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# Cirrus Logic, Inc. (CRUS)

Q1 2026 Earnings Call

## CORPORATE PARTICIPANTS

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*Vice President-Investor Relations, Cirrus Logic, Inc.*

**Jeff Woolard**

*Chief Financial Officer, Cirrus Logic, Inc.*

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**David Williams**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Ladies and gentlemen, thank you for standing by. Welcome to the Cirrus Logic First Quarter 2026 Financial Results Q&A Session. At this time, all participants are in a listen-only mode. After a brief statement, we will open up the call for questions from analysts. Instructions for queuing up will be provided at that time. As a reminder, this conference call is being recorded for replay purposes.

I would now like to turn the conference call over to Ms. Chelsea Heffernan, Vice President of Investor Relations. Ms. Heffernan, you may begin.

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**Chelsea Heffernan**

*Vice President-Investor Relations, Cirrus Logic, Inc.*

Thank you, and good afternoon. Joining me on today's call is John Forsyth, Cirrus Logic's Chief Executive Officer; and Jeff Woolard, our Chief Financial Officer. Today, at approximately 4:00 PM Eastern time, we announced our financial results for the first quarter of fiscal year 2026. The Shareholder Letter discussing our financial results, the earnings press release, and the webcast of this Q&A session are all available at the company's Investor Relations website.

This call will feature questions from the analysts covering our company. Additionally, the results and guidance we will discuss on this call will include non-GAAP financial measures that exclude certain items. Reconciliations of these non-GAAP measures to their most directly comparable GAAP measures are included in our earnings release and are all available on the company's Investor Relations website.

Please note that during this session, we may make projections and other forward-looking statements that are subject to risks and uncertainties that may cause actual results to differ materially from projections. By providing this information, the company expressly disclaims any obligation to update or revise any projections or forward-looking statements, whether as a result of new developments or otherwise.

Please refer to the press release and the Shareholder Letter issued today, which are available on the Cirrus Logic website and the latest Form 10-K, as well as other corporate filings registered with the Securities and Exchange Commission for additional discussion of our risk factors that could cause actual results to differ materially from current expectations.

Now, I'd like to turn the call over to John.

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## John Forsyth

*President, Chief Executive Officer & Director, Cirrus Logic, Inc.*

Thank you, Chelsea, and welcome to everyone joining today's call. As you have seen in the press release, in the June quarter, Cirrus Logic delivered revenue of \$407.3 million, above the top end of our guidance range, driven primarily by strong end demand for smartphones incorporating our silicon. In a moment, I'll hand the call over to Jeff to discuss the financial results for the June quarter in details, along with our September quarter.

Before we get to that I would like to make a few comments about the recent progress we have been making across our business. As many of you are aware, our long-term strategy for growth at Cirrus is based around three principles. First, we think to maintain a strong leadership position in our core flagship smartphone audio business; second, we aim to expand the value and range of high-performance, mixed-signal solution with which we serve our customers in smartphones and similar product; and third, we are increasingly leveraging our world-class expertise and IP in both audio and high-performance, mixed-signal areas to grow and broaden our business in new markets.

I want to now speak to our recent progress in each of these areas. In our flagship smartphone audio business, during the quarter, we were pleased with the positive impact of our latest-generation custom boosted amplifier and our first 22-nanometer smart codec. These components enable exceptional audio and voice experiences, along with significant power and efficiency improvements over previous generation products. We are proud to see these new devices contribute to the remarkable performance of our customers' products.

Outside of our custom audio solutions, we also continue to serve customers in the Android ecosystem. While the majority of our general market R&D efforts are directed toward developing products for new markets, we continue to enjoy success and strong customer relationships in Android and expect new flagship smartphones featuring our components to launch in the second half of the calendar year.

Looking beyond audio, we're excited about the potential to grow content in smartphones with our high-performance, mixed-signal solutions, where we see a meaningful opportunity to not only expand our addressable market, but also to diversify our revenue. Our progress in this area has been demonstrated through the continued success of our camera controller product line. We see considerable potential to add further value in this area, as we identify more opportunities to enhance system performance and help enable advanced camera functionality.

Beyond camera controllers, we also continue to invest in developing our capabilities around battery, power, sensing, and other domains, and have a number of R&D programs underway in these areas. We anticipate that the investments that we are making in this space today will contribute to product diversification and expand our high-performance, mixed-signal footprint in the future.

