

Accelerating The Creation of Semiconductors

Corporate Overview

Charlie Janac
CEO

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May 2024

ARTERIS 

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In addition to the financials presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes the following non-GAAP metrics: non-GAAP loss from operations. Non-GAAP metrics have limitations as analytical tools and you should not consider them in isolation or as a substitute for or superior to the most directly comparable financial measures prepared in accordance with U.S. GAAP. There are a number of limitations related to the use of non-GAAP metrics versus their nearest GAAP equivalents. Other companies, including companies in our industry, may calculate non-GAAP metrics differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP metrics as tools for comparison. We urge you to review the reconciliation Arteris IP's non-GAAP metrics to the most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business. See the Appendix for reconciliation between each non-GAAP metric and the most comparable GAAP measure.

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Macro Factors Driving Arteris Growth

ARTERIS IP Growth Opportunities

MACRO Trends

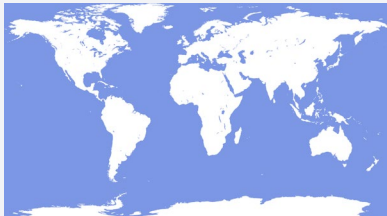
Artificial Intelligence. Machine Learning. Gen AI. LLMs.



Electrification. Energy Efficiency. Green Tech. Sustainability.

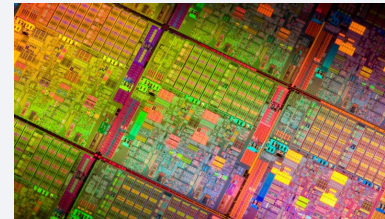


Regionalized & Government Investments.

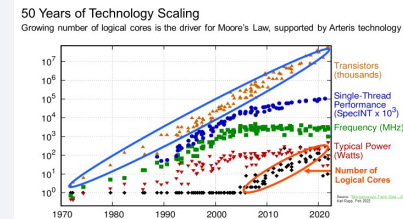


INDUSTRY Trends

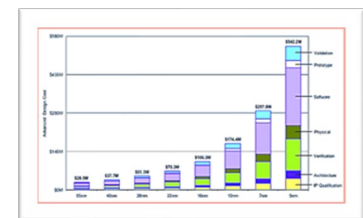
Advanced Nodes, \$1T Semi by 2030



Growing Chip Size/Complexity. Growing IP & NoC Content.

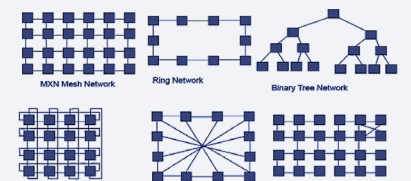


SoC Development Costs. Talent Scarcity

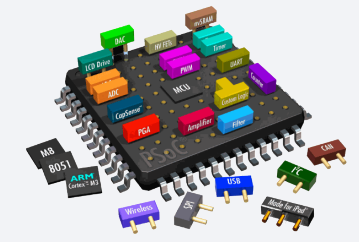


DESIGN Trends

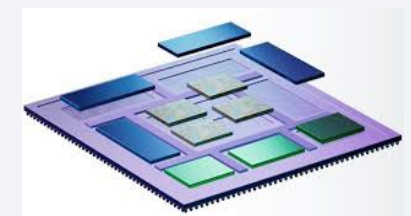
NoC Complexity.



SoC Connectivity.



Multi-Die. Chiplets.

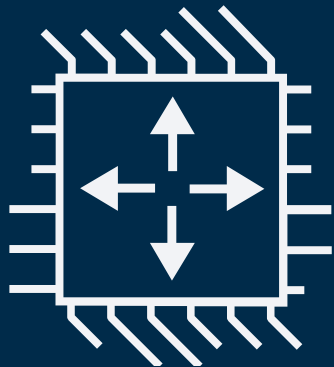


Arteris' Market Definition

Driving the system IP market to overcome complexity with maximum flexibility for optimized SoCs

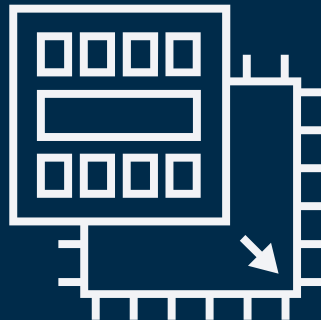
SoC Integration Automation

SoC IP blocks connected & configured with Arteris software



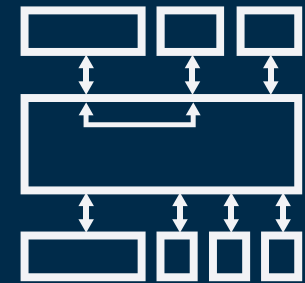
Network-on-Chip Interconnect IP

Protocol converters, switches, rate adaptors, coherent units, transport networks, directories etc.



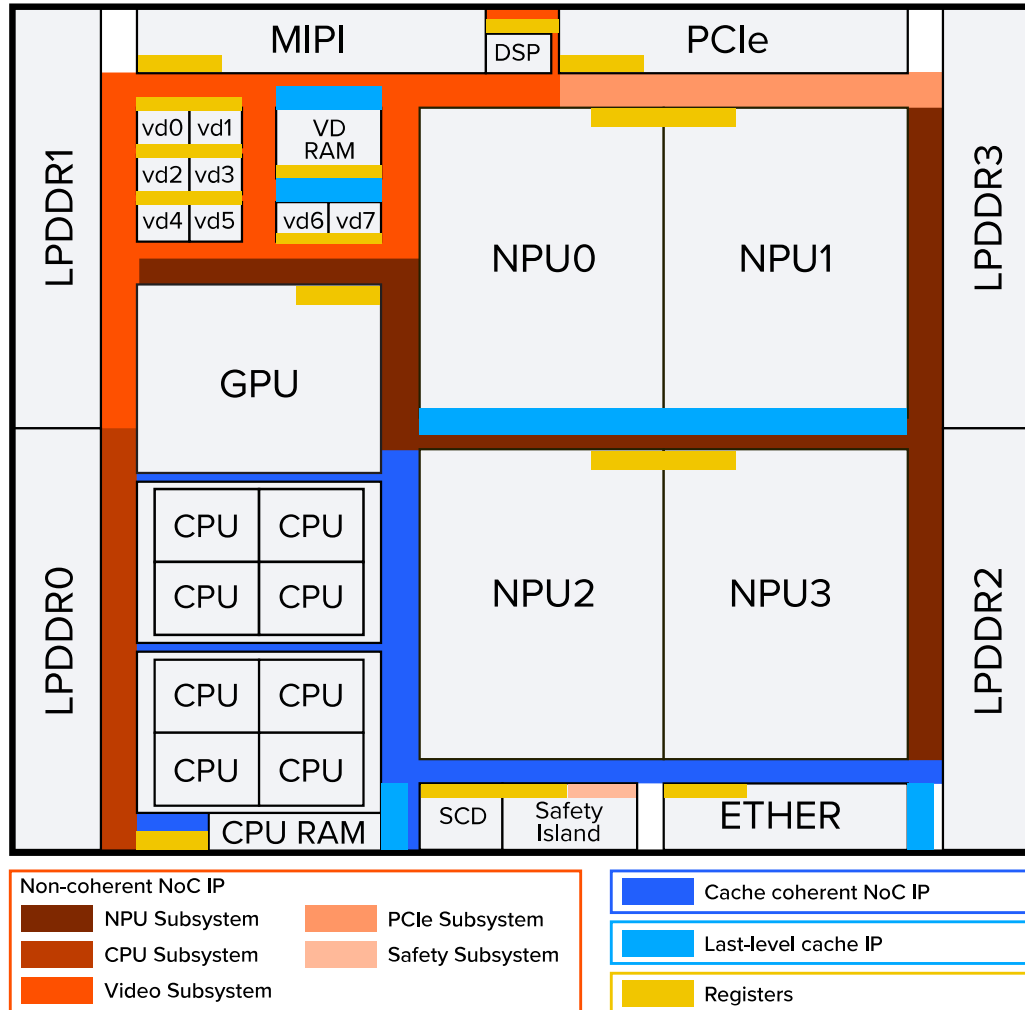
Network-on-Chip Interface IP

Additional interconnects & IP blocks connected to NoC IPs



Modern SoCs Require Multiple Interconnects For Optimal Performance

Cache coherent + non-coherent interconnects work together



Arteris interconnect NoC IP, **cache coherent** and **non-coherent**, **improves communication and data flow** across the entire SoC including various subsystems.

