprise solutions. **If we do not succeed in identifying, developing, selling and deploying enterprise solutions with top- tier partners and end users across a range of markets and use cases, then our business prospects will suffer.** We ~~are have developed, and continue~~ **developing** , solutions for retail self- checkout and loss prevention and SC & L package routing that have been, or that we expect to ~~be~~ **continue being** , deployed by ~~the industry- leading~~ enterprise end users. **We have also launched features in Gen2X that we believe will improve RAIN’ s ability to deliver cost- effective solutions to enterprises.** However, to fully capitalize on our platform’ s potential, we must make our current offerings repeatable across multiple enterprises **and in a variety of market segments** as

well as deliver additional solutions to enterprise needs. We must also develop relationships with top-tier solution partners to gain access to and address challenging new use cases. **We** ~~If we do not succeed in identifying, developing, selling and deploying our partners may be unable to successfully acquire customers for our~~ enterprise solutions, ~~or particularly solutions that rely on autonomous reading, with top-~~ **to successfully address our** ~~tier partners and across a range of markets-~~ **market opportunity** ~~and end users, then our business prospects will suffer.~~ Delivering enterprise solutions requires a network of partner products and services that complement our own product offerings and that together address the enterprise needs. Convincing enterprises to ~~engage partner with~~ us to solve their business problems — ~~including evaluation, design, deployment, operations and services, as well as integrating RAIN data into the enterprise's information systems,~~ ~~requires tight coordination among our and our partners' sales, marketing, operations and engineering teams.~~ ~~We, or our partners, may be unable to successfully acquire customers for our enterprise solutions, or successfully address our market opportunity.~~ Although we today have partners who can successfully introduce our platform, or aspects of it, to their customers, their knowledge of our platform and RAIN in general is still nascent. ~~If we do not build our~~ **enterprise solutions platform and our partner** ~~network of to deliver these~~ solutions **effectively**, ~~and partners to deliver those solutions, and broaden our efforts to deliver solutions that leverage our platform in large, complex enterprise opportunities, then~~ our business prospects will suffer. We rely on endpoint IC sales to generate most of our revenue. We derive, and expect to continue to derive, most of our revenue from our endpoint ICs. If demand declines, or if we are unable to procure enough wafers to meet the demand we have, or if we are unable to raise prices to offset cost increases, then our business and operating results will suffer. In addition, the continued adoption of, and demand for, our endpoint ICs, derives in part from us demonstrating the benefits of using our systems. If we fail to establish those benefits then we may be unsuccessful in countering competitive endpoint IC price pressures and our business and operating results could be adversely affected. The average selling prices of our products could fluctuate substantially. The average selling price, or ASP, of our products has historically decreased with time or to meet end-user demands, encourage adoption, address macroeconomic conditions or respond to competitive pressure. As demand for older products declines, or as competition from competitors with lower product costs or lower profitability expectations increases, or during times of oversupply, ASPs may decline quickly. To compete profitably, we must continually improve our technology and processes and, reduce unit costs in line with lower selling prices, **and introduce new, higher margin products**. If we are unable to offset ASP reductions with increased sales volumes or reduced product costs, **or if we are unable to introduce new products that command higher prices and better gross margins**, then our **overall** revenue and gross margins will suffer. Though less common, we have also increased prices from time to time, especially during times of increasing wafer costs. For example, we raised prices in 2021, 2022 and 2023 to accommodate higher costs. We may be required to raise prices again if macroeconomic conditions, including inflation, create upward pressure on our product costs. **Increased prices could dampen adoption and market growth**. Pricing commitments and other restrictive provisions in our customer agreements could adversely affect our operating results. In the ordinary course of our business, we enter into agreements containing pricing terms that could, in some instances, adversely affect our operating results and gross margins. For example, some contracts specify future IC, reader or gateway pricing or contain most-favored-customer pricing for certain products. Other agreements **may** contain exclusivity terms that prevent us from pursuing certain business with other customers during the exclusivity period. Reducing prices or offering favorable terms to one customer could adversely affect our ability to negotiate favorable terms with other customers. Changes in our product mix could adversely affect our overall gross margin. Endpoint IC sales, which constitute and likely will continue to constitute the majority of our product revenue, have, for the most part, lower gross margins than our systems product sales. Our overall product gross margins are affected by product mix, which can fluctuate based on **supply and** demand ~~and supply~~, competitive pressures and end-user needs and demand. A shift in sales mix away from our higher margin products to lower margin products, either within our endpoint IC product portfolio or from our systems business to our endpoint ICs, could negatively affect our gross margins. Poor product quality could result in significant costs to us and impair our ability to sell our products. Our products must meet increasingly demanding specifications for quality, reliability and performance. Our products are both highly technical and deployed in large, complex systems in which errors, defects or incompatibilities can be problematic for our partners and end users. If we are unable to identify or correct errors, defects, incompatibilities or other problems in our products, we could experience: • loss of customer orders or customers; • lost or delayed market acceptance (either of our products and solutions or RAIN generally); • lost or delayed sales; • loss of market share; • damage to our brand and reputation; • impaired ability to attract new customers; • diversion of development resources; • increased service and warranty costs; • replacement costs; • legal actions by our partners or end users; and • increased insurance costs. Moreover, if we encounter product quality issues, then we may be required to incur significant time and costs to diagnose, test and fix the issues. There can be no assurance that such remediation efforts would be successful. Even if successful, these efforts could further constrain our ability to supply our partners and end users with new products until we have resolved the issues. End users and partners must design our products into their products and business processes. Persuading end users or partners to design our products into their business processes or products requires educating them about RAIN's and our products' value. They may use other technologies or products and may not be receptive to introducing RAIN into their business processes or products. Even when convinced, they often undertake long pilot programs and qualifications prior to placing orders. These pilot programs and qualifications can be time-consuming and expensive, and there is no assurance they will result in an order for our products. If we fail to develop new products that adequately or competitively address end users' or our partners' needs, then we may not receive product orders, which could adversely affect our business, prospects and operating results. Our visibility into the length of the sales and deployment cycles for our products is limited. We have limited visibility into end user sales and deployment cycles, and these cycles are often longer than we anticipate. Many factors contribute to our limited visibility, including the time our partners and end users spend evaluating our products, the time educating them on RAIN's benefits and the time integrating our products with end users' systems. The length and uncertain timing of the sales and deployment cycles can lead to delayed product orders. In anticipation

