

Accelerating The Creation Of Semiconductors

Corporate Overview

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August 2024

ARTERIS 

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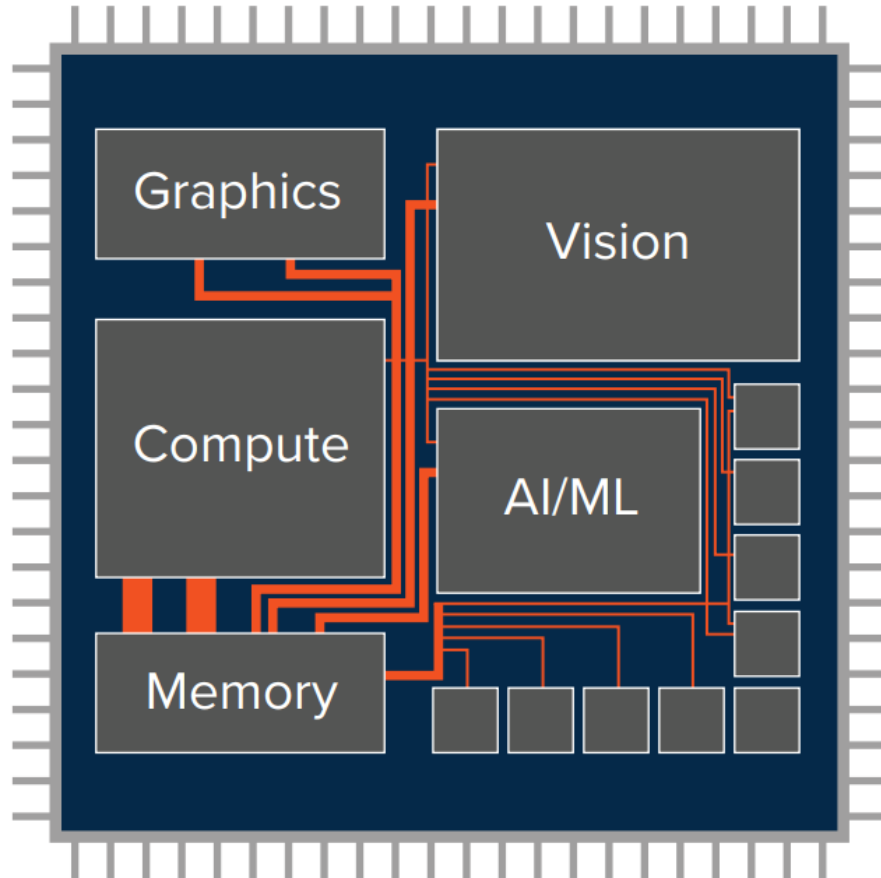
This presentation and the accompanying oral presentation also contain estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we compete are necessarily subject to a high degree of uncertainty and risk.

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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Modern SoCs Require System IP For Optimal Performance

Cache coherent + non-coherent interconnects work together



- Arteris enables engineers at the world's transformative brands to connect and integrate complex system-on-chip (SoCs) that fuel modern innovation
- As pioneers of Network-on-Chip (NoC) interconnect IP and a leader in SoC Integration Automation software, we solve complex challenges with innovative technology
- Arteris technology is silicon-proven and backed by expert support and protected by 80+ issued patents

- Arteris content in an SoC:
- NoC IPs: **10-13%** of Silicon, and
 - Registers: **~3-20%** of Silicon area

Macro Factors Driving Demand For System IP From Arteris

MACRO Trends

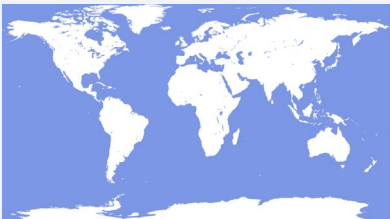
Artificial Intelligence. Machine Learning. Gen AI. LLMs.



Electrification. Energy Efficiency. Green Tech. Sustainability.

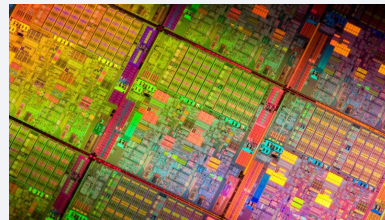


Regionalized & Government Investments.

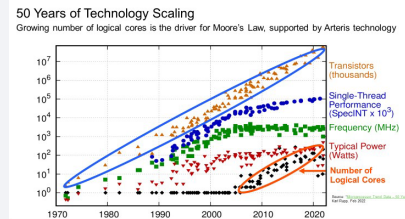


INDUSTRY Trends

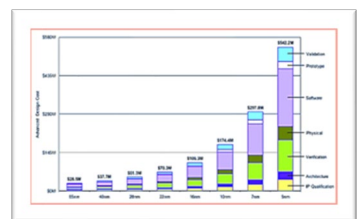
Advanced Nodes, \$1T Semi by 2030



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

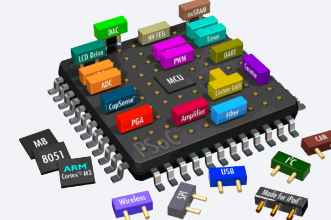


SoC Development Costs. Talent Scarcity

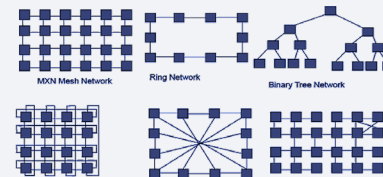


DESIGN Trends

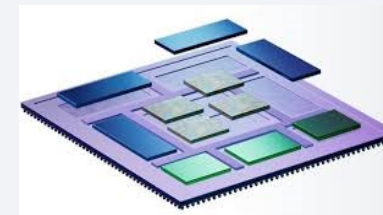
SoC Connectivity.



On-Chip Interconnect Complexity.



Multi-Die. Chiplets.