The third principle of our strategy is to leverage our audio and high-performance, mixed-signal expertise into new applications and markets outside of smartphones. For example, in laptops. During the quarter, engagement with

our laptop customers was strong, and we saw our next-generation PC amplifier and PC codec designed into several new laptops that are expected to begin initial shipments in late calendar 2025.

These components expand our product portfolios reach across price points and architectures, enabling us to support our customers higher volume mainstream programs. This, in turn, allows us to capture more of our serviceable addressable market and build additional revenue opportunities. In the June quarter, we also announced a collaboration with Compal, a leading electronic design and manufacturing services company, to address persistent audio challenges in laptops, notably the mechanical rattle and audio distortion that often leads to poor and inconsistent audio quality.

Further, we're also developing multiple new products that aim to significantly improve voice and audio capture functionality across a wide range of laptops. Beyond laptops, we also believe that there are great opportunities to expand our general market business, which spans a large number of customers across the professional audio, automotive, industrial and imaging end markets.

As part of this effort, during the quarter, we ramped production of our latest-generation ADCs, DACs and an ultra-high performance audio codec. Additionally, we expanded our professional audio portfolio with the launch of four new high-performance ADC and DAC products, making our high levels of performance and advanced features accessible across a wider range of applications and price points.

Lastly, we recently began shipping our latest timing product to a leading automotive customer and to professional audio customers. We continue to be encouraged by the high level of customer interest across these areas of our business, and by the strategic opportunities ahead of us.

And with that, let me now turn the call over to Jeff to provide an overview of our financial results, as well as the outlook.

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## Jeff Woolard

*Chief Financial Officer, Cirrus Logic, Inc.*

Thank you, John. Good afternoon, everyone. I'll start with the summary of our financial results for our fiscal Q1, and then provide guidance for our Q2 fiscal 2026. In Q1 fiscal 2026, we delivered revenue of \$407.3 million, above the top end of our guidance range, due to stronger than expected smartphone unit volumes. On a sequential basis, revenue was down 4%, primarily due to lower smartphone unit volumes. On a year-over-year basis, sales were up 9%, primarily driven by sales associated with our latest-generation products and higher smartphone unit volumes.

Turning to gross profit and gross margin. Non-GAAP gross profit in the June quarter was \$214.3 million. The non-GAAP gross margin was 52.6%. On a sequential basis, the decrease was mostly driven by a less favorable product mix and a return to a more typical pricing environment. On a year-over-year basis, the increase in gross margin was largely due to a more favorable product mix.

Now, I'll turn to operating expenses. Non-GAAP operating expense for the first quarter was \$119.5 million. On a sequential basis, OpEx was down \$0.5 million, primarily due to a reduction in product development costs, largely due to the timing of expenses for new products.

The decrease also reflects a reduction in variable compensation and lower facilities-related expenses. This was offset by higher employee-related expenses, mostly due to annual salary increases. On a year-over-year basis, operating expense was up \$1.5 million, largely due to higher employee-related costs, mostly associated with

annual salary increases. This was offset by lower product development costs. Non-GAAP operating income for the quarter was \$94.9 million or 23.3% of revenue.

Turning now to taxes. For the June quarter, our non-GAAP tax rate was 22.1%, in line with our previous guidance. And lastly, on the P&L, non-GAAP net income was \$80.3 million, resulting in earnings per share for the June quarter of \$1.51.

Let me now turn to the balance sheet. Our balance sheet continued to be strong, and we ended the June quarter with \$847.8 million in cash and investments. Our ending cash and investment balance was up \$12.9 million from the prior quarter, as cash generated from operations was partially offset by share repurchases. We continue to have no debt outstanding.

Inventory at the end of the first quarter was \$279 million, down from \$299.1 million from the prior quarter. Days of inventory were down sequentially, and we ended the quarter with approximately 132 days of inventory. Looking ahead, in Q2 fiscal 2026, we expect inventory to decrease as we continue to fulfill demand and manage our wafer purchase commitments per our long-term capacity agreement with GlobalFoundries.

Turning to cash flow. Cash flow from operations was \$116.1 million in the June quarter, and CapEx was \$2.8 million, resulting in non-GAAP free cash flow margin of 28%. For the trailing 12-month period, cash flow from operations was \$473.3 million and CapEx was \$21.4 million. This resulted in a non-GAAP free cash flow margin of 23%. On share buybacks in Q1, we utilized \$100 million to repurchase approximately 1 million shares of our common stock at an average price of \$98.66. At the end of Q1 fiscal year 2026, the company had \$454.1 million remaining on its share repurchase authorization.