of those orders, we may incur substantial costs before the sales cycle is complete and before we receive any customer orders or payments, if we receive them at all. An inability or limited ability of end user systems to exploit RAIN information may adversely affect the market for our products. A successful end- user deployment requires not only tags and readers or gateways, but RAIN integration with information systems and applications that create business value from the RAIN data. Unless third parties continue developing and advancing business analytics tools, and end users enhance their information systems to use these tools, RAIN deployments could stall. Our efforts to foster third- party development and deployment of these tools could fail. In addition, our guidance to business- analytics providers for integrating our products with their tools could prove ineffective. Solution providers and SIs are essential to the RAIN market. They provide deployment know- how to enable end users to successfully deploy RAIN solutions. Integrating our products with end- user information systems could prove more difficult or time -consuming than we or they anticipate, which could delay deployments. Alternative technologies may enable products and services that compete with ours. Technology developments may affect our business negatively. Breakthroughs in legacy RFID technologies or markets, including those using low frequency or high frequency RFID technology, or in other radio technologies, could adversely affect RAIN market growth and demand for our products. Likewise, new technologies may enable lower- cost ICs than our products. If we are unable to innovate using new or enhanced technologies or are slow to react to changes in existing technologies or in the market, or if we have difficulty competing with advances in new or legacy technologies, then our development of new or enhanced products could be impacted and result in product obsolescence, decreased revenue and reduced market share. Significant changes in RAIN standards bodies, standards or qualification processes could impede our ability to sell our products and services. We have historically taken a leadership position in developing RAIN industry standards, including with GS1 and ISO, and have designed our products to comply with those standards. **We** ~~For any number of reasons we~~ could lose that leadership position ~~;~~ **or** our influence in standards development ~~,~~ **could diminish**; or we could choose not to participate in certain standards activities. New or changed industry standards could affect us negatively. If industry standards **were to** diverge from our or the RAIN market' s needs, then our products ~~may~~ **could fail in to keep pace with** the market or cause end users to delay their deployments. Moreover, the adoption or expected adoption of new or changed standards could slow sales of our existing products before we can introduce new products that meet the new or changed standards ~~,~~ **and** ~~New standards or changes to existing standards~~ could also limit our ability to implement new features ~~in our products~~. The lost opportunities as well as time and expense to develop new products or change our existing products to comply with new or changed standards could be substantial, and we may not ultimately succeed in developing products that comply with the new or changed standards. Certain organizations develop requirements for RAIN tags and test tags against those requirements. For example, the ARC Program at Auburn University develops tag performance and quality requirements for end users that engage them. Some participants in the RAIN market are ARC sponsors, but we are not among them. **If** ~~Some other organizations perform this function as well. ARC or a similar organization~~ **fails to certify** could develop specifications that ~~some or all of~~ **delays certifying tags incorporating** our endpoint ICs ~~fail to meet,~~ **adoption and sales of or our products** could ~~suffer~~ delay approval of tags incorporating our endpoint ICs, which could negatively impact market acceptance of our ~~products~~. Changes in government spectrum regulations or in their enforcement could adversely affect our ability to sell our products. Our readers and gateways are collectively certified for use in more than 40 countries worldwide, including the United States, Canada, Mexico, China, Japan, South Korea and every country in the **European Union, or the EU. Our products operate in spectrum bands where they are certified to transmit.** **If the** spectrum regulations **were to** change, or if our products ~~are~~ **were** found to be noncompliant despite being certified **to operate** , **then** we ~~could~~ **would** need to redesign our products, potentially resulting in significant costs, including costs associated with obsolete inventory. Regulatory changes may also cause us to forego opportunities, adversely affecting our business . **In April 2024, NextNav Inc. asked the Federal Communications Commission, or FCC, to initiate a proceeding to reconfigure the 902 – 928 MHz ISM band, or Lower 900 MHz Band, in which we and other unlicensed services operate, to create a terrestrial backup to the U. S. Global Positioning System. To pay for their proposed system, NextNav also asked to be able to license certain spectral bands, including parts of the Lower 900 MHz Band, to others to deliver 5G broadband services. If approved as proposed, this ISM band reconfiguration could interfere with our RAIN radio transmissions and negatively impact us and our industry. We and other RAIN providers and end users, as well as other Lower 900 MHz Band users, have already registered opposition to NextNav' s petition and asked the FCC to reject it quickly. If the FCC declines to do so, then we expect a protracted decision- making process. The FCC would be required to consider all relevant comments and material of record before it decides whether to proceed with the proposal, issue a new or modified proposal, or take no action on the proposal. The fate of NextNav' s petition is uncertain at this time, but if the FCC were to adopt NextNav' s proposal and our end users were not able to use our RAIN products without harmful interference, then our business would be significantly and negatively affected** . Sales of some of our products could cannibalize revenue from other products. Some of our partners develop products that compete with our products. For example, some of our OEM partners use our reader ICs to build and sell readers and gateways that compete with our readers and gateways. Similarly, some of our partners use our readers to build and sell gateways that compete with our gateways. If we fail to manage such conflicts successfully, then our business and operating results could be negatively affected . **Our licensing program is nascent. While we believe we have valuable RAIN intellectual property and aspire to monetize that intellectual property by licensing it to third parties, including third parties who compete with us to some extent, our experience in doing so is nascent, and our ability to grow licensing revenue remains subject to numerous risks and uncertainties. To materially grow our licensing program and revenue, we will need to maintain and grow our intellectual property portfolio and continue to research and develop RAIN innovations that will generate and maintain demand for licenses to our technology and features. We must also develop and maintain an ability to monitor infringement of our intellectual property rights by others and possibly seek enforcement action against those who attempt to infringe our intellectual property rights. These enforcement actions**

could require significant investments in management time and attention as well as cash as we incur legal and other expenses. They could also compete with our objectives in other areas of our business such as wanting to maintain close, strategic relationships with important partners or end users of our products. These are just some of the risks and uncertainties we face with respect to our nascent licensing program. We currently derive a substantial share of our licensing revenue from NXP, our primary endpoint IC competitor, based on our Settlement Agreement with them. For more information regarding the terms of our Settlement Agreement with NXP, please refer to Note 12 of our consolidated financial statements included elsewhere in this report. If NXP were to breach its license payment obligations, or if NXP were to design around our intellectual property rights and exercise its right to terminate our license before the end of the agreement's 10-year term, our licensing revenue would decline and our overall results of operations and cash flows would suffer.

Risks Relating to Our Personnel and Business Operations We obtain the products we sell through a limited number of third parties with whom we do not have long-term supply contracts. Our ability to secure cost-effective, quality products in a timely manner could be adversely affected by many factors, including:

- Third-party manufacturing capacity may not be available when we need it, particularly from our foundry partners from whom we procure silicon wafers.
- Efforts to diversify our supplier base may be unsuccessful or may not result in us obtaining the anticipated benefits of such diversification.
- Some products have long lead times, and we place orders for them many months before our anticipated delivery dates to our customers. If we inaccurately forecast customer demand, then we may be unable to meet our customers' delivery requirements or we may accumulate excess inventory, increasing our costs.
- Supply disruptions may affect our ability to meet partner or end-user demand, whether in a cost-effective manner or at all, potentially causing those partners or end users to cancel orders, qualify alternative suppliers or purchase from our competitors. Supply disruptions can also distort demand, making it even harder to meet true demand with finished products. If our suppliers fail to manufacture our products at reasonable prices or with satisfactory quality levels, then our ability to bring those products to market and our reputation could both suffer. If supplier capacity diminishes, whether from equipment failures, closures, bankruptcy, capacity allocation, in response to public health events (such as Covid-19), catastrophic loss of facilities or otherwise, then we could have difficulty fulfilling orders, our revenue could decline and our growth prospects could be impaired. Transitioning our product manufacturing to new providers would take many months and, in the case of ICs, could take years. Any transition would require a requalification by our customers or end users, which could also adversely affect our ability to sell our products as well as our operating results. Shortages of silicon wafers and, IC post-processing capacity or components used in our readers and gateways may adversely affect our ability to meet demand for our products and adversely affect our revenue and / or gross margins.

Wafer The semiconductor industry has experienced many periods of capacity shortfall shortfalls limit sales and may cause market-share losses experienced another in 2021 and 2022, causing tight wafer availability and higher prices. We Although wafer availability improved in 2023, supply / demand imbalances can still occur. Additionally, we expect wafer capacity in at least some of the semiconductor nodes we use to be tight for the foreseeable future. We procure wafers on a purchase-order basis, so our wafer supply is not guaranteed, and we may not receive adequate supply from our foundry partners when shortages occur. Wafer shortfalls limit sales and may cause market-share losses. They may also artificially increase bookings as customers over-order our products, and then cause sales declines as those customers consume their accumulated inventory. Additionally, if our suppliers charge us more but we are unable to raise our prices to cover those higher costs, our gross margins and other financial results could suffer.

