

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-41486

XPERI INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

2190 Gold Street, San Jose, California
(Address of Principal Executive Offices)

83-4470363
(I.R.S. Employer
Identification No.)

95002
(Zip Code)

(408) 519-9100
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (par value \$0.001 per share)	XPER	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of October 28, 2025 was 46,335,385.

XPERI INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2025
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Note About Forward-Looking Statements

This quarterly report on Form 10-Q (the “Quarterly Report”) contains forward-looking statements, which are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “could,” “would,” “may,” “will,” “intends,” “potentially,” “targets” and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Quarterly Report. The identification of certain statements as “forward-looking” is not intended to mean that other statements not specifically identified are not forward-looking. All statements other than statements about historical facts are statements that could be deemed forward-looking statements, including, but not limited to, statements that relate to our future revenue, product development, demand, acceptance and market share, growth rate, competitiveness, gross margins, costs of research, development and other related costs, expenditures, tax expenses, cash flows, our management’s plans and objectives for our current and future operations, the levels of customer spending or research and development activities, disaggregation of revenue, general economic conditions, risks related to new, increased, reciprocal or retaliatory tariffs, interest rate risks, the impact of any acquisitions or divestitures on our financial condition and results of operations, our repurchase program, promissory note and notes receivable, the expected net proceeds, and use thereof, from our Perceive asset sale transaction, impacts of tax reform, capital expenditure plans, the sufficiency of financial resources to support future operations and capital expenditures, and our restructuring plan and related charges, cost savings and other effects.

Although forward-looking statements in this Quarterly Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks, uncertainties, and changes in condition, significance, value and effect, including those discussed under the heading “Risk Factors” in our Form 10-K (as defined below) and other documents we file from time to time with the U.S. Securities and Exchange Commission (“SEC”), such as our quarterly reports on Form 10-Q and our current reports on Form 8-K. Such risks, uncertainties and changes in condition, significance, value and effect could cause our actual results to differ materially from those expressed herein and in ways not readily foreseeable. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report and are based on information currently and reasonably known to us. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report, other than as required by law. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

XPERI INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share amounts) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 111,632	\$ 132,891	\$ 331,598	\$ 371,326
Operating expenses:				
Cost of revenue, excluding depreciation and amortization of intangible assets	29,078	27,484	92,226	86,193
Research and development	29,923	53,627	99,255	149,189
Selling, general and administrative	42,536	56,483	132,376	165,938
Depreciation expense	3,470	2,918	9,823	9,780
Amortization expense	7,987	10,934	26,853	33,015
Total operating expenses	112,994	151,446	360,533	444,115
Operating loss	(1,362)	(18,555)	(28,935)	(72,789)
Interest and other income, net	821	2,379	4,863	4,711
Interest expense - debt	(761)	(756)	(2,252)	(2,252)
Gain on divestiture	—	—	—	22,934
Loss before taxes	(1,302)	(16,932)	(26,324)	(47,396)
Provision for income taxes	4,805	2,899	12,930	16,437
Net loss	(6,107)	(19,831)	(39,254)	(63,833)
Less: net loss attributable to noncontrolling interest	—	(3,026)	—	(3,609)
Net loss attributable to the Company	\$ (6,107)	\$ (16,805)	\$ (39,254)	\$ (60,224)
Net loss per share attributable to the Company - basic and diluted	\$ (0.13)	\$ (0.37)	\$ (0.86)	\$ (1.33)
Weighted-average number of shares used in computing net loss per share attributable to the Company - basic and diluted	46,276	45,683	45,637	45,180

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

XPERI INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net loss	\$ (6,107)	\$ (19,831)	\$ (39,254)	\$ (63,833)
Other comprehensive income (losses):				
Reclassification of foreign currency translation adjustments into net loss upon liquidation of foreign subsidiaries	—	—	45	—
Foreign currency translation adjustment	—	2	—	(323)
Unrealized gain (loss) on cash flow hedges	(2,043)	1,038	2,410	(149)
Comprehensive loss	(8,150)	(18,791)	(36,799)	(64,305)
Less: comprehensive loss attributable to noncontrolling interest	—	(3,026)	—	(3,609)
Comprehensive loss attributable to the Company	<u>\$ (8,150)</u>	<u>\$ (15,765)</u>	<u>\$ (36,799)</u>	<u>\$ (60,696)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

XPERI INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)
(unaudited)

	September 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 96,784	\$ 130,564
Accounts receivable, net	56,823	58,745
Unbilled contracts receivable, net	78,159	83,075
Prepaid expenses and other current assets	29,547	32,488
Deferred consideration from divestiture	11,762	—
Total current assets	273,075	304,872
Note receivable, noncurrent	31,462	29,702
Deferred consideration from divestiture, noncurrent	7,693	18,217
Unbilled contracts receivable, noncurrent	62,720	45,396
Property and equipment, net	50,468	44,473
Operating lease right-of-use assets	31,038	30,082
Intangible assets, net	136,868	163,714
Deferred tax assets	7,825	7,228
Other noncurrent assets	27,670	24,076
Total assets	<u>\$ 628,819</u>	<u>\$ 667,760</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 17,094	\$ 16,979
Accrued liabilities	78,197	94,420
Deferred revenue	17,756	23,950
Short-term debt	—	50,000
Total current liabilities	113,047	185,349
Long-term debt	40,000	—
Deferred revenue, noncurrent	16,589	20,932
Operating lease liabilities, noncurrent	23,497	19,932
Deferred tax liabilities	1,491	1,491
Other noncurrent liabilities	13,157	10,979
Total liabilities	207,781	238,683
Commitments and contingencies (Note 13)		
Equity:		
Preferred stock: \$0.001 par value; 6,000 shares authorized as of September 30, 2025 and December 31, 2024; no shares issued and outstanding as of September 30, 2025 and December 31, 2024	—	—
Common stock: \$0.001 par value; 140,000 shares authorized as of September 30, 2025 and December 31, 2024; 46,295 and 44,328 shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	46	44
Additional paid-in capital	1,303,319	1,274,561
Accumulated other comprehensive loss	(3,629)	(6,084)
Accumulated deficit	(878,698)	(839,444)
Total equity	421,038	429,077
Total liabilities and equity	<u>\$ 628,819</u>	<u>\$ 667,760</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

XPERI INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (39,254)	\$ (63,833)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	32,069	45,309
Amortization of intangible assets	26,853	33,015
Depreciation of property and equipment	9,823	9,780
Accrued interest income from note receivable	(1,760)	(1,455)
Accretion of discount from deferred consideration from divestitures	(1,238)	(676)
Gain from divestiture	—	(22,934)
Deferred income taxes	(597)	66
Other	2,298	(279)
Changes in operating assets and liabilities:		
Accounts receivable	1,445	(8,554)
Unbilled contracts receivable	(12,408)	(43,518)
Prepaid expenses and other assets	896	4,684
Accounts payable	(1,475)	(328)
Accrued and other liabilities	(10,730)	(7,047)
Deferred revenue	(10,537)	(799)
Net cash used in operating activities	(4,615)	(56,569)
Cash flows from investing activities:		
Purchases of property and equipment	(2,439)	(3,304)
Capitalized internal-use software	(12,161)	(9,175)
Purchases of intangible assets	(7)	(157)
Net cash used in divestiture	—	(227)
Net cash used in investing activities	(14,607)	(12,863)
Cash flows from financing activities:		
Repayment of short-term debt	(50,000)	—
Repurchases of common stock	—	(9,999)
Withholding taxes related to net share settlement of equity awards	(6,624)	(6,645)
Payment of debt issuance costs	(1,249)	—
Proceeds from long-term debt	40,000	—
Proceeds from issuance of common stock under employee stock purchase plan	3,315	4,328
Net cash used in financing activities	(14,558)	(12,316)
Net decrease in cash and cash equivalents	(33,780)	(81,748)
Cash and cash equivalents at beginning of period ⁽¹⁾	130,564	154,434
Cash and cash equivalents at end of period	\$ 96,784	\$ 72,686
Supplemental disclosure of cash flow information:		
Income taxes paid, net of refunds	\$ 7,303	\$ 12,254
Interest paid	\$ 1,788	\$ 2,252

⁽¹⁾ Included \$12.3 million of cash and cash equivalents classified as held for sale at December 31, 2023.

	Nine Months Ended September 30,	
	2025	2024
Supplemental disclosure of noncash investing and financing activities:		
Costs capitalized for internal-use software included in accrued liabilities	\$ 208	\$ 515
Property and equipment included in accounts payable	\$ 2,106	\$ 134
Note receivable in exchange for consideration from divestiture	\$ —	\$ 27,676
Deferred consideration from divestiture	\$ —	\$ 5,854

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

XPERI INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in thousands)
(unaudited)

<u>Three Months Ended September 30, 2025</u>	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>				
Balances at July 1, 2025	46,221	\$ 46	\$ 1,293,958	\$ (1,586)	\$ (872,591)	\$ 419,827
Vesting of restricted stock units, net of tax withholding	74	—	(279)	—	—	(279)
Stock-based compensation	—	—	9,640	—	—	9,640
Unrealized loss on cash flow hedges	—	—	—	(2,043)	—	(2,043)
Net loss	—	—	—	—	(6,107)	(6,107)
Balances at September 30, 2025	<u>46,295</u>	<u>\$ 46</u>	<u>\$ 1,303,319</u>	<u>\$ (3,629)</u>	<u>\$ (878,698)</u>	<u>\$ 421,038</u>

<u>Nine Months Ended September 30, 2025</u>	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>				
Balances at January 1, 2025	44,328	\$ 44	\$ 1,274,561	\$ (6,084)	\$ (839,444)	\$ 429,077
Vesting of restricted stock units, net of tax withholding	1,466	1	(6,625)	—	—	(6,624)
Issuance of common stock under employee stock purchase plan	501	1	3,314	—	—	3,315
Stock-based compensation	—	—	32,069	—	—	32,069
Reclassification of foreign currency translation adjustments into net loss upon liquidation of foreign subsidiaries	—	—	—	45	—	45
Unrealized gain on cash flow hedges	—	—	—	2,410	—	2,410
Net loss	—	—	—	—	(39,254)	(39,254)
Balances at September 30, 2025	<u>46,295</u>	<u>\$ 46</u>	<u>\$ 1,303,319</u>	<u>\$ (3,629)</u>	<u>\$ (878,698)</u>	<u>\$ 421,038</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

XPERI INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in thousands)
(unaudited)

<u>Three Months Ended September 30, 2024</u>	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Noncontrolling Interest</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balances at July 1, 2024	45,746	\$ 46	\$ 1,241,931	\$ (4,377)	\$ (848,867)	\$ (18,653)	\$ 370,080
Change in ownership interest of the Company	—	—	(92)	—	—	92	—
Vesting of restricted stock units, net of tax withholding	151	—	(716)	—	—	—	(716)
Repurchases and retirement of common stock	(1,121)	(1)	—	—	(9,998)	—	(9,999)
Stock-based compensation	—	—	15,249	—	—	—	15,249
Foreign currency translation adjustment	—	—	—	2	—	—	2
Unrealized loss on cash flow hedges	—	—	—	1,038	—	—	1,038
Net loss	—	—	—	—	(16,805)	(3,026)	(19,831)
Balances at September 30, 2024	<u>44,776</u>	<u>\$ 45</u>	<u>\$ 1,256,372</u>	<u>\$ (3,337)</u>	<u>\$ (875,670)</u>	<u>\$ (21,587)</u>	<u>\$ 355,823</u>

<u>Nine Months Ended September 30, 2024</u>	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Noncontrolling Interest</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balances at January 1, 2024	44,211	\$ 44	\$ 1,212,501	\$ (2,865)	\$ (805,448)	\$ (17,097)	\$ 387,135
Change in ownership interest of the Company	—	—	881	—	—	(881)	—
Vesting of restricted stock units, net of tax withholding	1,108	1	(6,646)	—	—	—	(6,645)
Issuance of common stock under employee stock purchase plan	578	1	4,327	—	—	—	4,328
Repurchases and retirement of common stock	(1,121)	(1)	—	—	(9,998)	—	(9,999)
Stock-based compensation	—	—	45,309	—	—	—	45,309
Foreign currency translation adjustment	—	—	—	(323)	—	—	(323)
Unrealized loss on cash flow hedges	—	—	—	(149)	—	—	(149)
Net loss	—	—	—	—	(60,224)	(3,609)	(63,833)
Balances at September 30, 2024	<u>44,776</u>	<u>\$ 45</u>	<u>\$ 1,256,372</u>	<u>\$ (3,337)</u>	<u>\$ (875,670)</u>	<u>\$ (21,587)</u>	<u>\$ 355,823</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

XPERI INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Xperi Inc. (“Xperi” or the “Company”) is a leading consumer and entertainment technology company. The Company creates extraordinary experiences at home and on the go for millions of consumers around the world, enabling audiences to connect with content in a way that is more intelligent, immersive, and personal. Powering smart devices, connected cars, entertainment experiences and more, the Company brings together ecosystems designed to reach highly-engaged consumers, allowing it and its ecosystem partners to uncover significant new business opportunities, now and in the future. The Company’s technologies are integrated into consumer devices and a variety of media platforms worldwide, driving increased value for its partners, customers, and consumers. The Company operates in one reportable business segment and groups its revenue into four categories: Pay-TV, Consumer Electronics, Connected Car and Media Platform.