ARTERIS IP

Flexible Automation

Increase productivity, reduce time to market, lower project risk

Higher Performance

Higher Frequency, Lower Latency

Lower Power

Many power reduction features

Feature Rich

Physical Awareness, Resilience, Multi-die, coherent, non-coherent

Responsive

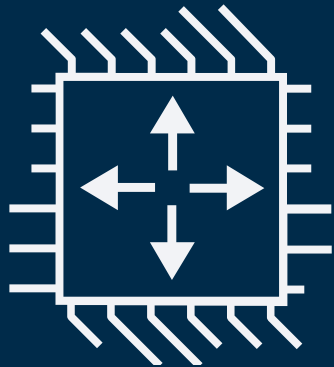
Silicon-proven technology + expert support enables design success

Arteris' Market Definition

Growing \$1 Billion+ market becoming increasingly critical to successful SoC creation

SoC Integration Automation

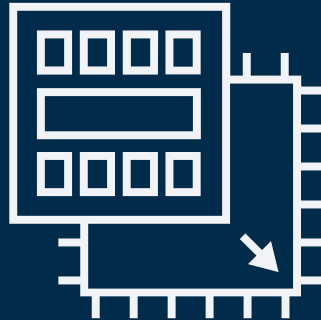
SoC IP blocks connected & configured with Arteris software



TAM ~\$300M

Network-on-Chip Interconnect IP

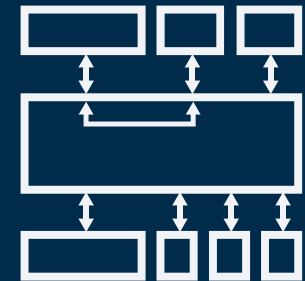
Protocol converters, switches, rate adaptors, coherent units, transport networks, directories etc.



TAM ~\$700M

Network-on-Chip Interface IP

Additional interconnects & IP blocks connected to NoC IPs



TAM ~\$200M

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 **~3.6 billion+** SoCs shipped to date
- **200+ customers** and **800+ SoC design starts** to date
- **70-80%** market share of **automotive ADAS SoC market**¹
- Strong technology and traction in **AI/ML systems**
- **Ecosystem** - any processor, any IP, any EDA, any foundry
- Customer retention rate of **90+%**
- **80 patents** and 103 patent applications
- **ISO 9001:2015 Quality Management System (QMS) Certified**

¹ Management estimates

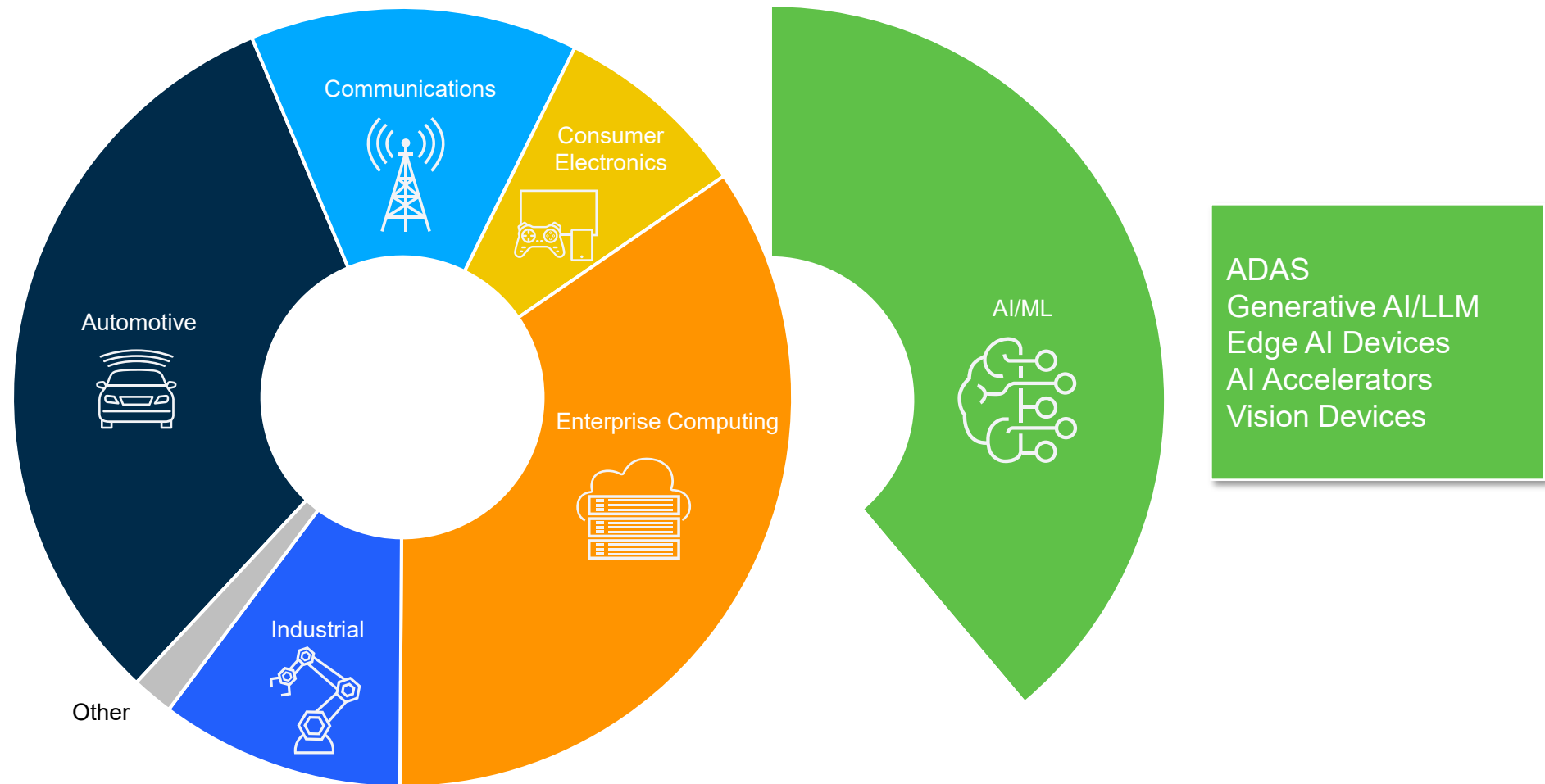
Diversified Customer Base

Subset of Publicly Disclosed Customers










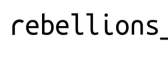


















Accelerating Innovation In Key Verticals

1H 2024 revenue vertical breakdown



Arteris' System IP Position In Artificial Intelligence/Machine Learning

Data movement is a key competency of AI SoCs → Arteris offers superior bandwidth & features

