REFINITIV

# DELTA REPORT

## 10-Q

XPER - XPERI INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 1791 |
|---|---|
| CHANGES | 158 |
| DELETIONS | 1049 |
| ADDITIONS | 584 |

# 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, March 31, 2023 2024**

**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** | **83-4470363** |
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |
| **2190 Gold Street, San Jose, California** | **95002** |
| **(Address of Principal Executive Offices)** | **(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 | ☐ | | |
| 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 November 3, 2023 April 29, 2024 was 43,465,834 45,148,108.

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**XPERI INC.**

**FORM 10-Q**

**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2023 MARCH 31, 2024**

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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," "intends," "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, levels of research, development and other related costs, expenditures, the outcome or effects of and expenses related to litigation and administrative proceedings, 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, general economic conditions, the* *impact of any acquisitions or divestitures on our financial condition and results of operations, and the sufficiency of financial resources to support future operations and capital expenditures.*

*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 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.*



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## 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, | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| Revenue | $ 130,390 | $ 121,637 | $ 384,101 | $ 366,728 | $ 118,844 | $ 126,839 |
| Operating expenses: | | | | | | |
| Cost of revenue, excluding depreciation and amortization of intangible assets | 26,413 | 31,403 | 85,061 | 85,689 | 29,756 | 27,792 |
| Research and development | 56,436 | 57,070 | 166,993 | 158,641 | 50,439 | 54,856 |
| Selling, general and administrative | 59,620 | 56,702 | 173,893 | 156,894 | 56,353 | 57,776 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Depreciation expense | 4,248 | 4,990 | 12,543 | 15,697 | 3,584 | 4,093 |
| Amortization expense | 14,724 | 16,613 | 44,349 | 46,166 | 11,039 | 14,827 |
| Goodwill impairment | — | 354,000 | — | 354,000 | | |
| Impairment of long-lived assets | — | — | 1,096 | — | — | 1,096 |
| Total operating expenses | 161,441 | 520,778 | 483,935 | 817,087 | 151,171 | 160,440 |
| Operating loss | (31,051) | (399,141) | (99,834) | (450,359) | (32,327) | (33,601) |
| Other expense, net | (1,336) | (527) | (60) | (301) | | |
| Interest and other income, net | | | | | 1,042 | 1,108 |
| Interest expense—debt | | | | | (748) | (740) |
| Gain on divestiture | | | | | 22,934 | — |
| Loss before taxes | (32,387) | (399,668) | (99,894) | (450,660) | (9,099) | (33,233) |
| Provision for income taxes | 9,685 | 2,024 | 14,481 | 12,500 | | |
| Provision for (benefit from) income taxes | | | | | 4,272 | (294) |
| Net loss | (42,072) | (401,692) | (114,375) | (463,160) | (13,371) | (32,939) |
| Less: net loss attributable to noncontrolling interest | (646) | (890) | (2,554) | (2,706) | (251) | (939) |
| Net loss attributable to the Company | $ (41,426) | $ (400,802) | $ (111,821) | $ (460,454) | $ (13,120) | $ (32,000) |
| Net loss per share attributable to the Company - basic and diluted | $ (0.96) | $ (9.54) | $ (2.61) | $ (10.96) | $ (0.29) | $ (0.76) |
| Weighted-average number of shares used in net loss per share calculations - basic and diluted | 43,316 | 42,024 | 42,774 | 42,024 | 44,521 | 42,224 |

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)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** | **2024** | **2023** |
| Net loss | $ (42,072) | $ (401,692) | $ (114,375) | $ (463,160) | $ (13,371) | $ (32,939) |
| Other comprehensive loss: | | | | | | |
| Change in foreign currency translation adjustment | (46) | (914) | 46 | (4,363) | (384) | 613 |
| Unrealized loss on cash flow hedges | (2,273) | — | (1,420) | — | | |
| Unrealized (loss) gain on cash flow hedges | | | | | (791) | 863 |
| Comprehensive loss | (44,391) | (402,606) | (115,749) | (467,523) | (14,546) | (31,463) |
| Less: comprehensive loss attributable to noncontrolling interest | (646) | (890) | (2,554) | (2,706) | (251) | (939) |
| Comprehensive loss attributable to the Company | $ (43,745) | $ (401,716) | $ (113,195) | $ (464,817) | $ (14,295) | $ (30,524) |

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, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 131,530 | $ 160,127 | $ 95,216 | $ 142,085 |
| Accounts receivable, net | 64,171 | 64,712 | 63,650 | 55,984 |
| Unbilled contracts receivable, net | 61,148 | 65,251 | 70,363 | 64,114 |
| Prepaid expenses and other current assets | 38,946 | 42,174 | 42,889 | 38,874 |
| Assets held for sale | | | — | 15,860 |
| Total current assets | 295,795 | 332,264 | 272,118 | 316,917 |
| Note receivable, noncurrent | | | 27,676 | — |
| Deferred consideration from divestiture | | | 6,016 | — |
| Unbilled contracts receivable, noncurrent | 21,926 | 4,289 | 16,117 | 18,231 |
| Property and equipment, net | 44,600 | 47,827 | 41,712 | 41,569 |
| Operating lease right-of-use assets | 43,969 | 52,901 | 36,360 | 39,900 |
| Intangible assets, net | 220,356 | 264,376 | 195,894 | 206,895 |
| Deferred tax assets | 2,465 | 2,096 | 4,893 | 5,093 |
| Other noncurrent assets | 35,122 | 33,158 | 29,604 | 32,781 |
| Assets held for sale, noncurrent | | | — | 12,249 |

| | | | | |
|---|---|---|---|---|
| Total assets | $ 664,233 | $ 736,911 | $ 630,390 | $ 673,635 |
| **LIABILITIES AND EQUITY** | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 15,575 | $ 14,864 | $ 19,706 | $ 20,849 |
| Accrued liabilities | 109,924 | 110,014 | 83,502 | 109,961 |
| Deferred revenue | 25,979 | 25,363 | 26,327 | 28,111 |
| Liabilities held for sale | | | — | 6,191 |
| Total current liabilities | 151,478 | 150,241 | 129,535 | 165,112 |
| Long-term debt | 50,000 | 50,000 | 50,000 | 50,000 |
| Deferred revenue, noncurrent | 19,050 | 19,129 | 22,704 | 19,425 |
| Operating lease liabilities, noncurrent | 34,497 | 42,666 | 26,795 | 30,598 |
| Deferred tax liabilities | 12,246 | 12,899 | 7,006 | 6,983 |
| Other noncurrent liabilities | 10,507 | 12,990 | 12,593 | 4,577 |
| Liabilities held for sale, noncurrent | | | — | 9,805 |
| Total liabilities | 277,778 | 287,925 | 248,633 | 286,500 |
| Commitments and contingencies (Note 14) | | | | |
| Commitments and contingencies (Note 13) | | | | |
| Equity: | | | | |

| | | | | |
|---|---|---|---|---|
| Preferred stock: $0.001 par value; 6,000 shares authorized as of September 30, 2023 and December 31, 2022; no shares issued and outstanding as of September 30, 2023 and December 31, 2022 | — | — | | |
| Common stock: $0.001 par value; 140,000 shares authorized as of September 30, 2023 and December 31, 2022; 43,387 and 42,066 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively | 43 | 42 | | |
| Preferred stock: $0.001 par value; 6,000 shares authorized as of March 31, 2024 and December 31, 2023; no shares issued and outstanding as of March 31, 2024 and December 31, 2023 | | | — | — |
| Common stock: $0.001 par value; 140,000 shares authorized as of March 31, 2024 and December 31, 2023; 45,031 and 44,211 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | | | 45 | 44 |
| Additional paid-in capital | 1,189,289 | 1,136,330 | 1,221,709 | 1,212,501 |
| Accumulated other comprehensive loss | (5,493) | (4,119) | (4,040) | (2,865) |
| Accumulated deficit | (780,656) | (668,835) | (818,568) | (805,448) |
| Total Company stockholders’ equity | 403,183 | 463,418 | 399,146 | 404,232 |
| Noncontrolling interest | (16,728) | (14,432) | (17,389) | (17,097) |
| Total equity | 386,455 | 448,986 | 381,757 | 387,135 |
| Total liabilities and equity | $ 664,233 | $ 736,911 | $ 630,390 | $ 673,635 |

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, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2024** | **2023** |
| **Cash flows from operating activities:** | | | | |
| Net loss | $ (114,375) | $ (463,160) | $ (13,371) | $ (32,939) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Gain from divestiture | | | (22,934) | — |
| Depreciation of property and equipment | 12,543 | 15,697 | 3,584 | 4,093 |
| Amortization of intangible assets | 44,349 | 46,166 | 11,039 | 14,827 |
| Stock-based compensation expense | 51,681 | 29,761 | 14,757 | 15,968 |
| Goodwill impairment | — | 354,000 | | |
| Impairment of long-lived assets | 1,096 | — | — | 1,096 |
| Deferred income taxes | (1,022) | (451) | 223 | (200) |
| Other | (162) | (146) | 313 | 1,000 |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | 188 | 18,990 | (10,521) | (6,019) |
| Unbilled contracts receivable | (13,556) | 623 | (4,324) | (9,124) |
| Prepaid expenses and other assets | 1,264 | (14,884) | (2,788) | (5,709) |
| Accounts payable | 87 | 10,504 | (821) | (1,108) |
| Accrued and other liabilities | (3,229) | (824) | (26,427) | (23,855) |
| Deferred revenue | 537 | (7,609) | 1,483 | (1,133) |
| Net cash used in operating activities | (20,599) | (11,333) | (49,787) | (43,103) |
| **Cash flows from investing activities:** | | | | |
| Purchases of property and equipment | (9,432) | (10,514) | (1,845) | (1,967) |
| Capitalized internal-use software | | | (2,603) | (1,894) |
| Purchases of intangible assets | (149) | (110) | (39) | (68) |
| Net cash paid for acquisition | — | (50,473) | | |
| Net cash used in divestiture | | | (227) | — |
| Net cash used in investing activities | (9,581) | (61,097) | (4,714) | (3,929) |
| **Cash flows from financing activities:** | | | | |
| Proceeds from issuance of common stock under employee stock purchase plan | 5,850 | — | | |

| | | | | |
|---|---|---|---|---|
| Withholding taxes related to net share settlement of equity awards | (4,313) | — | (4,671) | (2,917) |
| Net proceeds from Former Parent capital contributions | — | 83,235 | | |
| Net transfers from Former Parent | — | 52,802 | | |
| Net cash provided by financing activities | 1,537 | 136,037 | | |
| Net cash used in financing activities | | | (4,671) | (2,917) |
| Effect of exchange rate changes on cash and cash equivalents | 46 | (4,184) | (46) | 518 |
| Net (decrease) increase in cash and cash equivalents | (28,597) | 59,423 | | |
| Net decrease in cash and cash equivalents | | | (59,218) | (49,431) |
| Cash and cash equivalents at beginning of period | 160,127 | 120,695 | 154,434 (1) | 160,127 |
| Cash and cash equivalents at end of period | $ 131,530 | $ 180,118 | $ 95,216 | $ 110,696 |
| **Supplemental disclosure of cash flow information:** | | | | |
| Income taxes paid, net of refunds | | | $ 4,235 | $ 1,603 |
| Interest paid | $ 2,244 | $ — | $ 756 | $ 1,496 |
| Income taxes paid, net of refunds | $ 15,504 | $ 9,460 | | |
| Debt issued in connection with acquisition | $ — | $ 50,000 | | |
| **Supplemental disclosure of noncash investing and financing activities:** | | | | |
| Note receivable in exchange for consideration from divestiture | | | $ 27,676 | $ — |
| Deferred consideration from divestiture | | | $ 5,854 | $ — |
| Unpaid withholding taxes related to net share settlement of equity awards | | | $ 918 | $ — |
| Costs capitalized for internal-use software included in accrued liabilities | | | $ 676 | $ — |

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

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



**XPERI INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

**(in thousands)**

**(unaudited)**

| | Three Months Ended September 30, 2023 | | | | | | | Three Months Ended March 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-In | Accumulated Other Comprehensive | Accumulated | Noncontrolling | Total | Common Stock | | Additional Paid-In | Accumulated Other Comprehensive | Accumulated | Noncontrolling | Total |
| | Shares | Amount | Capital | Loss | Deficit | Interest | Equity | Shares | Amount | Capital | Loss | Deficit | Interest | Equity |
| **Balances at July 1, 2023** | 43,213 | $ 43 | $ 1,173,100 | $ (3,174) | $ (739,230) | $ (16,329) | $ 414,410 | | | | | | | |
| **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 | | | (247) | | | 247 | — | — | — | 41 | — | — | (41) | — |
| Vesting of restricted stock units, net of tax withholding | 174 | — | (1,186) | — | — | — | (1,186) | 820 | 1 | (5,590) | — | — | — | (5,589) |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Stock-based compensation | — | — | 17,622 | — | — | — | 17,622 | — | — | 14,757 | — | — | — | 14,757 |
| Foreign currency translation adjustment | — | — | — | (46) | — | — | (46) | — | — | — | (384) | — | — | (384) |
| Unrealized loss on cash flow hedges | — | — | — | (2,273) | — | — | (2,273) | — | — | — | (791) | — | — | (791) |
| Net loss | — | — | — | — | (41,426) | (646) | (42,072) | — | — | — | — | (13,120) | (251) | (13,371) |
| **Balances at September 30, 2023** | 43,387 | $ 43 | $ 1,189,289 | $ (5,493) | $ (780,656) | $ (16,728) | $ 386,455 | | | | | | | |
| **Balances at March 31, 2024** | | | | | | | | 45,031 | $ 45 | $ 1,221,709 | $ (4,040) | $ (818,568) | $ (17,389) | $ 381,757 |

| **Nine Months Ended September 30, 2023** | **Common Stock** | | **Additional Paid-In** | **Accumulated Other Comprehensive** | **Accumulated** | **Noncontrolling** | |
|---|---|---|---|---|---|---|---|

| | Shares | Amount | Capital | Loss | Deficit | Interest | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balances at January 1, 2023** | 42,066 | $ 42 | $ 1,136,330 | $ (4,119) | $ (668,835) | $ (14,432) | $ 448,986 |
| Change in ownership interest of the Company | — | — | (258) | — | — | 258 | — |
| Vesting of restricted stock units, net of tax withholding | 677 | — | (4,313) | — | — | — | (4,313) |
| Issuance of common stock under employee stock purchase plan | 644 | 1 | 5,849 | — | — | — | 5,850 |
| Stock-based compensation | — | — | 51,681 | — | — | — | 51,681 |
| Foreign currency translation adjustment | — | — | — | 46 | — | — | 46 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Unrealized gain on cash flow hedges | — | — | — | (1,420) | — | — | (1,420) |
| Net loss | — | — | — | — | (111,821) | (2,554) | (114,375) |
| **Balances at September 30, 2023** | 43,387 | $ 43 | $ 1,189,289 | $ (5,493) | $ (780,656) | $ (16,728) | $ 386,455 |

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, 2022</u> | Common Stock | | Additional Paid-In | Net Investment by Former Parent | Accumulated Other Comprehensive Loss | Accumulated Deficit | Noncontrolling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Capital | | | | | |
| **Balances at July 1, 2022** | — | $ — | $ — | $ 1,029,487 | $ (4,125) | $ — | $ (11,015) | $ 1,014,347 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Change in ownership interest of the Company | — | — | — | — | — | — | (1,427) | (1,427) |
| Issuance of common stock and reclassification of net transfers from Former Parent | 42,024 | 42 | 1,038,062 | (1,038,104) | — | — | — | — |
| Net capital contributions from Former Parent | — | — | 83,235 | — | — | — | — | 83,235 |
| Net transfers from Former Parent | — | — | — | 37,614 | — | — | — | 37,614 |
| Foreign currency translation adjustment | — | — | — | — | (914) | — | — | (914) |
| Net loss | — | — | — | (28,997) | — | (371,805) | (890) | (401,692) |
| **Balances at September 30, 2022** | 42,024 | $ 42 | $ 1,121,297 | $ — | $ (5,039) | $ (371,805) | $ (13,332) | $ 731,163 |

| <u>Nine Months Ended September 30, 2022</u> | **Common Stock** | | **Additional Paid-In Capital** | **Net Parent Company Investment** | **Accumulated Other Comprehensive Loss** | **Accumulated Deficit** | **Noncontrolling Interest** | **Total Equity** |
|---|---|---|---|---|---|---|---|---|
| | **Shares** | **Amount** | | | | | | |
| **Balances at January 1, 2022** | — | $ — | $ — | $ 1,025,838 | $ (676) | $ — | $ (9,205) | $ 1,015,957 |
| Change in ownership interest of the Company | — | — | — | — | — | — | (1,421) | (1,421) |
| Issuance of common stock and reclassification of net transfers from Former Parent | 42,024 | 42 | 1,038,062 | (1,038,104) | — | — | — | — |
| Net capital contributions from Former Parent | — | — | 83,235 | — | — | — | — | 83,235 |
| Net transfers from Former Parent | — | — | — | 100,915 | — | — | — | 100,915 |
| Foreign currency translation adjustment | — | — | — | — | (4,363) | — | — | (4,363) |
| Net loss | — | — | — | (88,649) | — | (371,805) | (2,706) | (463,160) |
| **Balances at September 30, 2022** | 42,024 | $ 42 | $ 1,121,297 | $ — | $ (5,039) | $ (371,805) | $ (13,332) | $ 731,163 |

| <u>Three Months Ended March 31, 2023</u> | **Common Stock** | | **Additional Paid-In Capital** | **Accumulated Other Comprehensive Loss** | **Accumulated Deficit** | **Noncontrolling Interest** | **Total Equity** |
|---|---|---|---|---|---|---|---|
| | **Shares** | **Amount** | | | | | |
| **Balances at January 1, 2023** | 42,066 | $ 42 | $ 1,136,330 | $ (4,119) | $ (668,835) | $ (14,432) | $ 448,986 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Change in ownership interest of the Company | — | — | (11) | — | — | 11 | — |
| Vesting of restricted stock units, net of tax withholding | 431 | — | (2,917) | — | — | — | (2,917) |
| Stock-based compensation | — | — | 15,968 | — | — | — | 15,968 |
| Foreign currency translation adjustment | — | — | — | 613 | — | — | 613 |
| Unrealized gain on cash flow hedges | — | — | — | 863 | — | — | 863 |
| Net loss | — | — | — | — | (32,000) | (939) | (32,939) |
| **Balances at March 31, 2023** | 42,497 | $ 42 | $ 1,149,370 | $ (2,643) | $ (700,835) | $ (15,360) | $ 430,574 |

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 – THE COMPANY DESCRIPTION OF BUSINESS AND BASIS SUMMARY OF PRESENTATION 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 business into four categories: Pay-TV, Consumer Electronics, Connected Car and Media Platform.

