AUGUST 6, 2026

INDUSTRY: SOFTWARE

RESEARCH UPDATE

XPERI INC. (NYSE: XPER)

Dave Storms, CFA
dave@stonegateinc.com
214-987-4121

Market Statistics in USD	
Price	$ 7.83
52 week Range	$5.07 - $8.75
Daily Vol (3-mo. average)	478,241
Market Cap (M)	$ 378.0
Enterprise Value (M)	$ 327.4
Shares Outstanding: (M)	48.3
Float (M)	37.9

Financial Summary in USD	
Cash (M)	$ 90.6
Cash/Share	$ 1.87
Debt (M)	$ 40.0
Equity (M)	$ 415.1
Equity/Share	$ 8.57

Valuation in USD	
Valuation Range	$10.88 - $13.08
2027E Price Target	$ 11.89

FYE: Dec	2025	2026E	2027E
(all figures in M, expect per share information)			
Rev	$ 448.1	$ 460.1	$ 493.3
Chng%	-9%	3%	7%
EBITDA	$ 77.0	$ 85.7	$ 94.8
Net Income	$ (136.6)	$ (23.6)	$ (23.3)
EPS	$ (1.23)	$ (0.49)	$ (0.47)
EV/Revenue	0.6x	0.7x	0.7x
EV/EBITDA	3.2x	3.8x	3.5x
P/E	-4.8x	-16.1x	-16.7x

Company Description

Xperi Inc. ("Xperi" or the "Company") is a business-to-business media and entertainment technology company that provides software, intellectual property, and platform services to television manufacturers, automotive OEMs, Pay-TV operators, broadcasters, semiconductor companies, and other enterprise customers. Its technologies support content discovery, immersive audio, digital radio, connected-television operating systems, audience data, and advertising monetization across consumer devices and vehicles. Rather than manufacturing the underlying hardware, Xperi generally supplies the software and technology incorporated into products and services offered by its customers. This positions the Company between content providers, device manufacturers, distributors, advertisers, and consumers across the broader entertainment ecosystem.

Xperi's 2Q26 results marked a mix transition beyond consolidated growth. Connected Car and Media Platform generated $57.6M, or 50% of revenue, versus 44% in 1Q26 and 35% in 2Q25, as Media Platform revenue rose nearly 50% q/q and AutoStage began generating listener-analytics and data revenue. In our view, this reduces dependence on cost actions and legacy businesses, shifting the opportunity toward converting users and vehicles into advertising and data revenue. Key markers are TiVo One ARPU, the Media Platform growth target, AutoStage and IPTV monetization, and FCF conversion following higher 2026 CapEx.

Quarterly Results: Revenue increased 8% y/y to $114.5M and unchanged q/q. Adjusted EBITDA rose 61% to $24.5M, with margin expanding 700 bps to 21.4%, while non-GAAP EPS increased to $0.28 from $0.11. Connected Car and Media Platform generated $20.4M of y/y growth, while non-GAAP adjusted operating expense declined 6% following workforce reductions. Operating cash flow improved to $14.6M from $10.1M, and FCF increased to $7.6M from $5.3M. Adjusted EBITDA margin remained above full-year guidance despite higher advertising-related cost of revenue, supporting confidence in sustained earnings from the lower cost base.

Media Platform: Revenue increased 44% y/y to $17.5M and nearly 50% q/q, while advertising and related revenue rose 54% to $15.0M. TiVo One monthly active users reached 6.3M, up 70% y/y and approaching management's 7M year-end goal. TTM ARPU was $6.70 versus $7.10 in 1Q26, though a revised KPI definition limits comparability. User growth outpaced revenue growth, indicating audience expansion remains ahead of monetization. Homepage campaigns and Teads/Kargo integrations broaden monetization routes. Management maintained objectives for approximately 100% Media Platform growth and an ARPU exit rate above $10, so the 2H26 advertising ramp is important.

Connected Car/Pay TV: Connected Car revenue increased 60% to $40.1M as AutoStage reached 17M vehicles across 13 brands, up 42% y/y. BYD joined as the 14th brand and committed to deployment across export models. Initial analytics revenue and the Cumulus agreement create a monetization path beyond vehicle deployments, with related advertising revenue recognized within Media Platform. Pay-TV revenue declined 11% to $44.7M as a 29% reduction in Core Pay TV was partially offset by 10% IPTV growth. IPTV households increased 13% to 3.4M, while the NCTC partnership and three operator agreements expand programmatic ad insertion. Consumer Electronics revenue declined 35% to $12.2M, though multi-year DTS renewals support technology adoption.

Outlook: Management maintained revenue guidance of $440M–$470M, adjusted EBITDA margin of 17%–19%, and operating cash flow of $15M–$25M. The CapEx outlook increased to approximately $25M from $15M–$20M due to equipment price increases and partner-requested investment to reduce software memory requirements, while stock-based compensation outlook declined to approximately $29M from $31M. Guidance implies FY26 FCF of negative $10M to breakeven, with $90.6M of cash against $40M of debt providing capacity.

Valuation: We use a DCF Model and EV/EBITDA comp analysis to guide our valuation. Our DCF analysis produces a valuation range of $10.89 to $13.33 with a mid-point of $11.94. Our EV/EBITDA valuation results in a range of $10.86 to $12.83 with a mid-point of $11.84. For more information please see the valuation page of this report.

Business Overview

Xperi Inc. ("Xperi" or the "Company") is a business-to-business media and entertainment technology company that provides software, intellectual property, and platform services to television manufacturers, automotive OEMs, Pay-TV operators, broadcasters, semiconductor companies, and other enterprise customers. Its technologies support content discovery, immersive audio, digital radio, connected-television operating systems, audience data, and advertising monetization across consumer devices and vehicles. Rather than manufacturing the underlying hardware, Xperi generally supplies the software and technology incorporated into products and services offered by its customers. This positions the Company between content providers, device manufacturers, distributors, advertisers, and consumers across the broader entertainment ecosystem.

Exhibit 1: Company Headquarters

Source: Company Presentation

Changes in how consumers access entertainment have expanded the role of software within televisions, operator platforms, and automotive infotainment systems. Streaming has increased the volume and fragmentation of available content, creating demand for operating systems, metadata, search, recommendations, and other tools that help consumers navigate between linear television and digital services. At the same time, connected devices give manufacturers and platform providers opportunities to generate advertising, data, and service revenue after a product has been sold. Xperi's strategy is to provide these capabilities to customers that want to offer a competitive user experience while retaining greater control over their branding, customer relationships, and participation in the underlying economics.

The Company's automotive technologies address a similar transition as vehicle dashboards incorporate broadcast radio, streaming media, audio processing, metadata, and video services within increasingly software-driven infotainment systems. HD Radio provides a well-established licensing base in North America, while DTS AutoStage broadens the offering into a connected media platform that can support audio, video, search, and other services. Automotive qualification and production cycles are longer than those in consumer electronics, but technologies selected for a vehicle platform can remain in production across multiple models and years. This creates the potential for a design win to support an extended stream of licensing revenue and, over time, additional service-based monetization.

Xperi's current portfolio was formed through the June 2020 merger of Xperi Corporation and TiVo Corporation, which combined DTS audio and HD Radio technologies with TiVo's content-discovery, metadata, and video-platform assets. The October 2022 separation of Adeia and subsequent divestitures further narrowed the Company around media and entertainment technology. The resulting business combines mature licensing and Pay-TV products with newer initiatives such as TiVo OS, video-over-broadband, TiVo One, and DTS AutoStage. Xperi must therefore manage pressure within certain established products while demonstrating that its newer platforms can achieve sufficient adoption, monetization, and scale to support consolidated growth.

Exhibit 2: Operating Platform

Source: Company Presentation

Business Segments

Xperi operates as a single reportable segment and groups revenue into four product categories: Pay-TV, Consumer Electronics, Connected Car, and Media Platform. The categories differ in customer base, revenue model, and maturity, with Pay-TV and the licensing businesses supplying most of the current revenue while Media Platform and parts of Connected Car carry a greater portion of the long-term monetization opportunity. The following discussion combines each segment's products and competitive position with the growth drivers that are specific to that business, reducing the need for those points to be repeated in a separate growth section.