Cache controller and **register management** solutions are also available for time to market acceleration.

Arteris content in an SoC:

- NoC IPs: **10-13%** of Silicon, and
- Registers: **3-20%** of Silicon

Arteris – A Leading SoC System IP Company & NoC Pioneer

Global customer base deploying Arteris interconnect IP and SoC integration software

- Silicon-proven IP used in **~3.5 billion+** SoCs shipped to date
- **200+ customers** and **775+ SoC design starts** to date
- **70-80%** market share of **automotive ADAS SoC market**¹
- Strong traction in **AI/ML systems**
- **Interoperability** - any processor, any IP, any EDA, any foundry
- Customer retention rate of **90+%**
- **77 patents** and **78 patent applications**
- **ISO 9001:2015 Quality Management System (QMS) Certified**

¹ Management estimates

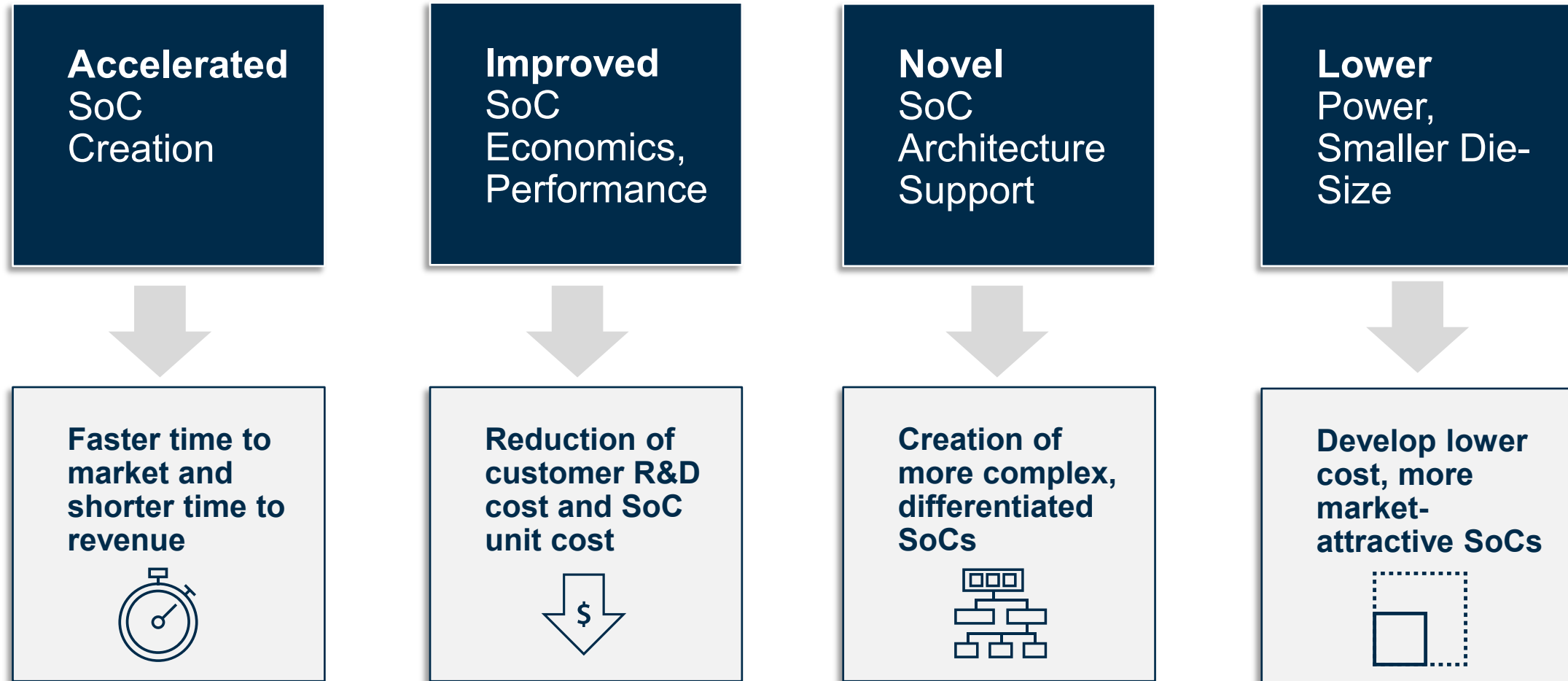
Diversified Customer Base

Subset of Publicly Disclosed Customers



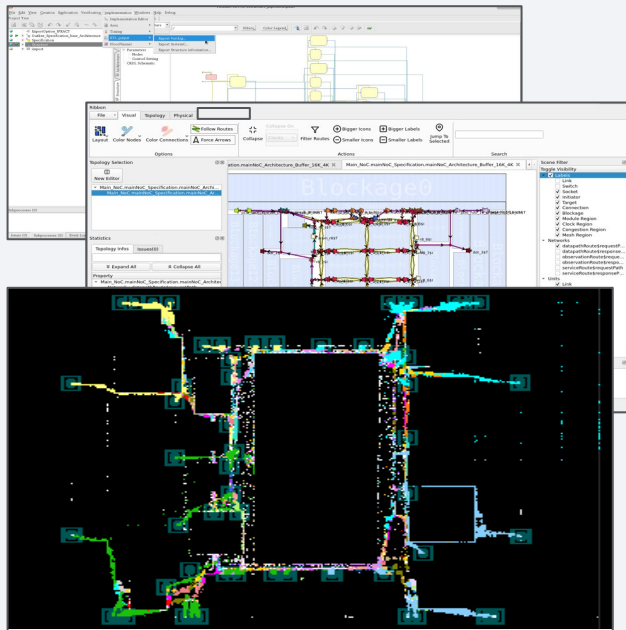
Technology & Economic Factors Driving Arteris' Customer Adoption

Arteris enables customers to create complex SoCs efficiently and reliably



Technology Achievements

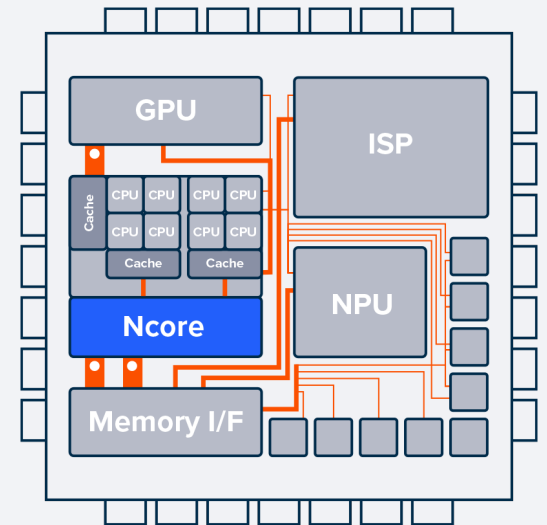
FlexNoC 5.0
Physically Aware NoC IP
(June 2023)



ISO Certification: 9001 & 26262
Ncore & Magillem
(October & November 2023)



