

# Accelerating The Creation Of Semiconductors

## Corporate Overview

Charlie Janac  
CEO

Nick Hawkins  
CFO

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**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 operating expenses, non-GAAP operating income (loss). 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.

Arteris is unable to provide a reconciliation of certain non-GAAP guidance metrics in this presentation because the corresponding GAAP measures are not accessible on a forward-looking basis. Due to the potential variability and limited visibility of the excluded items, providing such reconciliation would necessitate unreasonable effort.

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# Today's Chips Have Become The Core Of Electronic Systems

Arteris system IP solutions address an estimated 10-20% of SoC silicon area, solving SoC complexity challenges → system IP changes between and within SoC projects

**ARTERIS IP**

Requirements

Specification

IP Integration

Verification

Physical NoC Estimation

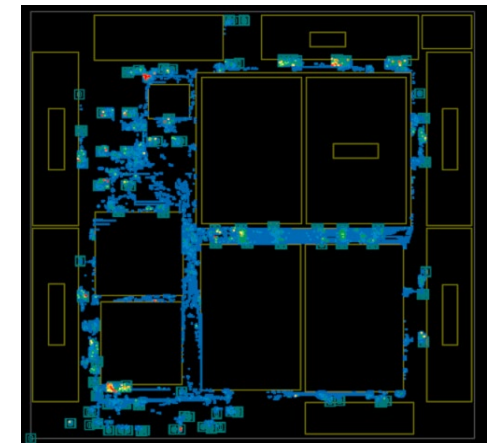
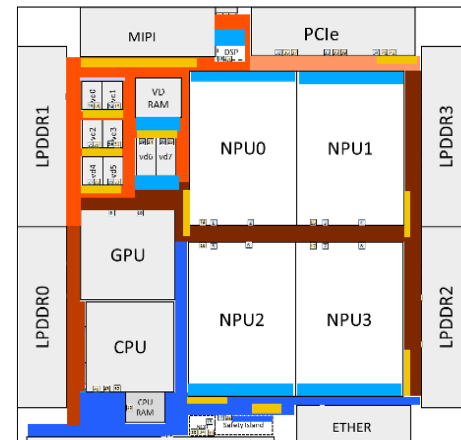
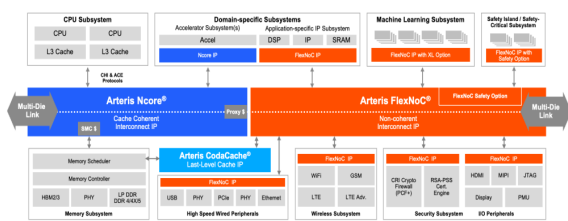
RTL Generation

Documentation

System IP Library

Commercially Licensed IP Blocks

Internally Developed IP Blocks



SoC Bill of Materials

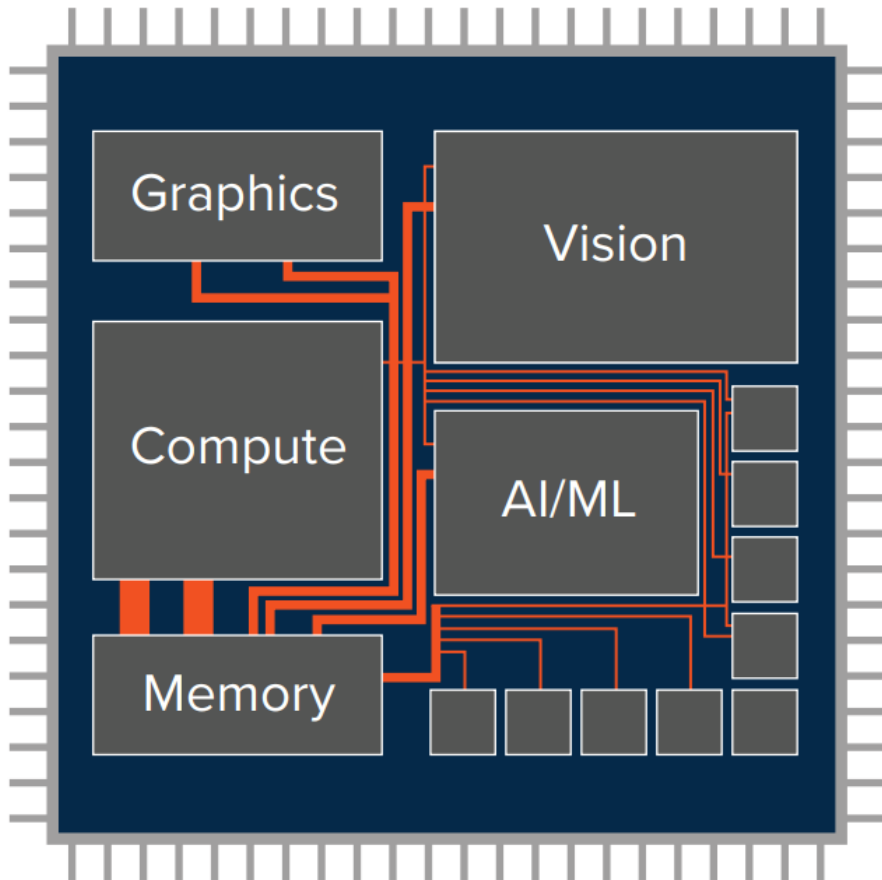
Architectural View

SoC View

Physical Awareness View

# Modern SoCs Require System IP For Optimal Performance

Arteris' focus is on customer competitive advantage

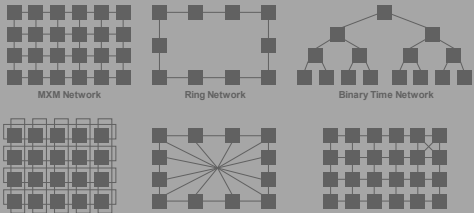


- Arteris enables engineers at the world's transformative brands to connect and integrate SoCs that fuel modern innovation
- As pioneers of NoC interconnect IP and a leader in SoC Integration Automation (SIA) software, we solve complex challenges with innovative technology
- Arteris technology is silicon-proven and backed by AE support

