



Better Ideas.  
Better Entertainment.

# Q3 2022 Earnings

November 9, 2022

# Safe Harbor

This presentation contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on information available to the Company as of the date hereof, as well as the Company's current expectations, assumptions, estimates and projections that involve risks and uncertainties. In this context, forward-looking statements often address expected future business, financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "could," "seek," "see," "will," "may," "would," "might," "potentially," "estimate," "continue," "expect," "target," similar expressions or the negatives of these words or other comparable terminology that convey uncertainty of future events or outcomes. All forward-looking statements by their nature address matters that involve risks and uncertainties, many of which are beyond the Company's control, and are not guarantees of future results. These and other forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statements. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements and caution must be exercised in relying on forward-looking statements. Important risk factors that may cause such a difference include, but are not limited to: the Company's ability to implement its business strategy; the Company's ability to enter into new and renewal license agreements with customers on favorable terms; the Company's ability to retain and hire key personnel; uncertainty as to the long-term value of the Company's common stock; legislative, regulatory and economic developments affecting the Company's business; general economic and market developments and conditions; the Company's ability to grow and expand its patent portfolios; changes in technology and development of competing technology in the industries in which the Company operates; the evolving legal, regulatory and tax regimes under which the Company operates; unforeseen liabilities and expenses; risks associated with the Company's indebtedness; the Company's ability to achieve the intended benefits of, and its ability to recognize the anticipated tax treatment of, the recent spin-off of its product business; unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, including Russia's invasion of Ukraine, and natural disasters; and the extent to which the COVID-19 pandemic continues to have an adverse impact on the Company's business, results of operations, and financial condition will depend on future developments, including measures taken in response to the pandemic, which are highly uncertain and cannot be predicted. These risks, as well as other risks associated with the business, are more fully discussed in the Company's filings with the U.S. Securities and Exchange Commission ("SEC"), including the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. While the list of factors presented here is, and the list of factors presented in the Company's filings with the SEC are, considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on the Company's consolidated financial condition, results of operations, liquidity or trading price of common stock. The Company does not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.

# Adeia at Nasdaq

Adeia Inc.  
Nasdaq: ADEA

Adeia Turns Ideas  
Into Innovations



# At-a-Glance

Leading IP Licensing business with improved visibility, customer diversification and scale



9,500+ patent assets

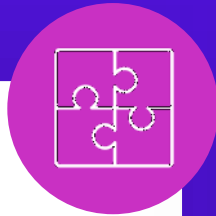


Media portfolio covering fundamental aspects of the video experience across all platforms



Semiconductor portfolio covering fundamental hybrid bonding, advanced packaging and processing technology

# Strategy for Success



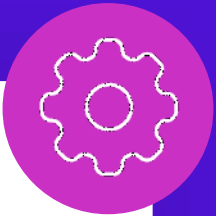
## Extend

Extend the adoption of Adeia's innovations and the licensing of its intellectual property across the broader entertainment and semiconductor industries



## Grow

Grow patent portfolios in size and relevance through ongoing investments that are principally focused on internal innovation, targeted acquisitions, and strategic portfolio management



## Execute

Utilize our diversified IP portfolios to drive new and improved agreements with leading entertainment, consumer electronics, and semiconductor companies

# Q3 2022 Highlights



Successfully completed spin-off of the product business, positioning ourselves as a leading independent IP licensing company



Signed new multi-year deal with Philo, a leading entertainment focused Pay-TV streaming service



Signed a multi-year license renewal with Foxtel, Australia's leading Pay-TV provider