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The Company’s financial statements were prepared on a consolidated basis and include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

For reporting periods in fiscal year 2024 and prior, the Company owned a controlling financial interest of its former subsidiary, Perceive Corporation (“Perceive”, later known as Xperi Pylon Corporation). In December 2024, Perceive was dissolved after all of its remaining assets and liabilities were distributed to the Company.

Unaudited Interim Financial Statements

The accompanying unaudited interim condensed consolidated financial statements are presented in accordance with the applicable rules and regulations of the SEC for interim financial information. The amounts as of December 31, 2024 have been derived from the Company’s annual audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2024, filed on February 27, 2025 (the “Form 10-K”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such rules and regulations. In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements reflect all adjustments, which consist of normal recurring adjustments, necessary to state fairly the financial position of the Company and its results of operations and cash flows as of and for the periods presented. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Form 10-K.

The results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2025, or any future period and the Company makes no representations related thereto.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The accounting estimates and assumptions that require management’s most significant, challenging, and subjective judgment include the estimation of licensees’ quarterly royalties prior to receiving the royalty reports, the determination of stand-alone selling price and the transaction price in an arrangement with multiple performance obligations, the fair value of note receivable and deferred consideration in connection with the Company’s AutoSense in-cabin safety business and related imaging solutions (the “AutoSense Divestiture”), the assessment of useful lives and recoverability of other intangible assets and long-lived assets, recognition and measurement of current and deferred income tax assets and liabilities, the assessment of unrecognized tax benefits, and valuation of performance-based awards with a market condition. Actual results experienced by the Company may differ from management’s estimates.

Concentration of Credit and Other Risks

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, unbilled contracts receivable, a note receivable and deferred consideration from divestiture. The Company maintains cash and cash equivalents with large financial institutions, and at times, the deposits may exceed the federally insured limits. As part of its risk management processes, the Company performs periodic evaluations of the relative credit standing of these financial institutions. The Company has not sustained material credit losses from instruments held at these financial institutions. In addition, the Company has cash and cash equivalents held in international bank accounts that are denominated in various foreign currencies and has established risk management strategies designed to minimize the impact of certain currency exchange rate fluctuations.

The Company believes that any concentration of credit risk in its accounts receivable and unbilled contracts receivable are substantially mitigated by its evaluation processes and the high level of credit worthiness of its customers. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral.

For the three months ended September 30, 2025, there was one customer that accounted for 10% or more of total revenue, whereas there was none for the nine months ended September 30, 2025. For the three and nine months ended September 30, 2024, one customer accounted for 10% or more of total revenue. As of September 30, 2025, no customer represented 10% or more of the Company's net balance of accounts receivable. Additionally, two customers exceeded 10% of the Company's combined net balance of current and noncurrent unbilled contracts receivable. As of December 31, 2024, no customer represented 10% or more of the Company's net balance of accounts receivable, and one customer exceeded 10% of the Company's net balance of current and noncurrent unbilled contracts receivable.

As part of the consideration for the AutoSense Divestiture, the Company received a note receivable and deferred consideration from Tobii AB ("Tobii"). Both of these instruments are exposed to credit risk arising from default on repayment from Tobii. The credit risk associated with the note receivable is mitigated by establishing a floating lien and security interest in certain of Tobii's assets, rights, and properties, whereas the deferred consideration is not secured by any collateral. The Company utilizes valuation methodologies such as internally generated cash flow projections on the principal and interest of each instrument, along with the review of certain other data points, to determine the likelihood that the note receivable or deferred consideration will be repaid. Further, the Company assesses each instrument for credit losses and provides a reserve when full payment on the instruments may not occur as expected, in which case the reserve reflects the excess of the amortized cost basis over the results of the cash flow projections. The Company currently expects Tobii to make full payment on both instruments in accordance with the underlying agreement. Accordingly, no allowance for credit losses was recorded as of September 30, 2025.

Recent Accounting Pronouncements

Accounting Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (the "FASB") issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires disclosure of specific categories in the effective tax rate reconciliation and additional information for reconciling items that meet a quantitative threshold and further disaggregation of income taxes paid for individually significant jurisdictions. The Company expects to adopt this updated guidance on a prospective basis in the disclosure within its December 31, 2025 consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The standard requires that public entities disclose additional information about specific expense categories in the notes to financial statements for interim and annual reporting periods. The standard will become effective for the Company's 2027 annual financial statements and interim financial statements thereafter and may be applied prospectively to periods after the adoption date or retrospectively for all prior periods presented in the financial statements, with early adoption permitted. The Company is currently evaluating the impact of this guidance on the disclosures within its consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The update guidance aims to simplify how all entities currently estimate expected credit losses for their outstanding trade and other related receivables arising from revenue transactions and provides a practical expedient available for election by public entities. Once elected, all public entities are no longer required to consider forecasted information when estimating expected credit losses, but only the historical and current economic conditions relevant to the collectibility of the trade and other related receivables. The updated guidance will become effective on a prospective basis for the Company in the first quarter of 2026, with early adoption permitted. The Company does not expect the impact upon adoption to be material to its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. This updated guidance eliminates the consideration of software project development stages and introduces additional considerations for the existing probability threshold assessment on completing a software development project. Entities are required to assess whether significant uncertainty exists in the development activities of the software before capitalizing any software costs, and such uncertainty is considered to exist if the project involves any technological innovations with novel and unproven features or unidentified significant performance requirements. The updated guidance will become effective for the Company in the first quarter of 2028 and may be adopted on either a prospective basis, full retrospective basis, or modified prospective basis with a cumulative-effect adjustment through retained earnings. Early adoption is permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

NOTE 2 – REVENUE

Revenue Recognition

General

Revenue is recognized when control of the promised goods or services is transferred to a customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services, which may include various combinations of goods and services which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of sales taxes collected from customers which are subsequently remitted to governmental authorities.

Some of the Company's contracts with customers contain multiple performance obligations. For these contracts, the individual performance obligations are separately accounted for if they are distinct. In an arrangement with multiple performance obligations, the transaction price is allocated among the separate performance obligations on a relative standalone selling price ("SSP") basis. The determination of SSP considers market conditions, the size and scope of the contract, customer and geographic information, and other factors. When observable prices are not available, SSP for separate performance obligations is generally based on the cost-plus-margin approach, considering overall pricing objectives.

When variable consideration is in the form of a sales-based or usage-based royalty in exchange for a license of technology or when a license of technology is the predominant item to which the variable consideration relates, revenue is recognized at the later of when the subsequent sale or usage occurs or the performance obligation to which some or all of the sales-based or usage-based royalty has been satisfied or partially satisfied.

Description of Revenue-Generating Activities

The Company derives the majority of its revenue from licensing its technologies and solutions to customers within the Pay-TV, Consumer Electronics, Connected Car and Media Platform product categories. Refer to Part I, Item 1 of the Form 10-K for detailed information regarding these product categories.

Pay-TV

Customers within the Pay-TV category are primarily multi-channel video service providers, consumer electronics ("CE") manufacturers, and end consumers. Revenue in this category is primarily derived from licensing the Company's Pay-TV solutions, including Electronic Program Guides, TiVo video-over-broadband ("IPTV") Solutions, Personalized Content Discovery and enriched Metadata.

For these solutions, the Company generally provides on-going media or data delivery, either via on-premise licensed software, hosting or access to its platform. The Company generally receives fees on a per-subscriber, per-month basis or as a monthly

fee, and revenue is recognized during the month in which the solutions are provided to the customer. For most of the on-premise licensed software arrangements, substantially all functionality is obtained through the Company's frequent updating of the technology, data and content. In these instances, the Company typically has a single performance obligation related to these ongoing activities in the underlying arrangement, and revenue is generally recognized over the period the solution is provided. In the case of certain minimum guarantee or fixed fee on-premise licensed software arrangements, revenue is recognized immediately upon the delivery of the licensed technology. Hosted solutions and access to our platform is considered a single performance obligation with revenue being recognized over the period the solution is provided.

Consumer Electronics

The Company licenses its audio technologies to CE manufacturers or their supply chain partners.

The Company generally recognizes royalty revenue from licenses based on units shipped or manufactured. Revenue is recognized in the period in which the customer's sales or production are estimated to have occurred. This may result in an adjustment to revenue when actual sales or production are subsequently reported by the customer, generally in the month or quarter following sales or production. Estimating customers' quarterly royalties prior to receiving the royalty reports requires the Company to make significant assumptions and judgments related to forecasted trends and growth rates used to estimate quantities shipped or manufactured by customers, which could have a material impact on the amount of revenue it reports on a quarterly basis.

Certain customers enter into fixed fee or minimum guarantee agreements, whereby customers pay a fixed fee for the right to incorporate the Company's technology in the customer's products over the license term. In arrangements with a minimum guarantee, the fixed fee component corresponds to a minimum number of units or dollars that the customer must produce or pay, with additional per-unit fees for any units or dollars exceeding the minimum. The Company generally recognizes the full fixed fee as revenue at the beginning of the license term when the customer has the right to use the technology and begins to benefit from the license. If applicable, revenue is recognized net of the effect of any significant financing components calculated using customer-specific, risk-adjusted lending rates, with the related interest income being recognized over time on an effective rate basis. For minimum guarantee agreements where the customer exceeds the minimum, the Company recognizes revenue relating to any additional per-unit fees in the periods it estimates the customer will exceed the minimum and adjusts the revenue based on actual usage once that is reported by the customer.

Connected Car

The Company licenses its digital radio solutions, automotive infotainment and related offerings to automotive manufacturers or their supply chain partners.

The Company generally recognizes royalty revenue from these licenses based on units shipped or manufactured, similar to the revenue recognition described above in "Consumer Electronics". Certain customers may enter into fixed fee or minimum guarantee agreements, also similar to the revenue recognition described above in "Consumer Electronics". Automotive infotainment and related revenue is generally recognized over time as the customer obtains access to the solutions and underlying data.

Media Platform

The Company generates revenue from advertising, TV viewership data, metadata for ad measurement and programming analytics, and licensing of the core middleware solutions.

Advertising revenue is generally recognized when the related advertisement is provided. TV viewership data revenue is generally recognized over time as the customer obtains the underlying data. Metadata for ad measurement and programming analytics is generally recognized over time as the customer obtains the scheduled data. License revenue for the core middleware solutions is generally recognized either on a per-unit royalty or a minimum guarantee or fixed fee basis, similar to "Consumer Electronics" described in the section above.

Hardware Products, Services and Settlements/Recoveries

The Company sells hardware products, primarily to end consumers, within the Pay-TV and Consumer Electronics product categories. Hardware product revenue is generally recognized when the promised product is delivered.

The Company also generates non-recurring engineering (“NRE”) revenue within all of its product categories. The Company recognizes NRE revenue as progress is made toward completion, generally using an input method based on the ratio of costs incurred to date to total estimated costs of the project.

Revenue from each of advertising, NRE services, and hardware products was less than 10% of total revenue for all periods presented.

The Company actively monitors and enforces its technology licenses, including seeking appropriate compensation from customers that have under-reported royalties owed under a license agreement and from third parties that utilize the Company’s technologies without a license. As a result of these activities, the Company may, from time to time, recognize revenue from periodic compliance audits of licensees for underreporting royalties incurred in prior periods, or from settlements of license disputes. These settlements and recoveries may cause revenue to be higher than expected during a particular reporting period and such settlements and recoveries may not occur in subsequent periods. The Company recognizes revenue from settlements and recoveries when a binding agreement has been executed or a revised royalty report has been received and the Company concludes collection is probable.

Disaggregation of Revenue

The Company’s revenue that is recognized over time consists primarily of per unit royalties, per-subscriber per-month or monthly license fees, single performance obligations satisfied over time, and NRE services. Revenue that is recognized at a point in time consists primarily of fixed fee or minimum guarantee licensing contracts, advertising, settlements/recoveries and hardware products.

