

Accelerating The Creation Of Semiconductors

Corporate Overview

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CEO

Nick Hawkins
CFO

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ARTERIS 

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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

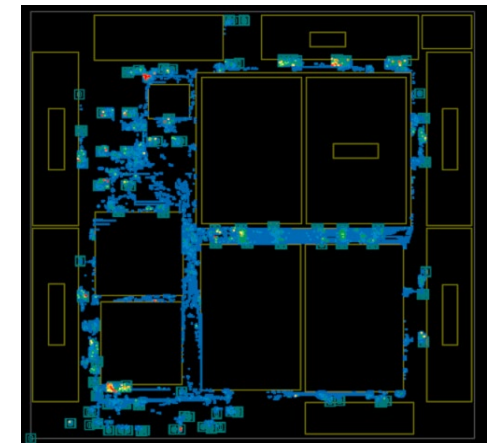
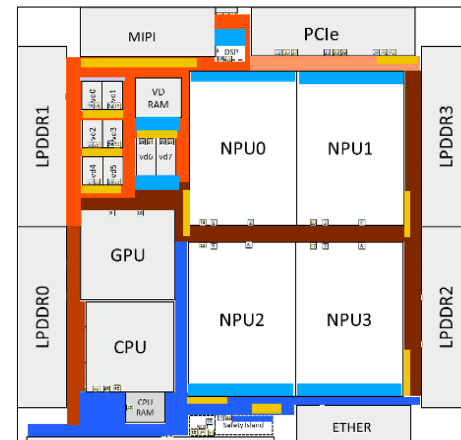
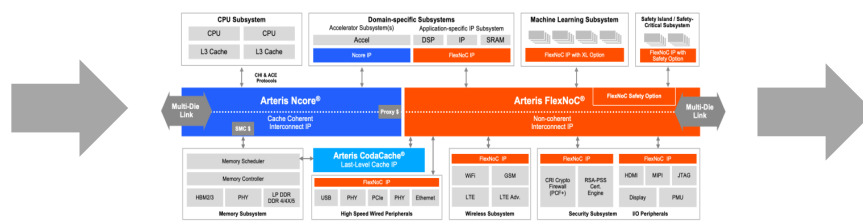
RTL Generation

Documentation

Developed
IP Block
Libraries

Acquired
IP Block
Libraries

System IP
Library



SoC Bill of Materials

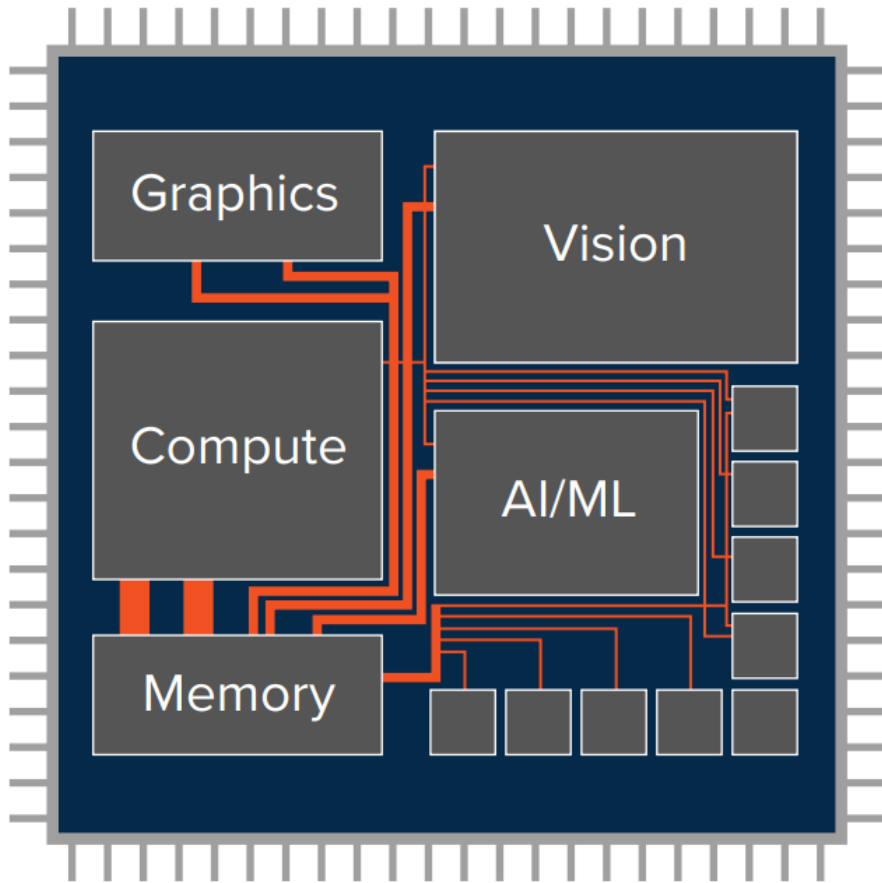
Architectural View

SoC View

Physical Awareness View

Modern SoCs Require System IP For Optimal Performance

Arteris' focus is on customer competitive advantage

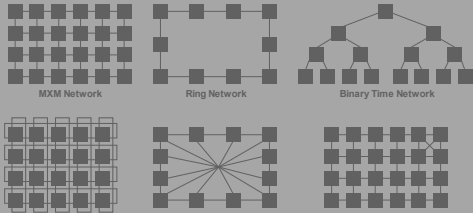


- Arteris enables engineers at the world's transformative brands to connect and integrate SoCs that fuel modern innovation
- As pioneers of NoC interconnect IP and a leader in SoC Integration Automation (SIA) software, we solve complex challenges with innovative technology
- Arteris technology is silicon-proven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

Arteris Addressing Emerging Electronics Trends

Adoption of New Semi. Technologies

More Processors & IP Blocks
– data movement key competency –



MXM Network Ring Network Binary Time Network

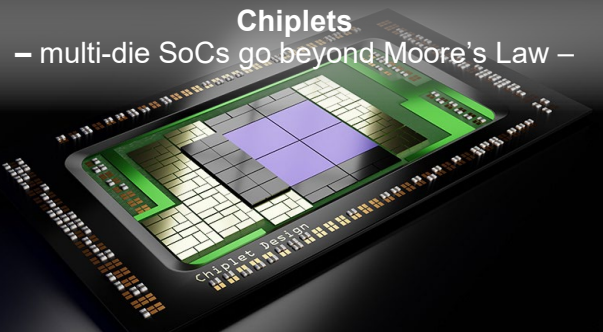
Artificial Intelligence

– electronic systems making decisions –

AI

Chiplets

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



Smart Systems Connected Everywhere




Connections to the internet and each other

Regionalization of Semiconductor Industry



Government strategies, investments & subsidies

Supporting Silicon Based Business Creation



Vehicle type: car
Direction: passing

Vehicle type: car
Direction: passing

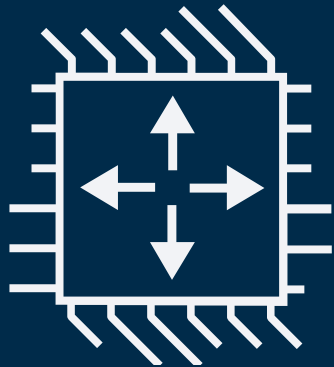
Vehicle type: car
Direction: passing

System IP Market Large Enough For Growth Into A Sizeable Company

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

SoC Integration Automation

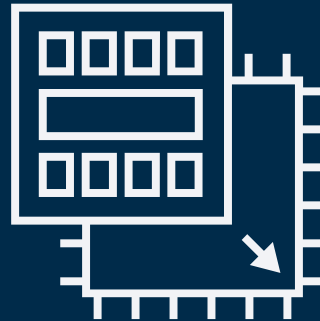
SoC IP blocks connected & configured with Arteris software