Now on to guidance. For Q2 fiscal 2026, we expect revenue in the range of \$510 million to \$570 million. While we only provide guidance for one quarter, given our strong Q1 results and Q2 guidance, we want to share additional color on seasonality. We now anticipate that our sales will be more weighted towards the first half of the fiscal year. We would note that our unit and revenue forecasts for the full fiscal year are relatively unchanged from previous expectations. GAAP gross margin is expected to range from 51% to 53%. Non-GAAP operating expense is expected to range from \$131 million to \$137 million.

Turning to taxes. On July 4, the One Big Beautiful Bill Act was signed into law. Among other provisions, this bill permanently eliminates the requirement to capitalize and amortize US R&D expenditures and makes modifications to international tax rules. The effects of the new law are not reflected on our guidance for September quarter, as we are evaluating the impact of the legislation.

In closing, we delivered strong results to the June quarter, as we continue to execute on our strategy to grow our business and drive long-term shareholder value. Before we begin the Q&A, I would like to note that while we understand there is intense interest related to our largest customer in accordance with Cirrus Logic company policy, we will not discuss specifics about our business relationship.

With that, let me now turn the call over to Chelsea to start the Q&A session.

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## Chelsea Heffernan

*Vice President-Investor Relations, Cirrus Logic, Inc.*

Thanks, Jeff. We will now start the Q&A portion of the earnings call. Please limit yourself to a single question and one follow up. Operator, we are now ready to take questions.

## QUESTION AND ANSWER SECTION

**Operator:** At this time, we will conduct the question-and-answer session. [Operator Instructions] Your first question comes from Christopher Rolland with Susquehanna. Your line is open.

**Christopher Rolland**

*Analyst, Susquehanna Financial Group LLLP*

Q

Hey, guys, thanks for the question and congrats on the results. I guess, with the results and guidance here, the results in particular, there's just a very big delta between what you were expecting and what actually happened. And so, I just wanted to understand what's driving that Delta, was it just conservatism in the guide, or is this better units or better content or a better inventory build or tariff related pull-ins. What was driving this Delta?

**John Forsyth**

*President, Chief Executive Officer & Director, Cirrus Logic, Inc.*

A

Thanks, Chris. Yeah. Obviously, you know, the big picture is strong demand for smartphones primarily. And there are no content surprises to us at this point in the cycle. But it is true that we're shipping more content and smartphones than ever before. So, that strong demand had a significant effect on us. Obviously, when we guide, we guide based on our best judgment using all the information we have available.

Relative to guidance, I would say that in the last quarter, we saw demand remain really robust and sustained during a period of the year where that is not something that we typically see. And so, also factored into that, there was the launch of a lower cost product earlier in the year, which contributed to an extent. So, we obviously ship to customer demand. That means we don't have perfect visibility of how much might be related to, for example, tariff-related pull-ins or pull-ahead of demand. We think that contributed somewhat to it. But it's difficult for us to put a number on.

**Christopher Rolland**

*Analyst, Susquehanna Financial Group LLLP*

Q

Thanks, John. I guess secondly, I wanted to kind of check in on your diversification efforts outside of your largest customer. On the PC side, I wanted to know how big the comp whole thing was in driving new designs, and then check in with the auto opportunity as well. And anything else that you can point to there. Is it going better than you would expect that diversification effort?

**John Forsyth**

*President, Chief Executive Officer & Director, Cirrus Logic, Inc.*

A

Yeah. Thanks, Chris. We're certainly very excited about the progress that we're making. Auto, I'll cover our first. That's still very early stage for us. To be clear, we've been shipping in the automotive market for some time, but it's really not something we've been investing in. It's been legacy products and so on. We started reinvigorating that. It's going to take some time, given the design cycles that we're all familiar with in that market. But I think we see plenty of opportunity there. There's fairly obvious ones that you would associate with us around audio and haptics and so on, just improving the in-cabin experience. And that's an area where we do have great engagement with customers.

We also mentioned in the commentary for this quarter, the design in of the timing products that we – I think we – I think we just launched late last year. Again, that's not a needle mover today, revenue wise, but it'll – those

products will ship for a long time. Automotive is one of the target markets for them. And I think it's a great indicator of one of the strengths of the company, given that we have a vast array of IP and capability at pretty advanced geometries for the kind of mixed-signal stuff that we do.