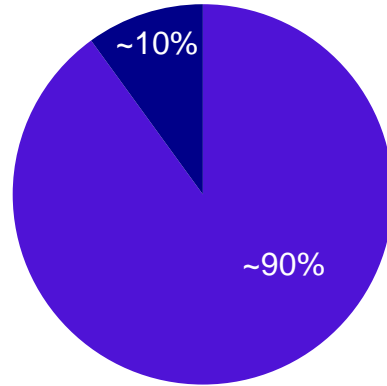


Total revenue for the IP business during the third quarter was \$89.3 million

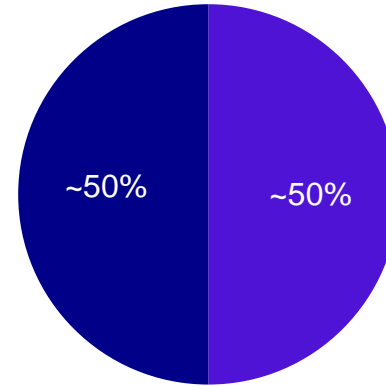
# Current Media Addressable Markets

- Current Revenue Contribution
- Potential Revenue Opportunity

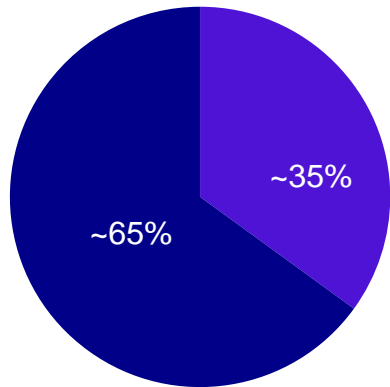
**U.S. Pay-TV**  
Mkt Size: ~\$101B (2021); CAGR -3.1%



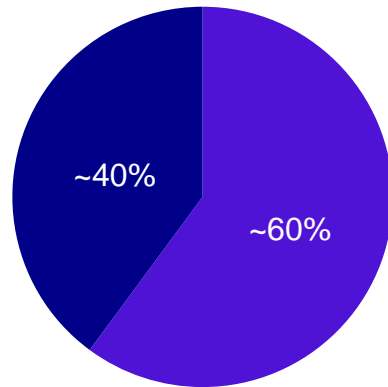
**International Pay-TV**  
Mkt Size: ~\$61B (2021); CAGR +1.3%



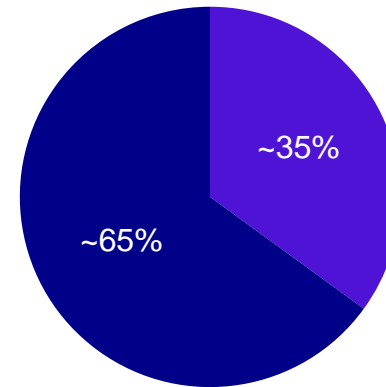
**OTT**  
Mkt Size: ~\$97B (2021); CAGR +10.7%



**Consumer Electronics**  
Mkt Size: ~\$139B (2021); CAGR -4.7%



**Social Media**  
Mkt Size: ~\$136B (2021); CAGR +6.7%



## + Adjacent Market Opportunities



Ad-tech



Automotive



Gaming



Music Streaming



Sports Gambling

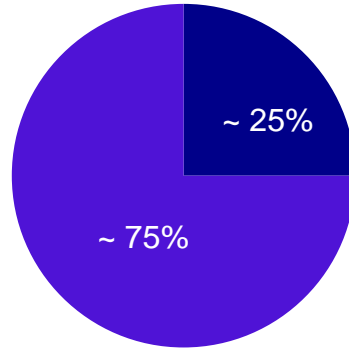
Notes: Estimated percentages of markets licensed weighted based on Adeia's view of the licensing opportunity in the relevant markets. Pay-TV (U.S and Int'l) includes MVPD and vMVPD. International Pay-TV, OTT, and Social Media represent select international countries where Adeia sees meaningful licensing opportunities. Consumer Electronics includes TVs, gaming consoles (excluding handheld and VR), and streaming media devices. Market CAGRs based on 2021-2027, except for Social Media (2021-2024) and Consumer Electronics (2021-2026).

