



Ceva, Inc.
First Quarter 2026 Financial Results Conference Call
Prepared Remarks of Amir Panush, Chief Executive Officer and
Yaniv Arieli, Chief Financial Officer
May 11, 2026
8:30 A.M. Eastern

Richard

Good morning everyone and welcome to Ceva's first quarter 2026 earnings conference call. Joining me today on the call are Amir Panush, Chief Executive Officer, and Yaniv Arieli, Chief Financial Officer of Ceva.

Forward Looking Statements and Non-GAAP Financial Measures

Before handing over to Amir, I would like to remind everyone that today's discussion contains forward-looking statements that involve risks and uncertainties, as well as assumptions that if they materialize or prove incorrect, could cause the results of Ceva to differ materially from those expressed or implied by such forward-looking statements and assumptions.

We will also be discussing certain non-GAAP financial measures which we believe provide a meaningful analysis of our core operating results and comparison of quarterly results.

Please see the earnings release we issued this morning for our reconciliations of our non-GAAP financial measures. Our earnings release can be found in the SEC filings section of our investor relations website at investors.ceva-ip.com.

With that said, I'd like to turn the call over to Amir who will review our business performance for the quarter and provide some insight into our ongoing business. Amir;



Amir

Thank you, Richard, and good morning everyone.

We are pleased to report a strong start to 2026, building on our momentum from 2025. We exceeded our expectations on both revenues and non-GAAP EPS, including licensing and related revenues of \$17.8 million, our strongest licensing quarter in three years, reflecting the strength of our pipeline, customer momentum and future earnings power.

This performance reflects strong execution and alignment with key market trends, including the convergence of edge AI and wireless connectivity, rising system complexity, and growing demand for integrated solutions that accelerate time to market.

As the industry faces increasing constraints in scaling centralized AI compute, the reality of shifting toward running inference at the edge and leveraging local resources is becoming more critical. Against this backdrop, intelligent connected device shipments are expected to exceed 40 billion units annually by 2030, reinforcing the value of our connect, sense and infer strategy.

In the quarter, we signed several multi-technology engagements and three strategically important deals that demonstrate our strategy is translating into results.

Starting with connectivity:

In early 2025, we introduced our Ceva-Waves Links200 platform to deliver fully integrated, system-level wireless solutions across RF, baseband and software, helping customers accelerate time-to-market.

This quarter, we secured a major licensing win for a complete Bluetooth High Data Throughput, or HDT solution, a foundational capability for the upcoming Bluetooth 7 standard. We licensed this full solution, including modem, software and RF, to a leading U.S.-based semiconductor company.

Bluetooth 7 is expected to enable higher throughput and more advanced use cases, including multi-channel audio, wireless video, XR and gaming peripherals, and AI-enabled edge



devices. Our HDT solution is a key building block enabling this next generation of high-performance wireless and AI-enabled edge devices.

This builds on our prior Bluetooth engagement with the same customer, which is now approaching high-volume production, and further expands our footprint through a more integrated RF, modem and software platform engagement. This also reflects a broader shift in the industry from internally developed connectivity to licensing proven platforms.

We believe that moving to a full-stack solution increases value per design for Ceva through higher licensing fees and greater royalty content, while also deepening integration and enabling multi-generation engagements. For the customer, we expect it to deliver faster time-to-market and lower development risk, allowing them to focus on their core differentiation while leveraging our proven IP, ultimately driving a stronger return on investment for both parties.

Turning to 5G and satellite communications:

During the quarter, we introduced our PentaG-NTN 5G Advanced modem platform, extending our cellular portfolio into satellite communications. Non-Terrestrial Networks, or NTN, is an emerging market expected to scale to billions of devices over the coming decade, as satellite connectivity becomes an integral part of global communications infrastructure, complementing and in some cases extending beyond traditional terrestrial 5G networks.

This is being driven by a wide range of use cases, including direct-to-device connectivity, remote and underserved area coverage, asset tracking, and industrial IoT, where ubiquitous, always-on connectivity is critical. It is also increasingly important for enabling more resilient and independent communications infrastructure.

