Accelerating The Creation of Semiconductors

Corporate Overview

Charlie Janac
CEO

Nick Hawkins
CFO

August 2023

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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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Investor Highlights

**Market Leadership**
- Leader in semiconductor System-on-Chip (SoC) System IP
- Over 50% increase in Active Customers since 2020
- 700+ SoC Design Starts
- Over 3 billion SoCs shipped

**Differentiated Technology**
- Networking technology inside semiconductors
- Strong SoC Integration technology, IP-XACT committee member
- 65 issued patents and 80 patent applications

**Well-Positioned in High Growth Segments**
- 70 – 80% market share of automotive ADAS SoC market
- Autonomous vehicle/ADAS TAM growing at 36% CAGR through 2030
- Strong position in AI/ML system IP with over 180 design wins

**Large Addressable Market**
- TAM $1.3 in 2021
- TAM $3.2B expected by 2026
- 19% TAM CAGR 2021–2026

**Scalable Business Model**
- IP business model
- Address high-growth segments with growing royalty streams
- Targeting high operating margin
- ~$65 million contracted future revenue (RPO)

1 Management estimates
2 Deutsche Bank Research
3 Gartner
4 As of June 30, 2023. We define this as the amount of contracted future revenue not yet recognized, including both deferred revenue and contracted amounts that will be invoiced and recognized as revenue in future periods
50 Years of Technology Scaling
Growing number of logical cores is the driver for Moore’s Law, supported by Arteris technology

Source: “Microprocessor Trend Data – 50 Years”, Karl Rupp, Feb 2022
Today SoCs are made from IP Blocks → Commercial and Internal
System IP is critical for rapid SoC assembly, data performance & low power consumption

- FlexNoC Non-coherent Interconnect
  - NPU Subsystem
  - CPU Subsystem
  - Video Subsystem
  - PCIe Subsystem
- Ncore Cache Coherent Interconnect
  - Establishing high level connectivity between client IP blocks
  - Configuring exit port registers to enable efficient IP block integration
Arteris Focus

- **NoC Interconnect IP**
  Protocol converters, switches, rate adaptors, etc.

- **NoC Interface IP**
  Additional interconnects & IP blocks connected to NoC IPs

- **SoC Integration Automation**
  SoC IP blocks connected & configured with Arteris IP software
Addressing Multi-Billion-Dollar Serviceable Market

Arteris SoC System IP

NoC Interconnect IP
NoC transports data within SoC

NoC Interface IP
Data transport and Control IPs attached to NoC interconnects

SoC Integration Automation
Package IP Blocks, integrate SoCs

Total Addressable Market - 2021

~$700M

~$300M

~$300M

Total Addressable Market - 2026

~$1.6B

~$1.1B

~$500M

$1.3B SoC system IP market in 2021

$3.2B SoC system IP market by 2026 20% CAGR

1. Source: Arteris bottom-up analysis, Arm
Arteris – A Leading SoC System IP Company
Global customer base deploying Arteris interconnect IP and SoC Integration Software

- Silicon-proven IP used in **3 billion+ SoCs** shipped to date
- **200+ customers** and **700+ SoC** design starts to date
- **70-80% market share** of automotive ADAS SoC market¹
- Strong presence in Artificial Intelligence/Machine Learning (AI/ML) system IP
- Broad support - **any processors**, IP, EDA, foundry
- Innovative technology coupled with expert support results in a **98% annual customer retention rate**
- **Global reach** – offices in America, Europe, and Asia
- **65 patents** and 80 patent applications

¹ Management estimates
Arteris Ecosystem: The ‘Switzerland’ of IP
Neutral, trusted partner for IP providers and semiconductor makers
Recent Customer Momentum

**Tenstorrent** (USA) selected Arteris for **AI high-performance computing and datacenter RISC-V chiplets** to enable computing for modular, efficient and performant next-generation AI at scale.

