



# Q4 and Full Year 2022 Earnings

*February 21, 2023*

# Safe Harbor

This presentation contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on information available to Xperi Inc. (the "Company") as of the date hereof, as well as the Company's current expectations, assumptions, estimates and projections that involve risks and uncertainties. In some cases, you can identify forward-looking statements by the words "expect," "anticipate," "intend," "plan," "believe," "could," "seek," "see," "will," "may," "would," "might," "potentially," "estimate," "continue," "expect," "target," similar expressions or the negatives of these words or other comparable terminology that convey uncertainty of future events or outcomes. These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance, or achievements to be materially different from the information expressed or implied by these forward-looking statements. These risks, uncertainties and other factors are described under the captions "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in the documents we file with the Securities and Exchange Commission from time to time. The Company does not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.



## MISSION



WHAT

Xperi invents, develops, and delivers technologies that enable extraordinary experiences

## VISION



WHY

Smarter technology =  
Extraordinary experiences

## SOLUTIONS



WHERE

Pay-TV  
Consumer Electronics  
Connected Car  
Media Platform

## BRANDS



WHO

DTS®  
HD Radio™  
IMAX® Enhanced<sup>1</sup>  
TiVo®

# Q4 2022 Highlights

## Continued execution on Xperi's long-term growth strategy

- Fiscal Q4 revenue of \$136M represents a 9% increase from the year ago period
- Full year 2022 revenue of \$502M represents a 3% increase from the prior year
- Continue to execute on strategic priorities in our key growth initiatives:
  - Media Platform – build out the TiVo OS footprint for future monetization
  - Video over broadband (TiVo IPTV) – capitalize on the high-growth streaming segment
  - Connected Car – own the in-car infotainment experience (DTS AutoStage) and in-cabin safety platform (DTS AutoSense)
- Solid operational execution underpins strong financial performance:
  - TiVo OS integrated into Amlogic chipset, creating an easier path to deploy TiVo's independent media platform
  - Additional contract wins for DTS AutoSense and DTS AutoStage
  - IPTV revenue more than doubles in FY22 on back of strong subscriber growth

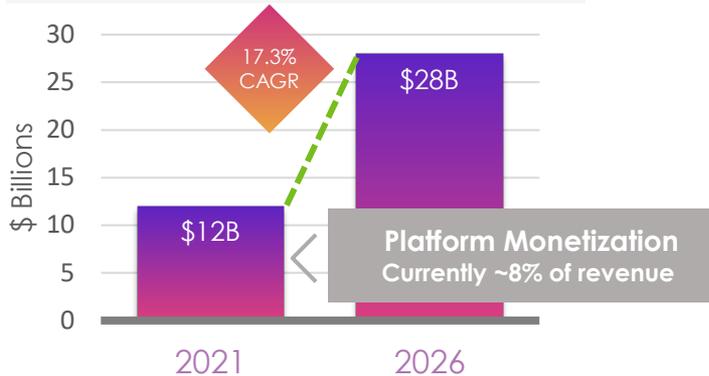
# Markets and Product Lines

	Growth Solutions	Core Solutions
 Pay-TV	Video Over Broadband (IPTV streaming)	Search & Discovery Classic Guides Consumer Hardware Subs
 Consumer Electronics		DTS:X IMAX Enhanced <sup>1</sup> Audio Imaging
 Connected Car	DTS AutoStage (in-car infotainment) DTS AutoSense (in-cabin monitoring)	HD Radio Music Metadata
 Media Platform	TiVo OS (CTV advertising)	