	Number of Customers – Jun24	Arteris Customers → 200+ SoC design wins							
Data Center Training	5+	 蓝洋智能 BlueOceanSmart	 Cambricon 寒武纪科技	 Corerain 眼云科技	 Enflame 燧原科技	Automotive EV OEM #1			
Data Center Inference	20+	 Achronix Data Acceleration	 百度	 BITMAIN	 DEEPIX	 ESWIN	 INNOSILICON	 Lynxi 灵汐科技	 METAX 沐曦集成电路
		 MONTAGE Technology	 neubla	 NEUREALITY	 RAIN	 rebellions_	 RECOGNI REALTIME OBJECT RECOGNITION	 SiMa ^a	
		 tenstorrent	 清微智能 TSING MICRO	 瀚博半导体 Vastai Technologies	 VeriSilicon				
		Hyperscaler #1	Hyperscaler #2	Hyperscaler #3	Hyperscaler #4	Hyperscaler #5			
Edge Inference	10+	 ANALOG INFERENCE	 AXELERA ARTIFICIAL INTELLIGENCE	 bos SEMICONDUCTORS	 Canaan	 EDGE Q	 Horizon Robotics	 INUITIVE	
		 mobilint	 Movidius an Intel company	 眸芯科技(上海)有限公司 Moichip Technology (Shanghai) Co.,Ltd.	 NXP	 RECOGNI REALTIME OBJECT RECOGNITION	 RENESAS	 SOPHGO 舜能	
Endpoint Inference	30+	 alchip	 BOSCH	 BLACK SESAME TECHNOLOGIES	 Dream CHIP	 FURIOSA	 HALLO	 后摩智能 HOUMO.AI	
		 天数智芯 Iluvatar CoreX	 mobileye	 nextchip	 NXP	 siengine 芯擎科技	 SAMSUNG		
		 芯驰 SemiDrive	 sacionext	 life-augmented	 Telechips	 TEXAS INSTRUMENTS	 BMW	 Toshiba	
		Automotive EV OEM #1	Automotive EV OEM #2	Automotive EV OEM #3	Automotive EV OEM #4	Automotive EV OEM #5			
		Automotive EV OEM #6	Automotive EV OEM #7	Automotive EV OEM #8	Major Robotaxi #1	Major Robotaxi #2			

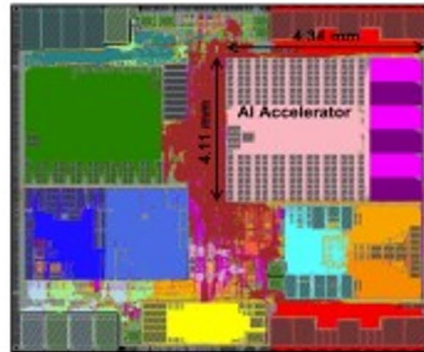
German Consortium, Zukimo ADAS/AI SoC For ADAS Application

Machine Learning Accelerator Designed by Univ of Dresden Presented at MpSoC Conference on July 8, 2024

Technology	GF FDX 22nm
Area	93.06 mm ²
Logic area	65.14 mm ²
Memory	91.25Mbit @ 27.92 mm ²
Core voltage	0.8V
#transistors	1.8 B
#supported cameras	16
IP blocks	 
NoC	
Cores	 
Fab	

6-24 TOPS Custom AI Accelerator:

- Chip area: 19%
- On-Chip SRAM: 37%
- Implemented for 1 GHz clock frequency



- Purple: convolution engine (144TOPS)
- Gray: SRAM macros
- Rose: misc. (routing, AGU, CU, DMAs)

Arteris Adds AI/ML Win In 2Q24

Market Need

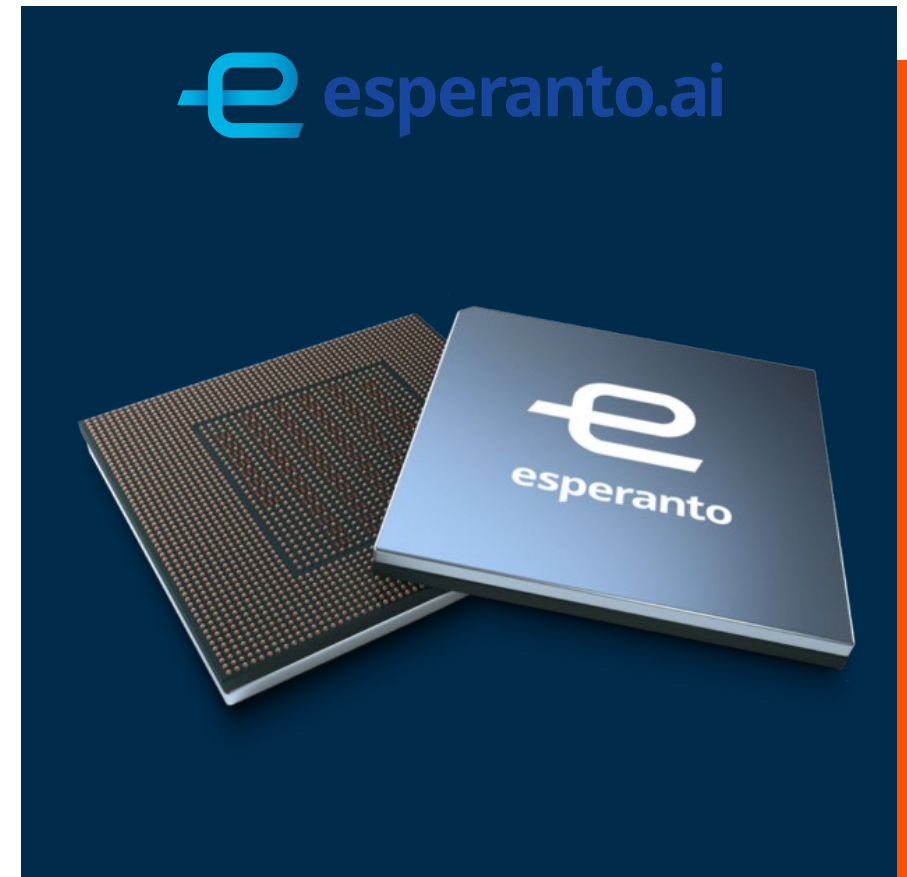
- With the resources required to build complex AI SoCs driving LLM applications, customers need solutions to help streamline hardware/software interface (HSI) foundation creation

Arteris and Esperanto Technologies

- Esperanto Technologies has chosen Arteris' SoC integration automation software for its HSI automation efficiency, error reduction, and streamlined design workflows








Arteris is a leader in SoC integration automation technology and their software is an important part of our silicon design flow for managing complexity. Arteris' CSRCompiler software is a key enabler for achieving our silicon performance and power efficiency goals that will address the needs of the expanding data center and enterprise edge markets.