# Arteris Addressing Emerging Electronics Trends

## Adoption of New Semi. Technologies

More Processors & IP Blocks  
– data movement key competency –



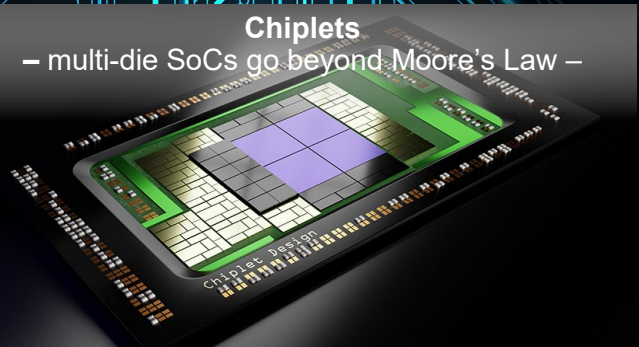
## Artificial Intelligence

– electronic systems making decisions –

# AI

## Chiplets

– multi-die SoCs go beyond Moore's Law –



## Smart Systems Connected Everywhere



## Regionalization of Semiconductor Industry



## Supporting Silicon Based Business Creation

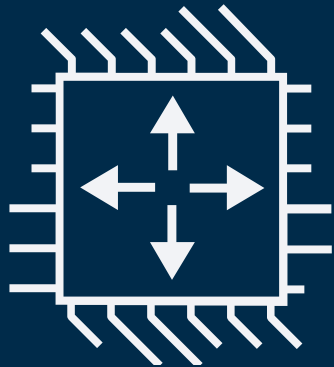


# Large System IP Market Supports Company Growth

Vital technologies are increasingly critical to successful SoC creation

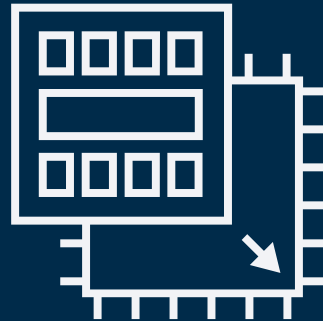
## SoC Integration Automation

SoC IP blocks connected & configured with Arteris software



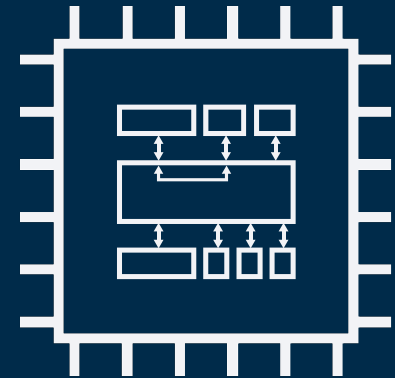
## Network-on-Chip Interconnect IP

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



## Network-on-Chip Interface IP

Additional interconnects & IP blocks connected to NoC IPs



# 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

- 94 patents issued, 120 pending

Competition: Patent infringement risk

Total time to a solid market position:  
**10+ years**

# FlexGen – Smart NoC IP

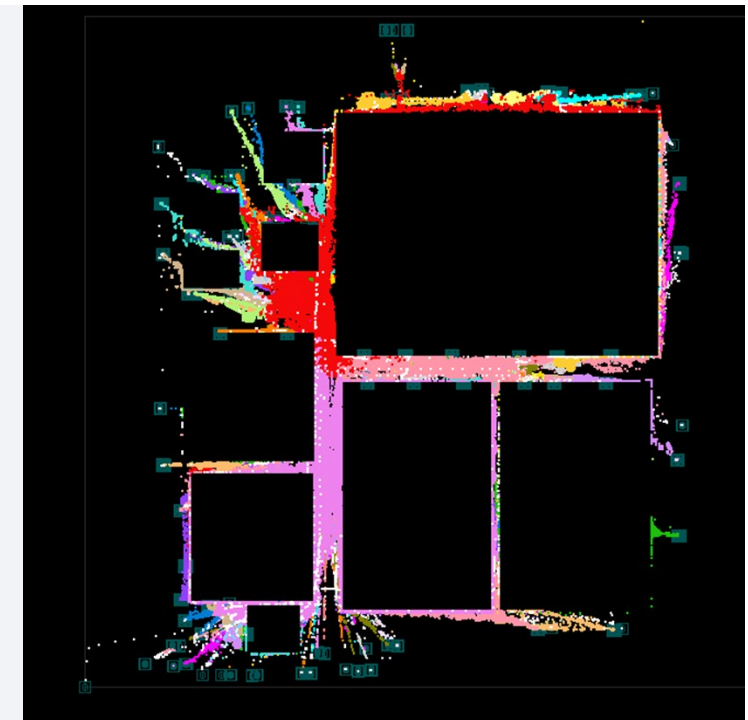
## Arteris Revolutionizes Semiconductor Design with FlexGen - Smart Network-on-Chip IP Delivering Productivity Improvements and Quality of Results

**Challenge:** SoC design complexity has surpassed manual human capabilities, requiring smart NoC automation. Modern SoCs have 5 to 20+ unique NoC instances and each instance can require 5-10 iterations.

### FlexGen, smart NoC IP from Arteris delivers:

- **Productivity Boost:** Accelerates chip design by up to **10x**, shortening and reducing iterations from weeks to days for greater efficiency.
- **Expert-Level Results:** Enhances engineering efficiency by **3x** while delivering expert-quality results with optimized routing and reduced congestion.
- **Wire Length Reduction:** AI-driven heuristics reduce wire length by up to **30%**, improving chip or chiplet power efficiency.

➔ Connects any processor (Arm, RISC-V) and supports industry protocols.



# 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 ~3.7 billion+ units shipped to date<sup>2</sup>
- **200+ customers** and nearly **850 SoC design starts** to date<sup>2</sup>
- **70-80%** market share of **automotive ADAS SoC market**<sup>1</sup>
- Strong technology and traction in **AI/ML systems**
- **Ecosystem** - any processor, any IP, any EDA, any foundry
- Customer retention rate of **90+%<sup>2</sup>**
- 94 patents and 120 patent applications<sup>3</sup>
- **ISO 9001:2015** Quality Management System (QMS) Certified
- **ISO 26262** Certified for Automotive Functional Safety for Magillem software and Ncore coherent interconnect IP