Most of which is being targeted and developed for our major markets around smartphones, but we're able to take a lot of that IP and a lot of that design capability and refresh and upgrade existing kind of legacy product segments and see very positive adoption and response from our customers to that. And that's what we've seen with timing, where we went from, I think publicly launching those products not that long ago to talking this quarter about those being designed into to tier 1 automotive customer and there is plenty of other activity around those products within both automotive and other segments as well.

On the PC side, yeah, we continue to track to the kind of progress paths and milestones that I've talked about previously. I think we're very excited about what that can turn into for us over time. So, we previously mentioned we were low tens of millions of revenue in fiscal 2025. Expecting that to roughly double in fiscal 2026, based on the designs that have already been secured. In the past quarter, we saw, design activity around new codec and amplifier products, which we talked about, sampling previously. But it's great to see those getting designed into products, which the very first of which will hit the market, even later this calendar year.

The Compal thing, I think we just demonstrated that in May. So, yet to see how that translates into kind of top line impacts, but it is addressing a persistent long standing challenge in PC design, obviously relative to, for example, our largest customer, the way products are designed and manufactured in the PC space is quite different. You end up with a lot of challenges when it comes to getting the best audio around mechanical rattle, distortion and so on.

And we've got a lot of expertise in tuning. We'd really like to vastly improve the audio experience in laptops because it's been subpar for so long. And that announcement we did with Compal is, is squarely aimed at helping customers do that and deliver much, much better experiences to their customers in audio. And just one final – I guess, one final milestone to talk to on the PC side, just to give a little more color of the progress.

I think one of the most important things in the PC space is getting into the mainstream category. So you've got the kind of horizontal axis which is getting across the customers getting across as many customers as we can. So we're shipping in the top six laptop OEMs. But then the vertical axis is very important for volume is getting down into the mainstream category. If you look back at FY 2024, when we were kind of starting this laptop strategy and starting to see that that customer engagement. We had very little revenue at that time, roughly like \$2 million or something came from mainstream devices. It was effectively rounded to zero. In this fiscal year, we expect that to be more like closer to 10x that, driven by mainstream. And I highlight that because that's a really good milestone and indicator of the fact that we can break into the high volume product tiers, which are really going to be significant for driving revenue.

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**Operator:** Your next question comes from David Williams with The Benchmark Company. Your line is open.

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**David Williams**

*Analyst, The Benchmark Co. LLC*

Q

Hey. Good afternoon. And thanks for taking my question. So lots of great color there on the last question. I guess if we had to think about the volumes and the content and just kind of puts and takes around the first half being more weighted versus the second half. Is there a way to kind of, I guess, qualify the magnitude of that? And, and maybe what – how to think about the difference between the content and the volume differential?

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**John Forsyth**

*President, Chief Executive Officer & Director, Cirrus Logic, Inc.*

A

Let me give a bit of color. Obviously we just guide one quarter at a time. But I do want to give color to this. You know, clearly, we're coming off a record, June. and then a very strong September guide, which overall reflects strong demand for our smartphone products generally, which is generally a very, very positive picture for us. But there are a few factors which we think are giving a somewhat different shape to the seasonality this year, that you should keep in mind when thinking about your models for the rest of the year.

So, I'll just touch on each of the factors that we think are playing a part there. One of them I mentioned already, we think we think the pull-ins contributed to some extent, from our position in the value chain, it's pretty much impossible to say precisely how much, because we ship to customer demand. But we believe we've likely seen a pull forward of some level of demand and common sense says that has to come from somewhere.

Secondly, although we don't have the perfect visibility of this, we do think it's possible that with a more complex and diverse global manufacturing supply chain on the part of certain of our customers that we may have seen and maybe seeing a need for parts to be available and on hand a little earlier than normal, which, again, would just pull forward some of the revenue ramp.

And then finally and this is certainly, I think, perhaps a secular trend for us. As you know, the quantity of our camera content has been growing over time. And that content is part of a longer supply chain process than our other products, because it's typically incorporated into modules. And the manufacturing timelines associated with that are longer, which means that we ship the camera parts earlier and we ship the other parts that don't go into modules, and that pulls a larger part of our revenue forward.