Art Swift, president and CEO of Esperanto Technologies



Arteris' System IP Position In Automotive Disruption

Arteris enables novel automotive SoC architectures via functional safety & flexibility

SoCs per Function		Arteris IP Customers → 150+ SoC design wins	
ADAS / Machine Learning / Car Controller (1-4 systems per vehicle)	2		Automotive EV OEM #1 Automotive EV OEM #2 Automotive EV OEM #3 Automotive EV OEM #4 Automotive EV OEM #5 Automotive EV OEM #6 Automotive EV OEM #7 Auto. Tier1 #1 Auto. Tier1 #2 Major Robotaxi #1 Major Robotaxi #2
Vision Camera – Local Processing (4-16 systems per vehicle)	4		Major Automotive EV OEM
Radar / Lidar	6		Major Semi. Co.#1
Infotainment	1		
Dashboard / HUD / DMS	2		
Chassis / Engine / Motor Control	5		
V2X / V2I / WAN Modem / Gateway	3		
Source: IHS Markit, McKinsey	23	average complex SoCs per electronically-enabled vehicle by 2026	

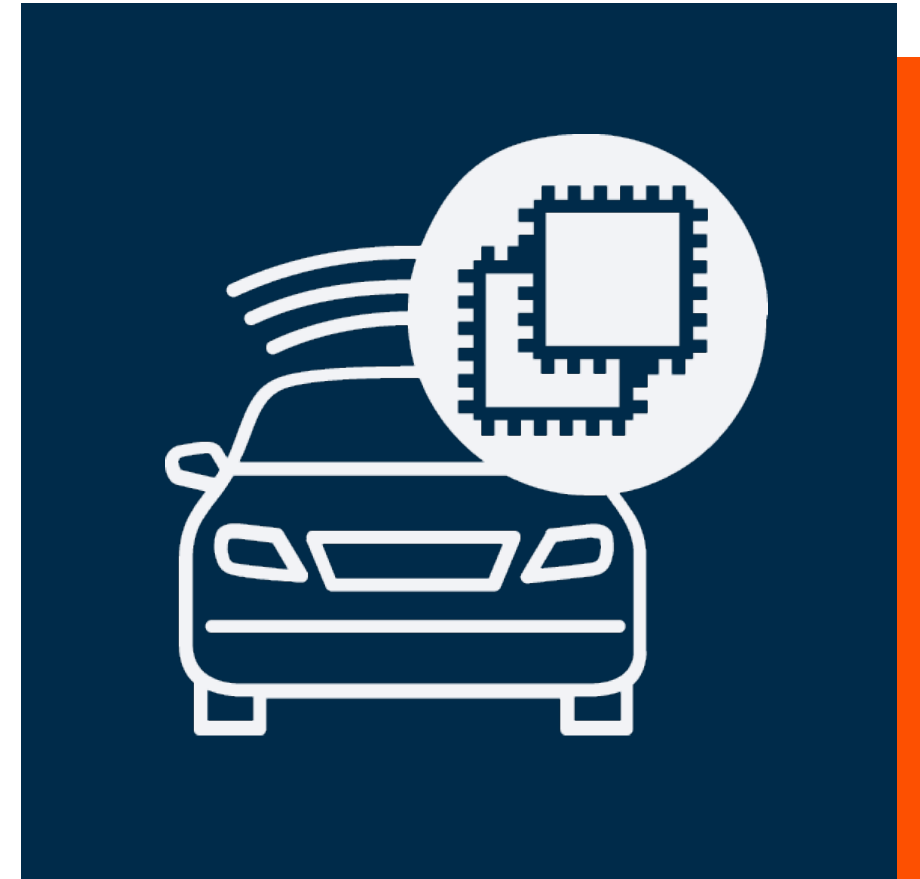
Arteris Adds Two Major Automotive OEMs As Direct Customers

Market Need

- Growth of software-defined automobiles is driving market need for high-performance, OEM-bespoke SoCs
- Virtually all major OEMs are starting home-grown SoCs designs

Arteris and Automotive OEM Direct Customers

- Arteris has added 2 market-leading global OEMs to its customer base, including a top 5 global OEM by market capitalization
- The addition of these 2 automotive OEMs marks 9 total OEMs that have taken licenses directly with Arteris



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



Arteris Ecosystem: The 'Switzerland' Of IP

Neutral, trusted partner for IP providers and semiconductor makers



Arteris Broadens RISC-V Ecosystem Support

Market Need

- High-performance, low-power RISC-V-based designs for a wide range of markets including consumer electronics, communications, industrial applications and AI

Arteris and Andes Technology Partnership

- The collaboration showcases integrated and optimized solutions with leading Andes RISC-V processor IPs and Arteris interconnect IP in silicon to support the growing adoption of RISC-V SoCs

Arteris NoC IP was the obvious choice for flexible, high-performance, top-level connectivity across the QiLai SoC. The QiLai platform enhances the rapid development and assessment of RISC-V software, accelerating the expansion of the RISC-V ecosystem.

Dr. Charlie Su, Andes Technology's president and CTO



Arteris' System IP Business Has Deep Moats

System IP market represents technology and business challenges



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: Substantial investment for product line

