

InterDigital, Inc.
Financial Metrics
Unaudited (amounts in millions, except per share data)
Posted: August 3, 2023



	2021					2022					2023		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenues:													
Smartphone													
Recurring	\$ 70.6	\$ 69.0	\$ 84.2	\$ 91.4	\$ 315.2	\$ 87.7	\$ 87.5	\$ 87.2	\$ 88.7	\$ 351.1	\$ 87.4	\$ 85.1	\$ 172.5
Catch-up	0.5	0.6	30.0	5.9	37.0	1.7	-	0.4	-	2.1	98.8	3.5	102.3
Total Smartphone revenues	71.1	69.6	114.2	97.3	352.2	89.4	87.5	87.6	88.7	353.2	186.2	88.6	274.8
CE, IoT/Auto													
Recurring	5.8	7.6	8.5	9.8	31.7	11.2	11.9	13.9	14.7	51.7	14.1	13.4	27.5
Catch-up	3.3	9.0	20.1	4.3	36.7	0.5	24.6	13.3	13.5	51.8	2.0	(1.0)	1.0
Total CE, IoT/Auto revenues	9.1	16.6	28.6	14.1	68.4	11.7	36.5	27.2	28.2	103.5	16.1	12.4	28.5
Other	2.2	1.5	0.7	0.4	4.9	0.2	0.7	-	0.2	1.1	0.1	0.6	0.6
Total revenues	\$ 82.4	\$ 87.7	\$ 143.5	\$ 111.8	\$ 425.4	\$ 101.3	\$ 124.7	\$ 114.8	\$ 117.1	\$ 457.8	\$ 202.4	\$ 101.6	\$ 304.0
Recurring revenues	\$ 78.6	\$ 78.1	\$ 93.4	\$ 101.6	\$ 351.7	\$ 99.1	\$ 100.1	\$ 101.1	\$ 103.6	\$ 403.9	\$ 101.6	\$ 99.1	\$ 200.6
Catch-up revenues	\$ 3.8	\$ 9.6	\$ 50.1	\$ 10.2	\$ 73.7	\$ 2.2	\$ 24.6	\$ 13.7	\$ 13.5	\$ 53.9	\$ 100.8	\$ 2.5	\$ 103.3
Fixed-fee revenues as a % of recurring revenues	88 %	89 %	90 %	90 %	89 %	91 %	92 %	91 %	87 %	90 %	89 %	90 %	89 %
Revenue Concentrations > 10%													
Customer A	34%	32%	19%	31%	28%	35%	28%	30%	29%	30%	17%	33%	22%
Customer B	24%	22%	14%	18%	18%	19%	16%	17%	17%	17%		19%	13%
Customer C			31%	13%	14%	15%	12%	13%	13%	13%		15%	
Customer D	13%	13%		10%	10%	11%		10%				11%	
Customer E							14%						
Customer F											50%		34%
Customer G		12%											
Customer H			15%										
Cash vs. Non-Cash Revenue:													
Cash receipts	\$ 58.0	\$ 20.8	\$ 150.8	\$ 138.6	\$ 368.2	\$ 52.4	\$ 20.0	\$ 33.1	\$ 404.4	\$ 509.8	\$ 44.6	\$ 20.6	\$ 65.2
Change in deferred revenue	23.4	63.2	(150.7)	80.9	16.8	50.7	77.0	(274.0)	60.9	(85.4)	42.8	38.6	81.4