Shortfalls of our silicon products can also occur due To guard against wafer shortages, we may invest in inventory to post-processing constraints support anticipated business growth, like we did with endpoint IC inventory in 2017, 2020 and late 2022 / early 2023. To convert the wafers we receive from our foundry partner into saleable ICs, we perform additional steps including testing, thinning, bumping and dicing. If our third-party suppliers are unable to efficiently perform these steps, and or our production if we experience any capacity is constraints constrained as a result with respect to these steps, then we may be unable to satisfy demand for our products, and adversely affecting our financial results could suffer. We may be unable to accurately anticipate the scope or nature of business demand, which could cause excess or obsolescent inventory. We maintain inventory to meet customer demand, but high inventory levels can increase expenses or reserves and expose us to a higher risk of product obsolescence when we introduce new products and technologies, all of which could negatively affect our business. For example, in 2022 we had strong demand for our M700 ICs, but due to limited 300mm wafer supply, we transitioned some customers back to our prior-generation 200mm Monza R6 product family. If we are unable to sell the inventory we purchased, or if we must sell it at lower prices, then our business will be negatively impacted. We have also experienced experience shortages shortfalls and price increases for components we use in our readers and gateways, as well as in packaging and test capacity for our reader ICs, and we may continue to experience such shortages shortfalls or price increases will negatively impact our product availability and costs and our financial results will suffer. We bear inventory risks because due to our reliance products have relatively long lead times, demand for our products are hard to accurately forecast, and we rely on partners to sell and distribute our products. We typically order maintain inventory to meet customer demand. To guard against wafer shortages, and to allow for production risks given the relatively long lead times for our many of our products from our suppliers based on partner forecasts before we receive purchase orders. However, we many of our partners have in difficulty accurately forecasting their -- the demand past and may invest again the timing of that demand. They also sometimes cancel orders or reschedule product shipments, in inventory some cases with little or no advance notice to us support anticipated business growth. We also sometimes receive soft commitments for large orders which do not materialize. In addition, when When we introduce new products, we may also initially carry higher inventory or have slower inventory turns depending on market acceptance. We typically order products from our suppliers based on partner forecasts before we receive purchase orders. However, many of our partners have difficulty accurately forecasting their demand and the timing of that demand, and sometimes cancel orders or reschedule product shipments, in some cases with little or no advance notice to

us. Partners will also sometimes give us soft commitments for large orders that do not materialize. We have additional uncertainty arising from competition and from unanticipated external events, such as macroeconomic trends or events and changes in regulatory standards, all of which can adversely affect demand and consequently our inventory levels, sales and operating results. **High inventory levels can increase expenses or reserves and expose us to a higher risk of product obsolescence, especially when we introduce new products and technologies. If we are unable to sell the inventory we purchased, or if we must sell it at lower prices, then our business will be negatively impacted.** Acquisitions could result in operating difficulties, dilution and other harmful consequences. We regularly evaluate potential strategic transactions, and we may pursue them if complementary to our business. For example, in April 2023 we completed our acquisition of Voyantic Oy, a global provider of RFID (primarily RAIN and NFC) inlay and label design, manufacturing and test systems. Strategic transactions could be material to our financial condition and operating results. We have limited experience executing acquisitions. Integrating an acquired company, business or technology may create unforeseen operating difficulties and expenditures. Acquisition-related risks include: • difficulties integrating acquired products or lines of business into our strategy and product plans; • customers switching from us to new suppliers because of the acquisition; • inability to retain employees from the business we acquire; • challenges associated with integrating employees from the acquired company into our organization; • difficulties integrating accounting, management information, human resource, legal and other administrative systems to permit effective management of the business we acquire; • potential requirements for remediating controls, procedures and policies appropriate for a public company in the acquired business that, prior to the acquisition, lacked these controls, procedures and policies; • potential liability for past or present environmental, hazardous substance or contamination concerns associated with the acquired business or its predecessors; • possible write-offs or impairment charges resulting from the acquisition; and • unanticipated or unknown liabilities relating to the acquired business. Foreign acquisitions involve additional risks beyond those above, including those related to integrating operations across different cultures and languages, currency risks and the economic, political and regulatory risks associated with other countries. Also, the anticipated benefit of any acquisition, domestic or foreign, may not materialize. Future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, debt incurrence, contingent liabilities or amortization expenses or goodwill write-offs, any of which could harm our financial condition. Future acquisitions may require us to obtain additional equity or debt financing, which may not be available on favorable terms or at all. ~~Our business has been and may continue to be adversely affected by public health outbreaks and pandemics. Starting in 2020, Covid-19 created significant worldwide economic volatility, uncertainty and disruption, and presented our business with several risks and challenges, included: • uncertain product demand globally; • product availability delays and shortages; • challenges in effectively managing our inventory; • partner-requested preordering or rescheduling, distorting channel inventory; • increased operating and product costs; • delays in research and development, which, in turn, delayed new product introductions and product enhancements; and • maintaining employee engagement and productivity. Although the Covid-19 global health emergency officially ended in 2023, experts caution that Covid-19 remains a public health risk, and other future public health outbreaks or pandemics could pose similar challenges and risks to our business. The extent to which any public health outbreak or pandemic, including Covid-19, could impact future market demand and our business results is uncertain.~~ Changes in global trade policies could have a material adverse effect on us. Changes in U. S. and foreign laws and policies governing ~~foreign~~ **international trade, export controls**, manufacturing, development and investment in the jurisdictions where we currently develop and sell products, and any negative consequences resulting from such changes, could materially affect our business. The ~~state of~~ U. S. government has imposed significant tariffs ~~and~~ on a variety of items imported from other ~~trade measures between~~ countries, particularly China. China responded by imposing significant tariffs on a variety of items imported from the United States ~~and China remains very uncertain~~. ~~Starting in 2018, the U. S. and China engaged in an escalating imposition of tariffs could materially and adversely affect our ability trade restrictions on each other's products. The to two countries compete internationally. Although the United States and China signed a preliminary trade agreement in early 2020, However, in February 2025, the U. S. imposed additional tariffs on imports of Chinese-origin goods, and China announced retaliatory tariffs and additional trade restrictions on U. S. goods. Most of our products are not of Chinese or U. S. origin, so the direct impact of tariffs and other trade measures on our products is limited as long as current rules governing a product's country of origin remain intact. However, China remains a key producer of goods our endpoint ICs connect, and a key producer of readers using our reader ICs, so the indirect impact of tariffs on our business, particularly in place as negotiations the short term, is uncertain and our business and financial results could be negatively affected by the trade tensions between the countries continue United States and China. The future of In February 2025, these the United States imposed tariffs, as well as the possibility for new tariffs, remains uncertain on Mexico and Canada and has threatened member countries of the European Union with tariffs. Changes The tariffs imposed on Mexico and Canada are currently suspended while negotiations take place for a long-term agreement. Here again, our endpoint ICs connect goods imported from these countries, so if the negotiations are not successful then our business could be negatively impacted. In February 2025, the United States also threatened new tariffs on Taiwan, targeting imports of Taiwanese semiconductor products. Because our endpoint ICs are fabricated primarily in Taiwan, tariffs could have a direct impact on us. We import only a small portion of our wafers into the U. S., so we believe and Chinese industrial policy also contribute to uncertainty regarding the global trade environment. Other the causes direct impact of uncertainty include such a tariff should be manageable. But a large portion of products containing our endpoint ICs are imported directly into the United States. The indirect effects of new U. S. sanctions and other actions against Russia after Russia invaded Ukraine. S. tariffs on While we do not today have business with Russian partners or end-users, the effect of these products sanctions on global trade and macroeconomic conditions generally such as increasing energy costs and inflation could nevertheless significantly and negatively affect our business and financial results. The impact that these and any other trade measures will have on our business and~~