Exhibit 3: Operating Platform

Market ($ in thousands)	Q2 2025	Q2 2026	Y/Y Change	Y/Y % Change
Pay TV	49,937	44,665	(5,272)	-11%
- Core Pay TV[1]	*26,424*	*18,876*	*(7,548)*	*-29%*
- IPTV	*23,513*	*25,789*	*2,276*	*10%*
Consumer Electronics	18,763	12,237	(6,526)	-35%
Connected Car	25,105	40,070	14,965	60%
Media Platform	12,128	17,520	5,392	44%
TOTAL	105,933	114,492	8,559	8%

Source: Company Presentation

Pay-TV

Pay-TV provides software and services that allow cable, broadband, wireless, and other television operators to deliver video across set-top boxes, Smart TVs, streaming devices, and mobile applications. The portfolio includes electronic programming guides, TiVo IPTV, managed television services, entertainment metadata, personalized content discovery, natural-language voice search, and related back-office infrastructure. These products help operators combine traditional television, video-on-demand, DVR functionality, and third-party streaming services within a unified experience. The offering is particularly relevant to regional and mid-sized operators that may not have the resources or subscriber scale required to develop and support comparable platforms internally.

Revenue is generated through recurring per-subscriber fees, software and metadata licenses, consumer subscriptions, hardware sales, and related implementation and support services. Traditional programming-guide and DVR products remain exposed to declining conventional cable and satellite subscriptions, which creates an ongoing headwind within the category. Video-over-broadband provides a partial offset by allowing operators to modernize their services and distribute content through cloud-based software rather than relying entirely on traditional broadcast infrastructure. Because IPTV revenue is generally linked to subscriber activity and continuing platform usage, broader adoption can gradually increase the proportion of recurring revenue within the category.

The principal growth opportunity is the expansion of video-over-broadband through additional operator deployments and increased subscriber adoption within existing customer relationships. Xperi can also extend its role by incorporating content discovery, personalization, advertising, metadata, and other services into the operator platform. This allows the Company to generate additional value from technology and infrastructure that have already been integrated into the customer's service. Growth in IPTV does not remove exposure to legacy Pay-TV declines, but it provides a path for the category to evolve as television distribution becomes increasingly internet-based.

Consumer Electronics

Consumer Electronics licenses DTS audio codecs, post-processing technologies, immersive-audio solutions, and IMAX Enhanced certification to manufacturers of televisions, PCs, gaming systems, mobile devices, soundbars, home-audio equipment, and related products. The Company also works with semiconductor manufacturers to integrate its technologies into chipsets and software-development platforms used across multiple device categories. Relationships with studios, streaming services, game publishers, and other content partners support the availability of DTS-enabled content for those devices. The business therefore operates across both the production and playback sides of the entertainment ecosystem.

Revenue is generated primarily through per-unit royalties, fixed-fee agreements, minimum guarantees, and software-development-kit licenses. Results are influenced by end-market device shipments, product mix, customer renewals, and the number of products incorporating DTS technologies. Although the licensing model limits Xperi's direct manufacturing exposure, weaker consumer demand or lower production volumes can reduce the number of royalty-bearing units. Minimum-guarantee arrangements can provide some protection in individual contracts, but the business remains connected to broader consumer-electronics cycles.

Growth is expected to come from increasing DTS penetration within existing device categories, expanding into additional products and semiconductor platforms, and broadening the availability of compatible content. Xperi is also developing audio-processing technologies that address specific consumer needs, including dialogue intelligibility, spatial audio, and playback quality on devices with limited speaker capacity. These applications allow the Company to build on its existing audio expertise and customer relationships rather than entering unrelated markets. Expansion of the IMAX Enhanced ecosystem provides another opportunity to increase the use of Xperi's technologies across content, hardware, and streaming platforms.

Connected Car

Connected Car provides digital-radio, audio, metadata, and infotainment technologies to automotive OEMs, Tier-1 suppliers, broadcasters, and other participants in the in-vehicle media ecosystem. The category is built primarily around HD Radio and DTS AutoStage, with additional technologies supporting automotive audio and video experiences. HD Radio provides subscription-free digital AM/FM broadcasting, additional channels, improved audio quality, and data services. DTS AutoStage combines broadcast radio, streaming media, metadata, search, personalization, and video within a broader infotainment environment.

Revenue is generated primarily through licensing agreements tied to vehicle production, supplemented by software, metadata, analytics, and related service fees. Automotive programs generally require lengthy design, integration, qualification, and production processes, creating a delay between a design award and the associated revenue. Once a technology enters production, however, it can generate royalties across several vehicle models and production years. This provides a degree of durability that differs from shorter consumer-device replacement cycles, although revenue remains affected by vehicle production and customer launch schedules.

Licensing growth can come from additional vehicle programs, wider geographic adoption, and previously awarded programs moving into production. AutoStage expands the addressable opportunity beyond HD Radio by giving automotive manufacturers a broader platform for integrating audio, video, content discovery, and personalized media. The combination of these capabilities may become more relevant as connected vehicles include larger displays, improved communications systems, and a wider range of entertainment options. Existing automotive and broadcaster relationships also give Xperi a base from which to introduce additional functionality without establishing each relationship from the beginning.

Over time, AutoStage may support recurring revenue from analytics, broadcaster services, advertising, data, and other media-related offerings after the vehicle has been sold. These revenue streams remain less established than the underlying licensing business and will depend on platform scale, customer participation, consumer engagement, and the development of a commercially viable automotive advertising market. Licensing is therefore expected to remain the foundation of the category, with post-sale services providing an incremental opportunity rather than replacing the existing model. Successful monetization could nevertheless increase the lifetime value of a vehicle deployment and reduce the business's reliance on production royalties alone.

Media Platform

Media Platform includes TiVo OS, TiVo One, TiVo+, television middleware, viewership data, and the advertising and monetization services associated with those products. TiVo OS integrates linear television, streaming applications, free ad-supported content, metadata, search, recommendations, and voice control within a Smart TV operating system. The platform is intended primarily for manufacturers that want to provide a competitive connected-television experience without building a proprietary operating system or relying entirely on a larger technology company. It also allows the manufacturer to retain its branding and a more direct relationship with the consumer.

Xperi generates revenue through in-video advertising, home-screen placements, content promotion, subscription referrals, viewership-data licensing, off-platform advertising, revenue-sharing arrangements, and middleware licenses. Unlike a traditional royalty collected when a device is manufactured, these revenue streams can continue throughout the useful life of an activated television. The model allows Xperi and its manufacturing partners to participate in the economics generated by ongoing consumer engagement. Revenue is therefore influenced by the size of the connected installed base, viewing activity, available advertising inventory, advertiser demand, content relationships, and the terms of revenue-sharing agreements.

