



Ceva, Inc.
Fourth Quarter and Full Year 2025 Financial Results Conference Call
Prepared Remarks of Amir Panush, Chief Executive Officer and
Yaniv Arieli, Chief Financial Officer
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8:30 A.M. Eastern

Richard

Good morning everyone and welcome to Ceva's fourth quarter and full year 2025 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 investors 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. Welcome everyone and thank you for joining us today.

2025 was a landmark year for Ceva. We strengthened our foundation, reinforced our leadership position in wireless connectivity, and accelerated our expansion into AI for the smart edge. Throughout the year, we continued executing on our long-term strategy: partnering closely with customers to solve their most critical technology challenges through a comprehensive, best-in-class portfolio of IP platforms that enable smart edge devices to connect, sense and infer data locally.

This strategy matters now more than ever. The shift of AI inference from the cloud to the edge and toward hybrid AI continues to accelerate, and the next wave of innovation is increasingly about Physical AI where devices must connect to and sense their environment, process data locally, and infer in real time to make decisions. Ceva is uniquely positioned for the Physical AI era. By offering a comprehensive portfolio of IP building blocks spanning connect, sense and infer use cases, we provide the flexibility our customers need. Whether licensed individually or in multi-IP configurations, these technologies drive superior customer outcomes and strengthen our long-term economic model.

Before reviewing the year and our key achievements, I'll first provide an overview of our fourth quarter performance.

Fourth Quarter Performance

For the fourth quarter, we delivered the highest quarterly revenue in Ceva's history, which was 7% higher year-over-year, excluding the Intrinsic design services business, which we divested in 2023.

Licensing revenue increased 11%, exceeding our expectations through strong execution across all three of our technology pillars and reflecting broad demand across multiple end markets.

In the quarter, we signed 18 licensing agreements, including three NPU licensing deals, multiple Wi-Fi 7 and combo connectivity wins, and a meaningful software engagement, reinforcing the breadth of our portfolio. Of the 18 deals signed, 5 were with OEMs.

Licensing Highlights – AI

We reached one of the most significant AI milestones for Ceva to date during the fourth quarter, signing an NPU licensing agreement with one of the world's leading PC OEMs



developing its next-generation AI personal compute architecture. Their selection of Ceva's NeuPro NPU portfolio is a strong validation of our technology and represents a breakthrough for on-device AI adoption in the PC category. This win underscores our ability to set the standard for high performance AI integration into next-gen computing.

This partnership is strategically important on two fronts. First, it demonstrates top-tier customers' trust in Ceva's leading and optimized IP foundation to their AI roadmaps, allowing them to focus their engineering talent on software, model optimization, and user-experience differentiation. Second, it confirms that the PC ecosystem has reached a tipping point where dedicated NPUs are a baseline requirement for competitive AI performance. As AI features proliferate across operating systems, creative workflows, productivity applications, and local LLM acceleration, the ability to deliver superior performance-per-watt is the new strategic differentiator and Ceva is a key player in this transition.

Importantly, our AI momentum is also increasingly reflected in our financial mix as well as deal activity. AI processor licensing represented a meaningful portion of our licensing revenue in 2025. While AI design cycles can be longer than traditional connectivity deployments, these agreements typically carry higher per-unit and longer-term royalty potential, expanding content per device and strengthening the durability of our royalty model over time.

Licensing Highlights – Connectivity

Our connectivity business delivered another strong performance in the fourth quarter, highlighting the depth and durability of our wireless franchise.

Bluetooth and Wi-Fi IPs continue to see strong demand as customers upgrade to Wi-Fi 7 and Bluetooth High Data Throughput. This quarter's deals include Wi-Fi 7 for IoT, a multi-use Bluetooth HDT agreement and three Bluetooth/Wi-Fi combo wins.

One notable win was with the semiconductor division of one of the world's largest white-goods manufacturers, which licensed our Wi-Fi 6 and Bluetooth IP for a combo connectivity chipset supporting smart home applications. This illustrates a broader trend: consumer, industrial and automotive OEMs are increasingly designing their own connectivity silicon to deliver tightly



integrated, app-centric experiences and selecting Ceva as a trusted partner for roadmap-critical platforms.

Licensing Highlights – Sensing

Another standout deal in the fourth quarter was a software licensing agreement with a leading TV platform planning to integrate our MotionEngine technology into its smart TV operating system used by multiple global TV brands. As TVs evolve into interactive experience hubs, motion-based input and enhanced user interaction are becoming increasingly important. Ceva's long-standing presence in this market provides deep domain expertise and platform credibility.