<sup>1</sup> Management estimates

<sup>2</sup> Over a three year period ending December 31,2024

<sup>3</sup> As of December 31, 2024

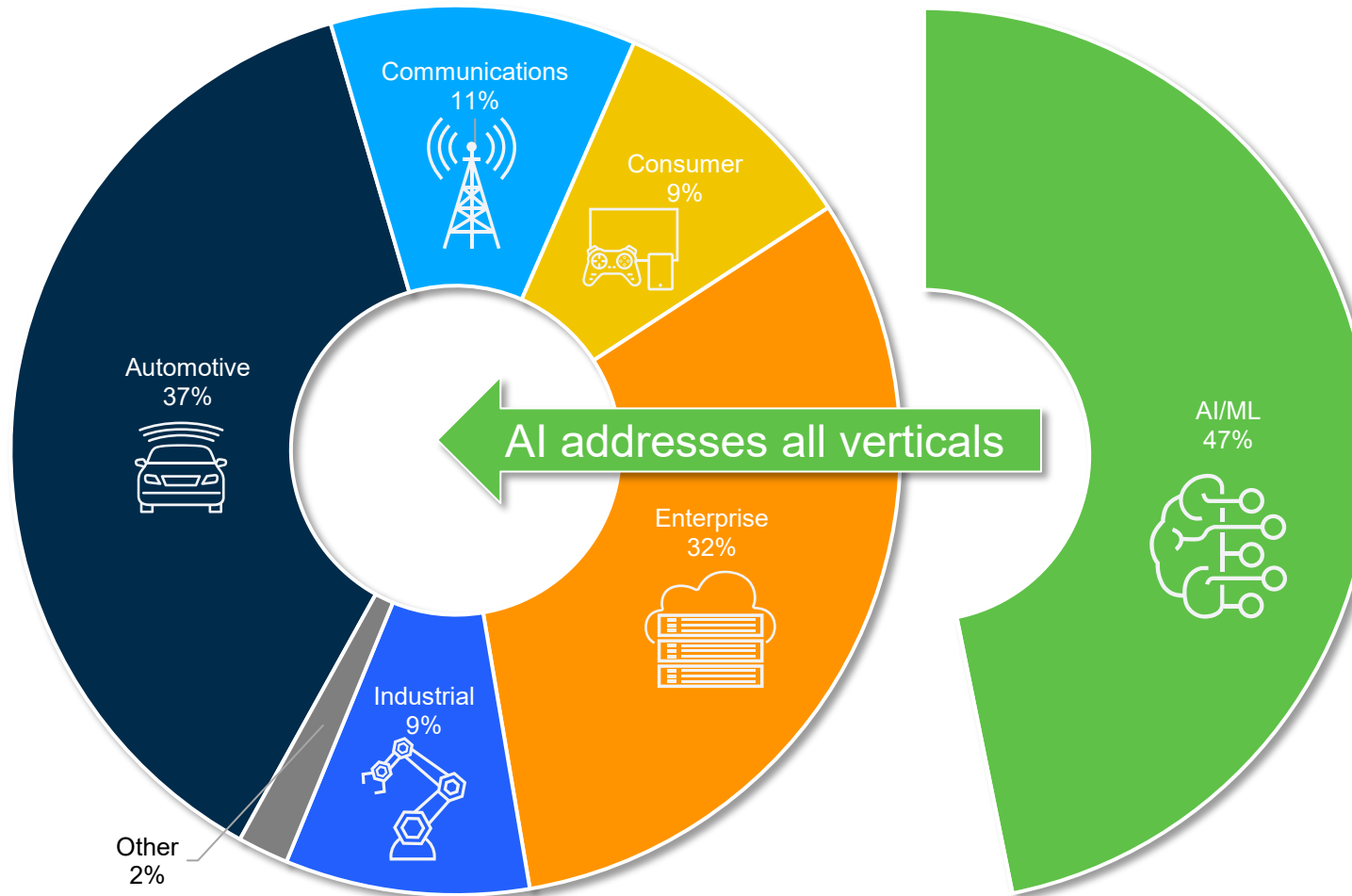
## Diversified Customer Base

Subset of Publicly Disclosed Customers



# Accelerating Innovation In Key Verticals

## 2024 ACV+Royalties vertical breakdown estimates



- Training
- Inference
- Generative AI
- Vehicle endpoints
- Robotics
- Datacenter
- Infrastructure

AI/ML horizontal ACV+R allocation based on management approximation of nature of customer's licensed designs and overall business

# 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 – Dec 24	Arteris Customers → 235+ AI SoC design wins							
<b>Datacenter Training</b>	5+	 蓝洋智能 BlueOceanSmart	 Cambricon 寒武纪科技	 Corerain 鲲云科技	 Enflame 燧原科技	Automotive EV OEM #1			
<b>Datacenter Inference</b>	30+	 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 <sup>a</sup>	
		 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			
<b>Edge Inference</b>	20+	 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 昇腾	
<b>Endpoint Inference</b>	40+	 alchip	 BOSCH	 BLACK SESAME TECHNOLOGIES	 DREAM CHIP	 FURIOSA	 HALLO	 后摩智能 HOUMDAI	
		 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
		Automotive EV OEM #6	Automotive EV OEM #7	Automotive EV OEM #8	Major Robotaxi #1	Major Robotaxi #2			

# Key Arteris AI Customer Wins

## Blaize



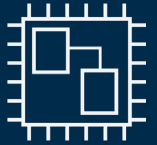
### Market Need

- Edge AI solutions are expanding into a variety of applications, many of which are currently limited by processing power or development costs

### Arteris and Blaize

- Blaize has licensed FlexNoC 5 to overcome these performance and efficiency limitations for its edge AI solutions. Arteris interconnect optimizes performance, reduces power consumption, and shortens time to market for Blaize customers

## Menta



### Market Need

- Chiplet platforms at the edge and IoT computing require interconnect solutions that address the technical challenges related to performance and area efficiency

### Arteris and Menta

- Menta's MOSAICS-LP chiplet platform, designed for AI computing at the edge, enables a higher level of customization and a faster time to market for next-generation AI applications. Arteris interconnect provides proven scaling efficiencies while helping Blaize achieve its performance and area targets

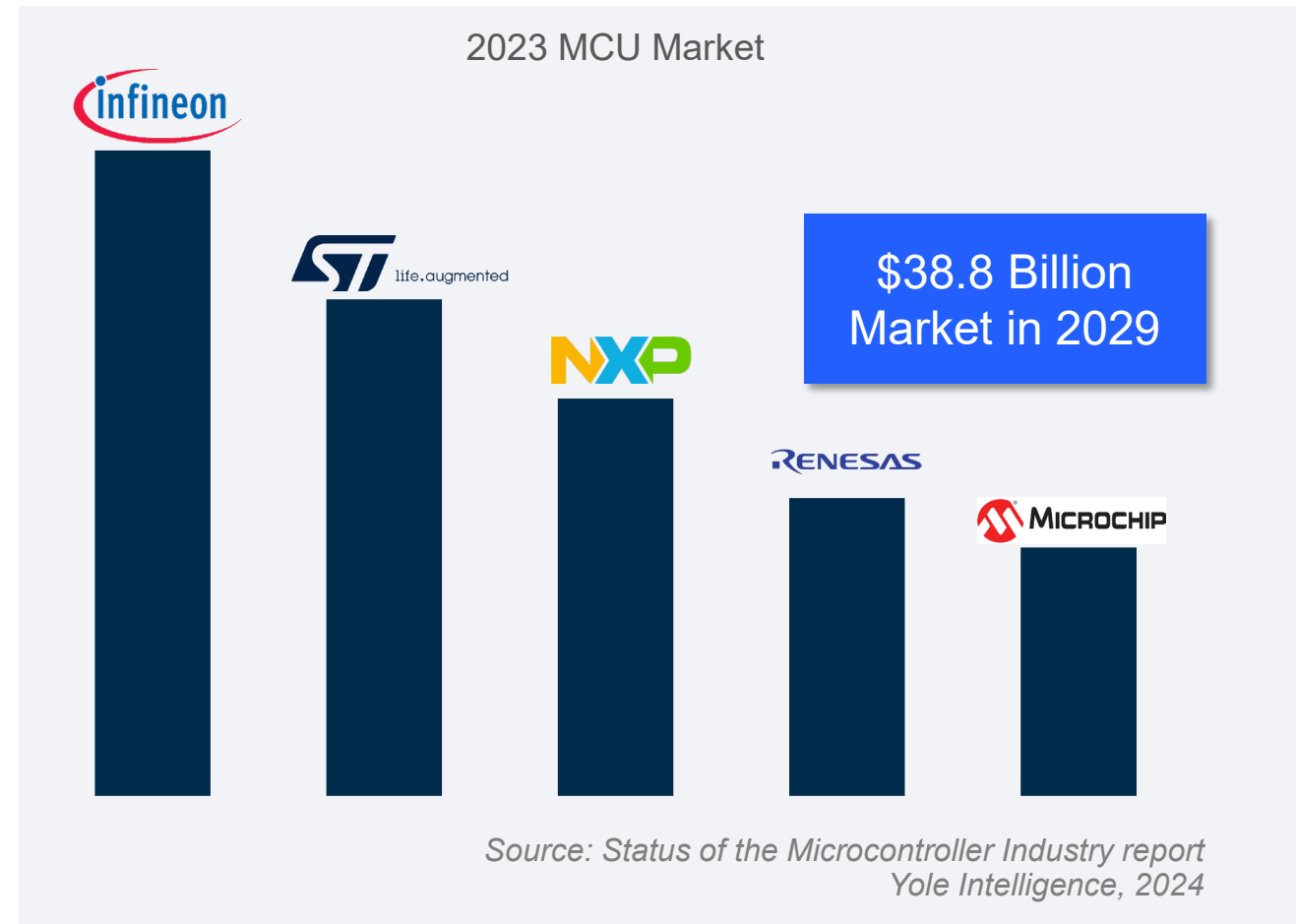
# Expanding Into The Micro-controller Market In 2024