The following table summarizes revenue by timing of recognition (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Recognized over time	\$ 82,818	\$ 91,025	\$ 242,855	\$ 274,880
Recognized at a point in time	28,814	41,866	88,743	96,446
Total revenue	\$ 111,632	\$ 132,891	\$ 331,598	\$ 371,326

The following table summarizes revenue by product category (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Pay-TV	\$ 49,781	\$ 81,676	\$ 149,582	\$ 199,234
Consumer Electronics	18,802	16,906	60,363	60,198
Connected Car	34,612	25,534	93,003	81,305
Media Platform	8,437	8,775	28,650	30,589
Total revenue	\$ 111,632	\$ 132,891	\$ 331,598	\$ 371,326

The following table summarizes revenue by geographic location (in thousands):

	Three Months Ended September 30,			
	2025		2024	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
U.S. and Canada ⁽¹⁾	\$ 48,067	43%	\$ 59,229	45%
Asia Pacific	40,631	36	51,957	39
Europe, Middle East and Africa	15,605	14	9,619	7
Other	7,329	7	12,086	9
Total revenue	\$ 111,632	100%	\$ 132,891	100%

	Nine Months Ended September 30,			
	2025		2024	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
U.S. and Canada ⁽¹⁾	\$ 158,167	48%	\$ 184,456	50%
Asia Pacific	119,235	36	121,748	33
Europe, Middle East and Africa	33,803	10	32,561	9
Other	20,393	6	32,561	8
Total revenue	<u>\$ 331,598</u>	<u>100%</u>	<u>\$ 371,326</u>	<u>100%</u>

⁽¹⁾ For the three months ended September 30, 2025 and 2024, the Company recognized \$43.4 million and \$54.7 million of revenue from the U.S., which represented 39% and 41% of total revenue for the respective periods. For the nine months ended September 30, 2025 and 2024, revenue from the U.S. was \$144.6 million and \$170.3 million, or 44% and 46% of total revenue, for the respective periods.

A significant portion of the Company's revenue is derived from licensees headquartered outside of the U.S., principally in Asia Pacific and Europe, Middle East and Africa. Japan, which was part of Asia Pacific, contributed a significant amount of revenue, as shown in the following table (in thousands):

	Three Months Ended September 30,			
	2025		2024	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Japan	\$ 28,812	26%	\$ 37,705	28%

	Nine Months Ended September 30,			
	2025		2024	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Japan	\$ 59,374	18%	\$ 63,615	17%

No individual country in Europe, Middle East and Africa and other regions accounted for 10% or more of total revenue in all periods presented.

The following table presents additional revenue disclosures (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue recognized in the period from:				
Amounts included in deferred revenue at the beginning of the period	\$ 5,582	\$ 4,491	\$ 20,196	\$ 18,093
Performance obligations satisfied in previous periods (true ups, recoveries, and settlements) ⁽¹⁾	\$ (364)	\$ 701	\$ 1,243	\$ 4,063

⁽¹⁾ True ups represent the differences between the Company's quarterly estimates of per-unit royalty revenue and actual production/sales-based royalties reported by licensees in reports that are generally received in the following period and may include other changes in estimates. Recoveries represent corrections or revisions to previously reported per-unit royalties by licensees, generally resulting from the Company's inquiries or compliance audits. Settlements represent resolutions of disputes or litigation during the period for past royalties owed.

Remaining Performance Obligations

Remaining performance obligations represent contracted revenue that has not yet been recognized. As of September 30, 2025, the Company's remaining performance obligations and the period over which they are expected to be recognized were as follows (in thousands):

Year Ending December 31:	Amounts
2025 (remaining 3 months)	\$ 15,715
2026	39,571
2027	21,047
2028	10,282
2029	4,433
Thereafter	1,513
Total	<u>\$ 92,561</u>

Allowance for Credit Losses

The following table presents the activity in the allowance for credit losses for the three and nine months ended September 30, 2025 and 2024 (in thousands):

	Three Months Ended September 30,			
	2025		2024	
	Accounts Receivable	Unbilled Contracts Receivable	Accounts Receivable	Unbilled Contracts Receivable
Beginning balance	\$ 954	\$ 468	\$ 1,154	\$ 348
Provision for credit losses	15	(32)	5	167
Recoveries/charge-off	(98)	(3)	(88)	—
Ending balance	<u>\$ 871</u>	<u>\$ 433</u>	<u>\$ 1,071</u>	<u>\$ 515</u>

	Nine Months Ended September 30,			
	2025		2024	
	Accounts Receivable	Unbilled Contracts Receivable	Accounts Receivable	Unbilled Contracts Receivable
Beginning balance	\$ 946	\$ 499	\$ 1,906	\$ 190
Provision for credit losses	244	(54)	(53)	328
Recoveries/charge-off	(319)	(12)	(782)	(3)
Ending balance	<u>\$ 871</u>	<u>\$ 433</u>	<u>\$ 1,071</u>	<u>\$ 515</u>

NOTE 3 – COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS

Prepaid expenses and other current assets consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
Prepaid expenses	\$ 16,985	\$ 21,027
Prepaid income taxes	9,347	8,295
Finished goods inventory	—	1,061
Other	3,215	2,105
Total	<u>\$ 29,547</u>	<u>\$ 32,488</u>

Property and equipment, net consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
Computer equipment and software	\$ 58,367	\$ 54,737
Capitalized internal-use software	35,339	23,384
Office equipment and furniture	11,183	10,773
Building	17,876	17,876
Land	5,300	5,300
Leasehold improvements	10,894	10,778
Construction in progress	305	1,979
Total property and equipment	139,264	124,827
Less: accumulated depreciation and amortization ⁽¹⁾	(88,796)	(80,354)
Property and equipment, net	<u>\$ 50,468</u>	<u>\$ 44,473</u>

(1) Includes \$9.2 million and \$4.1 million as of September 30, 2025 and December 31, 2024, respectively, of accumulated amortization associated with capitalized internal-use software.

The following table summarizes the capitalization and amortization of internal-use software for the three and nine months ended September 30, 2025 and 2024 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Costs capitalized associated with internal-use software	\$ 4,580	\$ 3,139	\$ 12,105	\$ 9,721
Amortization of capitalized internal-use software	\$ 1,891	\$ 563	\$ 5,134	\$ 1,579

Accrued liabilities consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
Employee compensation and benefits	\$ 27,182	\$ 33,360
Accrued income taxes	13,270	6,259
Accrued expenses	13,061	16,108
Current portion of operating lease liabilities	9,536	15,353
Accrued other taxes	2,922	8,370
Third-party royalties	4,159	5,171
Other	8,067	9,799
Total	<u>\$ 78,197</u>	<u>\$ 94,420</u>

NOTE 4 – FINANCIAL INSTRUMENTS

Non-marketable Equity Securities

As of September 30, 2025 and December 31, 2024, other noncurrent assets included equity securities accounted for under the equity method with a carrying amount of \$4.6 million and \$4.7 million, respectively. No impairments to the carrying amount of the Company's non-marketable equity securities were recognized in the three and nine months ended September 30, 2025 and 2024.

Derivatives Instruments

The Company uses a foreign exchange hedging strategy to hedge local currency expenses and reduce variability associated with anticipated cash flows. The Company's derivative financial instruments consist of foreign currency forward contracts. The maturities of these instruments are generally less than twelve months. Fair values for derivative financial instruments are based on prices computed using third-party valuation models. All the significant inputs to the third-party valuation models are

observable in active markets. Inputs include current market-based parameters such as forward rates, yield curves and credit default swap pricing.

Cash Flow Hedges

The Company designates certain foreign currency forward contracts as hedging instruments pursuant to Accounting Standards Codification (“ASC”) No. 815—*Derivatives and Hedging*. The effective portion of the gain or loss on the derivatives are reported as a component of accumulated other comprehensive loss (“AOCL”) in stockholders’ equity and reclassified into net loss on the condensed consolidated statements of operations (unaudited) in the period the hedged transactions are settled.

The notional and fair values of all derivative financial instruments were as follows (in thousands):

	Location in Balance Sheet	September 30, 2025	December 31, 2024
Derivative instruments designated as cash flow hedges:			
Fair value—foreign exchange contract assets, net amount	Prepaid expenses and other current assets	\$ 552	\$ —
Fair value—foreign exchange contract liabilities, net amount	Accrued liabilities	\$ —	\$ 1,858
Notional value held to buy U.S. dollars in exchange for other currencies		\$ 5,685	\$ 5,074
Notional value held to sell U.S. dollars in exchange for other currencies		\$ 70,601	\$ 57,329

All of the Company’s derivative financial instruments are eligible for netting arrangements that allow the Company and its counterparty to net settle amounts owed to each other. Derivative assets and liabilities that can be net settled under these arrangements have been presented in the Company’s condensed consolidated balance sheets on a net basis.

The gross amounts of the Company’s foreign currency forward contracts and the net amounts recorded in the Company’s condensed consolidated balance sheets were as follows (in thousands):

	September 30, 2025	December 31, 2024
Gross amount of recognized assets	\$ 1,890	\$ 173
Gross amount of recognized liabilities	(1,338)	(2,031)
Net derivative assets (liabilities)	\$ 552	\$ (1,858)

The changes in AOCL related to the cash flow hedges consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Beginning balance	\$ 2,595	\$ (152)	\$ (1,858)	\$ 1,034
Other comprehensive (loss) gain before reclassification	(1,600)	1,199	2,654	497
Amounts reclassified from accumulated other comprehensive gain into net loss	(443)	(161)	(244)	(645)
Net current period other comprehensive (loss) gain	(2,043)	1,038	2,410	(148)
Ending balance	\$ 552	\$ 886	\$ 552	\$ 886

The following table summarizes the gains recognized upon settlement of the hedged transactions in the condensed consolidated statements of operations for three and nine months ended September 30, 2025 and 2024 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Research and development	\$ 411	\$ 10	\$ 531	\$ 494
Selling, general and administrative	79	226	49	309
Total	<u>\$ 490</u>	<u>\$ 236</u>	<u>\$ 580</u>	<u>\$ 803</u>

NOTE 5 – FAIR VALUE

The Company follows the authoritative guidance for fair value measurement and the fair value option for financial assets and financial liabilities. The Company carries its financial instruments at fair value with the exception of its note receivable, deferred consideration from divestitures, short-term debt, and long-term debt. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability, or an exit price, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1* Quoted prices in active markets for identical assets.
- Level 2* Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

When applying fair value principles in the valuation of assets and liabilities, the Company is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The Company calculates the fair value of its Level 1 and Level 2 instruments based on the exchange traded price of similar or identical instruments, where available, or based on other observable inputs.

The Company's derivative financial instruments (as described in Note 4—*Financial Instruments*), consisting of foreign currency forward contracts, are reported at fair value on a recurring basis and classified as Level 2.

Financial Instruments Not Recorded at Fair Value

The following table presents the fair value hierarchy for the Company's assets and liabilities recorded at their carrying amount, but for which the fair value is disclosed (in thousands):

	September 30, 2025		December 31, 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:				
Note receivable, noncurrent	\$ 31,462	\$ 34,040	\$ 29,702	\$ 28,223
Deferred consideration from divestitures ⁽¹⁾	19,455	22,784	18,217	18,342
Total assets	<u>\$ 50,917</u>	<u>\$ 56,824</u>	<u>\$ 47,919</u>	<u>\$ 46,565</u>
Liabilities:				
Senior unsecured promissory note	\$ —	\$ —	\$ 50,000	\$ 50,000
AR Facility	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ —</u>	<u>\$ —</u>

⁽¹⁾ Includes \$11.8 million as of September 30, 2025 of the net carrying amount of the holdback consideration from the Perceive Transaction (as described in Note 6—*Divestitures*), which approximates its associated fair value and is classified as current in the condensed consolidated balance sheets.

The fair value of the note receivable, including accrued interest, and the deferred consideration resulting from the AutoSense Divestiture and the Perceive Transaction were estimated based on an income and market approach with valuation inputs such as

the U.S. Treasury constant maturity yields, comparable bond yields, and credit spreads over the term of the same or similarly issued instruments. They are classified within Level 2 of the fair value hierarchy.

Debt is classified within Level 2 of the fair value hierarchy. As of December 31, 2024, short-term debt included the senior unsecured promissory note. The carrying amount of the senior unsecured promissory note approximated fair value due to its short-term maturity. As of September 30, 2025, long-term debt included the AR Facility (as defined in Note 8—*Debt and Receivables Securitization*) with a floating interest rate based on market conditions. The carrying amount of the AR Facility approximates fair value. Refer to Note 8—*Debt and Receivables Securitization* for additional information on these two debt instruments.

NOTE 6 – DIVESTITURES

Perceive Corporation

In August 2024, the Company and one of its former subsidiaries, Perceive (“Seller”), of which the Company owned approximately 76.4% of the equity interests, entered into an Asset Purchase Agreement with Amazon.com Services LLC (“Buyer”) pursuant to which Buyer agreed to purchase and assume from Seller substantially all the assets and certain liabilities of Seller for \$80.0 million in cash, including a holdback of \$12.0 million to be held for 18 months after the closing of the transaction to secure the Company’s and Seller’s indemnification obligations (the “Perceive Transaction”). The Perceive Transaction was subsequently completed in October 2024.

