



Q2 2024 Earnings

August 5, 2024

Safe Harbor

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding: expectations regarding our future results of operations and financial position, margin expansion and overall growth, including, without limitation, anticipated revenue growth and Adjusted EBITDA margin growth, the deployment by third parties of their products that use our technology, objectives for future operations, and ongoing strategies and operating initiatives, including, without limitation, expansion expectations, reduction of expenses and our pursuit of strategic alternatives for Perceive. These forward-looking statements are based on information available to the Company as of the date hereof, as well as the Company’s current expectations, assumptions, estimates and projections that involve risks and uncertainties. In some cases, you can identify forward-looking statements by the words “expect,” “anticipate,” “intend,” “plan,” “believe,” “could,” “seek,” “see,” “will,” “may,” “would,” “might,” “potentially,” “estimate,” “continue,” “expect,” “target,” and similar expressions or the negatives of these words or other comparable terminology that convey uncertainty of future events or outcomes. These statements involve risks, uncertainties and other factors that may cause actual results, levels of activity, performance, or achievements to be materially different from the information expressed or implied by these forward-looking statements. These risks, uncertainties and other factors are described under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the “SEC”) and our other filings with the SEC from time to time. Any forward-looking statements speak only as of the date of this presentation and are based on information available to the Company as of the date of this presentation, and the Company does not assume any obligation to, and does not intend to, publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.



MISSION



WHAT

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

VISION



WHY

Smarter technology =
Extraordinary experiences

MARKETS



WHERE

Media Platform
Connected Car
Pay TV
Consumer Electronics

SOLUTIONS



WHO

TiVo®
DTS®
HD Radio™
IMAX® Enhanced¹

¹ IMAX® Enhanced is a certification and licensing program operated by IMAX Corporation and DTS, Inc.

Q2 Financial Highlights

- **Q2 revenue of \$120M, down 6% year over year (Q2 2023 revenue was \$127M, including \$4.5M from AutoSense and related imaging solutions)**
- Total GAAP operating expenses, including cost of revenue, decreased 13% year over year primarily due to the AutoSense and related imaging divestiture
- Non-GAAP adjusted operating expenses^{1,2} decreased 15% year over year
- **GAAP net loss attributable to the Company of (\$30M) and non-GAAP adjusted EBITDA¹ of \$15M or 12% of revenue**
- GAAP loss per share of (\$0.67) and non-GAAP earnings per share¹ of \$0.12
- **Operating cash flow of (\$2M), flat compared to the prior year**

¹ For further information on supplemental Non-GAAP metrics, refer to the "Non-GAAP Financial Measures" and GAAP to Non-GAAP Reconciliation tables below

² Adjusted Operating Expense = Total Operating Expense (including depreciation and amortization of intangible assets) less Cost of Revenue.

Growth Solutions

Core Solutions



Media Platform

TiVo OS (Connected TV Advertising)



Connected Car

DTS AutoStage (in-cabin entertainment)

HD Radio
Music Metadata



Pay TV

Video-Over-Broadband (IPTV streaming)

Search & Discovery
Classic Guides
Consumer Hardware & Subs



Consumer Electronics

DTS:X
IMAX® Enhanced¹
Audio

¹ IMAX® Enhanced is a certification and licensing program operated by IMAX Corporation and DTS, Inc.

Monetizable Footprint = ~10M Devices/Households + ~10M Cars Exiting '25

Combining Home + Car illustrates the breadth of our expected monetization reach

	HOME				CAR	
	Connected TV / Media Platform		Video-over-Broadband (IPTV)		DTS AutoStage	
	<u>FY23</u>	<u>2 Yrs</u>	<u>FY23</u>	<u>2 Yrs</u>	<u>FY23</u>	<u>2 Yrs</u>
Active Footprint	<1M	>7M	1.9M	>2.8M	~5M	>10M
Streaming Hours	140M	>5B	3.0B	~5.4B	-	-
ARPU	<\$10	\$20-\$30	\$32	~\$40	~\$1	>\$2
Revenue	\$49M ¹	\$190M+	\$60M	\$100M+	~\$5M	\$20M+

¹ Media Platform revenue is the combination of TiVo OS, TV viewership data, IPG/CTV advertising, and TVOS middleware licensing

Media Platform

Signed **seventh TiVo OS partner**, a **Top 5 supplier** of Smart TVs into the U.S. market, with plans to launch TVs “Powered by TiVo” **in the U.S.** in spring of 2025

