



Arteris

3Q 2024 Earnings Presentation

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ARTERIS 

3Q Business Highlights (1 of 2)

- Achieved a record \$60.5 million ACV plus Royalties and delivered \$1.1 million in free cash flow; the third consecutive FCF positive quarter
- Growing adoption of our technology by our current customer base, including with a top 5 technology company that leverage Arteris products to enable development of high-end AI chiplets and SoCs
- Customer design activity primarily coming from enterprise computing, automotive, consumer electronics, and communications verticals
- Announced the addition of NoC Tiling to our IP products, accelerating design of AI SoCs enabling scalable performance, power reduction, and increased design reuse capabilities
- Continued success with large customers—in dollar terms the majority of 3Q license deals came from top 30 technology companies
- Broadened our strategic focus to microcontrollers (MCUs), expanding customer usage from complex SoCs to high-volume mid and upper range MCU product lines
- Joachim Kunkel joined the Arteris Board of Directors and Ken Way joined as EVP of Sales

3Q Business Highlights (2 of 2)



VeriSilicon licensed FlexNoC 5 interconnect IP for use in high-performance data center SoC solutions



Tier IV has chosen Arteris interconnect technology for use in its intelligent vehicle SoCs



NIO, a pioneer and a leading company in the global smart electric vehicle market, deployed Arteris technology for its next generation of ADAS and LiDAR SoCs, using physically-aware NoC technology to reduce silicon implementation risks and schedule



Tenstorrent has adopted Arteris NoC for its next-generation of chiplet-based AI and HPC SoCs



Expanded our collaboration with SiFive, announcing pre-verified RISC-V datacenter solutions, leveraging Ncore interconnect for AI workloads and power-efficiency requirements

3Q 2024 Results

Revenue, ACV + Royalties, RPO, Gross Profit

	3Q 2023	2Q 2024	3Q 2024 Guidance	3Q 2024
Revenue	\$13.3M	\$14.6M	\$14.2M - \$15.2M	\$14.7M (+11% Y/Y)
ACV + Royalties	\$57.3M	\$60.1M	\$58.5M - \$62.5M	\$60.5M (+6% Y/Y)
RPO	\$62.5M	\$77.5M	N/A	\$78.4M (+25% Y/Y)
Gross Profit	Non-GAAP: \$12.2M (92%)	Non-GAAP: \$13.4M (92%)	N/A	Non-GAAP: \$13.5M (92%)

3Q 2024 Results

Operating Expenses, Operating Income

	3Q 2023	2Q 2024	3Q 2024 Guidance	3Q 2024
Operating Expenses	GAAP: \$20.4M Non-GAAP: \$16.8M	GAAP: \$20.6M Non-GAAP: \$16.8M	N/A	GAAP: \$21.2M Non-GAAP: \$16.8M <i>(flat Y/Y)</i>
Operating Income	GAAP: (\$8.5M) Non-GAAP: (\$4.5M)	GAAP: (\$7.4M) Non-GAAP: (\$3.5M)	Non-GAAP: (\$5.5M) – (\$3.5M)	GAAP: (\$7.9M) Non-GAAP: (\$3.3M) <i>+\$1.2M Y/Y</i>

3Q 2024 Results

Free Cash Flow, Cash

	3Q 2023	2Q 2024	3Q 2024 Guidance	3Q 2024
Free Cash Flow	(\$3.1M)	\$0.3M	(\$1.4M) – \$1.6M	\$1.1M <i>(+\$4.2M Y/Y)</i>
Cash, Cash Equivalents & Investments	\$56.6M	\$53.9M	N/A	\$54.5M

Guidance

4Q 2024 Guidance

ACV + Royalties

\$63M - \$67M

Revenue¹

\$14.7M - \$15.7M

**Non-GAAP Op.
Income**

(\$5M) – (\$4M)

Free Cash Flow

(\$0.9M) – \$1.1M

FY 2024 Guidance

ACV + Royalties²

\$63M - \$67M

Revenue

\$56.9M - \$57.9M
(+\$0.4M)³

**Non-GAAP Op.
Income**

(\$17.1M) – (\$16.1M)
(+\$3.4M)³

Free Cash Flow

\$0.7M – \$2.7M
(+\$1.6M)³

1. 15.3M at the midpoint, +\$2.8M Y/Y (+22%)

2. 65M at the midpoint, +\$8.9M Y/Y (+16%)

3. Compared to 2Q2024 guidance at the midpoint

Appendix - GAAP To Non-GAAP Reconciliation

Gross profit

In \$ thousands	Three Months Ending:		
	September 30, 2023	June 30, 2024	September 30, 2024
Gross profit	11,994	13,117	13,252
Add:			
Stock-based Compensation	181	186	221
Amortization of acquired intangible assets	50	50	50
Non-GAAP gross profit	12,225	13,353	13,523

Appendix - GAAP To Non-GAAP Reconciliation

Operating expenses

In \$ thousands	Three Months Ending:		
	September 30, 2023	June 30, 2024	September 30, 2024
Operating expenses	20,447	20,558	21,171
Less:			
Stock-based Compensation	3,533	3,574	4,169
Amortization of acquired intangible assets	142	142	167
Non-GAAP operating expenses	16,772	16,842	16,835

Appendix - GAAP To Non-GAAP Reconciliation

Income (loss) from operations

In \$ thousands	Three Months Ending:		
	September 30, 2023	June 30, 2024	September 30, 2024
Income (loss) from Operations	(8,453)	(7,441)	(7,919)
Add:			
Stock-based Compensation	3,714	3,760	4,390
Amortization of acquired intangible assets	192	192	217
Non-GAAP income (loss) from operations	(4,547)	(3,489)	(3,312)

Appendix –Free Cash Flow

In \$ thousands	Three Months Ending:		
	September 30, 2023	June 30, 2024	September 30, 2024
Net cash (used in) provided by operating activities	(2,806)	311	1,123
Less:			
Purchase of property and equipment	(340)	(47)	(31)
Free cash flow	(3,146)	264	1,092