***Xperi Spin-Off***

In June 2020, Xperi Holding Corporation (“Xperi Holding,” “Adeia,” or the “Former Parent”) announced plans to separate into two independent publicly-traded companies (the “Separation”), one comprising its intellectual property (“IP”) licensing business and one comprising its product business (“Xperi Product”). On October 1, 2022 (the “Separation Date”), the Former Parent completed the Separation (the “Spin-Off”) through a pro-rata distribution (the “Distribution”) of all the outstanding common stock of its product-related business (formerly known as Xperi

Product, and hereinafter “Xperi Inc.,”, “Xperi” or the “Company”) Company to the stockholders of record of the Former Parent as of the close of business on September 21, 2022, the record date (the “Record Date”) for the Distribution. Each Xperi Holding Former Parent stockholder of record received four shares of Xperi common stock, $0.001 par value, for every ten shares of Xperi Holding the Former Parent’s common stock, $0.001 par value, held by such stockholder as of the close of business on the Record Date. As a result of the Distribution, Xperi became an independent, publicly-traded company and its common stock is listed under the symbol “XPER” on the New York Stock Exchange. In connection with the Separation and the Distribution, Xperi Holding the Former Parent was renamed and continues as Adeia Inc. and also changed its stock symbol to “ADEA” on the Nasdaq Global Select Market.

***Description Basis of Business Presentation and Principles of Consolidation***

Xperi is 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 leading consumer consolidated basis and entertainment technology company. The include the accounts of the Company believes it creates extraordinary experiences at home and on the go for millions of consumers around the world, elevating content and how audiences connect with it its wholly owned subsidiaries, as well as an entity in a way that is more intelligent, immersive and personal. Powering smart devices, connected cars, entertainment experiences and more, which the Company has a controlling financial interest. All intercompany accounts and transactions have been eliminated in consolidation.

In the fourth quarter of 2018, the Company funded a new subsidiary, Perceive Corporation (“Perceive”), which was created a unified ecosystem that reaches highly engaged consumers, uncovering significant new business opportunities, now and to focus on delivering edge inference solutions. As of March 31, 2024, the Company owned approximately 77.5% of the outstanding equity interest of Perceive. The operating results of Perceive have been included in the future. The Company’s technologies are integrated into consumer devices and media platforms worldwide, driving increased value for partners, customers and consumers. The Company currently operates in one reportable business segment and segregates its revenue into four categories based on condensed consolidated financial statements since the markets served: Pay-TV, Consumer Electronics, Connected Car and Media Platform. fourth quarter of 2018.

***Unaudited Interim Financial Statements***

The accompanying unaudited interim condensed consolidated financial statements have been prepared by the Company are presented in accordance with generally accepted accounting principles (“GAAP”) in the United States and the applicable rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for interim financial information. The amounts as of December 31, 2022 December 31, 2023 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, 2022 December 31, 2023, filed on March 6, 2023 March 1, 2024 (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 annual audited financial statements and notes thereto as of and for the year ended December 31, 2022, included in the Form 10-K.

The results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2023 December 31, 2024 or any future period and the Company makes no representations related thereto.

In the Condensed Consolidated Balance Sheet as of December 31, 2022 included in this Form 10-Q filing, the Company has revised the long-term deferred tax liabilities and other long-term liabilities line items to correct an immaterial error in the classification of unrecognized tax benefits. The adjustment results in a $7.7 million decrease of long-term deferred tax liabilities and an increase in other long-term liabilities. The revision has no impact on total long-term liabilities as of December 31, 2022. In relation to this adjustment, the Company will revise its Consolidated Statement of Cash Flows for the year ended December 31, 2022 to decrease deferred income tax and increase accrued and other liabilities within the changes in operating assets and liabilities section by $7.7 million, with no changes to net cash flows from operating activities for 2022. 10



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The Company determined that the error was not material to any of its prior annual and interim period financial statements, and correcting it had no impact on the condensed consolidated financial statements for the three and nine months ended September 30, 2023.

***Basis of Presentation***

During the three months ended September 30, 2022, all of the assets and liabilities of the Xperi Product business had been transferred to a legal entity (the "Transfer") under the common control of Xperi. Subsequent to this Transfer and through December 31, 2022, the Company's financial statements and accompanying notes are prepared on a consolidated basis and include Xperi and its subsidiaries in which Xperi has a controlling financial interest. All intercompany balances and transactions are eliminated in consolidation. Prior to the Transfer, the financial statements and accompanying notes of the Xperi Product business were prepared on a combined basis and were derived from the consolidated financial statements and accounting records of the Former Parent as the Company was not historically held by a single legal entity. All intercompany balances and transactions within the combined businesses of the Company have been eliminated.

The Condensed Consolidated Balance Sheets of Xperi and its subsidiaries for the pre-Transfer periods include Former Parent's assets and liabilities that are specifically identifiable or otherwise attributable to the Company. In the fourth quarter of 2018, the Company funded a new subsidiary, Perceive Corporation ("Perceive"), which was created to focus on delivering edge inference solutions. As of September 30, 2023, the Company owned approximately 77% of the outstanding equity interest of Perceive. The operating results of Perceive have been included in the Company's condensed consolidated financial statements since the fourth quarter of 2018.

Prior to the Separation, the Company was dependent on the Former Parent for all of its working capital and financing requirements as the Former Parent used a centralized approach to cash management and financing its operations. Financial transactions relating to the Company were accounted for as equity contributions from the Former Parent on the Condensed Consolidated Balance Sheets. Accordingly, none of the Former Parent's cash and cash equivalents were allocated to the Company for any of the periods presented, unless those balances were directly attributable to the Company. The Company reflects transfers of cash to and from the Former Parent's cash management system within equity as a component of Net investment by Former Parent on a combined basis and as a component of net capital contribution from Former Parent on a consolidated basis. Other than the debt incurred in connection with the acquisition of Vewd Software Holdings Limited ("Vewd") discussed in Note 9, the Former Parent's long-term debt has not been attributed to the Company for any of the periods presented because the Former Parent's borrowings are not the legal obligation of the Company. The cash and cash equivalents, including the Company's capitalization from Former Parent on September 30, 2022, is expected to be sufficient to support its operations, capital expenditures and income tax payments, in addition to any investments and other capital allocation needs for at least the next 12 months from the issuance date of these condensed consolidated financial statements.

Prior to the Separation, the Condensed Consolidated Statements of Operations and Comprehensive Loss of the Company reflect allocations of general corporate expenses from the Former Parent, including, but not limited to, executive management, sales and marketing, finance, legal, information technology, employee benefits administration, stock-based compensation, treasury, risk management, procurement and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on a pro rata basis of billing, revenue, headcount or other measures as deemed appropriate. Management of the Company and Former Parent consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expenses the Company would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, such as the chosen organizational structure, whether functions were outsourced or performed by employees and decisions with respect to areas such as facilities, information technology and operating infrastructure.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

There have been no significant changes in the Company's significant accounting policies during the nine months ended September 30, 2023, as compared to the significant accounting policies described in the Form 10-K.

***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 Divestiture (as described in Note 6—*Divestiture*), capitalization of internal-use software, loss contingencies related to indemnification liability, 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 purchase accounting resulting from business combinations. 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 and accounts receivable. 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 is substantially mitigated by its evaluation process, relatively short collection terms, 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.

There were no individually significant customers accounting for with revenue exceeding 10% or more of total revenue for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, no single customer represented 10% or more of the Company's Company’s net balance of accounts receivable.

***Recent Accounting Pronouncements***

*There have been no recently Accounting Standards Not Yet Adopted*

In November 2023, the Financial Accounting Standard Board (the “FASB”) issued accounting pronouncements that Accounting Standards Update (“ASU”) No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires significant segment expenses and other segment related items to be disclosed on an interim and annual basis. The new disclosure requirements are expected also applicable to have companies with a material single reportable segment. This guidance is effective on a retrospective basis for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this guidance on the Company’s condensed disclosures within its consolidated financial statements.

In December 2023, 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. This guidance is effective on a prospective or retrospective basis for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this guidance on the disclosures within its consolidated financial statements.

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**NOTE 3 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 stand-alone standalone selling price (“SSP”) basis. The determination of stand-alone selling price SSP considers market conditions, the size and scope of the contract, customer and geographic information, and other factors. When observable prices are not available, stand-alone selling price 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 allocated 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.



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*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 internet protocol television video-over-broadband ("IPTV") Solutions, Personalized Content Discovery and enriched Metadata.

For these solutions, the Company 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. Hosted solutions and access to our platform is considered a single performance obligation recognized over the period the solution is provided.

*Consumer Electronics*

The Company licenses its audio and imaging 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.



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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, 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 and driver and occupant monitoring systems 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*” “Consumer Electronics”. Certain customers may enter into fixed fee or minimum guarantee agreements, also similar to the revenue recognition described above in “*Consumer* “*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, and licensing of the Vewd app framework and 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. License revenue for the Vewd solutions is generally recognized either on a per-unit royalty or a minimum guarantee or fixed fee basis, similar to as described in the “*Consumer Electronics*” section above.

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*Hardware Products, Services and Settlements/Recoveries*

The Company sells hardware products, primarily to end consumers, within the Pay-TV, Media Platform, 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, is made, 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 legal judgments in a license dispute. 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.

*Practical Expedients and Exemptions*

The Company applies a practical expedient to not perform an evaluation of whether a contract includes a significant financing component when the timing of revenue recognition differs from the timing of cash collection by one year or less.

The Company applies a practical expedient to expense costs to obtain a contract with a customer as incurred as a component of selling, general and administrative expenses when the amortization period would have been one year or less.

The Company applies a practical expedient when disclosing revenue expected to be recognized from unsatisfied performance obligations to exclude contracts with customers with an original duration of one year or less; amounts attributable to variable consideration arising from (i) a sales-based or usage-based royalty of a technology license or (ii) when variable consideration is allocated entirely to a wholly unsatisfied performance obligation; or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation.

***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, hardware products, advertising and settlements/recoveries.



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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Recognized over time | $ 104,827 | $ 103,276 | $ 303,911 | $ 296,341 |
| Recognized at a point in time | 25,563 | 18,361 | 80,190 | 70,387 |
| Total revenue | $ 130,390 | $ 121,637 | $ 384,101 | $ 366,728 |



| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Recognized over time | $ 96,682 | $ 100,213 |
| Recognized at a point in time | 22,162 | 26,626 |
| Total revenue | $ 118,844 | $ 126,839 |

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

| | Three Months Ended September 30, 2023 | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 |
|---|---|---|---|---|---|---|
| Pay-TV | $ 60,319 | $ 58,378 | $ 178,644 | $ 182,903 | $ 56,806 | $ 60,294 |
| Consumer Electronics | 32,298 | 33,561 | 100,749 | 101,145 | 26,128 | 36,735 |
| Connected Car | 23,393 | 20,224 | 67,415 | 60,798 | 24,348 | 20,548 |
| Media Platform | 14,380 | 9,474 | 37,293 | 21,882 | 11,562 | 9,262 |
| Total revenue | $ 130,390 | $ 121,637 | $ 384,101 | $ 366,728 | $ 118,844 | $ 126,839 |

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

| | Three Months Ended September 30, 2023 | | Three Months Ended September 30, 2022 | | Three Months Ended March 31, 2024 | | Three Months Ended March 31, 2023 | |
|---|---|---|---|---|---|---|---|---|
| U.S. | $ 69,382 | 53 % | $ 65,173 | 54 % | $ 59,799 | 50 % | $ 65,159 | 51 % |
| Japan | 22,622 | 17 | 13,801 | 11 | 12,037 | 10 | 17,495 | 14 |
| Europe and Middle East | | | | | 13,475 | 11 | 10,166 | 8 |
| China | 6,813 | 5 | 12,713 | 11 | 12,787 | 11 | 11,510 | 9 |
| Europe and Middle East | 8,827 | 7 | 10,722 | 9 | | | | |
| Latin America | 8,646 | 7 | 5,310 | 4 | 6,917 | 6 | 6,623 | 5 |
| Other | 14,100 | 11 | 13,918 | 11 | 13,829 | 12 | 15,886 | 13 |
| Total revenue | $ 130,390 | 100 % | $ 121,637 | 100 % | $ 118,844 | 100 % | $ 126,839 | 100 % |

| | Nine Months Ended September 30, 2023 | | Nine Months Ended September 30, 2022 | |
|---|---|---|---|---|
| U.S. | $ 203,674 | 53 % | $ 203,253 | 55 % |
| Japan | 58,683 | 15 | 45,844 | 13 |
| China | 28,850 | 8 | 27,168 | 7 |
| Europe and Middle East | 27,409 | 7 | 29,458 | 8 |
| Latin America | 22,013 | 6 | 20,588 | 6 |

| | | | | |
|---|---|---|---|---|
| Other | 43,47 | | 40,41 | |
| | 2 | 11 | 7 | 11 |
| Total revenue | 384,1 | 10 | 366,7 | 10 |
| | $ 01 | 0 % | $ 28 | 0 % |

A significant portion of the Company's revenue is derived from licensees headquartered outside of the U.S., principally in Asia, Europe, and the Middle East, and Latin America, and it is expected that this revenue will continue to account for a significant portion of total revenue in future periods.

***Contract Balances***

*Contract Assets*

A contract asset represents a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily consist of unbilled contracts receivable that are expected to be received from customers in future periods, where the revenue recognized is in excess of the Company's unconditional right to date exceeds the amount billed. consideration. The amount of unbilled contracts receivable may not exceed their net realizable value and is classified as noncurrent if the payments are expected to be received more than one year from the reporting date. Contract assets also include the incremental costs of obtaining a contract with a customer principally consisting of sales commissions and deferred engineering costs for non-recurring engineering.

Contract assets were recorded in the Condensed Consolidated Balance Sheets as follows (in thousands):

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| Unbilled contracts receivable, net | $ 61,148 | $ 65,251 |
| Other current assets | 504 | 848 |
| Unbilled contracts receivable, noncurrent | 21,926 | 4,289 |
| Other noncurrent assets | 719 | 978 |
| Total contract assets | $ 84,297 | $ 71,366 |

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*Contract Liabilities*

Contract liabilities are mainly comprised of deferred revenue, which arises when cash payments are received including amounts which are refundable, in advance of performance obligations being completed. satisfied. Deferred revenue generally consists of prepaid licenses or other fees, amounts received related to NRE services to be performed in the future, and other offerings for which the Company is paid in advance while the promised good or service is transferred to the customer at a future date or over time. As of September 30, 2023 and December 31, 2022, the current and noncurrent balances of deferred revenue were $

45.0 14

million and $44.5 million, respectively.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| Revenue recognized in the period from: | | | | | | |
| Amounts included in deferred revenue at the beginning of the period | $ 4,003 | $ 5,112 | $ 16,269 | $ 19,713 | $ 7,266 | $ 6,719 |
| Performance obligations satisfied in previous periods (true ups, recoveries and settlements) (1)(2) | $ 1,499 | $ 4,435 | $ 214 | $ 25,301 | | |
| Performance obligations satisfied in previous periods (true ups, recoveries, and settlements) (1) | | | | | $ 3,009 | $ (1,881) |

(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 the following period. 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 litigation or disputes during the period for past royalties owed.

(2) For the nine months ended September 30, 2022, the Company recorded revenue from both the settlement of a contract dispute with a large mobile imaging customer, and the execution of a long-term license agreement with the same large mobile imaging customer. The long-term license agreement was effective as of the expiration of the prior agreement, and the Company expected to record revenue from the license agreement in future periods.

