Ceva, Inc.
Third Quarter 2026 Financial Results Conference Call
Prepared Remarks of Amir Panush, Chief Executive Officer and
Yaniv Arieli, Chief Financial Officer
November 9, 2026
8:30 A.M. Eastern

Richard

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

Forward Looking Statements and Non-GAAP Financial Measures

Before handing the call over to Amir, I'd 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 our results to differ materially from those expressed or implied by such statements. Important factors that can cause actual results to differ include, but are not limited to, those stated in our earnings release issued earlier today and in our filings with the SEC.

We will also discuss certain non-GAAP financial measures, which we believe provide investors with additional insight into our core operating performance. Reconciliations between our GAAP and non-GAAP results are included in the earnings release issued this morning and available on the Investor Relations section of our website at investors.ceva-ip.com.
With that, I'll turn the call over to Amir.

Amir

Thank you, Richard, and good morning everyone.

During the third quarter, we made good progress across our business. AI licensing revenues reached a record, accounting for more than 35% of total licensing and related revenues, our

customers shipped 623 million Ceva-powered devices, matching our all-time quarterly record, and non-GAAP earnings per share improved.

Overall licensing revenues was lower than we anticipated, as a significant multi-year connectivity agreement with a key strategic customer that we expected to sign in the third quarter was delayed. It has since been signed early in the fourth quarter, and I continue to be very encouraged by our diversified licensing pipeline across Connect, Sense and Infer.

In royalties, we saw strong growth in mobile and broad-based IoT, with royalties up 18% sequentially, although memory market headwinds tempered volumes across compute-intensive consumer devices, such as smartphones, PCs and TVs.

These developments reflect the continued execution of our strategy to broaden our addressable markets, deepen our relationships with leading semiconductor companies, OEMs and system players, and help our customers bring successful Ceva-powered products to market, which drives our future royalties.

Turning first to licensing, we signed 10 agreements during the quarter, including three with first-time customers. AI related deals were particularly strong, accounting for six of these agreements. We believe our record quarterly AI licensing revenues demonstrate that our investment in AI technologies is translating into meaningful business today and will drive long-term royalty growth.

Building on this momentum, we recently introduced our expanded NeuPro family of AI processors, with new market-leading features and significant improvements in performance and energy efficiency. With the newest addition to the family, NeuPro Ultra, we are extending Ceva’s reach beyond the edge into AI infrastructure. We expect this will significantly expand our addressable market as data center solution providers seek greater efficiency across inference systems. The expanded portfolio builds on our existing base of more than 15 NeuPro customers and opens new opportunities in areas such as memory and connectivity infrastructure, where efficient AI processing is becoming critical.

We are already seeing customer interest across these new applications, including in the quarter. A new customer selected NeuPro-M for an AI infrastructure application focused on

improving the efficiency of data center inference systems. Other edge AI agreements targeted consumer, automotive and industrial markets.

We also made further progress toward NPU royalty generation. As highlighted in our November 2 announcement, our customer Mobilint recently launched its REGULUS AI SoC which incorporates both our NeuPro-Nano NPU and SensPro AI DSP technologies in the same SoC, illustrating how adoption of multiple Ceva technologies can expand our royalty opportunity per device.

Several other NeuPro customers completed chip tape-outs during the third quarter and we expect initial NeuPro royalties around the end of this year or early 2027.

Turning to Connect, our wireless connectivity business continues to benefit from the growing need for multiple connectivity technologies in increasingly intelligent devices. Our leadership in this market was recently reaffirmed by IPnest, which ranked Ceva number one in wireless interface IP for the third successive year, with approximately 68% market share by revenue.

During the quarter, three of our highest-volume connectivity customers extended their long-standing agreements with Ceva for multiple years and added more Ceva IP. One licensed our Wi-Fi 6 and Wi-Fi 7 technologies, complementing our Bluetooth and DSP IP it already ships in high volume. Combining connectivity technologies within the same customer is a core part of our strategy, and more than 30 customers now license both Bluetooth and Wi-Fi from us, increasing our footprint within their products and our royalty content per device.