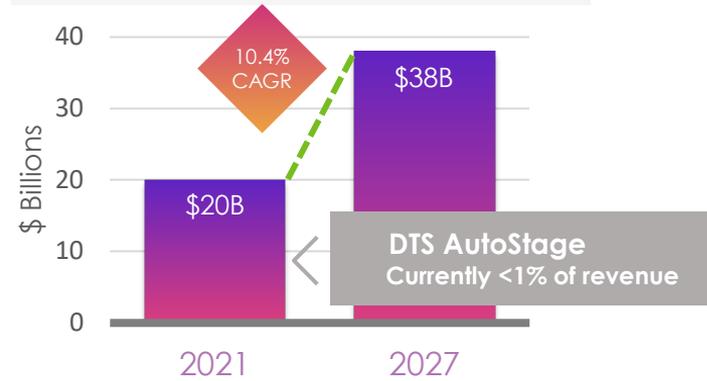
<sup>1</sup> IMAX Enhanced is an IMAX and DTS partnership. IMAX Enhanced is a registered trademark of IMAX.

# We Compete in Four Key Industry Growth Areas

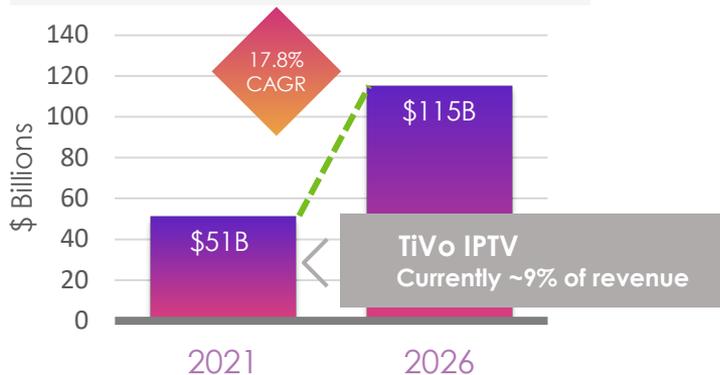
## Connected TV Advertising<sup>1</sup>



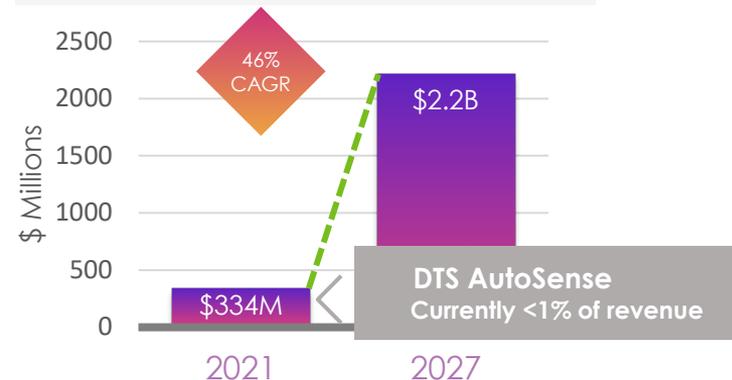
## In-Vehicle Infotainment<sup>2</sup>



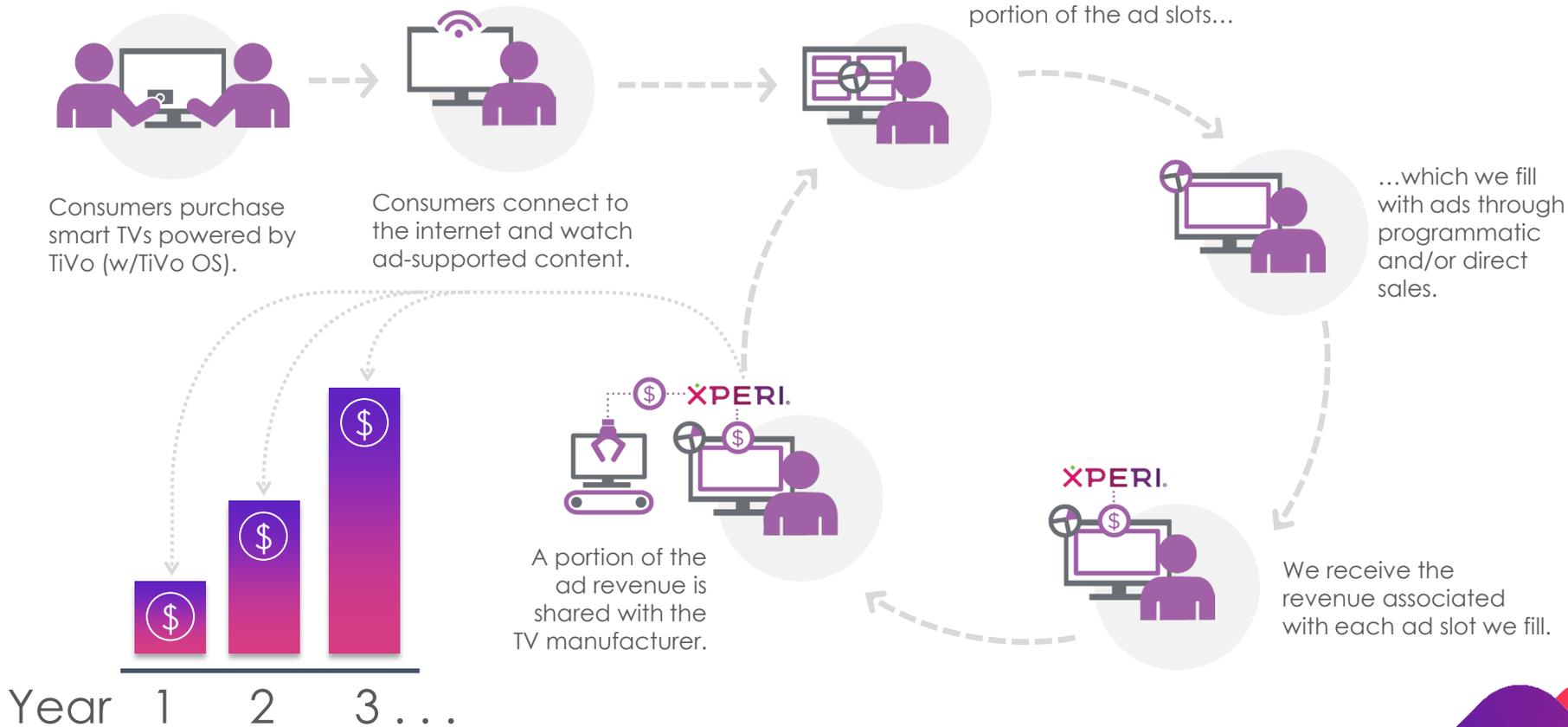