Smart TVs “Powered by TiVo” now in **15 European countries**, under **17 different brands**

TiVo OS production volumes increasing and **daily activations accelerating**

Panasonic announced as **sixth** TiVo OS partner





Connected Car

Awarded multi-year program with Asia-based Tier 1 auto supplier to integrate DTS codec into cars

HD Radio penetration continues to increase and is being deployed in additional models from Ford, GM, Audi, Volvo, Acura, Mazda, and Lotus

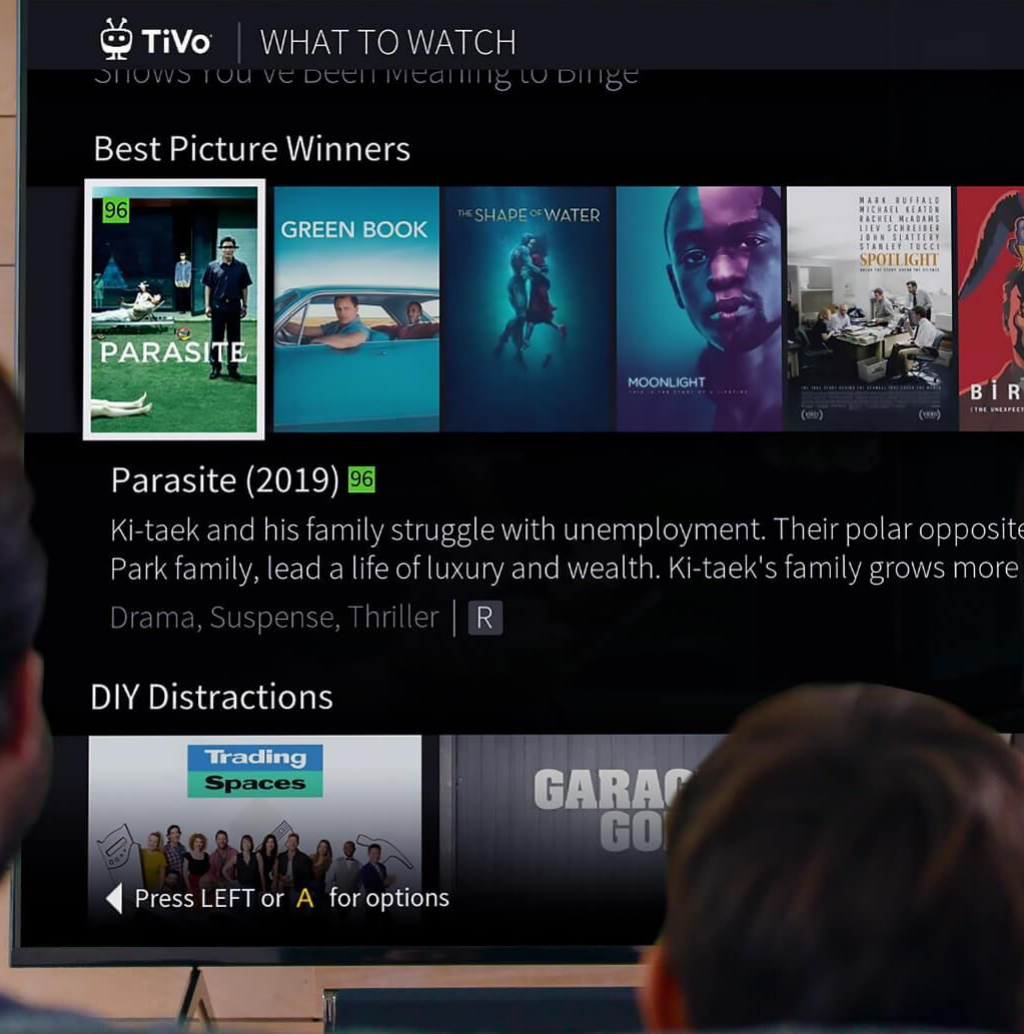
DTS AutoStage now deployed in more than seven million vehicles worldwide

Pay TV

Ended Q1 2024 with over **2.25M Video-over-Broadband** (IPTV) subscriber households, continuing the trend of consecutive quarters of **double-digit subscriber growth**

Expanded **TiVo Broadband** with the signing of three new operators – **Service Electric Cablevision, HTC, and Eastlink**

Classic Guides renewals with key customers **Claro VTR** and **Liberty Latin America**