~\$300M Market

Network-on-Chip Interconnect IP

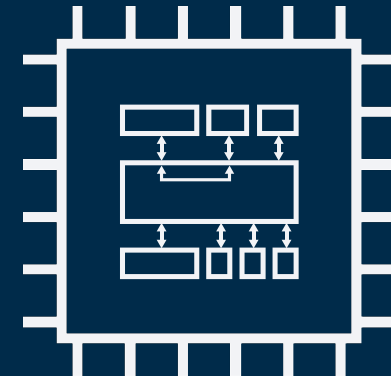
Protocol converters, switches, rate adaptors, coherent units, transport networks, directories etc.



~\$700M Market

Network-on-Chip Interface IP

Additional interconnects & IP blocks connected to NoC IPs



~\$200M Market

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

- 90 patents issued, 100 pending

Competition: Patent infringement risk

Total time to a solid market position:
10+ years

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 **825+ 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+%**
- 90 patents and 100 patent applications
- **ISO 9001:2015 Quality Management System (QMS) Certified**

¹ Management estimates

Diversified Customer Base

Subset of Publicly Disclosed Customers



Adding Industry Talent – 3Q 2024



Joachim Kunkel

Board Member
Formerly SVP & GM of Synopsys IP Division

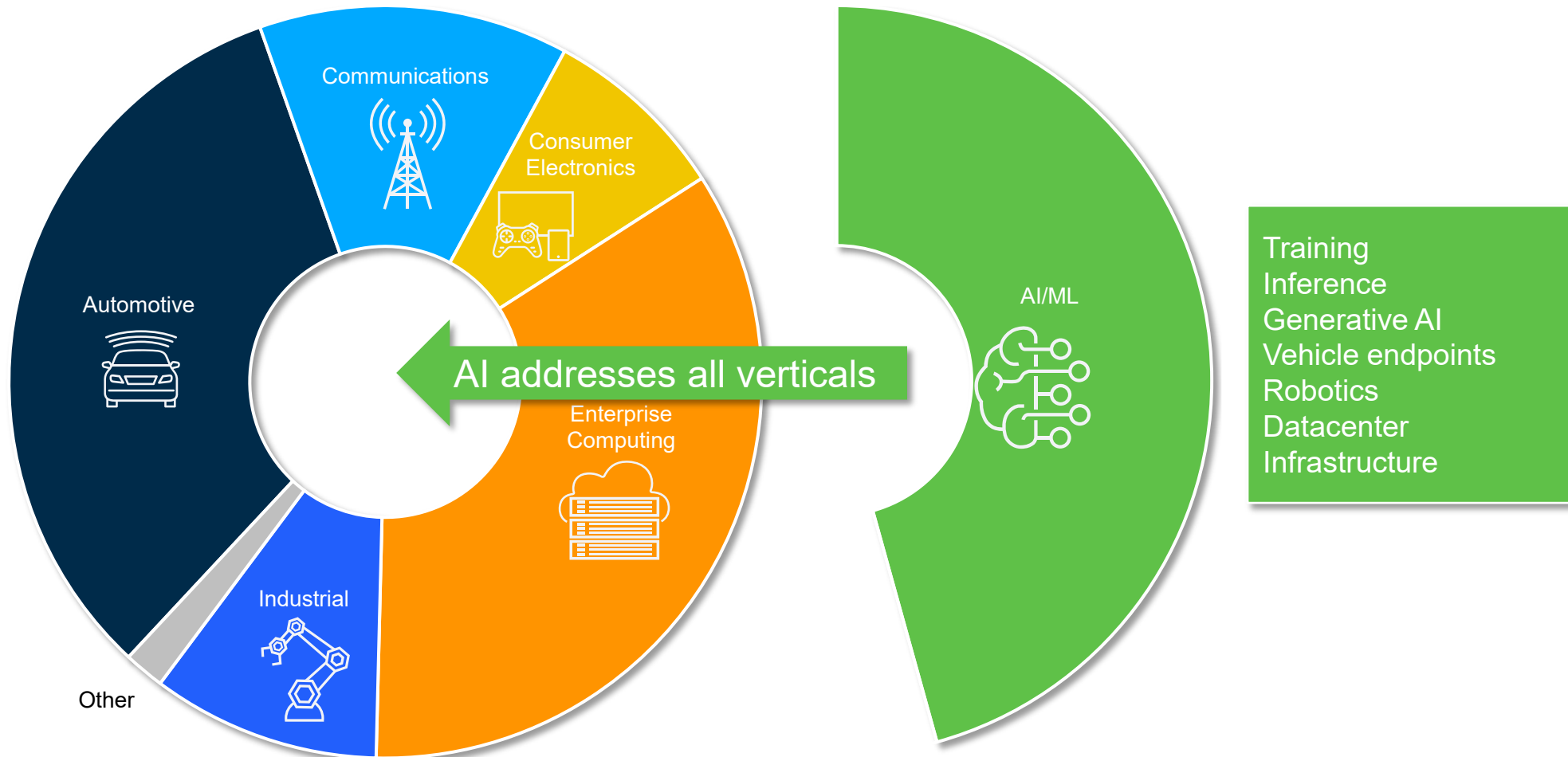


Ken Way

Executive Vice President Global Sales
Formerly at Xilinx, Freescale & Achronix

Accelerating Innovation In Key Verticals

2024 YTD 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 – Sep 24

Arteris Customers → 225+ AI SoC design wins

Data Center Training

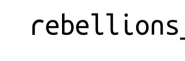
5+



Automotive EV OEM #1

Data Center Inference

20+



Hyperscaler #1

Hyperscaler #2

Hyperscaler #3

Hyperscaler #4

Hyperscaler #5

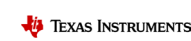
Edge Inference

10+



Endpoint Inference

30+



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

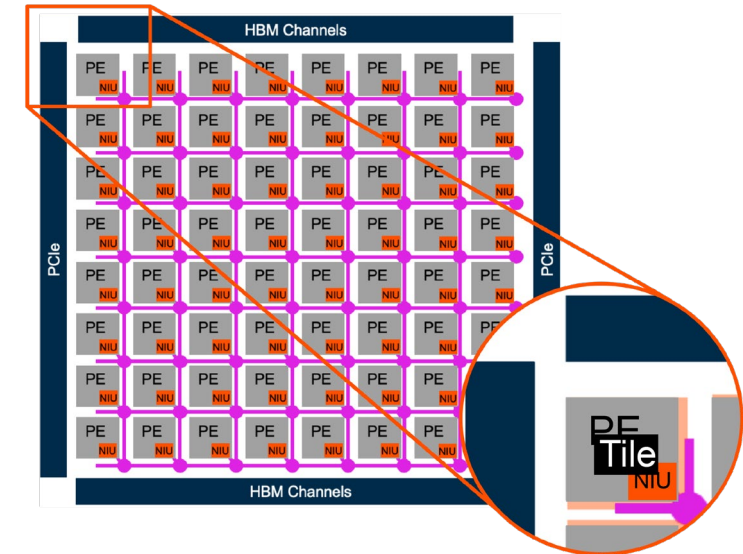
Automotive EV OEM #8

Major Robotaxi #1

Major Robotaxi #2

Arteris Network-on-Chip Tiling Innovation Advantages For AI Applications