Ecosystem

- Foundry, IP & EDA ecosystem established

Competition: Lengthy development

Engineering Resources

- Global team

Competition: Deep expertise, difficult to find

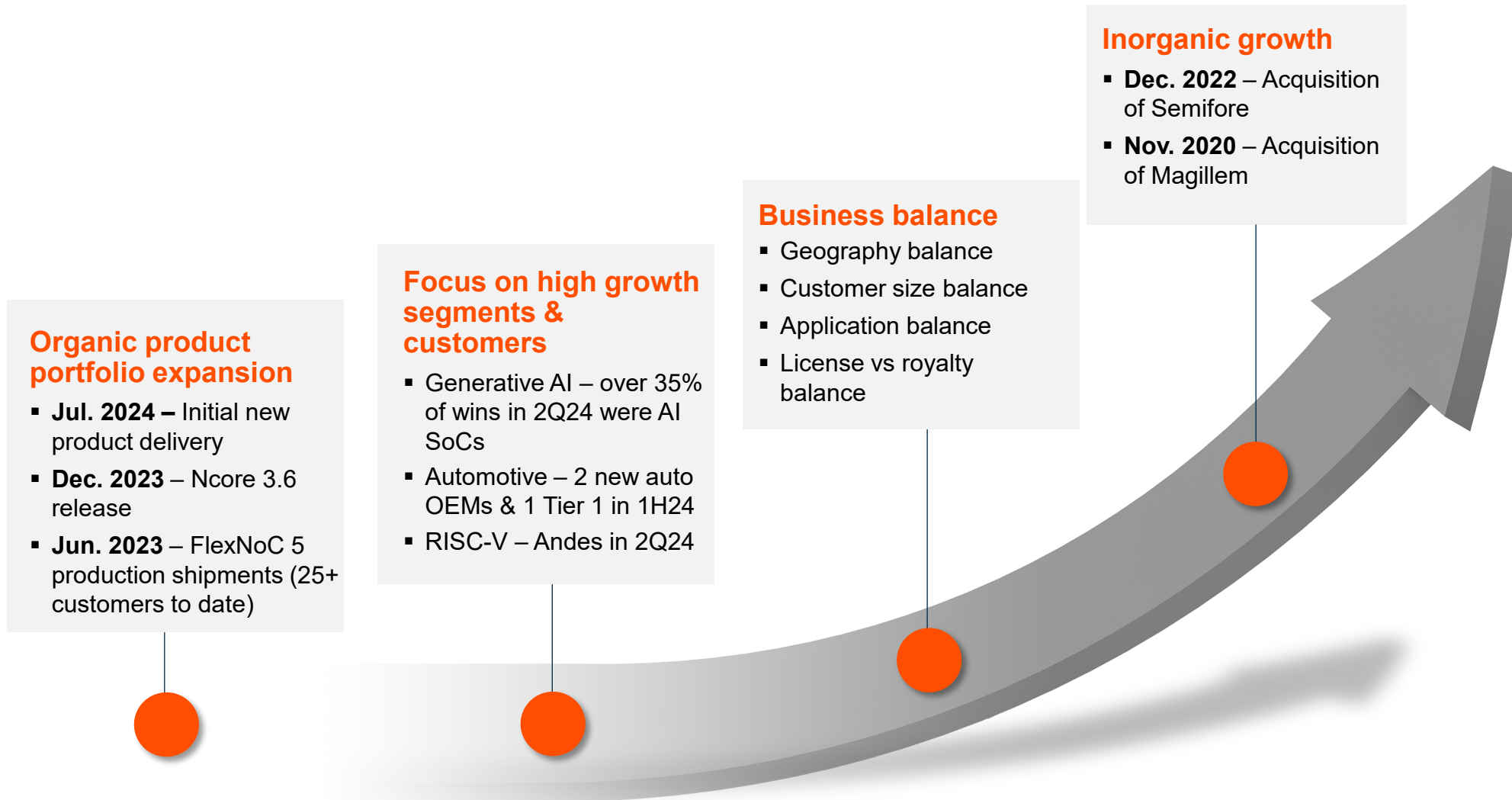
Intellectual Property

- 80 patents issued, 103 pending

Competition: Patent infringement risk

Total time to a solid market position:
10+ years

Arteris Growth Strategies And Milestones



2Q 2024 Actuals vs Guidance

In \$ millions	2Q 2024 Guidance	2Q 2024 Results	
Revenue	13.2 – 14.2	14.6	Above top end of guidance range
ACV + Royalties	58 – 62	60.1	At mid-point of guidance range
Non-GAAP Operating Income ¹	(6.5) – (4.5)	(3.5)	Above top end of guidance range
Free Cash Flow	(1.4) – 1.6	0.3	At mid-point of guidance range

¹ See appendix for reconciliation of GAAP to non-GAAP

2Q 2024 Business Highlights

	2Q'23	2Q'24	Y/Y
Revenue	14.7	14.6	▼1%
ACV + Royalties	58.2	60.1	▲3%
NG OpEx	17.9	16.8	▼6%
NGOI	(4.2)	(3.5)	▲17%
Free Cash Flow	(2.2)	0.3	▲\$2.5M
RPO	65.1	77.5	▲19%

- 2Q Revenue, excluding shift to ratability would be +19% Y/Y
- ACV + Royalties at \$60.1M
- Free cash flow positive in the quarter
- RPO exits 2Q at **77.5M**, +19% Y/Y
- 7 new customers added in the quarter
 - 4 in the automotive sector, including 2 OEMs
 - 1 major consumer electronics OEM: digital TV
 - 2 in communications and enterprise computing

Guidance

3Q 2024 Guidance

ACV + Royalties

\$58.5M - \$62.5M

Revenue

\$14.2M - \$15.2M

Non-GAAP Op. Income

(\$5.5M) – (\$3.5M)