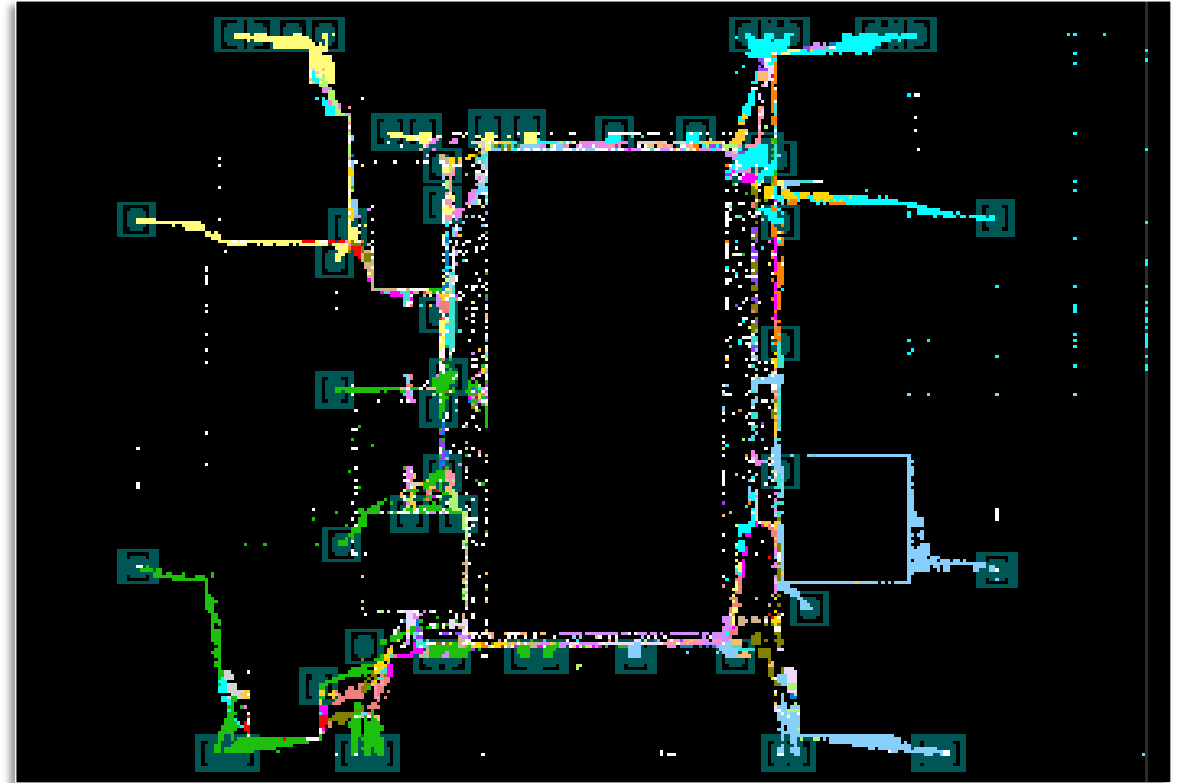
Ncore 3.6 + Armv9 Support
Cache Coherent NoC IP
(December 2023)



Arteris Product Innovation: FlexNoC 5 Network-on-Chip IP

One of the industry's first *Physically Aware NoC* IP designed to reduce complexity + optimize design

- Customers get to **physical convergence up to 5X faster**.
- Engineering resources are optimized, **reducing manual iterations**, cutting months to days.
- Power, performance, and area (PPA) goals are achieved **within schedule and budget constraints**.
- Solid adoption with **25 FlexNoC 5 customers** through 1Q24 and numerous evaluations.

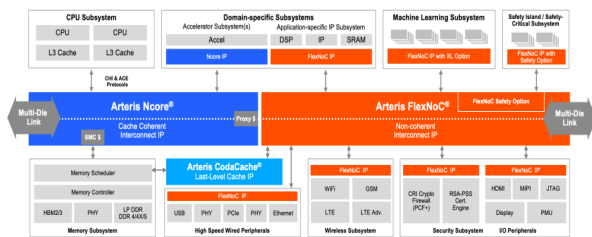


Arteris Improving SoC Creation via Advanced System IP

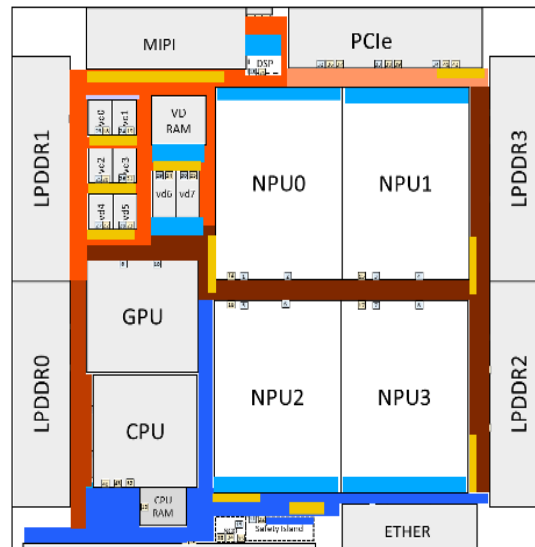
- System-on-Chips present unique implementation challenges for effective communication between IP modules while meeting power, performance, and area requirements

ARTERIS IP Requirements Specification IP Integration Verification Physical NoC Estimation RTL Generation Documentation