Royalties

Turning to royalties, this was our strongest royalty quarter in more than four years. Growth across our diversified smart edge royalty customers more than offset mobile softness, underscoring the strength and resilience of our business model. In the fourth quarter, Wi-Fi shipments reached a record high, up 31% year-over-year, reflecting increased deployment, often as part of combo connectivity chips. Cellular IoT shipments were up 30% year-over-year, driven by smart edge applications, and Bluetooth shipments continued to be our largest volume category. We also saw a recovery from a China-based handset customer during the quarter; however, memory pricing and supply constraints continued to impact smartphone shipments.

Full Year 2025 Review

For the full year 2025, total revenue increased 2% year-over-year. Licensing and related revenue grew 6% reflecting strong demand across AI and advanced connectivity. Royalty revenue was down 2%, primarily due to smartphone softness and memory supply shortage impacting overall unit shipments. Importantly, royalties grew sequentially each quarter, and we exited the year with our strongest royalty quarter in more than four years.

Ceva-powered devices shipped in 2025 reached a record 2.1 billion units, up 6% year-over-year, with record Wi-Fi shipments, which grew 48% year-over-year, and record cellular IoT shipments, up 42% year-over-year.

Strategic Milestones and Scale

Overall, we signed 54 licensing agreements in 2025 across our extensive IP portfolio, including 10 OEM agreements. Importantly, 12 customers licensed multiple Ceva technologies, a clear indication that our strategy to offer a broad portfolio across connect, sense and infer is



resonating and enabling customers to address multiple requirements within a single engagement.

Taking a step back, 2025 featured several important milestones that reinforce our long-term opportunities.

The strength of our connectivity franchise is defined by deep customer integration and scale. During the year, we signed nearly 30 new agreements for our Bluetooth and Wi-Fi IPs, underscoring continued relevance across smart edge markets. We also secured Wi-Fi 7 agreements with two of our largest connectivity customers, who together have shipped more than 3 billion Ceva-powered devices, effectively establishing long-lived royalty engines that we expect to drive billions of units and tens of millions of dollars in royalties over the life of these programs. In addition, our ability to deliver integrated combo solutions continues to differentiate us and improve deal economics over time.

2025 was a breakthrough year for Ceva in AI and NPU licensing. During the year, we signed 10 NeuPro NPU agreements, headlined by a comprehensive NeuPro™ portfolio license with Microchip and a strategic engagement with a leading global PC OEM, underscoring our traction across embedded, consumer, automotive, industrial and compute markets. This momentum is increasingly reflected not only in deal activity but also in our financial mix, with AI processor licensing representing a meaningful portion of licensing revenue in 2025.

Strategically, the licensing agreements we signed during 2025 are building long-term royalty trajectory and visibility. Based on these signed agreements and our insight into customer roadmaps, we estimate that they represent an aggregate lifetime royalty potential of \$125 million over their expected product lives. While this value will be realized over multiple years and is dependent on customer deployment and market adoption, the magnitude of this opportunity relative to our current royalty base underscores the strength, durability and accelerating momentum of the licensing and royalty flywheel we are building.

In terms of scale and credibility, we celebrated reaching 20 billion cumulative Ceva-powered devices shipped to date during the year and, in fact, exceeded 21 billion cumulative units by the end of the fourth quarter. This milestone reflects the trust we have built with the industry over decades and positions Ceva strongly for the Physical AI era now underway.

Diversification

A key strength of our business that is often underappreciated is our diversification across smart-edge end markets. In 2025, smart edge applications generated 86% of total revenue,



driven by market share gains by Ceva-powered customers across consumer, automotive, industrial and infrastructure markets. As intelligence continues to move into physical devices, this diversified and expanding customer footprint positions Ceva to evolve naturally from enabling the smart edge to enabling Physical AI, where connectivity, sensing and inference converge to drive the next phase of growth.

Entering 2026, we are focused on extending our leadership in established categories and deepening our integration with our customers' roadmaps. By providing a more complete IP stack, we are becoming an even more essential partner to our customers, effectively increasing the value per device.

Now I will turn the call over to Yaniv to review the financials.

Yaniv

Thank you, Amir. I'll now start by reviewing the results of our operations for the fourth quarter of 2025.

