

InterDigital, Inc. (Q4 2025 Earnings)
February 5, 2026

Corporate Speakers:

- Raiford Garrabrant; InterDigital, Inc.; Head of Investor Relations
- Liren Chen; InterDigital, Inc.; President and Chief Executive Officer
- Richard Brezski; InterDigital, Inc.; Chief Financial Officer

Participants:

- Scott Searle; ROTH Capital; Analyst
- Kevin Garrigan; Jefferies; Analyst
- Alinda Li; William Blair; Analyst

PRESENTATION

Operator^ Good morning, everyone, and thank you for standing by. (Operator Instructions) At this time, I would like to welcome each and every one of you to the InterDigital's Fourth Quarter 2025 Earnings Call. (Operator Instructions)

I will now turn the call over to Raiford Garrabrant, Head of Investor Relations. Please go ahead.

Raiford Garrabrant^ Thank you, [Gale]. And good morning, everyone. Welcome to InterDigital's Fourth Quarter 2025 Earnings Conference Call. I'm Raiford Garrabrant, Head of Investor Relations for InterDigital. With me on today's call are Liren Chen, our President and CEO, and Rich Brezski, our CFO.

Consistent with prior calls, we will offer some highlights about the quarter and the company and then open the call up for questions. For additional details, you can access our earnings release and slide presentation that accompany this call on our Investor Relations website.

Before we begin our remarks, I need to remind you that in this call we will make forward-looking statements regarding our current beliefs, plans and expectations which are not guarantees of future performance and are made only as of the date hereof. Forward-looking statements are subject to risks and uncertainties that could cause actual results and events to differ materially from results and events contemplated by such forward-looking statements. These risks and uncertainties include those described in the risk factors section of our 2025 annual report on Form 10-K and in our other SEC filings.

In addition, today's presentation may contain references to non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the supplemental materials posted to the Investor Relations section of our website.

With that taken care of, I will turn the call over to Liren.

Liren Chen^ Thank you, Raiford. Good morning, everyone. Thanks for joining us today. At the beginning of 2025, we set aggressive goals to grow our company, including building on the momentum of smartphone licensing program to drive revenue growth with a special focus on increasing annualized recurring revenue and margin expansion, building a strong licensing pipeline by advancing our video service licensing program, expanding our AI research capability, and growing our standard leadership and patent portfolio at a critical stage in the development of 6G and the next-generation video codecs. I'm pleased to say that we have exceeded our goals on all these fronts.

We finished 2025 with a strong fourth quarter delivering revenue and EPS above the high end of our outlook, built strong momentum across our licensing programs, completed a key acquisition to strengthen our AI research, and added new inventions to our patent portfolio, reaching a new record breaking high. This rounded off an excellent year where revenue for the full year was \$834 million, the second highest in our history. We increased our annualized recurring revenue to \$582 million, up 24% year-over-year. The adjusted EBITDA was \$589 million, and our non-GAAP EPS was more than \$15, both at all-time highs.

Today I'll focus on progress throughout the year and why we believe we are well positioned to drive shareholder value in 2026. Rich will then talk you through our fourth quarter financial performance and our '26 outlook in more detail.

In our Smartphone program, we had a record-setting year in 2025. We completed the Samsung smartphone licensing contract that extended one of our longest customer relationships all the way to the end of 2030. We signed new deals with two more top 10 global smartphone vendors, Vivo and Honor. With these additions, we have now licensed eight of the top 10 largest smartphone manufacturers, covering about 85% of the overall market.

Our new agreement with Samsung is the most valuable license in our history, continuing our win-win relationship that stretches back to the 1990s. In 2025, we also renewed agreements with Sharp and Seiko. For the year, our smartphone revenue was just below \$680 million, up 14% year-over-year to an all-time high.

This strong momentum has continued into 2026, as we renewed our license with Xiaomi at the beginning of the year. We now have the three largest smartphone vendors, Apple, Samsung and Xiaomi licensed through the end of the decade, providing a strong foundation for the company to build on future organic growth.

In our CE and IoT program, we continue to make good progress. In 2025, we signed a new agreement with HP, the world's largest PC manufacturer. We now have licensed about half of the global PC market. In the fourth quarter, we signed a CE device license agreement with a significant social media company, covering our video decoding and WiFi patents. At the start of 2026, we completed a new license with LG Electronics, covering the company's digital TV and computer display monitors. LG is one of the top

global TV manufacturers, with strong sales in the premium part of the market. We are thrilled to add it to our CE licensing program.

Including the latest deals, we have now licensed over 50 license agreements with a total contract value of more than \$4.6 billion since 2021. We also continue to make good progress in our video service program, and our focus on licensing some of the world's largest streaming platforms. We believe that this space continues to represent an excellent growth opportunity for us. Initially, our focus is on streaming services, but we also see opportunities in other video-driven platforms where our innovation in areas like video compression is central to the efficient processing and delivery of video content and to the consumer experience overall.