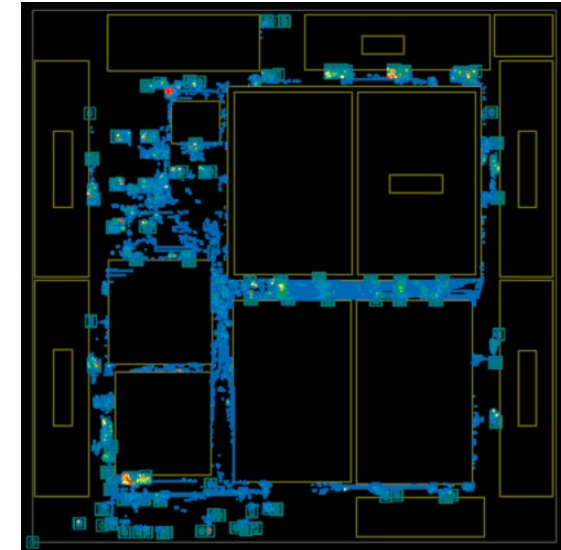
Architectural view



SoC view



Physical view



Arteris Has Deep Moats

Marketable Product

- Annual product releases + new product innovation

Competition: 2 to 5 years to develop & mature

Product Design In

- Customer SoC design win into electronic systems

Competition: 3 to 6 years to deploy

Royalty Engine

- Generating royalties over a decade

Competition: 5 to 8 years to develop & mature

Investment

- Established products supported by market leading expertise

Competition: \$100M+ dollars for full product line

Ecosystem

- Foundry, IP & EDA ecosystem established

Competition: Lengthy development

Engineering Resources

- Global team

Competition: Deep expertise, difficult to find

Intellectual Property

- 77 patents issued, 78 pending

Competition: Patent infringement risk

Total time to a solid market position:
10 to 20 years

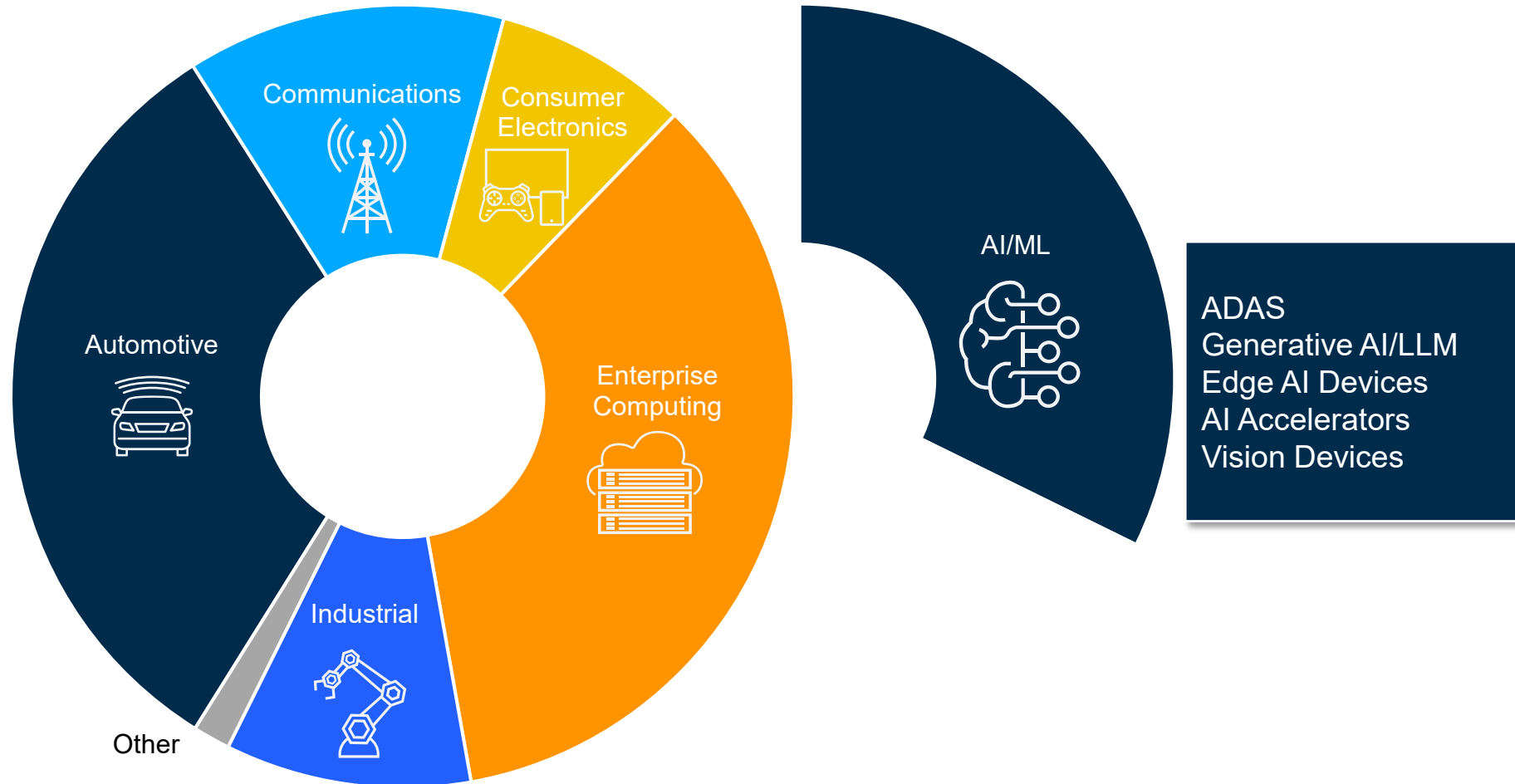


Market Segments

Addressing the most attractive segments

Accelerating Innovation in Key Verticals

1Q 2024 Revenue Vertical Breakdown



Artificial Intelligence/Machine Learning (AI/ML) Horizontal

**AI Semiconductor Market:
~7x Increase from 2023 to 2030¹**



**2023 AI-
Semiconductors:
\$105B¹**

**2030 AI-
Semiconductors:
\$780B¹**

**Generative AI
56% CAGR²**

- Generative AI is a revolution in man/machine interface technology → productivity revolution
- Generative AI ASICs & accelerators require high data bandwidth & unique features
- Moving data through system IP a key competency
- Many Generative AI ASICs use Arteris system IP

Arteris Customers Include

Data Center
Hyperscalers
(subject to NDAs)
Bitmain
Neureality
Rain AI
Rebellions

Edge
Renesas
NXP
Sima.ai
Axelera

Endpoint
Mobileye
Socionext
Hailo

1. Source: IBS
2. CAGR 2023 – 2028; Source: Omdia Informa

Arteris and Rebellions

Generative AI and Edge AI

Market Need

- Addressing the need for increased data execution with minimum power consumption for latency-critical AI inference applications such as Generative AI and Large Language Models

AI/ML Use Case

- Arteris FlexNoC interconnect, Magillem Connectivity, and Magillem Registers software will be used in Rebellions next-generation AI Hardware Accelerator Neural Processing Unit

We selected Arteris interconnect IP technology and SoC integration software to optimize product performance, minimize latency and accelerate the creation and delivery of our AI accelerator. Arteris is a leader in system IP and their FlexNoC interconnect IP and Magillem software are synergistic with our vision for the future of AI computing.

Park SungHyun, CEO of Rebellions



Automotive Vertical

AUTOMOTIVE SoC 19% CAGR¹



ADAS
32% CAGR¹

Auto HPC
(High Performance
Compute)
99% CAGR¹

Infotainment / Telematics
SoC
15% CAGR²

1. CAGR 2022 – 2030; Source: Gartner
2. CAGR 2023 – 2027; Source: Omdia Informa








































- 145+ SoC design wins across both EV and ICE; OEMs take on silicon
- ~\$13 billion automotive SoC market by 2027²
- Partnered with **Arm** in Automotive
- Selected by 5 major **Auto OEMs** in 2023
- Unique **safety** capabilities

Arteris Customers Include:

BMW
NXP
Mobileye
Dreamchip
Many others subject to NDA

Arteris' System IP Position in Automotive Transformation

Arteris enables novel automotive SoC architectures

SoCs per Function		Arteris IP Customers → 145+ SoC design wins						
ADAS / Machine Learning / Car Controller (1-4 systems per vehicle)	2	 Horizon Robotics	 mobileye	Major Automotive EV OEM	 HAILO	 BLACK SESAME TECHNOLOGIES	 Telechips	 ST life.augmented
		 RECOGNITION HEALTHY BEHAVIOR RECOGNITION	socionext	 NXP	Major Design Services Company	indie	 bos	
		 BOSCH	Toshiba	 AutoChips	 SEM(DR)VE 芯曼科技	Major ADAS System Maker	 Dream CHIP	
Vision Camera – Local Processing (4-16 systems per vehicle)	4	 mobileye	 BLACK SESAME TECHNOLOGIES	 tenstorrent	 nextchip	 TEXAS INSTRUMENTS	Toshiba	
Radar / Lidar	6	 arbe	 CALTEK	 NXP	 vayyar	 AEVA	 BOSCH	 UHNDER
Infotainment	1	 NXP	 TEXAS INSTRUMENTS	Major FPGA Company #1	 bos	Major FPGA Company #2	 Telechips	
Dashboard / HUD / DMS	2			 NXP	 sienqine 芯擎科技	 RENESAS		
Chassis / Engine / Motor Control	5			 ST life.augmented	 indie			
V2X / V2I / WAN Modem / Gateway	3			 NXP	 Autotalks	 MORNINGCORE 晨芯科技	 SEQUANS	 Silicon Mobility

Source: IHS Markit, McKinsey

23 average complex SoCs per electronically-enabled vehicle by 2026

Arteris Expands Automotive Solutions for Armv9 CPUs

Market Need

- Need for customers to accelerate the path to complete high-performance and power efficient automotive SoC designs

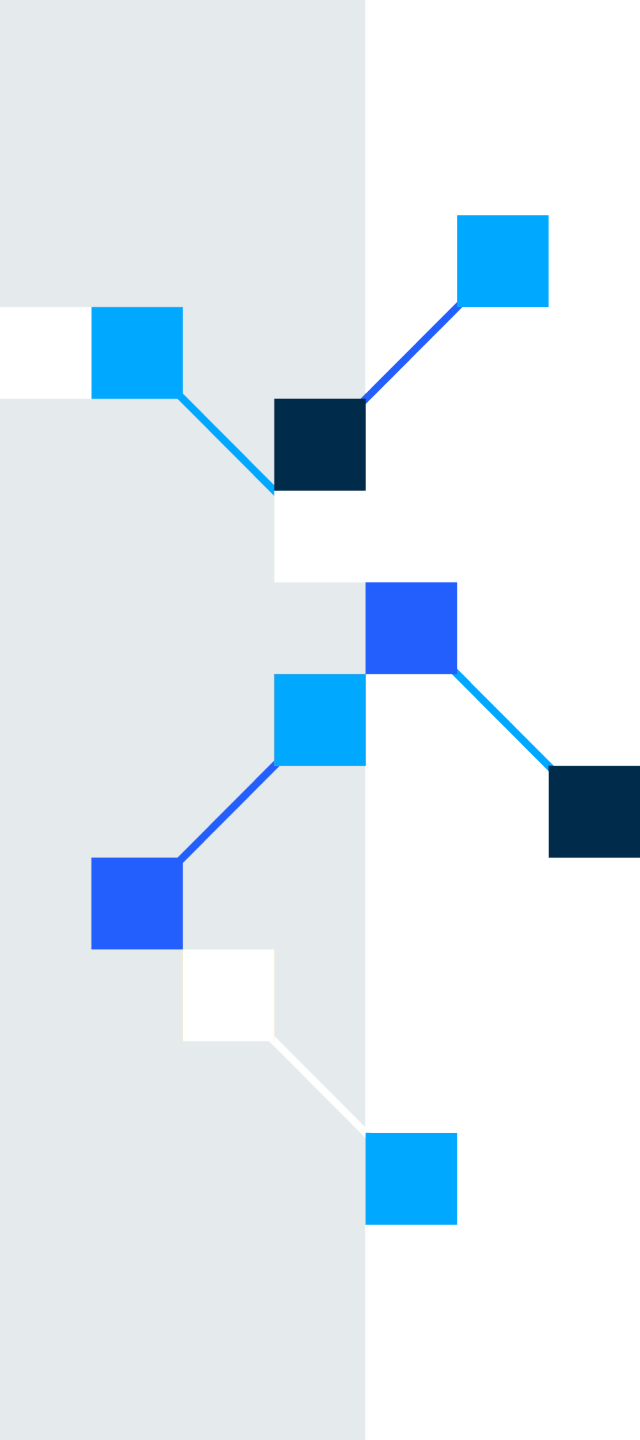
Arteris and Arm Partnership

- Arteris has optimized and pre-validated its Ncore cache-coherent interconnect with Armv9 Cortex-A cores, DynamIQ Shared Units (DSUs) and Generic Interrupt Controller (GIC)

We are at an inflection point in the automotive industry that requires a fundamental rethink of automotive product development and deployment methodologies. The latest generation of Arm Automotive Enhanced compute and software solutions, integrated with Arteris' flexible and configurable Ncore cache coherent interconnect IP, means customers can begin development sooner, accelerating time to market for next-generation vehicle electronics.