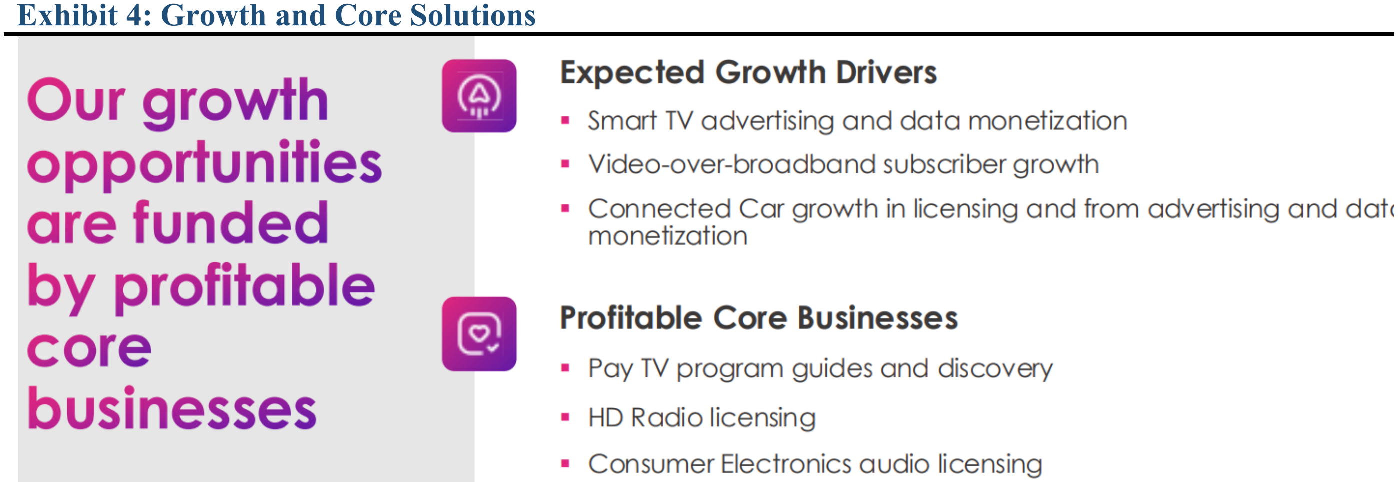
Growth initially depends on securing television manufacturers, launching devices across additional markets, and expanding the number of active TiVo-powered televisions. Once the devices are in use, the emphasis shifts toward increasing engagement and improving the revenue generated from each connected household. Greater content availability, improved recommendations, additional advertising formats, data services, and stronger relationships with advertisers can all contribute to monetization. This creates a longer development period than a conventional licensing model, since signed partnerships and device shipments must be followed by activation, engagement, and advertising demand before the full revenue opportunity is realized.

Media Platform remains smaller than Xperi's established Pay-TV and licensing businesses, but it represents the Company's clearest opportunity to build a recurring advertising and data business tied to ongoing consumer usage. The platform could increase the economic value of each device after its initial sale and create revenue streams that are less directly dependent on annual hardware shipments. At the same time, achieving this potential will require sufficient scale to attract advertisers, content providers, and other commercial partners. The business must therefore balance continued investment with evidence that the installed base can be monetized at attractive levels.

Growth Drivers

With the segment-specific opportunities incorporated above, the broader growth case rests on three cross-company themes: increasing the value of deployed technology, expanding within existing customer relationships, and converting prior platform investment into earnings and cash flow. These themes apply across multiple product categories and are less dependent on quarterly deployment counts or other rapidly changing operating metrics. They also reflect the balance within Xperi's portfolio, where mature licensing and Pay-TV products fund initiatives designed to create a larger recurring-revenue component over time.

Exhibit 4: Growth and Core Solutions



Source: Company Presentation

Installed-Base Monetization and Revenue Mix

Historically, a significant portion of Xperi's revenue was generated when its technology was incorporated into a device or vehicle, licensed to a customer, or used by an operator subscriber. This model remains central to the Consumer Electronics, HD Radio, and portions of the Pay-TV businesses. However, TiVo OS and DTS AutoStage introduce opportunities to generate additional revenue after the original deployment has occurred. Advertising, data licensing, analytics, content promotion, subscription referrals, and other services can increase the lifetime economic value of a television, vehicle, or operator platform already using Xperi technology.

This approach allows growth to come from both additional deployments and improved monetization of the existing installed base. A larger footprint creates more advertising inventory, audience data, and potential service users, while stronger engagement can increase the revenue generated by each deployed device. The model does not eliminate exposure to device shipments, vehicle production, or subscriber activity because new deployments remain necessary to replenish and expand the installed base. It does, however, broaden the revenue opportunity beyond the initial licensing or production event.

The transition toward post-deployment monetization is expected to occur gradually. Xperi must achieve sufficient scale, maintain user engagement, secure content and advertising relationships, and negotiate commercially attractive arrangements with customers and partners. Advertisers and content providers may also favor platforms with larger audiences, making scale important to both revenue and competitive positioning. The opportunity is meaningful, but its timing and ultimate profitability will depend on execution across several parts of the ecosystem rather than deployment growth alone.

Expansion Within Existing Relationships

Xperi has established relationships with television manufacturers, automotive OEMs, semiconductor companies, operators, broadcasters, content providers, and other industry participants. These relationships create opportunities to introduce additional products and services without rebuilding customer access from the ground up. Growth can come from extending existing technologies across additional models, devices, geographic markets, or subscriber groups. The Company may also combine audio, metadata, discovery, advertising, data, and analytics capabilities within broader customer solutions.

The value of these relationships extends beyond the commercial introduction because many Xperi technologies require lengthy integration, testing, certification, or qualification. Once a technology has been incorporated into a chipset, operator platform, television, or vehicle architecture, the customer may be more likely to consider related products that use similar infrastructure or technical resources. This can reduce the time and expense associated with introducing an additional capability. It can also deepen the relationship by making Xperi part of several functions within the customer's product rather than the supplier of a single feature.

The breadth of the portfolio creates these opportunities but does not guarantee that customers will adopt multiple products. Customer budgets, internal technology strategies, competing suppliers, and product-roadmap decisions will continue to affect adoption. Xperi must demonstrate that combining its technologies produces a better user experience or more attractive economics than selecting separate providers. Successful expansion within existing relationships could nevertheless support growth while allowing the Company to reuse technology, data, and commercial infrastructure already in place.

Improving Revenue Quality and Operating Leverage

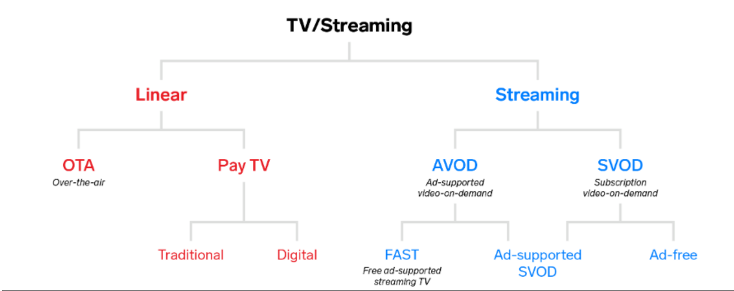
Xperi's established businesses include a mixture of per-unit royalties, minimum guarantees, subscriber fees, and other recurring licenses. Newer platform initiatives add advertising, data, analytics, referrals, and service revenue that can continue as consumers use the underlying product. A greater contribution from these sources could improve revenue visibility and reduce reliance on a single annual device or vehicle production cycle. The shift is expected to be gradual because traditional licensing and legacy Pay-TV products will remain meaningful components of the business.

Xperi invested ahead of revenue to develop and deploy TiVo OS, video-over-broadband, TiVo One, and DTS AutoStage. During the early stages of these initiatives, development, infrastructure, customer support, and commercialization costs were incurred before the associated revenue had reached scale. As the platforms mature, the Company should be able to reuse more of its technology across customers and markets, reducing the incremental investment required for each new deployment. Ongoing product development and platform support will remain necessary, but the expense burden could become smaller relative to revenue if adoption and monetization continue to expand.

Management has also taken steps to reduce operating expenses and align the organization more closely with the Company's current strategic priorities. A lower cost base increases the potential for incremental revenue to contribute to operating earnings and cash flow, but cost reduction alone does not create growth. The financial opportunity requires the newer businesses to scale while the established businesses remain sufficiently stable to support continued investment. If those conditions are met, earnings could grow faster than revenue, while weaker monetization or renewed spending requirements would limit the expected operating leverage.

Market Overview

Exhibit 5: TV Streaming Landscape



Source: eMarketer

The media and entertainment value chain is undergoing a multi-year shift from hardware-centric and broadcast-based distribution toward software, connected platforms, advertising, and data-driven services. As television viewing, audio consumption, and in-vehicle entertainment become more digital, a larger portion of the user experience is controlled by operating systems, content discovery, metadata, audience measurement, and advertising technology. This has increased the strategic value of the software layer that connects consumers with content and services. It has also attracted competition from technology companies, device manufacturers, distributors, content owners, and advertising platforms seeking to control the customer relationship and associated data.