For automotive, industrial and high-end IoT applications

- Micro-controllers (MCUs) are complex enough for Arteris system IP
  - More processing power, AI etc.
- Moving into less complex, higher volume designs at Arteris' large accounts
  - Expand down from more complex SoCs
- Arteris technology lowers cost & accelerates creation of MCUs

**“There is nothing simple about our microcontrollers”**

Alain Breton  
Chief Architect - Micro-controller Division  
STMicroelectronics



# Key Arteris Automotive MCU Customer Wins

## Infineon



### Market Need

- Software-defined vehicle compute needs continue to grow—beyond complex CPUs, increasingly down to microcontrollers (MCUs)

### Arteris and Infineon

- Increased deployment of Arteris system IP for a broad range of applications, including for high-end AI chiplet-based SoCs, hyperscale cloud computing, and high-volume consumer electronics

## GigaDevice



### Market Need

- In a dynamic automotive market, automotive SoC solutions need to meet enhanced product performance, reduced power consumption and shortened time to market

### Arteris and GigaDevice

- GigaDevice offers industry-proven products delivering high performance and reliability for automotive-grade solutions. GigaDevice chose FlexNoC 5 to manage the complexities of functional safety standards

# Expanding RISC-V Collaboration from AI Datacenter to AI Edge

## Market Need

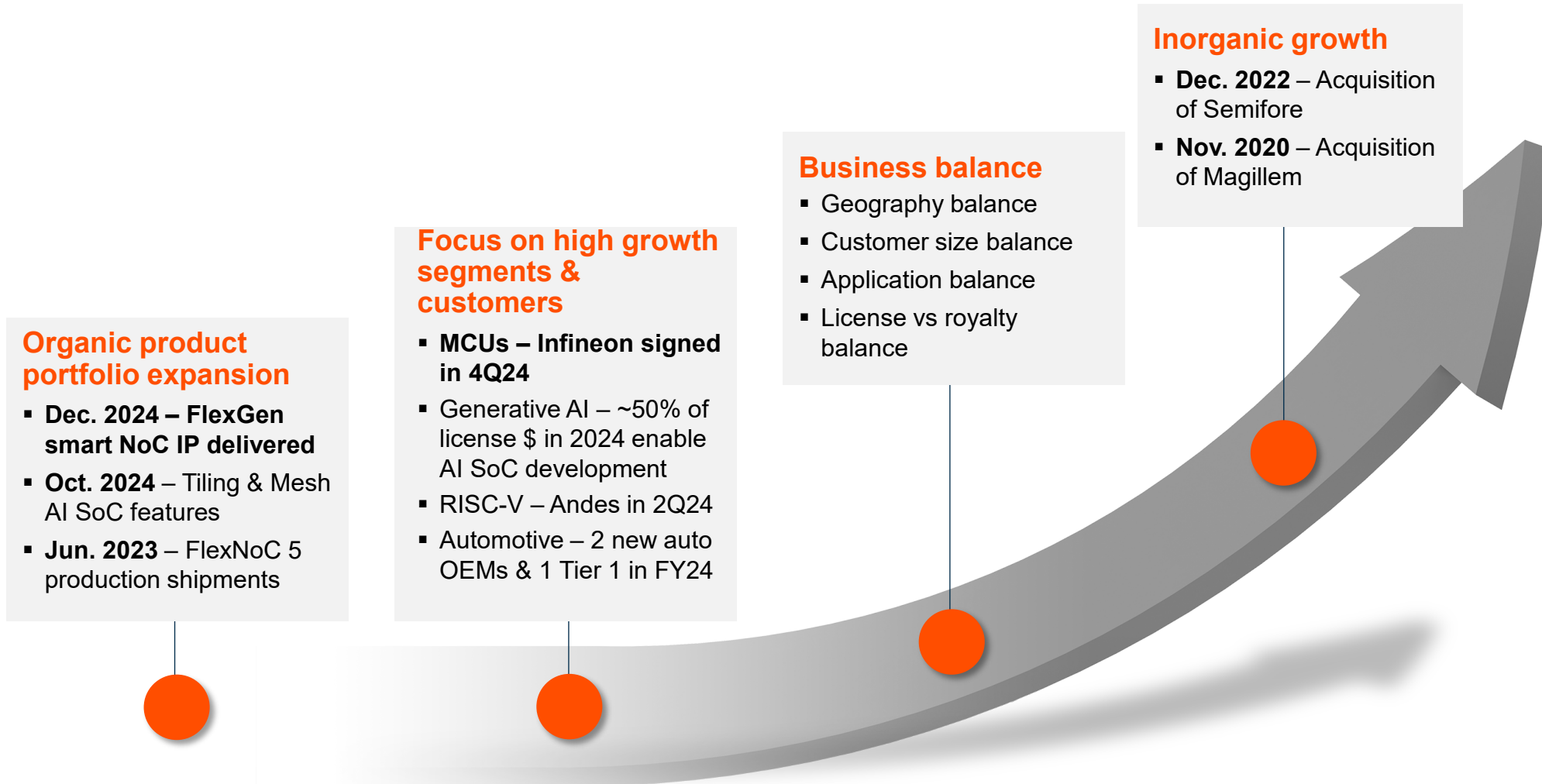
- Solutions for designing energy-efficient, extensible, and secure chips using the RISC-V architecture

## Arteris and RISC-V Ecosystem

- Collaboration with major RISC-V processor IP providers to enable the growing set of mutual customers



# Arteris Is One Of The Major Silicon Enabling Companies





# Financial Overview

Nick Hawkins

# FY2024 Highlights

## Company Record Highs

**\$57.7M** Revenue

**\$65.1M** ACV + Royalties

**\$88.4M** RPO<sup>1</sup>

<sup>1</sup>RPO: "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.