Free Cash Flow

(\$1.4M) – \$1.6M

FY 2024 Guidance

ACV + Royalties

\$62M - \$68M

Revenue

\$56M - \$58M
(+\$1M)¹

Non-GAAP Op. Income

(\$22M) – (\$18M)
(+\$1.4M)¹

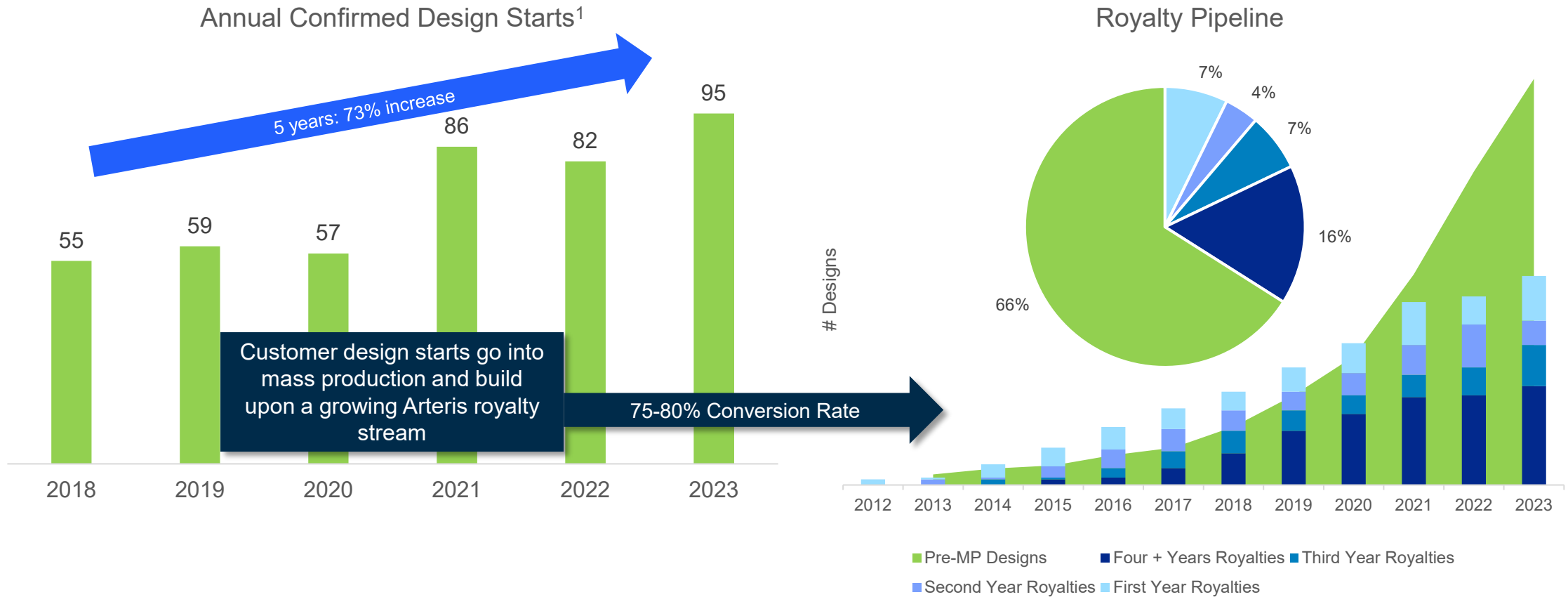
Free Cash Flow

(\$2.4M) – \$2.6M

¹. Compared to 1Q2024 guidance

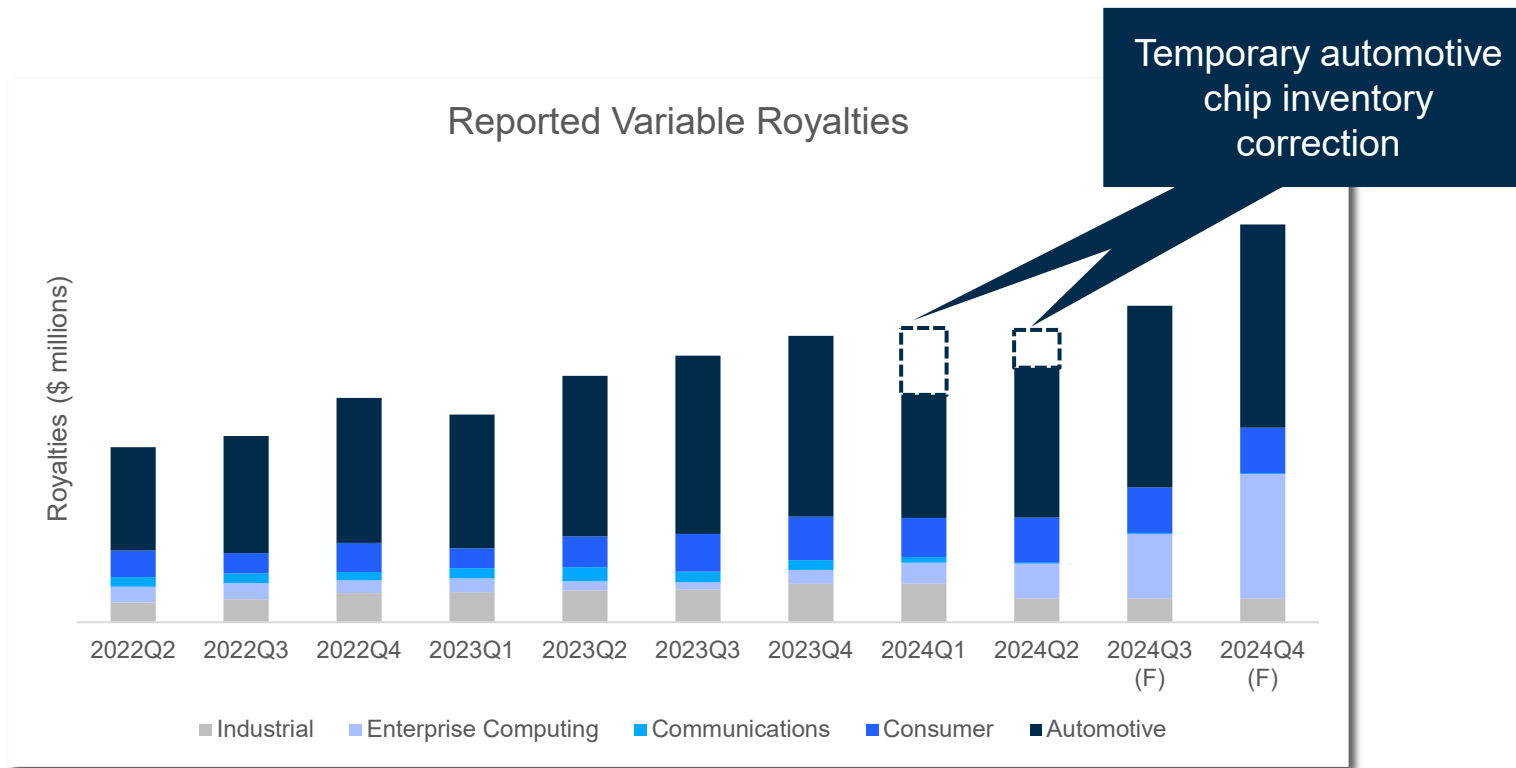
Future Royalty Engine

66% of design wins waiting to deliver royalty revenue; 18% of customer designs still ramping up