Change in receivables	(3.5)	(0.5)	129.7	(110.5)	15.2	(7.5)	25.2	354.2	(349.9)	22.1	90.9	92.8	183.6
Other	4.5	4.2	13.8	2.9	25.2	5.7	2.6	1.5	1.7	11.3	24.1	(50.4)	(26.3)
Total revenues	\$ 82.4	\$ 87.7	\$ 143.5	\$ 111.8	\$ 425.4	\$ 101.3	\$ 124.7	\$ 114.8	\$ 117.1	\$ 457.8	\$ 202.4	\$ 101.6	\$ 304.0
Operating Expenses:													
Research and portfolio development	\$ 49.3	\$ 50.1	\$ 52.4	\$ 48.7	\$ 200.5	\$ 44.2	\$ 45.2	\$ 50.1	\$ 45.7	\$ 185.2	\$ 49.4	\$ 49.9	\$ 99.3
Licensing	9.9	12.7	26.3	15.7	64.6	15.5	17.3	18.4	20.2	71.4	21.4	16.6	38.0
General and administrative	11.2	14.8	21.0	14.2	61.2	10.9	9.5	14.4	12.6	47.4	12.3	11.7	24.0
Restructuring activities	-	13.2	7.0	7.6	27.9	0.5	2.7	-	-	3.3	-	-	-
Total Operating Expenses	\$ 70.4	\$ 90.9	\$ 106.7	\$ 86.2	\$ 354.2	\$ 71.1	\$ 74.8	\$ 82.9	\$ 78.5	\$ 307.3	\$ 83.1	\$ 78.2	\$ 161.3
Other Income Statement Data:													
Income from operations	\$ 12.0	\$ (3.1)	\$ 36.8	\$ 25.6	\$ 71.2	\$ 30.2	\$ 49.9	\$ 31.8	\$ 38.6	\$ 150.5	\$ 119.3	\$ 23.4	\$ 142.6
Other income (expense) & interest expense	(6.3)	(3.6)	(7.3)	3.6	(13.6)	(6.5)	(21.3)	(6.7)	1.6	(33.0)	1.1	2.2	3.4
Income before income taxes	5.7	(6.8)	29.5	29.1	57.6	23.7	28.6	25.1	40.2	117.6	120.4	25.6	146.0
Income tax provision	(1.8)	-	(4.3)	(9.3)	(15.4)	(6.0)	(8.0)	(3.3)	(8.2)	(25.5)	(16.8)	(4.3)	(21.2)
Net income	4.0	(6.8)	25.2	19.8	42.2	17.7	20.6	21.8	32.0	92.1	103.5	21.3	124.8
Net loss attributable to non-controlling interest	(1.6)	(8.4)	(1.0)	(2.1)	(13.1)	(0.3)	(0.5)	(0.5)	(0.4)	(1.6)	(1.7)	(0.5)	(2.2)
Net income attributable to InterDigital, Inc.	\$ 5.6	\$ 1.6	\$ 26.2	\$ 21.9	\$ 55.3	\$ 18.0	\$ 21.1	\$ 22.2	\$ 32.4	\$ 93.7	\$ 105.3	\$ 21.8	\$ 127.0
<i>Net income attributable to InterDigital, Inc. margin</i>	7%	2%	18%	20%	13%	18%	17%	19%	28%	20%	52%	21%	42%
Net income per common share - diluted	\$ 0.18	\$ 0.05	\$ 0.83	\$ 0.70	\$ 1.77	\$ 0.58	\$ 0.69	\$ 0.74	\$ 1.08	\$ 3.07	\$ 3.58	\$ 0.79	\$ 4.46
Weighted average dilutive shares	31.2	31.2	31.4	31.2	31.3	31.3	30.7	29.9	30.0	30.5	29.4	27.7	28.5