In Sense, we secured a new agreement for our MotionEngine Hex technology to enable advanced motion-based interaction for smart TVs. Our customer is targeting one of the world's largest television brands. Together with last year’s agreement with a leading smart TV platform provider to integrate MotionEngine into its operating system, this extends our presence across both the platform and device levels of the smart TV ecosystem, enabling more intuitive and precise user experiences as televisions evolve into increasingly interactive entertainment and gaming platforms.

Turning now to royalties, revenues increased 3% year over year, on shipments of 623 million Ceva-powered devices, matching our all-time quarterly record. Our IoT unit volumes reflect the scale and penetration of our connectivity business, with strong Bluetooth volumes, record cellular IoT shipments and record Wi-Fi 6 unit shipments, which carry higher royalty value.

This strength was partly offset by weakness in the compute-intensive consumer devices, such as smartphones, PCs and TVs, where memory market headwinds weighed on demand.

A key development was the continued ramp of internally developed modems at a major U.S. customer, contributing to growth in mobile royalties. This is the first time our customer has moved its internally developed modems into high-volume production across its mainstream flagship smartphone models, an important step for Ceva in this market. We expect this volume ramp to accelerate significantly in the fourth quarter, supported by a full quarter of device shipments across multiple models, and to continue into 2027 and beyond. We believe this, together with continued share gains in broad-based IoT, will support future royalty growth.

Yaniv will provide more detail on the royalty results in his financial review.

In summary, the third quarter showed progress across each part of our strategy. AI is becoming a meaningful licensing business, our connectivity franchise continues to scale across IoT, and a new smartphone royalty cycle is under way. At the same time, three of our highest-volume connectivity customers added more Ceva technologies and extended their relationships with us well into the future, supporting a continued increase in our average selling price per design.

With that, I'll turn the call over to Yaniv to review our financial results.

Yaniv

Thank you, Amir. Good morning everyone. I'll now review our financial results for the third quarter.

Revenues for the third quarter increased 2% year over year to $29.1 million, supported by 18% sequential royalty growth on shipments of 623 million Ceva-powered devices, matching our all-time quarterly record.

The revenue and other financial breakdowns are as follows:

Unless otherwise stated, all comparisons are to the third quarter of 2025.

- Licensing and related revenues increased 2% to $16.3 million, representing approximately 56% of total revenues. AI licensing reached a quarterly record and accounted for more than 35% of total licensing and related revenues, reflecting the growing commercial adoption of our AI portfolio and expanding our future royalty

opportunity.

- Royalty revenues increased 3% year over year and 18% sequentially to $12.7 million, representing approximately 44% of total revenues. Growth was led by the continued ramp of internally developed modems at a major U.S. customer and record royalty revenues related to our Wireless IoT business lines.
- GAAP gross margin was 85%, compared with 88%. Non-GAAP gross margin was 86%, compared with 89%.
- GAAP operating expenses were $28.3 million, at the low-range of our guidance reflecting expense control.
- Non-GAAP operating expenses, excluding equity-based compensation expenses, amortization of acquired intangibles and acquisition-related costs, were $22.5 million, also at the lower end of our guidance.
- GAAP operating loss was $3.5 million, compared with GAAP operating loss of $2.1 million.
- Non-GAAP operating income was $2.5 million, compared with $3.1 million. Non-GAAP operating margin was 9%.
- Net financial income was $2.3 million, compared with $1.2 million, attributable to better hedging.
- Income tax expense was approximately $1.1 million, compared with $1.7 million, with the decrease mainly due to lower withholding tax.
- GAAP net loss was $2.3 million, or $0.08 per diluted share, compared with GAAP net loss of $2.5 million, or $0.10 per diluted share.
- Non-GAAP net income increased 39% to $3.8 million, and non-GAAP diluted earnings per share increased 18% to $0.13. Non-GAAP net income increased 67% sequentially from $2.3 million and Non-GAAP diluted earnings per share increased by 63% from $0.08.

With respect to other related data:

During the quarter, customers shipped 623 million Ceva-powered devices, an increase of 8% compared with the third quarter of 2025 and 10% sequentially.

Of those shipments:

- Mobile shipments reached 82 million units, or approximately 13% of the total, an increase of 19% year over year and 34% sequentially. Mobile royalty revenues increased 20% year over year and 30% sequentially.
- Consumer IoT shipments increased 4% to 518 million units.
- Industrial IoT shipments increased 120% to 23 million units.