The Perceive Transaction did not represent a strategic shift that would have a major effect on the Company’s consolidated results of operations, and therefore, its results of operations were not reported as discontinued operations.

Holdback Consideration

Upon completion of the Perceive Transaction, the holdback consideration of \$12.0 million was estimated to have a then present value of \$11.3 million, resulting in a discount of \$0.7 million. For the three and nine months ended September 30, 2025, the amount of discount accreted as interest income was insignificant.

As of September 30, 2025, the net carrying amount of the holdback consideration is as follows (in thousands):

	September 30, 2025
Holdback consideration	\$ 12,000
Less: unamortized discount on holdback consideration	(238)
Net carrying amount	<u>\$ 11,762</u>

AutoSense In-cabin Safety Business and Related Imaging Solutions

In December 2023, the Company entered into a definitive agreement with Tobii in connection with the AutoSense Divestiture. The AutoSense Divestiture represented a 100% equity sale transaction of two of the Company’s wholly-owned subsidiaries and was expected to streamline the Company’s business to further focus its business on entertainment-related products and services.

In January 2024, the AutoSense Divestiture was completed for total consideration of \$44.3 million, comprised of \$10.8 million of cash, a note receivable from Tobii (the “Tobii Note”) of \$27.7 million, and deferred consideration (as described under *Deferred Consideration* below) totaling \$15.0 million, which was estimated to have a fair value of \$5.8 million based on a present value factor as of January 31, 2024. The \$10.8 million of cash included in the total consideration represents the cash balance that was transferred to Tobii upon completion of the AutoSense Divestiture to support operations during the transition and was subsequently returned to the Company, and as such, this amount is included in the assets sold as of January 31, 2024 and in the total consideration received. In addition, there may be potential earnout payments (as described under *Contingent Consideration* below) payable in 2031, contingent upon the future success of the divested AutoSense in-cabin safety business.

In connection with the AutoSense Divestiture, the Company also recorded a liability of \$7.1 million for potential indemnification of certain pre-closing date matters.

As of January 31, 2024, the Company derecognized the carrying amounts of the following assets and liabilities (in thousands):

	January 31, 2024		
	Current	Noncurrent	Total
Assets:			
Cash and cash equivalents	\$ 11,025	\$ —	\$ 11,025
Accounts receivable, net	3,392	—	3,392
Unbilled contracts receivable, net	1,398	5,320	6,718
Prepaid expenses and other current assets	812	—	812
Property and equipment, net	—	2,291	2,291
Operating lease right-of-use assets	—	3,272	3,272
Other noncurrent assets	—	2,887	2,887
Total assets held for sale	<u>\$ 16,627</u>	<u>\$ 13,770</u>	<u>\$ 30,397</u>
Liabilities:			
Accounts payable	\$ 248	\$ —	\$ 248
Accrued liabilities	4,933	—	4,933
Deferred revenue	1,114	—	1,114
Operating lease liabilities, noncurrent	—	2,708	2,708
Other noncurrent liabilities	—	7,064	7,064
Total liabilities held for sale	<u>\$ 6,295</u>	<u>\$ 9,772</u>	<u>\$ 16,067</u>
Net assets held for sale	<u>\$ 10,332</u>	<u>\$ 3,998</u>	<u>\$ 14,330</u>

Upon the completion of the AutoSense Divestiture, the Company recognized a pre-tax gain of \$22.9 million.

The AutoSense Divestiture did not represent a strategic shift that would have a major effect on the Company's consolidated results of operations, and therefore, its results of operations were not reported as discontinued operations.

Note Receivable from Tobii AB

The Tobii Note, with a fixed interest rate of 8% per annum, matures on April 1, 2029, and is payable in three annual installments. Tobii may, at any time and on any one or more occasions, prepay all or any portion of the outstanding principal amount, along with accrued interest, without any penalty. In the event of default, an additional interest of 2% per annum may be applied to the outstanding balance of the Tobii Note, and the Company has the right to demand full or partial payment on the outstanding balance with unpaid interest.

The Tobii Note is secured by a floating lien and security interest in certain of Tobii's assets, rights, and properties, and contains customary affirmative and negative covenants including the restrictions on incurring certain indebtedness, and certain change of control and asset sale events, but does not include any financial covenants.

The Tobii Note has the following scheduled principal repayments (in thousands):

Date of Principal Payment:	Amount
April 1, 2027	\$ 10,000
April 1, 2028	10,000
April 1, 2029	7,676
Total principal payments	<u>\$ 27,676</u>

The Company elected to present accrued interest within the carrying amount of note receivable, noncurrent, in the condensed consolidated balance sheets. As of September 30, 2025, the carrying amount of the Tobii Note is as follows (in thousands):

	September 30, 2025
Outstanding principal amount	\$ 27,676
Add: interest accrued to date	3,786
Carrying amount—note receivable, noncurrent	<u>\$ 31,462</u>

Interest income recognized from the note receivable was \$0.6 million for each of the three months ended September 30, 2025 and 2024, and \$1.8 million and \$1.5 million for the nine months ended September 30, 2025 and 2024, respectively.

Deferred Consideration

The deferred consideration consists of guaranteed future cash payments, which are scheduled to be made by Tobii in four annual payments as follows (in thousands):

Date of Payment:	Amount
February 15, 2028	\$ 3,000
February 15, 2029	2,250
February 15, 2030	4,500
February 15, 2031	5,250
Total future payments	<u>\$ 15,000</u>

At the closing date of the Tobii Note, there was \$9.2 million of discount on the deferred consideration to be accreted as interest income up to the date of the final payment. Interest income accreted from the discount was \$0.3 million for each of the three months ended September 30, 2025 and 2024, and \$0.9 million and \$0.7 million for the nine months ended September 30, 2025 and 2024, respectively.

As of September 30, 2025, the net carrying amount of the deferred consideration is as follows (in thousands):

	September 30, 2025
Total deferred consideration	\$ 15,000
Less: unamortized discount on deferred consideration	(7,307)
Net carrying amount	<u>\$ 7,693</u>

Contingent Consideration

The earnout represents potential incremental cash consideration, and the payment is contingent upon the achievement of certain targeted shipments, between January 1, 2024 and December 31, 2030, of qualified automotive products featuring the AutoSense in-cabin safety technology and the related imaging solutions.

At the closing date of the AutoSense Divestiture, the Company elected to apply the gain contingency guidance under ASC 450—*Contingencies*, as it could not reasonably estimate shipment amounts. As a result, the Company deferred the recognition of the contingent consideration until it becomes realized or realizable.

NOTE 7 – INTANGIBLE ASSETS, NET

Identified intangible assets consisted of the following (in thousands):

		September 30, 2025		
	Weighted-Average Remaining Useful Life (in years)	Gross Amount	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets:				
Acquired patents	4.5	\$ 17,281	\$ (7,344)	\$ 9,937
Existing technology / content database	3.7	219,919	(200,955)	18,964
Customer contracts and related relationships	3.6	493,685	(407,408)	86,277
Trademarks/trade name	1.7	39,313	(39,023)	290
Non-compete agreements		3,101	(3,101)	—
Total finite-lived intangible assets		<u>773,299</u>	<u>(657,831)</u>	<u>115,468</u>
Indefinite-lived intangible assets:				
TiVo tradename/trademarks	N/A	21,400	—	21,400
Total intangible assets		<u>\$ 794,699</u>	<u>\$ (657,831)</u>	<u>\$ 136,868</u>

	December 31, 2024			
	Weighted-Average Remaining Useful Life (in years)	Gross Amount	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets:				
Acquired patents	5.2	\$ 17,281	\$ (5,687)	\$ 11,594
Existing technology / content database	4.0	219,912	(194,041)	25,871
Customer contracts and related relationships	4.4	493,685	(389,251)	104,434
Trademarks/trade name	2.5	39,313	(38,898)	415
Non-compete agreements		3,101	(3,101)	—
Total finite-lived intangible assets		773,292	(630,978)	142,314
Indefinite-lived intangible assets:				
TiVo tradename/trademarks	N/A	21,400	—	21,400
Total intangible assets		<u>\$ 794,692</u>	<u>\$ (630,978)</u>	<u>\$ 163,714</u>

As of September 30, 2025, the estimated future amortization expense of total finite-lived intangible assets was as follows (in thousands):

Year Ending December 31:	Amounts
2025 (remaining 3 months)	\$ 7,986
2026	31,508
2027	30,666
2028	30,328
2029	14,342
Thereafter	638
Total future amortization	<u>\$ 115,468</u>

NOTE 8 – DEBT AND RECEIVABLES SECURITIZATION

PNC AR Facility

In February 2025, the Company entered into a Receivables Financing Agreement (the “RFA”) to establish an accounts receivable securitization program (the “AR Facility”) with PNC Bank, National Association (“PNC”). Under the AR Facility, certain of the Company’s wholly-owned subsidiaries (collectively, the “Originators”) agreed to periodically transfer and sell their trade receivables, which include accounts receivable and unbilled contracts receivable, and all related rights to Xperi SPV LLC (“Xperi SPV”), the Company’s special purpose subsidiary, while the Company manages the associated collection and administrative responsibilities. In turn, Xperi SPV may borrow funds from PNC from time to time, secured by liens on the trade receivables.

The Company controls Xperi SPV and includes it in the Company’s condensed consolidated financial statements. The transfer of the trade receivables is accounted for as a sale of financial assets. Once sold to Xperi SPV, the Originators have no continuing involvement in the transferred trade receivables. Further, the transferred trade receivables are no longer available to satisfy any outstanding debt owed to creditors of the Company or the Originators.

The maximum amount potentially available to borrow, based on the eligibility of the trade receivables, is \$55.0 million. Interest on the outstanding balance is accrued at the sum of the (i) monthly Term SOFR Rate (as defined in the RFA) and (ii) 1.90%. Additional interest of 0.50% is accrued on the unused borrowing limit. Interest is payable on a monthly basis. The AR Facility matures on February 21, 2028, unless terminated earlier pursuant to its terms. Repayment of the outstanding principal is due at maturity; however, the Company may prepay all of the outstanding principal at any time, plus accrued and unpaid interest, without any premium or penalty. If, at any time, the aggregate outstanding principal exceeds the eligibility limit of the receivables, the Company is required to repay the excess amount borrowed immediately.

The AR Facility contains customary covenants included in debt arrangements, and certain liquidity and related covenants involving various types of financial performance measures such as liquidity ratio, default ratio, dilution ratio, delinquency ratio, and days sales outstanding. Subject in some cases to cure periods, amounts outstanding under the RFA may be accelerated for customary events of default including, but not limited to, the failure to make payments or deposits when due, borrowing base deficiencies, and the failure to observe or comply with any covenant. The Company was in compliance with all covenants as of September 30, 2025.

On February 21, 2025, the Company borrowed \$40.0 million under the AR Facility and accounted for it as a secured borrowing. As of September 30, 2025, accounts receivable and unbilled contracts receivable totaling \$113.8 million were included in the balance sheet of Xperi SPV and pledged as collateral against the borrowing.

The Company capitalized fees incurred to establish the securitization program of \$1.2 million, which are amortized on a straight-line basis over the commitment term of three years. Fees amortized were immaterial for the three and nine months ended September 30, 2025, and recognized under “interest expense – debt” in the condensed consolidated statements of operations.

Vewd Promissory Note

In connection with the acquisition of Vewd Software Holdings Limited (“Vewd”) on July 1, 2022, the Company issued a senior unsecured promissory note (the “Promissory Note”) to the sellers of Vewd in a principal amount of \$50.0 million. Indebtedness outstanding under the Promissory Note bears an interest rate of 6.00% per annum, payable in cash on a quarterly basis. The Promissory Note was scheduled to mature on July 1, 2025, but the Company was permitted to prepay all of the outstanding principal at any time, plus accrued and unpaid interest, without any premium or penalty.

The outstanding principal of \$50.0 million on the Promissory Note was classified as current as of December 31, 2024. In February 2025, the Company repaid the full outstanding principal along with accrued interest, with \$40.0 million in loan proceeds from the AR Facility with PNC (as described above) and the remainder with cash on hand.

Total interest expense for debt was \$0.8 million for the three months ended September 30, 2025 and 2024, and \$2.3 million for the nine months ended September 30, 2025 and 2024.