financial results is difficult to predict, particularly because trade is a current focus of the U. S. administration and it is not possible to know how trading partners will respond to the administration's proposals and actions. Various factors will determine their effect, including whether and when they are implemented and their amount, scope and nature. We are subject to risks inherent in operating abroad and may not be able to successfully maintain or expand our international operations. In 2023-2024, we derived 72-77% of our total revenue from sales outside the United States. We anticipate growing our business, in part, by growing our international operations, which presents a variety of risks, including: • changes, some unexpected or unanticipated, in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions; • lack of established, clear or fairly implemented standards or regulations with which our products must comply; • greater difficulty in enforcing contracts, judgments and arbitration awards in international courts, and in collecting accounts receivable as well as longer payment and collection periods; • limited or unfavorable intellectual property protection; • misappropriation of our intellectual property; • inflation and fluctuations in foreign currency exchange and interest rates; • restrictions, or changes thereof, on foreign trade or investment, including currency- exchange controls, including as a result of sanctions against Russia; • changes in a country's or region's political, regulatory, legal or economic conditions, including, for example, global and regional economic disruptions caused by any future public health outbreaks or pandemics, including a resurgence of Covid- 19; • political, social and economic instability abroad; wars and other armed conflicts, such as those in Ukraine and the Gaza Strip; geopolitical tensions, such as those between the United States, China and Taiwan; and terrorist attacks and security concerns in general; • differing regulations with regard to maintaining operations, products and public information; • inequities or difficulties obtaining or maintaining export and import licenses; • differing labor regulations, including where labor laws may be more advantageous to employees than in the United States; • restrictions on earnings repatriation; • corrupt or unethical practices in foreign jurisdictions that may subject us to exposure under applicable anti-corruption and anti- bribery laws such as the U. S. Foreign Corrupt Practices Act of 1977, as amended, or FCPA, and the United Kingdom Bribery Act of 2010, or U. K. Bribery Act; and • regulations, and changes thereof, relating to data privacy, cybersecurity and the unauthorized use of, or access to, commercial and personal information, particularly in Europe. We are subject to governmental export and import controls, and trade and economic sanctions that could impair our ability to compete in international markets and subject us to liability if we fail or impair our ability to comply compete in international markets. We must export and import our products and conduct our business activities in compliance with U. S. export controls and trade and economic sanctions, including the Commerce Department's Export Administration Regulations and economic and trade sanctions established by the Treasury Department's Office of Foreign Assets Controls, as well as similar controls established in the countries in which we do business. For example, the U. S. Commerce Department recently strengthened rules regarding government has continued to expand controls restricting the ability to send certain products and technology related to semiconductors and semiconductor manufacturing to and within China and additional destinations. These expanded controls include imposing additional licensing requirements on exports, re- exports, and supercomputer- related transfers of certain ICs and products containing those ICs and restrictions against sending certain chips and chip- related technology and software to and within China without an and additional export license. The modifications included an expansion of the products and destinations that require licensing. In addition, the United States and other countries continue to expand the economic sanctions and export control restrictions imposed against Russia and Belarus and certain Russian nationals and entities after Russia invaded Ukraine. We must undertake additional diligence efforts to comply with these, and other, rules, which may be time- consuming and result in delayed or lost opportunities. We may not always be successful in obtaining necessary export or import licenses, and our failure to obtain required export or import approval for our products or limitations on our ability to export or sell our products may harm our domestic and international sales and negatively affect our revenue. Tariffs could also have a material impact on our product costs and decrease our ability to sell our products to existing or potential customers as well as harm our ability to compete internationally. For more information, see "Changes in global trade policies could have a material adverse effect on us." Any changes in our product or in export or import regulations or legislation; shifts or changes in enforcement; or changes in the countries, persons or technologies targeted by these regulations could delay us introducing new products in international markets, decrease use of our products by, or decrease our ability to export or sell our products to, existing or potential customers with international operations, adversely affecting our business and results of operations. Instability or deterioration in the political, social, business or economic conditions in key jurisdictions could harm our supply or development of products. Deterioration in the political, social, business or economic conditions in any jurisdictions in which we have significant suppliers, distributors or end users — including as a result of natural disasters, labor strikes, public health crises, geopolitical events or other developments — could slow or halt product shipments or disrupt our ability to manufacture, test or post- process our products., as well as our ability to effectively and timely execute on end user deployments. We outsource our manufacturing and production to suppliers in a small number of Asian jurisdictions including Thailand, Malaysia, Taiwan and China. Some of these jurisdictions have experienced significant, and may yet experience, restrictions related to during the Covid- 19 pandemic. These jurisdictions have also experienced significant changes in political, social, business or economic conditions in the past and may experience them in the future. We could be forced to transfer our manufacturing, testing and post- processing activities to more stable, and potentially more costly, regions or find alternative suppliers. We source a significant portion of our wafers from suppliers in Taiwan, and our supply of wafers and other critical components may be materially and adversely affected by diplomatic, geopolitical and other developments between China and Taiwan. Notably, China has refused to renounce the use of military force against Taiwan, and there can be no assurance that relations between China and Taiwan will not deteriorate further, particularly in light of ongoing tensions between the United States and China. Any such developments could materially and adversely affect our business, financial condition and results of operations. Our business operations could be disrupted adversely affected by natural disasters or. In addition to the pandemic risk discussed earlier under "Our business has been and may continue to be

adversely affected by future public health outbreaks and pandemics. **Natural**, including a potential resurgence in COVID-19 cases, other disasters, whether natural or manmade, could decrease demand for our products, disable our facilities, disrupt operations or cause catastrophic losses. We have facilities in areas with known seismic activity, such as our headquarters in Seattle, Washington. We have facilities in areas with known flooding, such as our office in Shanghai, China. We have a wafer post-processing subcontractor in Thailand, a region with a known, and recent, history of flooding. A loss at any of these or other of our or our suppliers' facilities could disrupt operations, delay production and shipments, reduce revenue and engender potentially large expenses. We do not carry insurance covering potential losses caused by pandemics, earthquakes, floods or other disasters. **Covid-19 created significant worldwide economic volatility, uncertainty and disruption, and presented our business with significant risks and challenges. The Covid-19 global health emergency officially ended in 2023. However, the Covid-19 experience highlights the significant negative impacts a public health outbreak or pandemic could impose on future market demand and our business results.** Risks Relating to Our Relationships with Partners and End Users We rely on a small number of customers for a large share of our revenue. We sell our endpoint ICs directly to inlay and tag OEMs and ODMs. We sell our reader ICs to OEMs and ODMs and our readers and gateways to solution providers, VARs and SIs, all primarily through distribution. If we fail to retain our endpoint IC, reader IC, reader or gateway partners or distributors or fail to establish relationships with new partners, then our business, financial condition or operating results could be harmed. In ~~2023~~ **2024**, sales to **three major customers** tag-OEMs Avery Dennison and Arizon accounted for **60.33% and 11%** of our total revenue, ~~respectively~~. Sales concentration to a small number of OEMs decreases our bargaining power and increases the risk that our pricing or sales could decline based on actions taken by our competitors or our own failure to compete effectively. Our competitors' relationships with, or acquisitions of, these partners or distributors could interfere with our relationships with them. Any such interference could impair or delay our product sales or increase our cost of sales. We engage directly **with** some ~~with~~ end users. Their projects, often involving large purchases of our readers and gateways, are often discrete deployments that can result in significant sales for periods of time. They also increase the volatility of our revenue and operating results. If we are unable to replace project-based revenue with new revenue streams, or if end users with large projects change or delay those projects without ~~giving~~ **providing** us with adequate notice, then our sales could decline from period to period and harm our stock price. Our ability to affect or determine end-user demand is limited in part because we sell and fulfill primarily through partners and rarely directly to end users. End users drive demand for our products but because we sell our products primarily through partners, we are one step removed from those end users and **are** often unable to directly assess and affect their demand. Our partners may choose to prioritize selling our competitors' products over ours, or they may offer products that compete with our products or limit sales of our products. If our partners do not sell enough of our products or if they choose to decrease their inventories of our products, then our sales to those partners and our revenue will decline. Our partners may not properly forecast end users' demand for our products. Our ~~partners may purchase more of our products than they need to satisfy end-user demand, increasing their inventory and reducing our future sales to them. Distributors may, subject to time and quality limitations, return products in exchange for other products. Our reserves~~ **reserve** estimates for products stocked by our distributors are based primarily on reports provided to us by those distributors, typically monthly. If the inventory and resale information our partners and distributors provide is inaccurate, or if we do not receive it in a timely manner, then we may not have a reliable view of products ~~being expected to be~~ sold to end users which could **ultimately have a negatively** ~~negative~~ **negative** impact on our operating results. **If our partners overestimate demand, they may invest in building too much capacity, which would put pricing pressure on the RAIN industry. In the short term, our partners might purchase more of our products than they need, increasing their inventory and reducing our future sales to them, and distributors may, subject to time and quality limitations, seek to return products in exchange for other products. If our partners underestimate demand, we may not be able to satisfy their needs and that of their customers, and adoption might suffer. In either case, our business and operating results could be negatively affected.** Our growth strategy depends in part on the success of strategic relationships with third parties and their continued performance and alignment. We invest in relationships with solution providers, SIs, VARs and software providers whose product and / or solution offerings complement ours and through which we often fulfill our product sales. Our business will be harmed if we fail to develop and grow these partner relationships. For example, our operating results may suffer if our efforts developing partner relationships increase our costs but do not increase revenue. Partner relationships may also include exclusivity provisions, multiple levels of distribution, discounted pricing or investments in other companies. The cost of developing and maintaining these partner relationships may go unrecovered and our efforts may not generate a corresponding revenue increase. Occasionally we also engage directly with end-users, often at their request, to help them develop solutions for challenging use cases. Such direct engagements could cause, or could be perceived to cause, conflicts with partners that could harm our partner relationships and our business, results of operations or financial condition. If we fail to maintain or enhance our brand recognition or reputation on which our business depends, then our business could be harmed. We believe that building our brand and reputation is key to our relationships with partners and end users and our ability to attract new partners and end users. We also believe that our brand and reputation will be increasingly important as market competition increases. Our success depends on a range of factors, including: • continuing to deliver high-quality, innovative and defect-free products; • maintaining high partner and end-user satisfaction; • successfully differentiating our products from those of our competitors; and • managing both positive and negative publicity. **From time to time, Product product** supply shortages have challenged our ability to meet market needs and we have increased prices in response to our suppliers increasing their prices to us. Our inability to supply partners and end users with products they need, and / or our need to increase our prices could result in long-lasting, negative consequences to our relationships with those partners and end users, to RAIN adoption and to our business overall. Increasing attention to environmental, social and governance **and regulatory** matters may cause us to incur additional costs or expose us to additional risks. Investors, governmental and nongovernmental organizations, partners and end users are increasingly focusing on environmental, social