## Global IPTV<sup>2</sup>



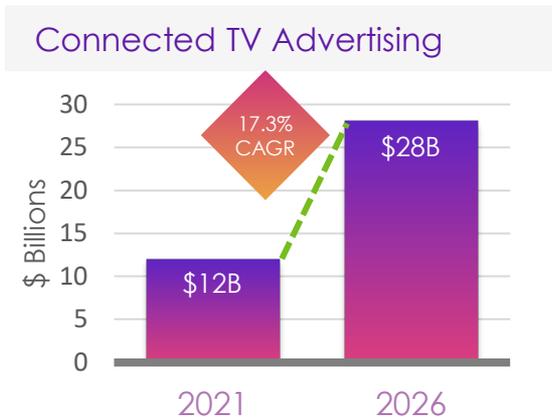
## In-Vehicle Monitoring<sup>3</sup>



# Connected TV Ad Monetization



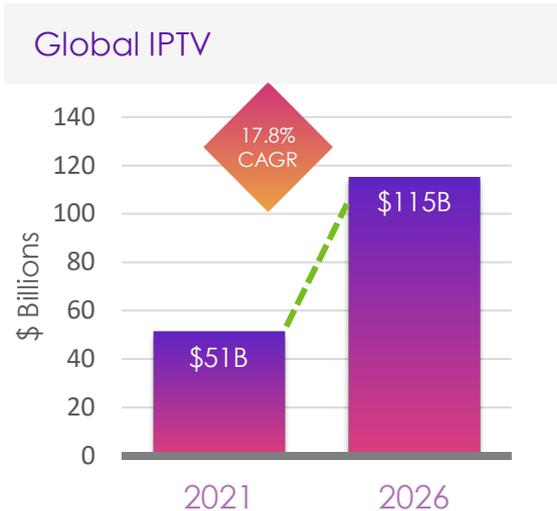
# Connected TV Ad Monetization



Third-party research shows the average household views **~20 hours of ad-supported content per month**, with an average of **16 ads per hour**