NOTE 9 – NET LOSS PER SHARE

Basic net loss per share attributable to the Company is computed by dividing the net loss attributable to the Company by the number of weighted-average outstanding common shares in the period. Potentially dilutive common shares, such as common shares issuable upon exercise of stock options, vesting of restricted stock units (“RSUs”), and shares purchased under the Employee Stock Purchase Plan (“ESPP”) are typically reflected in the computation of diluted net income per share by application of the treasury stock method. Due to the net losses reported, these potentially dilutive securities were excluded from the computation of diluted net loss per share attributable to the Company, since their effect would be anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per share attributable the Company (in thousands, except per share amounts):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Numerator:				
Net loss attributable to the Company - basic and diluted	\$ (6,107)	\$ (16,805)	\$ (39,254)	\$ (60,224)
Denominator:				
Weighted-average number of shares used in computing net loss per share attributable to the Company - basic and diluted	46,276	45,683	45,637	45,180
Net loss per share attributable to the Company - basic and diluted	\$ (0.13)	\$ (0.37)	\$ (0.86)	\$ (1.33)

The following potentially dilutive shares were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive for the periods presented (in thousands):

	Three and Nine Months Ended September 30,	
	2025	2024
Stock options	—	55
Restricted stock units	7,111	7,555
ESPP	332	282
Total	7,443	7,892

NOTE 10 – STOCKHOLDERS’ EQUITY AND STOCK-BASED COMPENSATION

Equity Incentive Plans

Under the Xperi Inc. 2022 Equity Incentive Plan (the “2022 EIP”), the Company is allowed to grant stock options, RSUs, and performance-based awards to employees, non-employee directors, and consultants. The 2022 EIP includes an automatic annual increase to its share reserve on January 1 of each year as set forth in the plan document.

As of September 30, 2025, there were approximately 4.9 million shares reserved for future grants under the 2022 EIP.

Employee Stock Purchase Plans

In October 2022, the Company adopted the Xperi Inc. 2022 Employee Stock Purchase Plan (as amended in December 2023, the “2022 ESPP”). The 2022 ESPP provides an offering period of 12 months, commencing on each December 1 and June 1 during each period. Additionally, it includes a reset provision which is triggered if the fair market value per share of the Company’s common stock on any purchase date during an offering period is less than the fair market value per share on the start date of any 12-month offering period. Upon occurrence of the reset, the existing offering period will automatically terminate and a new 12-month offering period will begin on the next business day.

Each reset is treated as a modification in accordance with ASC 718—*Stock Based Compensation*, with the incremental fair value recognized on a straight-line basis over the new offering period. The reset of the June 2025 offering period did not result in material incremental fair value, whereas the reset of the June 2024 offering period had an incremental fair value of \$2.0 million.

As of September 30, 2025, there were 2.1 million shares reserved for future issuance under the 2022 ESPP.

The following table summarizes the valuation assumptions used in estimating the fair value of the 2022 ESPP for the offering periods in effect using the Black-Scholes option pricing model:

	Nine Months Ended September 30,	
	2025	2024
Expected life (years)	0.5—1.0	0.5—1.0
Risk-free interest rate	4.4%—5.1%	5.1%—5.4%
Dividend yield	0.0%	0.0%
Expected volatility	43.0%—44.1%	44.4%—45.0%

Stock Options

The Company did not grant additional stock options during the nine months ended September 30, 2025. All outstanding stock options were fully vested and exercisable as of September 30, 2025, and were immaterial for financial statement disclosure purposes.

Restricted Stock Units

Information with respect to outstanding RSUs (including both time-based vesting and performance-based vesting) for the nine months ended September 30, 2025 is as follows (in thousands, except per share amounts):

	Number of Shares Subject to Time- based Vesting	Number of Shares Subject to Performance- based Vesting	Total Number of Shares	Weighted Average Grant Date Fair Value Per Share
Balance at December 31, 2024	5,258	2,147	7,405	\$ 13.66
Granted	2,293	712	3,005	\$ 8.24
Vested / released	(2,112)	(143)	(2,255)	\$ 13.25
Canceled / forfeited	(359)	(685)	(1,044)	\$ 20.29
Balance at September 30, 2025	5,080	2,031	7,111	\$ 10.53

Performance-Based Awards

From time to time, the Company may grant performance-based restricted stock units (“PSUs”) to senior executives, certain employees, and consultants. The value and the vesting of such PSUs are generally linked to one or more performance goals or certain market conditions determined by the Company, in each case on a specified date or dates or over any period or periods determined by the Company, and may range from zero to 200% of the grant. For PSUs subject to market conditions, the fair value per award is fixed at the grant date and the amount of compensation expense is not adjusted during the performance period regardless of changes in the level of achievement of the market condition.

The Company uses the closing trading price of its common stock on the date of grant as the fair value of awards or RSUs and PSUs that are based on Company-designated performance targets. For PSUs that are based on market conditions (the “market-based PSUs”), fair value is estimated by using a Monte Carlo simulation on the date of grant.

The following assumptions were used to value the market-based PSUs granted during the period:

	Nine Months Ended September 30,	
	2025	2024
Expected life (years)	3.0	3.0
Risk-free interest rate	3.9%	4.2%
Dividend yield	0.0%	0.0%
Expected volatility	46.2%	43.9%

Stock Repurchase Programs

In April 2024, the Company’s Board of Directors (the “Board”) authorized the repurchase of up to \$100.0 million of its common stock (the “Program”). Under the Program, the Company may make repurchases, from time to time, through open market purchases, block trades, privately negotiated transactions, accelerated share repurchase transactions, or other means. The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases under the Program. During the three months ended September 30, 2024, the Company repurchased a total of 1,121,200 shares of common stock, at an average price of \$8.92 per share for a total cost of \$10.0 million. The shares repurchased were permanently retired. No expiration date has been specified for this Program.

There were no repurchases of common stock during the nine months ended September 30, 2025. As of September 30, 2025, the total remaining amount available for repurchase was \$80.0 million. The Company may continue to execute authorized repurchases from time to time under the Program.

Stock-Based Compensation

Total stock-based compensation expense for the three and nine months ended September 30, 2025 and 2024 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of revenue, excluding depreciation and amortization of intangible assets	\$ 883	\$ 822	\$ 2,771	\$ 2,424
Research and development	2,783	5,225	10,397	15,389
Selling, general and administrative	5,974	9,202	18,901	27,496
Total stock-based compensation expense	<u>\$ 9,640</u>	<u>\$ 15,249</u>	<u>\$ 32,069</u>	<u>\$ 45,309</u>

Stock-based compensation expense categorized by award type for the three and nine months ended September 30, 2025 and 2024 is summarized in the table below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
RSUs	\$ 8,123	\$ 10,465	\$ 26,261	\$ 30,810
PSUs	970	3,625	3,964	10,654
ESPP	547	1,159	1,844	3,845
Total stock-based compensation expense	<u>\$ 9,640</u>	<u>\$ 15,249</u>	<u>\$ 32,069</u>	<u>\$ 45,309</u>

As of September 30, 2025, unrecognized stock-based compensation expense related to unvested equity-based awards is as follows (amounts in thousands):

	September 30, 2025	
	Unrecognized Stock-Based Compensation	Weighted-Average Period to Recognize Expense (in years)
RSUs	\$ 32,900	1.8
PSUs	7,338	1.9
ESPP	1,587	0.6
Total unrecognized stock-based compensation expense	<u>\$ 41,825</u>	

NOTE 11 – INCOME TAXES

For the three and nine months ended September 30, 2025, the Company recorded an income tax expense of \$4.8 million and \$12.9 million on a pretax loss of \$1.3 million and \$26.3 million, respectively; which resulted in an effective tax rate of (369.0)% and (49.1)%, respectively. The income tax expense for the three and nine months ended September 30, 2025 was primarily related to foreign withholding taxes and foreign income taxes.

For the three and nine months ended September 30, 2024, the Company recorded an income tax expense of \$2.9 million and \$16.4 million on a pretax loss of \$16.9 million and \$47.4 million, respectively; which resulted in an effective tax rate of (17.1)% and (34.7%), respectively. The income tax expense for the three and nine months ended September 30, 2024 was primarily related to foreign withholding taxes, foreign income taxes, U.S. federal income taxes, and state income taxes.

As of September 30, 2025, gross unrecognized tax benefits of \$15.6 million increased by \$0.2 million compared to December 31, 2024. Of the \$15.6 million gross unrecognized tax benefits, \$1.3 million would affect the effective tax rate, if recognized. The Company is unable to reasonably estimate the timing of the long-term payments or the amount by which the liability will increase or decrease.

It is the Company's policy to classify accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. Recognition of interest and penalties related to unrecognized tax benefits was immaterial for the three and nine months ended September 30, 2025 and 2024. As of September 30, 2025 and December 31, 2024, accrued interest and penalties were \$0.3 million and \$0.1 million, respectively.

As of September 30, 2025, the Company's 2020 through 2025 tax years are generally open and subject to potential examination in one or more jurisdictions. In addition, in the United States, any net operating losses or credits that were generated in prior years but not yet fully utilized in a year that is closed under the statute of limitations may also be subject to examination.

NOTE 12 – LEASES

The Company leases office and research facilities, data centers and office equipment under operating leases with various expiration dates through 2032. Certain leases offer the option to renew for up to ten years and to terminate before the expiration date. Leases with an initial term of 12 months or less are not recorded on the balance sheets; expense for these leases is recognized on a straight-line basis over the lease term. Variable lease payments are expensed as incurred and are not included within the lease liability and right-of-use assets calculation.

The Company subleases certain real estate to third parties. The sublease portfolio consists of operating leases for previously exited office space. Certain subleases include variable payments for operating costs. The subleases are generally co-terminus with the head lease, or shorter. Subleases generally do not include any residual value guarantees or restrictions or covenants imposed by the leases. Income from subleases is recognized as a reduction to selling, general and administrative expenses.

The components of operating lease costs were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Fixed lease cost ⁽¹⁾	\$ 4,193	\$ 4,262	\$ 12,489	\$ 12,798
Variable lease cost	1,135	1,089	3,551	3,038
Less: sublease income	(2,123)	(2,008)	(6,459)	(6,086)
Total operating lease cost	<u>\$ 3,205</u>	<u>\$ 3,343</u>	<u>\$ 9,581</u>	<u>\$ 9,750</u>

⁽¹⁾ Includes short-term leases expensed on a straight-line basis.

The following table presents supplemental cash flow information arising from lease transactions (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash payments included in the measurement of operating lease liabilities	\$ 4,037	\$ 4,298	\$ 12,558	\$ 13,222
Operating ROU assets obtained in exchange for lease obligations	\$ 2,294	\$ 304	\$ 11,475	\$ 2,328

The weighted-average remaining term of the Company's operating leases and the weighted-average discount rate used to measure the present value of the operating lease liabilities are as follows:

	September 30, 2025	December 31, 2024
Weighted-average remaining lease term (in years)	4.4	2.9
Weighted-average discount rate	6.8%	5.5%

Future minimum lease payments and related lease liabilities as of September 30, 2025 were as follows (in thousands):

Year Ending December 31:	Operating Lease Payments ⁽¹⁾	Sublease Income	Net Operating Lease Payments
2025 (remaining 3 months)	\$ 2,880	\$ (1,606)	\$ 1,274
2026	11,021	(1,563)	9,458
2027	8,591	(368)	8,223
2028	5,981	(379)	5,602
2029	3,906	(291)	3,615
Thereafter	6,283	—	6,283
Total lease payments	38,662	\$ (4,207)	\$ 34,455
Less: imputed interest	(5,629)		
Present value of operating lease liabilities	\$ 33,033		
Less: operating lease liabilities, current portion	(9,536)		
Noncurrent operating lease liabilities	\$ 23,497		

⁽¹⁾ Future minimum lease payments exclude short-term leases as well as payments to landlords for variable common area maintenance, insurance, and real estate taxes.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Purchase and Other Contractual Obligations

In the ordinary course of business, the Company enters into contractual agreements with third parties that include non-cancelable payment obligations, for which it is liable in future periods. These arrangements primarily include unconditional purchase obligations to service providers. As of September 30, 2025, the Company's total future unconditional purchase obligations were approximately \$133.2 million.

Indemnifications

In the normal course of business, the Company provides indemnifications of varying scopes and amounts to certain of its licensees, customers, and business partners against claims made by third parties arising from the use of the Company's products, intellectual property, services or technologies. The Company cannot reasonably estimate the possible range of losses that may be incurred pursuant to its indemnification obligations, if any. Variables affecting any such assessment include, but are not limited to: the scope of the contractual indemnification obligation; the nature of the third party claim asserted; the relative merits of the third party claim; the financial ability of the third party claimant to engage in protracted litigation; the number of parties seeking indemnification; the nature and amount of damages claimed by the party suing the indemnified party; and the willingness of such party to engage in settlement negotiations. The Company has received requests for indemnification, but to date none has been material and no liability has been recorded in the Company's financial statements.