***Remaining Performance Obligations***

Remaining revenue under contracts with performance obligations represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied under represent contracted revenue associated with certain of the Company's non-cancelable fixed fee arrangements and engineering services contracts. contracts that have not yet been recognized. As of September 30, 2023 March 31, 2024, the Company's estimated remaining revenue under contracts with performance obligations was and the period over which they are expected to be recognized were as follows (in thousands):

| Year Ending December 31: | Amounts | Amounts |
|---|---|---|
| 2023 (remaining 3 months) | $ 22,110 | |
| 2024 | 40,542 | |
| 2024 (remaining 9 months) | | $ 43,800 |
| 2025 | 19,799 | 31,234 |
| 2026 | 6,017 | 13,891 |
| 2027 | 2,111 | 3,899 |

| | | |
|---|---|---|
| 2028 | | 2,038 |
| Thereafter | 1,953 | 966 |
| Total | $ 92,532 | $ 95,828 |

***Allowance for Credit Losses***

The allowance for credit losses, which includes the allowance for accounts receivable and unbilled contracts receivable, represents the Company's best estimate of lifetime expected credit losses inherent in those financial assets. The Company's lifetime expected credit losses are determined based on historical experience, relevant information about past events, current conditions, and reasonable and supportable forecasts that affect collectability. The Company monitors its credit exposure through ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. In addition, the Company performs routine credit management activities such as timely account reconciliations, dispute resolution, and payment confirmations. The Company may employ collection agencies and legal counsel to pursue recovery of defaulted receivables.



The Company's noncurrent unbilled contracts receivable is derived from multi-year fixed-fee or minimum-guarantee arrangements, primarily with large well-capitalized companies. These noncurrent unbilled contracts receivable are generally considered to be of high credit quality based on our past collection history and the nature of the customers.

The following table presents the activity in the allowance for credit losses for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

| | Three Months Ended September 30, | | | | Three Months Ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 2024 | | 2023 | |
| | Accounts Receivable | Unbilled Contracts Receivable | Accounts Receivable | Unbilled Contracts Receivable | Accounts Receivable | Unbilled Contracts Receivable | Accounts Receivable | Unbilled Contracts Receivable |
| Beginning balance | $ 2,212 | $ 325 | $ 1,805 | $ 306 | $ 1,906 | $ 190 | $ 1,950 | $ 369 |
| Provision for credit losses | 166 | 66 | 99 | 7 | 798 | 58 | 136 | (19) |
| Recoveries/charge-off | (121) | (176) | (133) | — | 164 | (3) | (19) | — |
| Ending balance | $ 2,257 | $ 215 | $ 1,771 | $ 313 | $ 2,868 | $ 245 | $ 2,067 | $ 350 |

| | Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | Accounts Receivable | Unbilled Contracts Receivable | Accounts Receivable | Unbilled Contracts Receivable |

| | | | | |
|---|---|---|---|---|
| Beginning balance | $ 1,950 | $ 369 | $ 2,245 | $ 480 |
| Provision for credit losses | 488 | 22 | 69 | (167) |
| Recoveries/charge-off | (181) | (176) | (543) | — |
| Ending balance | $ 2,257 | $ 215 | $ 1,771 | $ 313 |

**NOTE 43 – COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS**

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

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| Prepaid income tax | $ 1,758 | $ 1,777 | | |
| Prepaid expenses | 19,572 | 20,001 | $ 25,344 | $ 19,913 |
| Finished goods inventory | 8,460 | 6,662 | 5,988 | 7,279 |
| Prepaid income taxes | | | 5,544 | 4,813 |
| Other | 9,156 | 13,734 | 6,013 | 6,869 |
| Total | $ 38,946 | $ 42,174 | $ 42,889 | $ 38,874 |



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

| | September 30, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| Equipment, furniture and other | $ 87,120 | $ 78,976 | | |
| Building and improvements | 18,331 | 18,331 | | |
| Computer equipment and software | | | $ 53,748 | $ 52,740 |
| Capitalized internal-use software | | | 14,503 | 11,224 |
| Office equipment and furniture | | | 11,294 | 11,074 |
| Building | | | 17,876 | 17,876 |
| Land | 5,300 | 5,300 | 5,300 | 5,300 |
| Leasehold improvements | 16,497 | 17,038 | 13,297 | 11,758 |
| Construction in progress | | | 768 | 3,319 |

| | | | | |
|---|---|---|---|---|
| Total property and equipment | 127,248 | 119,645 | 116,786 | 113,291 |
| Less: accumulated depreciation and amortization | (82,648) | (71,818) | | |
| Less: accumulated depreciation and amortization[1] | | | (75,074) | (71,722) |
| Property and equipment, net | $ 44,600 | $ 47,827 | $ 41,712 | $ 41,569 |

[1] Includes $2.1 million and $1.6 million as of March 31, 2024 and December 31, 2023, respectively, of accumulated amortization associated with capitalized internal-use software.

For the three months ended March 31, 2024 and 2023, capitalization of costs associated with internal-use software was $

16 3.3

million and $1.9 million, respectively. Amortization of capitalized internal-use software was $0.5 million for the three months ended March 31, 2024, whereas it was immaterial for the three months ended March 31, 2023.

Accrued liabilities consisted of the following (in thousands):

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| Employee compensation and benefits | $ 43,163 | $ 53,546 |
| Third-party royalties | 9,885 | 7,620 |
| Accrued expenses | 22,439 | 22,928 |
| Current portion of operating lease liabilities | 15,421 | 17,195 |
| Accrued income tax | 4,196 | 4,926 |
| Other | 14,820 | 3,799 |
| Total | $ 109,924 | $ 110,014 |

Accumulated other comprehensive loss ("AOCL") consisted of the following (in thousands):

| | Three Months Ended September 30, | | | | |
|---|---|---|---|---|---|
| | 2023 | | | 2022 | |
| | Unrealized Gains (Losses) on Cash Flow Hedges | Foreign Currency Translation Adjustment | Total | Foreign Currency Translation Adjustment | Total |
| Beginning balance | $ 759 | $ (3,933) | $ (3,174) | $ (4,125) | $ (4,125) |
| Other comprehensive loss before reclassification | (1,919) | (46) | (1,965) | (914) | (914) |
| Amounts reclassified from accumulated other comprehensive loss into net loss | (354) | — | (354) | — | — |
| Net current period other comprehensive loss | (2,273) | (46) | (2,319) | (914) | (914) |
| Ending balance | $ (1,514) | $ (3,979) | $ (5,493) | $ (5,039) | $ (5,039) |

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2023 | 2022 |

| | Unrealized Gains (Losses) on Cash Flow Hedges | Foreign Currency Translation Adjustment | Total | Foreign Currency Translation Adjustment | Total |
|---|---|---|---|---|---|
| Beginning balance | $ (94) | $ (4,025) | $ (4,119) | $ (676) | $ (676) |
| Other comprehensive (loss) income before reclassification | (738) | 46 | (692) | (4,363) | (4,363) |
| Amounts reclassified from accumulated other comprehensive loss into net loss | (682) | — | (682) | — | — |
| Net current period other comprehensive (loss) income | (1,420) | 46 | (1,374) | (4,363) | (4,363) |
| Ending balance | $ (1,514) | $ (3,979) | $ (5,493) | $ (5,039) | $ (5,039) |

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Employee compensation and benefits | $ 26,556 | $ 44,095 |
| Accrued expenses | 17,927 | 24,307 |
| Current portion of operating lease liabilities | 14,059 | 14,760 |
| Accrued other taxes | 8,075 | 6,464 |
| Third-party royalties | 7,658 | 8,478 |
| Accrued income taxes | 3,012 | 1,991 |
| Other | 6,215 | 9,866 |
| Total | $ 83,502 | $ 109,961 |

**NOTE 5 4 – FINANCIAL INSTRUMENTS**

***Non-marketable Equity Securities***

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, other noncurrent assets included equity securities accounted for under the equity method with a carrying amount of $4.6 4.2 million and $4.4 4.9 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, 2023 March 31, 2024 and 2022. 2023.

***Derivatives Instruments***

In the fourth quarter of 2022, the The Company initiated 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 and are classified as Level 2 in accordance with the three-level hierarchy of fair value measurements. 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. For additional information related



*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 three-level hierarchy gain or loss on the derivatives are reported as a component of fair value measurements, see Note 6—*Fair Value.* *accumulated other comprehensive loss ("AOCL") in stockholders' equity and reclassified into earnings on the Condensed Consolidated Statements of Operations (Unaudited) in the period upon which the hedged transactions are settled.*

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

| | September 30, 2023 | December 31, 2022 |
|---|---|---|
| **Derivative instruments in cash flow hedges (foreign exchange contracts):** | | |
| **Liabilities** | | |
| Accrued liabilities | $ 1,216 | $ 94 |
| Notional value held to buy U.S. dollars in exchange for other currencies | $ 1,094 | $ — |
| Notional value held to sell U.S. dollars in exchange for other currencies | $ 66,244 | $ 52,197 |
| **Undesignated derivative instruments (foreign exchange contracts):** | | |
| **Liabilities** | | |
| Accrued liabilities | $ — | $ 41 |
| Notional value held to sell U.S. dollars in exchange for other currencies | $ — | $ 7,402 |

| | Location in Balance Sheet | March 31, 2024 | December 31, 2023 |
|---|---|---|---|
| **Derivative instruments designated as cash flow hedges:** | | | |
| Fair value—foreign exchange contract assets, net amount | Prepaid expenses and other current assets | $ 271 | $ 1,184 |
| Notional value held to buy U.S. dollars in exchange for other currencies | | $ 1,119 | $ 738 |
| Notional value held to sell U.S. dollars in exchange for other currencies | | $ 49,581 | $ 45,468 |

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, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| Gross amount of recognized assets | $ 218 | $ — | $ 559 | $ 1,300 |
| Gross amount of recognized liabilities | (1,434) | (135) | (288) | (116) |
| Net amount presented in the Condensed Consolidated Balance Sheets | $ (1,216) | $ (135) | | |
| Net derivative assets | | | $ 271 | $ 1,184 |

*Cash Flow Hedges*

The Company designates certain foreign currency forward contracts as hedging instruments pursuant changes in AOCL related to Accounting Standards Codification (“ASC”) No. 815—Derivatives and Hedging. The effective portion the cash flow hedges consisted of the gain or loss on the derivatives are reported as a component of AOCL in stockholders’ equity and reclassified into earnings on the Condensed Consolidated Statements of Operations in the period upon which the hedged transactions are settled. For information on the unrealized gain or loss on the derivatives included in and reclassified out of the AOCL into Condensed Consolidated Statements of Operations, refer to Note 4—*Composition of Certain Financial Statement Captions.*following (in thousands):

| | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 |
|---|---|---|
| Beginning balance | $ 1,034 | $ (94) |
| Other comprehensive (loss) gain before reclassification | (422) | 859 |
| Amounts reclassified from accumulated other comprehensive loss into net loss | (369) | 4 |
| Net current period other comprehensive (loss) gain | (791) | 863 |
| Ending balance | $ 243 | $ 769 |

The following table summarizes the gains recognized upon settlement of the hedged transactions in the Condensed Consolidated Statement of Operations for three and nine months ended September 30, 2023March 31, 2024 and 2023 (in thousands):

| | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2023 | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 |
|---|---|---|---|---|
| Research and development | $ 307 | $ 721 | $ 349 | $ 11 |
| Selling, general and administrative | 80 | 143 | 107 | 4 |
| Total | $ 387 | $ 864 | $ 456 | $ 15 |

*Undesignated Derivatives*

For derivatives that are were not designated as hedge instruments, they are were measured and reported at fair value as a derivative asset or liability in the Condensed Consolidated Balance Sheets with their corresponding change changes in the fair value recognized as gains or losses in interest and other income, (expense), net in the Condensed Consolidated Statements of Operations. These instruments were all re-designated as foreign currency cash flow hedges in July 2023.

For the three months ended September 30, 2023 March 31, 2023, losses recognized changes in fair value on the undesignated derivatives were $0.2 million. For the nine months ended September 30, 2023, gains recognized on the undesignated derivatives were $0.5 million. insignificant.

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**NOTE 6 5 – FAIR VALUE**

The Company follows the authoritative guidance for fair value measurement and the fair value option for financial assets and financial liabilities. 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 (as described in Note 5—*Financial Instruments*). 2.

***Financial Instruments Not Recorded at Fair Value***

The Company's long-term debt is carried at historical cost and is measured at following table presents the fair value on a quarterly basis hierarchy for disclosure purposes. The the Company's assets and liabilities recorded at their carrying amounts and estimated amount, but for which the fair values were as follows value is disclosed (in thousands):

| | March 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Assets: | | | | |
| Note receivable, noncurrent | $ 27,676 | $ 27,676 | $ — | $ — |
| Deferred consideration from divestiture | 6,016 | 5,847 | — | — |
| Total assets | $ 33,692 | $ 33,523 | $ — | $ — |
| Liabilities: | | | | |
| Senior unsecured promissory note | $ 50,000 | $ 49,740 | $ 50,000 | $ 49,659 |

| | September 30, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Senior Unsecured Promissory Note | $ 50,000 | $ 48,788 | $ 50,000 | $ 48,478 |

If reported at The fair value of the note receivable and the deferred consideration resulting from the Divestiture (as described in Note 6—*Divestiture*) were estimated based on an income and market approach with valuation inputs such as the Condensed Consolidated Balance Sheets, U.S. Treasury constant maturity yields, comparable bond yields, and credit spreads over the Company's debt would be term of the same or similarly issued instruments. They are classified within Level 2 of the fair value hierarchy.

The fair value of the Company's debt (as described in Note 8—*Debt)* was estimated based on an income and market approach with valuation inputs such as the quoted market prices for U.S. Treasury constant maturity yields, comparable bond yields, and credit spreads over the term of the same or similar issues.

For more detail related to similarly issued instruments. The Company classifies its debt within Level 2 of the senior unsecured promissory note, refer to Note 9—*Debt.*

***Non-Recurring Fair Value Measurements***

For purchase accounting related fair value measurements, see Note 7— hierarchy.

Business Combination 18

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**NOTE 7 6 – BUSINESS COMBINATION DIVESTITURE**

On July 1, 2022, In December 2023, the Company completed entered into a definitive agreement with Tobii AB (the “Purchaser”), an eye tracking and attention computing company, pursuant to which it agreed to sell to the acquisition of Vewd Purchaser its AutoSense in-cabin safety business and related imaging solutions (the “Vewd Acquisition” “Divestiture”). Vewd is The Divestiture represented a leading global provider 100% equity sale transaction of OTT two of the Company’s wholly-owned subsidiaries and hybrid TV solutions. was expected to streamline the Company’s business to further focus its business on entertainment-related products and services. All of the assets and liabilities associated with the Divestiture were classified as held for sale as of December 31, 2023.

The Vewd Acquisition established the Company as Divestiture was completed on January 31, 2024 (the “Closing Date”) for a leading independent streaming media platform through its TiVo brand and the largest independent provider of Smart TV middleware globally. The total consideration was approximately of $102.9 44.3 million, consisting of approximately comprising $52.9 10.8 million of cash, and a note receivable from the Purchaser (the “Tobii Note”) of $50.0 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 on the Closing Date. The $10.8 million of debt. Refer to Note 9—*Debt* for additional information on this debt.

***Purchase Price Allocation***

The Vewd Acquisition has been accounted for as a business combination, using the acquisition method. The following table presents the allocation of the purchase price to the identifiable assets acquired and liabilities assumed based on the fair values at the acquisition date with no measurement period adjustments identified (amounts in thousands, except estimated useful life):

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| | Estimated Useful Life (years) | | Final Fair Value |
|---|---|---|---|
| Cash and cash equivalents | | | $ 2,684 |
| Accounts receivable | | | 3,341 |
| Unbilled contracts receivable | | | 2,335 |
| Other current assets | | | 1,208 |
| Property and equipment | | | 443 |
| Operating lease right-of-use assets | | | 2,020 |
| Identifiable intangible assets: | | | |
| Technology | 7 | $ 28,050 | |
| Customer relationships – large | 7 | 4,900 | |
| Customer relationships – small | 4 | 3,500 | |
| Non-compete agreements | 2 | 870 | |
| Trade name | 5 | 830 | |
| Total identifiable intangible assets | | | 38,150 |
| Goodwill | | | 68,115 |
| Other long-term assets | | | 977 |
| Accounts payable | | | (869) |
| Accrued liabilities | | | (4,777) |
| Deferred revenue | | | (920) |
| Long-term deferred tax liabilities | | | (8,393) |
| Noncurrent operating lease liabilities | | | (1,094) |

| | |
|---|---|
| Other long-term liabilities | (307) |
| Total purchase price | $ 102,913 |

Vewd's results of operations and cash flows have been included in the Company's condensed consolidated financial statements total consideration represents the cash balance that was transferred to the Purchaser on the Closing Date 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. As previously disclosed in the Form 10-K, the Purchaser was required to pay the Company the acquired closing cash balance, less certain adjustments, promptly after the Closing Date. 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 Divestiture, the Company also recorded a liability of $7.1 million for periods subsequent to July 1, 2022, and potential indemnification of certain pre-Closing matters.

As of the related Closing Date, the Company derecognized the carrying amounts of the following assets and liabilities were recorded at their estimated fair values in (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 (1) | $ 16,627 | $ 13,770 | $ 30,397 |
| **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 | $ 6,295 | $ 9,772 | $ 16,067 |
| Net assets held for sale | $ 10,332 | $ 3,998 | $ 14,330 |

(1) Total assets held for sale also included certain fully amortized finite-lived intangible assets with an original cost of $35.2 million.

Upon the Company's Condensed Consolidated Balance Sheet as of July 1, 2022.