# Current Semiconductor Addressable Markets

- Licensed
- Unlicensed

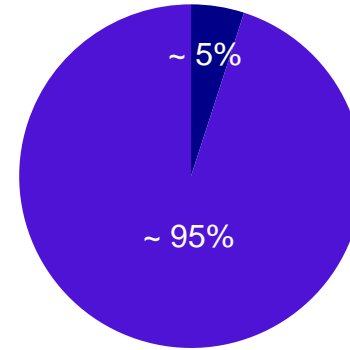
## Image Sensors\*

Mkt Size: ~\$21B (2020); CAGR +7.2%



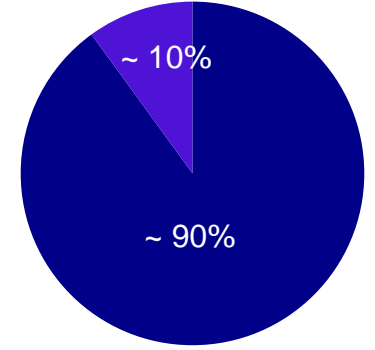
## DRAM\*

Mkt Size: ~\$94B (2021); CAGR +3.2%



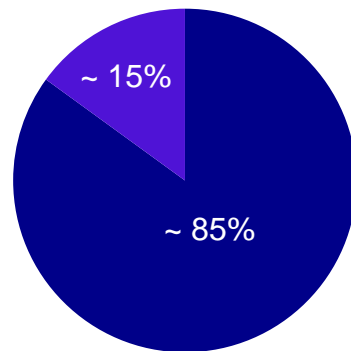
## Logic\*

Mkt Size: ~\$150B (2021); CAGR +7%



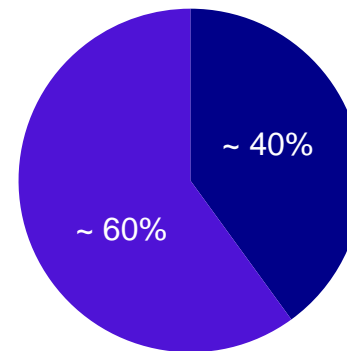
## RF Front End\*

Mkt Size: ~\$15B (2020); CAGR +5%



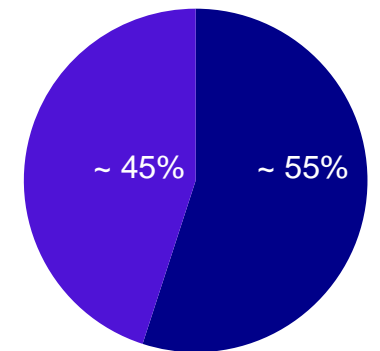
## NAND\*

Mkt Size: ~\$67B (2021); CAGR +5.3%



## Logic (Advanced Nodes)

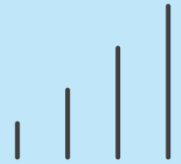
Mkt Size: ~\$150B (2021); CAGR +7%





# IP Platform + Growth Opportunities

## Growth Opportunities



### Large Growing

Addressable Market in OTT & New Media



### Remaining Unlicensed

International Pay-TV Operators



### Significant Industry Trend

Toward use of hybrid bonding and advanced processing nodes

Adjacent Markets  
New Verticals

New Media  
International Pay-TV  
Semiconductor

**\$375 Annual Revenue Baseline**

Current Baseline



# Q3 2022 Results – Combined Company

Category (in millions)	Q3 '22 GAAP	Q3 '22 NON-GAAP
Revenue	\$210.9	\$210.9
Cost Of Revenue	\$31.6	\$30.4
Operating Expenses	\$555.6	\$127.2
Interest Expense	\$13.2	\$13.2
Other Income (Expense)	\$0.5	\$0.5
Income Tax Expense	\$0.8	\$5.9
Basic Shares Outstanding	104.5	104.5
Diluted Shares Outstanding	104.5	114.9

