

InterDigital (Q1 2026)
April 30, 2026

Corporate Speakers:

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

Participants:

- Arjun Bhatia; William Blair; Analyst
- Anja Soderstrom; Sidoti; Analyst
- Scott Searle; ROTH Capital; Analyst

PRESENTATION

Operator^ Hello. Thank you for standing by. (Operator Instructions)

At this time, I would like to welcome everyone to the InterDigital First Quarter 2026 Earnings Call. (Operator Instructions)

I would now like to turn the call over to Raiford Garrabrant, Vice President of Investor Relations.

Sir, please go ahead.

Raiford Garrabrant^ Thank you, Mel, and good morning, everyone. Welcome to InterDigital's first quarter 2026 earnings conference call.

I'm Raiford Garrabrant, VP 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.

We have made a very strong start to 2026, with continued momentum across our licensing programs, our research and innovation pipeline, our standard development leadership and our patent portfolio growth.

Revenue, adjusted EBITDA and EPS were all above the top end of our guidance. Our annualized recurring revenue is now at \$567 million, up 13% year-over-year.

In licensing we had a productive quarter with six new agreements. We renewed our agreement with Xiaomi through bilateral negotiation. Xiaomi is the world's third largest smartphone manufacturer behind Apple and Samsung. This renewal helped drive annualized recurring revenue in our smartphone program to a record \$492 million.

With the Xiaomi renewal, we now have eight of the top 10 global smartphone manufacturers under license, covering approximately 85% of the market. We also have the world's top three smartphone vendors under license through the end of the decade. Our success in our smartphone program provides a strong base from which to drive additional growth.

In consumer electronics, at the start of the year, we completed a new license with LG Electronics. LG is one of the top global TV manufacturers and the new agreement was reached through our joint TV licensing program with Sony.

We also renewed our license agreement with Sony itself, which is one of our long-term licensees, added a new agreement with Buffalo Americas and new agreements with DTV manufacturers related to our extensive video portfolio. All these deals were done through bilateral negotiations.

Overall, the total contract value of the agreements that we have signed since 2021 is about \$4.7 billion.

In our video service program, we continued to make good progress during the quarter. We were awarded our fifth injunction against Disney by a German court, which ruled that Disney infringed our InterDigital patent related to HEVC compression technology.

We are also moving forward in our enforcement action against smartphone manufacturer Transsion.

In late March, a court in Brazil awarded us an injunction against Transsion after the court ruled that Transsion infringed our two 5G patents in suit and that our licensing offer to Transsion was fair and reasonable.

Combined with our Disney case, this makes six out of six wins in our recent patent injunction proceedings.

In Q1, we also launched multi-jurisdictional enforcement actions against TCL and Hisense, two of the world's largest TV manufacturers.

As I mentioned before, we always prefer concluding license deals through bilateral negotiation and that most of the deals do get done this way. But we will vigorously pursue fair value for our decades of investment in our research and defend the value of our intellectual property, which will allow us to continue to invest in the next generation of technology that benefits the whole

industry and consumers worldwide in the future. Through our history, when we enforce our IP, we have a strong track record of ultimately reaching agreements that are fair for both parties.

Our research engine and our leadership in global standards continue to be a major competitive advantage for us.

During the quarter, one of our top wireless engineers was reelected to a chair position within 3GPP, the standards body leading the development of 6G.

We are already active contributing to 6G technology research and, as this election demonstrates, we are ideally positioned to lead in the development of the 6G standard, which is expected to roll out in 2029 with wide commercial deployment in 2030.

With this reelection, we remain one of the only three companies in the world to hold multiple chair positions within 3GPP.

Since the start of this year, seven of our engineers and standards leaders have been reelected or appointed to new leadership positions in standards-related organizations, bringing our total standard leadership roles to more than 110 positions.

In the quarter, we also named our 2026 Inventor of the Year, Samir Ferdi, who is a senior engineer in our wireless lab. Samir is a key contributor to cellular standards and one of our most prolific inventors.

The Inventor of the Year is one of the most prestigious awards we make each year, and it speaks to the culture of innovation at InterDigital and how our success as a company is built on the work of our inventors and the quality of their research.