Xperi operates primarily as an independent technology supplier to manufacturers and operators that want to offer a competitive digital experience while retaining more control over their own products and economics. This position differs from larger platforms that may also sell competing hardware, operate e-commerce businesses, distribute content, or maintain direct consumer subscription services. Independence can provide a commercial advantage with certain customers, but Xperi must still offer sufficient functionality, content access, scale, and monetization to compete effectively. The Company's market opportunity therefore reflects both demand for independent platforms and the challenge of competing against companies with larger installed bases and financial resources.

Television and Streaming

Television viewing continues to migrate from traditional linear and Pay-TV platforms toward internet-delivered services, although consumers frequently use a combination of both. Broadband penetration, streaming adoption, and improvements in network infrastructure allow operators and manufacturers to provide content across a broader range of devices. These platforms can support personalization, targeted advertising, audience measurement, continuous software updates, and integrated access to subscription and free ad-supported content. As the number of services expands, navigation and discovery become increasingly important to the viewing experience.

The Smart TV operating-system market has consequently developed into an advertising and commerce market as well as a software market. Control of the home screen and user interface provides access to content promotion, advertising inventory, audience data, and subscription referrals. Roku OS, Google TV, Amazon Fire TV, Samsung Tizen, LG webOS, and other platforms compete for distribution across manufacturers and geographic markets. Their ability to attract viewers, content providers, application developers, and advertisers can reinforce their competitive positions as their installed bases expand.

Independent providers must offer manufacturers a credible alternative without sacrificing the content availability and performance consumers expect. They must also provide an economic reason for an OEM to select their platform over a larger provider that may subsidize software through advertising, commerce, hardware, or other businesses. Revenue sharing, manufacturer branding, flexibility, and access to audience data can influence this decision. Xperi's TiVo OS strategy is based on providing those benefits while building enough device scale to support a viable advertising and data business.

Automotive Infotainment

Automotive infotainment is following a similar transition as vehicles integrate broadcast radio, streaming audio and video, navigation, communications, gaming, and other digital services within unified software environments. Consumers increasingly expect the in-vehicle experience to reflect the convenience and content availability found in their homes and personal devices. Automotive manufacturers are therefore placing greater emphasis on software, display quality, connectivity, audio performance, and access to media services. These features can influence vehicle differentiation even though safety, reliability, and driver-distraction requirements place additional constraints on product design.

Automotive adoption generally occurs more slowly than adoption in consumer electronics because development and qualification cycles can extend across several years. A selected technology must be integrated into the vehicle architecture, tested, and coordinated with Tier-1 suppliers before production begins. Once launched, however, a design can remain active across several model years and create a sizable installed base. This provides technology suppliers with longer-lived deployments but also creates a meaningful delay between initial customer selection and recognized revenue.

Manufacturers and suppliers are exploring software services, analytics, audience measurement, and advertising as potential sources of recurring revenue from connected vehicles. The development of these models will depend on consumer acceptance, available advertising inventory, data rights, privacy regulation, safety requirements, and the willingness of manufacturers to share economics with technology providers. Licensing revenue tied to vehicle production is likely to remain the more established model in the near term. Over time, connected infotainment platforms may provide an additional opportunity to generate revenue from vehicles after they enter service.

Risks

Legacy Revenue Pressure - A significant portion of Xperi's revenue is derived from mature businesses exposed to changing consumer behavior, evolving media consumption patterns, and product lifecycle transitions. If declines in legacy revenue streams outpace growth in newer businesses, consolidated revenue growth may remain limited.

Platform Adoption and Monetization - The Company's growth initiatives depend on continued adoption of its software and platform offerings by operators, television manufacturers, automotive OEMs, advertisers, and end users. Slower adoption rates, lower engagement levels, or weaker monetization than expected could reduce the contribution from growth businesses.

Competitive Environment - Xperi operates in markets characterized by rapid technological change and competition from larger companies with greater scale, financial resources, customer relationships, and distribution capabilities. Increased competition may affect pricing, customer retention, product adoption, and future growth opportunities.

End-Market and Macroeconomic Exposure - Demand for Xperi's products is influenced by conditions in the consumer electronics, automotive, media, and advertising markets. Changes in consumer spending, advertising budgets, vehicle production, or broader economic conditions may affect customer demand and operating results.

Execution Risk - The Company's financial outlook depends on successful execution of product development, customer deployments, commercialization initiatives, and cost-management programs. Delays in product adoption, implementation challenges, or an inability to achieve expected operating efficiencies could affect future financial performance.

Valuation

To help frame our valuation we use a combination of comparative analysis and discounted cash flow analysis.

Our DCF analysis relies on a range of discount rates between 10.25% and 10.75% with a midpoint of 10.50%. This arrives at a valuation range of $10.89 to $13.33 with a mid-point of $11.94.

Sensitivity Analysis:

Discount rate	Terminal Growth Rates: 0%	1%	2%	3%	4%
10.00%	$11.32	$11.98	$12.80	$13.86	$15.28
10.25%	$10.98	$11.60	$12.36	$13.33	$14.61
10.50%	$10.67	$11.24	$11.94	$12.83	$14.00
10.75%	$10.36	$10.89	$11.55	$12.37	$13.43
11.00%	$10.07	$10.57	$11.17	$11.93	$12.90

Comparative Analysis
(all figures in M, except per share information)

Company Name	Symbol	Price [1]	Mrkt Cap	EV	EV/Revenue [2,3] 2025	2026E	2027E	EV/EBITDA [2,3] 2025	2026E	2027E	FCF Yield [2,3] 2025	2026E	2027E
Dolby Laboratories, Inc.	DLB	$ 61.36	$ 5,747.5	$ 5,134.1	4.1x	3.6x	3.5x	62.2x	8.9x	9.0x	8.0%	8.1%	9.6%
IMAX Corporation	IMAX	$ 50.63	$ 2,776.7	$ 2,993.9	5.5x	6.7x	6.3x	36.4x	15.4x	14.0x	5.4%	3.7%	4.3%
Cerence Inc.	CRNC	$ 9.22	$ 416.6	$ 495.9	1.9x	1.8x	1.6x	7.7x	12.9x	5.7x	7.7%	14.9%	14.1%
Roku, Inc.	ROKU	$146.96	$21,705.1	$ 19,826.0	3.0x	3.6x	3.2x	324.9x	29.0x	22.1x	3.4%	4.1%	5.4%
				Average	**3.6x**	**3.9x**	**3.7x**	**107.8x**	**16.6x**	**12.7x**	**6.1%**	**7.7%**	**8.3%**
				Harmonic	**3.1x**	**3.2x**	**2.9x**	**22.7x**	**13.8x**	**9.9x**	**5.4%**	**5.7%**	**6.7%**
Xperi Inc.	XPER	$ 7.83	$ 378.0	$ 327.4	0.6x	0.7x	0.7x	3.2x	3.8x	3.5x	-9.6%	-3.3%	9.3%

(1) Previous day's closing price
(2) Estimates are from Capital IQ
(3) Forward estimates as of calendar year
Source: Company reports, CapitalIQ, Stonegate Capital Partners

We are also using an EV/EBITDA framework to inform our XPER valuation. Currently XPER is trading at a 2027E EV/EBITDA of 3.5x compared to comps at a harmonic mean of 9.9x. We are using our 2027E EBITDA, and an EV/EBITDA range of 5.0x to 6.0x with a midpoint of 5.5x which moves XPER closer to comp companies while still accounting for the difference in market cap. We believe this is reasonable given the potential growth in end markets, and the Company's diversified revenue streams, and the clear turnaround that is taking place. This arrives at a valuation range of $10.86 to $12.83 with a mid-point of $11.84.

When we combine these valuation methods using a simple average it arrives at a valuation range of $10.88 to $13.08 with a price target of $11.89.