Consumer Electronics

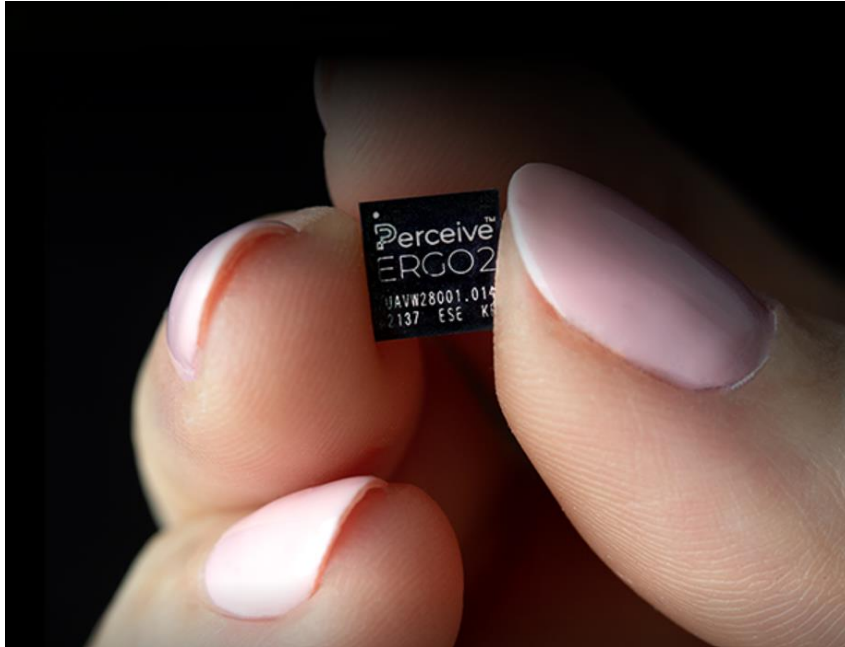
Signed multiple license agreements with **HP, Inc.** to integrate **DTS:X decoder** into additional **laptops/PCs**, and expand our **Headphone:X** solution in **HP's HyperX brand**

Signed license agreement with **Tencent Music Entertainment** to provide encoded content and post-processing technology to **Tencent** and **QQ Music**

Signed **IMAX[®] Enhanced** licensing deal with **Play For Dream**, for their **VR headset** implementation

¹ IMAX[®] Enhanced is a certification and licensing program operated by IMAX Corporation and DTS, Inc.

Perceive[®]



Perceive, our subsidiary focused on edge inference hardware and software technologies, remains **on track** to deliver technology to a **big tech partner**

The Company's **strategic review** of Perceive continues to **progress**



2024 Key Growth Initiative Milestones

Media Platform

TiVo OS

- TiVo OS in all 5 major European countries + U.S. market
- Sign at least 1 additional TV OEM, for a total of 6
- End year with a footprint of over 2M active TVs

Pay TV

Video-Over-Broadband

- Drive >10 additional TiVo Broadband wins
- End year with an IPTV footprint of at least 2.4M subscribers

Connected Car

AutoStage

- 3 Additional AutoStage design wins...
- ...with at least 1 including Video
- End year with a footprint of over 7M vehicles

Q2 2024 Revenue Breakdown

Market (\$ in thousands)	Q2 2023	Q2 2024	Y/Y Change	Y/Y % Change	Y/Y Excl. AutoSense/ Imaging from Q2 2023	Y/Y % Excl. AutoSense/ Imaging from Q2 2023
Pay TV	58,031	60,752	2,721	+5%	2,721	+5%
- Core Pay TV ¹	44,940	41,768	(3,172)	-7%	(3,172)	-7%
- IPTV	13,091	18,984	5,893	+45%	5,893	+45%
Consumer Electronics	31,716	17,164	(14,552)	-46%	(11,212)	-40%
Connected Car	23,474	31,423	7,949	+34%	9,079	+41%
Media Platform	<u>13,651</u>	<u>10,252</u>	<u>(3,399)</u>	<u>-25%</u>	<u>(3,399)</u>	<u>-25%</u>
TOTAL	126,872	119,591	(7,281)	-6%	(2,811)	-2%

¹ Includes Classic Guides, Discovery (search/recommendation/metadata), and Consumer Hardware and Subscriptions.