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Other Data:													
Intellectual property enforcement costs	\$ 6.3	\$ 8.0	\$ 10.9	\$ 9.1	\$ 34.3	\$ 10.6	\$ 11.4	\$ 10.9	\$ 11.5	\$ 44.4	\$ 13.9	\$ 9.4	\$ 23.3
Partner reimbursement ¹	\$ (0.3)	\$ -	\$ -	\$ (0.3)	\$ (0.6)	\$ (0.3)	\$ (0.5)	\$ (0.4)	\$ (0.3)	\$ (1.5)	\$ (0.5)	\$ (0.3)	\$ (0.8)
Revenue share	\$ 0.2	\$ 0.5	\$ 10.1	\$ 1.0	\$ 11.9	\$ 0.9	\$ 1.1	\$ 0.5	\$ 2.8	\$ 5.3	\$ 1.1	\$ 0.4	\$ 1.5
Depreciation and amortization	\$ 19.9	\$ 19.7	\$ 19.4	\$ 19.2	\$ 78.2	\$ 19.3	\$ 21.2	\$ 18.7	\$ 19.4	\$ 78.6	\$ 19.5	\$ 19.6	\$ 39.2
Balance Sheet Data:													
Cash & short-term investments	\$ 884.7	\$ 835.9	\$ 900.8	\$ 941.6	\$ 941.6	\$ 899.2	\$ 900.6	\$ 863.4	\$ 1,201.8	\$ 1,201.8	\$ 950.7	\$ 840.7	\$ 840.7
Restricted cash	4.8	1.8	2.4	6.9	6.9	6.8	11.7	9.3	9.7	9.7	12.1	13.3	13.3
Short-term debt	-	-	-	-	-	-	-	-	-	-	-	(125.6)	(125.6)
Long-term debt	(419.4)	(420.6)	(421.4)	(422.7)	(422.7)	(424.1)	(604.2)	(605.9)	(607.1)	(607.1)	(607.9)	(483.9)	(483.9)
Net cash ²	470.1	417.1	481.8	525.8	525.8	481.9	308.1	266.8	604.4	604.4	354.9	244.5	244.5
Accounts receivable	12.5	12.0	141.7	31.1	31.1	23.6	48.8	403.0	53.2	53.2	144.0	236.8	236.8
Deferred revenue	(304.6)	(241.3)	(392.0)	(311.1)	(311.1)	(290.5)	(213.5)	(487.6)	(426.6)	(426.6)	(383.9)	(345.2)	(345.2)
Adjusted Net cash ²	\$ 178.0	\$ 187.8	\$ 231.5	\$ 245.8	\$ 245.8	\$ 215.0	\$ 143.4	\$ 182.2	\$ 231.0	\$ 231.0	\$ 115.0	\$ 136.1	\$ 136.1
Net income attributable to InterDigital, Inc.	\$ 5.6	\$ 1.6	\$ 26.2	\$ 21.9	\$ 55.3	\$ 18.0	\$ 21.1	\$ 22.2	\$ 32.4	\$ 93.7	\$ 105.3	\$ 21.8	\$ 127.0
Add: Net loss attributable to non-controlling interest	(1.6)	(8.4)	(1.0)	(2.1)	(13.1)	(0.3)	(0.5)	(0.5)	(0.4)	(1.6)	(1.7)	(0.5)	(2.2)
Add: Income tax provision	1.8	-	4.3	9.3	15.4	6.0	8.0	3.3	8.2	25.5	16.8	4.3	21.2
Add: Other income (expense) & interest expense	6.3	3.6	7.3	(3.6)	13.6	6.5	21.3	6.7	(1.6)	33.0	(1.1)	(2.2)	(3.4)
Add: Depreciation and amortization	19.9	19.7	19.4	19.2	78.2	19.3	21.2	18.7	19.4	78.6	19.5	19.6	39.2
Add: Share-based compensation	2.2	3.8	15.1	7.7	28.7	5.4	4.0	5.8	6.9	22.1	7.8	8.7	16.5
Add: Other items	-	15.2	7.0	7.6	29.8	0.5	2.7	-	-	3.3	8.2	1.8	10.0
Adjusted EBITDA ³	\$ 34.0	\$ 35.6	\$ 78.3	\$ 60.1	\$ 208.0	\$ 55.4	\$ 77.8	\$ 56.4	\$ 64.9	\$ 254.5	\$ 154.8	\$ 53.6	\$ 208.4