Customer response has been highly encouraging, with clear momentum building across our pipeline. Building on this, we expanded an existing customer relationship with a satellite OEM from DSP cores to a more integrated baseband processing solution. As with our Bluetooth HDT engagement, this reflects a deepening relationship with an existing customer and an expansion in the scope and value of our IP within their platform.

In Ultra-Wideband:

During the first quarter, we introduced our next-generation UWB platform and secured a new customer win with a major U.S.-based MCU provider augmenting its internal UWB capabilities



with our IP and combining its system expertise with our proven connectivity solution to accelerate development and reduce risk. This engagement also builds on a broader relationship with the customer, who has licensed multiple Ceva technologies over the past two years.

We are seeing a transition in UWB toward higher-value industrial, automotive, and enterprise applications, driven by demand for precise, secure location awareness in use cases such as access, asset tracking and indoor navigation. As the market expands, customers are increasingly choosing to license proven IP to accelerate time-to-market and reduce development risk.

Across these wins, a clear pattern is emerging. The Bluetooth, NTN and UWB engagements we highlighted this quarter are all with existing customers who have expanded their use of Ceva IP over the past two years. More broadly, customers are increasingly adopting more integrated, system-level solutions from Ceva, expanding our value per design while strengthening long-term royalty and margin potential.

In Sensing:

We continue to see growing traction for our spatial audio solutions as demand for immersive audio experiences expands. During the quarter, Lenovo launched its latest ThinkPad headset powered by our RealSpace spatial audio with head tracking, building on recent wins with consumer brands Nothing and boAt.

Finally, in AI:

We continue to execute on our strategy to enable efficient, scalable inference at the edge, with AI representing more than 20% of our licensing and related revenues and the signing of two new licensing agreements in the quarter.

We are seeing a structural shift toward hybrid AI, where inference is increasingly moving to the device while more complex processing remains in the cloud or across connected systems. This “right AI model, right place, right time” approach enables real-time, on-device decision making, while maintaining the flexibility to scale compute as needed. As a result, demand for highly efficient, ultra-low-power solutions is growing across wearables, automotive, industrial and smart home applications, and IP and AI content per device is increasing as more products require local connect, sense and infer capabilities.



We believe the rise of hybrid and agent-based AI will further accelerate the shift toward distributed intelligence at the edge, where devices need to locally sense, infer, communicate, coordinate and act in real time while selectively leveraging cloud AI resources. This trend is expected to drive growing demand for efficient edge AI processing alongside advanced wireless connectivity across increasingly complex connected systems.

This is now translating into production. Renesas' R-Car V4H platform, which integrates our AI DSP and accelerator, is now in production in the 2026 Toyota RAV4, one of the highest-volume passenger vehicles globally, marking our first mass-volume automotive AI deployment. We believe this represents the beginning of a meaningful, long-term royalty stream, with growing AI content per vehicle.

We also announced a collaboration with NXP during the quarter, integrating our AI DSP and accelerator into their S32E2 and S32Z2 software-defined vehicle processors, further validating our position in automotive AI. In addition, our NeuPro-Nano NPU won a leading Artificial Intelligence award at Embedded World 2026 further emphasizing our leadership position.

Our AI licensing pipeline remains strong, with multiple evaluations and advanced negotiations underway across a broad range of end markets.

Stepping back, overall, we signed 14 licensing agreements in the quarter, including two with OEMs. In addition to the deals I highlighted earlier, we secured a Wi-Fi 7 design targeting consumer IoT, a Wi-Fi 6 / Bluetooth combo engagement with a leading edge-AI SoC platform company, and multiple additional Bluetooth and Wi-Fi wins across our connectivity portfolio.

Turning to royalties:

We continue to see encouraging momentum across our diversified smart edge markets, with growth in IoT, industrial and AI-driven applications. While total royalties were flat year-over-year, non-mobile royalties grew 8%, reflecting strength across our smart edge markets, partially offset by softness in smartphones.