***Supplemental Pro Forma Information***

The following unaudited pro forma financial information assumes the Vewd Acquisition was completed as of January 1, 2021. The unaudited pro forma financial information as presented below is for informational purposes only and is based on estimates and assumptions that have been made solely for purposes of developing such pro forma information. This is not necessarily indicative completion of the results of operations that would have been achieved if the Vewd Acquisition had taken place on January 1, 2021, nor is it necessarily indicative of future results. Consequently, actual results could differ materially from the unaudited pro forma financial information presented below. The following table presents the pro forma operating results as if the acquired operations of Vewd had been included in the Company's Condensed Consolidated Statements of Operations as of January 1, 2021 (unaudited, in thousands):

| | Three Months Ended September 30, 2022 | Nine Months Ended September 30, 2022 |
|---|---|---|
| Revenue | $ 121,637 | $ 373,057 |
| Net loss attributable to the Company | $ (394,691) | $ (468,457) |

The unaudited supplemental pro forma information above includes the following pro forma adjustments: adjustments for transaction related costs and severance and retention costs, adjustments for amortization of intangible assets, and elimination of inter-company transactions between Vewd and the Company. The unaudited supplemental pro forma information above does not include any cost saving synergies from operating efficiencies.

**NOTE 8 – GOODWILL AND INTANGIBLE ASSETS, NET**

***Goodwill impairment***

During the three months ended September 30, 2022, indicators of potential impairment for the Former Parent’s Product reporting unit were identified such that management concluded it was more-likely-than-not that goodwill was impaired and a quantitative interim goodwill impairment assessment should be performed as of September 30, 2022. Indicators of potential



impairment included a sustained decline in the Former Parent’s stock price during the second half of the third quarter of 2022 reflective of rising interest rates and continued decline in macroeconomic conditions. The Company proceeded to perform a fair value analysis of the Product reporting unit using the market capitalization approach. Under this approach, management estimated the fair value of the Product reporting unit as of September 30, 2022 using quoted market prices of Xperi’s common stock, over its first ten trading days following the Separation, and a control premium representing the synergies a market participant would achieve upon obtaining control of Xperi. As a result of the fair value analysis, Divestiture, the Company recognized a goodwill impairment charge gain of $354.0 22.9 million during the three months ended September 30, 2022 March 31, 2024. Leveraging

The Divestiture did not represent a strategic shift that would have a major effect on the aforementioned fair value assessment, 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. The Purchaser 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 also completed its annual goodwill impairment test as of October 1, 2022 using has the financial information as of September 30, 2022. right to demand full or partial payment on the outstanding balance with unpaid interest.

During The Tobii Note is secured by a floating lien and security interest in certain of the Purchaser'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 | $ | 27,676 |

For the three months ended December 31, 2022 March 31, 2024, sufficient indicators the Company recognized interest income of potential impairment were identified such that management concluded it $0.4 million. As of March 31, 2024, accrued interest on the Tobii Note was more-likely-than-not that goodwill $0.4 million.

***Deferred Consideration***

The deferred consideration consists of guaranteed future cash payments, which are scheduled to be made by the Purchaser 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 | $ | 15,000 |

At the Closing Date, there was impaired and a quantitative interim goodwill impairment test should $9.2 million of discount on the deferred consideration to be performed accreted as of December 31, 2022. Indicators of potential impairment included a significant, sustained decline in interest income up to the trading price of Xperi's common stock during the fourth quarter of 2022. The Company proceeded to perform a fair value analysis date of the Product reporting unit, the Company's only reporting unit, using the market capitalization approach. Under this approach, management estimated the fair value as of December 31, 2022 using quoted market prices of Xperi's common stock as of December 30, 2022, the last trading date of 2022, and a control premium representing the synergies a market participant would achieve upon obtaining control of Xperi. As a result of the fair value analysis, a goodwill impairment charge of $250.6 million was recognized during final payment. For the three months ended December 31, 2022. March 31, 2024, the Company accreted $0.2 million of the discount as interest income.

As of March 31, 2024, the net carrying amount of the deferred consideration is as follows (in thousands):

| | | March 31, 2024 |
|---|---|---|
| Total deferred consideration | $ | 15,000 |
| Less: unamortized discount on deferred consideration | | (8,984) |
| Net carrying amount | $ | 6,016 |

***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, 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 this impairment charge, the Company's goodwill balance was completely written off as of December 31, 2022. contingent consideration until it becomes probable that the Purchaser achieves the targeted shipments.



**NOTE 7 – INTANGIBLE ASSETS, NET**

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

| | September 30, 2023 | | | | March 31, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Average Life (Years) | Gross Amount | Accumulated Amortization | Net Carrying Value | Average Life (Years) | Gross Amount | Accumulated Amortization | Net Carrying Value |
| Finite-lived intangible assets: | | | | | | | | |
| Acquired patents | 3-10 | $ 22,189 | $ (7,833) | $ 14,356 | 3-10 | $ 17,281 | $ (4,031) | $ 13,250 |
| Existing technology / content database | 5-10 | 241,135 | (200,281) | 40,854 | 5-10 | 219,863 | (184,819) | 35,044 |
| Customer contracts and related relationships | 3-9 | 502,391 | (365,086) | 137,305 | 3-9 | 493,579 | (371,093) | 122,486 |
| Trademarks/trade name | 4-10 | 39,613 | (33,498) | 6,115 | 4-10 | 39,313 | (35,708) | 3,605 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Non-compete agreements | 1-2 | 3,101 | (2,775) | 326 | 1-2 | 3,101 | (2,992) | 109 |
| Total finite-lived intangible assets | | 808,429 | (609,473) | 198,956 | | 773,137 | (598,643) | 174,494 |
| Indefinite-lived intangible assets: | | | | | | | | |
| TiVo tradename/trademarks | N/A | 21,400 | — | 21,400 | N/A | 21,400 | — | 21,400 |
| Total intangible assets | | $ 829,829 | $ (609,473) | $ 220,356 | | $ 794,537 | $ (598,643) | $ 195,894 |

| | December 31, 2022 | | | | December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Average Life (Years) | Gross Amount | Accumulated Amortization | Net Carrying Value | Average Life (Years) | Gross Amount | Accumulated Amortization | Net Carrying Value |
| Finite-lived intangible assets: | | | | | | | | |
| Acquired patents | 3-10 | $ 22,189 | $ (6,175) | $ 16,014 | 3-10 | $ 17,281 | $ (3,478) | $ 13,803 |
| Existing technology / content database | 5-10 | 240,894 | (190,671) | 50,223 | 5-10 | 219,717 | (181,713) | 38,004 |
| Customer contracts and related relationships | 3-9 | 502,188 | (335,981) | 166,207 | 3-9 | 493,685 | (365,074) | 128,611 |
| Trademarks/trade name | 4-10 | 39,613 | (29,733) | 9,880 | 4-10 | 39,313 | (34,453) | 4,860 |
| Non-competition agreements | 1-2 | 3,101 | (2,449) | 652 | 1-2 | 3,101 | (2,884) | 217 |
| Total finite-lived intangible assets | | 807,985 | (565,009) | 242,976 | | 773,097 | (587,602) | 185,495 |
| Indefinite-lived intangible assets: | | | | | | | | |
| TiVo tradename/trademarks | N/A | 21,400 | — | 21,400 | N/A | 21,400 | — | 21,400 |
| Total intangible assets | | $ 829,385 | $ (565,009) | $ 264,376 | | | | |
| Total intangible assets (1) | | | | | | $ 794,497 | $ (587,602) | $ 206,895 |

(1) Total intangible assets excluded certain finite-lived intangible assets with a gross amount of $35.2 million, which were fully amortized and classified as held for sale as of December 31, 2023 in connection with the Divestiture (as described in Note 6—

*21 Divestiture*

).

As of September 30, 2023 March 31, 2024, the estimated future amortization expense of total finite-lived intangible assets was as follows (in thousands):

| Year Ending December 31: | | Amounts |
|---|---|---|
| 2023 (remaining 3 months) | $ 13,401 | |

| | | |
|---|---|---|
| 2024 | 43,357 | |
| 2024 (remaining 9 months) | | $ 32,328 |
| 2025 | 34,810 | 34,821 |
| 2026 | 31,479 | 31,490 |
| 2027 | 30,636 | 30,647 |
| 2028 | | 30,310 |
| Thereafter | 45,273 | 14,898 |
| Total future amortization | $ 198,956 | $ 174,494 |



**NOTE 9 8 – DEBT**

In connection with the acquisition of Vewd Acquisition as disclosed in Note 7, Software Holdings Limited ("Vewd") on July 1, 2022, TiVo Product Holdco LLC, which was subsequently renamed Xperi Inc., 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. If a certain qualified spin-off transaction occurs, the interest rate will be increased to the greater of (a) 6.00% and (b) the sum of (i) the highest interest rate payable under any credit facility or bonds, debentures, notes or similar instruments where the issuer or any guarantor borrows money or guarantees obligations on a secured basis on or after the date of such spin-off transaction, plus (ii) 2.00%. It was determined that the Spin-Off completed on October 1, 2022 did not trigger any change in the interest rate of the debt. The Promissory Note matures on July 1, 2025. The Company may, at any time and on any one or more occasions, 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. In addition, the Promissory Note has mandatory prepayment provisions upon certain change of control or asset sale events.

The Promissory Note includes certain covenants that restrict the Company and each guarantor's ability to, among other things, incur certain indebtedness or engage in any material line of business substantially different from those lines of business conducted by such entities the Company on the closing date of the acquisition. The Promissory Note does not contain any financial covenants.

As of September 30, 2023 March 31, 2024, $50.0 million in principal balance was outstanding. Interest expense on the Promissory Note was $0.7 million and $2.2 million for each of the three and nine months ended September 30, 2023, respectively. March 31, 2024 and 2023.

**NOTE 10 9 – NET LOSS PER SHARE**

On October 1, 2022, 42,023,632 shares of the Company's common stock, par value $0.001 Basic net loss per share were distributed attributable to the Former Parent's stockholders of record as of September 21, 2022. This share amount Company is utilized for computed by dividing the calculation of basic and diluted earnings per share for all periods presented prior net loss attributable to the Separation and such shares are treated as issued and outstanding for purposes of calculating historical loss per share. For periods prior to Company by the Separation, it is assumed that there are no dilutive equity instruments as there were no Xperi Inc. stock-based awards outstanding prior to the Separation.

For periods subsequent to the Separation, actual outstanding shares are used to calculate both basic and diluted weighted- average number of weighted-average outstanding common shares outstanding. in the period. Potentially dilutive common shares, such as common shares issuable upon exercise of stock options, and vesting of restricted stock awards units ("RSUs"), and units 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 amount) amounts):

22

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| Numerator: | | | | | | |
| Net loss attributable to the Company - basic and diluted | $ (41,426) | $ (400,802) | $ (111,821) | $ (460,454) | $ (13,120) | $ (32,000) |
| Denominator: | | | | | | |
| Weighted-average number of shares used to compute net loss per share attributable to the Company - basic and diluted | 43,316 | 42,024 | 42,774 | 42,024 | 44,521 | 42,224 |
| Net loss per share attributable to the Company - basic and diluted | $ (0.96) | $ (9.54) | $ (2.61) | $ (10.96) | $ (0.29) | $ (0.76) |

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, |
|---|---|
| | 2023 |
| Options | 119 |
| Restricted stock awards and units | 7,260 |
| ESPP | 430 |
| Total | 7,809 |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Options | 69 | 124 |
| Restricted stock units | 8,053 | 7,219 |

| | | |
|---|---|---|
| ESPP | 253 | 460 |
| Total | 8,375 | 7,803 |

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## NOTE 11 10 – STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

***Equity Incentive Plans***

In connection with the Separation and on October 1, 2022, the Company adopted the Xperi Inc. 2022 Equity Incentive Plan (the "2022 EIP").

Under the 2022 EIP, the Company may grant equity-based awards to employees, non-employee directors, and consultants for services rendered to the Company (or any parent or subsidiary) in the form of stock options, stock awards, restricted stock awards, ("RSA"), restricted stock units ("RSU"), RSUs, stock appreciation rights, dividend equivalents and performance awards, or any combination thereof.

The 2022 EIP provides for option grants designated as either incentive stock options or non-statutory options. Options Stock options have been granted with an exercise price not less than the value of the common stock on the grant date, and generally have a term of ten years 10-year contractual terms from the date of grant, and vest over a four-year period. The vesting criteria for RSUs has historically been the passage of time or meeting certain performance-based objectives, and continued service employment through the vesting period over three or four years for time-based awards or three years for performance-based awards.

As of September 30, 2023 March 31, 2024, there were approximately 4.1 4.6 million shares reserved for future grants under the 2022 EIP.

***Employee Stock Purchase Plans***

In connection with the Separation and on October 1, 2022, the Company adopted the Xperi Inc. 2022 Employee Stock Purchase Plan (the (as amended, the "2022 ESPP"). The 2022 ESPP is implemented through originally provided consecutive overlapping 24 24-month-month offering periods, each of which is comprised of with four purchase periods that are were generally six months in length. Each offering period under the 2022 ESPP is 24 months long and commences length, commencing on each December 1 and June 1 during the term of the plan. Participants may contribute up 2022 ESPP. The 2022 ESPP was subsequently amended, and commencing December 1, 2023, the length of the offering periods was reduced from 24 months to12 months and the employee's maximum participant contribution was reduced from 100% to 15% of their the employee's after tax base earnings and commissions through payroll deductions up to the limit imposed by the Internal Revenue Service ("IRS"), and the Service. The accumulated deductions will be applied to the purchase of shares on each semi-annual purchase date. The purchase price per share will equal 85% of the fair market value per share on the start date of the offering period or, if lower, 85% of the fair market value per share on the semi-annual purchase date.

An eligible employee's right to buy the Company's common stock under the 2022 ESPP may not accrue at a rate in excess of the $25,000 limit imposed by the IRS on the fair market value of such shares per calendar year. 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 the 24 12-month offering period, then that offering period will automatically terminate and a new 24 12

-month offering period will begin on the next business day. All participants in the terminated offering will be transferred to the new offering period.

On September 27, 2023 As of March 31, 2024, the 2022 ESPP was amended to reduce the length of the offering periods from there were 243.7 months to 12 months and reduce an employee's maximum participant contribution from 100% to 15% of their after tax base earnings and commissions through payroll deductions. The amendment will take effect in the fourth quarter of 2023.

On May 31, 2023, the Company issued 644,342million shares reserved for future issuance under the 2022 ESPP, net of shares withheld to satisfy withholding tax requirements for certain employees, for an aggregate net proceeds of $5.9 million. ESPP.

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

| | Nine Months Ended September 30, 2023 |
|---|---|
| Expected life (years) | 0.5 — 2.0 |
| Risk-free interest rate | 4.33% — 5.44% |
| Dividend yield | —% |
| Expected volatility | 44.11% — 51.19% |

***Stock Options***

Stock option activity for the nine three months ended September 30, 2023 March 31, 2024 is as follows (in thousands, except per share amounts):

| | Number of Shares Subject to Options | Weighted Average Exercise Price Per Share | Number of Shares Subject to Options | Weighted Average Exercise Price Per Share |
|---|---|---|---|---|
| **Balance at December 31, 2022** | 146 | $ 25.48 | | |
| **Balance at December 31, 2023** | | | 106 | $ 26.87 |
| Options exercised | — | $ — | — | $ — |
| Options canceled / forfeited / expired | (27) | $ 21.42 | (37) | $ 21.39 |
| **Balance at September 30, 2023** | 119 | $ 26.39 | | |
| **Balance at March 31, 2024** | | | 69 | $ 29.87 |

There were no stock options granted during the nine three months ended September 30, 2023 March 31, 2024.

*Restricted Stock Units*

Information with respect to outstanding restricted stock units RSUs (including both time-based vesting and performance-based vesting) as of September 30, 2023 for the three months ended March 31, 2024 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 | 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, 2022** | 3,713 | 891 | 4,604 | $ 20.35 | | | | |
| **Balance at December 31, 2023** | | | | | 5,396 | 1,671 | 7,067 | $ 15.51 |
| Granted | 3,137 | 1,008 | 4,145 | $ 11.67 | 2,259 | 670 | 2,929 | $ 11.41 |
| Vested / released | (1,058) | — | (1,058) | $ 19.47 | (1,301) | (14) | (1,315) | $ 14.80 |
| Canceled / forfeited | (218) | (213) | (431) | $ 21.22 | (436) | (192) | (628) | $ 19.36 |
| **Balance at September 30, 2023** | 5,574 | 1,686 | 7,260 | $ 15.47 | | | | |
| **Balance at March 31, 2024** | | | | | 5,918 | 2,135 | 8,053 | $ 13.84 |

*Performance-Based Awards*

From time to time, the Company may grant performance-based restricted stock units ("PSU") 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 a market condition, 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.

During The Company uses the second quarter closing trading price of 2023, in accordance with its common stock on the Employee Matters Agreement executed 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 Company and the Former Parent in connection with the Separation, the Company modified certain vesting conditions related to market-based PSUs granted in 2022, resulting in a total incremental compensation expense date of $2.9 million, which will be recognized over the remaining requisite service period through April 2025.grant.