- **Scalable Performance:** Expanded NoC tiling supported by mesh topology in FlexNoC and Ncore interconnect IP products enables SoCs with AI to **easily scale by 10X+** without changing the basic design.
- **Power Reduction:** Network-on-chip tiles can be turned off dynamically, **cutting power by 20%** on average, essential for energy-efficient and sustainable AI applications.
- **Dynamic Reuse:** Pre-tested network-on-chip tiles can be reused, cutting the SoC integration time by **up to 50%**, **shortening AI TTM**.



- ✓ **Applicability:** CPU, GPU, TPU, and NPU clusters/sub-systems.
- ✓ **Markets:** Automotive, Communications, Consumer Electronics, Enterprise Computing, & Industrial
- ✓ **AI Workloads:** Vision, ML, DL, NLP including LLMs and Generative AI.

Key Arteris AI Customer Wins

Top 5 Technology Hyperscaler

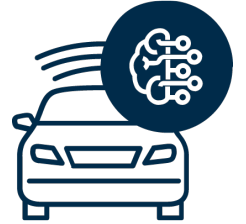


Market Need

- Generative AI hardware demands extremely high bandwidth, but emerging solutions need to be scalable and power efficient

Arteris and a Top Hyperscaler

- A major technology company increased its 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



Market Need

- ADAS solutions, especially for battery electric vehicles, require peak performance to analyze driving environments in realtime, while minimizing power use to maximize vehicle range

Arteris and NIO

- NIO, a pioneer and a leading company in the global smart electric vehicle market, deployed Arteris technology for its next generation of ADAS and LiDAR SoCs, using physically-aware NoC technology to reduce silicon implementation risks and schedule

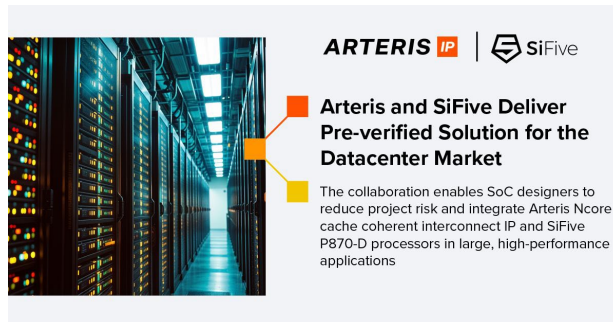
Expanding RISC-V Collaboration from AI Datecenter to AI Edge

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



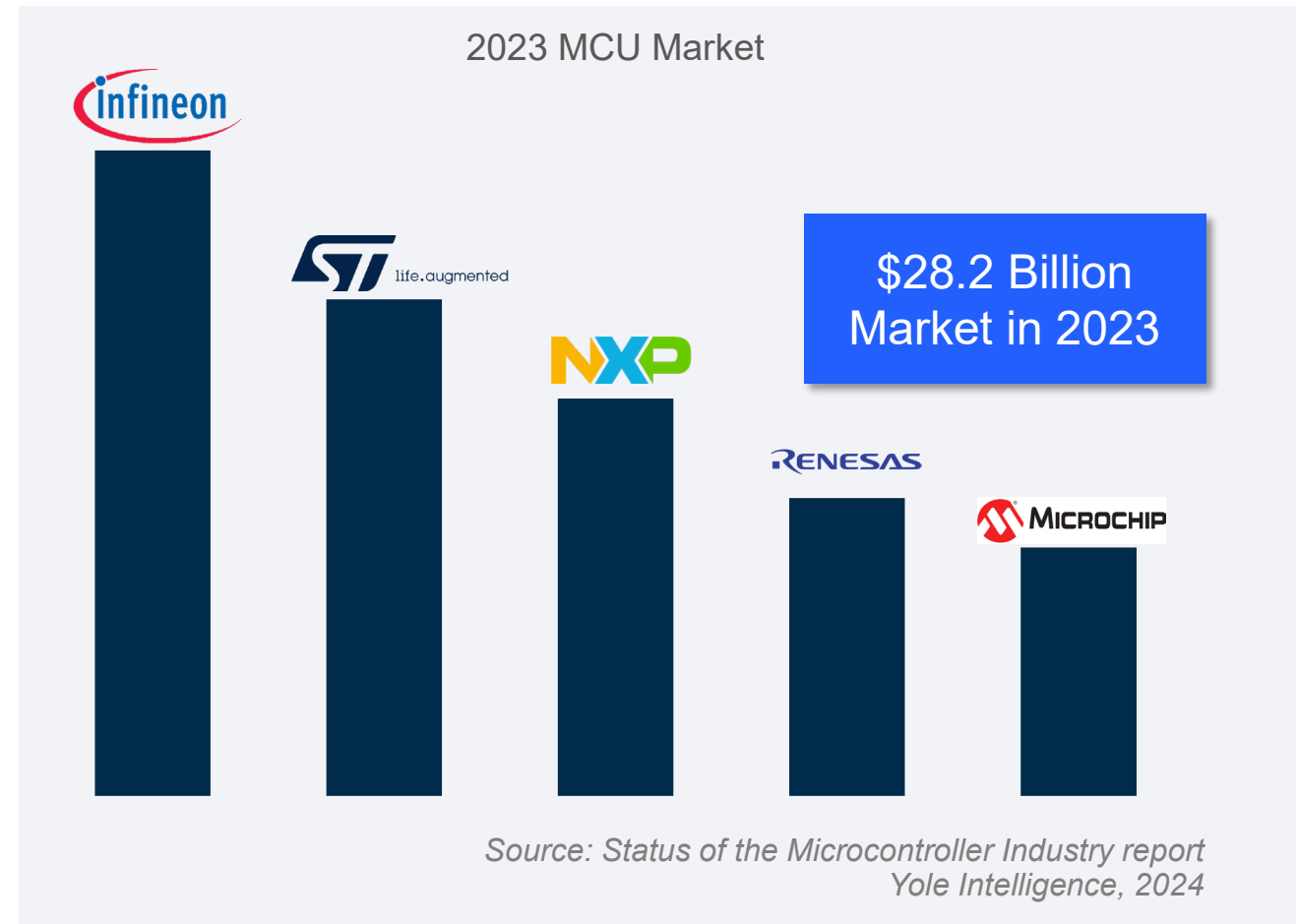
Expanding Into The Micro-controller Market In 2024-2026