1H 2024 Revenue Breakdown

Market (\$ in thousands)	1H 2023	1H 2024	Y/Y Change	Y/Y % Change	Y/Y Excl. AutoSense/ Imaging from 1H 2023	Y/Y % Excl. AutoSense/ Imaging from 1H 2023
Pay TV	118,325	117,558	(767)	-1%	(767)	-1%
- Core Pay TV ¹	92,137	80,410	(11,727)	-13%	(11,727)	-13%
- IPTV	26,188	37,148	10,960	+42%	10,960	+42%
Consumer Electronics	68,451	43,292	(25,159)	-37%	(18,147)	-30%
Connected Car	44,022	55,771	11,749	+27%	13,695	+33%
Media Platform	22,913	21,814	(1,099)	-5%	(1,099)	-5%
TOTAL	253,711	238,435	(15,276)	-6%	(6,318)	-3%

¹ Includes Classic Guides, Discovery (search/recommendation/metadata), and Consumer Hardware and Subscriptions.

Q2 2024 Summary Financial Results

(\$ in thousands, except per share amounts)	Q2 2024 GAAP	Q2 2024 Non-GAAP ³
Revenue	119,591	119,591
Cost of revenue ¹	28,953	28,051
Adjusted operating expense ²	112,545	83,206
Operating income/(loss)	(21,907)	8,334
Adjusted EBITDA	n/a	14,618
Other non-op expense/(income), net	(542)	(957)
Tax expense/(benefit)	9,266	3,985
Net income/(loss) attributable to the Company	(30,299)	5,638
Earnings (Loss) per share	(0.67)	0.12
Number of shares outstanding	45,331	45,494

¹ Excluding depreciation and amortization of intangible assets.

² Adjusted Operating Expense = Total Operating Expense (including depreciation and amortization of intangible assets) less Cost of Revenue.

³ See tables for reconciliation of GAAP to non-GAAP.

Financial Outlook for FY 2024 – as of August 5, 2024

The Company makes no change to the outlook ranges previously provided

Category	GAAP Outlook	Non-GAAP Outlook
Revenue (\$ in millions)	\$500 to \$530	\$500 to \$530
Adjusted EBITDA Margin ^{1,2}	n/a	12% to 14%

Additional Information	
Operating Cash Flow	\$20M to \$30M
Non-GAAP Tax Expense	~\$20M
Capital Expenditures	~\$20M
Basic Share Count	~46M
Fully Diluted Share Count	~48M

¹ See discussion of "Non-GAAP Financial Measures" below.

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



XPERI®

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

Connected Car



Consumer Electronics



Pay TV



Media Platform



Q&A

The background features a central purple field. Four large, rounded shapes in shades of blue and pink extend from the corners towards the center, creating a frame-like effect. The top and bottom shapes are pink, while the left and right shapes are blue.

Thank You

Reconciliation Tables

Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company's presentation contains non-GAAP financial measures adjusted for either one-time or ongoing non-cash acquired intangibles amortization charges; amortization of capitalized cloud computing costs; costs related to actual or planned acquisitions, financing, and divestitures including, without limitation, transaction fees, integration costs, severance, facility closures, and retention bonuses; separation costs; all forms of stock-based compensation; impairment of assets and goodwill; other items not indicative of our ongoing operating performance, and related tax effects for each adjustment. Management believes that the non-GAAP measures used in this presentation provide investors with important perspectives into the Company's ongoing business and financial performance and provide a better understanding of our core operating results reflecting our normal business operations. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. Our use of non-GAAP financial measures has certain limitations in that the non-GAAP financial measures we use may not be directly comparable to those reported by other companies. For example, the terms used in this presentation, such as adjusted EBITDA, do not have a standardized meaning. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for the limitation of our non-GAAP presentation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures in the tables attached hereto. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures. All financial data is presented on a GAAP basis except where the Company indicates its presentation is on a non-GAAP basis.