Wi-Fi shipments reached an all-time high in the quarter, driven by record Wi-Fi 6 volumes, highlighting the continued expansion of this market as customers ramp deployments across a broad range of devices.



More broadly, Wi-Fi and Bluetooth continue to be durable, multi-year growth drivers. As customers scale current-generation technologies such as Wi-Fi 6 and Bluetooth 6, they are also developing next-generation platforms, including Wi-Fi 7 and Bluetooth 7. These overlapping cycles are expected to support sustained unit growth, increased IP content per design, and long-term margin expansion.

We expect the continued shift toward combo chips to further reinforce our strategy, as customers integrate multiple Ceva technologies into a single design, increasing value per device and driving stronger overall economics.

AI-driven royalties also continued to grow, highlighted by our automotive AI deployment at Toyota and a ramping AI SoC for surveillance, representing early signs of the long-term contribution we expect from edge AI across multiple end markets.

Against these tailwinds, first quarter royalties were impacted by typical seasonal softness in mobile, combined with near-term effects from memory availability constraints and channel inventory in the lower-tier segments.

We view these mobile dynamics as largely timing-related and expect improvement as the year progresses, supported by inventory normalization and typical seasonality, along with what we anticipate will be stronger high-end smartphone royalties in the second half.

Overall, this quarter reinforces our ability to execute on our strategy and increase value per design as we move toward more integrated, higher-value engagements.

I will now turn the call over to Yaniv for the financials.

Yaniv

Thank you, Amir. I'll now review our financial results for the first quarter, which reflect the strong licensing performance and continued execution Amir just outlined.

- Revenues for the first quarter increased 11% year over year to \$27.0 million

The revenue breakdown is as follows:

- Licensing and related revenues increased 18% year over year to \$17.8 million, reflecting 66% of total revenues



- Royalty revenues were \$9.2 million, in line with last year, reflecting 34% of total revenues
- Gross margins were 86% on a GAAP basis and 87% on a non-GAAP basis
- Total GAAP operating expenses for the first quarter were \$28.4 million
- Total non-GAAP operating expenses for the first quarter, excluding equity-based compensation expenses, amortization of intangibles and deal costs, were \$23.0 million, just over the mid-range of our guidance
- GAAP operating loss for the first quarter was \$5.1 million, as compared to GAAP operating loss of \$4.4 million in the same period last year
- Non-GAAP operating margin and income were 2% of revenues and \$0.5 million
- Financial income, net was \$1.9 million, compared to \$2.1 million for the first quarter of 2025
- Taxes were approximately \$1.3 million
- GAAP net loss for the first quarter was \$4.5 million and diluted loss per share was 16 cents, as compared to net loss of \$3.3 million and diluted loss per share of 14 cents for the first quarter of 2025
- Non-GAAP net income and non-GAAP diluted earnings per share for the first quarter of 2026 were \$1.1 million and 4 cents, respectively, as compared to non-GAAP net income of \$1.4 million and non-GAAP diluted earnings per share of 6 cents in the first quarter of 2025

With respect to other related data:

We shipped 458 million units of Ceva-powered devices, up 9% from the first quarter of 2025.

- Of the 458 million units reported, 46 million units, or 10%, were for mobile handset modems, down from 49 million units in the first quarter 2025
- 394 million units were for consumer IoT products, up from 337 million units in the first quarter 2025
- 18 million units were for IIoT products, down from 34 million units in the first quarter of 2025. However, associated IIoT royalty revenues were up 19% year-over-year, reflecting a better mix of higher ASP product shipments including 5G wireless infrastructure and automotive AI
- Bluetooth shipments were 206 million units in the quarter, down from 233 million units in the first quarter 2025
- Cellular IoT shipments were 66 million units, up 38% year-over-year
- Wi-Fi shipments were a record 91 million units, up 158% year-over-year

As for the balance sheet items:

- Our cash and cash equivalent balances, marketable securities and bank deposits



were approximately \$216 million, providing strong financial flexibility. We remain focused on disciplined capital allocation, including continued investment in our roadmap and a selective approach to strategic M&A opportunities that can accelerate our growth