We expect to grow our Powered by TiVo Smart TV footprint to 7M units over the next 3 years, which would yield **a revenue run-rate of ~\$140M/year**

# IPTV – Streaming Video over Broadband



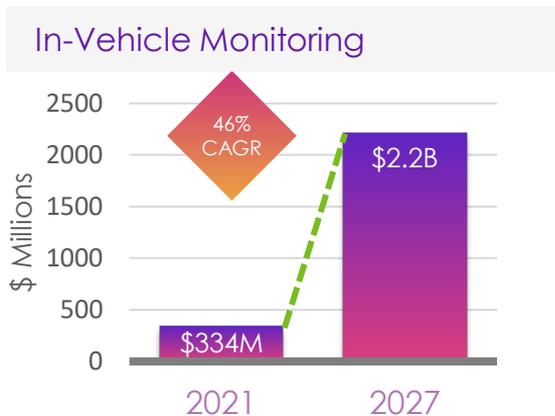
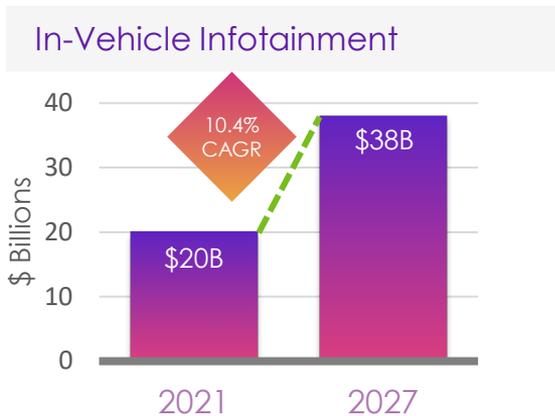
We offer a best-in-breed, **cloud-based entertainment platform** to video and broadband service providers

Our content-agnostic platform provides end-users with a superior engagement experience by **aggregating content in a personalized way**, regardless of source

FY22 subscriber base **grew over 80%**, with **revenue more than doubling**

Over the next three years, we expect IPTV revenue to **grow from approximately \$40M to over \$100M/year**

# Connected Car – Infotainment and Safety Platform



Significant long-term **growth opportunity**

At FY22 year end, we had more than **\$300M of committed business**, with a growing pipeline of new opportunities

HD Radio plus other in-car Audio provides a **significant revenue base of ~\$80M per year**

DTS AutoStage and DTS AutoSense are significant growth opportunities, **expecting 10x growth to \$40M/year** in three years

# Execution Expected to Drive Meaningful Growth

	Connected TV Monetization		Video over Broadband (IPTV)		DTS AutoStage + DTS AutoSense	
	Today	3 Yrs	Today	3 Yrs	Today	3 Yrs
Active Footprint	<1M	>7M	~1.2M	>2.8M	<2M	>10M+
Streaming Hours	60M Hours	>5B Hours	1.4B Hours	5.4B Hours	-	-
ARPU	<\$10	\$20-\$30	~\$30	\$40	~\$2	\$4+
Revenue	~\$40M	\$190M+	~\$40M	\$100M+	~\$4M	\$40M+
			~\$84M   \$330M+			

We expect these Key Markets to grow from less than 20% to more than 40% of revenue exiting 2025

## Q4 2022 Revenue Breakdown

<b>Market</b> (\$ in millions)	<b>Q4 2022</b>	<b>Change Y/Y</b>	<b>Change Y/Y</b>
Pay-TV	66.6	0.4	1%
Consumer Electronics	27.2	2.8	11%
Connected Car	23.4	1.0	4%
Media Platform	18.3	6.6	57%
<b>TOTAL</b>	<b>135.5</b>	<b>10.8</b>	<b>9%</b>