Arteris IP licensed by **Axelera AI** (Netherlands) to **accelerate computer vision at the edge** enabling Axelera AI engineers to meet performance, ultra-low power, and time-to-market objectives in its Metis AI Platform.

**BOS Semiconductor** (Korea) licensed Arteris for use in its **next-generation automotive SoCs**, ensuring that its autonomous driving, HPC, and gateway designs are optimized for power and performance.
Barriers to Competition
Arteris has a deep moat around its business

<table>
<thead>
<tr>
<th>Barrier to Entry</th>
<th>Arteris</th>
<th>New Competitor Entrant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Experience</td>
<td>Founded in 2003</td>
<td>2 to 5 years to establish</td>
</tr>
<tr>
<td>Product Development</td>
<td>Annual product releases</td>
<td>3 to 6 years to build</td>
</tr>
<tr>
<td>Royalty Engine</td>
<td>Generating royalties for over a decade</td>
<td>5 to 8 years to build</td>
</tr>
<tr>
<td></td>
<td><strong>Total Time to Establishment</strong> 10 to 20 years</td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>Established, leading product line supported by</td>
<td>Tens of millions of dollars</td>
</tr>
<tr>
<td></td>
<td>market leading expertise</td>
<td></td>
</tr>
<tr>
<td>Ecosystem</td>
<td>Foundry, IP &amp; EDA ecosystem established</td>
<td>Costly development</td>
</tr>
<tr>
<td>Engineering Resources</td>
<td>Global team</td>
<td>Deep expertise difficult to find</td>
</tr>
<tr>
<td>Intellectual Property</td>
<td>65 patents issued, 80 pending</td>
<td>Patent infringement risk</td>
</tr>
</tbody>
</table>
Arteris is a Catalyst for SoC Innovation
Enabling customers to create complex SoCs efficiently and reliably

- **Accelerated SoC Creation**
  - Faster time to market and shorter time to revenue

- **Improved SoC Economics**
  - Reduction of customer R&D cost and SoC unit cost

- **Novel SoC Architecture Support**
  - Creation of more complex, differentiated SoCs

- **Lower Power, Area, Performance**
  - Create lower cost, more market-attractive SoCs
Market Segments

Addressing the most attractive segments
Accelerating Innovation in Key Verticals & Horizontals
Working with market-shaping leaders to address evolving IP and SoC challenges
# Arteris Well-positioned for Automotive growth

Arteris’ System IP enables novel automotive SoC architectures

<table>
<thead>
<tr>
<th>SoCs per Function</th>
<th>Arteris IP Customers → 125+ SoC design wins</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADAS / Machine Learning / Car Controller (1-4 systems per vehicle)</td>
<td>2</td>
</tr>
<tr>
<td>Vision Camera – Local Processing (4-16 systems per vehicle)</td>
<td>4</td>
</tr>
<tr>
<td>Radar / Lidar</td>
<td>6</td>
</tr>
<tr>
<td>Infotainment</td>
<td>1</td>
</tr>
<tr>
<td>Dashboard / HUD / DMS</td>
<td>2</td>
</tr>
<tr>
<td>Chassis / Engine / Motor Control</td>
<td>5</td>
</tr>
<tr>
<td>V2X / V2I / WAN Modem / Gateway</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: IHS Markit, McKinsey

average complex SoCs per electronically-enabled vehicle by 2026
Automotive

- 125+ SoC design wins, OEMs take on silicon
- ~$117 billion automotive semiconductor market by 2030¹
- Partnered with Arm in Automotive
- Selected by 5 major Auto OEMs in 2023
- Unique Safety capabilities
- Example customers:
  - BMW
  - NXP
  - Mobileye

**AUTOMOTIVE SoC 19% CAGR¹**

- ADAS 31% CAGR¹
- Connectivity/ Telematics 11% CAGR²
- Auto HPC (High Performance Compute) 99% CAGR¹
- Infotainment 8% CAGR²