## 14 New Customers

Including

- Major automotive OEMs
- Market leading consumer electronics company
- Market leading microcontroller company

**+25%**

Improvement in Non-GAAP Operating Income

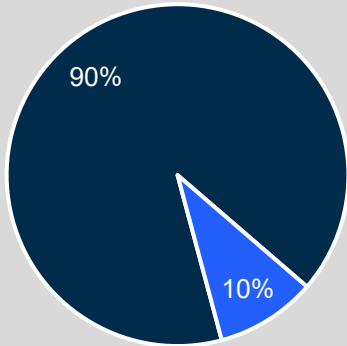
**~850** SoC design starts to date

**3.7B+** SoC shipments to date

# Key Financial Parameters

## Revenue

Derived from 2 Main Sources



### License & Support

- Fully ratable (since 2Q'23)
- 2 – 3 year design term
- Long-term CAGR<sup>1</sup>: 15 – 20%

### Royalties

- Long-term CAGR<sup>1</sup>: ~2x license growth rate
- Diverse royalty stream across multiple verticals, dozens of customers

## Operating Expense

- Controlled growth, flat Y/Y

<sup>1</sup>Management estimates, 2024 - 2029

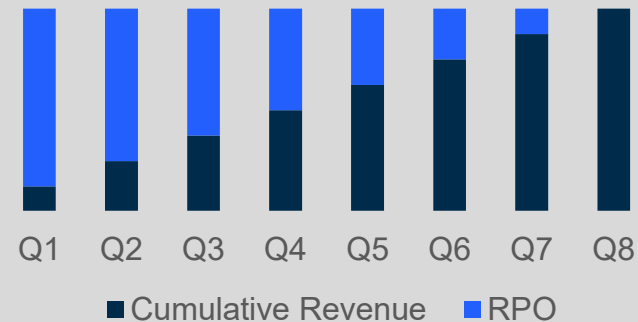
## Free Cash Flow

- Majority of deals paid up front
- Revenue deferred
- OpEx as incurred

FCF Leads  
NGOI

## Remaining Performance Obligations (RPO)

Essentially deferred revenue on BS

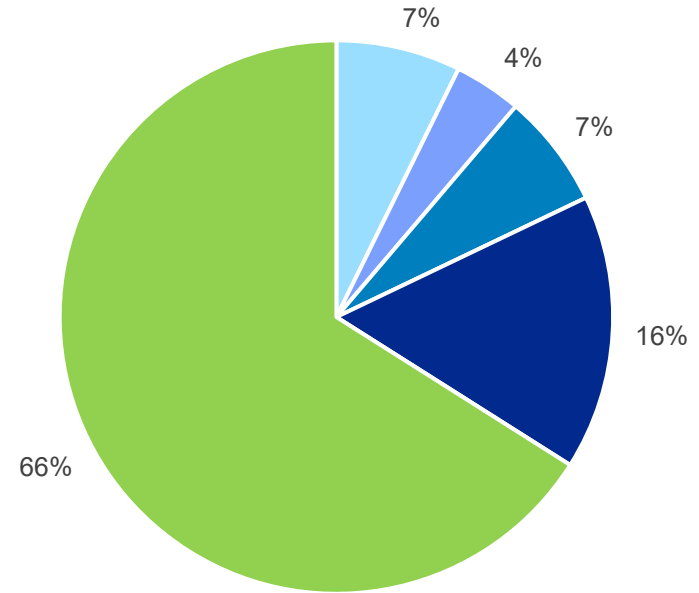
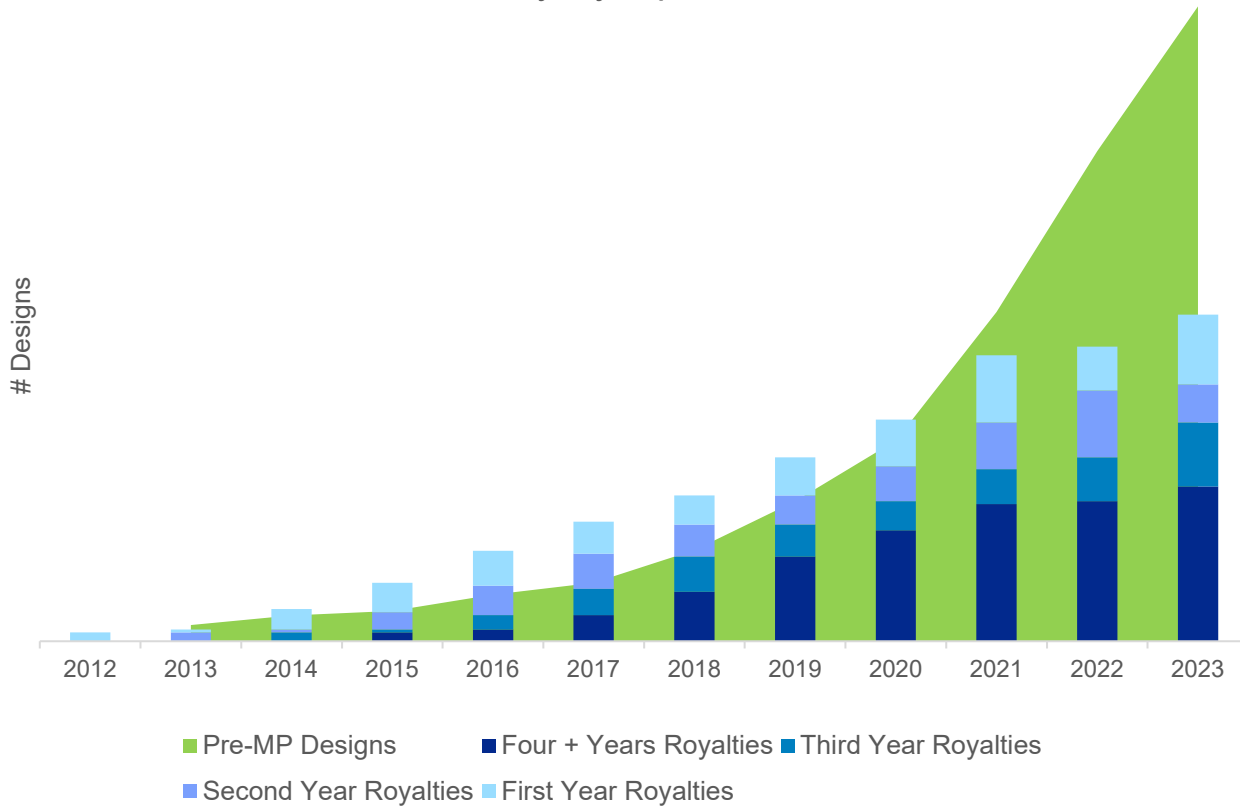


