XPERI®

Q2 2023 Earnings

August 9, 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.

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MISSION

WHAT

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

VISION

WHY

Smarter technology = Extraordinary experiences

SOLUTIONS

WHERE

Media Platform
Connected Car
Pay TV
Consumer Electronics

BRANDS

WHO

TiVo®
DTS®
HD Radio™
IMAX® Enhanced[1]

[1] IMAX Enhanced is an IMAX and DTS partnership. IMAX Enhanced is a registered trademark of IMAX.

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Q2 2023 Financial Highlights

- Fiscal Q2 revenue of $127M, up 1% from the year ago period. Excluding Q2'22 CE one-time revenue benefit, year-over-year growth was greater than 10%.
- GAAP Gross Margin and Non-GAAP Gross Margin of 76%, a decline of approx. 300bps from the prior year primarily due to a revenue shift towards Media Platform and away from Consumer Electronics.
- GAAP and Non-GAAP Adjusted Operating Expense[1] declined 1% sequentially.
- GAAP Net Loss of ($38M) and Non-GAAP Adjusted EBITDA of $5M or 4%.
- GAAP Loss per share of ($0.90) and Non-GAAP Loss per share of ($0.09).

[1] GAAP and Non-GAAP Adjusted Operating Expense is equal to total expense minus cost of revenue.

For further information on supplemental Non-GAAP metrics, refer to the "Non-GAAP Financial Measures" and GAAP to Non-GAAP Reconciliations below.

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	Growth Solutions	Core Solutions
Media Platform	TiVo OS (Connected TV Advertising)	
Connected Car	DTS AutoStage (in-cabin entertainment) DTS AutoSense (in-cabin monitoring)	HD Radio Music Metadata
Pay TV	IPTV Streaming (Video Over Broadband)	Search & Discovery Classic Guides Consumer Hardware Subs
Consumer Electronics		DTS:X IMAX Enhanced[1] Audio Imaging

[1] IMAX Enhanced is an IMAX and DTS partnership. IMAX Enhanced is a registered trademark of IMAX.

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Media Platform

Announced Sharp as second TV OEM with plans to ship TVs starting in Europe next year

Signed third Smart TV OEM to integrate TiVo OS

Expect to have TV distribution in both Europe and U.S. next year

Vestel plans to ship TVs Powered by TiVo this holiday season

Sony to deploy our content browser, creating another pathway for monetization





Connected Car

DTS AutoStage now deployed in over 4M cars from five automotive brands globally

Signed over 4,000 radio stations to broadcast additional metadata to enhance the AutoStage experience

Won new DTS AutoSense program with Top-3 car manufacturer

HD Radio launched in >10 new models this quarter

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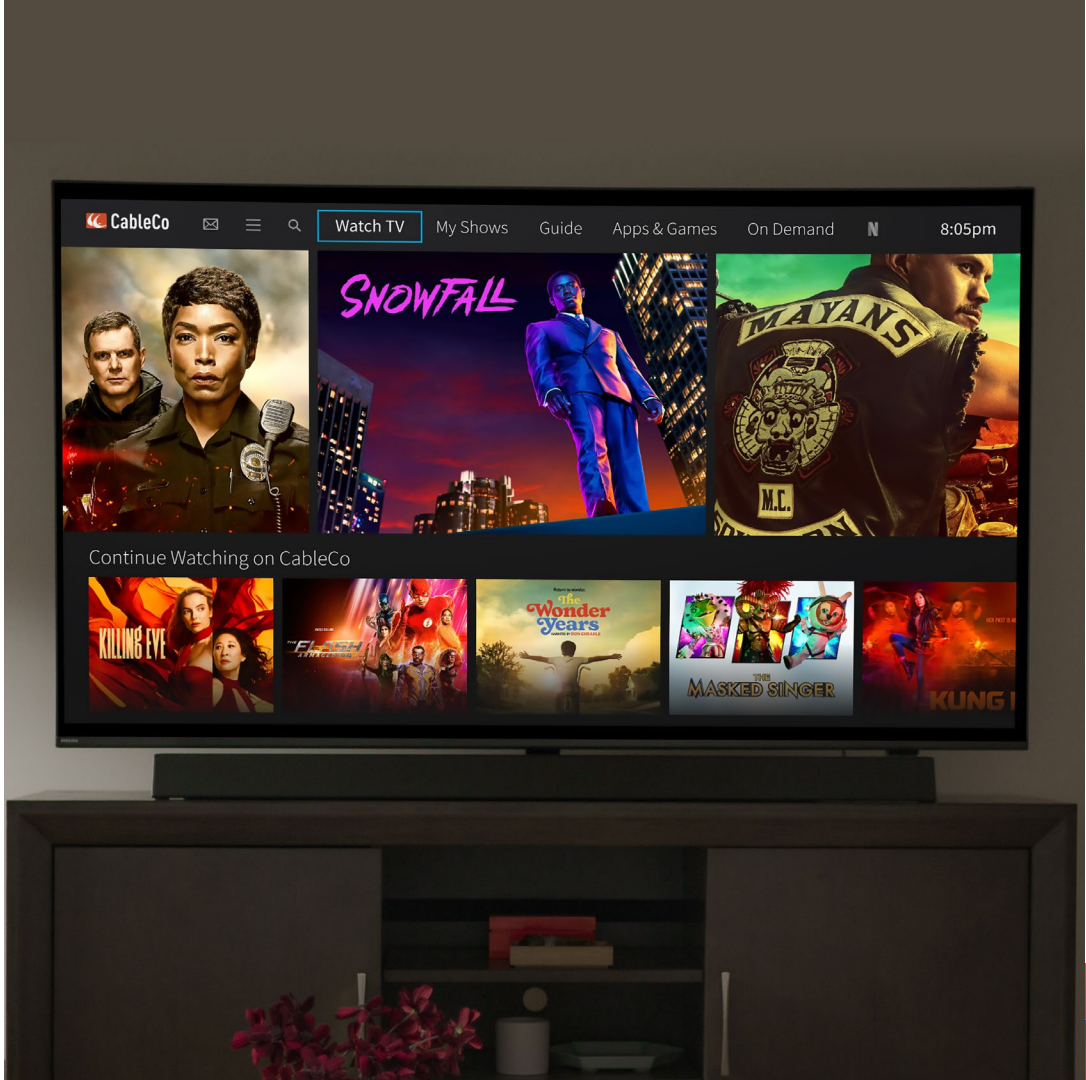
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Pay TV