¹. CAGR 2022 – 2030; Source: Gartner
². CAGR 2022 – 2026; Source: Omdia Informa
Enterprise Computing

- Workload optimization in data centers drives specialization
- Unique enablement of AI/ML designs — 115+ AI/ML enabling customers
- Tenstorrent AI data center **RISC-V** SoC
- Example customers:
  - Achronix
  - Vastai
  - Tenstorrent

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**ENTERPRISE COMPUTING**

5% CAGR<sup>1</sup>

Data Center Servers
9% CAGR<sup>1</sup>

Data Center Networking
14% CAGR<sup>1</sup>

Solid State Data Storage
12% CAGR<sup>1</sup>

---

1. CAGR 2022 – 2026; Source: Omdia Informa
Connected Edge
Communications. Consumer Electronics. Industrial.

- IoT across industries, **Edge** computing and **hyperconnected** future drives specialized chips
- Unique **Safety** and **Reliability** capabilities
- Flexibility for diverse architectures
- Of-the-shelf proven NoCs
- Example customers:
  - Renesas
  - NXP
  - SiMa.ai

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<table>
<thead>
<tr>
<th>Market</th>
<th>CAGR 2022 – 2026</th>
<th>Source: Omdia Informa</th>
</tr>
</thead>
<tbody>
<tr>
<td>VR</td>
<td>12% CAGR¹</td>
<td></td>
</tr>
<tr>
<td>Wearables</td>
<td>24% CAGR¹</td>
<td></td>
</tr>
<tr>
<td>Smartphones</td>
<td>6% CAGR¹</td>
<td></td>
</tr>
<tr>
<td>Automation</td>
<td>7% CAGR¹</td>
<td></td>
</tr>
<tr>
<td>Smart Grid (Power/Energy)</td>
<td>8% CAGR¹</td>
<td></td>
</tr>
<tr>
<td>Building &amp; Home Control</td>
<td>7% CAGR¹</td>
<td></td>
</tr>
</tbody>
</table>

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1. CAGR 2022 – 2026; Source: Omdia Informa
Connecting Artificial Intelligence Everywhere

**115+**
AI / ML Customers

**End Points**

**180+**
Arteris IP Connected SoCs Started

**Datacenter**

**$52B**
Global AI Edge Chipset Revenue by 2025

**37%**
Annual Growth in Global AI Edge Chipset Revenue (2019–2025)

**Edge**

Source: Statista
Growth Strategies
Growth Strategies and Milestones

Organic product portfolio expansion
• May. 2023 – FlexNoC 5 production delivered

Focus on high growth market segments
• Automotive – 5 Auto OEMs YTD
• RISC-V – Tenstorrent
• Generative AI – next killer app.

Inorganic growth
• Dec. 2022 – Acquisition of Semifore
• Dec. 2020 – Acquisition of Magillem

Business Balance
• Geography Balance
• Customer Size Balance
• Application Balance
One of the Industry’s First *Physically Aware NoC IP* Designed To Reduce Complexity + Optimize Design

1. Customers get to physical convergence up to **5X faster**.
2. Engineering resources are optimized, reducing **manual iterations**, cutting months to days.
3. Power, performance, and area (PPA) goals are achieved within **schedule and budget constraints**.
Experienced Management
### Seasoned Executive Team with Deep Domain Expertise