Looking at our connectivity technologies, these shipment metrics demonstrate the breadth of our royalty base across multiple end markets:

- Bluetooth shipments increased 9% to 329 million units.
- Cellular IoT shipments reached a new quarterly record of 69 million units, up 2%.
- Wi-Fi shipments were 78 million units, down 6%. We saw a significant increase in royalty contribution from higher-value Wi-Fi 6 products, reflecting the improving technology mix of our customer deployments, with Wi-Fi 6 representing 57% of Wi-Fi unit shipments, up from 24%.

As for the balance sheet items:

- We ended the quarter with approximately $221 million in cash, cash equivalents, marketable securities and bank deposits, providing significant financial flexibility to support continued investment in our technology roadmap while maintaining a disciplined approach to capital allocation, including selective strategic M&A opportunities that can accelerate our growth.
- Days sales outstanding were 56 days, lower than the 70 days in the prior quarter.
- During the quarter, we generated $1.5 million of cash from operating activities. Depreciation and amortization expense was $0.8 million, while capital expenditures totaled $1.1 million.
- At quarter end, we employed 394 people, including 315 engineers, reflecting our continued investment in innovation while maintaining disciplined expense management.

Turning to our outlook:

In the first nine months of 2026, licensing and related revenues increased 14% year over year, led by strong demand for our AI technologies. Our pipeline is robust, with healthy deal flow across Connect, Sense and Infer heading into 2027. In royalties, customers shipped Ceva-

powered devices at a level matching our all-time quarterly record, reflecting the scale of our IoT connectivity business despite memory market headwinds in compute-intensive consumer markets. Smartphone modems add a multi-year growth driver through 2027 and beyond.

We expect a strong fourth quarter, with approximately 24% sequential revenue growth at the midpoint of our guidance. This would represent the highest quarterly revenues in Ceva's history, and we expect non-GAAP diluted EPS to more than double sequentially.

Our fourth-quarter outlook is based upon our expected step-up in smartphone modem royalties at a major U.S. customer, typical fourth-quarter seasonality and our robust licensing pipeline. It also reflects a disciplined assessment of the opportunities we expect to convert in the quarter. At the midpoint, our fourth-quarter guidance implies full-year 2026 revenue growth of approximately 11%.

We will continue to invest in our roadmap while carefully managing costs and mitigating foreign exchange headwinds and now expect full-year non-GAAP expense growth (cost of revenues and operating expenses) of approximately 7%, or $7 million, which is below our previous expectation.

Fourth Quarter Guidance:

- Revenues are expected to be in the range of $34.0 million to $38.0 million.
- Gross margin is expected to be approximately 88% on a GAAP basis and 89% on a non-GAAP basis, excluding approximately $0.2 million of equity-based compensation expense and $0.1 million of amortization of acquired intangibles.
- GAAP operating expenses are expected to be between $27.6 million and $28.6 million, including approximately $4.3 million of equity-based compensation expense, $0.1 million of amortization of acquired intangibles and $0.1 million of acquisition-related costs.
- Non-GAAP operating expenses are expected to be between $23.1 million and $24.1 million.
- Net financial income is expected to be approximately $2.0 million.
- Income tax expense is expected to be approximately $1.8 million.
- Weighted average diluted share count is expected to be approximately 30.1 million shares on a GAAP and non-GAAP basis.

Q&A

Operator, we are now ready to take questions.

CEO Closing Remarks:

Before we close, I would like to put this quarter in the context of our long-term strategy. Ceva's business is built on turning today's licensing design wins into tomorrow's royalty streams. AI licensing revenue reached a record this quarter, with initial NeuPro royalties approaching, and our customer's modem transition is expanding our participation in smartphones. Our strategy remains consistent: leveraging the breadth of our portfolio, selling multiple technologies into each customer, and moving toward more complete solution offerings that increase our value and royalty content per device. Together with our leadership in connectivity, this gives us multiple drivers of growth and confidence in the opportunities ahead.

Richard, back to you.

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:

- 15th Annual Roth Technology Conference, November 18 in New York
- UBS Global Technology and AI Conference, December 3 in Scottsdale, Arizona
- StoneX's 15th Annual Discovery One-on-One Investor Conference, December 10 in New York

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