Continued double-digit IPTV subscriber growth; signed seven new broadband service providers across the Americas

TiVo+ is now available across 25 additional video service providers in the quarter

Search-and-recommendation technology deployed by a Top-5 U.S. video service provider, reaching millions of additional households



Consumer Electronics

Signed several multi-year license renewals for our DTS Audio and Play-Fi Wireless solutions

Celebrated 30 years of immersive audio experiences in June



Perceive®

Expect first revenue this year

Advanced compression technology highly relevant to large language models

Conversations with strategic players are ongoing

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XPERI®


XPERI
dts
HD Radio
IMAX ENHANCED
TiVo
EXTRAORDINARY
EXPERIENCES

Q2 2023 Revenue Breakdown

Market ($ in thousands)	Q2 2022	**Q2 2023**	Y/Y Change	Y/Y Change
Pay TV	60,371	**58,031**	(2,340)	-4%
Consumer Electronics	39,493	**31,716**	(7,777)	-20%
Connected Car	20,855	**23,474**	2,619	+13%
Media Platform	5,484	**13,651**	8,167	+149%
TOTAL	126,203	**126,872**	669	+1%

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First-Half 2023 Revenue Breakdown

Market ($ in thousands)	Q1'22	Q2'22	**1H'22**	Q1'23	Q2'23	**1H'23**	**Y/Y Change**
Pay TV	64,154	60,371	**124,525**	60,294	58,031	**118,325**	**-5%**
Consumer Electronics	28,090	39,493	**67,583**	36,735	31,716	**68,451**	**+1%**
Connected Car	19,719	20,855	**40,574**	20,548	23,474	**44,022**	**+9%**
Media Platform	6,926	5,484	**12,410**	9,262	13,651	**22,913**	**+85%**
TOTAL	118,889	126,203	**245,092**	126,839	126,872	**253,711**	**+4%**

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Q2 2023 Summary Financial Results

(in thousands, except per share amounts)	Q2 2023 GAAP	Q2 2023 Non-GAAP[3]
Revenue	126,872	126,872
Cost of Revenue[1]	30,856	29,912
Gross Margin[1]	96,016	96,960
Adjusted Operating Expense[2]	131,198	98,196
Operating Income / (Loss)	(35,182)	(1,236)
Adjusted EBITDA	n/a	**5,154**
Other Non-Op Income, net	908	908
Tax Expense	(5,090)	(4,342)
Net Loss	(38,395)	(3,701)
Loss per Share	**(0.90)**	**(0.09)**
Number of Shares Outstanding	42,770	42,770

[1] Excluding depreciation and amortization of intangible assets.
[2] Adjusted Operating Expense = Total Operating Expense (including depreciation and amortization of intangible assets) less Cost of Revenue.
[3] See tables for reconciliation of GAAP to non-GAAP.

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Financial Outlook for FY 2023 – As of August 9, 2023

Category ($ in millions)	**GAAP Outlook**	**Non-GAAP Outlook**
Revenue	510 to 540	510 to 540
Adjusted EBITDA Margin[1,2]	n/a	6% to 10%

[1] See discussion of "Non-GAAP Financial Measures" below.
[2] With respect to Adjusted EBITDA Margin, the Company has determined that it is unable to provide a quantitative reconciliation of this forward-looking non-GAAP measure to the most directly comparable forward-looking GAAP measure with a reasonable degree of confidence in its accuracy without unreasonable effort, as items including restructuring and impacts from discrete tax adjustments and tax law changes are inherently uncertain and depend on various factors, many of which are beyond the Company's control.