At the beginning of 2025, we launched our enforcement campaign against Disney+, Hulu and ESPN+ streaming services. We received two preliminary injunctions in Brazil and two injunctions in Germany against Disney. And in the fourth quarter, we launched an enforcement proceeding against Amazon. These are important steps towards our goal of signing a long-term agreement with both companies.

So as I said many times before, we always prefer getting license deals done through bilateral negotiation, but we will vigorously pursue fair value for our years of investment in our research and defend the value of our intellectual property which allows us to continue to invest in the next generation of technology, and when we enforce our patent rights, we have a strong track record of ultimately signing a license that's fair to both parties.

The central role we play in the connected world is only possible because we have built and continue to expand our research pipeline which provides us with a strong foundation of assets to license today, and which ensures that we have a platform that drives growth across our licensing programs through 2030 and beyond. In 2025, we placed particular emphasis in deepening our AI expertise and strengthening our leadership in developing AI-based solutions for the next generation of standardized technologies.

Through our standard contributions and our technology leadership, we drive much deeper use of AI to make networks more efficient and reliable, to make video better quality and more energy efficient, and we lead in the development of advanced wireless networks to better support the rapidly growing use of AI across devices and services. Our recent acquisition of AI startup, Deep Render, which we completed in Q4, is a perfect example of how we strengthened our engineering team to lead research in AI and video compression in the years to come. In our wireless research, we are already actively contributing to 6G standard development, which is due to be the first native AI wireless standard.

As AI's impact in wireless and video grows, the leadership positions that we hold in multiple standards groups become even more important. In 2025, one of our senior engineers was reelected Chair of a key working group within 3GPP, the standard

organization which is leading the development of 6G. We also hold multiple leadership positions in AI working groups in several other standards organizations.

The strength of our research and our expertise in building a world-class patent portfolio to protect our innovations are key drivers behind our business success. In 2025, our portfolio grew by 14% year-over-year and passed 38,000 granted patents and applications. Our portfolio is one of the largest across wireless, video and AI and more importantly, it is also ranked as one of the highest quality in the world according to several independent third-party reports.

Through 2025, our success was recognized by multiple third parties, including by Newsweek, which named us one of America's greatest companies, by Fortune, which included us among American's fastest-growing companies, and by Time, which recognized us as one of America's growth leaders. More recently, in another sign of our momentum at the start of 2026, Forbes recognized us as the number one most successful mid-cap company in America for 2026. In its analysis, Forbes looked at long-term performance and this award reflects our success in building a foundation for the future and delivering even greater shareholder value going forward.

Before I hand it over to Rich, I want to let you know that next month we'll be back at Mobile World Congress in Barcelona, where we'll be demonstrating some of our cutting-edge technology including how 6G will reshape connectivity, our innovation – on our innovative application of AI and on how we're leading the development of more immersive video. We'll also present a demo alongside gaming technology pioneer Razer, continuing our track record of showcasing cutting-edge innovation alongside industry partners. Please get in touch if you'd like to meet at the show.

And with that, I'll pass you over to Rich.

Richard Brezski^ Thanks, Liren. Q4 was a strong finish to an excellent year as we delivered revenue, adjusted EBITDA, and non-GAAP EPS in Q4 that all exceeded the high end of our outlook. The upside was driven primarily by the new CE device license agreement with a significant social media company that Liren mentioned earlier. Total revenue of \$158 million exceeded the high end of our outlook of \$144 million to \$148 million and included \$13 million of catch-up revenue. ARR increased 24% year-over-year in Q4 to \$582 million.

Our adjusted EBITDA for the quarter of \$88 million exceeded the high end of our outlook of \$68 million to \$76 million, resulting in an adjusted EBITDA margin of 56%. GAAP EPS for the quarter of \$1.20 exceeded the high end of our outlook of \$0.72 to \$0.95. Non-GAAP EPS of \$2.12 for the quarter exceeded the high end of our outlook of \$1.38 to \$1.63. Cash generation for the quarter was robust with cash from operations of \$63 million and free cash flow of \$48 million.

Building on Liren's comments, I'll highlight a few key metrics from our full year 2025 results and provide the additional perspective of how each item has improved over the

last 4 years. First, total revenue for full year 2025 was a near record at \$834 million, roughly 2x the 2021 levels of \$425 million. Next, adjusted EBITDA for full year 2025 reached a record high of \$589 million, which is almost 3x the 2021 level of \$208 million. Finally, for full year 2025, we delivered record non-GAAP EPS of \$15.31 per share, more than 4x the \$3.73 per share we reported in 2021.