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

| | Three Months Ended September 30, | Nine Months Ended September 30, |
|---|---|---|
| | 2023 | |
| Expected life (years) | 1.5 | 1.5 — 2.8 |
| Risk-free interest rate | 4.96 % | 4.54% — 4.96% |
| Dividend yield | — % | — % |
| Expected volatility | 46.14 % | 46.14% — 49.02% |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Expected life (years) | 3.0 | 2.8 |
| Risk-free interest rate | 4.21 % | 4.54 % |
| Dividend yield | 0.0 % | 0.0 % |
| Expected volatility | 43.93 % | 49.02 % |

***Stock-Based Compensation***

Prior to the Separation, the stock-based compensation expense was only based on the expense for employees specifically identifiable to Xperi. Consequently, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the costs that the Company would have incurred as an independent company.

The effect of recording Total stock-based compensation expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is as follows (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| Cost of revenue, excluding depreciation and amortization of intangible assets | $ 806 | $ 779 | $ 2,525 | $ 2,177 | $ 744 | $ 792 |
| Research and development | 6,584 | 5,515 | 18,540 | 16,295 | 4,333 | 5,551 |
| Selling, general and administrative | 10,232 | 4,291 | 30,616 | 11,289 | 9,680 | 9,625 |
| Total stock-based compensation expense | $ 17,622 | $ 10,585 | $ 51,681 | $ 29,761 | $ 14,757 | $ 15,968 |

Stock-based compensation expense categorized by award type for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is summarized in the table below (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Restricted stock awards and units | $ 16,294 | $ 10,001 | $ 47,980 | $ 27,370 |
| Employee stock purchase plan | 1,328 | 584 | 3,701 | 2,391 |
| Total stock-based compensation expense | $ 17,622 | $ 10,585 | $ 51,681 | $ 29,761 |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| RSUs | $ 9,185 | $ 10,755 |
| PSUs | 4,254 | 4,225 |
| Employee stock purchase plan | 1,318 | 988 |
| Total stock-based compensation expense | $ 14,757 | $ 15,968 |

In addition, for the three and nine months ended September 30, 2022

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As of March 31, 2024, the Company recognized $2.4 million and $6.9 million of unrecognized stock-based compensation expense related to unvested equity-based awards is as follows (amounts in operating results, respectively, as part of the corporate and shared functional employees expenses allocation. thousands):

| | March 31, 2024 | |
|---|---|---|
| | Unrecognized Stock-Based Compensation | Weighted-Average Period to Recognize Expense (in years) |
| RSUs | $ 74,406 | 2.2 |
| PSUs | 23,268 | 2.2 |
| ESPP | 3,387 | 0.9 |
| Total unrecognized stock-based compensation expense | $ 101,061 | |

**NOTE 12 11 – INCOME TAXES**

For the three and nine months ended September 30, 2023 March 31, 2024, the Company recorded an income tax expense of $9.7 million and $14.5 4.3 million on a pretax loss of $32.4 9.1 million, and $99.9 million, respectively, which resulted in an effective tax rate of (29.9 47.0)% and

(14.5)%, respectively. . The income tax expense for the three and nine months ended September 30, 2023 March 31, 2024 was primarily related to foreign withholding taxes, foreign income taxes, U.S. federal income taxes, and state income taxes.

For the three and nine months ended September 30, 2022 March 31, 2023, the Company recorded an income tax expense benefit of $2.0 million and $12.5 0.3 million on a pretax loss of $399.7 33.2 million, and $450.7 million, respectively, which resulted in an effective tax rate of



(0.5 0.9)% and (2.8)%, respectively. . The income tax expense benefit for the three months ended September 30, 2022 March 31, 2023 was primarily related to foreign withholding taxes, partially offset by U.S. federal income taxes and state income taxes, partially offset by a tax benefit due to goodwill impairment; whereas for the nine months ended September 30, 2022, it was primarily related to foreign withholding taxes, state income taxes, and foreign income taxes, partially offset by a tax benefit due to goodwill impairment. taxes.

As of September 30, 2023 March 31, 2024, gross unrecognized tax benefits of $19.3 16.6 million decreased by $0.1 7.0 million compared to December 31, 2022 December 31, 2023. Of the total decrease, $6.9 million related to the Divestiture completed in January 2024. Of the $19.3 16.6 million gross unrecognized tax benefits, $8.7 2.6 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, 2023 March 31, 2024 and 2023. As of March 31, 2024 and December 31, 2023, whereas noaccrued interest and penalties were recognized for the three $0.2 million and nine months ended September 30, 2022. Accrued interest and penalties were immaterial as of September 30, 2023 and December 31, 2022, $0.4 million, respectively.

As of September 30, 2023 March 31, 2024, the Company's 2018 2019 through 2023 2024 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.

On July 21, 2023, the U.S. Treasury Department issued Notice 2023-55 announcing temporary relief for taxpayers from certain provisions in the final foreign tax credit regulations released in 2022. The Company expects that the effect of this notice will be a net income tax benefit due to an increase in the Company's foreign tax credits, partially offset by a decrease of its deductible withholding tax expense for the current year and for the year ended December 31, 2022.

**NOTE 13 12 – LEASES**

The Company leases office and research facilities, data centers and office equipment under operating leases with various expiration dates through 2030. 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 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.

As a result of optimizing its global real estate footprint and decisions 25

Following the Spin-Off in October 2022, the Company decided to vacate and sublease certain offices following the Spin-Off, the Company recorded impairment charges of $1.1 million to reduce the carrying amount of certain operating lease right-of-use ("ROU") assets and property and equipment, including leasehold improvements, during the nine months ended September 30, 2023. The Company determined that it may not be able to fully recover the carrying amount of the leased offices its office facilities due to a change in the manner in which the offices are were being used, a significant decrease in the expected market price of the leased asset, and expected delays in subleasing the space based on the current condition of the real estate leasing market. As a result, the Company was required to recognize an impairment loss after determining that the carrying amount of the leased office facilities was not recoverable and exceeded fair value. The Company estimated the fair value using a discounted cash flows approach with assumptions such as expectations of cash flows from projected sublease income, occupancy estimates, and its outlook for the local real estate market.

There were no impairment charges recorded in the three months ended March 31, 2024. For the three months ended March 31, 2023, the Company recorded impairment charges of $1.1 million to reduce the carrying amount of certain operating lease ROU assets and the related leasehold improvements.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |
| Fixed lease cost (1) | $ 4,996 | $ 5,133 | $ 15,479 | $ 15,057 | $ 4,286 | $ 5,158 |
| Variable lease cost | 1,334 | 1,593 | 4,278 | 4,076 | 1,053 | 1,487 |
| Less: sublease income | (2,522) | (2,293) | (7,795) | (7,105) | (1,931) | (2,680) |
| Total operating lease cost | $ 3,808 | $ 4,433 | $ 11,962 | $ 12,028 | $ 3,408 | $ 3,965 |

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2024 | 2023 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Cash payments included in the measurement of operating lease liabilities | $ 4,979 | $ 4,982 | $ 15,187 | $ 14,882 | $ 4,496 | $ 5,208 |
| Operating ROU assets obtained in exchange for lease obligations | $ 978 | $ 5,268 | $ 4,991 | $ 8,371 | $ — | $ — |

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, 2023 | December 31, 2022 | March 31, 2024 | December 31, 2023 |
|---|---|---|---|---|
| Weighted-average remaining lease term (in years) | 3.47 | 3.69 | 3.18 | 3.37 |
| Weighted-average discount rate | 5.2 % | 5.1 % | 5.3 % | 5.3 % |

Future minimum lease payments and related lease liabilities as of September 30, 2023 March 31, 2024 were as follows (in thousands):

| Year Ending December 31: | Operating Lease Payments (1) | Sublease Income | Net Operating Lease Payments | Operating Lease Payments (1) | Sublease Income | Net Operating Lease Payments |
|---|---|---|---|---|---|---|
| 2023 (remaining 3 months) | $ 3,781 | $ (1,958) | $ 1,823 | | | |
| 2024 | 18,399 | (7,849) | 10,550 | | | |
| 2024 (remaining 9 months) | | | | $ 11,666 | $ (4,454) | $ 7,212 |
| 2025 | 16,796 | (7,671) | 9,125 | 16,177 | (6,107) | 10,070 |
| 2026 | 8,827 | (1,055) | 7,772 | 9,812 | (1,412) | 8,400 |
| 2027 | 3,819 | — | 3,819 | 3,964 | (368) | 3,596 |
| 2028 | | | | 1,996 | (379) | 1,617 |
| Thereafter | 3,399 | — | 3,399 | 1,152 | (291) | 861 |
| Total lease payments | 55,021 | $ (18,533) | $ 36,488 | 44,767 | $ (13,011) | $ 31,756 |
| Less: imputed interest | (5,103) | | | (3,913) | | |
| Present value of operating lease liabilities | $ 49,918 | | | $ 40,854 | | |
| Less: operating lease liabilities, current portion | (15,421) | | | (14,059) | | |
| Noncurrent operating lease liabilities | $ 34,497 | | | $ 26,795 | | |

(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 14 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, 2023 March 31, 2024, the Company's total future unconditional purchase obligations were approximately $87.4 136.9 million. Additionally, under certain other contractual arrangements, the Company may be obligated to pay up to $5.3 million, a majority of which is expected to be paid within the next three years, if certain milestones are achieved.

***Inventory Purchase Commitment***

The Company uses contract manufacturers to provide manufacturing services for its products. During the normal course of business, in order to manage manufacturing lead times and help ensure adequate supply, the Company enters into agreements with its contract manufacturers that either allow them to procure inventory based on criteria as defined by the Company or that establish the parameters defining the Company's requirements. A significant portion of the Company's purchase commitments arising from these agreements consist of firm, non-cancelable and unconditional purchase commitments. In certain instances, these agreements allow the Company the option to cancel, reschedule or adjust the Company's requirements based on its



business needs prior to firm orders being placed. As of September 30, 2023 March 31, 2024, the Company had total purchase commitments for inventory of $0.6 0.3 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.

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.

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**NOTE 15 14 – RELATED PARTY TRANSACTIONS SUBSEQUENT EVENTS**

For periods prior In April 2024, the Company’s Board of Directors (the “Board”) authorized the repurchase of up to the Separation, the Condensed Consolidated Financial Statements have been prepared on a standalone basis and were derived from the condensed consolidated financial statements and accounting records of the Former Parent. The following disclosure summarizes activity prior to the Separation between the Company and the Former Parent, including affiliates of the Former Parent that were not part of the Separation.

*Allocation of Corporate Expenses*

Prior to Separation, the Condensed Consolidated Financial Statements included expenses for certain management and support functions which were provided on a centralized basis within the Former Parent, as described in Note 1—*The Company and Basis of Presentation*. These management and support functions include, but are not limited to, executive management, sales and marketing, finance, legal, information technology, employee benefits administration, stock-based compensation, treasury, risk management, procurement and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on a pro rata basis of billing, revenue, headcount or other measures of the Company and the Former Parent. For the three months ended September 30, 2022, the amount of these allocations from the Former Parent was $16.8 100.0 million which included $0.8 million for depreciation expenses of Xperi common stock. Under the repurchase 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 this authorization. The repurchase program does not obligate the Company to repurchase any specific number of shares of common stock, has no time limit, and $16.0 million for selling, general and administrative expenses. For may be modified, suspended, or discontinued at any time without notice at the nine months ended September 30, 2022, the amount of these allocations from the Former Parent was $47.6 million, which included $3.0 million for depreciation expenses and $44.6 million for selling, general and administrative expenses.

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Management believes these cost allocations are a reasonable reflection discretion of the utilization of services provided to, or the benefit derived by, the Company during the periods presented. The allocations may not, however, be indicative of the actual expenses that would have been incurred had the Company operated as a standalone public company. Actual costs that may have been incurred if the Company had been a standalone public company would depend on a number of factors, such as the chosen organizational structure, whether functions were outsourced or performed by Company's employees, and strategic decisions made in areas such as selling, information technology and infrastructure.

*Net Investment by Former Parent*

As a result of the Company consolidating its financial results, as described in Note 1, net investment by Former Parent in the Condensed Consolidated Balance Sheets and Statements of Equity was fully settled. As such, there was no balance in net Investment by Former Parent at December 31, 2022.

Prior to the Company consolidating its financial results, net investment by Former Parent in the historical Balance Sheets and Statements of Equity represented the Former Parent's historical investment in the Company, the net effect of transactions with and allocations from the Former Parent, and the Company's accumulated deficit. Board.



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**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, 2022 December 31, 2023 found in our Form 10-K filed by Xperi Inc. on March 6, 2023 (the March 1, 2024 (our "Form 10-K").*

**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," "intends," "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, levels of research, development and other related costs, expenditures, the outcome or effects of and expenses related to litigation and administrative proceedings, 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, general economic conditions, the impact of any acquisitions on our financial condition and results of operations, and the sufficiency of financial resources to support future operations and capital expenditures.**

*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 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.*

**Business Overview**

In June 2020, Xperi Holding Corporation ("Xperi Holding", "Adeia," or the "Former Parent") announced plans to separate into two independent publicly-traded companies (the "Separation"), one comprising its intellectual property ("IP") licensing business and one comprising its product business ("Xperi Product"). On October 1, 2022, the Former Parent completed the Separation (the "Spin-Off") through a pro-rata distribution (the "Distribution") of all of the outstanding common stock of its product-related business ("Xperi," "we," "our," or the "Company") to the stockholders of record of Xperi Holding as of the close of business on September 21, 2022, the record date (the "Record Date") for the Distribution. Each Xperi Holding stockholder of record received four shares of Xperi common stock, $0.001 par value, for every ten shares of Xperi Holding common stock, $0.001 par value, held by such stockholder as of the close of business on the Record Date. As a result of the Distribution, Xperi became an independent, publicly-traded company and its common stock is listed under the symbol "XPER" on the New York Stock Exchange ("NYSE"). In connection with the Separation and the Distribution, our Former Parent was renamed and continues as Adeia Inc. and also changed its stock symbol to "ADEA" on the Nasdaq Global Select Market.

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, elevating content and how enabling audiences to connect with it content in a way that is more intelligent, immersive, and personal. Powering smart devices, connected cars, entertainment experiences and more, we have created a unified bring together ecosystems designed to reach highly-engaged consumers, allowing us and our ecosystem that reaches highly engaged consumers, uncovering 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 currently group our revenue business into four categories based on the markets served: categories: Pay-TV, Consumer Electronics, Connected Car and Media Platform. Headquartered in Silicon Valley with operations around the world, we have approximately 2,100 1,850 employees and more than 35 years of operating experience.

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Divestiture

Basis of Presentation

Our condensed consolidated financial statements have been prepared 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 "Divestiture"). The Divestiture was completed in accordance with generally accepted accounting principles in the United States ("GAAP") January 2024 and the applicable rules and regulations of the SEC.

During the three months ended September 30, 2022, all of the assets and liabilities of the Xperi Product streamlined our business, had been transferred to a legal entity (the “Transfer”) under the common control of Xperi. Subsequent to this Transfer and through December 31, 2022, further enhancing our financial statements and accompanying notes are prepared focus on a consolidated basis and include the financial statements of Xperi and its subsidiaries in which Xperi has a controlling financial interest. All intercompany balances and transactions are eliminated in consolidation. Prior to the Transfer, the financial statements and accompanying notes of the Xperi Product business were prepared on a combined basis and were derived from the consolidated financial statements and accounting records of the Former Parent as we were not historically held by a single legal entity.

For a detailed discussion of the basis of presentation, refer to Note 1—*The Company and Basis of Presentation* of the Notes to the Condensed Consolidated Financial Statements. entertainment markets.

**Results of Operations**

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** | **2024** | **2023** |
| Revenue | 100 % | 100 % | 100 % | 100 % | 100 % | 100 % |
| Operating expenses: | | | | | | |
| Cost of revenue, excluding depreciation and amortization of intangible assets | 20 | 26 | 22 | 24 | 25 | 22 |
| Research and development | 44 | 47 | 44 | 43 | 42 | 43 |
| Selling, general and administrative | 46 | 46 | 45 | 42 | 48 | 45 |
| Depreciation expense | 3 | 4 | 3 | 4 | 3 | 3 |
| Amortization expense | 11 | 14 | 12 | 13 | 9 | 12 |
| Goodwill impairment | — | 291 | — | 97 | | |
| Impairment of long-lived assets | — | — | — | — | — | 1 |
| Total operating expenses | 124 | 428 | 126 | 223 | 127 | 126 |
| Operating loss | (24) | (328) | (26) | (123) | (27) | (26) |
| Other expense, net | (1) | — | — | — | | |
| Interest income and other income, net | | | | | 1 | 1 |
| Interest expense—debt | | | | | — | (1) |
| Gain on divestiture | | | | | 19 | — |
| Loss before taxes | (25) | (328) | (26) | (123) | (7) | (26) |
| Provision for income taxes | 7 | 2 | 4 | 3 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Provision for (benefit from) income taxes | | | | | 4 | — |
| Net loss | (32)% | (330)% | (30)% | (126)% | (11)% | (26)% |

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## Comparison of the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023

*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 3— 2—*Revenue* of the Notes to the Condensed Consolidated Financial Statements. Statements (Unaudited).

| | Three Months Ended September 30, | | Change | |
|---|---|---|---|---|
| | 2023 | 2022 | $ | % |
| | (dollars in thousands) | | | |
| Revenue | $ 130,390 | $ 121,637 | $ 8,753 | 7% |

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2024 | 2023 | $ Change | % Change |
| | (dollars in thousands) | | | |
| Revenue | $ 118,844 | $ 126,839 | $ (7,995) | (6)% |

The $8.8 million $8.0 million, or 7% increase 6%, decrease in revenue for the three months ended September 30, 2023 March 31, 2024, compared to the same period in the prior year, was primarily attributable to a decline of $10.6 million in Consumer Electronics revenue due to the Divestiture as well as a decline in minimum guarantee revenue contracts, and a decrease of $3.5 million in Pay-TV revenue, driven largely by declines in core guide products, consumer hardware, and subscription revenue which were partially offset by increases in IPTV Solutions. These decreases were partially offset by an increase of $4.9 million $3.8 million in Connected Car revenue as the result of growth coupled with settlements executed in HD Radio, and an increase of $2.3 million in Media Platform revenue driven principally by growth in Vewd our smart TV application software and middleware platform and an increase in the first quarter of $3.2 million in Connected Car revenue as the result of continued growth from HD Radio, audio solutions, and the DTS AutoStage solution. 2024.