- Revenue for the fourth quarter increased 7% year over year and 10% sequentially to an all-time record high of \$31.3 million The revenue breakdown is as follows:
- Licensing and related revenue increased 11% year-over-year and 9% sequentially to \$17.5 million, reflecting 56% of total revenues
- Royalty revenue increased 2% year-over-year and 12% sequentially to \$13.8 million, reflecting 44% of total revenues
- Quarterly gross margins were 88% on a GAAP basis and 89% on a non-GAAP basis.
- Total GAAP operating expenses for the fourth quarter were \$28.0 million
- Total non-GAAP operating expenses for the fourth quarter, excluding equity-based compensation expenses, amortization of intangibles and deal costs, were \$22.2 million
- GAAP operating loss for the fourth quarter was \$0.4 million, as compared to GAAP Operating income of \$0.1million in the same period last year
- Non-GAAP operating margins and income were 18% of revenue and \$5.7 million, and grew 20% and 26% year-over-year, respectively, as compared to non-GAAP operating margins of 15% and non-GAAP operating income of \$4.5 million recorded in the fourth quarter of 2024, respectively
- Financial income, net was \$1.4 million, compared to a net loss of \$0.1 million for the fourth quarter of 2024
- GAAP and non-GAAP taxes were approximately \$2.2 million, higher than our guidance of \$1.8 million and affected by a deferred tax assets write off associated with utilization



limitations of withholding taxes and from the regular geographical allocation of revenue recognized from deals and royalty revenues

- GAAP net loss for the fourth of 2025 quarter was \$1.1 million and diluted loss per share was 4 cents, as compared to net loss of \$1.7 million and diluted loss per share of 7 cents for the fourth quarter of 2024
- Non-GAAP net income and non-GAAP diluted income per share for the fourth quarter of 2025 increased by 86% and 71%, to \$4.9 million and 18 cents year-over-year, respectively, as compared to non-GAAP net income of \$2.7 million and non-GAAP diluted income per share of 11 cents in the fourth quarter of 2024, respectively

With respect to other related data

Shipped 606 million units of Ceva-powered devices, down 3% from the fourth quarter 2024 reported shipments.

- Of the 606 million units reported, 108 million units, or 18%, were for mobile handset modems
- 479 million units were for consumer IoT products, up from 459 million units in the fourth quarter 2024
- 19 million units were for IIoT products, down from 35 million units in the fourth quarter 2024
- Bluetooth shipments were 303 million units in the quarter, down from 343 million units in the fourth quarter 2024
- Cellular IoT shipments were a quarterly record 60 million units, up 30% year-over-year
- Wi-Fi shipments were a record 86 million units, up 30% year-over-year

As for the year

- Our total unit shipments were a record 2.1 billion in 2025, up 6% year-over-year, which equates to more than 66 Ceva-powered devices sold every second in 2025
- Annual mobile modem shipments were down 18% year-over-year to 280 million units, reflecting softness in smartphones
- Bluetooth shipments were 1.1 billion units, similar to last year
- Annual Consumer IoT related shipments were 1.7 billion units, up 14% year-over-year



- Annual IIoT (Industrial IoT) related shipments were 87 million units, down 31% year over year
- Wi-Fi, cellular IoT and audio AI shipments all showed strong year-over-year growth, of north of 40% each
- In terms of royalty contribution highlights, Wi-Fi royalties were up 70% year-over-year, reflecting higher volumes and ASPs from our Wi-Fi 6 customers, and cellular IoT royalties were up 20% year-over-year
- On annual financial metrics, revenue increased 2% to \$109.6 million, in line with updated outlook we shared in May last year. non-GAAP gross profit remained strong at 88%, non-GAAP net income increased 20% YoY and fully diluted non-GAAP EPS increased 17%. All contributing to sustainable and gradual growth and profitability

As for the balance sheet items

- At year end, our cash and cash equivalent balances, marketable securities and bank deposits were approximately \$222 million. In the fourth quarter we successfully executed a 3.5 million share follow-on offering for approximately \$63 million, net to strengthen our balance sheet
- Our DSO for the fourth quarter of 2025 was 57 days
- During the fourth quarter, we generated \$8.7 million cash from operating activities, on-going depreciation and amortization was \$1.1 million, and purchase of fixed assets was \$1.5 million
- At the end of the fourth quarter, our headcount was 424 people, of whom 343 were engineers

Now for the guidance

Amir highlighted our achievements in 2025 and the strong foundation we have in place to build long-term growth and profitability. From a financial perspective, this execution translated into solid progress across our key metrics, with annual non-GAAP net income increasing 20% year-over-year and non-GAAP fully diluted EPS growing 17%. These results were supported by record-high revenues in the fourth quarter of 2025 and non-GAAP operating margins of 18%, reflecting both operating discipline and improving mix.