The dramatic gains in these metrics reflect both strong execution and the operating leverage in our business model. Over the past 4 years, roughly 2x revenue growth has delivered nearly 3x growth in adjusted EBITDA and more than 4x growth in non-GAAP EPS, all of which was driven by our recurring long-term investment in research.

Turning to our outlook. We have guided to another very strong year in 2026, with expectations for total revenue in the range of \$675 million to \$775 million. Adjusted EBITDA of \$381 million to \$477 million and non-GAAP diluted earnings per share of \$8.74 to \$11.84. For Q1, we expect revenue will be \$194 million to \$200 million from existing contracts, including catch-up sales of \$55 million to \$60 million. Based only on existing contracts, we expect an adjusted EBITDA margin of 52% to 55% and non-GAAP diluted earnings per share of \$2.39 to \$2.68.

Entering 2026, we saw a step down in ARR from year-end expirations, but we have already renewed about two-thirds of the \$92 million that expired at the end of 2025, and we expect additional renewals and new agreements will drive further increases in ARR, keeping us on pace to reach \$1 billion by 2030.

Before I turn it back to Raiford, I want to reiterate that our quarterly guidance for Q1 '26 does not include the impact of any new agreements or arbitration results we may sign or receive over the balance of the first quarter. This is because it is harder to predict the timing of new agreements in short windows. In contrast, our full year guidance includes potential contributions from both new agreements and arbitration results. As was the case last year, we believe we can achieve financial results within our full year guided range through different combinations of new agreements and arbitration results.

With that, I'll turn it back to Raiford.

Raiford Garrabrant^ Thanks, Rich. Before we move to Q&A, I'd like to mention that we'll be attending a number of investor events in Q1, including the ROTH Conference in Dana Point, California, and the Sidoti Conference which is virtual. Please reach out to your representatives at those firms if you'd like to schedule a meeting.

Now we are ready to take questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Your first question comes from the line of Scott Searle with ROTH Capital.

Scott Searle^ Congrats on a nice quarter and outlook. Rich, maybe just to dive in quickly on the guidance. I think I heard the number in terms of the \$194 million to \$200 million in the first quarter, that's got \$50 million to \$55 million of catch-up. So it kind of implies that recurring has gone down or at least the immediate outlook of contracts in hand is down sequentially from the December quarter. Now I know that there are expirations that go along with it, but I'm wondering -- excuse me, the start of any year, and I believe the number is about \$32 million according to the K as we enter 2026. So I'm wondering if you could provide a little bit of color if that's the right ballpark in terms of where we're starting with recurring fees and the outlook and the expectation of re-signing some of those contracts that I believe -- I thought Xiaomi was one of them, but Samsung TV, et cetera. what -- how we should be thinking about that over the course of the next couple of quarters?

Richard Brezski^ Yes, Scott, that's right. So as we disclosed coming a year ago that we had roughly \$90 million of expirations at the end of '25, and we updated that disclosure in the current K but as noted, we did renew Xiaomi. So about two-thirds of that was covered. Then we also had the LG agreement, which is contributing recurring revenue as well. So net-net, we haven't recovered all of it yet. We're still working on other renewals and certainly look to get new agreements to drive further increases in ARR over the course of the year.

Scott Searle^ Got you. Very helpful. Then I'll jump in on the litigation front. I'm wondering, Liren, if you could provide a little bit of color just in terms of potential timelines as it relates to Disney? You've had some positive outcomes in terms of Brazil and Germany. But is there an expected timeline of when you start to get some more, I guess court feedback on that front? Similarly, the updated timeline with Amazon. And Rich, on the litigation cost front, I know it was elevated this past quarter. I think the number was about \$19 million which is the highest in recent memory. But given the events and the litigation that's ongoing, how should we think about that going forward into the first, second quarter and course of 2026?

Liren Chen^ Scott, this is Liren. So on the litigation side, we could not be happier with where we are with the Disney case. As I said in my prepared remarks, we filed the litigation at the beginning of '25. We already got really positive results from Brazil and Germany. Of the the four patents being decided, we essentially win on all of them regarding being infringed, and we already got preliminary injunctions and injunctions in two different countries. And -- but that's not all, right? We have more than a dozen patents asserted. And therefore we still have a majority of the cases coming to trial in even bigger jurisdictions like America/United States as well as the UPC, and those are starting in the summertime and also second half of this year. We have disclosed each case in our 10-K filings. So we are confident about our case, and we wait for the outcome of those decisions.

Regarding our Amazon case, as I said in my prepared remarks, the assertion was frankly started in Q4. As you might recall, Amazon actually litigated against us first. So the case was filed in our side on Q4. So it's trading a little bit behind on the timing, but we are

asserting multiple cases in 4-plus jurisdictions plus ITC and Amazon also has devices that we are also asserting against. So we will take time to go through each one of them. Again, there's more disclosure in our 10-K filing.