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 simpler designs at Arteris' large accounts
 - Expand down from 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



There Are Around 35 Companies Designing Microcontrollers

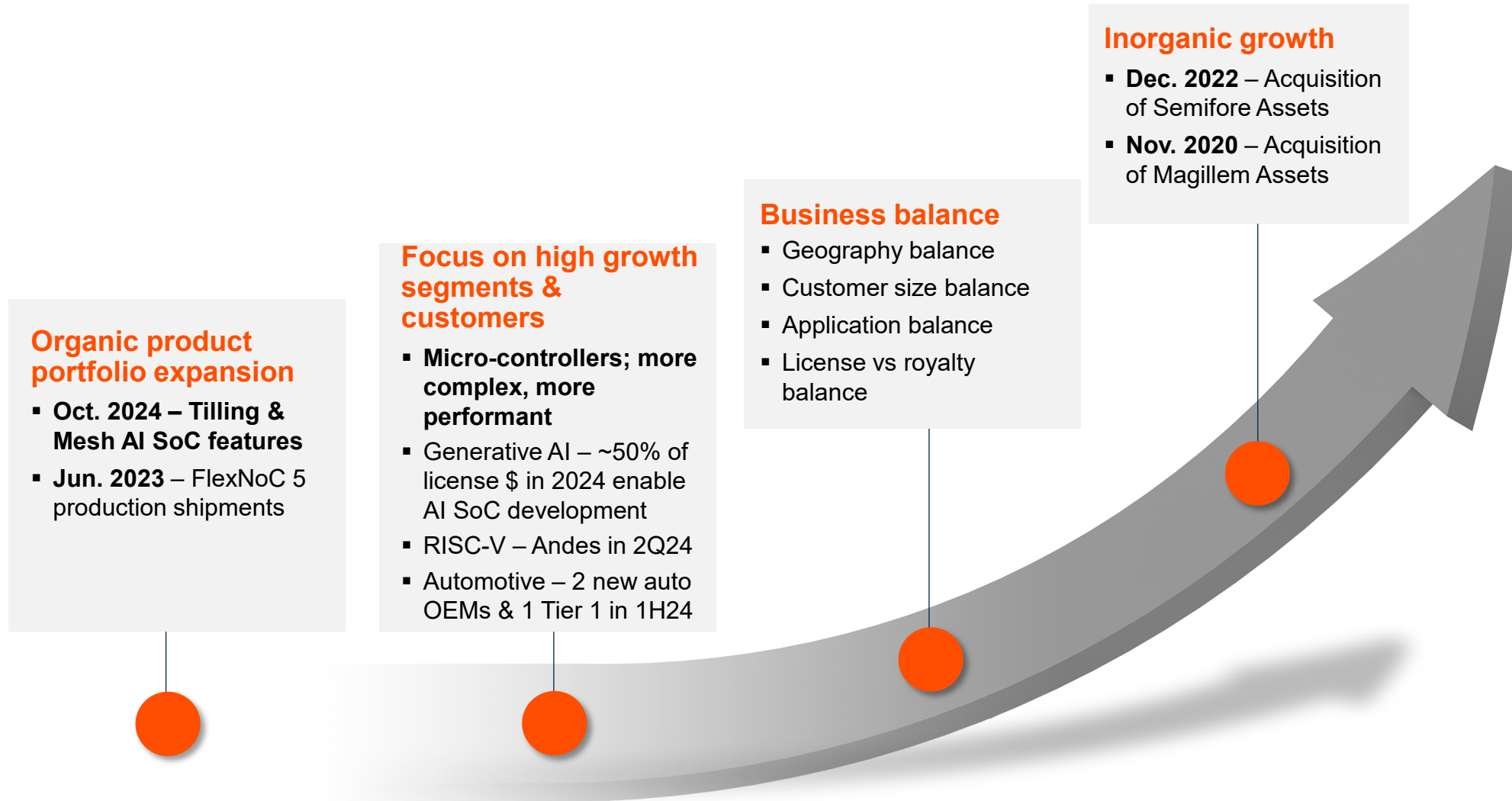
2024 MICROCONTROLLER FABLESS COMPANIES

Source: Status of the Microcontroller Industry report, Yole Intelligence, 2024



www.yolegroup.com | ©Yole Intelligence 2024

Arteris To Become One Of The Major Silicon Enabling Companies





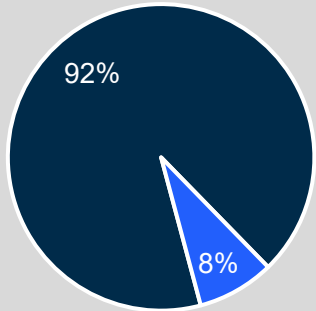
Financial Overview

Nick Hawkins

Key Financial Parameters

Revenue

Derived from 2 Main Sources



License & Support

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

Royalties

- Long-term CAGR: ~2x license growth rate

- FY23 underlying revenue +16%
- Guided FY24 underlying revenue +15%
 - Adjusted for shift to fully ratable revenue

