



## Q3 2023 Earnings

*November 13, 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

Media Platform  
Connected Car  
Pay TV  
Consumer Electronics

## BRANDS



WHO

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

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

# Q3 2023 Financial Highlights





- **Revenue of \$130M, up 7%** from the year ago period.
- Total GAAP Operating Expenses, including cost of revenue, decreased 69% primarily due to a goodwill impairment in the prior year.
- Non-GAAP Adjusted Operating Expenses<sup>1</sup> increased 3% year over year.
- **GAAP Net Loss of (\$41M) and Non-GAAP Adjusted EBITDA of \$9.3M or 7%.**
- GAAP Loss per share of (\$0.96) and Non-GAAP Loss per share of (\$0.08).
- **Operating Cash Flow of \$24M** and Ending Cash Balance of \$132M.

<sup>1</sup> Non-GAAP Adjusted Operating Expenses 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 Reconciliation tables below.

## Growth Solutions

## Core Solutions

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

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

# Execution Expected to Drive Meaningful Growth

	Connected TV Monetization		Video over Broadband (IPTV)		DTS AutoStage + DTS AutoSense	
	<u>FY22</u>	<u>3 Yrs</u>	<u>FY22</u>	<u>3 Yrs</u>	<u>FY22</u>	<u>3 Yrs</u>
Active Footprint	<1M	<b>&gt;7M</b>	~1.2M	<b>&gt;2.8M</b>	<2M	<b>&gt;10M+</b>
Streaming Hours	60M Hours	>5B Hours	1.4B Hours	5.4B Hours	-	-
ARPU	<\$10	\$20-\$30	~\$30	\$40	~\$2	\$4+
Revenue	~\$40M	<b>\$190M+</b>	~\$40M	<b>\$100M+</b>	~\$4M	<b>\$40M+</b>
		~\$84M		<b>\$330M+</b>		

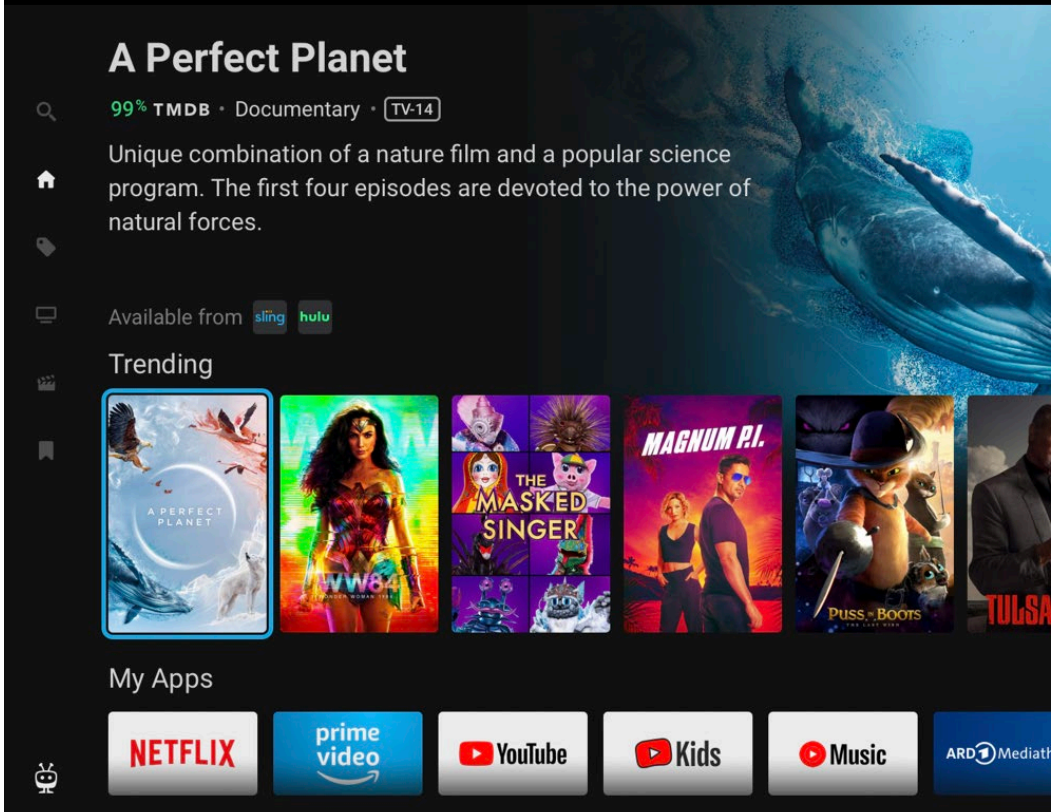
We expect these Key Markets to drive nearly \$250M of incremental annualized revenue exiting 2025

# Media Platform

Vestel now shipping TVs  
Powered by TiVo under the  
JVC brand to retailers in Europe