So, if you look actually last year, we also saw a comparatively stronger September quarter. And that, again, in part reflected this trend. So I think, although we just guide to what we can see. But as we commented and Jeff commented in his prepared remarks, we do see these factors all playing a part in tilting the demand pattern more towards the first half of the calendar year, rather than the back half as it perhaps used to be for us. That said, as Jeff mentioned, there's nothing about that shift in pattern has changed our overall view and expectations for the full year.

**David Williams**

*Analyst, The Benchmark Co. LLC*

Q

Great. Lots of great color there. Appreciate it. And then just kind of thinking about the AI opportunities. And you've talked to this before, but just kind of curious if there's new areas or new products potentially that you could work into the AI trend or especially at your largest customer. But even beyond that, maybe in the laptop space or even on the Android side, anything, I think to that future opportunity to be helpful. Thanks.

**John Forsyth**

*President, Chief Executive Officer & Director, Cirrus Logic, Inc.*

A

Yeah, I think on the product side, all of the above, I think, you know, we definitely want to be a part of the set of enablers that are largest customer users critical for AI features. We for sure see that as being potentially something that that brings a kind of paradigm shift in how people use laptops. I think it can be very significant there. And I think other device categories are going to emerge around these technologies which we haven't seen yet. And we really want to be addressing all of those. So first and foremost, I think, we're big fans of voice-centric devices and enabling voice technology.



We think AIs fundamentally really unlocks the conversational interface. And that can be – whether that's through your phone, through your laptop or through some other yet to be invented or announced device. We believe that we can play a very important part in that. That's absolutely our wheelhouse. Voice capture, voice processing and so on. And then the other area where we think we can make a big impact is, is power. Everybody is fully aware of the amount of power that running AI features at the Edge inference and so on, consumes. And we both provide technologies which are incredibly power efficient on the voice and audio side and power specific products which help customers get more out of batteries.

**Operator:** Your next question comes from Tore Svanberg with Stifel. Your line is open.

**Tore Egil Svanberg**

*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Yes. Thank you. So I just had a follow-up question on when you talk about seasonality there, John, and maybe I missed this from Jeff's comments, but I mean, typically first half, first calendar is 40% and then second half 60%. So are we kind of looking more sort of at a 45/50 profile? Is that how we should think about it? 45/55 profile versus 40/60?

**Jeff Woolard**

*Chief Financial Officer, Cirrus Logic, Inc.*

A

Well, I think as you want to think about it, is just to reiterate what John said, what is then typical as we have more camera content and that becomes a bigger piece of the total revenue pie. It is shipped earlier. So if you think about that trend of it is a change what you had seen in years past, that camera content, bigger piece of the pie gets shipped earlier. And then certainly there was some amount of pull in, which it's hard for us to determine. So I think as you think about that moving forward, it's not – it's really a mix of the camera content and the total pie and how that has just shifted forward from where we have to we have to place in our customer supply chain.

**Tore Egil Svanberg**

*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Got it. And related to that, you mentioned you expect inventories to be down sequentially September quarter. So does that also have something to do with that or is it just purely the GlobalFoundries commitments that are sort of trailing off.

**John Forsyth**

*President, Chief Executive Officer & Director, Cirrus Logic, Inc.*

A

Yeah, it's mostly the GlobalFoundries commitments trailing off as we continue to work through that and manage both our customer demand and our GF contract. So we'll continue to see that going down. As we said in the last call, we kind of peaked there. And that's really all that is. And we'll get closer to our inventory sweet spot as we as we work through that.

**Chelsea Heffernan**

*Vice President-Investor Relations, Cirrus Logic, Inc.*

Great. Thanks, Tore. That was the last question. So now I'll turn the call back to John for final comments.

**John Forsyth**

*President, Chief Executive Officer & Director, Cirrus Logic, Inc.*

Thank you, Chelsea. In summary, Cirrus Logic delivered outstanding results for the June quarter, driven by strong demand for components shipping into smartphones. We also continued to make great progress in each major area of our long-term strategy, and the team at Cirrus remains very excited about the opportunities in front of us.

I'd like to thank you for your continued interest in our progress, and I'd like to thank all of our employees around the world for their incredible dedication to innovation and to supporting our customers' success.

Before we close, I'd also like to note that we will be participating in the KeyBanc Technology Leadership Forum in Deer Valley on August the 12th. Please check our investor website for the details. I'd like to thank everybody for participating today. Goodbye.

**Operator:** Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.

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