The cellular wireless industry is moving towards 6G and our research team are at the center of that transition. At Mobile World Congress in March, 6G was at the heart of several of our demonstrations including the development of AI-native networks, new integrated sensing and communication and the showcase of the world's first collaborative cellular and Wi-Fi sensing demonstration using a prototype 6G architecture.

In our video research, we launched a Haptic Excellence Center in partnership with gaming technology company, Razer. This initiative brings together InterDigital's expertise in immersive media with Razer's leadership in gaming and immersive hardware to advance haptic technology as a core component of the video experience.

With haptics well established in gaming, we are now actively expanding it to new use cases. For example, at Mobile World Congress, we partnered with Razer to demonstrate how haptic-powered technology can make streaming TV shows and video at home and even more immersive experience.

With more than four billion haptic-enabled devices already in use, this is an important area of research, and we believe it's a significant opportunity for us.

Staying with video, we have developed a new energy-efficient video streaming technology, which expands our work in reducing the energy footprint of video-driven devices and services. As video consumption grows across network and devices, making that delivery more energy efficient is the kind of impactful research that our teams do so well.

While we combine our foundational research across wireless, video and AI with our leadership in global standards, we believe the results speak for themselves in the quality and reach of our patent portfolio.

In the latest European Patent Office ranking for patent application in 2025, we are ranked among the top five U.S. companies alongside Qualcomm, Microsoft and Alphabet.

Our portfolio is also consistently recognized as among the highest quality in the world. For the fifth year in a row, we were included in LexisNexis's Innovation Momentum, the Global Top 100 report, which analyzes the company's patent portfolio according to the quality of their innovation. This ranking reflects the sustaining investment we make in our research and the discipline of our patent team in translating that research into a world-class portfolio of IP assets.

Before I finish, I want to highlight that we have recently been promoted to S&P MidCap Index in a clear reflection of the growth we have delivered in recent years.

With that, I'll hand it over to Rich, who will talk you through the quarter financial performance in more detail.

Richard Brezski^ Thanks, Liren.

I'm pleased to report that we delivered another strong quarter to start 2026 with revenue, adjusted EBITDA and EPS all above the high end of our guidance range. The upside was driven by new licenses signed during the quarter.

Total revenue for the quarter was \$205 million, above our guidance range of \$194 million to \$200 million. Total revenue included \$64 million of catch-up revenue. Annualized recurring revenue, or ARR, for the quarter was \$567 million including a record \$492 million of smartphone ARR.

It is worth noting that our smartphone ARR is based in part on a guaranteed level of revenue under a hybrid agreement. Under this agreement, there is a guaranteed fixed fee, and additional royalties will become due if our customer's shipments exceed a certain volume.

Adjusted EBITDA for the quarter was \$112 million, above our guidance range of \$101 million to \$110 million. Our adjusted EBITDA margin of 54% was above the midpoint of our guidance. GAAP diluted EPS for the quarter was \$2.14, above our guidance range of \$1.61 to \$1.86. Non-GAAP EPS for the quarter was \$2.57, above the midpoint of our guidance range of \$2.39 to \$2.68.

Cash from operations was \$16 million, even as cash due from new agreements drove a \$139 million increase in accounts receivable. We expect collections of these new accounts receivable will drive strong cash flow in Q2.

As Liren said, we have signed new agreements with total contract value of \$4.7 billion over the last five years. This demonstrates the strength of our IP-as-a-Service model. The long-term, fixed-fee nature of most of these agreements provides visibility into our business, supports ongoing investment in research and portfolio development and helps us pursue further growth across our licensing programs.

Consistent with our capital allocation priorities, we continue to maintain a fortress balance sheet, invest for growth and return excess capital to shareholders.

During the quarter, we paid down \$88 million of our debt and returned \$26 million to shareholders. Even with these distributions, we ended the quarter with cash and short-term investments in excess of \$1 billion. And after accounting for additional repurchases in April, we have \$108 million remaining on our share repurchase authorization.