See tables for reconciliation of GAAP to Non-GAAP differences

# Adeia Standalone Non-GAAP Income Statements

Category (in millions)	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22
Revenue	\$98.0	\$101.8	\$101.6	\$89.7	\$138.5	\$107.8	\$89.3
Operating Expenses	21.1	20.7	19.9	28.4	24.4	28.4	30.4
Operating Income	76.9	81.1	81.7	61.3	114.2	79.4	58.9
Interest Expense	11.3	10.6	8.5	8.6	8.3	9.5	12.3
Other Income (Expense)	0.8	0.7	0.3	(1.0)	0.3	0.4	0.9
Income Before Taxes	\$66.5	\$71.2	\$73.5	\$51.7	\$106.2	\$70.3	\$47.4

See tables for reconciliation of GAAP to Non-GAAP differences

# Q4 2022 Outlook

Category (in millions, except tax rate)	Q4'22 GAAP Outlook	Q4'22 Non-GAAP Outlook
Revenue	\$95 to 110	\$95 to 110
Operating Costs and Expenses	\$70 to 74	\$35 to 39
Interest Expense	\$15 to 17	\$15 to 17
Other Income (Expense)	~\$0.5	~\$0.5
Tax Rate	(14)%	23%
Basic Shares Outstanding	106	106
Diluted Shares Outstanding	110	110

See tables for reconciliation of GAAP to Non-GAAP differences

# Capital Allocation Strategy

Disciplined Capital Allocation Strategy Drives Long Term Revenue Growth and Shareholder Value



## Organic investment

Expand IP portfolio through continued innovation



## Strengthening our balance sheet

Proactively paydown term loan to manage leverage ratios



## Return of capital to shareholders

Utilization of dividend payments and share repurchase programs



## Strategic acquisitions

Pursue opportunities that are complementary to our core strategy

**adeia**<sup>TM</sup>

**Better Ideas.  
Better Entertainment.**

# Question & Answer

The Adeia logo is displayed in a white, lowercase, sans-serif font. To the right of the logo is a small trademark symbol (TM).

adeia™

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Better Entertainment.

**Thank you!**

**adeia**<sup>TM</sup>

**Better Ideas.  
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# Appendix



# Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with U.S. Generally Accepted Accounting Principles (GAAP), this presentation contains non-GAAP financial measures adjusted for either one-time or ongoing non-cash acquired intangibles amortization charges; costs related to actual or planned business combinations including transaction fees, integration costs, severance, facility closures, and retention bonuses; separation costs; all forms of stock-based compensation; loss on debt extinguishment; expensed debt refinancing costs, impairment of goodwill, impact of certain unrealized foreign currency adjustments and related tax effects. Management believes that the non-GAAP measures used in this presentation provide investors with important perspectives into the Company's ongoing business and financial performance and provide a better understanding of our core operating results reflecting our normal business operations. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. Our use of non-GAAP financial measures has certain limitations in that the non-GAAP financial measures we use may not be directly comparable to those reported by other companies. For example, the terms used in this presentation, such as non-GAAP Operating Expenses, do not have a standardized meaning. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for the limitation of our non-GAAP presentation by providing a detailed reconciliation of the non-GAAP financial measures to the most directly comparable U.S. GAAP measures in the tables attached hereto. Investors are encouraged to review the related U.S. GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable U.S. GAAP financial measures. All financial data is presented on a GAAP basis except where the Company indicates its presentation is on a non-GAAP basis.