*31 Operating Expenses*

| | Nine Months Ended September 30, | Change |
|---|---|---|

| | 2023 | 2022 | $ | % |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Revenue | $ 384,101 | $ 366,728 | $ 17,373 | 5 % |

The $17.4 million, or 5% increase in revenue for the nine months ended September 30, 2023, compared to the same period in the prior year, was primarily attributable to an increase of $15.4 million in Media Platform revenue driven principally by contribution from Vewd, which was acquired in July 2022, as well as growth in monetization, and an increase of $6.6 million in Connected Car revenue as the result of growth from HD Radio, and the DTS AutoSense and DTS AutoStage solutions. These increases were partially offset by a decline of $4.3 million in Pay TV revenue, as declines in legacy guide and DVR platform revenue were somewhat offset by increases in IPTV solutions.

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2024 | 2023 | $ Change | % Change |
| | (dollars in thousands) | | | |
| Cost of revenue, excluding depreciation and amortization of intangible assets | $ 29,756 | $ 27,792 | $ 1,964 | 7 % |
| Research and development | 50,439 | 54,856 | (4,417 ) | (8 )% |
| Selling, general and administrative | 56,353 | 57,776 | (1,423 ) | (2 )% |
| Depreciation expense | 3,584 | 4,093 | (509 ) | (12 )% |
| Amortization expense | 11,039 | 14,827 | (3,788 ) | (26 )% |
| Impairment of long-lived assets | — | 1,096 | (1,096 ) | (100 )% |
| Total operating expenses | $ 151,171 | $ 160,440 | $ (9,269 ) | (6 )% |

*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, 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 (“NRE”) services.

Cost of revenue, excluding depreciation and amortization of intangible assets, for the three months ended September 30, 2023 March 31, 2024 was $26.4 million $29.8 million, as compared to $31.4 million for $27.8 million in the three months ended September 30, 2022 same period of the prior year, an increase of $2.0 million, a decrease of $5.0 million or 7%. The decrease increase was primarily due to lower revenue share accrued and paid higher delivery costs related to third parties an increase in connection with certain Consumer Electronics contracts as well as lower hardware product-related costs due to a decline in hardware product sales in the third quarter of 2023.

Cost of revenue, excluding depreciation and amortization of intangible assets, for the nine months ended September 30, 2023 was $85.1 million, as compared to $85.7 million for the nine months ended September 30, 2022, a decrease of $0.6 million. The decrease was primarily attributable to lower revenue share accrued and paid, lower hardware product-related costs due to a decline in hardware product sales, partially offset by higher costs incurred in connection with advertising NRE revenue in the nine months ended September 30, 2023. first quarter of 2024.

*Research and Development*

Research and development and other related costs (“R&D expense”) are comprised expenses consist primarily of employee-related costs, stock-based compensation 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. All Other than certain software development costs that are capitalized, all research development and other related development costs are expensed as incurred.

R&D Research and development expense for the three months ended September 30, 2023 March 31, 2024 was $56.4 million $50.4 million, as compared to $57.1 million for $54.9 million in the three months ended September 30, 2022, same period of the prior year, a decrease of $0.7 million $4.5 million, or 8%. The decrease was primarily due to driven by lower severance research and retention expense recorded during development spend in the three months ended September 30, 2023.

R&D expense for AutoSense in-cabin safety business and related imaging solutions following the nine months ended September 30, 2023 was $167.0 million, as compared to $158.6 million for Divestiture, a reduction in expenses in the nine months ended September 30, 2022, Perceive subsidiary, and an increase in capitalized costs for internal-use software in the first quarter of $8.4 million. The increase was primarily due to employees hired in connection with the Vewd Acquisition in July 2022 and increased stock-based compensation expense, partially offset by a decrease in severance and retention expense during the nine months ended September 30, 2023. 2024.

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*Selling, General and Administrative*

Selling expenses consist primarily of compensation and related costs (including stock-based compensation expense) for sales and marketing personnel engaged in sales and licensee support, marketing programs, public relations, promotional materials, travel, and trade show expenses. General and administrative expenses consist primarily of compensation and related costs (including stock-based compensation expense) for general 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, 2023, March 31, 2024 were $59.6 million $56.4 million, as compared to $56.7 million $57.8 million in the same period of the prior year, a decrease of $1.4 million, or 2%. The decrease was primarily attributable to the reduced employee headcount following the Divestiture as well as savings in contractor expenses, partially offset by an increase in one-time transaction costs related to the Divestiture in the first quarter of 2024.

*Stock-based Compensation*

The following table sets forth our stock-based compensation expense for the three months ended September 30, 2022 March 31, 2024 and 2023 (in thousands):

| | Three Months Ended March 31, | |
|---|---|---|
| | **2024** | **2023** |
| Cost of revenue, excluding depreciation and amortization of intangible assets | $ 744 | $ 792 |
| Research and development | 4,333 | 5,551 |
| Selling, general and administrative | 9,680 | 9,625 |
| Total stock-based compensation expense | $ 14,757 | $ 15,968 |

We recognized stock-based compensation expense from restricted stock units and purchases made under our employee stock purchase plan. The $1.2 million, an increase of $2.9 million. The increase was primarily due to



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increases or 8%, decrease in stock-based compensation expense and cloud computing expense, partially offset by lower transaction and separation related costs in for the three months ended September 30, 2023.

Selling, general and administrative expenses for the nine months ended September 30, 2023 March 31, 2024, were $173.9 million, as when compared to $156.9 million for the nine months ended September 30, 2022, an increase same period of $17.0 million. The increase the prior year, was primarily due to increases in stock-based compensation expense and cloud computing expense, partially offset by decreases in transaction and separation related costs as well as personnel cost driven by reduced employee headcount as a one-time fringe benefit adjustment result of the Divestiture, and secondarily a decrease in equity awards granted in the nine months ended September 30, 2023. first quarter of 2024.

*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, 2023 March 31, 2024 was $4.2 million $3.6 million, as compared to $5.0 million for $4.1 million in the three months ended September 30, 2022, same period of the prior year, a decrease of $0.8 million $0.5 million, or 12%. The decrease was primarily due to certain fixed assets becoming being fully depreciated during 2022.

Depreciation expense for the nine months ended September 30, 2023 was $12.5 million, as compared to $15.7 million for the nine months ended September 30, 2022, a decrease of $3.2 million. The decrease was primarily due to certain fixed assets becoming fully depreciated during 2022. 2023.

*Amortization Expense*

We recognized amortization expense for certain intangible assets we acquired in business combinations that are recognized separately from goodwill. Amortization expense for the three months ended September 30, 2023 March 31, 2024 was $14.7 million $11.0 million, as compared to $16.6 million for $14.8 million in the three months ended September 30, 2022, same period of the prior year, a decrease of $1.9 million $3.8 million, or 26%. The decrease was primarily due to certain intangible assets becoming fully amortized during 2023.

Amortization expense for over the nine months ended September 30, 2023 was $44.3 million, as compared to $46.2 million for the nine months ended September 30, 2022, a decrease of $1.9 million. The decrease was primarily due to certain intangible assets becoming fully amortized during 2023. 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 8— 7—*Intangible Assets, Net* of the Notes to Condensed Consolidated Financial Statements (Unaudited) for additional detail.

*Stock-based Compensation*

The following table sets forth our stock-based compensation expense for the three and nine months ended September 30, 2023 and 2022 (in thousands):

| | Three Months Ended September 30, | Nine Months Ended September 30, |
|---|---|---|

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| Cost of revenue, excluding depreciation and amortization of intangible assets | $ 806 | $ 779 | $ 2,525 | $ 2,177 |
| Research and development | 6,584 | 5,515 | 18,540 | 16,295 |
| Selling, general and administrative | 10,232 | 4,291 | 30,616 | 11,289 |
| Total stock-based compensation expense | $ 17,622 | $ 10,585 | $ 51,681 | $ 29,761 |

Stock-based compensation awards include restricted stock units, employee stock plan purchases and employee stock options. The increases in stock-based compensation expense for the three and nine months ended September 30, 2023, when compared to the corresponding periods in 2022, were primarily a result of granting restricted stock units to an increased number of employees resulting from the Vewd Acquisition and certain insourcing activity, and due to incremental compensation cost recognized from the conversion of employee equity awards in connection with the Spin-Off. In addition, for the three and nine months ended September 30, 2022, we recognized $2.4 million and $6.9 million of stock-based compensation expense in operating results as part of the corporate and shared functional employees expenses allocation.

*Goodwill impairment*

We did not recognize a goodwill impairment charge during three and nine months ended September 30, 2023.

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During the three months ended September 30, 2022, indicators of potential impairment for the Product reporting unit of Xperi Holding were identified such that we concluded it was more-likely-than-not that goodwill was impaired and a quantitative interim goodwill impairment assessment should be performed as of September 30, 2022. Indicators of potential impairment included a sustained decline in Xperi Holding's stock price during the second half of the third quarter of 2022 reflective of rising interest rates and continued decline in macroeconomic conditions. We proceeded to perform a fair value analysis of the Product reporting unit using the market capitalization approach. Under this approach, we estimated the fair value of the Product reporting unit as of September 30, 2022 using quoted market prices of Xperi's common stock over its first ten trading days following the Separation, and a control premium representing the synergies a market participant would achieve upon obtaining control of Xperi. As a result of the fair value analysis, we recognized a goodwill impairment charge of $354.0 million during the three and nine months ended September 30, 2022.

*Impairment of Long-Lived Assets*

As a result of optimizing our global real estate footprint and decisions to vacate and sublease subleasing certain offices following the Spin-Off (as defined in Note 1—*Description Of Business And Summary Of Significant Accounting Policies*), we recorded non-cash impairment charges of $1.1 million to reduce the carrying amount of certain operating lease right-of-use ("ROU") ROU assets and property and equipment, including leasehold improvements, during the nine three months ended September 30, 2023 March 31, 2023. We determined that we may not be able to fully recover the carrying amount of the leased offices due to how the offices are being used, a significant decrease in the expected market price of the leased asset, and expected delays in subleasing the space based on the current real estate leasing market.

We may record additional impairment charges related to operating lease ROU assets in the remainder of 2023 based on current plans to reduce our real estate footprint.

We did not record any asset impairment charge for the three and nine months ended September 30, 2022 March 31, 2024.

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*Gain on Divestiture*

Other Expense, Net

Other expense, net, for As previously disclosed, we completed the Divestiture on January 31, 2024 and streamlined our business, further enhancing our focus on entertainment markets. Upon the completion of the Divestiture, we recognized a gain of $22.9 million during the three months ended September 30, 2023 was $1.3 million, as compared March 31, 2024. Refer to other expense, net, of $0.5 million for the three months ended September 30, 2022. Other expense, net, was higher principally due to foreign exchange transaction losses driven by the strengthening Note 6—*Divestiture* of the U.S. dollar in the third quarter of 2023.

Other expense, net, Notes to Condensed Consolidated Financial Statements (Unaudited) for the nine months ended September 30, 2023 was $0.1 million, as compared to other expense, net, of $0.3 million for the nine months ended September 30, 2022. Other expense, net, was lower principally due to an increase in interest income from significant financing components from revenue contracts executed and gains recognized on derivatives not designated as hedge instruments, partially offset by higher foreign exchange transaction losses recognized as well as the interest expense on debt incurred in connection with the Vewd Acquisition discussed below in Liquidity and Capital Resources. additional information.

*Provision for (Benefit from) Income Taxes*

For the three and nine months ended September 30, 2023 March 31, 2024, we recorded an income tax expense of $9.7 million and $14.5 million $4.3 million on a pretax loss of $32.4 million and $99.9 million $9.1 million, respectively, which resulted in an effective tax rate of (29.9) (47.0)% and (14.5)%, respectively. . The income tax expense for the three and nine months ended September 30, 2023 March 31, 2024 was primarily related to foreign withholding taxes, foreign income taxes, U.S. federal income taxes, and state income taxes.

For the three and nine months ended September 30, 2022 March 31, 2023, we recorded an income tax expense benefit of $2.0 million and $12.5 million $0.3 million on a pretax loss of $399.7 million and $450.7 million $33.2 million, respectively, which resulted in an effective tax rate of (0.5)% and (2.8)%, respectively. 0.9%. The income tax expense benefit for the three months ended September 30, 2022 March 31, 2023 was primarily related to foreign withholding taxes, partially offset by U.S. federal income taxes and state income taxes, partially offset by a tax benefit due to goodwill impairment; whereas for the nine months ended September 30, 2022, it was primarily related to foreign withholding taxes, state income taxes, and foreign income taxes, partially offset by a tax benefit due to goodwill impairment.

Our income tax expense for the three and nine months ended September 30, 2022 was calculated on a separate return basis as if we would file our tax return for the full twelve months of 2022. However, activities for periods prior to the October 1, 2022 Separation Date are generally reported on U.S. income tax returns filed by our Former Parent. Because of this, income tax expense presented in the Condensed Consolidated Statements of Operations for periods prior to the Separation is not necessarily representative of the taxes that may arise in the future when we file our income tax returns independent from the Former Parent's returns. In the future, under the Tax Matters Agreement, our Former Parent may utilize certain of our tax attributes generated during pre-Separation periods to reduce its tax liability for tax years ended December 31, 2022 and earlier. If our Former Parent should use such attributes, this would require an adjustment to our tax accounts.

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 we would realize our federal, certain state and certain foreign deferred tax assets given the substantial amount of tax attributes that will remain unutilized to offset reversing deferred tax liabilities. We intend to continue maintaining a full valuation allowance on our federal deferred tax assets 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 federal 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.

**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. presented:

| (in thousands, except for ratios) | As of March 31, 2024 | As of December 31, 2023 |
|---|---|---|
| | (dollars in thousands) | |
| Cash and cash equivalents | $ 95,216 | $ 142,085 (1) |
| Current ratio | 2.1 | 1.9 |

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

| (in thousands, except for ratios) | As of September 30, 2023 | As of December 31, 2022 |
|---|---|---|
| Cash and cash equivalents | $ 131,530 | $ 160,127 |
| Current ratio | 2.0 | 2.2 |

| | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 |
|---|---|---|
| Net cash used in operating activities | $ (20,599) | $ (11,333) |

| | | |
|---|---|---|
| Net cash used in investing activities | $ (9,581) | $ (61,097) |
| Net cash provided by financing activities | $ 1,537 | $ 136,037 |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| | (in thousands) | |
| Net cash used in operating activities | $ (49,787) | $ (43,103) |
| Net cash used in investing activities | $ (4,714) | $ (3,929) |
| Net cash used in financing activities | $ (4,671) | $ (2,917) |

Our primary liquidity and capital resources are our cash and cash equivalents on hand, including cash provided by our Former Parent prior to the Separation. hand. Cash and cash equivalents were $131.5 million $95.2 million at September 30, 2023 March 31, 2024, a decrease of $28.6 million $59.2 million from $160.1 million at December 31, 2022 $154.4 million, including $12.3 million classified as held for sale in connection with the Divestiture, as of December 31, 2023. This decrease resulted primarily from cash used in operations of $20.6 million $49.8 million, $9.4 million of capital expenditures, and $4.4 million $4.7 million in payment payments of withholding taxes on net share settlement of equity awards offset by $5.9 million in proceeds from the issuance and $4.7 million of common stock under the Xperi Inc. 2022 Employee Stock Purchase Plan ("2022 ESPP"). capital expenditures and capitalized internal-use software costs.

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, 2022 December 31, 2023.



***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. Since the inception of the Program, we have not repurchased any shares of our common stock. The volume, timing, and manner of any repurchases will be determined at our discretion, subject to general market conditions, as well as our management of capital, general business conditions, other investment opportunities, regulatory requirements, and other factors. We currently expect to fund the repurchase program from cash and cash equivalents, short-term investments and/or future cash flows. The repurchase program does not obligate us to repurchase any specific number of shares of common stock, has no time limit, and may be modified, suspended, or discontinued at any time without notice at the discretion of the Board. Any repurchases under the Program may not enhance the value of our common stock.

***Cash Flows from Operating Activities***

Net cash used in operating activities was $20.6 million $49.8 million for the nine three months ended September 30, 2023 March 31, 2024, primarily due to our net loss of $114.4 million, $14.7 million $13.4 million being further adjusted by $43.4 million of changes in operating assets and liabilities including payment during the quarter of employee annual bonuses for 2023 performance, and $22.9 million of a decrease in deferred income taxes of $1.0 million, non-cash gain recognized from the Divestiture, partially offset by non-cash items such as depreciation stock-based compensation expense of $12.5 million $14.8 million, amortization of intangible assets of $44.3 million $11.0 million, stock-based compensation and depreciation expense of $51.7 million, and an asset impairment charge of $1.1 million $3.6 million.