and governance, or ESG, practices. Our ESG practices may not meet their standards, and they as well as advocacy groups may campaign for us to change our business or practices to address their ESG- related concerns. Our failure, or perceived failure, to **adequately** respond to any such campaigns could harm our business and reputation and negatively impact the market price of our securities. Moreover, ~~with the continued evolution of ESG practices and reporting and disclosure requirements,~~ our costs related to those ESG practices and reporting and disclosure requirements could increase, which could negatively affect our operating results. **We are subject to disclosure and reporting requirements for companies that use “ conflict ” minerals mined from the Democratic Republic of Congo and adjoining countries in their products, whether or not these products are manufactured by third parties. These requirements could affect the sourcing and availability of minerals used in manufacturing our products. Additionally, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins of all minerals used in our products through the due diligence procedures that we implement. We may also face challenges with government regulators and our customers and suppliers if we are unable to sufficiently verify that the metals used in our products are conflict free.** Risks Relating to Our Intellectual Property If we are unable to protect **and enforce** our intellectual property then our business could be adversely affected. Our success depends in part upon our ability to obtain, maintain and enforce our patents, copyrights, trade secrets, trademarks and other intellectual property rights and prevent third parties from infringing, misappropriating or circumventing those rights. We have historically focused on filing U. S. patent applications, for many reasons, including the fact that a significant portion of RAIN products are **sold for use** ~~in or imported into~~ the United States. We have only a small number of foreign patents and applications. We also only have registered trademarks and domain names in select countries where we believe filing for such protection is appropriate. By focusing our intellectual property protection on the United States and a small number of foreign countries, we have a limited ability to assert ~~that~~ intellectual property **rights** outside the United States, including in some significant foreign markets such as China **or Europe**. Moreover, the global manufacturing and distribution systems for tags or labels incorporating our endpoint IC products could complicate our efforts to enforce our U. S. patents. **. As we increasingly work with third parties, possibly including parties that compete with us to an extent, to advance our technical innovations and features, we cannot guarantee that our efforts to protect our intellectual property will be completely effective**. We cannot guarantee that: • any of the patents, trademarks, copyrights, trade secrets or other intellectual property rights we presently employ in our business will not lapse or be invalidated, circumvented, challenged or abandoned; • our intellectual property rights will provide competitive advantages to us; • our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes **successfully** ~~will not be limited by our agreements with third parties~~; • any of our pending or future patent applications will issue or have the coverage we originally sought; • our intellectual property rights can or will be enforced, particularly in jurisdictions where competition may be intense or where legal protections may be weak; • we will not lose the ability to assert our intellectual property rights against, or to license our technology to, others and collect royalties or other payments; or • we will retain the right to ask for a royalty- bearing license to an industry standard if we fail to file an intellectual property declaration pursuant to the standards process. Monitoring and addressing unauthorized use of our intellectual property is difficult and costly, and litigation to enforce our intellectual property rights is time consuming, distracting, expensive and uncertain. Our failure to identify unauthorized use of, or otherwise adequately protect, **our** intellectual property could adversely affect our business. We ~~are~~ **have been** and may **continue to in the future** be party to intellectual property disputes which could be time consuming and costly to prosecute, defend or settle, result in the loss of significant rights, and adversely affect RAIN adoption or adoption of our products or platform. ~~We are engaged in several patent infringement lawsuits against certain affiliates of NXP Semiconductors N. V. For further information regarding this litigation, please refer to Note 12 of our consolidated financial statements included elsewhere in this report. Our litigation with NXP, including any appeals, has contributed, and may continue to contribute, to increased legal expenses, and demands on our management team’s time, and could negatively impact our relationships with partners or end users. While we have obtained favorable jury verdicts in prosecuting our patent infringement claims against NXP in California and Texas and in defending against NXP’s patent infringement claims against us in Washington and Texas, post- trial rulings have limited some of the verdicts and all such verdicts remain subject to appeal. Moreover, these verdicts provide no assurance regarding the results of our other ongoing litigation involving NXP. If we are unsuccessful in prosecuting our patent infringement claims against NXP or in defending ourselves against NXP’s counterclaims, or to the extent we cannot maintain the validity and enforceability of our patents, then we could see a material adverse effect on our business, results of operations or financial condition. Patent litigation is complex and uncertain. We may or may not prevail in patent- related proceedings and~~ **such proceedings may result in increased legal expenses, additional demands on our management's time and attention, and negative effects on our relationships with partners or end users. If any pending or future proceedings result in an adverse outcome,** our intellectual property **rights** could be weakened. ~~If any pending or future proceedings result in an and adverse outcome then we could be required to:~~ • cease manufacturing, using or selling the infringing products, processes or technology; • pay substantial damages for infringement; • expend significant resources to develop noninfringing products, processes or technology; • license technology from the party claiming infringement, which license may not be available on commercially reasonable terms or at all; • cross- license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or • pay substantial damages to our partners or end users for them to discontinue using, or replace, infringing products with ~~non- infringing~~ **noninfringing** products. Even if we do prevail in patent- related proceedings, verdicts and judgments can be modified or even reversed by trial or appellate courts. **. License agreements entered in settlement of patent litigation, particularly any entered into with our competition, may not be as effective over the long term in providing us with all the benefits we bargained for when we entered into them**. Many companies in our industry, as well as nonpracticing entities, hold patents and other intellectual property rights and may pursue, protect and enforce those intellectual property rights. We receive invitations to license patent and other intellectual property rights to technologies that could be

