



Arteris

4Q 2024 Earnings Presentation

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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.

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

4Q Business Highlights (1 of 2)

- Achieved a record high \$65.1 million ACV plus royalties, fueled by AI-driven enterprise computing and automotive designs, and growing momentum in key areas such as MCUs and chiplets
- Large customers broadened their use of the Arteris product portfolio—one of the largest quarter wins was a top 5 technology company taking on Magillem and CSRCompiler software, complementing previous FlexNoC orders
- Added 14 new customers in 2024, ranging from top 5 technology companies to innovative startups, contributing to nearly 850 SoC different SoC designs to date
- Accelerated adoption of physically aware FlexNoC 5, which made up over 75% of our FlexNoC interconnect licenses in the quarter
- Announced the release of FlexGen smart NoC IP, which has the potential to deliver up to 10x engineer productivity and lower power consumption while improving overall PPA, through AI heuristic technology

4Q Business Highlights (2 of 2)

Infineon

Infineon, serving many of the world's top automotive Tier 1 vendors and OEMs, has licensed Arteris NoCs for its automotive MCUs.



GigaDevice's microcontroller business unit has chosen Arteris interconnect for its capabilities in minimizing interconnect area and power consumption while ensuring functional safety.



Tenstorrent further expanded deployment of Arteris NoC for next-generation of Chiplet-based AI, optimizing on-chiplet communication flow to enable high-performance, lowest power and area for AI, HPC and automotive applications.



MIPS and Arteris have partnered to provide a pre-verified RISC-V reference platform to support mutual customers, with the aim to improve interoperability and shorten SoC integration for chip designs across multiple applications.

4Q and FY 2024 Results

Revenue, ACV + Royalties, RPO, Gross Profit

	4Q 2023	3Q 2024	4Q'24 Guidance	4Q 2024	FY 2023	FY'24 Guidance	FY2024
Revenue	\$12.5M	\$14.7M	\$14.7M - \$15.7M	\$15.5M (+24% Y/Y)	\$53.7M	\$56.9M - \$57.9M	\$57.7M (+7% Y/Y)
ACV + Royalties	\$56.1M	\$60.5M	\$63M - \$67M	\$65.1M (+16% Y/Y)	\$56.1M	\$63M - \$67M	\$65.1M (+16% Y/Y)
RPO	\$72.7M	\$78.4M	N/A	\$88.4M (+22% Y/Y)	\$72.7M	N/A	\$88.4M (+22% Y/Y)
Gross Profit	Non-GAAP*: \$11.3M (90%)	Non-GAAP*: \$13.5M (92%)	N/A	Non-GAAP*: \$14.2M (91%)	Non-GAAP*: \$49.3M (92%)	N/A	Non-GAAP*: \$52.7M (91%)

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

4Q and FY 2024 Results

Operating Expenses, Operating Income

	4Q 2023	3Q 2024	4Q'24 Guidance	4Q 2024	FY 2023	FY'24 Guidance	FY2024
Operating Expenses	Non-GAAP*: \$16.8M GAAP: \$20.3M	Non-GAAP*: \$16.8M GAAP: \$21.2M	N/A	Non-GAAP*: \$16.9M (<1% Y/Y) GAAP: \$21.0M	Non-GAAP*: \$69.1M GAAP: \$83.7M	N/A	Non-GAAP*: \$67.6M (-2% Y/Y) GAAP: \$83.4M
Operating Income (Loss)	Non-GAAP*: (\$5.5M) GAAP: (\$9.2M)	Non-GAAP*: (\$3.3M) GAAP: (\$7.9M)	Non-GAAP*: (\$5M) – (\$4M)	Non-GAAP*: (\$2.8M) (+\$2.7M Y/Y) GAAP: (\$7.1M)	Non-GAAP*: (\$19.8M) GAAP: (\$35.1M)	Non-GAAP*: (\$17.1M) – (\$16.1M)	Non-GAAP*: (\$14.8M) (+\$5M Y/Y) GAAP: (\$31.6M)

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

4Q and FY 2024 Results

Free Cash Flow, Cash

	4Q 2023	3Q 2024	4Q'24 Guidance	4Q 2024	FY 2023	FY'24 Guidance	FY2024
Free Cash Flow*	(\$3.4M)	\$1.1M	(\$0.9M) – \$1.1M	(\$2.7M) <i>+\$0.7M Y/Y</i>	(\$17.2M)	\$0.7M – \$2.7M	(\$1.0M) <i>+\$16.2M Y/Y</i>
Cash, Cash Equivalents & Investments	\$53.0M	\$54.5M	N/A	\$52.3M	\$53.0M	N/A	\$52.3M

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

Guidance

1Q 2025 Guidance

FY 2025 Guidance

ACV + Royalties¹

\$65.5M - \$67.5M

Revenue²

\$15.7M - \$16.1M

ACV + Royalties³

\$73M - \$77M

Revenue⁴

\$66M - \$70M

**Non-GAAP Op.
Income***

(\$4M) – (\$3M)

Free Cash Flow*

(\$2.0M) – \$2.0M

**Non-GAAP Op.
Income***

(\$12.5M) – (\$8.5M)

Free Cash Flow*

\$1M – \$7M

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

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

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

Gross profit

In \$ thousands	Three Months Ending:			Twelve Months Ending:	
	December 31, 2023	September 30, 2024	December 31, 2024	December 31, 2023	December 31, 2024
Gross profit	11,056	13,252	13,914	48,589	51,762
Add:					
Stock-based compensation	170	221	187	556	783
Amortization of acquired intangible assets	50	50	49	149	199
Non-GAAP gross profit	11,276	13,523	14,150	49,294	52,744

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)