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Experience &amp; Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlie Janac</td>
<td>Chairman, President &amp; CEO</td>
<td>Seasoned Executive Team with Deep Domain Expertise, experience in multiple industries</td>
</tr>
<tr>
<td>Laurent Moll</td>
<td>Chief Operating Officer</td>
<td>Seasoned Executive Team with Deep Domain Expertise, experience in multiple industries</td>
</tr>
<tr>
<td>Michal Siwinski</td>
<td>Chief Marketing Officer</td>
<td>Seasoned Executive Team with Deep Domain Expertise, experience in multiple industries</td>
</tr>
<tr>
<td>Nick Hawkins</td>
<td>Chief Financial Officer</td>
<td>Seasoned Executive Team with Deep Domain Expertise, experience in multiple industries</td>
</tr>
<tr>
<td>Christel Mauffet-Smith</td>
<td>Executive VP of Global Sales</td>
<td>Seasoned Executive Team with Deep Domain Expertise, experience in multiple industries</td>
</tr>
<tr>
<td>Paul Alpern</td>
<td>Vice President, General Counsel</td>
<td>Seasoned Executive Team with Deep Domain Expertise, experience in multiple industries</td>
</tr>
</tbody>
</table>

Charlie has over 30 years of experience in multiple industries including electronic design automation, semiconductor capital equipment, nanotechnology, industrial polymers and venture capital.

Laurent recently served as VP of Engineering at Qualcomm. Previously, Laurent was the CTO at Arteris Inc.

Michal has over 25 years of experience in a variety of marketing, customer success, and product leadership roles. Most recently he was the Corp VP of Marketing and Business Development at Cadence.

Nick has held CFO positions for over 20 years and was previously CFO of Corsair Gaming in the consumer electronics space.

Christel has over 25 years of experience in sales and field applications management from across Cadence, Synopsys and Ansys, and semiconductor design background from Philips.

Paul has over 20 years of experience in law covering global semiconductor, IP licensing, system & software companies.

Charlie Moll

Laurent Moll

Michal Siwinski

Nick Hawkins

Christel Mauffet-Smith

Paul Alpern

B.S. & M.S. Tufts University & M.B.A Stanford Graduate School of Business

PhD École Polytechnique, and holds over 60 patents on SoC technology

B.S. in EE & CS from UC Berkeley, Mini-MBA from University of Santa Clara

B.Sc from Exeter University & Fellow Chartered Accountant

MS from École Polytechnique, B.S. in EE from Bournemouth University, UC Berkeley HaaS School Executive Leadership

Graduate Summa Cum Laude in Economics from UC Berkeley, & Juris Doctor from Harvard Law School
Accelerating Delivery of Semiconductors for All Through Advanced System IP

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- IP business model
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- Targeting high operating margin
- ~$65 million contracted future revenue (RPO)\(^4\)

---

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2 Deutsche Bank Research  
3 Gartner  
4 As of June 30, 2023. We define this as the amount of contracted future revenue not yet recognized, including both deferred revenue and contracted amounts that will be invoiced and recognized as revenue in future periods
Financial Overview

Nick Hawkins
Scalable IP Business Model

Two revenue streams

- Customer Acquisition (2–9 months)
- Customer SoC Design (1–3 years)
- Customer Mass Production (2–10 years)

- Year 1
  - Maintenance Revenue
  - License Revenue

- Year 2
  - Maintenance Revenue
  - License Revenue

- Year 3
  - Maintenance Revenue
  - License Revenue

- Year 4
  - Royalty Revenue

- Year 5
  - Royalty Revenue

- Year 6
  - Royalty Revenue

- Year 7
  - Royalty Revenue

- Years 8+
  - Royalty Revenue

Support and Maintenance Fee
License Fee
Repeatable, Long-term Product Royalties
Customer Growth Drives Increased Annual Contract Value (ACV)

Key Points
- ACV nearly doubled in three years
- 6/30/23 ACV + TTM royalties = $58.2 million

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Growth in Confirmed Design Starts Drives Future Royalty Expansion

Confirmed Design Starts:

<table>
<thead>
<tr>
<th>Year</th>
<th>Q2’23 (TTM)</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>89</td>
<td>82</td>
<td>86</td>
<td>59</td>
<td>55</td>
</tr>
</tbody>
</table>

3 We define Confirmed Design Starts as when customers confirm their commencement of new semiconductor designs using our interconnect IP and notify us.
A Growing Royalty Base