Suraj Gajendra, VP of Products and Solutions, Automotive Line of Business, Arm

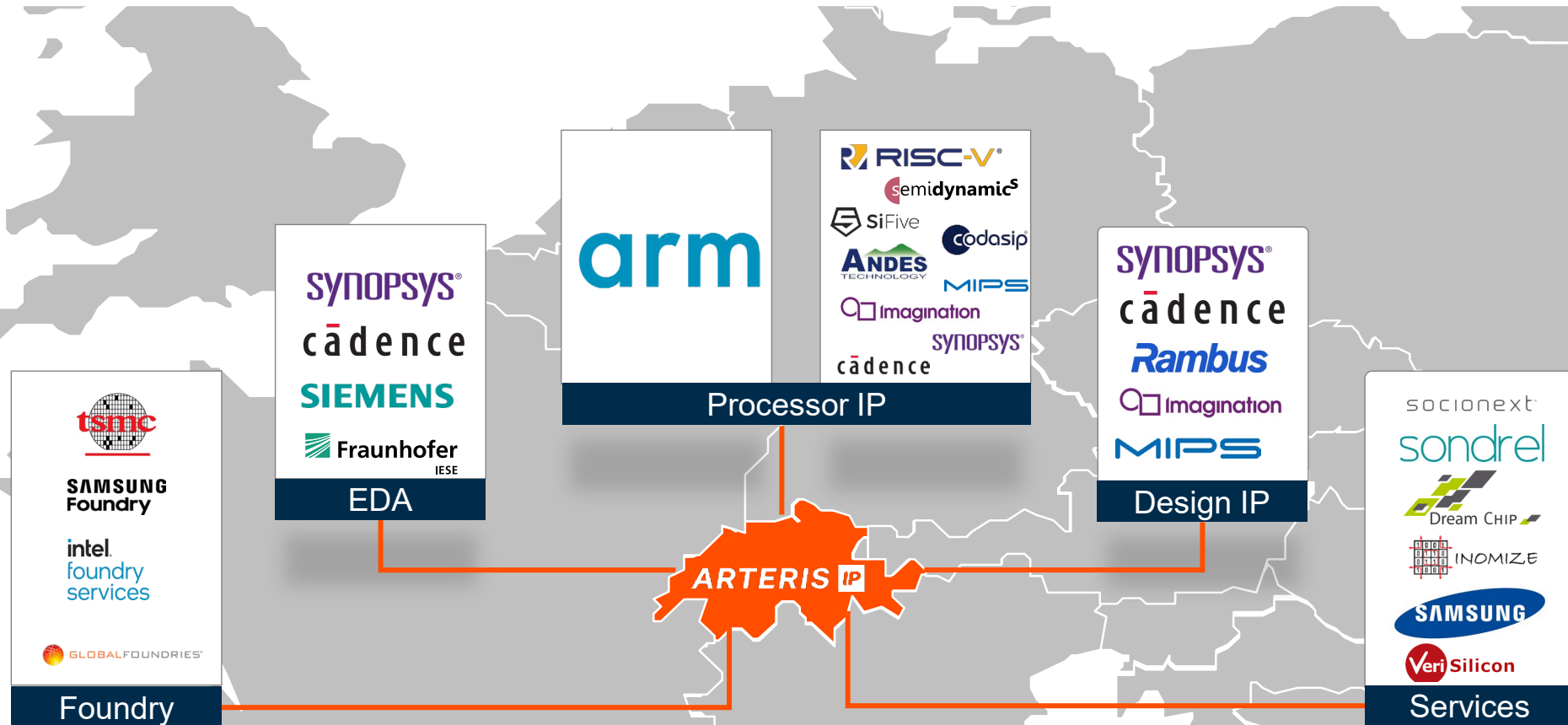




Growth Strategies

Arteris Ecosystem: The 'Switzerland' of IP

Neutral, trusted partner for IP providers and semiconductor makers

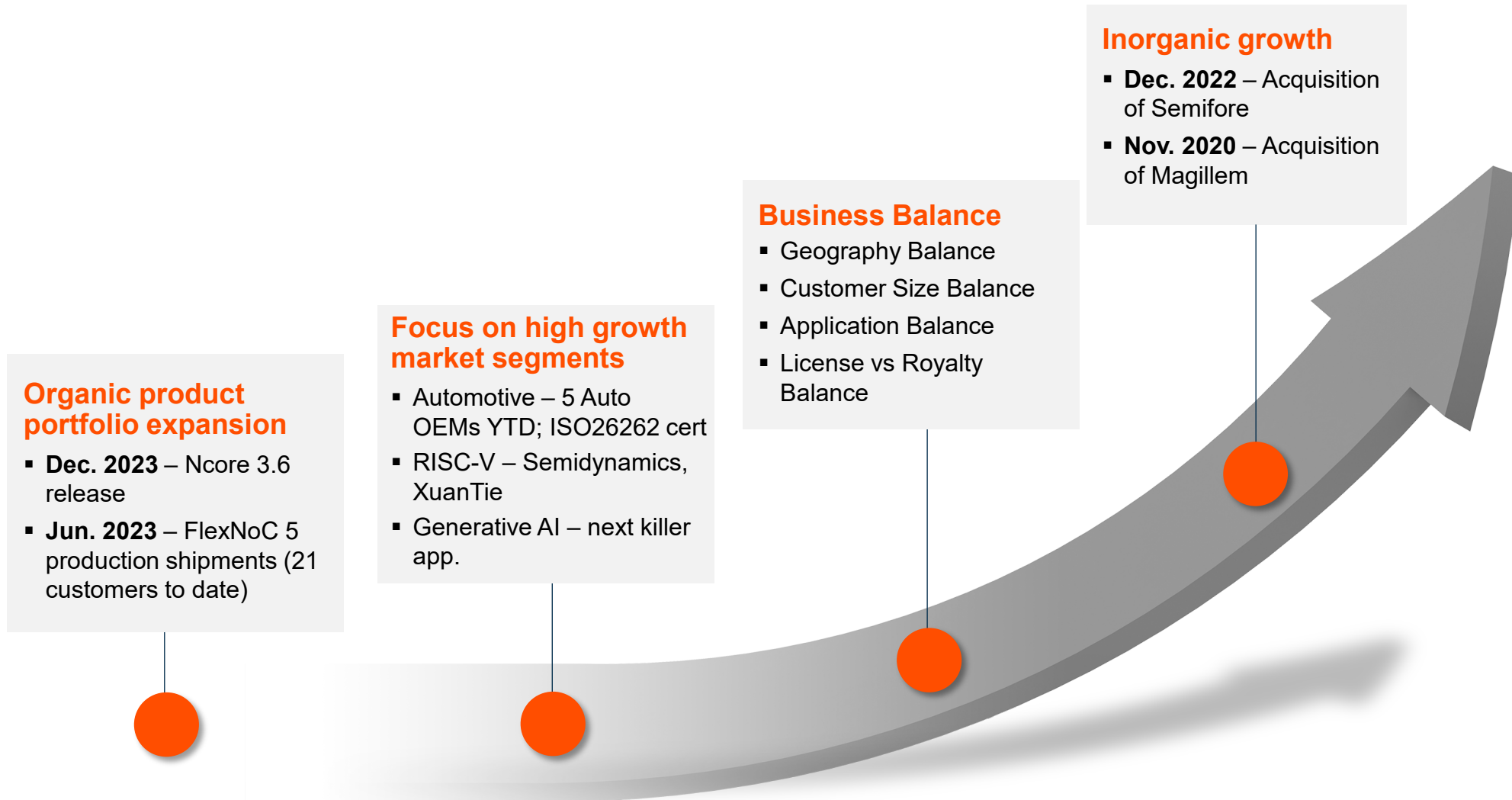


Arteris Broadens RISC-V Ecosystem Support

- Damo Academy, Alibaba Group Holding's research arm, launched the "Wujian" ("swordless") alliance to build a RISC-V ecosystem in China and further accelerate the commercialization of RISC-V innovations
- As part of this alliance, Arteris is pre-validating the integration of its NoC IP with their RISC-V XuanTie cores in emulation, and furthering its broad support for a variety of processor types