<i>Adjusted EBITDA margin</i> ³	41%	41%	55%	54%	49%	55%	62%	49%	55%	56%	76%	53%	69%
<i>Adjusted EBITDA per share</i> ³	1.09	1.14	2.49	1.93	6.65	1.77	2.53	1.88	2.16	8.35	5.27	1.95	7.35
Net income per common share - diluted	\$ 0.18	\$ 0.05	\$ 0.83	\$ 0.70	\$ 1.77	\$ 0.58	\$ 0.69	\$ 0.74	\$ 1.08	\$ 3.07	\$ 3.58	\$ 0.79	\$ 4.46
Effect of above items	0.91	1.09	1.66	1.23	4.88	1.19	1.84	1.14	1.08	5.28	1.69	1.15	2.85
Dilutive impact of the Convertible Notes	-	-	-	-	-	-	-	-	-	-	-	0.01	0.04
Adjusted EBITDA per share ³	\$ 1.09	\$ 1.14	\$ 2.49	\$ 1.93	\$ 6.65	\$ 1.77	\$ 2.53	\$ 1.88	\$ 2.16	\$ 8.35	\$ 5.27	\$ 1.95	\$ 7.35
Net income attributable to InterDigital, Inc.	\$ 5.6	\$ 1.6	\$ 26.2	\$ 21.9	\$ 55.3	\$ 18.0	\$ 21.1	\$ 22.2	\$ 32.4	\$ 93.7	\$ 105.3	\$ 21.8	\$ 127.0
Add: Share-based compensation	2.2	3.8	15.1	7.7	28.7	5.4	4.0	5.8	6.9	22.1	7.8	8.7	16.5
Add: Acquisition related amortization	10.8	10.8	10.0	10.0	41.6	10.1	10.8	10.8	10.8	42.5	10.3	10.3	20.5
Add: Other items	-	15.2	7.0	7.6	29.8	0.5	2.7	-	-	3.3	8.2	1.8	10.0
Add: Other non-operating items	(1.9)	-	-	(9.0)	(10.9)	-	9.6	-	2.9	12.5	(0.2)	(3.1)	(3.3)
Related income tax and non-controlling interest effect of above items	(2.3)	(13.0)	(6.8)	(3.4)	(25.5)	(3.4)	(5.7)	(3.5)	(4.3)	(16.9)	(6.7)	(3.7)	(10.5)
Adjustments to income taxes	(0.3)	(0.3)	0.3	(2.1)	(2.4)	0.2	(2.5)	-	(0.1)	(2.4)	(1.0)	(0.1)	(1.2)
Non-GAAP net income ⁴	\$ 14.0	\$ 18.1	\$ 51.8	\$ 32.7	\$ 116.7	\$ 30.8	\$ 40.0	\$ 35.4	\$ 48.6	\$ 154.8	\$ 123.6	\$ 35.6	\$ 159.2
Net Income per common share - diluted	\$ 0.18	\$ 0.05	\$ 0.83	\$ 0.70	\$ 1.77	\$ 0.58	\$ 0.69	\$ 0.74	\$ 1.08	\$ 3.07	\$ 3.58	\$ 0.79	\$ 4.46
Effect of above items	0.27	0.53	0.82	0.35	1.96	0.41	0.61	0.44	0.54	2.01	0.63	0.50	1.13
Dilutive impact of the Convertible Notes	-	-	-	-	-	-	-	-	-	-	-	0.01	0.02
Non-GAAP net income per share ⁴	\$ 0.45	\$ 0.58	\$ 1.65	\$ 1.05	\$ 3.73	\$ 0.99	\$ 1.30	\$ 1.18	\$ 1.62	\$ 5.08	\$ 4.21	\$ 1.30	\$ 5.61
Weighted average dilutive shares	31.2	31.2	31.4	31.2	31.3	31.3	30.7	29.9	30.0	30.5	29.4	27.7	28.5
Less: Dilutive impact of the Convertible Notes	-	-	-	-	-	-	-	-	-	-	-	0.3	0.1
Weighted average dilutive shares- Non-GAAP ^{3,4}	31.2	31.2	31.4	31.2	31.3	31.3	30.7	29.9	30.0	30.5	29.4	27.4	28.4