EV/EBITDA			
2027E	**5.00x**	**5.50x**	**6.00x**
Adj EBITDA	94.8	94.8	94.8
TEV	473.8	521.1	568.5
Cash	90.6	90.6	90.6
Debt	40.0	40.0	40.0
Mrkt Cap	524.4	571.7	619.1
S/O	48.3	48.3	48.3
Price	**$ 10.86**	**$ 11.84**	**$ 12.83**

DISCOUNTED CASH FLOW

Xperi Inc.
Discounted Cash Flow Model
(in $M, except per share)

Estimates:	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	Terminal Value
Revenue	493.7	448.1	460.1	493.3	522.9	556.6	591.7	626.6	661.7	695.5	728.8	758.7	780.7	
Opearting Income	(87.1)	(43.7)	(0.5)	14.6	15.7	19.5	23.7	26.6	29.8	33.4	36.4	38.7	39.8	
Less: Taxes (benefit)	12.4	15.7	23.9	38.4	3.1	3.9	4.7	5.3	6.0	6.7	7.3	7.7	8.0	
NOPAT	(99.5)	(59.5)	(24.4)	(23.8)	12.5	15.6	18.9	21.3	23.8	26.7	29.2	31.0	31.9	
Plus: Depreciation & Amortization	56.0	48.3	48.5	47.6	47.1	50.1	50.3	53.3	52.9	55.6	54.7	56.9	56.6	
Plus: Changes in WC	(71.8)	(36.4)	(23.0)	(19.7)	(15.7)	(11.1)	(5.9)	(3.1)	(3.3)	(1.7)	(1.8)	(1.9)	(2.0)	
Less: Capex	(16.8)	(21.0)	(25.0)	(14.8)	(13.6)	(13.9)	(13.6)	(14.4)	(14.9)	(14.6)	(15.3)	(15.2)	(15.6)	
Free Cash Flow	(132.0)	(68.6)	(23.9)	(10.7)	30.3	40.6	49.7	57.0	58.6	66.0	66.7	70.8	70.9	850.7
Discount period - months			6	18	30	42	54	66	78	90	102	114	126	
Discount period - years			0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	
Discount factor			0.95	0.86	0.78	0.71	0.64	0.58	0.52	0.47	0.43	0.39	0.35	
PV of FCF			(22.7)	(9.2)	23.6	28.7	31.7	32.9	30.6	31.2	28.5	27.4	24.8	298.2
Growth rate assumptions:														
Revenue		-9.2%	2.7%	7.2%	6.0%	6.5%	6.3%	5.9%	5.6%	5.1%	4.8%	4.1%	2.9%	
Operating Income		-49.8%	-98.9%	######	7.8%	24.2%	21.5%	12.5%	11.8%	12.1%	9.2%	6.2%	2.9%	
EBITDA		######	960.6%	29.3%	1.0%	10.9%	6.3%	8.0%	3.5%	7.6%	2.3%	4.9%	0.9%	
Free Cash Flow		-48.1%	-65.2%	-55.0%	######	34.0%	22.3%	14.7%	2.7%	12.7%	1.0%	6.1%	0.1%	
Margin assumptions:														
Operating Income	-17.6%	-9.8%	-0.1%	3.0%	3.0%	3.5%	4.0%	4.3%	4.5%	4.8%	5.0%	5.1%	5.1%	
D&A as a % of sales	11.3%	10.8%	10.6%	9.6%	9.0%	9.0%	8.5%	8.5%	8.0%	8.0%	7.5%	7.5%	7.3%	
EBITDA	-6.3%	1.0%	10.5%	12.6%	12.0%	12.5%	12.5%	12.8%	12.5%	12.8%	12.5%	12.6%	12.4%	
Taxes	-14.3%	-36.0%	#######	263.6%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
Changes in WC	-14.5%	-8.1%	-5.0%	-4.0%	-3.0%	-2.0%	-1.0%	-0.5%	-0.5%	-0.3%	-0.3%	-0.3%	-0.3%	
Capex as a % of sales	-3.4%	-4.7%	-5.4%	-3.0%	-2.6%	-2.5%	-2.3%	-2.3%	-2.3%	-2.1%	-2.1%	-2.0%	-2.0%	

Valuation:

Shares outstanding	48.3
PV of FCF	227.6
PV of Terminal Value	298.2
Enterprise Value	525.8
less: Net Debt	(50.6)
Estimated Total Value:	576.4
Est Equity Value/share:	**$11.94**
Price	$7.83

Sensitivity Analysis:

	Terminal Growth Rates				
Discount rate	0%	1%	2%	3%	4%
10.00%	$11.32	$11.98	$12.80	$13.86	$15.28
10.25%	$10.98	$11.60	$12.36	$13.33	$14.61
10.50%	$10.67	$11.24	$11.94	$12.83	$14.00
10.75%	$10.36	$10.89	$11.55	$12.37	$13.43
11.00%	$10.07	$10.57	$11.17	$11.93	$12.90

Source: Company Reports; Stonegate Capital Markets

BALANCE SHEET

Xperi Inc.
Consolidated Balance Sheets ($M)
Fiscal Year End: December

ASSETS	FY 2022	FY 2023	FY 2024	Q1 Mar-25	Q2 Jun-25	Q3 Sep-25	Q4 Dec-25	FY 2025	Q1 Mar-26	Q2 Jun-26
Cash and cash equivalents	160.1	142.1	130.6	88.0	95.1	96.8	96.8	96.8	70.4	90.6
Accounts receivable, net	64.7	56.0	58.7	58.2	59.8	56.8	56.8	56.8	59.9	61.9
Unbilled contracts receivable, net	65.3	64.1	83.1	83.9	81.3	78.2	78.3	78.3	89.9	92.3
Prepaid expenses and other current assets	-	38.9	32.5	36.6	35.8	29.5	23.6	23.6	28.7	26.9
Deferred consideration from divestiture	-	-	-	-	11.6	11.8	11.9	11.9	12.0	-
Other Current Assets	42.2	15.9	-	-	-	-	-	-	-	11.9
Total Current Assets	**332.3**	**316.9**	**304.9**	**266.7**	**283.7**	**273.1**	**267.5**	**267.5**	**260.9**	**283.6**
Note receivable, noncurrent	-	-	29.7	30.3	30.9	31.5	31.9	31.9	32.5	21.1
Deferred consideration from divestiture, noncu	-	-	18.2	18.6	7.4	7.7	8.0	8.0	8.4	8.7
Unbilled contracts receivable, noncurrent	4.3	18.2	45.4	51.9	51.6	62.7	67.4	67.4	73.6	75.5
Property and equipment, net	47.8	41.6	44.5	45.7	46.9	50.5	51.3	51.3	51.5	55.0
Operating lease right-of-use assets	52.9	39.9	30.1	33.3	32.2	31.0	27.6	27.6	24.5	22.1
Intangible assets, net	264.4	206.9	163.7	154.0	144.9	136.9	128.9	128.9	120.8	113.2
Goodwill				-	-	-	-		-	3.3
Deferred tax assets	2.1	5.1	7.2	7.3	7.7	7.8	5.3	5.3	6.6	5.0
Other noncurrent assests	33.2	45.0	24.1	25.7	24.0	27.7	27.3	27.3	28.3	28.5
Total Assets	**736.9**	**673.6**	**667.8**	**633.5**	**629.2**	**628.8**	**615.2**	**615.2**	**606.9**	**615.9**
LIABILITIES AND SHAREHOLDERS' EQUITY										
Accounts payable	14.9	20.8	17.0	14.5	15.0	17.1	12.4	12.4	12.6	16.9
Accrued liabilities	110.0	110.0	94.4	79.2	78.2	78.2	82.2	82.2	82.4	82.3
Deferred revenue	25.4	28.1	24.0	24.0	20.3	17.8	16.1	16.1	15.4	14.9
Other liabilities	-	6.2	50.0	-	-	-	-	-	-	-
Total Current Liabilities	**150.2**	**165.1**	**185.3**	**117.7**	**113.4**	**113.0**	**110.6**	**110.6**	**110.4**	**114.2**
Long-term debt	50.0	50.0	-	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Deferred revenue, noncurrent	19.1	19.4	20.9	18.9	17.8	16.6	15.1	15.1	13.7	11.7
Operating lease liabilities, noncurrent	42.7	30.6	19.9	24.4	24.3	23.5	21.5	21.5	19.6	17.7
Deferred tax liabilities	20.6	7.0	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4
Other non current liabilities	5.3	14.4	11.0	12.1	12.4	13.2	13.1	13.1	13.9	15.9
Total Liabilities	**287.9**	**286.5**	**238.7**	**214.6**	**209.4**	**207.8**	**201.8**	**201.8**	**198.9**	**200.9**
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	1,136.3	1,212.5	1,274.6	1,280.6	1,294.0	1,303.3	1,314.2	1,314.2	1,317.8	1,326.6
Accumulated other comprehensive loss	(4.1)	(2.9)	(6.1)	(3.9)	(1.6)	(3.6)	(4.4)	(4.4)	(6.3)	(6.5)
Accumulated deficit	(668.8)	(805.4)	(839.4)	(857.8)	(872.6)	(878.7)	(895.8)	(895.8)	(903.6)	(905.1)
Other stockholders' equity	-	-	-	-	-	-	-	-	-	-
Total stockholders' equity	**463.4**	**404.2**	**429.1**	**418.9**	**419.8**	**421.0**	**414.1**	**414.1**	**408.0**	**415.1**
Noncontrolling interest	(14.4)	(17.1)	-	-	-	-	-	-	-	-
Total Liabilities and Shareholders' Equity	**736.9**	**673.6**	**667.8**	**633.5**	**629.2**	**628.8**	**615.8**	**615.8**	**606.9**	**615.9**