GAAP to Non-GAAP Net (Loss) Income Reconciliation

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

Net income (loss) attributable to the Company:

	<u>Three Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
GAAP net loss attributable to the Company	\$ (30,299)	\$ (38,395)
Adjustments to GAAP net loss attributable to the Company:		
Stock-based compensation ⁽¹⁾	15,303	18,091
Amortization of intangible assets	11,042	14,798
Transaction, separation, integration and restructuring related costs:		
Transaction, separation, integration and restructuring costs ⁽²⁾	4,003	622
Severance and retention ⁽³⁾	308	435
Non-GAAP tax adjustment ⁽⁴⁾	5,281	748
Non-GAAP net income (loss) attributable to the Company	<u>\$ 5,638</u>	<u>\$ (3,701)</u>

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

Cost of revenue, excluding depreciation and amortization of intangible assets	\$ 858	\$ 927
Research and development	\$ 5,831	\$ 6,405
Selling, general and administrative	\$ 8,614	\$ 10,759

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

Cost of revenue, excluding depreciation and amortization of intangible assets	\$ -	\$ -
Research and development	\$ -	\$ -
Selling, general and administrative	\$ 3,588	\$ 622
Interest and other income, net	\$ 415	\$ -

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

Cost of revenue, excluding depreciation and amortization of intangible assets	\$ 44	\$ 17
Research and development	\$ 146	\$ 172
Selling, general and administrative	\$ 118	\$ 246

⁽⁴⁾ The provision for (benefit from) income taxes is adjusted to reflect the net direct and indirect income tax effects of the various non-GAAP pretax adjustments.

GAAP to Non-GAAP (Loss) Income per Share Reconciliation

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

Net income (loss) per share attributable to the Company:	Three Months Ended June 30,	
	2024	2023
GAAP net loss per share attributable to the Company	\$ (0.67)	\$ (0.90)
Adjustments to GAAP loss per share attributable to the Company:		
Stock-based compensation	0.34	0.42
Amortization of intangible assets	0.24	0.35
Transaction, separation, integration and restructuring related costs	0.09	0.02
Non-GAAP tax adjustment	0.12	0.02
Non-GAAP net income (loss) per share attributable to the Company	\$ 0.12	\$ (0.09)
GAAP weighted average number of shares - diluted	45,331	42,770
Non-GAAP weighted average number of shares - diluted	45,494	42,770

Operating (Loss) Income Reconciliation

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

	Three Months Ended June 30,	
	2024	2023
GAAP operating loss	\$ (21,907)	\$ (35,182)
Adjustments to GAAP operating loss:		
Stock-based compensation	15,303	18,091
Amortization of intangible assets	11,042	14,798
Transaction, separation, integration and restructuring related costs:		
Transaction, separation, integration and restructuring costs	3,588	622
Severance and retention	308	435
Non-GAAP operating income (loss)	\$ 8,334	\$ (1,236)

Adjusted EBITDA Reconciliation

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

	Three Months Ended June 30,	
	2024	2023
GAAP net loss	\$ (30,631)	\$ (39,364)
Adjustments to GAAP net loss:		
Interest expense	925	795
Provision for income taxes	9,266	5,090
Stock-based compensation	15,303	18,091
Depreciation expense	3,278	4,202
Amortization of intangible assets	11,042	14,798
Amortization of capitalized cloud computing costs	1,124	485
Transaction, separation, integration and restructuring related costs:		
Transaction, separation, integration and restructuring costs	4,003	622
Severance and retention	308	435
Non-GAAP adjusted EBITDA	\$ 14,618	\$ 5,154

Adjusted Operating Expense Reconciliation

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

Non-GAAP adjusted operating expense

	Three Months Ended June 30,	
	2024	2023
Total operating expenses	\$ 141,498	\$ 162,054
Less: Cost of revenue, excluding depreciation and amortization of intangible assets	(28,953)	(30,856)
Adjusted operating expense	112,545	131,198
Adjustments to GAAP adjusted operating expense:		
Stock-based compensation:		
Research and development	(5,831)	(6,405)
Selling, general and administrative	(8,614)	(10,759)
Amortization of intangible assets	(11,042)	(14,798)
Transaction, separation, integration and restructuring related costs:		
Transaction and integration related costs recorded in selling, general and administrative	(3,588)	(622)
Severance and retention recorded in research and development	(146)	(172)
Severance and retention recorded in selling, general and administrative	(118)	(246)
Non-GAAP adjusted operating expense	<u>\$ 83,206</u>	<u>\$ 98,196</u>

Supplemental Disclosure on Pay TV

Pay TV (\$ in thousands)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Pay TV	60,294	58,031	60,319	66,064	56,806	60,752
- Core Pay TV ¹	47,197	44,940	43,155	49,391	38,642	41,768
- IPTV	13,097	13,091	17,164	16,673	18,164	18,984

¹ Includes Classic Guides, Discovery (search/recommendation/metadata), and Consumer Hardware and Subscriptions.