# Full Year Fiscal 2022 Revenue Breakdown

<b>Market</b> (\$ in millions)	<b>FY 2022</b>	<b>Change Y/Y</b>	<b>Change Y/Y</b>
Pay-TV	249.5	(13.5)	-5%
Consumer Electronics	128.4	28.9	+29%
Connected Car	84.2	(4.1)	-5%
Media Platform	40.2	4.5	+13%
<b>TOTAL</b>	<b>502.3</b>	<b>15.8</b>	<b>+3%</b>

# Q4 2022 Financial Results

(\$ in millions, except per share amounts)	Q4 2022 GAAP	Q4 2022 Non-GAAP
Revenue	135.5	135.5
Cost of Revenue <sup>1</sup>	37.3	36.6
Gross Margin Percent	73%	73%
Adjusted Operating Expense <sup>2</sup>	397.3 <sup>3</sup>	103.7
Operating Income / (Loss)	(299.1)	(4.7)
<b>Adjusted EBITDA</b>	N/A	<b>3.6</b>
<b>Earnings/(Loss) per Share</b>	<b>(7.06)</b>	<b>0.08</b>
Number of Shares Outstanding	42,043	46,470

<sup>1</sup> Excluding depreciation and amortization of intangible assets

<sup>2</sup> Adjusted Operating Expense = Total Operating Expense (including depreciation and amortization of intangible assets) less Cost of Revenue

<sup>3</sup> Includes a \$258M non-cash impairment of goodwill and ROU assets and leasehold improvements

See tables for reconciliation of GAAP to non-GAAP

# Financial Outlook for FY 2023

<b>Category</b> (\$ in millions)	<b>GAAP Outlook</b>	<b>Non-GAAP Outlook</b>
Revenue	510 to 540	510 to 540
Adjusted EBITDA	n/a	6% to 10%

See discussion of "Non-GAAP Financial Measures" below

# Reconciliation Tables

# Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with U.S. Generally Accepted Accounting Principles (GAAP), the Company's presentation contains non-GAAP financial measures adjusted for either one-time or ongoing non-cash acquired intangibles amortization charges; amortization of capitalized cloud computing costs; costs related to actual or planned acquisitions, financing, and divestitures including transaction fees, integration costs, severance, facility closures, and retention bonuses; separation costs; all forms of stock-based compensation; impairment of assets and goodwill; other items not indicative of our ongoing operating performance, and related tax effects for each adjustment. Management believes that the non-GAAP measures used in this presentation provide investors with important perspectives into the Company's ongoing business and financial performance and provide a better understanding of our core operating results reflecting our normal business operations. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. Our use of non-GAAP financial measures has certain limitations in that the non-GAAP financial measures we use may not be directly comparable to those reported by other companies. For example, the terms used in this presentation, such as Adjusted EBITDA, do not have a standardized meaning. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for the limitation of our non-GAAP presentation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures in the tables attached hereto. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures. All financial data is presented on a GAAP basis except where the Company indicates its presentation is on a non-GAAP basis.

# GAAP to Non-GAAP Net Income Reconciliation

**XPERI INC.**  
**GAAP TO NON-GAAP RECONCILIATIONS**  
**(in thousands)**  
**(unaudited)**

**Net income attributable to the Company:**

		<u>Three Months Ended</u> <u>December 31, 2022</u>
GAAP net loss attributable to the Company	\$	(297,030)
Adjustments to GAAP net loss attributable to the Company:		
Stock-based compensation expense:		
Cost of revenue		729
Research, development and other		5,266
Selling, general and administrative		9,547
Amortization of intangible assets		16,044
Impairment of long-lived assets		7,724
Goodwill impairment		250,555
Acquisition and separation-related costs:		
Transaction and other related costs recorded in selling, general and administrative		2,234
Severance and retention recorded in research, development and other		2,009
Severance and retention recorded in selling, general and administrative		291
Separation-related bonus adjustment recorded in cost of revenue, excluding depreciation and amortization of intangible assets		(24)
Separation-related bonus adjustment recorded in research and development		(67)
Separation-related bonus adjustment recorded in selling, general and administrative		91
Non-GAAP tax adjustment <sup>(1)</sup>		6,340
Non-GAAP net income attributable to the Company	<u>\$</u>	<u>3,709</u>