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Xperi Inc.
Consolidated Statements of Income (in $M, except per share amounts)
Fiscal Year End: December

	FY 2022	FY 2023	FY 2024	Q1 Mar-25	Q2 Jun-25	Q3 Sep-25	Q4 Dec-25	FY 2025	Q1 Mar-26	Q2 Jun-26	Q3 E Sep-26	Q4 E Dec-26	FY 2026E	Q1 E Mar-27	Q2 E Jun-27	Q3 E Sep-27	Q4 E Dec-27	FY 2027E
Revenue	$ 502.3	$ 521.3	$ 493.7	$ 114.0	$ 105.9	$ 111.6	$ 116.5	$ 448.1	$ 114.2	$ 114.5	$ 114.7	$ 116.7	$ 460.1	$ 121.7	$ 121.8	$ 124.0	$ 125.8	$ 493.3
Total Revenues	**$ 502.3**	**$ 521.3**	**$ 493.7**	**$ 114.0**	**$ 105.9**	**$ 111.6**	**$ 116.5**	**$ 448.1**	**$ 114.2**	**$ 114.5**	**$ 114.7**	**$ 116.7**	**$ 460.1**	**$ 121.7**	**$ 121.8**	**$ 124.0**	**$ 125.8**	**$ 493.3**
Operating Expenses:																		
Cost of Revenue	122.9	118.6	113.8	29.6	33.5	29.1	34.4	126.6	30.9	36.1	34.4	35.2	136.6	33.1	33.9	34.6	35.9	137.4
Gross Profit	**379.3**	**402.7**	**379.9**	**84.4**	**72.4**	**82.6**	**82.1**	**321.5**	**83.3**	**78.4**	**80.3**	**81.5**	**323.6**	**88.6**	**87.9**	**89.4**	**90.0**	**355.9**
Research and development	216.4	222.8	191.4	39.5	29.8	29.9	35.8	135.1	27.1	21.8	25.2	27.4	101.6	29.2	28.0	29.1	29.6	115.9
Selling, general and administrative	217.4	233.4	218.1	48.7	41.1	42.5	49.5	181.9	41.8	41.5	45.0	45.5	173.7	44.8	45.2	43.9	43.9	177.8
Depreciation expense	20.5	16.6	12.6	2.9	3.4	3.5	3.6	13.4	4.3	4.0	4.0	4.0	16.2	4.0	4.0	4.0	4.0	16.0
Amortization expense	62.2	57.8	43.4	9.7	9.1	8.0	8.0	34.8	8.0	8.1	8.1	8.1	32.3	8.0	7.9	7.9	7.8	31.6
Other Operating Expenses	612.3	1.7	1.5	-	-	-	-	-	-	0.2	-	-	0.2	-	-	-	-	-
Total Operating Expenses	1,128.7	532.3	467.0	100.9	83.5	83.9	96.9	365.2	81.2	75.5	82.3	85.0	324.0	86.0	85.1	84.9	85.3	341.3
Operating Income	**(749.4)**	**(129.6)**	**(87.1)**	**(16.4)**	**(11.1)**	**(1.4)**	**(14.8)**	**(43.7)**	**2.2**	**2.9**	**(2.0)**	**(3.5)**	**(0.5)**	**2.6**	**2.8**	**4.5**	**4.6**	**14.6**
Interest and other income, net	-	-	0.8	2.3	1.7	0.8	1.2	6.1	0.8	1.1	0.8	0.8	3.5	0.8	0.8	0.8	0.8	3.2
Interest expense - debt	-	-	(3.0)	(0.7)	(0.8)	(0.8)	(0.7)	(3.0)	(0.7)	(0.7)	(0.7)	(0.7)	(2.7)	(0.7)	(0.7)	(0.7)	(0.7)	(2.7)
Other Non-Operating Items	1.82	(0.01)	100.83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit Before Taxes	**(747.6)**	**(129.6)**	**11.6**	**(14.9)**	**(10.1)**	**(1.3)**	**(14.3)**	**(40.6)**	**2.3**	**3.3**	**(1.9)**	**(3.4)**	**0.3**	**2.7**	**3.0**	**4.6**	**4.8**	**15.0**
Provision for Income Tax	13.6	10.0	12.4	3.5	4.6	4.8	2.8	15.7	10.1	4.8	4.5	4.5	23.9	13.6	9.6	8.0	7.1	38.4
Other Tax Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	**(761.2)**	**(139.7)**	**(0.9)**	**(18.4)**	**(14.8)**	**(6.1)**	**(17.1)**	**(56.3)**	**(7.8)**	**(1.5)**	**(6.4)**	**(7.9)**	**(23.6)**	**(10.9)**	**(6.6)**	**(3.4)**	**(2.4)**	**(23.3)**
Non-Controlling Interest	3.7	3.1	(13.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income To Common Stockkholders	**(757.5)**	**(136.6)**	**(14.0)**	**(18.4)**	**(14.8)**	**(6.1)**	**(17.1)**	**(56.3)**	**(7.8)**	**(1.5)**	**(6.4)**	**(7.9)**	**(23.6)**	**(10.9)**	**(6.6)**	**(3.4)**	**(2.4)**	**(23.3)**