Royalty Pipeline

Royalty Design Maturity

- First Year Royalties: 7%
- Second Year Royalties: 8%
- Third Year Royalties: 5%
- Four + Years Royalties: 13%
- Pre-MP: 67%

# Designs

- Pipeline Designs
- Four + Years Royalties
- Third Year Royalties
- Second Year Royalties
- First Year Royalties

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High Visibility

**GAAP revenue drivers:**
1. RPO: $65M at 6/30/23 - amortizes over 3+ years
2. Royalties: contracted except sales out volume
3. License renewals: 95+% renewal rate p.a.\(^{(1)}\)
4. New business

**ACV drivers**
1. Existing ACV waterfall extends over 3+ years
2. Renewal ACV: 95+% renewal rate p.a.\(^{(1)}\)
3. New business

---

\(^{(1)}\)Annual average customer retention rate, excluding SoC Integration Automation, was 95+% from December 31, 2019 to December 31, 2022.
Operating Results / Guidance

Key Points

- HiSilicon & DJI both drop out of ACV in 2022 ($7.0m headwind)
- GAAP license revenue largely ratable
  - Predictable GAAP revenue
  - But defers revenue to future periods
- 90–95% gross margin (FY20 – FY22)
- OpEx investments
  - Next-generation product development
  - Expansion of sales & marketing to drive growth
  - Public company G&A

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<tbody>
<tr>
<td>ACV</td>
<td></td>
<td>47.4</td>
<td>49.2</td>
<td>48.6</td>
<td>53.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TTM^2 Royalties and Other</td>
<td></td>
<td>2.6</td>
<td>3.2</td>
<td>3.1</td>
<td>4.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACV + TTM^2 Royalties</td>
<td></td>
<td>50.0</td>
<td>52.4</td>
<td>51.7</td>
<td>58.2</td>
<td>57.0 – 61.0</td>
<td>60.4 – 65.4</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td>37.9</td>
<td>50.4</td>
<td>14.8</td>
<td>14.7</td>
<td>12.5 – 13.5</td>
<td>54.0 – 56.0</td>
</tr>
</tbody>
</table>

Non-GAAP Information

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-GAAP Loss From Operations^1</td>
<td>(15.5)</td>
<td>(16.2)</td>
<td>(1.9)</td>
<td>(4.2)</td>
<td></td>
<td>42.0% – 62.0%</td>
<td>34.5% – 49.5%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>(1.6)</td>
<td>(7.8)</td>
<td>0.1</td>
<td>(2.2)</td>
<td></td>
<td>(35.6%) – (10.6%)</td>
<td>(20.5%) – (10.5%)</td>
</tr>
</tbody>
</table>

^1 See appendix for reconciliation of GAAP to non-GAAP
^2 Represents TTM (Trailing Twelve Months)
Financial Highlights

- **Strong royalty model**: Fueled by automotive & other verticals growth
- **$65M**: Contracted future revenue (RPO)
- **19%**: CAGR in ACV 6/30/20 – 6/30/23
- **90–95%**: Gross Margin\(^1\)
- **Significant operating leverage**
- **Debt free**

\(^{1}\text{2020-2022}\)
Thank you
## Appendix - GAAP to Non-GAAP Reconciliation

Income (loss) from operations

<table>
<thead>
<tr>
<th>In $ thousands</th>
<th>Twelve Months Ending</th>
<th>Three Months Ending:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2021</td>
<td>December 31, 2022</td>
</tr>
<tr>
<td>Income (loss) from Operations</td>
<td>(21,765)</td>
<td>(28,856)</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based Compensation</td>
<td>5,510</td>
<td>11,692</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>238</td>
<td>527</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>478</td>
<td>478</td>
</tr>
<tr>
<td>Non-GAAP income (loss) from operations</td>
<td>(15,539)</td>
<td>(16,159)</td>
</tr>
</tbody>
</table>