<sup>(1)</sup> The provision for income taxes is adjusted to reflect the net direct and indirect income tax effects of the various non-GAAP pretax adjustments.

# GAAP to Non-GAAP EPS Reconciliation

**XPERI INC.**  
**GAAP TO NON-GAAP RECONCILIATIONS**  
(in thousands, except per share amounts)  
(unaudited)

**Diluted earnings per share attributable to the Company:**

		<u>Three Months Ended December 31, 2022</u>
GAAP loss per share attributable to the Company	\$	(7.06)
Adjustments to GAAP loss per share attributable to the Company:		
Stock-based compensation expense		0.37
Amortization expense		0.38
Impairment of long-lived assets		0.18
Goodwill impairment		5.96
Acquisition and separation-related costs		0.11
Non-GAAP tax adjustment		0.15
Difference in shares used in the calculation		(0.01)
Non-GAAP diluted earnings per share attributable to the Company	\$	<u>0.08</u>
GAAP weighted average number of shares-basic/diluted		<u>42,043</u>
Non-GAAP weighted average number of shares-diluted		<u>46,470</u>

# Adjusted EBITDA Reconciliation

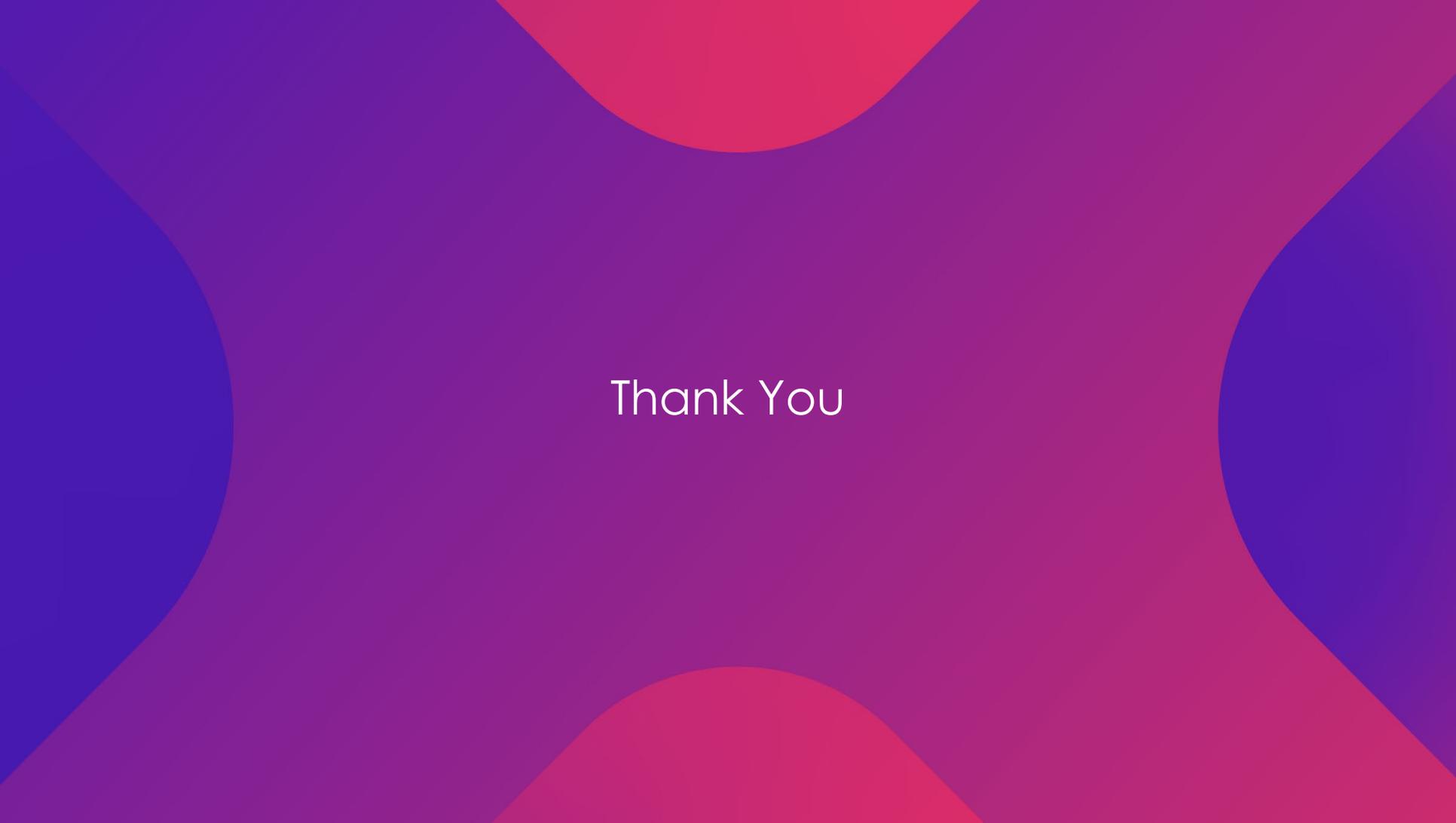
**XPERI INC.**  
**GAAP TO NON-GAAP RECONCILIATIONS**  
**(in thousands)**  
**(unaudited)**