Basic EPS	**$ (18.02)**	**$ (3.18)**	**$ (0.31)**	**$ (0.41)**	**$ (0.32)**	**$ (0.13)**	**$ (0.37)**	**$ (1.23)**	**$ (0.17)**	**$ (0.03)**	**$ (0.13)**	**$ (0.16)**	**$ (0.49)**	**$ (0.22)**	**$ (0.13)**	**$ (0.07)**	**$ (0.05)**	**$ (0.47)**
Diluted EPS	**$ (18.02)**	**$ (3.18)**	**$ (0.31)**	**$ (0.41)**	**$ (0.32)**	**$ (0.13)**	**$ (0.37)**	**$ (1.23)**	**$ (0.17)**	**$ (0.03)**	**$ (0.13)**	**$ (0.16)**	**$ (0.49)**	**$ (0.22)**	**$ (0.13)**	**$ (0.07)**	**$ (0.05)**	**$ (0.47)**
WTD Shares Out - Basic	42.0	43.0	45.1	44.8	45.8	46.3	46.6	45.9	47.4	48.4	48.9	49.3	48.5	49.5	49.8	49.8	49.8	49.7
WTD Shares Out - Diluted	42.0	43.0	45.1	44.8	45.8	46.3	46.6	45.9	47.4	48.4	48.9	49.3	48.5	49.5	49.8	49.8	49.8	49.7
Non-GAAP Shares Outstanding		49.6	45.9	45.7	46.0	46.4	46.6	46.7	47.9	49.2	49.7	50.0	49.2	50.3	50.5	50.5	50.5	50.5
Adjusted Net Income		**0.6**	**44.6**	**7.4**	**4.8**	**12.8**	**11.3**	**36.3**	**11.0**	**13.6**	**8.6**	**7.1**	**40.3**	**4.9**	**9.0**	**12.2**	**13.2**	**39.3**
Adjusted EPS		**$ 0.01**	**$ 0.97**	**$ 0.16**	**$ 0.11**	**$ 0.28**	**$ 0.24**	**$ 0.78**	**$ 0.23**	**$ 0.28**	**$ 0.17**	**$ 0.14**	**$ 0.82**	**$ 0.10**	**$ 0.18**	**$ 0.24**	**$ 0.26**	**$ 0.78**
EBITDA	**(663.3)**	**(52.1)**	**71.4**	**(1.4)**	**3.4**	**11.1**	**(2.2)**	**10.9**	**15.5**	**16.2**	**10.9**	**9.4**	**51.9**	**15.4**	**15.5**	**17.2**	**17.2**	**65.4**
Adjusted EBITDA	**$ 19.4**	**$ 34.7**	**$ 74.2**	**$ 16.4**	**$ 15.2**	**$ 23.1**	**$ 22.3**	**$ 77.0**	**$ 25.3**	**$ 24.5**	**$ 18.7**	**$ 17.2**	**$ 85.7**	**$ 22.8**	**$ 22.9**	**$ 24.5**	**$ 24.6**	**$ 94.8**
Margin Analysis																		
Gross Margin	75.5%	77.2%	77.0%	74.0%	68.3%	74.0%	70.5%	71.7%	73.0%	68.5%	70.0%	69.9%	70.3%	72.8%	72.2%	72.1%	71.5%	72.1%
Operating Margin	-149.2%	-24.9%	-17.6%	-14.4%	-10.5%	-1.2%	-12.7%	-9.8%	1.9%	2.5%	-1.7%	-3.0%	-0.1%	2.1%	2.3%	3.6%	3.7%	3.0%
EBITDA Margin	3.9%	6.7%	15.0%	14.4%	14.4%	20.7%	19.1%	17.2%	22.1%	21.4%	16.3%	14.8%	18.6%	18.7%	18.8%	19.8%	19.5%	19.2%
Pre-Tax Margin	-148.9%	-24.9%	2.3%	-13.0%	-9.6%	-1.2%	-12.3%	-9.1%	2.0%	2.9%	-1.6%	-2.9%	0.1%	2.2%	2.4%	3.7%	3.8%	3.0%
Net Income Margin	-150.8%	-26.2%	-2.8%	-16.1%	-14.0%	-5.5%	-14.7%	-12.6%	-6.9%	-1.3%	-5.6%	-6.8%	-5.1%	-8.9%	-5.5%	-2.8%	-1.9%	-4.7%
Tax Rate	-1.8%	-7.7%	107.5%	-23.5%	-45.7%	-369.0%	-19.5%	-38.7%	441.4%	145.1%	-238.2%	-132.1%	7402.3%	500.0%	325.0%	175.0%	150.0%	255.4%
Growth Rate Y/Y																		
Total Revenue		3.8%	-5.3%	-4.0%	-11.4%	-16.0%	-4.8%	-9.2%	0.2%	8.1%	2.8%	0.2%	2.7%	6.6%	6.4%	8.1%	7.8%	7.2%
Total cost of revenues		-52.8%	-12.3%	-16.9%	-25.8%	-32.3%	-11.2%	-21.8%	-19.5%	-9.6%	-1.9%	-12.2%	-11.3%	5.9%	12.7%	3.2%	0.3%	5.3%
Operating Income		-82.7%	-32.8%	-49.1%	-49.2%	-92.7%	3.6%	-49.8%	-113.1%	-126.2%	47.2%	-76.2%	-98.9%	21.1%	-2.7%	-322.9%	-231.9%	-3246.5%
Pre-Tax Income		-82.7%	-108.9%	63.5%	-52.5%	-92.3%	-124.2%	-450.8%	-115.4%	-132.8%	45.1%	-76.2%	-100.8%	18.7%	-11.3%	-342.8%	-239.8%	4542.7%
Net Income		-82.0%	-89.7%	40.0%	-51.2%	-63.7%	-137.0%	302.2%	-57.4%	-89.9%	4.6%	-53.7%	-58.1%	39.1%	342.6%	-46.2%	-69.9%	-1.2%