Building on the consistent progress we have made over the past two years gives us confidence as we enter 2026, which we view as another year of growth across multiple financial and



business dimensions. In licensing and related revenues, we expect growth to be driven by continued expansion of AI adoption across multiple industries, an increasing mix of higher-value, more integrated engagements, and our leadership in wireless connectivity, supported by our diversified portfolio of connectivity, AI and sensing IP.

On the royalty side, we see encouraging momentum across our connectivity products including 5G handset modems, Bluetooth, Wi-Fi and cellular IoT as deployments broaden and programs licensed in recent years continue to ramp. While we do not control the precise timing of royalty growth and continue to monitor factors such as memory pricing and broader market conditions, the underlying trajectory of our business and our diversified end-market exposure position us well moving into 2026. On an annual basis, our total revenue is expected to grow 8%-12% over 2025, with lower growth in the first half of the year and higher in the second half, similar to prior years and seasonal trends, and subject to memory pricing fluctuation and supply challenges.

On the expense side, we continue to demonstrate strong cost discipline and operating leverage. Excluding currency impacts, our overall 2026 non-GAAP expense base including both cost of goods sold and operating expenses is expected to increase in the range of 1% to 3%, significantly below our expected topline growth, reflecting the scalability of our business model, but excluding any FX costs.

During the second half of 2025 and so far this year, the strengthening of the Euro and Israeli shekel against the U.S. dollar has created a foreign exchange headwind across the industry, particularly for companies with globally distributed engineering teams. As a result, our non-U.S. dollar-based expenses (which are mainly the research and development teams in Europe and Israel) are expected to increase by approximately 10% year-over-year, representing an incremental impact of around \$5 million. Taking both factors into account (modest organic expense growth and FX impact), we expect total non-GAAP expenses in 2026 to be in the range of \$104.4 million to \$108.4 million, with non-GAAP cost of goods sold increasing by approximately \$0.5 million and non-GAAP operating expenses increasing by approximately \$6.1 million.

Importantly, this outlook reflects our continued focus on disciplined investment, efficiency, and maintaining flexibility as we support growth across our diversified smart edge markets. From the guidance and activities we have just discussed, we anticipate non-GAAP operating income and non-GAAP net income to increase significantly by approximately 35%-40%.



Annual 2026 equity-based compensation expenses is forecasted to be \$22 million to \$23.5 million and amortization of acquired intangibles and costs associated with business acquisitions approximately \$0.4 million to \$0.5 million each. Gross margin is expected to be approximately 88% on a GAAP basis.

Specifically for the first quarter of 2026

- With typical seasonality in shipments of consumer IoT and mobile products post the holiday season, revenue is forecasted to be \$24.0 million to \$28.0 million, sequentially lower than the record fourth quarter, we just reported, but still significantly higher than the first quarter of 2025 at the midpoint

- Gross margin is expected to be approximately 86% on a GAAP basis and 87% on a non-GAAP basis, due to lower seasonal royalties, excluding an aggregate of \$0.2 million of equity-based compensation expenses and \$0.1 million amortization of acquired intangibles

- GAAP OPEX for the first quarter of 2026 is expected to be in the range of \$27.6 million to \$28.6 million, higher than the level we just reported for the fourth quarter of 2025 at the midpoint of the guidance range, mainly due to the FX effect that I just walked through. Of our anticipated total operating expenses for the first quarter, \$5.2 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 expected to be in the range of \$22.2 million – \$23.2 million

- Net interest income is expected to be approximately \$1.7 million

- Taxes for the first quarter are expected to be approximately \$1.3 million

- Share count for the first quarter of 2026 is expected to be 27.7 million shares for GAAP and 29.4 million shares for non-GAAP

Operator: You can now open the Q&A session

Closing Remarks: Amir

In closing, I want to thank our employees worldwide for their dedication and execution throughout 2025. We enter 2026 from a position of strength with a diversified business model and deep customer integration across the markets driving the emergence of Physical AI. With leadership in connectivity, accelerating traction in AI, and a portfolio designed to scale across



connect, sense and infer, we believe Ceva is well positioned to continue building long-term value for our customers and shareholders.

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 investor section of our website. With regards to upcoming events, we will be participating in the following conferences:

- Mobile World Congress, March 2-5, in Barcelona, Spain
- Loop Capital Markets 7th Annual Investor Conference, March 10 in New York
- Stifel 2026 NYC Technology One-on-One Conference, March 11 in New York
- 38th Annual ROTH Conference, March 22 in California

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