As permitted under Delaware law, the Company has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company believes, given the absence of any such payments in the Company's history, and the estimated low probability of such payments in the future, that the estimated fair value of these indemnification agreements is not material. In addition, the Company has directors' and officers' liability insurance coverage that is intended to reduce its financial exposure and may enable the Company to recover any payments under the indemnification agreements from its insurers, should they occur.

Contingencies

The Company and its subsidiaries have been involved in litigation matters and claims in the normal course of business. In the past, the Company or its subsidiaries have litigated to enforce their respective patents and other intellectual property rights, to enforce the terms of license agreements, to determine infringement or validity of intellectual property rights, and to defend themselves or their customers against claims of infringement or breach of contract. The Company expects it or its subsidiaries will be involved in similar legal proceedings in the future, including proceedings to ensure proper and full payment of royalties

by licensees under the terms of their license agreements. Accruals for loss contingencies are recognized when a loss is probable, and the amount of such loss can be reasonably estimated.

An adverse decision in any legal actions could result in a loss of the Company's proprietary rights, subject the Company to significant liabilities, require the Company to seek licenses from others, limit the value of the Company's licensed technology or otherwise negatively impact the Company's stock price or its business and consolidated financial results. Although considerable uncertainty exists, the Company does not anticipate that the disposition of any of these matters will have a material effect on its business or consolidated financial statements.

NOTE 14 - SEGMENT RELATED INFORMATION

The Company has one operating and reportable segment. The Company's technologies are integrated into consumer devices and media platforms worldwide, powering smart devices, connected cars and entertainment experiences. The Company's Chief Executive Officer has been determined to be the chief operating decision maker ("CODM") in accordance with the authoritative guidance on segment reporting. The accounting policies of the segment are the same as those described in the summary of significant accounting policies. The CODM assesses performance and decides how to allocate resources based on net income (loss) that also is reported on the statements of operations as consolidated net income (loss). The measure of segment assets is reported on the balance sheet as total consolidated assets.

The following table presents information about reported segment revenue, significant segment expenses, and segment net loss for the three and nine months ended September 30, 2025 and 2024 (in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenue	\$ 111,632	\$ 132,891	\$ 331,598	\$ 371,326
Less:				
Cost of revenue, excluding depreciation and amortization of intangible assets ⁽¹⁾	29,078	27,484	92,226	86,193
Research and development ⁽¹⁾	29,923	53,627	99,255	149,189
Selling, general and administrative ⁽¹⁾	42,536	56,483	132,376	165,938
Depreciation expense	3,470	2,918	9,823	9,780
Amortization expense	7,987	10,934	26,853	33,015
Interest and other income, net	(821)	(2,379)	(4,863)	(4,711)
Interest expense - debt	761	756	2,252	2,252
Gain on divestitures	—	—	—	(22,934)
Provision for income taxes	4,805	2,899	12,930	16,437
Consolidated net loss	<u>\$ (6,107)</u>	<u>\$ (19,831)</u>	<u>\$ (39,254)</u>	<u>\$ (63,833)</u>

(1) Includes total salaries, bonuses, and employee benefits of \$56.8 million and \$73.8 million for the three months ended September 30, 2025 and 2024, respectively; and \$178.8 million and \$218.7 million for the nine months ended September 30, 2025 and 2024, respectively.

NOTE 15 - SUBSEQUENT EVENT

On November 1, 2025, the Company approved a restructuring plan to improve cost efficiency and better align the operating structure with its long-term strategies and current market conditions. This plan involves reducing the Company's global workforce by approximately 250 employees and impacts all business and functional areas. The Company estimates it will incur between \$16.0 million and \$18.0 million of restructuring and related charges, substantially all of which consists of employee severance and related costs. This plan became effective immediately upon approval and is expected to be substantially completed by the end of the first half of 2026.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis is intended to promote understanding of our results of operations and financial condition and should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes thereto, and with our audited financial statements and notes thereto for the fiscal year ended December 31, 2024 found in our Form 10-K filed by Xperi Inc. (“Xperi,” the “Company” “we,” “us,” “our,” and similar references) on February 27, 2025 (our “Form 10-K”).

Business Overview

We are a leading consumer and entertainment technology company. We believe we create extraordinary experiences at home and on the go for millions of consumers around the world, enabling our unique audiences to connect with content in a more intelligent, immersive, and personal way. Powering smart devices, connected cars, entertainment experiences and more, we bring together ecosystems designed to reach highly-engaged consumers, allowing us and our ecosystem partners to uncover significant new business opportunities, now and in the future. Our technologies are integrated into consumer devices and a variety of media platforms worldwide, driving increased value for our partners, customers, and consumers. We operate in one reportable business segment and group our revenue into four categories: Pay-TV, Consumer Electronics, Connected Car and Media Platform. Headquartered in Silicon Valley with operations around the world, we have approximately 1,630 employees and more than 35 years of operating experience.

Divestitures

In December 2023, we entered into a definitive agreement with Tobii AB, an eye tracking and attention computing company, pursuant to which we agreed to sell our AutoSense in-cabin safety business and related imaging solutions (the “AutoSense Divestiture”). The AutoSense Divestiture was completed in January 2024 and has streamlined our business and further enhanced our focus on entertainment markets.

In August 2024, we entered into an Asset Purchase Agreement with Amazon.com Services LLC to sell substantially all of the assets and certain liabilities of Perceive Corporation (“Perceive”, later known as Xperi Pylon Corporation and subsequently dissolved in December 2024), a subsidiary focused on edge inference hardware and software technologies, for a gross amount of \$80.0 million in cash, including a holdback of \$12.0 million to be held for 18 months after the closing of the transaction (the “Perceive Transaction”) to secure our and Perceive’s indemnification obligations. The Perceive Transaction was completed in October 2024, allowing us to be fully focused on entertainment-based solutions to grow our independent media platform and licensing businesses.

Macroeconomic Conditions

Macroeconomic conditions—including rising inflation and interest rates, recessionary concerns, financial and credit market volatility, shifts in economic policy, reduced discretionary spending by consumers and businesses, tariffs, and global supply chain disruptions—have adversely affected, and may continue to affect, our business and that of our customers. While we remain committed to closely monitoring these macroeconomic developments and intend to adapt our business strategies as needed, the ultimate impact on our business, operating results, and financial condition remains uncertain.

Restructuring Activities

On November 1, 2025, we approved a restructuring plan to improve cost efficiency and better align our operating structure with our long-term strategies and current market conditions. This plan involves reducing our global workforce by approximately 250 employees and impacts all business and functional areas. In connection with this plan, we estimate that we will incur between \$16.0 million and \$18.0 million of restructuring and related charges, substantially all of which consists of employee severance and related costs. This plan became effective immediately upon approval and we expect substantially all the restructuring activities to be completed by the end of the first half of 2026. We estimate that these reductions, once completed, will generate cost savings of \$30.0 million to \$35.0 million on an annualized basis.

Results of Operations

The following table presents our operating results for the periods indicated as a percentage of revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	100%	100%	100%	100%
Operating expenses:				
Cost of revenue, excluding depreciation and amortization of intangible assets	26	21	28	23
Research and development	27	40	30	40
Selling, general and administrative	38	43	40	45
Depreciation expense	3	2	3	3
Amortization expense	7	8	8	9
Total operating expenses	101	114	109	120
Operating loss	(1)	(14)	(9)	(20)
Interest and other income, net	1	2	2	2
Interest expense - debt	(1)	(1)	(1)	(1)
Gain on divestiture	—	—	—	6
Loss before taxes	(1)	(13)	(8)	(13)
Provision for income taxes	4	2	4	4
Net loss	(5)%	(15)%	(12)%	(17)%

Comparison of the Three and Nine Months Ended September 30, 2025 and 2024

Revenue

We derive the majority of our revenue from licensing our technologies and solutions to customers. For our revenue recognition policy including descriptions of revenue-generating activities, refer to Note 2—*Revenue* of the Notes to the Condensed Consolidated Financial Statements (Unaudited).

	Three Months Ended September 30,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Revenue	\$ 111,632	\$ 132,891	\$ (21,259)	(16)%

Revenue decreased by \$21.3 million, or 16%, for the three months ended September 30, 2025 compared to the same period in the prior year. The decrease was primarily driven by a decrease of \$31.9 million in Pay-TV revenue, partially offset by a combined increase of \$11.0 million in Connected Car and Consumer Electronics revenue.

The decline in Pay-TV revenue reflects lower revenue in core guide products and consumer hardware and subscription services, largely due to higher minimum guarantee (“MG”) revenue recognized in the third quarter of 2024. This was partially offset by continued growth in TiVo video-over-broadband (“IPTV”) solutions revenue.

Connected Car revenue increased by \$9.1 million, primarily due to higher MG revenue from HD Radio. Consumer Electronics revenue rose by \$1.9 million, driven by stronger licensing and MG revenue, partially offset by the impact of the Perceive Transaction.

	Nine Months Ended September 30,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Revenue	\$ 331,598	\$ 371,326	\$ (39,728)	(11)%

Revenue declined by \$39.7 million, or 11%, for the nine months ended September 30, 2025 compared to the same period in the prior year, primarily due to the divestitures of AutoSense and Perceive, and a decrease of \$49.7 million in Pay-TV revenue. The Pay-TV decline was driven by lower revenue in core guide products, consumer hardware, and subscription services, partially

due to higher MG revenue recognized in the prior year. These impacts were partially offset by continued growth in IPTV solutions.

The overall decrease was partially mitigated by an increase of \$11.7 million in Connected Car revenue, primarily from higher MG and licensing revenue related to HD Radio. This was offset in part by a decline in Audio Solutions revenue, reflecting the absence of certain MG revenue recognized in the prior year.

Operating Expenses

	Three Months Ended September 30,			
	2025	2024	\$ Change	% Change
	(dollars in thousands)			
Cost of revenue, excluding depreciation and amortization of intangible assets	\$ 29,078	\$ 27,484	\$ 1,594	6%
Research and development	29,923	53,627	(23,704)	(44)%
Selling, general and administrative	42,536	56,483	(13,947)	(25)%
Depreciation expense	3,470	2,918	552	19%
Amortization expense	7,987	10,934	(2,947)	(27)%
Total operating expenses	<u>\$ 112,994</u>	<u>\$ 151,446</u>	<u>\$ (38,452)</u>	<u>(25)%</u>

	Nine Months Ended September 30,			
	2025	2024	\$ Change	% Change
	(dollars in thousands)			
Cost of revenue, excluding depreciation and amortization of intangible assets	\$ 92,226	\$ 86,193	\$ 6,033	7%
Research and development	99,255	149,189	(49,934)	(33)%
Selling, general and administrative	132,376	165,938	(33,562)	(20)%
Depreciation expense	9,823	9,780	43	0%
Amortization expense	26,853	33,015	(6,162)	(19)%
Total operating expenses	<u>\$ 360,533</u>	<u>\$ 444,115</u>	<u>\$ (83,582)</u>	<u>(19)%</u>

Cost of Revenue, Excluding Depreciation and Amortization of Intangible Assets

Cost of revenue, excluding depreciation and amortization of intangible assets, consists primarily of employee-related costs, royalties paid to third parties, hardware product-related costs, content and data costs, hosting fees, maintenance costs and an allocation of facilities costs, as well as service center and other expenses related to providing our offerings and non-recurring engineering services.

Cost of revenue, excluding depreciation and amortization of intangible assets, for the three months ended September 30, 2025 was \$29.1 million, as compared to \$27.5 million in the same period of the prior year, an increase of \$1.6 million, or 6%. The increase was primarily driven by higher third-party royalty expenses and increased personnel-related costs.

Cost of revenue, excluding depreciation and amortization of intangible assets, for the nine months ended September 30, 2025 was \$92.2 million, as compared to \$86.2 million in the same period of the prior year, an increase of \$6.0 million, or 7%. The increase was primarily driven by higher costs associated with advertising revenue, third-party royalties, and personnel-related expenses, partially offset by cost reductions resulting from the AutoSense Divestiture and the Perceive Transaction.

Research and Development

Research and development (“R&D”) costs consist primarily of employee-related costs, stock-based compensation (“SBC”) expense, engineering consulting expenses associated with new product and technology development, product commercialization, quality assurance and testing costs, as well as other costs related to patent applications and examinations, materials, supplies, and an allocation of facilities costs. Other than certain software development costs that are capitalized, all research and development costs are expensed as incurred.

Research and development expense for the three months ended September 30, 2025 was \$29.9 million, as compared to \$53.6 million in the same period of the prior year, a decrease of \$23.7 million, or 44%. The decrease was primarily driven by lower R&D spend resulting from the Perceive Transaction, lower SBC expense, and reductions in R&D employee headcount.