Richard Brezski^ Yes. And Scott, on litigation cost. Well the first thing I'd say is you can infer from our guidance that we have some uptick in expenses going into Q1. Without being too granular, let me give you the broad strokes there. We have rev share on the new Madison agreement we signed, roughly, call it almost half of the catch-up sales for Q1. Then even accounting for that, expenses are still up a little bit, and that's mostly driven by an expectation for increased litigation expense as we do expect it to be higher in Q1 and broadly for 2026, that's all factored into the '26 full year guide as well. Then beyond that, we continue to invest in our research and portfolio, so we have some -- a little bit of an increase there as well.

Operator^ Our next question comes from the line of Kevin Garrigan with Jefferies.

Kevin Garrigan^ Congrats on the strong results and all the progress. Just wondering if you can talk a little bit more about the consumer electronic device agreement with the social media company? I mean, do you guys see that being a high-volume agreement?

Liren Chen^ Yes. Kevin, this is Liren. So of that particular agreement, it's a device agreement and it's licensing our video assets and WiFi. So it's actually not a huge volume agreement, neither does it apply on the service side. So that's as far as I can see on that agreement.

Kevin Garrigan^ Okay. Got it. That makes sense. Then just looking at a litigation question, I mean what -- I know you guys had a, as you said, a strong start to 2025, positives on Disney and you're working on Amazon. I mean what do you guys kind of see are the biggest threats on the litigation front. Is it really just kind of the budgets that Disney and Amazon have?

Liren Chen^ Can you clarify by threat, you mean threat to us?

Kevin Garrigan^ I guess just threat to potentially them not signing or the court cases not going your way?

Liren Chen^ Got you. Yes, Kevin, as I mentioned earlier, we are being very careful in terms of our litigation strategy. We always prefer negotiation for deal making. However, on both cases here, after, frankly, lengthy negotiations, we decided it's the right thing to do is for us to enforce our patent rights. As you can also probably tell in our disclosures here, it's a multi-jurisdictional enforcement campaign. In either case, we are asserting more than a dozen different patents, even though there's potential risk for each patent litigation, I mean any litigation carries their own inherent risk.

But our patents are really high quality and some of the patents has already been battle tested regarding durability and other issues. So we are doing really, really well. And so

therefore our whole litigation campaign is not really dependent on winning every single patent assertion, but we feel very strong about the value of our portfolio, and we feel that the right thing for us to do is to get fairly compensated so we can keep on funding R&D. So that's our global enforcement campaign as a broader speaking. You should know that in most of those cases, when we assert them, we ask both for past damages for the infringement as well as injunction if we win.

Operator^ Your next question comes from the line of Alinda Li with William Blair.

Alinda Li^ With the focus on R&D, how should we think about M&A as part of the effort to expand and deepen the patent portfolio here?

Liren Chen^ Yes. So we take a pretty broad approach in our R&D investment. As I said in prior calls, we believe strongly we have one of the most advanced R&D engines in the industry. We have some of the best innovators led by our CTO, Rajesh Pankash, which is widely recognized as one of the most brilliant minds in our industry. But having said that, though, we are also having the luxury of having resources, having the industry reputation that we can engage leading companies like Deep Render, and it allows us to fill certain gaps in our research and frankly, allows us to accelerate some of the areas that we are quite strong already. So we are pretty open-minded, and we have a fairly broad funnel. We are considering them as they come.

Alinda Li^ Yes. That makes sense. Then from a litigation for streaming services, that side of it, is there anything that's fundamentally different from a litigation perspective as compared to the litigations with the smartphones and also the CEs and IoTs?

Liren Chen^ Yes. That's a great question. So as I said earlier, we always prefer bilateral negotiations. Obviously one of the differences in the smartphone industry, we have been licensing for multiple decades, and we have some of the longest relationships, as I said earlier, including the Samsung relationship that goes all the way to the 1990s.

On the streaming platform side, this is a relatively new industry for us, even though our fundamental technology have been used by those vendors for many, many years now, but it does take a bit extra time for us to demonstrate the strength of our portfolio to convince them they should pay a fair price. So I'll say we are on the early stage of the industry. So therefore, that's where I see the customer engagement takes a bit extra time.

Operator^ Thank you, everyone, and that concludes our Q&A session for today. I will now turn the call over back to Liren Chen, InterDigital's CEO, for the closing remarks. Please go ahead.

Liren Chen^ Thank you, Gail. Before we close, I'd like to thank all our employees for their dedication and contributions to InterDigital, as well as our many partners and licensees for a very strong quarter and a record-breaking 2025. Thank you to everyone who joined today's call. We look forward to updating you on our progress next quarter.

Operator^ Ladies and gentlemen, that concludes today's call. Thank you all for joining. And you may now disconnect. Have a nice day ahead, everyone. And keep safe always. Thank you.