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

\$60M

+3% Y/Y
ACV + Royalties

200+

Active Customers

800+

Design Starts

\$78M

+19% Y/Y
RPO¹

**Free Cash
Flow Positive**

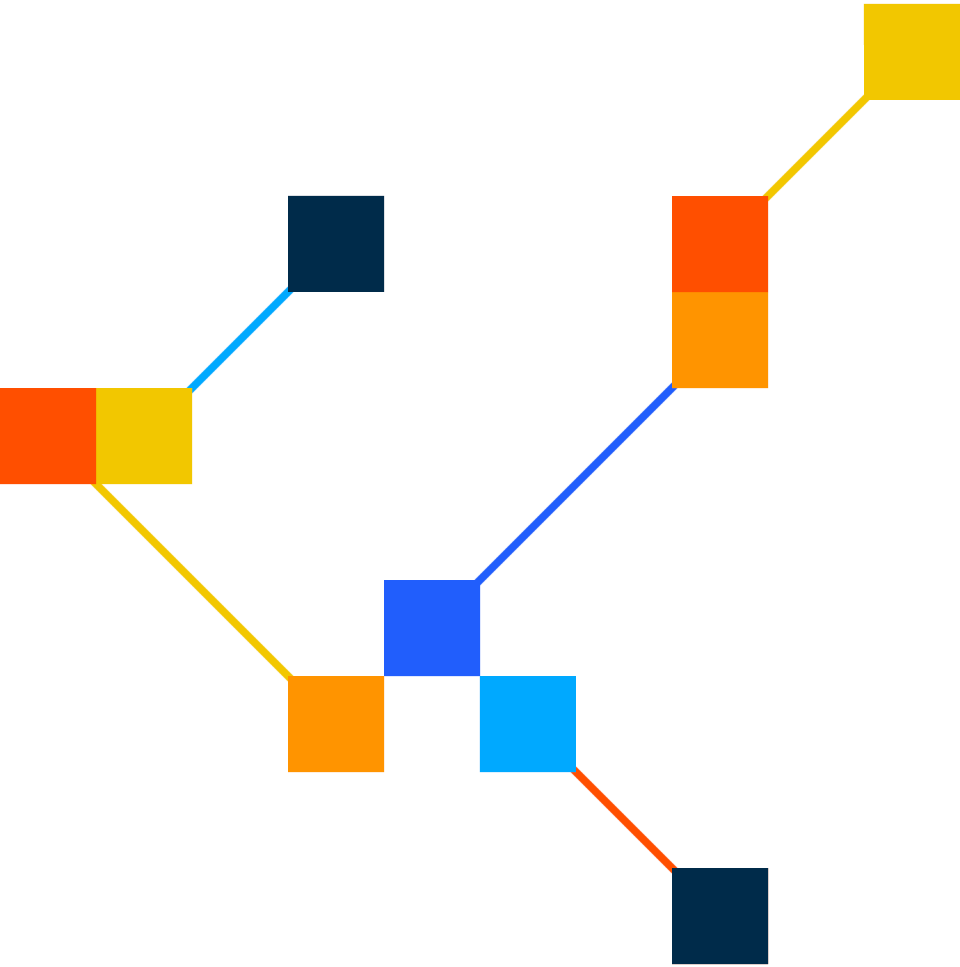
3.6B

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.



ARTERIS IP

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Appendix - Investor Highlights

Market Leadership

- Leader in semiconductor system-on-chip (SoC) system IP
- Over 50% increase in active customers since 2020
- 800+ SoC confirmed design starts
- ~3.6 billion SoCs shipped

Differentiated Technology

- Networking technology inside semiconductors
- Strong SoC integration technology, IP-XACT committee member
- Global customer support
- 80 issued patents and 103 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
- ~\$78 million contracted future revenue (RPO)⁴

¹ Management estimates

² Gartner

³ IBS

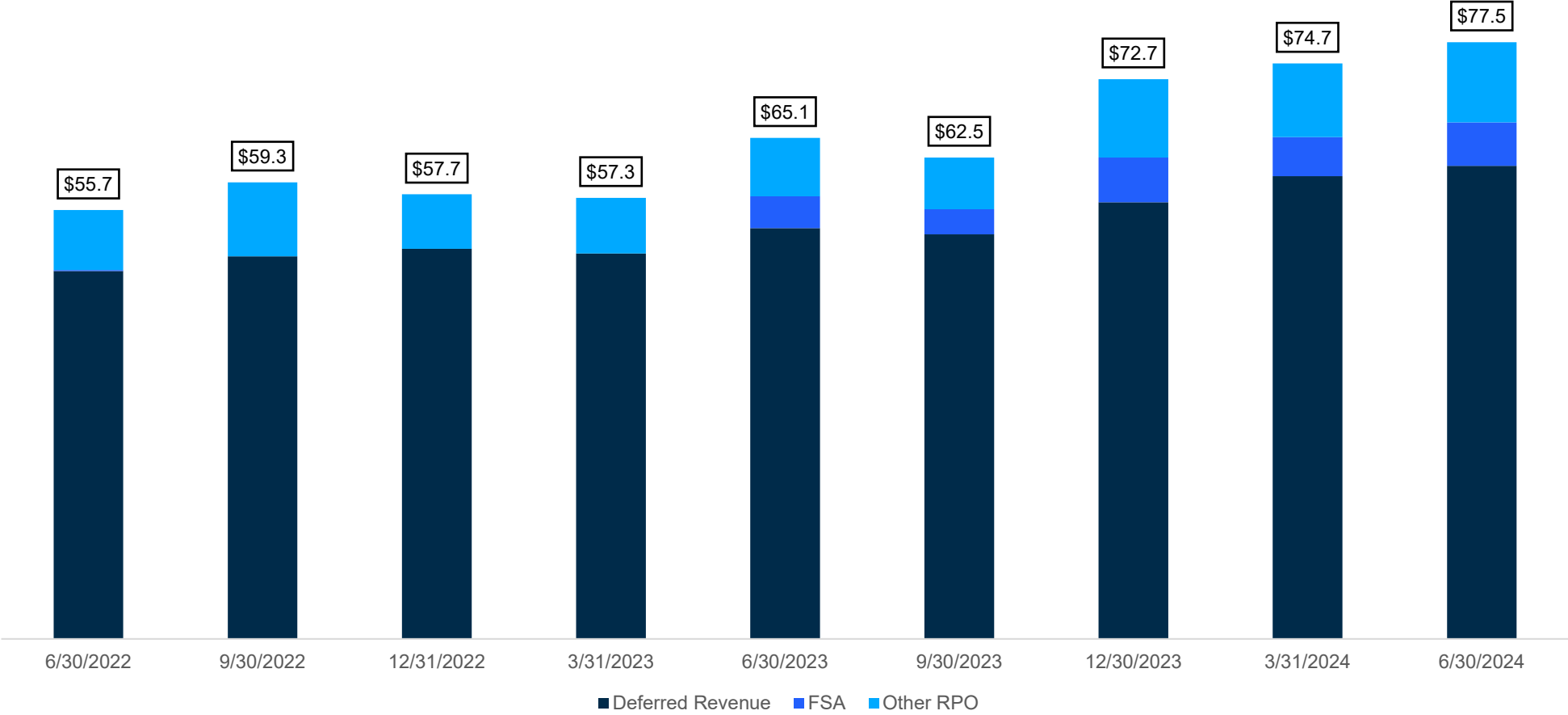
⁴ As of June 30, 2024. We define this as the amount of contracted future revenue that has not yet been recognized, including deferred revenue, billed and unbilled cancelable and non-cancelable contracted amounts.