Research and development expense for the nine months ended September 30, 2025 was \$99.3 million, as compared to \$149.2 million in the same period of the prior year, a decrease of \$49.9 million, or 33%. The decrease was primarily driven by lower R&D spend in the AutoSense in-cabin safety business and related imaging solutions following the AutoSense Divestiture, lower expenses resulting from the Perceive Transaction, lower SBC and bonus expenses, and reductions in R&D employee headcount.

Selling, General and Administrative

Selling expenses consist primarily of compensation and related costs (including SBC expense) for sales and marketing personnel engaged in sales and licensee support, marketing programs, public relations, promotional materials, travel, and trade shows. General and administrative expenses consist primarily of compensation and related costs (including SBC expense) for management, information technology, finance and legal personnel, legal fees and related expenses, facilities costs, and professional services. Our general and administrative expenses, other than facilities-related expenses and fringe benefits, are not allocated to other expense line items.

Selling, general and administrative expenses for the three months ended September 30, 2025 were \$42.5 million, as compared to \$56.5 million in the same period of the prior year, a decrease of \$14.0 million, or 25%. The decrease was primarily attributable to reduced employee headcount, lower SBC expense, and a decrease in certain one-time transaction costs.

Selling, general and administrative expenses for the nine months ended September 30, 2025 were \$132.4 million, as compared to \$165.9 million in the same period of the prior year, a decrease of \$33.5 million, or 20%. The decrease was primarily attributable to reduced employee headcount, lower SBC and bonus expenses, and a decrease in certain one-time transaction costs.

Stock-based Compensation

The following table sets forth our SBC expense for the three and nine months ended September 30, 2025 and 2024 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of revenue, excluding depreciation and amortization of intangible assets	\$ 883	\$ 822	\$ 2,771	\$ 2,424
Research and development	2,783	5,225	10,397	15,389
Selling, general and administrative	5,974	9,202	18,901	27,496
Total stock-based compensation expense	<u>\$ 9,640</u>	<u>\$ 15,249</u>	<u>\$ 32,069</u>	<u>\$ 45,309</u>

We recognized SBC expense from restricted stock units (“RSUs”) and purchases made under our employee stock purchase plan (“ESPP”). The decreases of \$5.6 million and \$13.2 million in SBC expense for the three and nine months ended September 30, 2025, respectively, when compared to the same periods of the prior year, was primarily driven by RSUs granted over time at lower valuations, lower expense for performance-based restricted stock units and reduced employee headcount.

Depreciation Expense

We recognized depreciation expense for certain equipment, capitalized internal-use software, leasehold improvements, and buildings and improvements. Depreciation expense for the three months ended September 30, 2025 was \$3.5 million, as compared to \$2.9 million in the same period of the prior year, an increase of \$0.6 million, or 19%. The increase was primarily driven by increased capitalized internal-use software costs over the past 12 months.

Depreciation expense for the nine months ended September 30, 2025 was \$9.8 million, which was consistent with the \$9.8 million recorded in the same period of the prior year.

Amortization Expense

We recognized amortization expense for certain intangible assets we acquired in business combinations that are recognized separately from goodwill. For the three and nine months ended September 30, 2025, amortization expense decreased by \$2.9 million and \$6.2 million, or 27% and 19%, respectively, as compared to the same periods of the prior year. The decreases were primarily due to certain intangible assets becoming fully amortized over the past 12 months.

As a result of intangible assets we acquired in previous mergers and acquisitions, we anticipate that amortization expenses will continue to be a significant expense over the next several years. See Note 7—*Intangible Assets, Net* of the Notes to Condensed Consolidated Financial Statements (Unaudited) for additional detail.

Interest and Other Income, Net

	<u>Three Months Ended September 30,</u>			
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(dollars in thousands)			
Interest and other income, net	\$ 821	\$ 2,379	\$ (1,558)	(65)%

Interest and other income, net, was lower in the three months ended September 30, 2025, as compared to the same period in the prior year, principally due to foreign currency transaction losses recognized in the third quarter of 2025.

	<u>Nine Months Ended September 30,</u>			
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(dollars in thousands)			
Interest and other income, net	\$ 4,863	\$ 4,711	\$ 152	3%

The change in interest and other income, net, in the nine months ended September 30, 2025, as compared to the same period in the prior year, was not material.

Interest Expense—Debt

	<u>Three Months Ended September 30,</u>			
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(dollars in thousands)			
Interest expense - debt	\$ (761)	\$ (756)	\$ (5)	1%

	<u>Nine Months Ended September 30,</u>			
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(dollars in thousands)			
Interest expense - debt	\$ (2,252)	\$ (2,252)	\$ —	—

The interest expense on our debt remained constant in the three and nine months ended September 30, 2025, when compared to the same periods in the prior year.

Gain on Divestiture

	<u>Nine Months Ended September 30,</u>			
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
	(dollars in thousands)			
Gain on divestiture	\$ —	\$ 22,934	\$ (22,934)	(100)%

As disclosed in Note 6—*Divestitures* of the Notes to the Condensed Consolidated Financial Statements (Unaudited), we completed the AutoSense Divestiture on January 31, 2024 and streamlined our business, further enhancing our focus on

entertainment markets. Upon the completion of the AutoSense Divestiture, we recognized a pre-tax gain of \$22.9 million during the nine months ended September 30, 2024.

We did not have any divestitures during the three and nine months ended September 30, 2025.

Provision for Income Taxes

For the three and nine months ended September 30, 2025, we recorded an income tax expense of \$4.8 million and \$12.9 million on a pretax loss of \$1.3 million and \$26.3 million, respectively; which resulted in an effective tax rate of (369.0)% and (49.1)%, respectively. The income tax expense for the three and nine months ended September 30, 2025 was primarily related to foreign withholding taxes and foreign income taxes.

For the three and nine months ended September 30, 2024, we recorded an income tax expense of \$2.9 million and \$16.4 million on a pretax loss of \$16.9 million and \$47.4 million, respectively, which resulted in an effective tax rate of (17.1)% and (34.7)%, respectively. The income tax expense for the three and nine months ended September 30, 2024 was primarily related to foreign withholding taxes, foreign income taxes, U.S. federal income taxes, and state income taxes.

The need for a valuation allowance requires an assessment of both positive and negative evidence when determining whether it is more-likely-than-not that deferred tax assets are recoverable. Such assessment is required on a jurisdiction-by-jurisdiction basis. In making such assessment, significant weight is given to evidence that can be objectively verified. After considering both positive and negative evidence to assess the recoverability of our net deferred tax assets, we determined that it was unlikely that our federal, certain state, and certain foreign deferred tax assets with valuation allowances will be realized. For jurisdictions that currently have valuation allowances, we intend to maintain valuation allowances until there is sufficient evidence to support the reversal of all or some portion of these allowances. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded. The exact timing and amount of the valuation allowance release depends on the level of profitability that we are able to achieve.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was signed into law in the U.S. The OBBBA did not materially impact our effective tax rate or cash flows in the three and nine months ended September 30, 2025.

Liquidity and Capital Resources

The following table presents selected financial information related to our liquidity and significant sources and uses of cash and cash equivalents as of and for the periods presented:

	As of	
	September 30, 2025	December 31, 2024
	(dollars in thousands)	
Cash and cash equivalents	\$ 96,784	\$ 130,564
Current ratio ⁽¹⁾	2.4	1.6

⁽¹⁾ The current ratio is a liquidity ratio that measures our ability to pay short-term obligations or those due within one year. The ratio is calculated by dividing current assets by current liabilities.

	Nine Months Ended September 30,	
	2025	2024
	(in thousands)	
Net cash used in operating activities	\$ (4,615)	\$ (56,569)
Net cash used in investing activities	\$ (14,607)	\$ (12,863)
Net cash used in financing activities	\$ (14,558)	\$ (12,316)

Our primary liquidity and capital resources are our cash and cash equivalents and borrowings available under an accounts receivable securitization program (the “AR Facility”) with PNC Bank, National Association (“PNC”). Cash and cash equivalents were \$96.8 million at September 30, 2025, a decrease of \$33.8 million from \$130.6 million at December 31, 2024. This decrease resulted primarily from cash used in operations of \$4.6 million, \$50.0 million in repayment of the Vewd Software Holdings Limited (“Vewd”) senior unsecured promissory note, \$14.6 million of capital expenditures, including capitalized internal-use software costs, and \$6.6 million in payments of withholding taxes on net share settlement of equity awards, partially offset by \$3.3 million in proceeds from the issuance of common stock under our ESPP, and \$40.0 million in loan proceeds borrowed under the AR Facility with PNC. For detailed information regarding the repayment of the Vewd debt and the AR Facility, refer to “Long-Term Debt Financing” below.

For information about our material cash requirements, see “Liquidity and Capital Resources” in Part II, Item 7 of our Form 10-K. Our cash requirements have not changed materially since December 31, 2024.

Stock Repurchase Program

In April 2024, our Board of Directors (the “Board”) authorized the repurchase of up to \$100.0 million of our common stock (the “Program”). Under the Program, we may make repurchases, from time to time, through open market purchases, block trades, privately negotiated transactions, accelerated share repurchase transactions, or other means. We may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases under the Program. As of September 30, 2025, we have repurchased a total of approximately 2.2 million shares of common stock, since inception of the Program, at an average price of \$9.23 per share for a total cost of approximately \$20.0 million. We did not repurchase any common stock during the nine months ended September 30, 2025. As of September 30, 2025, the total remaining amount available for repurchase was \$80.0 million. We may continue to execute authorized repurchases from time to time under the Program. There is no guarantee that such repurchases under the Program will enhance the value of our common stock.

Cash Flows

Cash Flows from Operating Activities

Net cash used in operating activities was \$4.6 million for the nine months ended September 30, 2025, primarily due to our net loss of \$39.3 million being further adjusted by \$32.8 million of changes in operating assets and liabilities, including payment of employee annual bonuses for 2024 performance, partially offset by non-cash items such as SBC expense of \$32.1 million, amortization of intangible assets of \$26.9 million, and depreciation expense of \$9.8 million.

Net cash used in operating activities was \$56.6 million for nine months ended September 30, 2024, primarily due to our net loss of \$63.8 million being further adjusted by \$55.6 million of changes in operating assets and liabilities, including payment of employee annual bonuses for 2023 performance, an increase of \$43.5 million in unbilled contracts receivable, and \$22.9

million of a non-cash gain recognized from the AutoSense Divestiture, partially offset by non-cash items such as SBC expense of \$45.3 million, amortization of intangible assets of \$33.0 million, and depreciation expense of \$9.8 million.

Cash Flows from Investing Activities

Net cash used in investing activities was \$14.6 million and \$12.9 million for the nine months ended September 30, 2025 and 2024, respectively, which was primarily related to capital expenditures, including capitalized internal-use software.

Capital Expenditures

Our capital expenditures for property and equipment consist primarily of capitalized internal-use software, purchases of computer hardware and software, information systems, and production and test equipment. We expect capital expenditures in 2025 to be approximately \$20.0 million. These expenditures are expected to be paid with existing cash and cash equivalents. Current expectations may not be realized, and plans may be revised following a reevaluation of our capital expenditure requirements.

Cash Flows from Financing Activities

Net cash used in financing activities was \$14.6 million for the nine months ended September 30, 2025, primarily due to the \$50.0 million voluntary repayment of the Vewd senior unsecured promissory note, and \$6.6 million in payment of withholding taxes related to net share settlement of equity awards, partially offset by \$40.0 million in loan proceeds borrowed under the AR Facility with PNC and \$3.3 million in proceeds from the issuance of common stock under our ESPP.

Net cash used in financing activities was \$12.3 million for the nine months ended September 30, 2024, due to \$10.0 million in repurchases of common stock under the Program and \$6.6 million in payment of withholding taxes related to net share settlement of equity awards, partially offset by \$4.3 million in proceeds from the issuance of common stock under our ESPP.

Long-Term Debt Financing

In connection with the acquisition of Vewd on July 1, 2022, we issued a senior unsecured promissory note (the “Promissory Note”) to the sellers of Vewd in the principal amount of \$50.0 million, all of which was outstanding at December 31, 2024. Indebtedness outstanding under the Promissory Note bore an interest rate of 6.00% per annum, subject to certain potential adjustments. The Promissory Note was scheduled to mature on July 1, 2025. We were permitted, at any time and on any one or more occasions, to prepay all or any portion of the outstanding principal amount, plus accrued and unpaid interest, if any, under the Promissory Note without premium or penalty. On February 21, 2025, we voluntarily made a full principal payment of \$50.0 million plus accrued interest by using a combination of cash on hand and a new long-term financing facility through the securitization of our accounts receivable as described below.