important to our business. We also receive assertions against us, our partners and end users claiming we or they infringe patent or other intellectual property rights. If we decline to accept an invitation to license or to refute an asserted claim, then the offering or claiming party may pursue litigation against us. Intellectual property disputes have adversely affected RAIN adoption in the past. **As one example, and could disrupt growth prospects in the future. In** 2011, Round Rock Research filed lawsuits against 11 end users, including Walmart and Macy's, for RAIN-related patent infringement. Despite the subsequent availability of an industry-wide license, we believe those lawsuits adversely affected demand for our products from 2011 to 2019. **The last of Subsequent litigation, including our patent litigation against NXP between 2019 and early 2024, may not have had as pronounced effects on demand as the licensed-Round Rock litigation patents expired in 2019. However, we but could have dampened RAIN growth particularly in categories beyond those where RAIN is already established such as retail apparel. We**, our partners, suppliers or end users could **continue to** be involved in **similar intellectual property** disputes in the future which could adversely affect our operating results and growth prospects. Many of our agreements require us to indemnify and defend partners and end users from third-party infringement claims and pay damages in the case of adverse rulings. These damages could be sizable and disproportionate to the business we derive from those partners or end users. Moreover, we may not know whether we are infringing a third party's **intellectual property** rights due to the large number of RAIN-related patents or to other systemic factors. For example, patent applications in the United States are maintained in confidence for up to 18 months after filing or, in some instances, for the entire time prior to patent issuance. Consequently, we may not be able to account for such rights until after a patent issues. Intellectual property policies of industry standards organizations in whose working groups we participate could require us to provide royalty-free licenses of some **of to** our intellectual property. When participating in GS1, ISO, RAIN and other industry-standards organizations, it is a general policy that those who participate in developing a protocol or standard must license, either royalty-free or under reasonable and nondiscriminatory, or RAND, terms, intellectual property that is necessary to implement all or part of the protocol or standard. The standards body may require that the license be granted to members, as in the case of GS1, or to all parties, as in the case of ISO, that implement the protocol or standard. As a participant in developing GS1 EPCglobal UHF Gen2, UHF Gen2 V2, **UHF Gen2 V3**, tag data standards, low-level reader protocol and other GS1 EPCglobal protocols, we agreed to license to other GS1 EPCglobal members, on a royalty-free basis, those of our patents necessary to practice those protocols, subject to us receiving reciprocal royalty-free rights from the other GS1 EPCglobal member practicing the protocol. As a participant in developing ISO standards, we agreed to license on a RAND basis those of our patents necessary to practice those standards, subject to us receiving a reciprocal RAND license from the other entity practicing the standard. Although the policies themselves seek to advance protocol or standards development, disputes can arise because it may not be clear whether certain intellectual property is necessary to practice a protocol or standard. Such uncertainty could complicate us asserting our not-necessary patents against others, or to use those patents in our own defense, thereby devaluing our intellectual property. Further, some GS1 EPCglobal members declined to license their intellectual property on royalty-free terms, instead retaining the right to license their technology on RAND terms. These members may choose to assert their intellectual property, in which case we will need to defend ourselves within the confines of the GS1 and ISO intellectual property policies. We rely on third-party license agreements which, if impaired or terminated, could cause production or shipment delays that could harm our business. We have license agreements with third parties for patents, software and technology we use in our operations and in our products. For example, we license tools from design-automation software vendors to design our silicon ICs. Third-party licenses for patents, software and other technology important to our business may not continue to be available on commercially reasonable terms or may not be available at all. Loss of any such licenses could cause manufacturing interruptions or delays or reductions in product shipments until we can develop, license, integrate and deploy alternative technologies **which**, if even possible, **which** could harm our business and operating results. Our use of open-source software may expose us to additional risks and weaken our intellectual property rights. Our products, processes and technology sometimes use or incorporate software that is subject to an open-source license. Certain open-source licenses require a user who intends to distribute the open-source software as a component of the user's software to disclose publicly part or all of the user's source code. In addition, certain open-source software licenses require the user of such software to make derivative works of the open-source software available to others at low or no cost. Open-source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of their code, opening us to business risks that could materially harm our operating results. We cannot guarantee that we have incorporated open-source software in a manner that is consistent with our policies and procedures relative to such open-source software, or in a manner that will not subject us to liability. Risks Relating to Privacy and Cybersecurity Privacy and security concerns relating to RAIN could damage our reputation and deter current or potential customers from using our products. Privacy advocates and others have raised **,** and may continue raising **,** concerns about RAIN compromising consumer privacy or facilitating theft. These concerns include unauthorized parties potentially collecting personal information or personal data, tracking consumers, stealing identities or causing other issues relating to privacy or data protection. Any such incident could cause our or our partners' or end users' operations to be disrupted and subject **any of us or them** to regulatory investigations or proceedings and claims, demands or litigation **;** **consequently** **Consequently**, we could face potential liability and significant costs and expenses to remediate or otherwise respond to the incident. Any failure or perceived failure to comply with any privacy- or security-related laws, regulations or contractual or other obligations to which we are or may be subject may result in regulatory actions, claims or litigation; legal and other costs; substantial time and resources; and fines, penalties or other liabilities. Any actions or concerns about security and privacy may be expensive to defend, cause us to expend substantial time and resources and damage our reputation and operating results **and /** or negatively impact overall RAIN industry development, even if unfounded. We cannot be sure that any limitation-of-liability provisions in our agreements with customers, contracts with third-party vendors and service providers or other contracts **are enforceable or adequate or** will protect us from **any** liabilities or damages against claims relating to a security breach or other privacy- or

security- related issue. Government regulations and guidelines and other standards relating to consumer privacy and cybersecurity may adversely impact adoption of our products, require us to make design changes or constrain our ability to implement new and desired product features, and actual or alleged violations of laws relating to privacy or cyber security may result in claims, proceedings and liability. Our partners and end users are subject to laws and regulations related to collecting, storing, transmitting and using personal information and personal data, as well as to additional laws and regulations that address privacy and cybersecurity related to RFID in general. Because RAIN is a type of RFID, we believe these laws and regulations apply to RAIN. The European Commission, or the EC, has issued guidance to address privacy concerns about RFID. In May 2009, the EC issued a recommendation that retailers in the EU inform their customers when RFID tags are either on or embedded within products. In April 2011, the EC signed a voluntary agreement with private and public entities to develop privacy guidelines for companies using RFID in the EU. Whereas compliance is voluntary, our partners and end users that do business in the EU prefer products that comply with the guidelines. If our products do not comply or enable compliance with the guidelines, then our business may suffer. More generally, the data security and privacy legislative and regulatory landscape in the United States, EU and other jurisdictions continues evolving. Aspects of key privacy laws and regulations — including the California Consumer Privacy Act of 2018, the California Privacy Rights Act, similar privacy laws enacted in other states and the EU General Data Protection Regulation — remain unclear as of the date of this report and continue evolving, potentially with far- reaching implications. Laws and regulations relating to privacy, data protection and security; related industry standards and guidelines; and continued evolution of these laws, regulations, standards, guidelines and other actual and asserted obligations, as well as their interpretation and enforcement, may require us to modify our products, practices and policies, which we may not be able to do on commercially reasonable terms or at all, and otherwise could cause us to incur substantial costs and expenses. Any failure or perceived failure by us or any third parties with which we do business to comply with these laws and regulations or other actual or asserted obligations **relating to privacy, data protection or security** may result in claims or litigation; actions against us by governmental entities; legal and other costs; substantial time and resources and fines, penalties or other liabilities. Any such actions may be expensive to defend, may incur substantial legal and other costs and substantial time and resources and likely would damage our reputation and adversely affect our business, financial condition and results of operations. Additionally, if we fail to develop products that meet end- user privacy requirements, then end users may choose not to use our products. **The RAIN radio** ~~Although the Gen2 V2- protocol includes features for addressing consumer privacy and authenticating- authentication a tag, and although we have incorporated custom- additional features in our products to that~~ further protect consumer privacy. **Nevertheless**, a third party ~~may- could~~ still breach these features **and, if such breach occurs including as implemented in our products, in which case** our reputation could be damaged and our business and prospects could suffer. A breach of security or other security incident impacting our systems or others used in our business could have an adverse effect on our business. We face risks of security breaches and incidents from a variety of sources including viruses, ransomware, hacking, malicious code, supply- chain attacks as well as social engineering or other employee or contractor negligence, malfeasance or unintentional acts. Accidental or willful security breaches or incidents, or unauthorized access to our facilities or information systems, or to others used in our business, could compromise the security of those facilities or information systems and the confidentiality, integrity and availability of confidential, personal or proprietary information. These risks may be heightened in connection with geopolitical tensions and events. The consequences of loss, unavailability, misuse, corruption or other unauthorized processing of confidential, personal or proprietary information could include, among other things, unfavorable publicity, reputational damage, difficulty marketing or selling our products, customer allegations of breach of contract, loss or theft of intellectual property, claims and litigation, governmental and regulatory investigations and other proceedings and fines, penalties and other damages and liabilities. Any of these consequences could have a material adverse effect on our business, financial condition, reputation and business relationships. We rely on third- party services to store and process data on our behalf, and on third- party security systems in a variety of applications. Our platform operates in conjunction with, and depends on, third- party products, services and components for security. The cybersecurity threat environment continues evolving, especially with heightened activity by state- sponsored actors. If we, our platform, or any of the third parties on which we rely suffers or is believed to have suffered a security breach or incident, vulnerability, error, ransomware or malicious event, then we could face increased costs, claims, liability, reduced revenue and harm to our reputation. We devote resources to detect and prevent security breaches and other security- related incidents. In the event of an actual or perceived security breach or incident we may need to expend significant resources to mitigate, notify third parties of, and otherwise address the breach or incident, its root cause and take steps to prevent further breaches or incidents. Our insurance may not adequately cover claims relating to an actual or perceived security breach or incident and any breach or incident may increase our insurance costs as well as reduce or eliminate the future availability of such insurance, harming our business and reputation.