RPO  
+22%  
Y/Y

# Future Royalty Engine

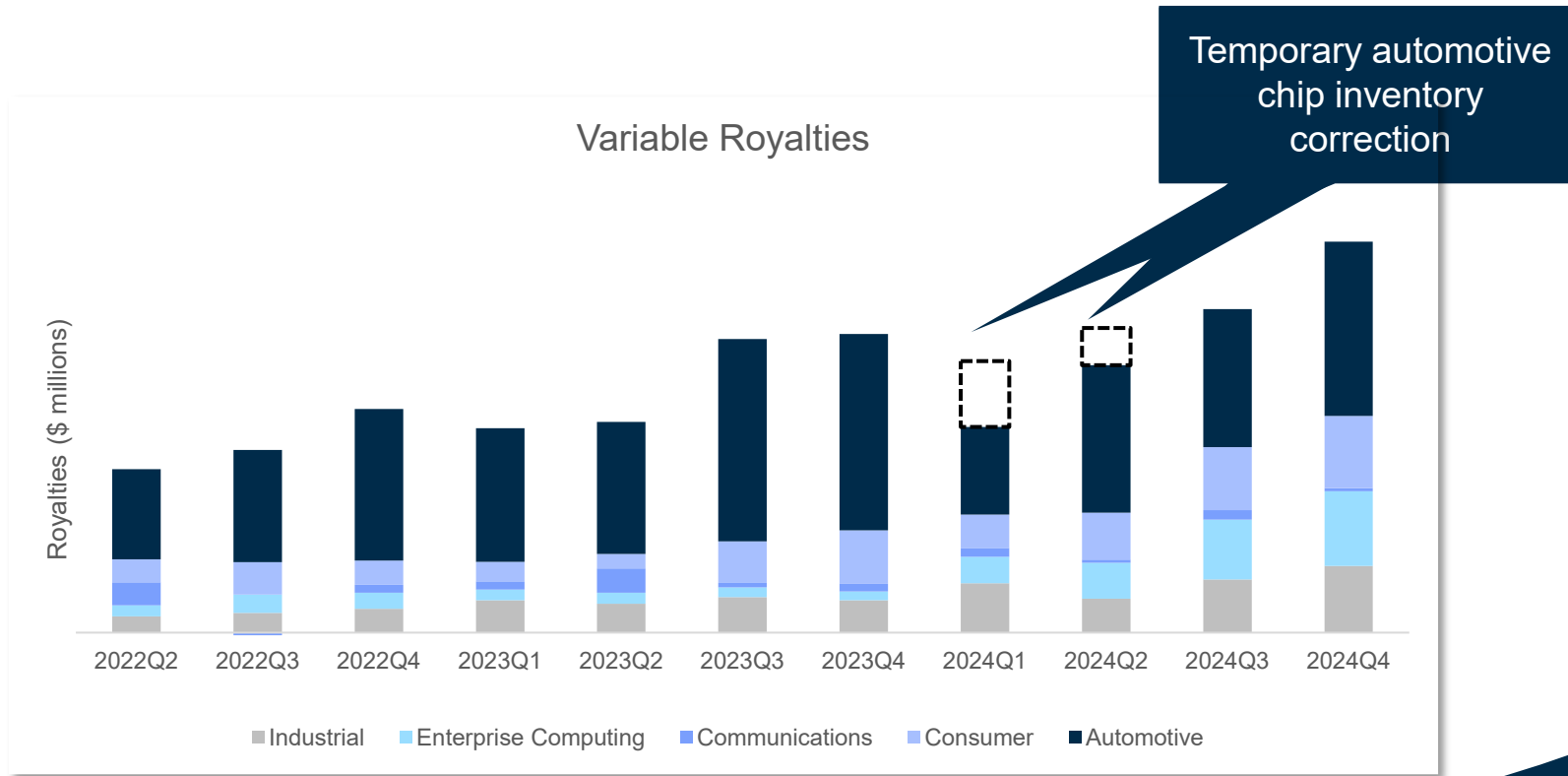
66% of design wins waiting to deliver royalty revenue; 18% of customer designs still ramping up

Royalty Pipeline



**160+ active royalty designs**

# Design Wins Result in Future Royalty Expansion



# 4Q/FY 2024 Business Highlights

	4Q'23	4Q'24	Y/Y	FY'23	FY'24	Y/Y
<b>Revenue</b>	12.5	<b>15.5</b>	▲24%	53.7	<b>57.7</b>	▲7%
<b>ACV + Royalties</b>	56.1	<b>65.1</b>	▲16%	56.1	<b>65.1</b>	▲16%
<b>NG OpEx*</b>	16.8	<b>16.9</b>	▲<1%	69.1	<b>67.6</b>	▼-2%
<b>NGOI*</b>	(5.5)	<b>(2.8)</b>	▲49%	(19.8)	<b>(14.8)</b>	▲25%
<b>FCF*</b>	(3.4)	<b>(2.7)</b>	▲\$0.7M	(17.2)	<b>(1.0)</b>	▲\$16.2M
<b>RPO</b>	72.7	<b>88.4</b>	▲22%	72.7	<b>88.4</b>	▲22%

\*Non-GAAP measure: See appendix for reconciliation to closest GAAP measure

- Record-high quarterly and annual revenue at \$15.5M and \$57.7M, (+24% Y/Y, +7% Y/Y) respectively
- Record-high ACV + Royalties at **\$65.1M**, +16% Y/Y
- 25% Y/Y improvement in full-year non-GAAP operating income
- Free cash flow increase of over \$16M from FY23 to FY24
- Record high RPO exits 2024 at **\$88.4M**, +22% Y/Y

# 4Q/FY 2024 Actuals vs Guidance

In \$ millions	4Q 2024 Guidance	4Q 2024 Results	
Revenue	14.7 – 15.7	15.5	Near top-end of guidance range
ACV + Royalties	63 – 67	65.1	At mid-point of guidance range
NGOI*	(5) – (4)	(2.8)	Above top-end of guidance range
Free Cash Flow*	(0.9) – 1.1	(2.7)	Short-term working capital delay

In \$ millions	FY 2024 Guidance	FY 2024 Results	
Revenue	56.9 – 57.9	57.7	Near top-end of guidance range
ACV + Royalties	63 – 67	65.1	At mid-point of guidance range
NGOI*	(17.1) – (16.1)	(14.8)	Above top-end of guidance range
Free Cash Flow*	0.7 – 2.7	(1.0)	Short-term working capital delay

\*Non-GAAP measure: See appendix for reconciliation to closest GAAP measure

# Guidance

## 1Q 2025 Guidance

**ACV + Royalties<sup>1</sup>**

\$65.5M - \$67.5M

**Revenue<sup>2</sup>**

\$15.7M - \$16.1M

**Non-GAAP Op.  
Income\***

(\$4M) – (\$3M)