Arteris Growth Strategies and Milestones





Financial Overview

Nick Hawkins

1Q 2024 Actuals vs Guidance

In \$ millions	1Q 2024 Guidance	1Q 2024 Results	
ACV + Royalties	55 – 59	58.2	Above midpoint of guidance range
Revenue	12.1 – 13.1	12.9	Above midpoint of guidance range
Non-GAAP Operating Income ¹	(7.9) – (5.3)	(5.3)	Above midpoint of guidance range
Free Cash Flow	(1.2) – 1.4	0.3	At mid-point of guidance range

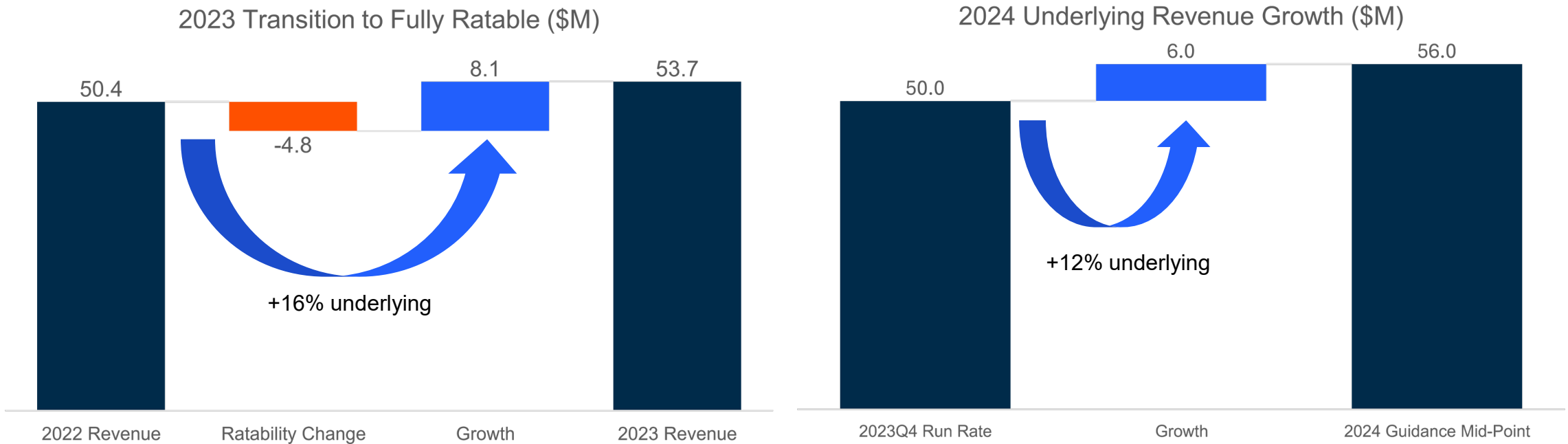
¹ See appendix for reconciliation of GAAP to non-GAAP

Business Highlights

	1Q'23	1Q'24	Y/Y
ACV + Royalties	54.8	58.2	▲6%
Revenue	13.2	12.9	▼2%
NG CoR	1.0	1.2	▲20%
NG GM%	92%	91%	▼-1%
NG OpEx	17.7	17.0	▼4%
NGOI	(5.6)	(5.3)	▲5%
Free Cash Flow	(8.5)	0.3	▲104%
RPO	57.3	74.7	▲30%
Confirmed Design Starts	22	21	-1

- ACV + Royalties at \$58.2M
- 1Q Revenue, excluding shift to ratatability would be +16% Y/Y
- Free cash flow positive in the quarter
- Robust licensing activity leads to **74.7M RPO**, +30% Y/Y
- Ncore 3.6 cache coherent interconnect
 - Any processor, multiple protocols
 - Flexible configuration
 - ISO 26262 compliant
- Momentum in key verticals
 - Enterprise Computing and AI/ML:
 - Rebellions selects Arteris FlexNoC for its Neural Processing Unit aimed at Generative AI
 - Automotive:
 - First deliverables of Arteris and Arm automotive partnership, optimizing Arteris for Armv9

Continued Growth During Transition to Fully Ratable Revenue



- Lower China deals (starting 3Q'23) created substantial headwinds in 2H2023 and 2024
- 4Q'23 ACV+TTMR = \$56.1M, supporting 2024 \$56.0M revenue guidance

Guidance

2Q 2024 Guidance

ACV + Royalties

\$58M - \$62M

Revenue

\$13.2M - \$14.2M

**Non-GAAP Op.
Income**

(\$6.5M) – (\$4.5M)

Free Cash Flow

(\$1.4M) – \$1.6M

FY 2024 Guidance

ACV + Royalties

\$62M - \$68M

Revenue

\$54.5M - \$57.5M

**Non-GAAP Op.
Income**

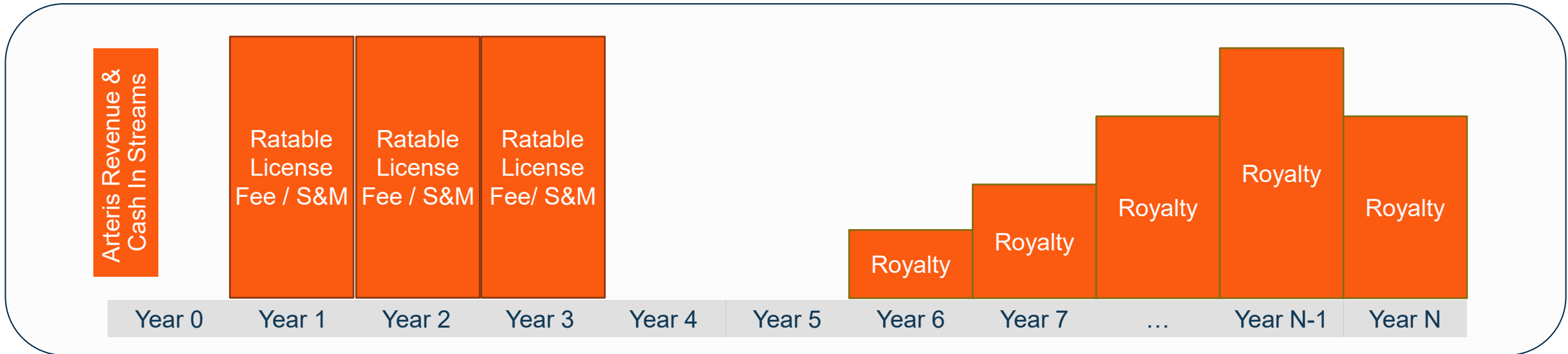
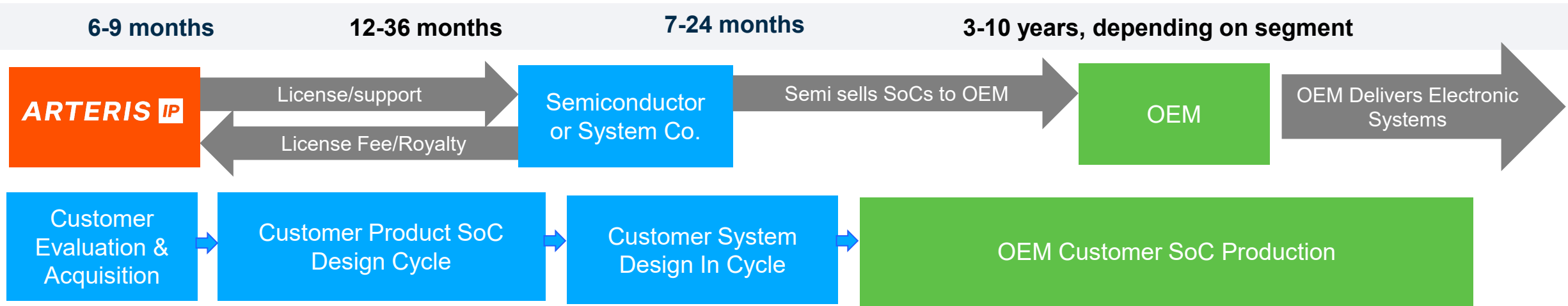
(\$23.4M) – (\$19.4M)