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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.

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GAAP to Non-GAAP Net Loss Reconciliation

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

Net loss attributable to the Company:

	Three Months Ended June 30, 2023
GAAP net loss attributable to the Company	$ (38,395)
Adjustments to GAAP net loss attributable to the Company:	
Stock-based compensation expense:	
Cost of revenue, excluding depreciation and amortization of intangible assets	927
Research and development	6,405
Selling, general and administrative	10,759
Amortization of intangible assets	14,798
Separation and integration-related costs:	
Transaction and integration related costs recorded in selling, general and administrative	608
Separation costs recorded in selling, general and administrative	14
Severance and retention recorded in cost of revenue, excluding depreciation and amortization of intangible assets	17
Severance and retention recorded in research and development	172
Severance and retention recorded in selling, general and administrative	246
Non-GAAP tax adjustment (1)	748
Non-GAAP net loss attributable to the Company	$ (3,701)

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

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GAAP to Non-GAAP Loss per Share Reconciliation

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

Loss per share attributable to the Company:

	Three Months Ended June 30, 2023
GAAP loss per share attributable to the Company	$ (0.90)
Adjustments to GAAP loss per share attributable to the Company:	
Stock-based compensation expense	0.42
Amortization expense	0.35
Separation and integration related costs	0.02
Non-GAAP tax adjustment	0.02
Non-GAAP loss per share attributable to the Company	$ (0.09)
GAAP weighted average number of shares-basic/diluted	42,770
Non-GAAP weighted average number of shares-basic/diluted	42,770

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Operating Income/(Loss) Reconciliation

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

	Three Months Ended June 30,		
	2023	**2022**	
GAAP operating loss	$ (35,182)	$ (22,293)	
Adjustments to GAAP operating loss:			
Stock-based compensation expense:			
Cost of revenue, excluding depreciation and amortization of intangible assets	927	773	
Research and development	6,405	5,681	
Selling, general and administrative	10,759	6,086	(2)
Amortization of intangible assets	14,798	14,760	
Separation and integration-related costs:			
Transaction and integration related costs recorded in selling, general and administrative	608	2,058	
Separation costs recorded in selling, general and administrative	14	-	
Severance and retention recorded in cost of revenue, excluding depreciation and amortization of intangible assets	17	(37)	
Severance and retention recorded in research and development	172	(193)	
Severance and retention recorded in selling, general and administrative	246	(62)	
Non-GAAP operating income (loss)	$ (1,236)	$ 6,773	

(2) Includes $2.0 million of stock-based compensation expense that was recognized in operating results as part of the corporate and shared functional employees expenses allocation during the three months ended June 30, 2022.

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Adjusted EBITDA Reconciliation

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

	Three Months Ended June 30,		
	2023	**2022**	
GAAP loss before taxes	$ (34,274)	$ (22,583)	
Interest expense	795	—	
Depreciation expense	4,202	5,144	
Amortization of intangible assets	14,798	14,760	
Amortization of capitalized cloud computing costs	485	471	
Separation and integration-related costs:			
Transaction and integration related costs recorded in selling, general and administrative	608	2,058	
Separation costs recorded in selling, general and administrative	14	—	
Severance and retention recorded in cost of revenue, excluding depreciation and amortization of intangible assets	17	(37)	
Severance and retention recorded in research and development	172	(193)	
Severance and retention recorded in selling, general and administrative	246	(62)	
Stock-based compensation expense:			
Cost of revenue	927	773	
Research and development	6,405	5,681	
Selling, general and administrative	10,759	6,086	(3)
Non-GAAP Adjusted EBITDA	$ 5,154	$ 12,098	

(3) Includes $2.0 million of stock-based compensation expense that was recognized in operating results as part of the corporate and shared functional employees expenses allocation during the three months ended June 30, 2022.

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Adjusted Operating Expense Reconciliation

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

Non-GAAP adjusted operating expense

	Three Months Ended June 30,		
	2023	2022	
Total operating expenses	$ 162,054	$ 148,496	
Less: Cost of revenue, excluding depreciation and amortization of intangible assets	(30,856)	(26,879)	
Adjusted operating expense	131,198	121,617	
Adjustments to GAAP adjusted operating expense:			
Stock-based compensation expense:			
Research and development	(6,405)	(5,681)	
Selling, general and administrative	(10,759)	(6,086)	(4)
Amortization of intangible assets	(14,798)	(14,760)	
Separation and integration-related costs:			
Transaction and integration related costs recorded in selling, general and administrative	(608)	(2,058)	
Separation costs recorded in selling, general and administrative	(14)	-	
Severance and retention recorded in research and development	(172)	193	
Severance and retention recorded in selling, general and administrative	(246)	62	
Non-GAAP adjusted operating expense	$ 98,196	$ 93,287	

(4) Includes $2.0 million of stock-based compensation expense that was recognized in operating results as part of the corporate and shared functional employees expenses allocation during the three months ended June 30, 2022.

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Thank You