We have a portion of our license agreements come up for renewal every year-end. Our ability to renew many of those agreements and add new agreements in Q1 demonstrates the resilience of our model and the opportunity we see to drive additional ARR growth over time through renewals, new agreements and enforcement outcomes.

Looking forward to Q2, we expect revenue from our existing contracts will be in the range of \$139 million to \$143 million, which is generally consistent with our Q1 ARR. Again, these revenue expectations are based only on existing contracts, so any new agreements and/or enforcement action results over the balance of the quarter would add to these expectations.

But based only on existing contracts, we expect adjusted EBITDA of \$67 million to \$73 million, or an adjusted EBITDA margin of about 50%, diluted EPS of \$0.80 to \$0.97 and non-GAAP diluted EPS of \$1.41 to \$1.60.

We are maintaining our full-year guidance at the levels we issued on our Q4 earnings call. For full-year guidance, we continue to think about our results through a multipath approach, with different combinations of new agreements and enforcement outcomes that can deliver financial results within those ranges.

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 Q2 including the William Blair Growth Stock Conference in Chicago, the Needham Tech

Conference in New York, the JP Morgan Tech Conference in Boston and the Evercore TMT Conference in San Francisco.

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) First question comes from the line of Arjun Bhatia from William Blair.

Arjun Bhatia^ Liren, maybe if we can just start, I would love to get a little bit of a State of the Union on where we are in the streaming opportunity.

We've seen positive results in the litigation against Disney, but I'm curious what all the injunctions mean for Disney?

Have they had to alter their service?

And if you could just maybe give us a sense of what your expected timeline is from here, that would be great.

Liren Chen^ Yes. Regarding Disney, as you are aware, we filed a multi-jurisdictional injunction and patent litigation process February of last year. We are roughly a year plus into it.

So far, we have five patents being decided by courts in Brazil and Germany, and we win five out of five. And not only our patents found to be infringed, the court has issued injunctions against them in each of the cases.

So regarding what Disney did to these cases, it is a case-by-case base. Sometimes they claim they have worked around it. Sometimes we are in the process of enforcing them.

So it's hard to tell directly how everything will play out.

It's also worth noting that we have at least half a dozen more patents coming to trial including the cases we have in UPC that's coming in May and June and July of this year.

So it's really coming up in the coming months. We also have cases in the United States pending against them.

So we feel very strong about where we are.

So far, obviously five out of five, it's extraordinary.

Arjun Bhatia^ And maybe going to the smartphone side, you have a long-term target out there for \$500 million in smartphone revenue from your ARR base. You're essentially there already.

So where do we go from here?

And it seems like there's obviously upside as the 6G cycle kicks in, but that's maybe still a few years away, as you pointed out.

So what should we look out for in terms of catalysts or additional potential outcomes to watch for in the smartphone business through '26 and '27?

Liren Chen^ Yes. Arjun, as in my prepared remarks, we have so far licensed eight of the top 10 smartphone vendors with ARR about \$492 million and about 85% of the market under license. As you pointed out, we are very close to our \$500 million ARR.

So we do expect to license the remaining unlicensed customers. And frankly, once we license them, we will double check where we are.

It's also important to note that not only are we very close to the ARR target, but top three customers we have in the smartphone space, which is frankly, Apple, Samsung and Xiaomi, they are all licensed to end of the decade.

So we really have multiyear runway with those major, major customers under contract.

So we feel very strong about that program, and we'll, frankly, provide periodic updates as we keep adding new customers.

Operator^ (Operator Instructions) Next question comes from the line of Anja Soderstrom from Sidoti.

Anja Soderstrom^ I have some modeling questions.

In terms of the licensing expense, it went up quite a bit in the first quarter. How should we think about that?

Richard Brezski^ Anja, yes, the licensing expense did go up quite a bit in the first quarter. There was a significant amount of catch-up revenue on the revenue line related to our new consumer electronics agreement with LG. With that comes some corresponding rev share tied to that catch-up revenue.

So that was the primary driver. If we're looking year-over-year, there was also some increase in our enforcement costs.

Anja Soderstrom^ Okay. Then also as you expand your licensing portfolio, how should we think about the fixed fee portion of your revenue?