Operating Expense

- Controlled growth, flat Y/Y

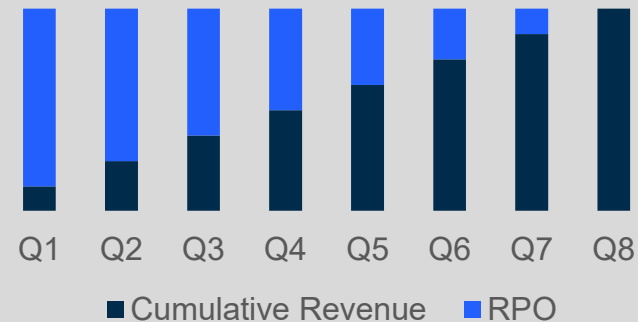
Free Cash Flow

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

FCF Leads
NGOI

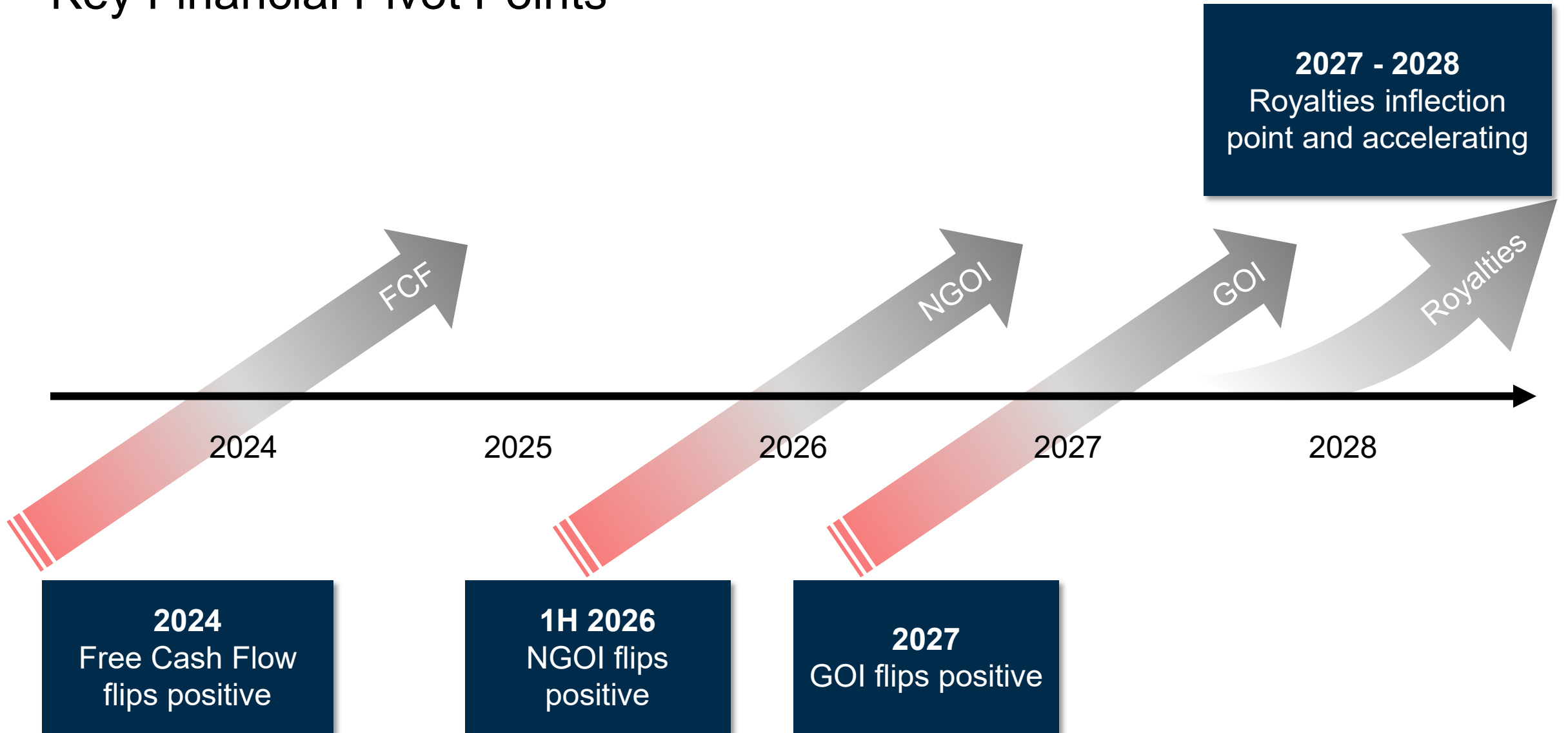
Remaining Performance Obligations (RPO)

Essentially deferred revenue on BS

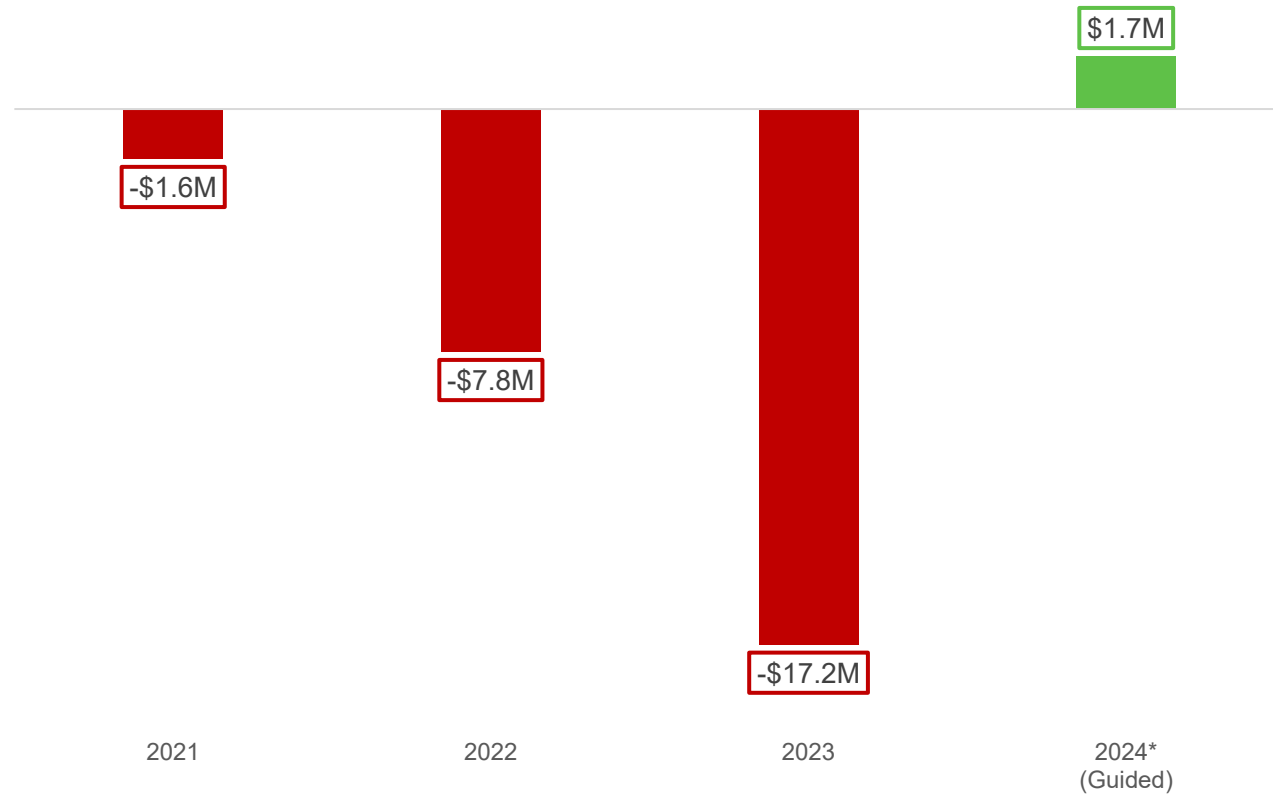


RPO
+25%
Y/Y

Key Financial Pivot Points



Free Cash Flow Trend



Free Cash Flow

2022-23:

- Increased R&D investment (scale to release 1 major new product per year)
- Low growth in top-line / bookings

2024:

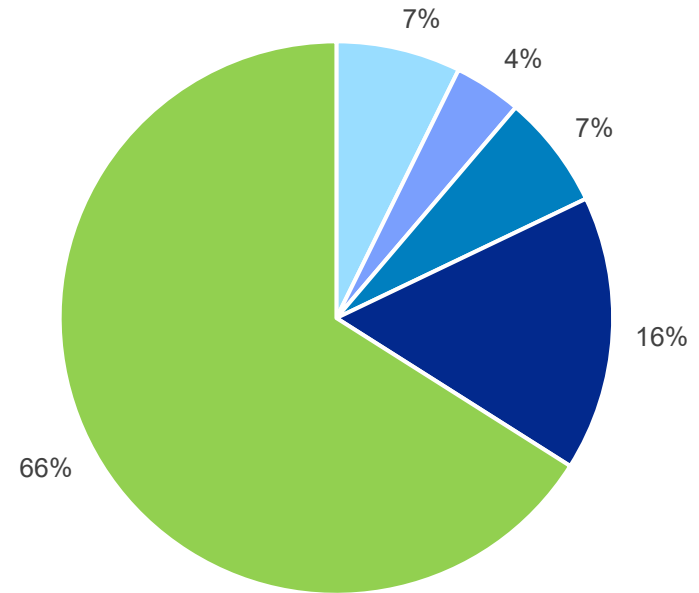
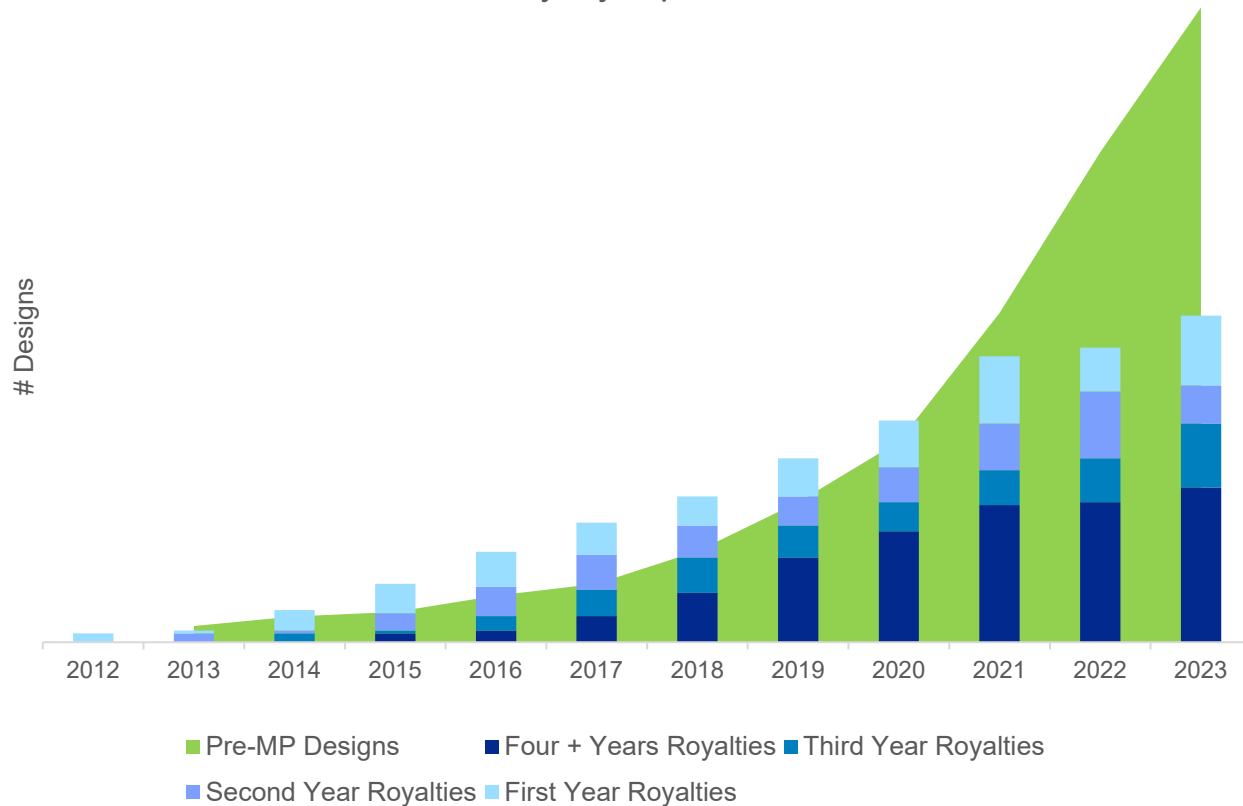
- Strong top-line / bookings growth
- Flat to low single-digit OpEx growth

*FY2024 YTD Free Cash Flow is +1.6M

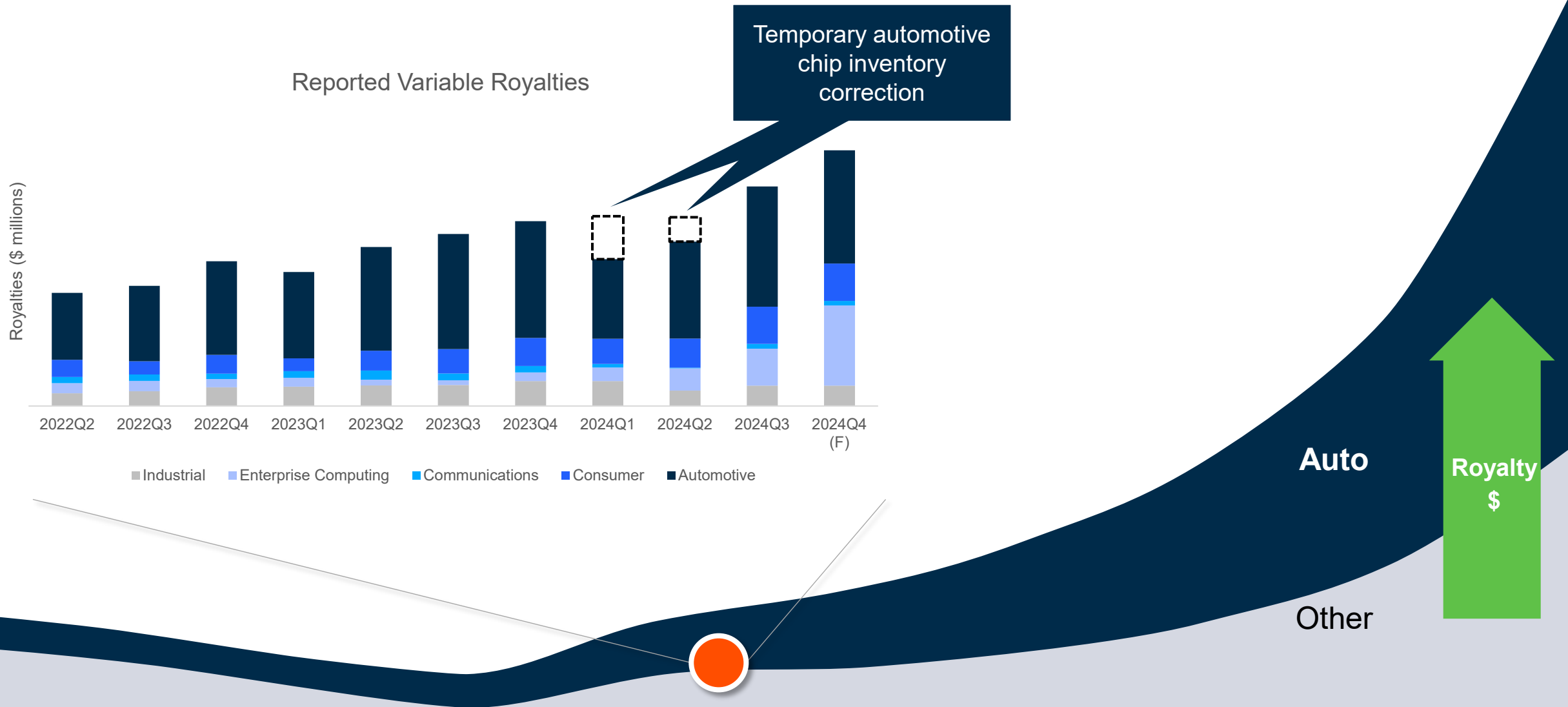
Future Royalty Engine

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

Royalty Pipeline



Design Wins Result in Future Royalty Expansion



3Q 2024 Business Highlights

	3Q'23	3Q'24	Y/Y
Revenue	13.3	14.7	▲11%
ACV + Royalties	57.3	60.5	▲6%
NG OpEx	16.8	16.8	0%
NGOI	(4.5)	(3.3)	▲\$1.2M
FCF	(3.1)	1.1	▲\$4.2M
RPO	62.5	78.4	▲25%