# GAAP to Non-GAAP Net Income Reconciliation

(in thousands, except per share amounts) (unaudited)

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

	<b>Three Months Ended September 30, 2022</b>
GAAP net loss attributable to the Company	\$ (388,929)
<b>Adjustments to GAAP net loss attributable to the Company:</b>	
Stock-based compensation expense:	
Cost of revenue	778
Research, development and other	5,951
Selling, general and administrative	10,269
Amortization expense	40,808
Goodwill impairment charge	354,000
Merger and integration-related costs:	
Transaction and other related costs recorded in selling, general and administrative	3,971
Severance and retention recorded in research, development and other	1,830
Severance and retention recorded in selling, general and administrative	580
Separation costs recorded in cost of revenue	356
Separation costs recorded in research, development and other	1,847
Separation costs recorded in selling, general and administrative	9,134
Non-GAAP tax adjustment (1)	(5,081)
Non-GAAP net income attributable to the Company	<u>\$ 35,514</u>

# GAAP to Non-GAAP EPS Reconciliation

(unaudited)

(2) The number of shares used in the diluted per share calculations on a non-GAAP basis excludes the impact of stock-based compensation expense expected to be incurred in future periods and not yet recognized in the financial statements, which would otherwise be assumed to be used to repurchase shares under the GAAP treasury stock method.

<b>Diluted earnings per share attributable to the Company:</b>	
	<b>Three Months Ended September 30, 2022</b>
GAAP diluted loss per share attributable to the Company	\$ (3.72)
<b>Adjustments to GAAP diluted loss per share attributable to the Company:</b>	
Stock-based compensation expense	0.16
Amortization expense	0.39
Goodwill impairment charge	3.39
Merger and integration-related costs	0.06
Separation costs	0.11
Difference in shares used in the calculation	(0.03)
Non-GAAP tax adjustment	(0.05)
<b>Non-GAAP diluted earnings per share attributable to the Company</b>	<b>0.31</b>

# Adeia Standalone GAAP to Non-GAAP Income Before Taxes Reconciliation

(in thousands)  
(unaudited)

	Three Months Ended March 31, 2021	Three Months Ended June 30, 2021	Three Months Ended September 30, 2021	Three Months Ended December 31, 2021	Three Months Ended March 31, 2022	Three Months Ended June 30, 2022	Three Months Ended September 30, 2022
GAAP income (loss) before taxes attributable to the Company	\$ 511	\$ (4,749)	\$ (3,679)	\$ (22,618)	\$ 45,508	\$ 15,667	\$ (388,954)
Adjustments to GAAP income (loss) before taxes attributable to the Company:							
Loss before taxes attributable to Xperi Inc.	22,131	18,312	32,929	29,974	15,870	10,062	391,230
Other corporate expenses (1)	13,105	13,493	13,204	13,186	11,945	13,352	13,734
Stock-based compensation expense:							
Research and development	496	457	506	437	375	393	435
Selling, general and administrative	4,959	6,907	5,776	6,091	7,771	4,550	5,978
Amortization expense	24,500	24,500	24,558	24,532	24,526	24,406	24,195
Loss on debt extinguishment	—	10,602	—	—	—	—	—
Merger and integration-related costs:							
Transaction and other related costs recorded in selling, general and administrative	275	1,190	131	52	171	1,873	749
Severance and retention recorded in research, development and other	—	3	(3)	—	—	15	—
Severance and retention recorded in selling, general and administrative	485	498	49	—	—	—	20
Non-GAAP income before taxes attributable to the Company	\$ 66,462	\$ 71,213	\$ 73,471	\$ 51,654	\$ 106,166	\$ 70,318	\$ 47,387

(1) Represent historical costs that are not reflective of the on-going operations of the Company.

# GAAP to Non-GAAP Operating Expenses Outlook Reconciliation

(in thousands)  
(unaudited)

	Three Months Ended December 31, 2022	
	Low	High
GAAP operating expenses	\$ 70.0	\$ 74.0
Stock-based compensation expense	(3.0)	(3.0)
Merger, integration and separation-related expense -- SG&A	(8.0)	(8.0)
Amortization expense	(24.0)	(24.0)
Total of non-GAAP adjustments	(35.0)	(35.0)
Non-GAAP operating expenses	\$ 35.0	\$ 39.0