Richard Brezski^ Yes. So on that, Anja, our experience thus far has been -- and certainly in smartphone and also in consumer electronics, the largest customers tend to prefer fixed-fee agreements. That's been our experience.

Going forward, as we look to grow in video services, I'm not sure exactly what form those contracts will take place, but we're going to make sure that we get the right value through whatever form.

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

Scott Searle^ Maybe just quickly on the renewals front, I think in the K it was about \$31 million of expiring contracts at the end of '25.

I'm wondering where we are through the first quarter, a number of different deals. How much of that has been recovered at this point?

I'm sure you're in negotiations with all of them.

Second, to follow up on the earlier comment related to smartphones, most of your deals are fixed fees, but it seems like some of them have royalty-based minimums.

I'm wondering, given the headwinds that you're seeing from a memory standpoint in the marketplace really affecting, I think, the lower end of the marketplace, how much exposure do you have on that front to unit volume softening in 2026 versus the fixed fee deals, which I think you have as part of all of your -- at least these three larger customers there who constitute the majority of the volume.

Richard Brezski^ Yes. So Scott, I'll take the first part of your question, and then maybe Liren will address the second.

On the expirations for the end of 2025, we've renewed roughly two-thirds or maybe a little more than two-thirds of what's expired so far. And again, Liren mentioned, a key part of that was our renewal of Xiaomi, the third largest smartphone customer in the world.

Liren Chen^ Yes. Scott, regarding your second part of the question, as you are aware, historically, our largest customers tend to prefer fixed-fee agreements. I think in our disclosure for prior quarter, we have 94% of the revenue coming from fixed-fee agreements.

But it's also worth noting, in Rich's prepared remarks and also in our 10-Q filing, we did mention a hybrid agreement that gives us guaranteed payments and with some upside for -- if the volume exceeds a certain threshold.

While we cannot identify which contract it was due to confidentiality agreement, and this is a way for us to frankly deal with a certain amount of market uncertainty as well as difficulty to project volume over a long period of time.

So we feel that's fair to both parties for us to capture certain amount of upside when the market rebounds over time.

Scott Searle^ And if I could, Liren, maybe to just follow up in terms of some other markets that you guys are thinking about at Mobile World Congress. You continue to feature a lot of different technologies from haptics and sensing as it relates to 6G as well as AI.

I'm wondering, any high-level thoughts you have in terms of timeline and monetization opportunities within some of those markets?

Liren Chen^ Yes.

So 6G, as I mentioned here, which is shared by some of our peer companies in the industry, we expect 6G to be finalized, standardized by '29 with smaller deployment also in '29. We do see wider adoption of 6G in 2030, and frankly, that adoption is projected to be pretty fast.

So that's 6G. As I said in my prepared remarks, we feel we are leading in 6G standard development. We identified a few things in the Mobile Congress demonstration including the native AI integration of sensing, as well as communications in those demonstrations.

Regarding other collaborations here, I think I highlighted a couple of things in my prepared remarks. We were looking quite a bit in the haptic research, and we also did a joint excellence center with Razer, which is a leading gaming company.

What we are trying to do with Razer is not only to enable Razer, haptic devices for Razer devices, but really to build this end-to-end gaming as well as the entertainment experience including streaming video.

And so we are really excited about this opportunity. We also feel we are one of the very few companies who can combine the connectivity, AI and video experience. And to be able to introduce them into the standard process is also a major competitive advantage we have.

So that's essentially my high-level overview. But some of the use cases, honestly speaking, will take time to play out.

Operator^ That will conclude our question-and-answer session.

I will now turn the call over back to Liren Chen, our COO [sic, CEO].

Liren Chen^ Thank you, Mel. I was appointed to the CEO for InterDigital almost exactly five years ago.

Since then, we have strengthened InterDigital's foundation, driven growth across different businesses and built an even stronger pipeline of innovation for future growth.

I'd like to take the opportunity to thank our employees for their continued dedication and all their contributions to what has been a period of historic success of the company and for positioning the company to deliver even more shareholder value going forward. Thank you.

Operator^ Ladies and gentlemen, that concludes today's call. Thank you all for joining.

You may now disconnect.