Appendix - GAAP To Non-GAAP Reconciliation

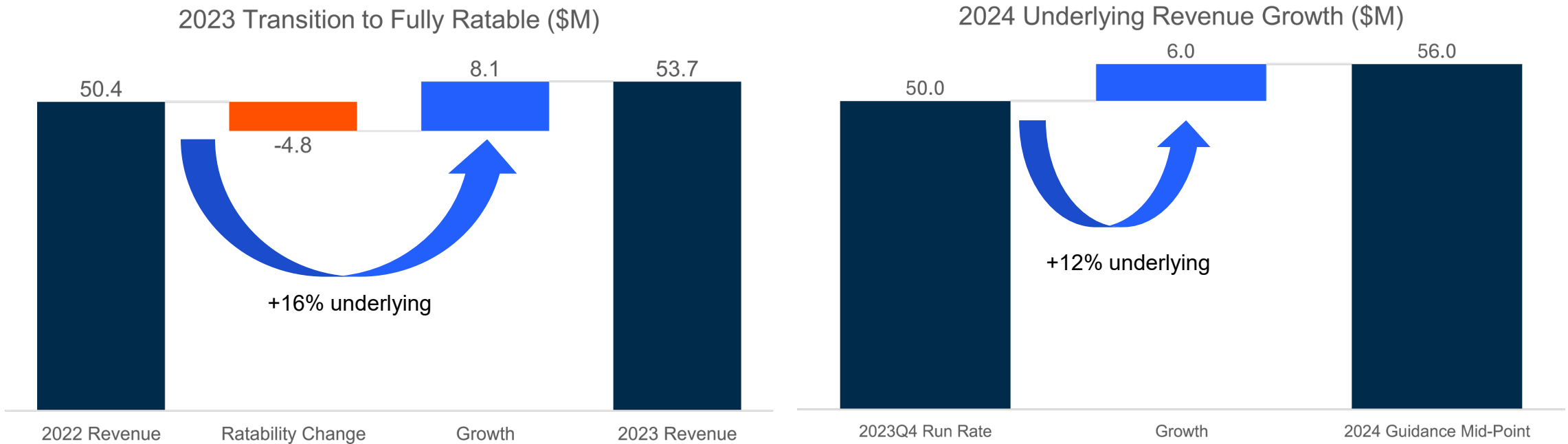
Income (loss) from operations

In \$ thousands	Three Months Ending:	
	June 30, 2023	June 30, 2024
Income (loss) from Operations	(8,683)	(7,441)
Add:		
Stock-based Compensation	4,282	3,760
Amortization of acquired intangible assets	191	192
Non-GAAP income (loss) from operations	(4,210)	(3,489)

Appendix - RPO Breakdown



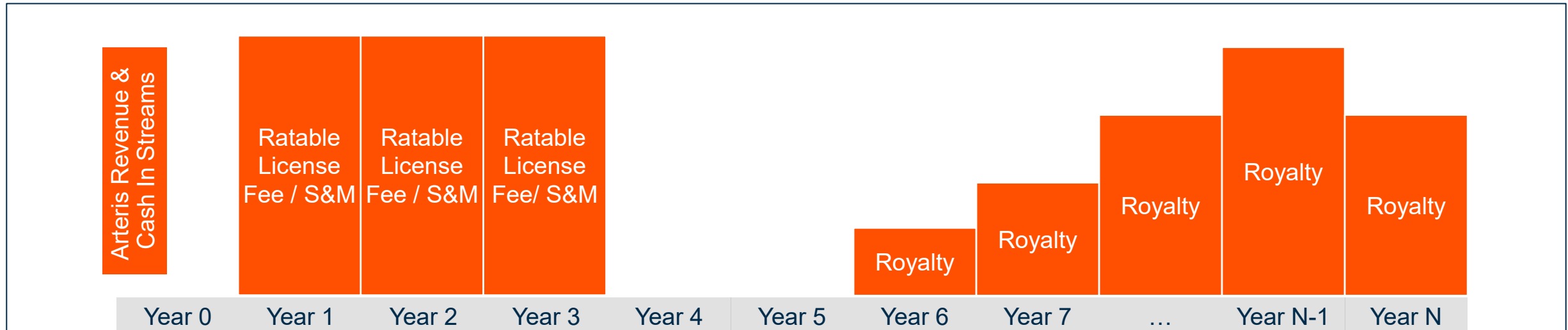
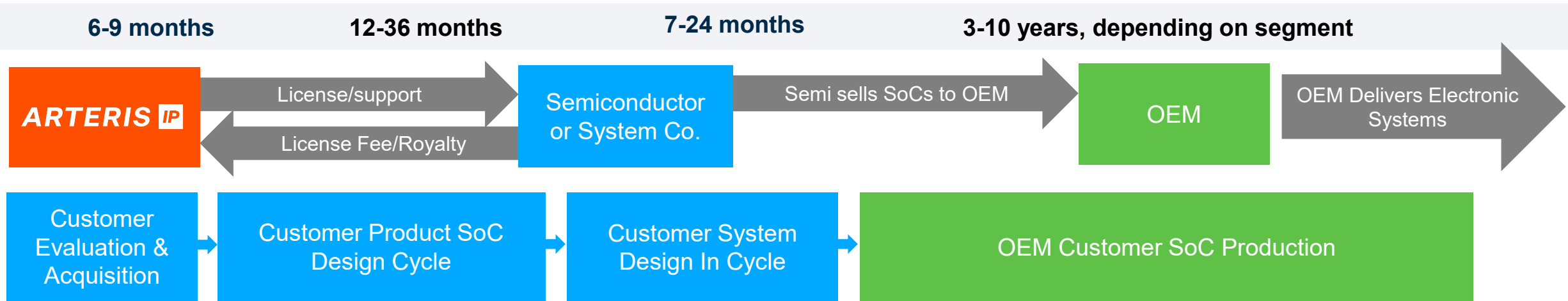
Appendix - Growth During Transition To Fully Ratable Revenue



- 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

Appendix - Arteris Business Model

Arteris customers have delivered 3.6 Billion SoCs based on 800+ SoC projects



Appendix - License Revenue / ACV / RPO Model

Example \$3M deal, 36-month license term