- Our DSO for the first quarter of 2026 was 59 days
- During the first quarter, we used \$4.9 million of cash in operating activities, on-going depreciation and amortization was \$0.9 million, and purchase of fixed assets was \$2.3 million, including approximately \$1 million related to leasehold improvements
- At the end of the first quarter, our headcount was 430 people, of whom 348 were engineers

Now for the guidance:

As Amir highlighted, we delivered a strong start to the year, supported by continued enhancements to our IP portfolio, solid licensing execution and a growing foundation for future royalty expansion. From a financial perspective, we continue to view 2026 as a year of growth across multiple dimensions.

Reflecting our first-quarter performance, we are updating our annual outlook toward the higher end of our previously communicated range. For the full year, we now expect total revenue growth to be at the top end of the 8% to 12% range over 2025, with a typical seasonal profile of lower growth in the first half and stronger growth in the second half, subject to memory pricing dynamics and supply conditions.

On the expense side, we remain focused on cost discipline and operating leverage, while continuing to manage foreign exchange headwinds from the strengthening of the euro and Israeli shekel against the U.S. dollar. Overall expenses (COGS & OPEX) are expected to increase approximately 8% over 2025.

As we continue to invest to support growth, we expect a portion of the incremental revenue to translate to the bottom line, driving continued improvement in non-GAAP operating income, net income and EPS. Based on our performance to date and current business momentum, we now expect non-GAAP operating income and non-GAAP net income to increase by 40% to 50% year over year, which is above our prior expectations.

Guidelines for the second quarter of 2026

- Revenues are expected to be in the range of \$26.0 million to \$30.0 million, reflecting continued growth both sequentially and year over year.



- Gross margin is expected to be approximately 87% on a GAAP basis and 88% on a non-GAAP basis, excluding an aggregate of \$0.2 million of equity-based compensation expenses and \$0.1 million amortization of acquired intangibles
- GAAP OPEX for the second quarter of 2026 is expected to be similar to the first quarter and in the range of \$27.7 million to \$28.7 million. Of our anticipated total operating expenses for the second quarter, \$5.3 million is expected to be attributable to equity-based compensation expenses, \$0.1 million for amortization of acquired intangibles and \$0.1 million of costs associated with business acquisitions.
- Non-GAAP OPEX is also expected to be similar to the first quarter and in the range of \$22.2 million to \$23.2 million
- Net interest income is expected to be approximately \$1.7 million
- Taxes for the second quarter are expected to be approximately \$1.5 million
- Share count for the second quarter of 2026 is expected to be 28 million shares for GAAP and 29.7 million shares for non-GAAP

Q&A

Operator, we are now ready to take questions.

CEO Closing Remarks:

In closing, we believe Ceva is well positioned as the industry continues to evolve toward Physical AI, where connectivity, sensing and inference converge at the edge.

Our expanding portfolio, combined with our strategy to deliver more integrated, system-level solutions, is enabling us to increase our value per customer and strengthen our long-term royalty model.

We remain focused on executing our strategy, deepening customer relationships and driving sustainable growth.

Thank you for your continued support.

Richard, I'll hand over to you to wrap it up.

Wrap Up, Richard:



Thank you, Amir. As a reminder, the prepared remarks for this conference call are accessible through the investors section of our website. With regards to upcoming events, we will be participating in the following conferences:

- Oppenheimer 27th Annual Israeli Conference, May 18, in Tel Aviv
- JP Morgan 2026 Global Technology, Media and Communications Conference, May 20 in Boston, MA
- TD Cowen 54th Annual Technology, Media & Communications Conference, May 27 in New York, NY
- Stifel Boston Cross Sector 1×1 Conference, June 2, in Boston, MA
- 6th Annual Rosenblatt Technology Summit – The Age of AI, June 10, being held virtually
- 16th Annual ROTH London Conference, June 16-18, in London, England

Further information on these events and all events we will be participating in can be found on the investors section of our website.

Thank you and goodbye