Net cash used in operating activities was $11.3 million $43.1 million for the nine three months ended September 30, 2022 March 31, 2023, primarily due to our net loss of $463.2 million $32.9 million and $6.8 million of $46.9 million in changes in operating assets and liabilities, partially offset by non-cash items such as goodwill impairment of $354.0 million, depreciation stock-based compensation expense of $15.7 million $16.0 million, amortization of intangible assets of $46.2 million $14.8 million, depreciation expense of $4.1 million, and stock-based compensation expense an asset impairment charge of $29.8 million $1.1 million.

***Cash Flows from Investing Activities***

Net cash used in investing activities was $9.6 million $4.7 million and $3.9 million for the nine three months ended September 30, 2023, which was primarily related to capital expenditures.

Net cash used in investing activities was $61.1 million for the nine months ended September 30, 2022, March 31, 2024 and 2023, respectively, which was primarily related to capital expenditures of $10.5 million and net cash used for the Vewd Acquisition of $50.5 million. capitalized internal-use software.

*Capital Expenditures*



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Our capital expenditures for property plant, and equipment consist primarily of purchases of computer hardware and software, (including capitalized internal use software), internal-use software, information systems, and production and test equipment. We expect capital expenditures in 2023 2024 to be approximately $15.0 million $20.0 million. These expenditures are expected to be financed paid with existing cash and cash equivalents. There can be no assurance that current expectations will be realized, and plans are subject to change upon further review of our capital expenditure needs.

***Cash Flows from Financing Activities***

Net cash provided by used in financing activities was $1.5 million $4.7 million and $2.9 million for the nine three months ended September 30, 2023, primarily due to $5.9 million in proceeds from the issuance of common stock under our 2022 ESPP, partially offset by March 31, 2024 and 2023, respectively, which reflected the payment of $4.4 million in withholding taxes related to net share settlement of equity awards.

***Net cash provided by financing activities was $136.0 million for the nine months ended September 30, 2022, which consisted of $52.8 million of net transfers from our Former Parent and $83.2 million of net proceeds from Former Parent capital contributions.***

*Long-Term Debt*

In connection with the acquisition of Vewd Acquisition Software Holdings Limited ("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, of which $50.0 million was outstanding at March 31, 2024. Indebtedness outstanding under the Promissory Note bears an interest rate of 6.00% per annum, payable subject to potential adjustments as described in cash on a quarterly basis. If a certain qualified spin-off transaction occurs, the interest rate will be increased Note 8—*Debt* to the greater of (a) 6.00% and (b) the sum of (i) the highest interest rate payable under any credit facility or bonds, debentures, notes or similar instruments where we or any guarantor borrows money or guarantees obligations on a secured basis on or after the date of such spin-off transaction, plus (ii) 2.00%. It was determined that the Spin-Off completed on October 1, 2022 did not trigger any change Condensed Consolidated Financial Statements included in the interest rate of the debt. this Quarterly Report. The Promissory Note matures on July 1, 2025. We may, at any time and on any one or more occasions, 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. In addition, the Promissory Note has mandatory prepayment provisions upon certain change of control or asset sale events.

At September 30, 2023, $50.0 million was outstanding under the Promissory Note with an annual interest rate of 6.0%. Interest is payable quarterly. Under the Promissory Note, we are obligated to make a balloon principal payment of $50.0 million in July 2025. 33

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Following the Separation from our Former Parent, our capital structure and sources of liquidity changed significantly. We no longer participate in cash management and funding arrangements facilitated by the Former Parent. At the time of the Spin-Off, our Former Parent capitalized us such that we carried an amount of cash and cash equivalents of over $180.0 million.

***Short-Term Liquidity/Financings***

Our current cash and cash equivalents balance is expected to be sufficient to support our operations, capital expenditures and income tax payments, in addition to any investments and other capital allocation needs, for at least the next 12 months from the issuance date of these financial statements. statements, and for the foreseeable future thereafter. As our debt becomes due, we may be required to access the capital markets for additional funding. As we assess inorganic growth strategies, we may need to supplement our cash and cash equivalents with outside sources. As part of our liquidity strategy, we will continue to monitor our current level of earnings and cash flow as well as our ability to access the market in light of those earning levels.

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. There can be no assurance that equity Equity or debt financing will may not be available when needed or, if available, that such equity financing will may not be on terms satisfactory to us and not dilutive to our then-current stockholders or that debt financing will not impose significant restrictions on the operation of our business. us.

If necessary, we 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 Item 1A of the our Form 10-K.

**Critical Accounting Estimates**

During the nine three months ended September 30, 2023 March 31, 2024, there were no significant changes in our critical accounting estimates. For a discussion of our critical accounting estimates, see Part II, Item 7 – 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations in the our Form 10-K.

**Recent Accounting Pronouncements**

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See Note 2— 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**

For a discussion of our market risk, see Part II, Item 7A – 7A—Quantitative and Qualitative Disclosures About Market Risk in the our Form 10-K.

**Item 4. Controls and Procedures**

Attached as exhibits to this Quarterly Report are certifications of Xperi’s Chief Executive Officer and Chief Financial Officer, which are required in accordance with Rule 13a-14 of the Exchange Act. This “Controls and Procedures” section includes information concerning the controls and controls evaluation referred to in the certifications and it should be read in conjunction with the certifications, for a more complete understanding of the topics presented.

**Evaluation of Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the 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.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we 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 report (the “evaluation date”). report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of the evaluation date that our disclosure controls and procedures were effective to provide reasonable assurance that the information relating to Xperi, including our subsidiaries, required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to Xperi’s management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. effective.

**Changes Change in Internal Control over Financial Reporting**

Other than noted below, there were There has been no changes 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 are is reasonably likely to materially affect, our internal control over financial reporting.

Following the Separation and to fully integrate our financial business processes, in July 2023 we implemented a new enterprise resource planning system for financial reporting and operational purposes. In connection with this implementation and related business process changes, we replaced multiple internal controls with new or modified controls. 34

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**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 ultimate disposition of these matters will have a material adverse effect on our results of operations, consolidated financial position or liquidity. However, the ultimate 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, which is incorporated by reference herein.

***Our stock repurchase program may not be fully consummated, may not enhance long-term stockholder value, may increase the volatility of our stock prices and, as we implement it, will diminish our cash reserves.***

Our business depends, Pursuant to the Program adopted in part, on royalty-based April 2024, we may repurchase of up to $100.0 million of our common stock, from time to time, through open market purchases, block trades, in privately negotiated transactions, accelerated share repurchase transactions, or by other means. Since the inception of the Program, we have not repurchased any shares of our common stock. The volume, timing, and advertising-based revenue models, which are inherently risky.
Our business is dependent, in part, on future royalties and/or advertising revenues paid manner of any repurchases will be determined at our discretion, subject to us by customers and partners. Royalty payments under our licenses may be based upon, among other things, the number of subscribers for Pay-TV, a percent of net sales, a per-unit sold basis or a fixed monthly, quarterly or annual amount. Advertising-related revenue may be based upon, among other things, the number of viewers who watch a particular service, availability of inventory, advertiser interest and opportunities to personalize advertisements. We are dependent upon our ability to structure, negotiate and enforce agreements for the determination and payment of royalties and advertising-based revenue, general market conditions, as well as upon our customers' management of capital, general business conditions, other investment opportunities, regulatory requirements, and partners'

compliance with other factors. The Program does not have an expiration date and does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares, or to do so in any particular manner. Further, repurchases under the Program could affect our share trading prices or increase their agreements. volatility, and any repurchases will reduce our cash reserves. We face risks inherent in royalty-based and/ are under no legal obligation to repurchase any shares, and if we do not do so or advertising-based business models, many of which are outside if we commence repurchases and then suspend or terminate them, the trading prices of our control, such as stock may decrease and their volatility increase. We may not in the following:

- the number of subscribers our Pay-TV customers future have or the number of set top boxes our Pay-TV customers provide to their end-user subscribers;
- the number of end users cash and time spent viewing content and advertising available within devices that incorporate our licensed technology;
- the rate of adoption and incorporation of our technology by semiconductor manufacturers, assemblers, foundries, manufacturers of consumer and communication electronics, and the TV, automotive, consumer electronics, and surveillance industries;
- the willingness and ability of suppliers to produce materials and equipment that support our licensed technology in a quantity cash equivalents sufficient to enable volume manufacturing;
- fund all potential repurchases under the willingness and ability Program. Even if we complete the Program, we may not be successf our goal of advertisers to enhancing stockholder value. As we use our advertising placements that are available via cash resources the Program, we have less cash to fund our licensed technology;
- the willingness and ability of content owners and content aggregators to make their content available via our licensed technology;
- the willingness and ability of advertising technology partners to license their products and services to us for use in our licensed technology;
- ability of our customers to purchase such materials and equipment on a cost-effective and timely basis;
- the length of the design cycle and the ability of us and our customers to successfully integrate certain of our technologies into integ circuits;
- the demand for products that incorporate our licensed technology;
- the cyclicality of supply and demand for products using our licensed technology;
- the seasonal nature of advertising consumption and the associated variance to revenue based on those changes;
- the impact of economic downturns; and
- the impact of poor financial performance of our customers.



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For example, the ability to enjoy digital entertainment content downloaded or streamed over the internet has caused some consumers to elect to cancel their Pay-TV subscriptions. If our Pay-TV customers are unable to maintain their subscriber bases, the royalties they owe us will decline. In addition, the recent strikes called by the Writers Guild of America and SAG-AFTRA reduced the demand for advertising and media and entertainment promotional spending campaigns, which could negatively impact our business and results of operations. Although the strikes have been resolved, there can be no assurance that there would not be reduced demand for advertising and media and entertainment promotional spending campaigns for a period of time, which may adversely affect our business, financial condition, results of operations and cash flows. pursue other opportunities that may provide value to stockholders.

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

Not applicable.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

During the quarter ended September 30, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K). Not applicable.



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**Item 6. Exhibits**

| Exhibit Number | Exhibit Title |
|---|---|
| 3.1 | 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). |
| 3.2 | Amended and Restated Bylaws of Xperi Inc., adopted as of October 1, 2022 (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 6, 2022). |
| 10.1 | Amended and Restated Xperi Inc. 2022 Employee Stock Purchase Plan. |
| 31.1 | Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 |
| 31.2 | Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 |
| 32.1 | 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 |
| 101.INS | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |

| | |
|---|---|
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase With Embedded Linkbases Document |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) |



**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 13, 2023 May 9, 2024

XPERI INC.

By: /s/ Robert Andersen

Robert Andersen

Chief Financial Officer



**Exhibit 10.1**

**XPERI INC.**

**AMENDED & RESTATED 2022 EMPLOYEE STOCK PURCHASE PLAN**

Xperi Inc., a Delaware corporation, originally adopted this Amended & Restated Xperi Inc. 2022 Employee Stock Purchase Plan, effective as of the Effective Date (as defined herein). This Plan was amended and restated effective as of September 27, 2023 (the “A&R Effective Date”).

1. Purpose. The purposes of the Plan are as follows:

(a) To assist employees of the Company and its Designated Subsidiaries (as defined below) in acquiring a stock ownership interest in the Company.

(b) To help employees provide for their future security and to encourage them to remain in the employment of the Company and its Designated Subsidiaries.

2. Definitions. The following definitions shall be in effect under the Plan, unless determined otherwise by the Administrator.

(a) "Administrator" shall mean the administrator of the Plan, as determined pursuant to Section 14 hereof.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

(d) "Committee" shall mean the committee appointed to administer the Plan pursuant to Section 14 hereof.

(e) "Common Stock" shall mean the common stock of the Company.

(f) "Company" shall mean Xperi Inc., a Delaware corporation, and any successor by merger, consolidation or otherwise.

(g) "Company Group" shall mean the Company, any Subsidiary and an Eligible Employee's Employer, if different, and their affiliates.

(h) "Compensation" shall mean all base straight time earnings and commissions, after the deduction of any payroll taxes and social security and national health insurance contributions and other amounts required by law to be deducted from the same, exclusive of payments for overtime, shift premium, incentive compensation, incentive payments, bonuses, expense reimbursements, fringe benefits, equity incentive compensation and other compensation.

(i) "Designated Subsidiary" shall mean any Subsidiary which has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. The Administrator may designate, or terminate the designation of, a subsidiary as a Designated Subsidiary without the approval of the stockholders of the Company.

(j) "Effective Date" shall have the meaning given to such term in Section 23.

(k) "Eligible Employee" shall mean an Employee of the Company or a Designated Subsidiary: (i) who does not, immediately after the option is granted, own stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code); (ii) except as otherwise required by applicable local laws, whose customary employment is for more than twenty (20) hours per week; and (iii) except as otherwise required by applicable local laws, whose customary employment is for more than five (5) months in any calendar year. For purposes of clause (i), the rules of Section 424(d) of the Code with regard to the attribution of stock ownership shall apply in determining the stock ownership of an individual, and stock which an employee may purchase under outstanding options shall be treated as stock owned by the employee. Notwithstanding the foregoing, the Administrator may exclude from participation in the Plan as an Eligible Employee any Employee that is a "highly compensated employee" of the Company or any Designated Subsidiary (within the meaning of Section 414(q) of the Code), or that is such a "highly compensated employee" (A) with compensation above a specified level, (B) who is an officer and/or (C) is subject to the disclosure requirements of Section 16(a) of the Exchange Act; provided that any such exclusion shall be applied in an identical manner under each Offering Period to all Employees of all Designated Subsidiaries. Notwithstanding the foregoing, (x) subject to the requirements of applicable law and Section 423 of the Code, the Administrator may also limit eligibility further within a Designated Subsidiary so as to only designate some Employees of a Designated Subsidiary as Eligible Employees, and (y) the foregoing eligibility rules shall apply only to the extent such rules are consistent with applicable local laws.

(l) "Employee" shall mean any person who renders services to the Company or a Subsidiary in the status of an employee. "Employee" shall not include any director of the Company or a Subsidiary who does not render services to the Company or a Subsidiary in the status of an employee. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-7(h)(2), or as otherwise required by applicable law. Where the period of leave exceeds three (3) months, and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three (3) month period, unless otherwise required under applicable law.

(m) "Employer" shall mean an Eligible Employee's employing entity.

(n) "Enrollment Date" shall mean the first Trading Day of each Offering Period.

(o) "Exercise Date" shall mean the last Trading Day of each Purchase Period.

(p) "Fair Market Value" shall mean, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were

reported) as quoted on such exchange or system for such date (or if there is no closing sales price or closing bid on such date, the last market Trading Day prior to such date), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for the Common Stock on such date (or if there are no closing bid and asked prices on such date, the last market Trading Day prior to such date), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(q) "Offering Period" shall mean the approximately twelve (12) month period commencing on each December 1 and June 1 during the term of the Plan and terminating on the last Trading Day in the period ending twelve (12) months later. The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan, but in no event may an Offering Period exceed twenty-seven (27) months. The Offering Periods shall consist of two six (6) month Purchase Periods.

(r) "Parent" means any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(s) "Plan" shall mean this Amended & Restated Xperi Inc. 2022 Employee Stock Purchase Plan, as it may be amended from time to time.

(t) "Purchase Period" shall mean the approximately six (6) month period commencing after one Exercise Date and ending with the next Exercise Date, except that the first Purchase Period of any Offering Period shall commence on the Enrollment Date and end with the next Exercise Date.

(u) "Purchase Price" shall mean 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided, however, that the Purchase Price may be adjusted by the Administrator pursuant to Section 20.

(v) "Subsidiary" shall mean any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. In addition, with respect to any Non-Statutory Offering, a Subsidiary shall include any entity in which the Company has a direct or indirect equity interest.

(w) "Trading Day" shall mean a day on which U.S. national stock exchanges are open for trading.

3. Eligibility.

(a) Any Eligible Employee who shall be employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period shall be eligible to participate in the Plan during such Offering Period, subject to the requirements of Section 5 hereof.

(b) Unless otherwise provided by the Administrator, an Eligible Employee may be granted rights under the Plan only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate which exceeds the limit set forth in Section 423(b)(8) of the Code and the Treasury Regulations thereunder.

4. Offering Periods. Subject to Section 24, the Plan shall be implemented by consecutive, overlapping Offering Periods which shall continue until the Plan expires or is terminated in accordance with Section 20 hereof. The Administrator shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings, and to cease providing for overlapping Offering Periods, in each case without shareholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter. Prior to the commencement of any Offering Period, the Administrator or Board may change any or all terms of such Offering Period and any subsequent Offering Periods.

5. Participation.

(a) Except as set forth in Section 6(f) below, an Eligible Employee may become a participant in the Plan during any Offering Period by completing a subscription agreement authorizing payroll deductions in the form approved by the Administrator and filing it with the Company's payroll office, or online as determined by the Administrator, fifteen (15) days (or such shorter or longer period as may be determined by the Administrator, in its sole discretion) prior to the applicable Enrollment Date for such Offering Period.

(b) Payroll deductions for a participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10 hereof.