Risks Relating to Our Financial Position and Capital Needs We have a history of losses and have only achieved profitability ~~intermittently~~ **periodically**. We cannot be certain that we will attain or sustain profitability in the future. ~~We~~ **Until 2024, we** have incurred losses **each year** since our inception in 2000. ~~Whereas we were profitable between 2013 and 2015, we had a net loss of \$ 43. 4 million for the year ended December 31, 2023, and an accumulated deficit of \$ 430. 2 million as of December 31, 2023.~~ Our ability to attain or sustain profitability depends on numerous factors, many of which are out of our control, including continued RAIN industry adoption and us maintaining or growing our market share. Our costs to support operations, product development and business and personnel expansion in sales, engineering and marketing are significant and are likely to increase as we invest to grow the market and our share of it, reduce our costs and improve our operations. If we fail to increase our revenue or manage our expenses, or if our investments in growing the market or our share of it fail, then we may not attain or sustain profitability. We have a history of significant fluctuations in our quarterly and annual operating results. Our history shows significant sales volatility and a limited ability to forecast sales. We anticipate that, for the foreseeable future, our visibility to future sales, including volumes and prices, will continue to be limited. That limited visibility may cause fluctuations

in our operating results and differences between actual and expected quarterly or annual operating results. Many factors, some outside our control, may cause or contribute to fluctuations in our quarterly and annual operating results. These fluctuations make financial planning and forecasting difficult. These fluctuations may also cause unanticipated decreases in our available cash, which could negatively affect our business and prospects. Material factors that contribute to fluctuations in our operating results include: • macroeconomic conditions, including inflation, recession or economic slowdown, and their impact on our business and that of our suppliers, partners and end users; • fluctuations or delays in RAIN adoption and deployment by end users; • changes in the pace or direction of major deployments, whether due to macroeconomic conditions or enterprise- specific events or circumstances, and our, or our partners', ability to win business from these deployments; • fluctuations in demand for our products or platform, including by tag OEMs and other significant partners and end users on whom we rely for a substantial portion of our revenue; • fluctuations in the pricing and availability or supply of our products or key elements or components of those products, especially semiconductor wafers; • degradations in product quality, whether due to us or our suppliers, including quality claims or product returns; • delays in new- product introductions and in the maturity of our new- product technologies; • decreases in selling prices for our products; • delays in our product- shipment timing, customer or end- user sales or deployment cycles, or work performed under development contracts; • intellectual property disputes involving us, our partners, end users or other participants in our industry, **or the timing of license payments for our intellectual property**; • adverse outcomes of litigation or governmental proceedings; • timing variability in product introductions, enhancements, services and technologies by us and our competitors as well as market acceptance of new or enhanced products, services and technologies; • unanticipated excess or obsolete inventory as a result of significant demand fluctuations, supply- chain mismanagement, new- product introduction, quality issues or otherwise; • changes in the amount and timing of our operating costs, including those related to expanding our business, operations and infrastructure; • changes in business cycles or seasonal fluctuations that affect the markets in which we sell; • changes in industry standards or specifications, or changes in government regulations, relating to our products or our platform; • late, delayed or cancelled payments from our partners or end users; and • unanticipated impairment of long- lived assets and goodwill. A substantial portion of our operating expenses are fixed in the short term, and as a result, fluctuations in revenue or unanticipated expenses can have a material and immediate impact on our profitability and negatively affect our operating results, which could cause the price of our common stock to decline. We may need to raise additional capital, which may not be available on favorable terms or at all. In the future, we may need to raise additional capital, including pursuant to shelf registration statements we may file from time to time with the SEC, potentially diluting our stockholders, restricting our operations or otherwise adversely affecting our business. Debt financing, if available, may include covenants limiting or restricting our ability to take specific actions such as incurring additional debt, expending capital or declaring dividends, or may impose financial covenants that limit our ability to achieve our business objectives. Our management has broad discretion in how to invest and spend our cash and cash equivalents and the proceeds from financings, including on capital expenditures, product development, working capital and other general corporate purposes. We may spend our cash and cash equivalents in ways that our stockholders may not agree with or that do not yield favorable returns. If we need additional capital but cannot raise it on acceptable terms, if at all, then we may not be able to meet our business objectives, financial obligations or both. If we raise additional capital but do not deploy it effectively then our business, financial condition, results of operations and prospects could be harmed and the market price of our common stock could suffer.

Risks Relating to U. S. Federal Income Tax

Our ability to use net operating losses and research and development credits to offset future taxable income and income taxes may be limited. As of December 31, ~~2023~~ **2024**, we had federal U. S. net operating loss carryforwards, or NOLs, of \$ ~~230~~ **190.53** million and U. S. federal research and development credit carryforwards of \$ ~~30.38~~ **5.7** million, which we may use to reduce future taxable income or income taxes. We have established a valuation allowance against the carrying value of these deferred tax assets. The U. S. federal NOLs and U. S. federal research and development credit carryforwards began expiring in 2020. Under Sections 382 and 383 of the U. S. Internal Revenue Code, or the Code, a corporation that experiences a more- than 50 % ownership change by one or more stockholders or groups of stockholders who own at least 5 % of a company' s stock over a three- year testing period is limited in its ability to use its pre- change NOLs and other tax assets to offset future taxable income or income taxes. If we undergo a future ownership change then our ability to use our NOLs and credit carryforwards could be limited by Sections 382 and 383 of the Code. Our NOLs may also be limited under state law. As a result of these limitations, we may not be able to utilize a material portion of, or possibly any of, our NOLs and / or credit carryforwards to reduce future taxable income or income taxes. We could be subject to additional income tax liabilities. We are subject to income taxes in the United States and certain foreign jurisdictions. During the ordinary course of business, we use significant judgment in evaluating our worldwide income –tax obligations and we conduct many transactions for which the ultimate tax determination is uncertain. Although we believe our tax determinations are proper, the final determination of any tax audits and any possible litigation could be materially different from our historical income –tax provisions and accruals. The results of an audit or litigation could have a material effect on our operating results or cash flows in the period or periods for which that determination is made. Changes in tax laws could have a material adverse effect on our business, cash flow, results of operations or financial conditions. We are subject to tax laws, regulations and policies of several taxing jurisdictions. Changes in tax laws, as well as other factors, could cause us to experience fluctuations in our tax obligations and effective tax rates and otherwise adversely affect our tax positions and results of our operations. For example, in August 2022, as part of the Inflation Reduction Act of 2022, the United States enacted a 1 % excise tax on stock buybacks and a 15 % alternative minimum tax on adjusted financial statement income. Additionally, beginning in 2022, the Code eliminated the right to deduct research and development expenditures and instead requires taxpayers to capitalize and amortize U. S. and foreign research and development expenditures over five and 15 tax years, respectively. We have accounted for these changes in accordance with our understanding of the guidance available as of the date of this filing and as described in more detail in our financial statements. The CHIPS and Science Act, enacted August 9, 2022, provides tax credits for semiconductor manufacturing activities within the United States,