**Free Cash Flow\***

(\$2.0M) – \$2.0M

## FY 2025 Guidance

**ACV + Royalties<sup>3</sup>**

\$73M - \$77M

**Revenue<sup>4</sup>**

\$66M - \$70M

**Non-GAAP Op.  
Income\***

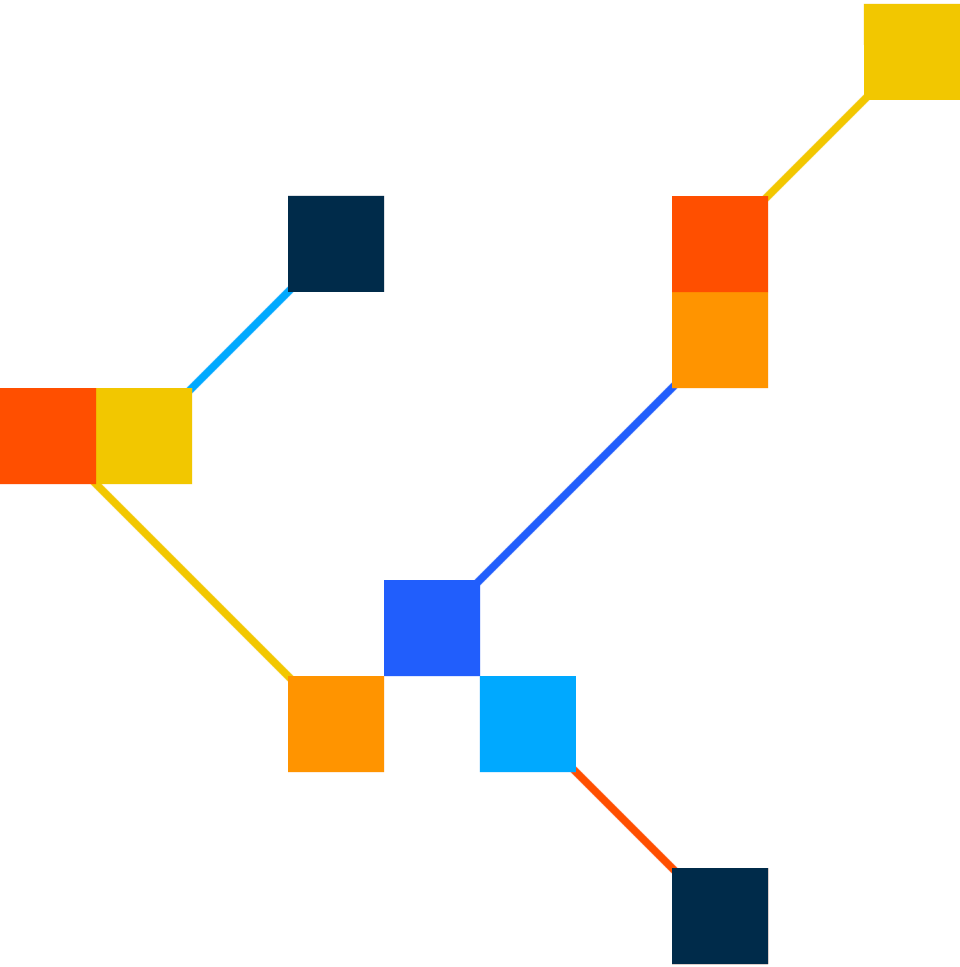
(\$12.5M) – (\$8.5M)

**Free Cash Flow\***

\$1M – \$7M

<sup>1</sup> 66.5M at the midpoint, +\$8.3M Y/Y (+14%)    <sup>3</sup> 75M at the midpoint, +\$9.9M Y/Y (+15%)  
<sup>2</sup> 15.9M at the midpoint, +\$3M Y/Y (+23%)    <sup>4</sup> 68M at the midpoint, +\$10.3M Y/Y (+18%)

\*Non-GAAP measure: See appendix for reconciliation to closest GAAP measure



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# Appendix - Non-GAAP Financial Measures

To supplement our financial results, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core performance. These non-GAAP measures, which may be different than similarly-titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We define "Non-GAAP gross profit" as GAAP gross profit, adjusted for stock-based compensation expense and amortization of acquired intangible assets included in cost of revenue. We define "Non-GAAP operating expenses" as GAAP operating expenses, adjusted for stock-based compensation and amortization of acquired intangible assets. We define "Non-GAAP operating income (loss)" as GAAP operating income (loss) adjusted to exclude stock-based compensation and amortization of acquired intangible assets.

The above items are excluded from our Non-GAAP gross profit, Non-GAAP operating expenses and Non-GAAP operating income (loss) because these items are non-cash in nature, or are not indicative of our core operating performance, and render comparisons with prior periods and competitors less meaningful. We believe Non-GAAP gross profit, Non-GAAP operating expenses and Non-GAAP operating income (loss) provide useful supplemental information to investors and others in understanding and evaluating our results of operations, as well as provide a useful measure for period-to-period comparisons of our business performance.

We define free cash flow as net cash (used in) provided by operating activities less cash used for purchases of property and equipment. We believe that free cash flow is a useful indicator of liquidity that provides information to management and investors, even if negative, about the amount of cash used in our operations other than that used for investments in property and equipment.

# Appendix - GAAP To Non-GAAP Reconciliation

## Operating expenses

In \$ thousands	Three Months Ending:			Twelve Months Ending:	
	December 31, 2023	September 30, 2024	December 31, 2024	December 31, 2023	December 31, 2024
Operating expenses	20,305	21,171	21,016	83,731	83,358
Less:					
Stock-based compensation	3,384	4,169	3,944	13,979	15,155
Amortization of acquired intangible assets	142	167	167	618	618
Non-GAAP operating expenses	16,779	16,835	16,905	69,134	67,585