- Revenue at \$14.7M, +11% Y/Y
- Record high ACV + Royalties at **\$60.5M**
- **\$1.1M** FCF, +\$4.2M Y/Y (on track for a positive FCF 2024)
- Continued prudent expense control leads to flat Y/Y Non-GAAP OpEx at \$16.8M
- NGOI exceeded guidance and improved by \$1.2M Y/Y
- Record high RPO exits 3Q at **\$78.4M**, +25% Y/Y

3Q 2024 Actuals vs Guidance

In \$ millions	3Q 2024 Guidance	3Q 2024 Results	
Revenue	14.2 – 15.2	14.7	At mid-point of guidance range
ACV + Royalties	58.5 – 62.5	60.5	At mid-point of guidance range
NGOI	(5.5) – (3.5)	(3.3)	Better than top end of guidance range
Free Cash Flow	(1.4) – 1.6	1.1	Near top-end of guidance range

¹ See appendix for reconciliation of GAAP to non-GAAP

Guidance

4Q 2024 Guidance

ACV + Royalties

\$63M - \$67M

Revenue¹

\$14.7M - \$15.7M

Non-GAAP Op. Income

(\$5M) – (\$4M)

Free Cash Flow

(\$0.9M) – \$1.1M

FY 2024 Guidance

ACV + Royalties²

\$63M - \$67M

Revenue

\$56.9M - \$57.9M
(+\$0.4M)³

Non-GAAP Op. Income

(\$17.1M) – (\$16.1M)
(+\$3.4M)³

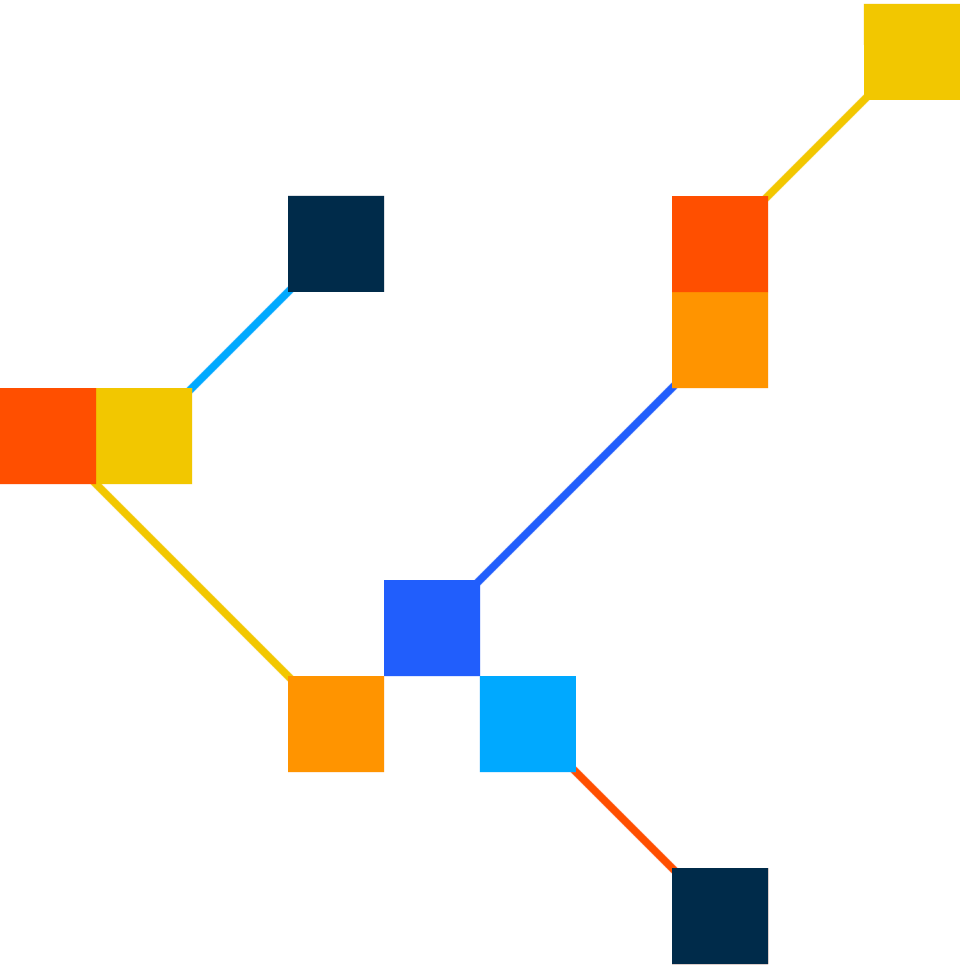
Free Cash Flow

\$0.7M – \$2.7M
(+\$1.6M)³

1. 15.3M at the midpoint, +\$2.8M Y/Y (+22%)

2. 65M at the midpoint, +\$8.9M Y/Y (+16%)

3. Compared to 2Q2024 guidance at the midpoint



ARTERIS IP

Thank you

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Appendix - GAAP To Non-GAAP Reconciliation

Operating expenses

In \$ thousands	Three Months Ending:		
	September 30, 2023	June 30, 2024	September 30, 2024
Operating expenses	20,447	20,558	21,171
Less:			
Stock-based Compensation	3,533	3,574	4,169
Amortization of acquired intangible assets	142	142	167
Non-GAAP operating expenses	16,772	16,842	16,835