On February 21, 2025, we and Xperi SPV LLC (“Xperi SPV”), a special purpose subsidiary, entered into a Receivables Financing Agreement (the “RFA”) with PNC, and PNC Capital Markets LLC, and a Sale and Contribution Agreement (together with the RFA, the “RF Agreements”) among us, Xperi SPV and certain of our other wholly-owned subsidiaries to establish the AR Facility. Interest is payable on a monthly basis. The AR Facility is scheduled to terminate on February 21, 2028, unless terminated earlier pursuant to its terms. For a detailed description of the AR Facility, refer to Note 8—*Debt and Receivables Securitization*.

Upon entering into the RF Agreements on February 21, 2025, we borrowed \$40.0 million under the AR Facility and selected the monthly Term SOFR Rate (as defined in the RFA). The RF Agreements contain various covenants that we believe are usual and customary. The interest payments on the AR Facility debt, exclusive of the debt issuance costs and related amortization, are expected to be approximately \$2.6 million for the next 12 months and may vary with changes in interest rates. As of September 30, 2025, we were in compliance with the covenants under the RF Agreements. For more information on our AR Facility, see Note 8—*Debt and Receivables Securitization*.

Restructuring Activities

On November 1, 2025, we approved a restructuring plan to reduce our global workforce by approximately 250 employees. We estimate to incur between \$16.0 million and \$18.0 million of restructuring and related charges, substantially all of which consists of employee severance and related costs. We anticipate to complete the payout of substantially all the restructuring and related charges by the end of the first half of 2026.

Liquidity

We believe our current cash and cash equivalents, together with borrowings or availability under our AR Facility, will be sufficient to meet our needs for at least the next 12 months from the issuance date of the Condensed Consolidated Financial Statements included in this Quarterly Report. As we assess growth strategies, we may need to supplement our cash and cash equivalents with additional outside sources. As part of our liquidity strategy, we will continue to monitor our earnings and cash flow as well as our ability to access the capital markets as needed.

Poor financial results, unanticipated expenses, unanticipated acquisitions of technologies or businesses or unanticipated strategic investments could give rise to additional financing requirements sooner than we expect. Equity or additional debt financing may not be available when needed or, if available, equity or debt financing may not be on terms satisfactory to us. Additionally, disruption and volatility in the global capital markets and economic uncertainties, including those driven by tariffs, have impacted corporate and consumer confidence and could continue to impact our capital resources and liquidity in the future.

We may supplement our short-term liquidity needs with access to capital markets, if necessary, and strategic cost savings initiatives. Our access to capital markets may be constrained and our cost of borrowing may increase under certain business and market conditions, and our liquidity is subject to various risks including the risks identified in “Risk Factors” included in Part I, Item 1A of our Form 10-K and Part II, Item 1A of this Quarterly Report.

Critical Accounting Estimates

During the nine months ended September 30, 2025, there were no significant changes in our critical accounting estimates. For a discussion of our critical accounting estimates, see Part II, Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K.

Recent Accounting Pronouncements

See Note 1—*Description of Business and Summary of Significant Accounting Policies* of the Notes to Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report for more information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Except as set forth below, there were no material changes to our exposure to market risk since December 31, 2024. For a discussion of our market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures About Market Risk in our Form 10-K.

Interest Rate Risk

We are exposed to changes in interest rates related to our RFA. As of September 30, 2025, we had outstanding indebtedness in the amount of \$40.0 million under the AR Facility that was subject to variable interest rates, based on the secured overnight financing rate (“SOFR”). Changes in economic conditions outside of our control could result in higher interest rates, thereby increasing our interest expense and reducing the funds available for capital investment, operations or other purposes. Assuming no change in our outstanding indebtedness, we estimate that a 1% increase in the applicable SOFR interest rate would result in an annual increase in our interest expense of approximately \$0.4 million. Any significant increase in our interest expense could negatively impact our results of operations and cash flows. If the U.S. Federal Reserve raises its benchmark interest rate, any increases would likely impact the borrowing rate on our outstanding indebtedness, and increase our interest expense, comparably.

Item 4. Controls and Procedures.

Evaluation of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of such period.

Change in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during the last fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

In the normal course of our business, we are involved in legal proceedings. In the past, we have litigated to enforce the terms of license agreements, determine infringement or validity of intellectual property rights, and defend ourselves or our customers against claims of infringement or breach of contract. We expect to continue to be involved in similar legal proceedings in the future. Although considerable uncertainty exists, our management does not anticipate that the disposition of these matters will have a material effect on our results of operations, consolidated financial position or liquidity. However, the disposition, costs, or liabilities could be material to our results of operations in the period recognized.

Item 1A. Risk Factors

Except as set forth below, there were no material changes to the risk factors previously disclosed in Part 1, Item 1A. of our Form 10-K.

Our restructuring plan and cost-reduction efforts may not be successful.

In November 2025, we commenced a company-wide restructuring plan intended to improve cost efficiency and better align our operating structure with long-term strategies, current opportunities and market conditions, which involved the termination of approximately 250 employees globally. The implementation of this plan may be disruptive to our operations, result in higher than anticipated restructuring charges, including severance and related costs, and otherwise adversely affect our results of operations and financial condition, and may not generate the expected savings or other benefits intended by management. Additional risks associated with the continuing impact of the restructuring activities include employee attrition, the ability to hire new employees in the future, diversion of management attention, and adverse effects on employee morale. In addition, our ability to complete this plan and achieve the anticipated benefits from it within the expected time frame, or at all, is subject to management's estimates and assumptions and may vary materially from our expectations, including as a result of factors that are beyond our control. If we do not realize the expected benefits of this plan on a timely basis, or at all, our business, results of operations and financial condition could be adversely affected. Furthermore, following completion of this plan, our business may not be more efficient or effective than prior to the implementation of such plan.

Macroeconomic uncertainties have in the past and may continue to adversely impact our business, results of operations, and financial condition.

Macroeconomic uncertainties, including increased inflation and interest rates, recessionary fears, financial and credit market fluctuations, changes in economic policy, bank failures, labor disputes, tariffs, reduced discretionary consumer and corporate spending, and global supply chain constraints have in the past, and may continue to, adversely impact many aspects of our business. Our success depends, in part, on the level of discretionary consumer and corporate spending. Discretionary consumer and corporate spending is affected by many factors, including economic conditions affecting disposable consumer income and corporate spending, such as the rate of inflation, risk of recession, employment status, labor disputes, and interest and tax rates. In recent years, the economy has experienced unusually high inflation, increased perceived risk of recession, and higher interest rates, which has negatively impacted, and could continue to negatively impact consumer and corporate spending. For example, in the second quarter of 2025, macroeconomic uncertainties impacted our customers in the markets in which we operate and negatively impacted our revenue and results of operations for the quarter. A decrease in discretionary consumer and corporate spending, including as a result of recessionary fears or price increases stemming from the imposition of tariffs on foreign imports, could result, in particular, in a reduction in the production or the purchases of TVs, automobiles and consumer electronic devices, and a reduction in our licensing and monetization revenue. Similar to prior economic slowdowns and recessions, current macroeconomic conditions have resulted in, and may continue to result in, reduced consumer discretionary spending and reduced advertising expenditures by corporations. Any such conditions, including a reduction in entertainment promotional spending by media and content providers, have impacted, and could continue to significantly impact, our ability to generate revenue, and thus impact our business, financial condition and results of operations.

The extent to which macroeconomic uncertainties may continue to impact our operational and financial performance remains uncertain and will depend on many factors outside our control. These direct and indirect impacts have affected and may continue to negatively affect our business and operating results.

In addition, a significant reduction in the supply of original entertainment content, including as a result of macroeconomic factors or labor disputes (such as the 2023 strikes called by the Writers Guild of America and SAG-AFTRA), could in turn

reduce the demand for advertising and media and entertainment promotional spending campaigns on our Media Platform solutions, and have a material adverse effect on our growth or negatively impact our results of operations.

We are exposed to the risks related to international sales and operations.

We derive a large portion of our total revenue from operations outside of the United States. Therefore, we face exposure to risks of operating in many foreign countries, including:

- difficulties and costs associated with complying with a wide variety of complex laws, treaties, regulations and compliance requirements;
- fluctuations in foreign currency exchange rates;
- restrictions on, or difficulties and costs associated with, the repatriation of cash from foreign countries to the United States;
- earnings and cash flows that may be subject to tax withholding requirements or the imposition of tariffs;
- political and economic instability, trade conflict and international hostilities;
- unexpected changes in political or regulatory environments;
- differing employment practices, labor compliance and costs associated with a global workforce;
- exchange controls or other restrictions;
- import and export restrictions and other trade barriers;
- difficulties in maintaining overseas subsidiaries and international operations; and
- difficulties in obtaining approval for significant transactions.

Any one or more of the above factors may adversely affect our international operations and could significantly affect our business, financial condition, results of operations and cash flows. For example, the United States has indicated a shift in its trade policy, including renegotiating or terminating existing trade agreements and leveraging tariffs. Beginning in April 2025, the U.S. imposed additional tariffs on imports from China, announced both reciprocal and sector-specific tariffs on imports from other countries, and may implement new reciprocal tariff rates in the future. These additional tariffs or any future tariffs, as well as a government's adoption of "buy national" policies or retaliation by another government against such tariffs or policies, have introduced significant uncertainty into the market and may strain global supply chain that we depend on, and may adversely affect the prices of and demand for the products that include our technologies, which could have a negative impact on the Company's results of operations. Furthermore, a decrease in discretionary consumer and corporate spending, including as a result of price increases stemming from the imposition of tariffs on foreign imports, could result in a reduction in the purchases of TVs, automobiles and consumer electronic devices, and could cause an ensuing reduction in our monetization revenue.

Further, the results of our operations will be dependent to a large extent upon the global economy. Geopolitical factors such as terrorist activities, wars, foreign invasion or armed conflict, tariffs, trade disputes, local or global recessions, diplomatic or economic tensions (such as the tension between China and Taiwan), long-term environmental risks, climate change, or global health conditions that adversely affect the global economy may adversely affect our business, financial condition and results of operations.

Additionally, our business could be materially adversely affected if foreign markets do not continue to develop, if we do not receive additional orders to supply our technologies, products or services for use by international Pay-TV service providers, TV OEMs, automobile, CE and set-top-box manufacturers, PPV/VOD providers and others, or if regulations governing our international business change. Changes to the statutes or regulations with respect to export of encryption technologies could require us to redesign our products or technologies or prevent us from selling our products and licensing our technologies internationally.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Not applicable.

(b) Not applicable.

(c) Purchases of Equity Securities by Issuer and Affiliated Purchasers.

We did not repurchase shares of our common stock during the three months ended September 30, 2025.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.

(b) None.

(c) Securities Trading Arrangements of Directors and Section 16 Officers.

During the quarter ended September 30, 2025, none of our directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Exhibit Title
2.1*	<u>Asset Purchase Agreement by and among Xperi Inc., Perceive Corporation and Amazon.com Services LLC, dated August 14, 2024 (Incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 7, 2024).</u>
3.1	<u>Amended and Restated Certificate of Incorporation of Xperi Inc. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 6, 2022).</u>
3.2	<u>Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Xperi Inc., dated May 29, 2024 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 31, 2024).</u>
3.3	Amended and Restated Bylaws of Xperi Inc. (as amended and restated on August 6, 2024) (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 8, 2024).
10.1	<u>Amended and Restated Form of 2022 Restricted Stock Unit Award Agreement of Xperi Inc. dated July 24, 2025 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 7, 2025).</u>
10.2	<u>Amended and Restated Form of 2022 Performance-Based Restricted Stock Unit Award Agreement of Xperi Inc. dated July 24, 2025 (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 7, 2025).</u>
31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</u>
31.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</u>
32.1	<u>Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101	Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Regulation S-K, Item 601(b)(2) because the omitted information (i) is not material and (ii) is treated as confidential by the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 6, 2025

XPERI INC.

By: /s/ Robert Andersen
Robert Andersen
Chief Financial Officer

CERTIFICATION

I, Jon Kirchner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Xperi Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

/s/ Jon Kirchner

Jon Kirchner

Chief Executive Officer and President

CERTIFICATION

I, Robert Andersen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Xperi Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

/s/ Robert Andersen
Robert Andersen
Chief Financial Officer

**CERTIFICATION PURSUANT TO
RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Xperi Inc., a Delaware corporation (the “Company”), on Form 10-Q for the quarter ended September 30, 2025 as filed with the Securities and Exchange Commission (the “Report”), I, Jon Kirchner, Chief Executive Officer and President, certify, pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jon Kirchner

Jon Kirchner
Chief Executive Officer and President
November 6, 2025

**CERTIFICATION PURSUANT TO
RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Xperi Inc., a Delaware corporation (the “Company”), on Form 10-Q for the quarter ended September 30, 2025 as filed with the Securities and Exchange Commission (the “Report”), I, Robert Andersen, Chief Financial Officer of the Company, certify, pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Andersen

Robert Andersen
Chief Financial Officer
November 6, 2025

A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.