# Appendix - GAAP To Non-GAAP Reconciliation

## Income (loss) from operations

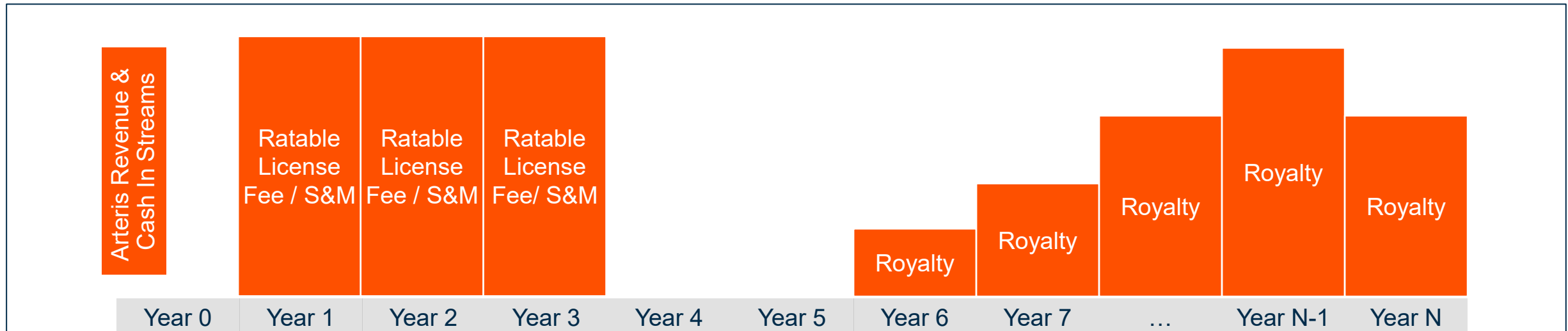
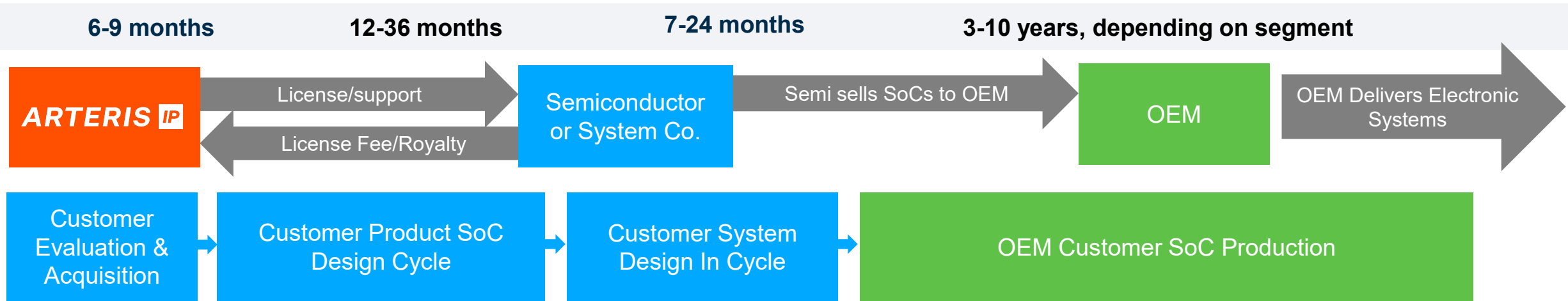
In \$ thousands	Three Months Ending:			Twelve Months Ending:	
	December 31, 2023	September 30, 2024	December 31, 2024	December 31, 2023	December 31, 2024
Operating income (loss)	(9,249)	(7,919)	(7,102)	(35,142)	(31,596)
Add:					
Stock-based compensation	3,554	4,390	4,131	14,535	15,938
Amortization of acquired intangible assets	192	217	216	767	817
Non-GAAP operating income (loss)	(5,503)	(3,312)	(2,755)	(19,840)	(14,841)

# Appendix –Free Cash Flow

In \$ thousands	Three Months Ending:			Twelve Months Ending:	
	December 31, 2023	September 30, 2024	December 31, 2024	December 31, 2023	December 31, 2024
Net cash (used in) provided by operating activities	(2,979)	1,123	(2,631)	(15,729)	(720)
Less:					
Purchase of property and equipment	(428)	(31)	(50)	(1,503)	(324)
Free cash flow	(3,407)	1,092	(2,681)	(17,232)	(1,044)

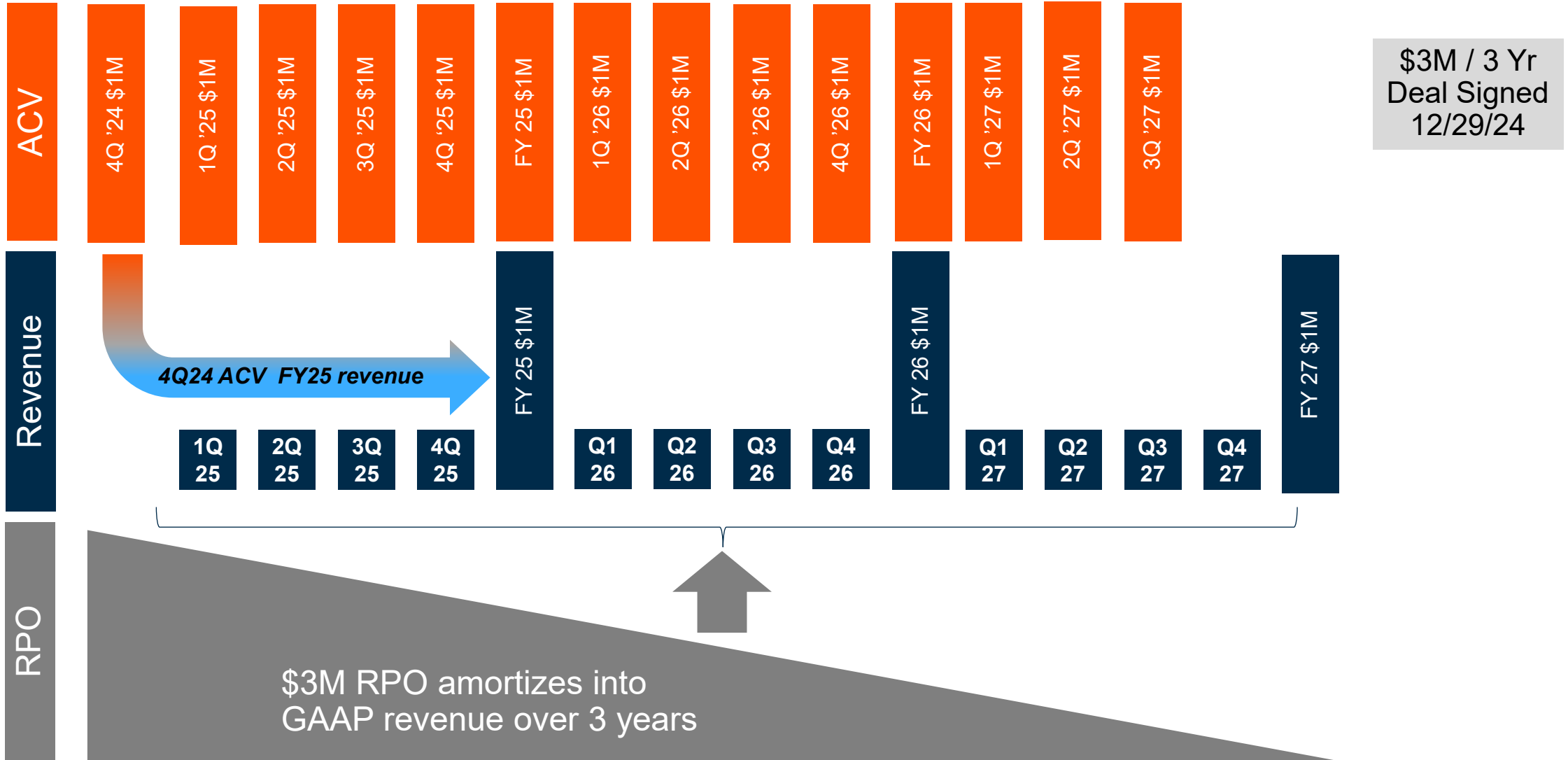
# Appendix - Arteris Business Model

Arteris customers have delivered 3.7 Billion units based on nearly 850 SoC projects



# Appendix - License Revenue / ACV / RPO Model

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



\$3M / 3 Yr Deal Signed 12/29/24