Signed fourth Smart TV OEM  
to integrate TiVo OS into their  
2024 European TV lineup

TiVo OS wins three “Best of IFA”  
awards at IFA 2023





## Connected Car

BMW 5-Series with **DTS AutoStage Video Service** now in showrooms in **7 countries**; BMW will **expand** AutoStage Video rollout to broad range of models across various vehicle segments

Won second **AutoStage Video** program with another major **European automotive OEM**

Won new **HD Radio and AutoStage** program with **Ford Motor Company** for certain North American vehicles

Major milestone of **100M** cars incorporating **HD Radio**

# Pay TV

Posted **double-digit IPTV subscriber growth** for the 17<sup>th</sup> consecutive quarter

Over **100 service providers** have now selected **TiVo's IPTV solutions** for their customers

**TiVo+** streaming service now available across **5 additional** video service providers offering up to **160 channels** curated from over 800 FAST channels

**TiVo+** now deployed by **30 video service providers** in the U.S.





# Consumer Electronics

Signed several multi-year license renewals including **Sony, Vestel, and Skyworth** for **DTS Audio** or **Play-Fi** solutions

Signed a **Top-3 global PC OEM** to deploy **DTS:X** audio solution across wide range of consumer **PCs and laptops**

Won three “**Best of IFA**” awards for **DTS Play-Fi** at IFA 2023

# Perceive<sup>®</sup>

Signed **license agreement** with **Big Tech** customer

Recognized **revenue** this quarter

**Advanced compression** technology highly relevant to **Large Language Models (LLM)** market deployment at the edge

Continue to **explore options** for **strategic partnering** to accelerate path to addressing large market for LLM deployment



**XPERI**®

We create extraordinary experiences at home, in the car, and on the go for millions of consumers around the world.

Connected Car



Consumer Electronics



Pay TV



Media Platform



## Q3 2023 Revenue Breakdown

<b>Market</b> (\$ in thousands)	Q3 2022	<b>Q3 2023</b>	Y/Y Change	Y/Y Change
Pay TV	58,378	<b>60,319</b>	1,941	+3%
Consumer Electronics	33,561	<b>32,298</b>	(1,263)	-4%
Connected Car	20,224	<b>23,393</b>	3,169	+16%
Media Platform	9,474	<b>14,380</b>	4,906	+52%
<b>TOTAL</b>	121,637	<b>130,390</b>	8,753	+7%

# Q3 2023 Summary Financial Results

(in thousands, except per share amounts)	Q3 2023 GAAP	Q3 2023 Non-GAAP <sup>3</sup>
Revenue	130,390	130,390
Cost of Revenue <sup>1</sup>	26,413	25,607
Adjusted Operating Expenses <sup>2</sup>	135,028	100,435
Operating Income / (Loss)	(31,051)	4,348
<b>Adjusted EBITDA</b>	n/a	<b>9,346</b>
Other Non-Op Expense, net	1,336	1,336
Tax Expense	9,685	6,921
Net Loss attributable to the Company	(41,426)	(3,263)
<b>Loss per Share</b>	<b>(0.96)</b>	<b>(0.08)</b>
Number of Shares Outstanding	43,316	43,316

<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> See tables for reconciliation of GAAP to non-GAAP.

# Financial Outlook for FY 2023 – As of November 13, 2023

The Company is narrowing its fiscal 2023 outlook ranges to the following:

<b>Category</b> (\$ in millions)	<b>GAAP Outlook</b>	<b>Non-GAAP Outlook</b>
Revenue	\$518 to \$532	\$518 to \$532
Adjusted EBITDA Margin <sup>1,2</sup>	n/a	6% to 8%

<sup>1</sup> See discussion of "Non-GAAP Financial Measures" below.

<sup>2</sup> 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.

# 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 Loss Reconciliation

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

**Net loss attributable to the Company:**

	<u>Three Months Ended</u> <u>September 30, 2023</u>	<u>Three Months Ended</u> <u>September 30, 2022</u>
GAAP net loss attributable to the Company	\$ (41,426)	\$ (400,802)
Adjustments to GAAP net loss attributable to the Company:		
Stock-based compensation <sup>(1)</sup>	17,622	13,015
Amortization of intangible assets	14,724	16,613
Goodwill impairment	-	354,000
Transaction, separation, integration and restructuring related costs:		
Transaction, separation, integration and other related costs <sup>(2)</sup>	1,904	7,181
Severance and retention <sup>(3)</sup>	1,149	2,390
Non-GAAP tax adjustment <sup>(4)</sup>	2,764	(1,818)
Non-GAAP net loss attributable to the Company	<u>\$ (3,263)</u>	<u>\$ (9,421)</u>

(1) Stock-based compensation included in above line items:

Cost of revenue, excluding depreciation and amortization of intangible assets	\$ 806	\$ 779
Research and development	\$ 6,584	\$ 5,515
Selling, general and administrative	\$ 10,232	\$ 6,721

(2) Transaction, separation, integration and other related costs included in above line items:

Cost of revenue, excluding depreciation and amortization of intangible assets	\$ -	\$ 356
Research and development	\$ -	\$ 1,772
Selling, general and administrative	\$ 1,904	\$ 5,053

(3) Severance and retention included in above line items:

Cost of revenue, excluding depreciation and amortization of intangible assets	\$ -	\$ -
Research and development	\$ 471	\$ 1,830
Selling, general and administrative	\$ 678	\$ 560

(4) 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 Loss per Share Reconciliation

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

**Net loss per share attributable to the Company:**

	<u>Three Months Ended</u> <u>September 30, 2023</u>	<u>Three Months Ended</u> <u>September 30, 2022</u>
GAAP net loss per share attributable to the Company	\$ (0.96)	\$ (9.54)
Adjustments to GAAP loss per share attributable to the Company:		
Stock-based compensation	0.41	0.31
Amortization of intangible assets	0.34	0.40
Goodwill impairment	-	8.42
Transaction, separation, integration and restructuring related costs	0.07	0.23
Non-GAAP tax adjustment	0.06	(0.04)
Non-GAAP net loss per share attributable to the Company	<u>\$ (0.08)</u>	<u>\$ (0.22)</u>
GAAP weighted average number of shares-basic/diluted	<u>43,316</u>	<u>42,024</u>
Non-GAAP weighted average number of shares-basic/diluted	<u>43,316</u>	<u>42,024</u>

# Operating Income/(Loss) Reconciliation

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

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>GAAP operating loss</b>	\$ (31,051)	\$ (399,141)
Adjustments to GAAP operating loss:		
Stock-based compensation	17,622	13,015 (5)
Amortization of intangible assets	14,724	16,613
Goodwill impairment	-	354,000
Transaction, separation, integration and restructuring related costs:		
Transaction, separation, integration and related costs	1,904	7,181
Severance and retention	1,149	2,390
<b>Non-GAAP operating income (loss)</b>	<b>\$ 4,348</b>	<b>\$ (5,942)</b>

(5) Includes \$2.4 million of stock-based compensation expense that was recognized in operating results as part of the corporate and shared functional employee's expenses allocation during the three months ended September 30, 2022.

# Adjusted EBITDA Reconciliation

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

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>GAAP net loss</b>	\$ (42,072)	\$ (401,692)
Interest expense	770	750
Provision for income taxes	9,685	2,024
Depreciation expense	4,248	4,990
Amortization of intangible assets	14,724	16,613
Amortization of capitalized cloud computing costs	1,316	435
Goodwill impairment	—	354,000
Transaction, separation, integration and restructuring related costs:		
Transaction, separation, integration and other related costs	1,904	7,181
Severance and retention	1,149	2,390
Stock-based compensation	17,622	13,015
<b>Non-GAAP Adjusted EBITDA</b>	<b>\$ 9,346</b>	<b>\$ (294)</b>

(6)

(6) Includes \$2.4 million of stock-based compensation expense that was recognized in operating results as part of the corporate and shared functional employee's expenses allocation during the three months ended September 30, 2022.

# Adjusted Operating Expense Reconciliation

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

**Non-GAAP adjusted operating expense**

	<b>Three Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Total operating expenses	\$ 161,441	\$ 520,778
Less: Cost of revenue, excluding depreciation and amortization of intangible assets	(26,413)	(31,403)
Adjusted operating expense	135,028	489,375
Adjustments to GAAP adjusted operating expense:		
Stock-based compensation:		
Research and development	(6,584)	(5,515)
Selling, general and administrative	(10,232)	(6,721) (7)
Amortization of intangible assets	(14,724)	(16,613)
Goodwill impairment	-	(354,000)
Transaction, separation, integration and restructuring related costs:		
Transaction and integration related costs recorded in selling, general and administrative	(1,904)	(3,971)
Separation-related bonus adjustment recorded in research and development	-	(1,772)
Separation-related bonus adjustment recorded in selling, general and administrative	-	(1,082)
Severance and retention recorded in research and development	(471)	(1,830)
Severance and retention recorded in selling, general and administrative	(678)	(560)
Non-GAAP adjusted operating expense	<u>\$ 100,435</u>	<u>\$ 97,311</u>

(7) Includes \$2.4 million of stock-based compensation expense that was recognized in operating results as part of the corporate and shared functional employee's expenses allocation during the three months ended September 30, 2022.

The background features a central purple field. On the left and right sides, there are large, rounded blue shapes that appear to be cut out from the purple background. At the top and bottom, there are pink, rounded shapes that also appear to be cut out from the purple background, creating a symmetrical, four-pointed star-like pattern.

Thank You