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Cash flow data:													
Net cash provided by (used in) operating activities	\$ (9.8)	\$ (27.3)	\$ 96.3	\$ 71.2	130.4	\$ (18.0)	\$ (33.8)	\$ (18.7)	\$ 356.5	\$ 286.0	\$ (27.9)	\$ (45.4)	\$ (73.3)
Purchases of property and equipment	(0.4)	(0.6)	(0.9)	(0.6)	(2.5)	(0.4)	(0.4)	(0.1)	(2.3)	(3.2)	(1.2)	(1.4)	(2.6)
Capitalized patent costs	(9.6)	(10.6)	(7.9)	(5.3)	(33.4)	(9.9)	(11.4)	(8.9)	(9.3)	(39.6)	(7.3)	(11.6)	(18.9)
Free cash flow⁵	\$ (19.8)	\$ (38.4)	\$ 87.4	\$ 65.3	\$ 94.5	\$ (28.2)	\$ (45.6)	\$ (27.8)	\$ 344.9	\$ 243.3	\$ (36.3)	\$ (58.5)	\$ (94.8)

NOTE: Sums may not equal total due to rounding

NOTE: Certain prior period amounts have been revised for current year presentation

1) Partner reimbursements represent full or partial cost reimbursements, arising from the Technicolor acquisitions, related to specific activities that benefit our partners which are not already included as reductions to our GAAP operating expenses.

2) Net cash and Adjusted net cash are supplemental non-GAAP financial measures that InterDigital believes provides investors with important insight into the company's liquidity sources. InterDigital defines Net cash as cash and cash equivalents plus short-term investments and restricted cash, less long-term debt. InterDigital defines Adjusted net cash as cash and cash equivalents plus short-term investments, restricted cash and accounts receivable, less short-term debt, long-term debt, and deferred revenue. These non-GAAP financial measures used by the company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. A detailed reconciliation to the most directly comparable GAAP financial measure is provided above.

3) Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted EBITDA per share are supplemental non-GAAP financial measures that InterDigital believes provide investors with important insight into the company's ongoing business performance. InterDigital defines Adjusted EBITDA as net income attributable to InterDigital Inc. plus net loss attributable to non-controlling interest, income tax (provision) benefit, other income (expense) & interest expense, depreciation and amortization, share-based compensation, and other items. Other items include restructuring costs, impairment charges and other non-recurring items. Adjusted EBITDA per share is defined as Adjusted EBITDA divided by Non-GAAP weighted average number of common shares outstanding — diluted, which adjusts the weighted average number of common shares outstanding for the dilutive effect of the Convertible Notes, offset by our hedging arrangements. Adjusted EBITDA margin is Adjusted EBITDA over total revenues. These non-GAAP financial measures used by the company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. A reconciliation of each of these metrics to its most directly comparable GAAP financial measure is provided above.

4) Non-GAAP net income, Non-GAAP diluted earnings per share, and Non-GAAP weighted-average diluted shares are supplemental non-GAAP financial measures that InterDigital believes provides investors with important insight into the Company's ongoing business performance. InterDigital defines Non-GAAP net income as net income attributable to InterDigital, Inc. plus share-based compensation, acquisition related amortization, depreciation and amortization, restructuring costs, impairment charges and one-time adjustments, losses on extinguishments of long-term debt, the related income tax effect of the preceding items, and adjustments to income taxes. Non-GAAP diluted earnings per share is defined as Non-GAAP net income divided by Non-GAAP weighted average number of common shares outstanding — diluted, which adjusts the weighted average number of common shares outstanding for the dilutive effect of the Convertible Notes, offset by our hedging arrangements. InterDigital's computation of these non-GAAP financial measures might not be comparable to similarly named measures reported by other companies. The presentation of these financial measures, which are not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. A reconciliation of each of these metrics to its most directly comparable GAAP financial measure is provided above.

5.) Free cash flow is a supplemental non-GAAP financial measure that InterDigital believes is helpful in evaluating the company's ability to invest in its business, make strategic acquisitions and fund share repurchases, among other things. A limitation of the utility of free cash flow as a measure of financial performance is that it does not represent the total increase or decrease in the company's cash balance for the period. InterDigital defines free cash flow as net cash provided by (used in) operating activities less purchases of property and equipment and capitalized patent costs. InterDigital's computation of free cash flow might not be comparable to free cash flow reported by other companies. The presentation of free cash flow, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. A reconciliation of free cash flow to net cash provided by (used in) operating activities, the most directly comparable GAAP financial measure, is provided above.