	<b>Three Months Ended December 31, 2022</b>
<b>GAAP Loss before taxes</b>	<b>\$ (296,956)</b>
Interest expense	839
Depreciation expense	4,804
Amortization of intangible assets	16,044
Amortization of capitalized cloud computing costs	527
Impairment of long-lived assets	7,724
Goodwill impairment	250,555
Acquisition and integration-related costs:	
Transaction and other related costs recorded in selling, general and administrative	2,234
Severance and retention recorded in research and development	2,009
Severance and retention recorded in selling, general and administrative	291
Separation-related bonus adjustment recorded in cost of revenue, excluding depreciation and amortization of intangible assets	(24)
Separation-related bonus adjustment recorded in research and development	(67)
Separation-related bonus adjustment recorded in selling, general and administrative	91
Stock-based compensation expense:	
Cost of revenue	729
Research and development	5,266
Selling, general and administrative	9,547
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$ 3,613</b>

# Adjusted Operating Expense Reconciliation

**XPERI INC.**  
**GAAP TO NON-GAAP RECONCILIATIONS**  
**(in thousands)**  
**(unaudited)**

	<b>Three Months Ended December 31, 2022</b>
<b>Total Operating Expense</b>	<b>\$ 434,604</b>
Less:	
Cost of revenue, excluding depreciation and amortization of intangible assets	37,258
<b>Adjusted Operating Expense</b>	<b>397,346</b>
 <b>Reconciliation of Adjusted Operating Expense to Non-GAAP Operating Expense:</b>	
<b>Adjusted Operating Expense</b>	<b>397,346</b>
Less:	
Amortization of intangible assets	16,044
Impairment of long-lived assets	7,724
Goodwill impairment	250,555
Acquisition and integration-related costs:	
Transaction and other related costs recorded in selling, general and administrative	2,234
Severance and retention recorded in research and development	2,009
Severance and retention recorded in selling, general and administrative	291
Separation-related bonus adjustment recorded in research and development	(67)
Separation-related bonus adjustment recorded in selling, general and administrative	91
Stock-based compensation expense:	
Research and development	5,266
Selling, general and administrative	9,547
<b>Non-GAAP Adjusted Operating Expense</b>	<b>\$ 103,652</b>

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Thank You