Free Cash Flow

(\$2.4M) – \$2.6M

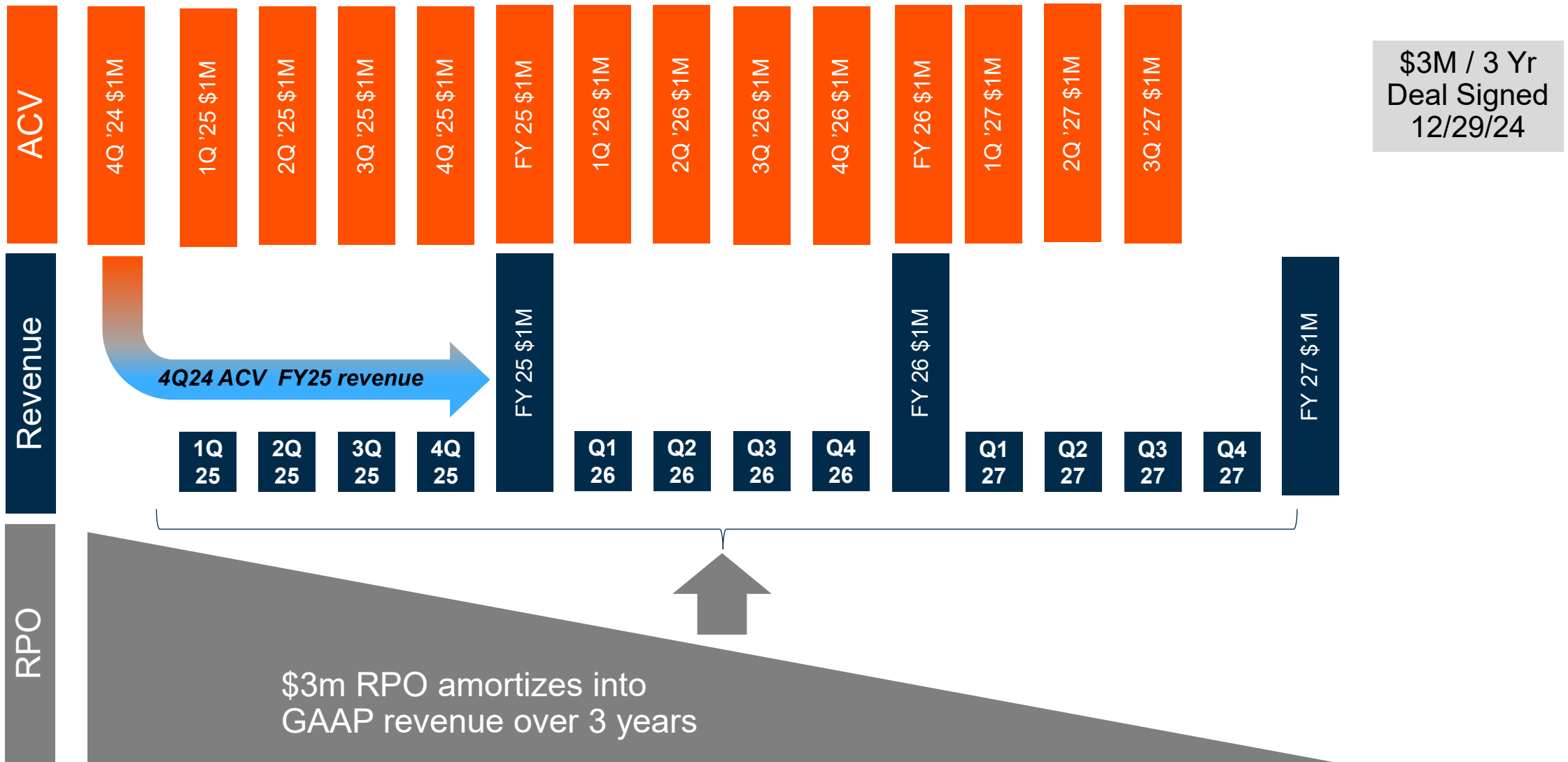
Arteris Business Model

Arteris customers have delivered over 3.5 Billion SoCs based on 775+ SoC projects