Source: Company Reports, Stonegate Capital Partners estimates

CASH FLOW STATEMENT

Stepan Company
Consolidated Cash Flow Statements ($M)
Fiscal Year End: December

CASH FLOW	FY 2022	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 Sep-24	Q4 Dec-24	FY 2024	Q1 Mar-25	Q2 Jun-25	Q3 Sep-25	Q4 Dec-25	FY 2025	Q1 Mar-26	Q2 Jun-26
Operating Activities														
Profit of the year	(761.2)	(139.7)	(13.4)	(30.6)	(19.8)	63.0	(0.9)	(18.4)	(14.8)	(6.1)	(17.1)	(56.3)	(7.8)	(1.5)
Amortization of intangible assets	62.2	57.8	11.0	11.0	10.9	10.4	43.4	9.7	9.1	8.0	8.0	34.8	8.0	8.1
Stock-based compensation expense	45.3	69.5	14.8	15.3	15.2	15.2	60.5	12.1	10.3	9.6	8.6	40.7	7.8	6.8
Depreciation of property and equipment	20.5	16.6	3.6	3.3	2.9	2.9	12.6	2.9	3.4	3.5	3.6	13.4	4.3	4.0
Accrued interest income from note receivable	-	-	-	-	-	(2.0)	(2.0)	(0.6)	(0.6)	(0.6)	(0.5)	(2.2)	(0.5)	(0.6)
Accretion of discount from deferred consideration from divestitures	-	-	-	-	-	(1.1)	(1.1)	(0.4)	(0.4)	(0.4)	(0.4)	(1.7)	(0.5)	(0.4)
Deferred income taxes	(9.3)	(8.6)	0.2	(0.1)	(0.1)	(3.0)	(2.9)	(0.1)	(0.4)	(0.1)	2.9	2.3	(1.3)	1.6
Other from operating activities before working capital changes	612.3	2.5	(22.6)	(2.3)	(0.4)	(67.9)	(93.2)	0.8	1.1	0.3	2.6	4.9	0.1	0.7
Cash Flow from operating activities before working capital changes	**(30.2)**	**(1.9)**	**(6.4)**	**(3.4)**	**8.8**	**17.4**	**16.4**	**6.1**	**7.9**	**14.2**	**7.7**	**35.9**	**10.2**	**18.8**
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	17.5	5.7	(10.5)	7.6	(5.7)	3.1	(5.5)	0.2	(1.7)	2.9	(2.0)	(0.6)	(2.9)	(2.4)
Unbilled contracts receivable	(12.5)	(19.4)	(4.3)	(17.7)	(21.5)	(2.8)	(46.3)	(7.4)	2.9	(8.0)	(5.6)	(18.0)	(17.8)	(4.3)
Prepaid expenses and other assets	-	2.7	(2.8)	7.7	(0.2)	6.4	11.1	(4.2)	4.7	0.4	5.6	6.5	(6.1)	2.2
Accounts payable	6.6	5.1	(0.8)	(4.5)	5.0	(2.7)	(3.0)	(2.7)	0.7	0.5	(3.2)	(4.7)	1.0	3.7
Accrued and other liabilities	18.8	3.7	(26.4)	7.0	12.4	(18.3)	(25.3)	(12.4)	0.5	1.2	4.8	(5.9)	(0.3)	(0.9)
Deferred revenue	(8.3)	4.2	1.5	1.2	(3.4)	(1.9)	(2.7)	(2.0)	(4.8)	(3.8)	(3.1)	(13.7)	(2.1)	(2.4)
Other from operating Activities	(20.4)	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow generated/(absorbed) from operating Activities	**(28.4)**	**0.1**	**(49.8)**	**(2.1)**	**(4.6)**	**1.2**	**(55.3)**	**(22.3)**	**10.1**	**7.5**	**4.1**	**(0.5)**	**(18.0)**	**14.6**
Investing Activities														
Purchases of property and equipment	(14.2)	(12.7)	(1.8)	(0.5)	(1.0)	(1.7)	(5.0)	(1.1)	(0.6)	(0.8)	(2.9)	(5.4)	(1.1)	(0.5)
Capitalized internal-use software	-	-	(2.6)	(3.2)	(3.4)	(2.5)	(11.7)	(3.1)	(4.2)	(4.8)	(3.4)	(15.6)	(3.7)	(6.4)
Purchases of intangible assets	(0.2)	(0.2)	(0.0)	(0.0)	(0.1)	(0.0)	(0.2)	(0.0)	0.0	-	-	(0.0)	-	(0.0)
Other from investing activties	(50.5)	-	(0.2)	-	-	68.0	67.8	-	-	-	-	-	-	-
Cash flow generated by Investing Activities	**(64.8)**	**(12.9)**	**(4.7)**	**(3.7)**	**(4.4)**	**63.7**	**50.8**	**(4.2)**	**(4.8)**	**(5.6)**	**(6.4)**	**(21.0)**	**(4.8)**	**(6.9)**
Financing Activities														
Repayment of short-term debt	-	-	-	-	-	-	-	(50.0)	-	-	-	(50.0)	-	-
Withholding taxes related to net share settlement of equity awards	(0.3)	(4.9)	(4.7)	(1.3)	(0.7)	(0.6)	(7.2)	(5.3)	(1.1)	(0.3)	(0.3)	(7.0)	(3.6)	(0.9)
Payment of debt issuance costs	-	-	-	-	-	-	-	(0.8)	(0.4)	-	-	(1.2)	-	-
Proceeds from long-term debt	-	-	-	-	-	-	-	40.0	-	-	1.1	41.1	-	-
Other from financing activities	136.0	11.9	-	4.3	(10.0)	(6.5)	(12.1)	-	3.3	-	1.6	4.9	-	13.4
Effect of exchange rate changes on cash and cash equivalents	3.0	0.1	(0.0)	0.1	(0.0)	-	(0.0)	-	-	-	-	-	-	-
Cash flow generated/(absorbed) by financing Activities	**135.8**	**7.1**	**(4.7)**	**3.1**	**(10.7)**	**(7.0)**	**(19.4)**	**(16.1)**	**1.8**	**(0.3)**	**2.3**	**(12.2)**	**(3.6)**	**12.6**
Net Cash flow in the year	**39.4**	**(5.7)**	**(59.2)**	**(2.7)**	**(19.8)**	**57.9**	**(23.9)**	**(42.6)**	**7.2**	**1.6**	**0.0**	**(33.7)**	**(26.4)**	**20.2**
Cash and Cash Equivalents														
Beginning Cash balance	120.7	160.1	154.4	95.2	92.5	72.7	154.4	130.6	88.0	95.1	96.8	130.6	96.8	70.4
Ending Cash balance	160.1	154.4	95.2	92.5	72.7	130.6	130.6	88.0	95.1	96.8	96.8	96.8	70.4	90.6

Source: Company Reports, Stonegate Capital Partners

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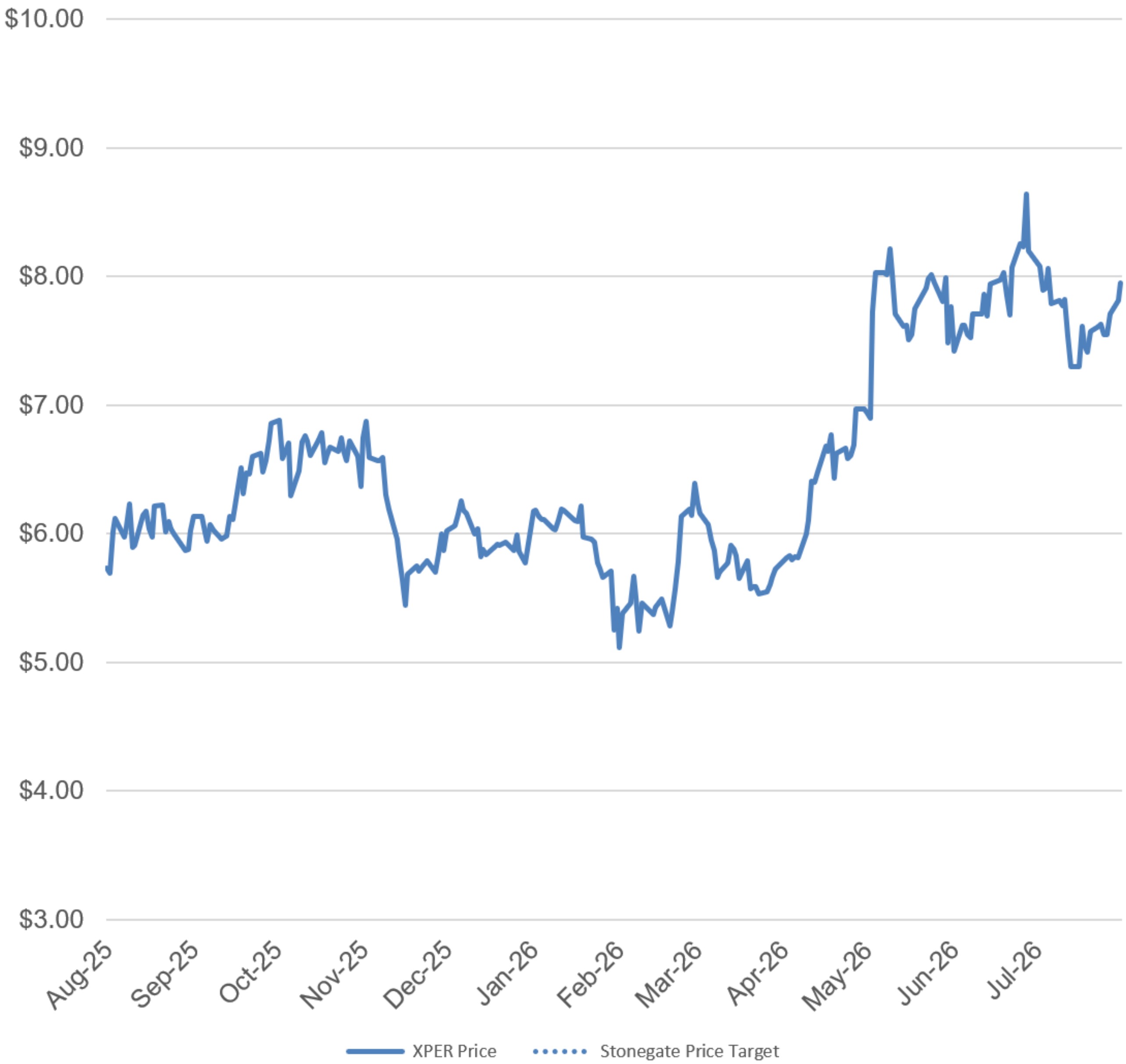
For Additional Information Contact:
Stonegate Capital Partners, Inc.
Dave Storms, CFA
Dave@stonegateinc.com
214-987-4121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