Appendix - GAAP To Non-GAAP Reconciliation

Income (loss) from operations

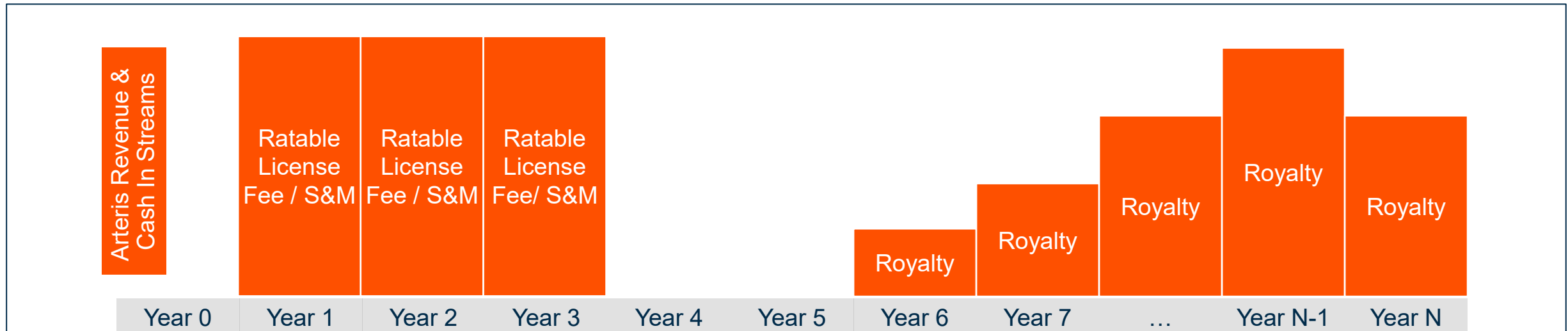
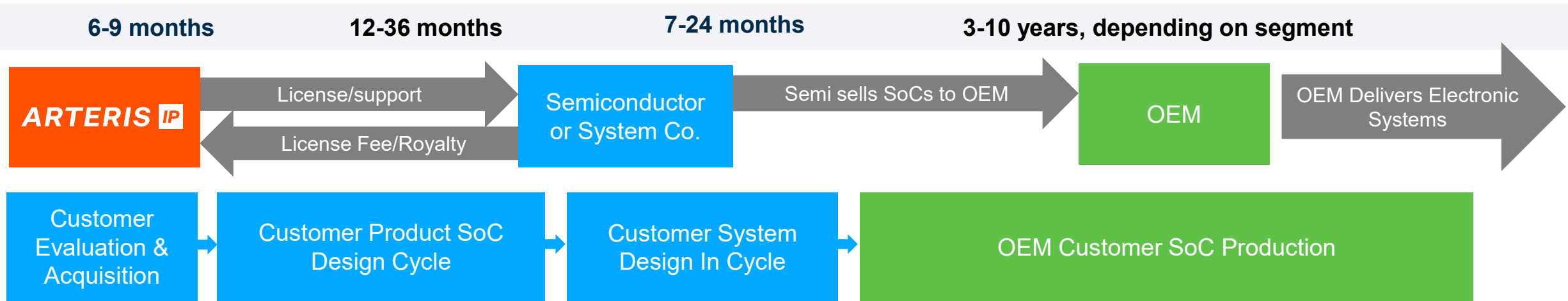
In \$ thousands	Three Months Ending:		
	September 30, 2023	June 30, 2024	September 30, 2024
Income (loss) from Operations	(8,453)	(7,441)	(7,919)
Add:			
Stock-based Compensation	3,714	3,760	4,390
Amortization of acquired intangible assets	192	192	217
Non-GAAP income (loss) from operations	(4,547)	(3,489)	(3,312)

Appendix –Free Cash Flow

In \$ thousands	Three Months Ending:		
	September 30, 2023	June 30, 2024	September 30, 2024
Net cash (used in) provided by operating activities	(2,806)	311	1,123
Less:			
Purchase of property and equipment	(340)	(47)	(31)
Free cash flow	(3,146)	264	1,092

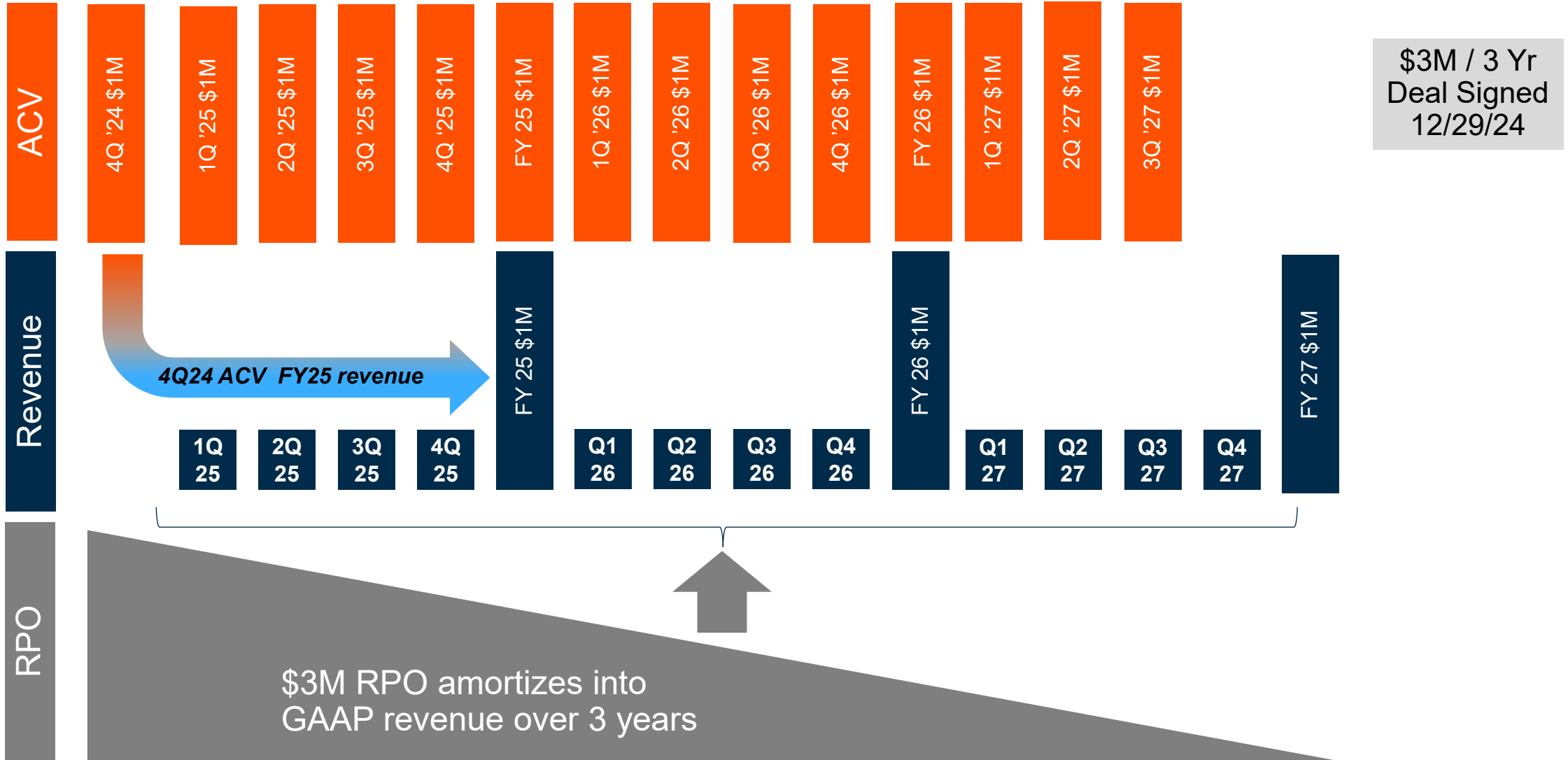
Appendix - Arteris Business Model

Arteris customers have delivered 3.6 Billion SoCs based on 825+ SoC projects



Appendix - License Revenue / ACV / RPO Model

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



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

Appendix - Investor Highlights

Market Leadership

- Leader in semiconductor system-on-chip (SoC) system IP
- Over 50% increase in active customers since 2020
- 825+ 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
- 90 issued patents and 100 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 225 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 September 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.