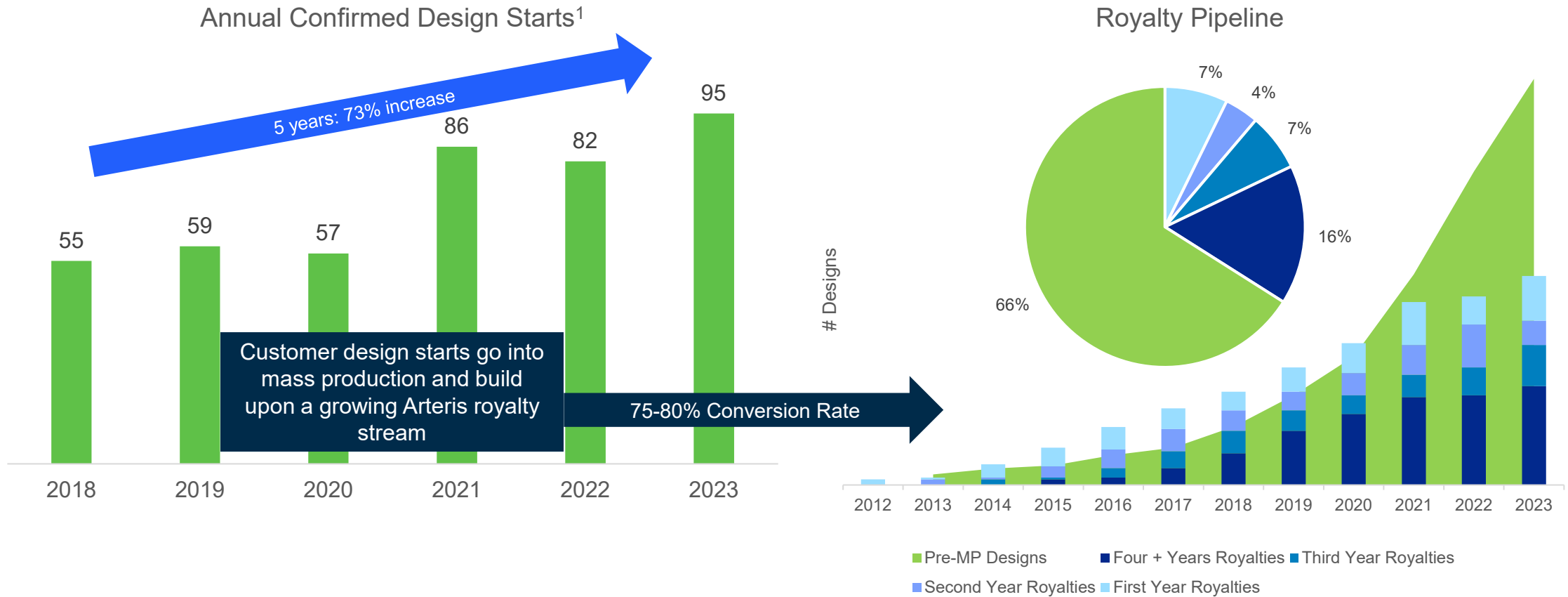
License Revenue / ACV / RPO Model

Example \$3M Deal, 36-Month License Term



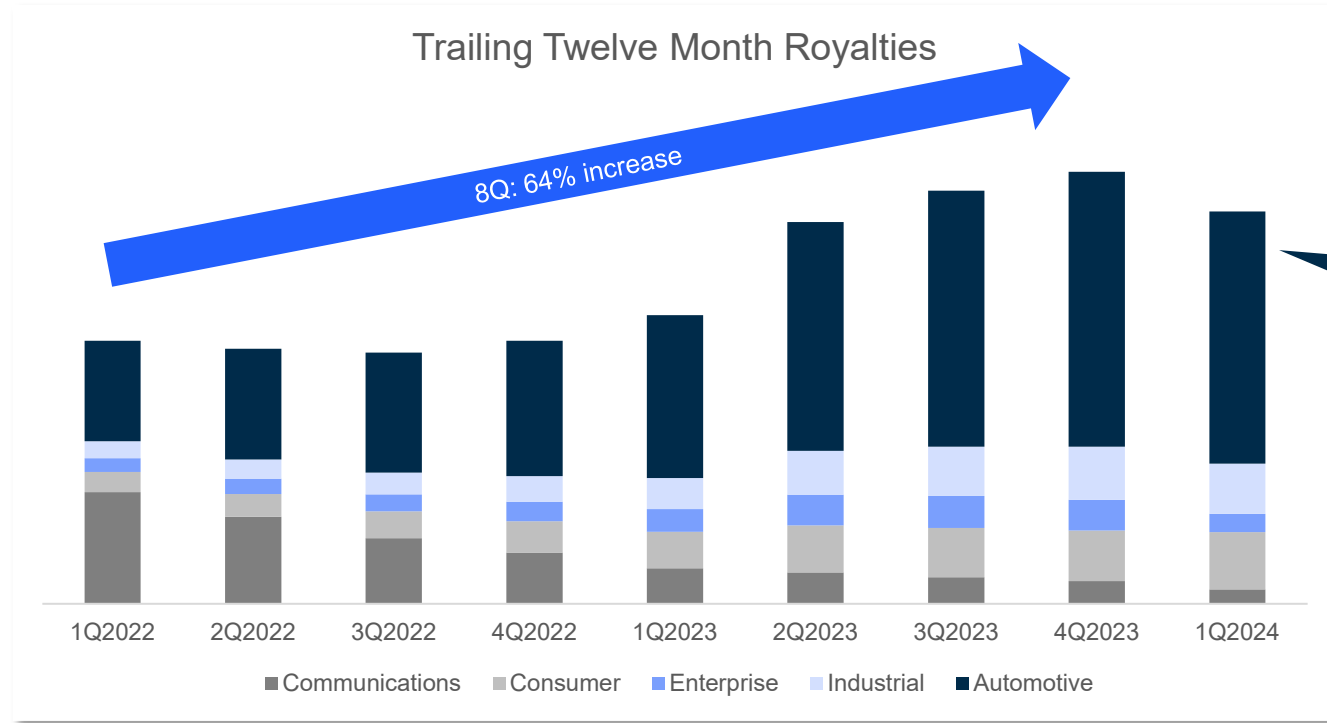
Royalty Revenue

66% of Design Wins Waiting to Product Royalty Revenue



1. We define Confirmed Design Starts as when customers confirm and notify us of their commencement of new semiconductor designs using our interconnect IP

Design Wins Result in Future Royalty Expansion



Auto

Royalty
\$

Other

Arteris In Numbers

\$58M

+6% Y/Y
ACV + Royalties

200+

Active Customers

775+

Design Starts

\$75M

+30% Y/Y
RPO¹

**Free Cash
Flow Positive**

3.5B

SoCs shipped to date

High Growth Markets

Automotive, Enterprise Computing, Communications,
Consumer Electronics, Industrial + AI/ML across all verticals

¹RPO: "Remaining Performance Obligations."
We define this as the amount of contracted future revenue that has not yet been recognized, including deferred revenue, billed and unbilled cancelable and non-cancelable contracted amounts.

Investor Highlights

Market Leadership

- Leader in semiconductor system-on-chip (SoC) system IP
- Over 50% increase in active customers since 2020
- 775+ SoC confirmed design starts
- ~3.5 billion SoCs shipped

Differentiated Technology

- Networking technology inside semiconductors
- Strong SoC integration technology, IP-XACT committee member
- Global customer support
- 77 issued patents and 78 patent applications

Well-Positioned in High Growth Segments

- 70 – 80% market share of automotive ADAS SoC market¹
- ADAS SoC market growing at 32% CAGR through 2030²
- Strong position in AI/ML system IP with over 200 design wins

Large Addressable Market

- \$1 trillion semiconductor market by 2030³
- Demand for system IP growing due to greater SoC complexity

Scalable Business Model

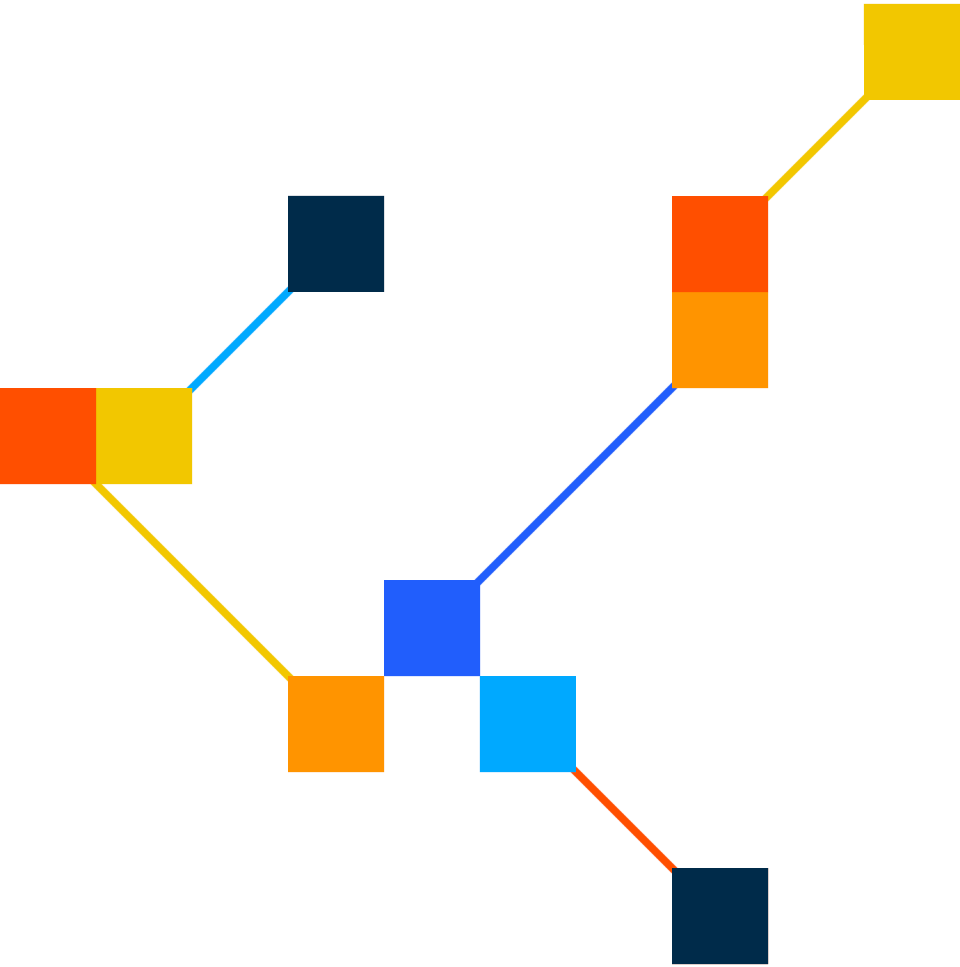
- IP business model
- Address high-growth segments with growing royalty streams
- Targeting high operating margin
- ~\$75 million contracted future revenue (RPO)⁴

¹ Management estimates

² Gartner

³ IBS

⁴ As of March 31, 2024. We define this as the amount of contracted future revenue that has not yet been recognized, including deferred revenue, billed and unbilled cancelable and non-cancelable contracted amounts.



ARTERIS IP

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Appendix - GAAP to Non-GAAP Reconciliation

Income (loss) from operations

In \$ thousands	Three Months Ending:	
	March 31, 2023	March 31, 2024
Income (loss) from Operations	(8,757)	(9,134)
Add:		
Stock-based Compensation	2,985	3,657
Amortization of acquired intangible assets	192	192
Non-GAAP income (loss) from operations	(5,580)	(5,285)

Appendix - RPO Breakdown