(c) During a leave of absence approved by the Company or a Designated Subsidiary employing a participant, a participant may continue to participate in the Plan by making cash payments to the Company on each pay day equal to the amount of the participant's payroll deductions under the Plan for the pay day immediately preceding the first day of such participant's leave of absence. If a leave of absence is unapproved, the participant will cease automatically to participate in the Plan. In such event, the Company or a Designated Subsidiary will automatically cease to deduct the participant's payroll under the Plan. The Company or a Designated Subsidiary will pay to the participant his or her total payroll deductions for the Purchase Period, in cash in one lump sum (without interest), as soon as practicable after the participant ceases to participate in the Plan.

(d) A participant's completion of a subscription agreement will enroll such participant in the Plan for each successive Purchase Period and each subsequent successive Offering Period beginning on or about the day following the last day of the Offering Period in which the participant is enrolled on the terms contained therein until the participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Section 10 hereof or otherwise becomes ineligible to participate in the Plan.

6. Payroll Deductions.

(a) At the time a participant files his or her subscription agreement, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount from one percent (1%) to fifteen percent (15%) in whole percentages, or such lesser amount as determined by the Administrator, of the Compensation which he or she receives on each pay day during the Offering Period, in no event to exceed the net amount of Compensation after taxes and authorized deductions have been taken out of his or her total Compensation earned during each payroll period during each Offering Period.

(b) All payroll deductions made for a participant under Section 6(a) above shall be credited to his or her account under the Plan and shall be withheld in whole percentages only. Except as described in Section 5(c) or 6(f) hereof, a participant may not make any additional payments into such account.

(c) A participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions or suspend his or her payroll deductions during the Offering Period by completing or filing with the Company a new subscription agreement authorizing a change in payroll deduction rate. The Administrator may, in its discretion, limit the number of participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period following five (5) business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be determined by the Administrator, in its sole discretion).

(d) Notwithstanding the foregoing, to the extent necessary to comply with Section 3(b) hereof, a participant's payroll deductions may be decreased to zero percent (0%) at any time during a Purchase Period.

(e) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's obligations to withhold, collect or account for with respect to any federal, state, foreign or other taxes or amounts, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee.

(f) Notwithstanding any other provisions of the Plan to the contrary, in non-U.S. jurisdictions where participation in the Plan through payroll deductions is prohibited, the

Administrator may provide that an Eligible Employee may elect to participate through contributions to his or her account under the Plan in a form acceptable to the Administrator in lieu of or in addition to payroll deductions.

7. Grant of Option. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing the balance in such participant's Plan account as of the Exercise Date by the applicable Purchase Price; provided, however, that in no event shall a participant be permitted to purchase during each Offering Period more than 4,000 shares of the Company's Common Stock (subject to any adjustment pursuant to Section 19) and during each Purchase Period more than 2,000 shares of the Company's Common Stock (subject to any adjustment pursuant to Section 19); and provided, further, that such purchase shall be subject to the limitations set forth in Sections 3(b) and 13 hereof. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of the Company's Common Stock a participant may purchase during each Purchase Period and Offering Period. Exercise of the option shall occur as provided in Section 8 hereof, unless the participant has withdrawn pursuant to Section 10 hereof or otherwise becomes ineligible to participate in the Plan. The option shall expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a participant withdraws from the Plan as provided in Section 10 hereof or otherwise becomes ineligible to participate in the Plan, his or her option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of whole shares subject to the option shall be purchased for such participant at the applicable Purchase Price with the balance in such participant's Plan account. Any additional balance of the amount credited to the account of each participant which has not been applied to the purchase of shares of stock shall be paid to such participant in one lump sum in cash as soon as reasonably practicable after the Exercise Date, without any interest thereon. Notwithstanding the foregoing, the Administrator may refund any dollar amounts that would result in any fractional shares including, without limitation, electing to refund payroll deductions attributable to fractional shares to the participant as soon as administratively practicable or may hold such amounts for the purchase of shares as the next Exercise Date in lieu of refunding dollar amounts that would result in fractional shares on behalf of the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect, or (y) provide that the Company shall make a pro rata allocation of the shares available for

purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. The Company may make pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each participant which has not been applied to the purchase of shares of stock because of the limitations set forth in Section 3(b), Section 7 or this Section 8(b) shall be paid to such participant in one lump sum in cash as soon as reasonably practicable after the Exercise Date, without any interest thereon.

9. Deposit of Shares. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company may arrange for the deposit, into each participant's account with any broker designated by the Company to administer this Plan, of the number of shares purchased upon exercise of his or her option.

10. Withdrawal.

(a) A participant may withdraw all but not less than all of the balance in such participant's Plan account and not yet used to exercise his or her option under the Plan by giving written notice to the Company in a form acceptable to and prior to the time period determined by the Administrator. All amounts credited to a participant's Plan account during the Offering Period shall be paid to such participant as soon as reasonably practicable after receipt of notice of withdrawal and such participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions or contributions for the purchase of shares shall be made for such Offering Period. If a participant withdraws from an Offering Period, participation in the Plan shall not resume at the beginning of any subsequent Offering Period commencing after the date of such withdrawal unless the participant delivers to the Company a new subscription agreement in accordance with the requirements for such Offering Period.

(b) A participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in any Offering Periods which commence after the date of such withdrawal.

(c) Upon a Designated Subsidiary ceasing to be such, an Eligible Employee of the Designated Subsidiary shall be deemed to have elected to withdraw from the Plan and the amounts credited to such participant's account during the Offering Period shall be paid to such participant, or in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, as soon as reasonably practicable and such participant's option for the Offering Period shall be automatically terminated.

11. Termination of Employment. Upon a participant's ceasing to be an Eligible Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the balance in such participant's Plan account shall be paid to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, as soon as

reasonably practicable and such participant's option for the Offering Period shall be automatically terminated.

12. Interest. No interest shall accrue on the payroll deductions or lump sum contributions of a participant in the Plan.

13. Shares Subject to Plan.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 5,000,000 shares. If any right granted under the Plan shall for any reason terminate without having been exercised, the Common Stock not purchased under such right shall again become available for issuance under the Plan. The stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

(b) With respect to shares of stock subject to an option granted under the Plan, a participant shall not be deemed to be a stockholder of the Company, and the participant shall not have any of the rights or privileges of a stockholder, until such shares have been issued to the participant or his or her nominee following exercise of the participant's option. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein.

14. Administration.

(a) The Plan shall be administered by the Compensation Committee of the Board, and the term "Committee" shall apply to such committee. The Committee shall have, in connection with the administration of the

Plan, the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise, and the term "Committee" shall apply to either the Compensation Committee of the Board or any such subcommittee. References in this Plan to the "Administrator" shall mean the Compensation Committee of the Board unless administration is delegated to a subcommittee, in which case references in this Plan to the Administrator shall thereafter be to the Compensation Committee or subcommittee.

(b) It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with the provisions of the Plan. The Administrator shall have the power to interpret the Plan and the terms of the options and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. The Administrator at its option may utilize the services of an agent to assist in the administration of the Plan including establishing and maintaining an individual securities account under the Plan for each participant. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Administrator under the Plan.

(c) The Administrator may adopt sub-plans applicable to particular Designated Subsidiaries or locations. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Sections 13, 20 and 23 hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such

sub-plan. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding the exclusion of particular Subsidiaries from participation in the Plan, eligibility to participate, the definition of Compensation, handling of payroll deductions or other contributions by participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures, establishment of bank or trust accounts to hold payroll deductions or contributions, determination of beneficiary designation requirements, and handling of stock certificates. The Administrator shall not be required to obtain the approval of the stockholders of the Company prior to the adoption, amendment or termination of any such sub-plan, rules or procedures.

(d) All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company or its Designated Subsidiaries. The Administrator may, with the approval of the Board, employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon all participants, the Company, each Designated Subsidiary and all other interested persons. No member of the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the options, and all members of the Board shall be fully protected by the Company in respect to any such action, determination, or interpretation.

15. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice to the Company. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither amounts credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company

may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. All amounts received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such amounts, except for funds contributed in which the local law of a non-U.S. jurisdiction requires that contributions to the Plan by participants be segregated from the Company's general corporate funds and/or deposited with an independent third party for participants in non-U.S. jurisdictions.

18. Reports. Individual accounts shall be maintained for each participant in the Plan. Statements of account shall be given to participating Employees at least annually, which statements shall set forth the amounts of payroll deductions or contributions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

19. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option, the maximum number of shares each participant may purchase each Purchase Period (pursuant to Section 7), as well as the price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any change made to the Common Stock resulting from a stock split, reverse stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination or reclassification of the Common Stock, exchange of shares, spin-off transaction or other change affecting the outstanding Common Stock as a class without the Company's receipt of consideration, or should the value of outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Administrator shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, a sale or other disposition of more than 50% of the outstanding securities of the Company, the merger of the Company with or into another corporation, or any similar transaction, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, any Purchase Periods then in progress shall be shortened by setting a New Exercise Date and any Offering Periods then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Administrator shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19 hereof, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Board if the Board determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 19 and this Section 20 hereof, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant without the consent of such participant. To the extent necessary to comply with any applicable law, regulation or stock exchange rule, the Company shall obtain stockholder approval of the Plan in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Administrator shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars ("USD"), permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's or a Designated Subsidiary's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(ii) shortening any Offering Period so that the Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Administrator action; and

(iii) allocating shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Plan participants.

21. Notices. All notices or other communications by a participant to the Company or a Designated Subsidiary under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company or such Designated Subsidiary at the location, or by the person, designated by the Company or such Designated Subsidiary for the receipt thereof.

22. Conditions To Issuance of Shares. The Company shall not be required to issue or deliver any certificate or certificates for shares of Common Stock purchased upon the exercise of options prior to fulfillment of all the following conditions:

(a) The admission of such shares to listing on all stock exchanges, if any, on which is then listed;

(b) The completion of any registration or other qualification of such shares under any state, federal or foreign law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state, federal or foreign governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

(d) The payment to the Company or a Designated Subsidiary of all amounts which it is required to withhold under federal, state or local law upon exercise of the option; and

(e) The lapse of such reasonable period of time following the exercise of the option as the Administrator may from time to time establish for reasons of administrative convenience.

23. Term of Plan. Subject to stockholder approval, as provided in the following sentence, this Plan became effective on October 1, 2022 (the "Effective Date"). This Plan was submitted for the approval of the Company's stockholders within twelve (12) months before or after the Effective Date. The Plan shall be in effect until terminated under Section 20 hereof. No options granted under this Plan shall be exercised, and no shares of Common Stock shall

be issued hereunder, until this Plan shall have been approved by the stockholders of the Company. In the event this Plan shall not have been approved by the stockholders of the Company prior to the end of said 12-month period, all options granted under this Plan shall be canceled and become null and void without being exercised. The Plan shall be in effect until terminated under Section 20 hereof.

24. Automatic Transfer to Low Price Offering Period. To the extent permitted by any applicable laws, regulations, or stock exchange rules, and unless otherwise determined by the Administrator, if the Fair Market Value of the Common Stock on any Exercise Date in an Offering Period is lower than the Fair Market Value of the Common Stock on the Enrollment Date of such Offering Period, then (i) a new twelve (12) month Offering Period will automatically begin on the first trading day following that Exercise Date, and (ii) all participants in such Offering Period shall be automatically withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof.

25. No Employment Rights. Notwithstanding any other provision of this Plan:

(a) the Plan is established voluntarily by the Company and the Plan may be modified, amended, suspended or terminated by the Company at any time, and all decisions with respect to future offerings, if any, will be at the sole discretion of the Administrator;

(b) a participant's participation in the Plan is voluntary;

(c) the Plan shall not form part of any contract of employment between the Company Group and an Eligible Employee;

(d) unless expressly so provided in his or her contract of employment, an Eligible Employee has no right or entitlement to be granted an award or any expectation that an award might be made to him or her, whether subject to any conditions or at all;

(e) the benefit to an Eligible Employee of participation in the Plan (including, in particular but not by way of limitation, any awards held by him or her) shall not form any part of his or her remuneration or count as his or her remuneration for any purpose and shall not (to the extent permitted by law) be pensionable;

(f) the rights or opportunity granted to an Eligible Employee on the making of an award shall not give the Eligible Employee any rights or additional rights and if an Eligible Employee ceases to be employed by the Company Group, the Eligible Employee shall not be entitled to compensation for the loss of any right or benefit or prospective right or benefit under the Plan (including, in particular but not by way of limitation, any awards held by him or her which lapse by reason of his or her ceasing to be employed by the Company or any Parent or Subsidiary) whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise;

(g) the rights or opportunity granted to an Eligible Employee on the making of an award shall not give the Eligible Employee any rights or additional rights in respect of any pension scheme operated by the Company Group;

(h) the Eligible Employee shall not be entitled to any compensation or damages for any loss or potential loss which the Eligible Employee may suffer by reason of being unable to acquire or retain shares of

Common Stock, or any interest in shares of Common Stock pursuant to an award in consequence of the loss or termination of his or her office or employment with the

Company or any present or past Parent or Subsidiary for any reason whatsoever (whether or not the termination is ultimately held to be wrongful or unfair);

(i) the value of the awards under the Plan are outside the scope of an Eligible Employee's employment contract, if any;

(j) the value of the awards under the Plan are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;

(k) no claim or entitlement to compensation or damages arises if the awards under the Plan or the Common Stock issued pursuant to the Plan do not increase in value and each Eligible Employee irrevocably releases the Company Group, their affiliates and third-party vendors from any such claim that does arise;

(l) no member of the Company Group shall be liable for any foreign exchange rate fluctuation between the participant's local currency and the United States Dollar that may affect the value of the purchase rights or the shares acquired under the Plan; and

(m) by accepting the grant of an award and not renouncing it, the Eligible Employee is deemed to have agreed to the provisions of this Section 25.

26. Data Protection. Each participant must agree to provide such consent and other documentation, and comply with such requirements, as determined by the Administrator in order to comply with applicable data protection and privacy laws.

27. Notice of Disposition of Shares. Each participant shall give prompt notice to the Company of any disposition or other transfer of any shares of stock purchased upon exercise of an option if such disposition or transfer is made: (a) within two (2) years from the Enrollment Date of the Offering Period in which the shares were purchased or (b) within one (1) year after the Exercise Date on which such shares were purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the participant in such disposition or other transfer. Alternatively, the Administrator shall have the discretionary authority to require that the shares purchased on behalf of each participant be held in the participant's Company-designated brokerage account for the time period set forth in (a) and (b) above. The foregoing procedures shall not in any way limit when the participant may sell the participant's shares.

28. Structure of the Plan.

(a) This Plan document is an omnibus document which includes the primary Plan document (the "Statutory Plan") designed to permit offerings of grants to employees of the Company and any subsidiary of the Company where such offerings are intended to satisfy the requirements of Section 423 of the Code (although the Company makes no undertaking nor representation to obtain or maintain qualification under Section 423 for any subsidiary, individual, offering or grant) and also a separate international plan (the "Non-Statutory Plan") which permits offerings of grants to employees of certain Non-U.S. subsidiaries that are not intended to satisfy the requirements of Section 423 of the Code.

(b) The Statutory Plan shall be a separate and independent plan from the Non-Statutory Plan, provided, however, that the total number of shares authorized to be issued under the Plan applies in the aggregate to both the Statutory Plan and the Non-Statutory Plan. Offerings under the Non-Statutory Plan may be made to achieve desired tax or other objectives in particular locations outside the United States or to comply with local laws applicable to offerings in such foreign jurisdictions.

(c) The terms of the Statutory Plan shall be those set forth in this Plan document to the extent such terms are consistent with the requirements for qualification under Section 423 of the Code. The Board may adopt a Non-Statutory Plan applicable to particular subsidiaries, which shall be designed to achieve tax, securities law or other Company compliance objectives in particular locations outside the United States. The terms of a Non-Statutory Plan may take precedence over other provisions in this document, with the exception of Section 13(a) of the Plan with respect to the total number of shares available to be offered under the Plan. Unless otherwise superseded by the terms of such Non-Statutory Plan, the provisions of this Plan document shall govern the operation of such Non-Statutory Plan. Except to the extent expressly set forth herein or where the context suggests otherwise, any reference herein to “Plan” shall be construed to include a reference to the Statutory Plan and the Non-Statutory Plan.

29. Governing law and Jurisdiction. The validity and enforceability of this Plan shall be governed by and construed in accordance with the laws of the State of Delaware without regard to otherwise governing principles of conflicts of law. The courts of the State of California shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Plan. The jurisdiction agreement contained in this Section 29 is made for the benefit of the Company and its Designated Subsidiaries only, which accordingly retain the right to bring proceedings in any other court of competent jurisdiction. By completing a subscription agreement, a participant is deemed to have agreed to submit to such jurisdiction.



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**Exhibit 31.1**

**Certification of the Chief Executive Officer**

**Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934**

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

c) 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 13, 2023 May 9, 2024 | /s/ Jon Kirchner |
| | Jon Kirchner |
| | Chief Executive Officer and President |

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**Exhibit 31.2**

**Certification of the Chief Financial Officer**

**Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934**

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

c) 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 13, 2023 May 9, 2024

/s/ Robert Andersen

Robert Andersen

Chief Financial Officer

**Exhibit 32.1**

**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 period quarter ended September 30, 2023 March 31, 2024 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 13, 2023 May 9, 2024

**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 period quarter ended September 30, 2023 March 31, 2024 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 13, 2023 May 9, 2024

*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.*

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