but because we outsource our semiconductor manufacturing we do not expect to be entitled to these tax credits. Many countries, as well as organizations such as the Organization for Economic Cooperation and Development, have **implemented or** proposed changes to existing tax laws, including a **proposed** 15 % global minimum tax. Any of these developments or changes in U. S. federal, state or international tax laws or tax rulings could adversely affect our effective tax rate and our operating results. There can be no assurance that our effective tax rates, tax payments or tax credits and incentives will not be adversely affected by these or other developments or changes in law. Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value- added or similar taxes. We do not collect sales and use, value- added or similar taxes in all jurisdictions in which we have sales, based on our belief that such taxes are either not applicable or an exemption from such taxes applies. Certain jurisdictions may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future, including as a result of a change in law. Such tax assessments, penalties and interest or future requirements may negatively affect our operating results. Risks Relating to Our Financial Reporting and Disclosure Any failure to maintain an effective system of disclosure and internal controls over financial reporting, or our ability to produce timely and accurate financial statements, could adversely affect investor confidence in us. As a public company, we must maintain effective disclosure controls and procedures and internal control over financial reporting. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. Any failure to implement and maintain effective disclosure controls and procedures and internal control over financial reporting, including identifying material weaknesses, could cause investors to lose confidence in the accuracy and completeness of our financial statements and reports, which could adversely affect the market price of our common stock. We could also be subject to sanctions or investigations by The Nasdaq Stock Market, the SEC and other regulatory authorities. Risks Relating to Owning or Trading Our Securities The market price of our common stock has been and will likely continue to be volatile, and the value of your investment could decline significantly. The trading price of our common stock has fluctuated and is likely to continue to fluctuate substantially. The following factors, in addition to general risks and other risks described in this report, may have a material effect on the trading price of our common stock: • price and volume fluctuations in the overall stock market; • changes in operating performance, stock market valuations and volatility in the market prices of other technology companies generally, and of those in our industry in particular; • actual or anticipated quarterly variations in our results of operations or those of our competitors; • actual or anticipated changes in our growth rate relative to our competitors; • delays in end- user deployments of RAIN solutions; • announcements by us or our competitors of acquisitions, new products, significant contracts, commercial relationships or capital commitments; • supply interruptions, including semiconductor wafer or other product or component shortfalls; • developments relating to intellectual property rights or in disputes relating to those rights; • our ability to develop and market new and enhanced products on a timely basis; • commencement of, or our involvement in, litigation; • changes in our board of directors or management; • changes in governmental regulations or in the status of our regulatory approvals; • unstable political and economic conditions, including instability resulting from wars and other armed conflicts, such as those in Ukraine and the Gaza Strip, or geopolitical tensions, such as those between the **United States U. S.**, China and Taiwan; • the trading volume of our stock; • actual or perceived security breaches or incidents; • limited public float; • any future sales of our common stock or other securities; • financial analysts dropping or reducing their coverage of us; changes in financial estimates by analysts who do cover us; or our failure to meet analyst estimates or investor expectations; • fluctuations in the values of companies that investors perceive to be comparable to us; • the financial projections we may provide to the public, as well as any changes in those projections or our failure to meet those projections; and • general economic conditions and slow or negative growth in the markets in which we operate. Technology stocks like ours have experienced extreme price and volume fluctuations, often unrelated or disproportionate to the company’ s underlying operating performance. Stock price volatility can cause stockholders to institute securities class- action litigation or stockholder derivative litigation, as occurred to us between 2018 and 2020. If any of our stockholders were to sue us, the defense and disposition of the lawsuit could be costly and divert the time and attention of our management, harm our operating results and negatively impact the trading price of our common stock. Transactions relating to the 2021 Notes may affect our stock’ s value. If the 2021 Notes are converted by holders, then we are entitled to deliver cash, stock or any combination of cash or stock, at our election. If we elect to deliver stock, the ownership interests of our existing stockholders will be diluted, and public market sales of stock issued upon a conversion could decrease our stock price. Anticipated future conversions of the 2021 Notes into stock could also decrease our stock price, as could short selling by holders of the 2021 Notes to hedge their positions. In December 2019, we issued the 2019 Notes. When we did so, we entered into privately negotiated capped- call transactions with financial counterparties to mitigate the dilutive impact on the Company above a given stock price. We left those capped- call transactions intact after we acquired the remainder of the outstanding 2019 Notes in June 2022. From time to time, the financial counterparties to the capped calls may modify their hedge positions by entering into or unwinding various derivative transactions involving our stock or by purchasing or selling our stock or other securities of ours in secondary market transactions prior to the maturity of the capped calls. This activity could cause a decrease in our stock price. For more information on the 2019 Notes, the 2021 Notes and the capped- call transactions, see Note 8 of our consolidated financial statements included elsewhere in this report. Our principal stockholders and management own a significant percentage of our stock and are able to exercise significant influence over matters subject to stockholder approval. As of December 31, ~~2023~~ **2024**, our executive officers, directors and principal stockholders, together with their respective affiliates, beneficially owned approximately ~~55-51~~ **73** % of our stock. As a result, our executive officers, directors and principal stockholders may be able to significantly influence, in their capacity as stockholders, matters requiring approval by our stockholders, including electing directors and approving mergers, acquisitions or other transactions. They may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This ownership concentration could have the effect of delaying or preventing a change in our control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could have a material adverse effect on our stock price.

This ownership concentration could also prevent attempts by our stockholders to replace or remove our board of directors or management. We may not have sufficient cash flow or access to cash necessary to satisfy our obligations under the 2021 Notes, and our current and future indebtedness may restrict our business. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance any current or future indebtedness, including the 2021 Notes, or to make cash payments in connection with any conversion of the 2021 Notes or upon any fundamental change if holders require us to repurchase their 2021 Notes for cash, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient future cash from operations to service our indebtedness and make necessary capital expenditures. If we are unable to generate sufficient cash flow, then we may be required to pursue other alternatives, such as selling assets, restructuring indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any of our indebtedness, including the 2021 Notes, will depend on the capital markets and our financial condition at that time. We may not be able to pursue these alternatives on favorable terms or at all, which could result in us defaulting on our debt obligations. Our existing and future indebtedness could have important consequences to our stockholders and significant effects on our business. For example, it could: • make it more difficult for us to satisfy our debt obligations, including the 2021 Notes; • increase our vulnerability to general adverse economic and industry conditions; • require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the cash available to run our business; • limit our flexibility in planning for, or reacting to, changes in our business or in our industry; • restrict us from exploiting business opportunities; • place us at a competitive disadvantage compared to our competitors that have less indebtedness; and • limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, executing our business strategy or for other purposes. Anti-takeover provisions in our charter documents and under Delaware or Washington law could prevent, delay or impede an acquisition of us and constrain our stock price. Provisions of our certificate of incorporation and our bylaws may delay or discourage transactions involving an actual or potential change in our control or in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. These provisions could, therefore, adversely affect our stock price. Among other things, our certificate of incorporation and bylaws: • permit our board of directors to issue up to 5,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate; • provide that the authorized number of directors may be changed only by resolution of the board of directors; • provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum; • restrict the forum for certain litigation against us to Delaware; • require that any action taken by our stockholders be effected at a duly called annual or special meeting of stockholders and not by written consent; • provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner, and also specify requirements as to the form and content of a stockholder's notice; • do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of common stock entitled to vote in any uncontested election of directors to elect all of the directors standing for election, if they should so choose); and • provide that special meetings of our stockholders may be called only by the chair of the board, our chief executive officer or the board of directors. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder. Likewise, because our principal executive offices are located in Washington, the anti-takeover provisions of the Washington Business Corporation Act may apply to us under certain circumstances now or in the future. These provisions prohibit a "target corporation" from engaging in any of a broad range of business combinations with any stockholder constituting an "acquiring person" for a period of five years following the date on which the stockholder became an "acquiring person." Our bylaws include provisions that could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our bylaws provide that, unless we otherwise consent in writing, the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The choice of forum provision may limit stockholders' ability to bring a claim in a judicial forum favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.