

Rambus Second Quarter 2023 Financial Results



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The image features a stylized, glowing blue square chip with rounded corners, set against a dark background with a complex, circuit-like pattern of glowing blue lines and dots. The chip has a white border and the word "Rambus" is written in white, italicized, bold font in the center. The chip is slightly tilted, giving it a 3D appearance.

Safe Harbor for Forward-Looking Statements; Other Disclosures

This presentation contains forward-looking statements, including those relating to the Company's expectations regarding business opportunities, the Company's ability to deliver long-term, profitable growth, industry growth rates, timing of expected product launches, demand for existing and newly-acquired technologies, product and investment strategies, the Company's outlook and financial guidance for recent and upcoming quarters and related drivers, the Company's ability to effectively manage supply chain and other market challenges, and the effects of ASC 606 on reported revenue, among other items.

Such forward-looking statements are based on current expectations, estimates and projections, management's beliefs and certain assumptions. Actual results may differ materially. The Company's business generally is subject to a number of risks which are described more fully in the Company's periodic reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date hereof.

Effective January 1, 2018, the Company adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers in ASC 606. The adoption of ASC 606 materially impacted the timing of revenue recognition for the Company's fixed-fee intellectual property licensing arrangements. The adoption of ASC 606 did not have a material impact on the Company's other revenue streams, net cash provided by operating activities, or its underlying financial position.

This presentation contains non-GAAP financial measures, including cost of product revenue, operating costs and expenses, and interest and other income (expense), net. In computing these non-GAAP financial measures, stock-based compensation expenses, acquisition-related/divestiture costs and retention bonus expense, amortization of acquired intangible assets, expense on abandoned operating leases, facility restoration costs, restructuring and other charges, gain on sale of equity security, provision for (benefit from) income taxes, change in fair value earn-out liability, loss on fair value adjustment of derivatives, loss on extinguishment of debt, non-cash interest expense and certain other one-time adjustments were considered. The non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated. Management believes the non-GAAP financial measures are appropriate for both its own assessment of, and to show investors, how the Company's performance compares to other periods. Reconciliation from GAAP to non-GAAP results are made available and more fully described on our website as well as the back of this deck and in the earnings release.

Second Quarter 2023 Highlights



Delivered strong Q2 results with revenue in line and earnings at the high end of guidance



Generated \$50.4 million in cash from operations



Strengthened focus on chips and digital IP for data center with definitive agreement to sell PHY business to Cadence



Produced quarterly product revenue of \$55.0 million driven by memory interface chips with ramp of DDR5 production volume shipments



Financials
Profitable Growth

Rambus

Second Quarter Financial Summary



Delivered strong Q2 results, with revenue in line and earnings at the high end of guidance



Generated cash from operations of \$50.4M, further strengthening the balance sheet



Achieved quarterly product revenue of \$55.0M, DDR5 production shipments underway



Signed definitive agreement to sell the PHY IP business to Cadence, transaction expected to close in Q3

Outstanding Cash Generation

<i>In Millions</i>	<u>ASC 606</u> Q2 2022	<u>ASC 606</u> Q3 2022	<u>ASC 606</u> Q4 2022	<u>ASC 606</u> Q1 2023	<u>ASC 606</u> Q2 2023	
Revenue	\$121.1	\$112.2	\$122.4	\$113.8	\$119.8	Balanced portfolio drives growth
Total Operating Costs and Expenses ¹	\$76.1	\$77.9	\$85.4	\$86.3	\$75.7	Strategic R&D investment to support growth initiatives
Operating Income ¹	\$45.0	\$34.4	\$36.9	\$27.5	\$44.1	Operating results under ASC 606 do not reflect significant cash flows from fixed-fee licensing arrangements
Cash from Operations	\$56.5	\$80.0	\$51.3	\$38.9	\$50.4	Solid cash generation

¹Please refer to reconciliations of non-GAAP financial measures included in this presentation and in our earnings release

Strong Balance Sheet Supports Strategic Initiatives

<i>In Millions</i>	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	
Total Cash & Marketable Securities	\$351.6	\$264.8	\$313.2	\$292.1	\$332.6	Solid cash from operations
Total Assets	\$1,110.9	\$969.1	\$1,012.6	\$962.6	\$1,127.1	Strong balance sheet and debt free \$98M and \$113M contract assets in Q2 2023 and Q1 2023, respectively, related to ASC 606 adoption
Stockholders' Equity	\$838.2	\$749.9	\$779.3	\$761.7	\$945.6	
Cash from Operations	\$56.5	\$80.0	\$51.3	\$38.9	\$50.4	Sustained, predictable cash generation

Q3 2023 Non-GAAP Outlook

Outlook ⁽¹⁾	
Licensing Billings ⁽³⁾	\$59 – \$65M
Contract & Other Revenue	\$17 – \$23M
Product Revenue	\$47 – \$53M

Outlook (ASC 606) ⁽²⁾	
Total Operating Costs ⁽²⁾	\$75 – \$71M
Interest Income (Expense) ⁽²⁾	\$1.0M
Fully Diluted Shares Outstanding	112M

(1) The Q3 2023 outlook for Royalty revenue (a component of total revenue) is \$26 - \$32M. The Company believes that providing non-GAAP additional disclosure will help investors and analysts understand the impact of the change in revenue recognition standards, especially given the material difference expected in the timing of revenue recognition for fixed-fee licensing arrangements between ASC 606 and the prior standard, ASC 605. The Company's Non-GAAP outlook assumes a tax rate of 24%.

(2) Excludes stock-based compensation expense (\$11.7M), amortization expense (\$3.4M) and interest income associated with the significant financing component of licensing agreements as a result of the adoption of ASC 606 of (\$0.4M).

(3) Licensing billings is an operational metric that reflects amounts invoiced to our licensing customers during the period, as adjusted for certain differences relating to advanced payments for variable licensing agreements.

Rambus Investment Summary



Amplified opportunity in data center as memory relevance accelerates fueled by AI



Pioneer of industry-leading chips and silicon IP enabling critical performance improvements for the continued evolution of the data center



Continued innovation feeds patent portfolio and product roadmap expansion



Focus on strategic initiatives drives financial results and profitable growth



Strong cash generation fuels growth initiatives and return of value to stockholders



Thank you

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Reconciliation of Non-GAAP Financial Measures

Net Income (Loss) in Millions	Q2 2022 (ASC 606)	Q3 2022 (ASC 606)	Q4 2022 (ASC 606)	Q1 2023 (ASC 606)	Q2 2023 (ASC 606)
GAAP Net Income	\$35	\$1	\$16	\$3	\$169
Adjustments:					
Stock-based compensation	\$9	\$9	\$10	\$13	\$11
Acquisition-related/divestiture costs and retention bonus expense	\$2	\$2	\$1	\$1	\$0
Amortization of acquired intangible assets	\$4	\$4	\$4	\$4	\$4
Non-cash interest expense	\$0	\$0	\$0	\$0	\$0
Expense on abandoned operating leases	\$1	\$1	\$1	\$1	\$0
Gain on sale of equity security	\$0	(\$4)	(\$0)	\$0	\$0
Provision for (benefit from) income taxes	(\$8)	(\$6)	(\$8)	(\$7)	(\$166)
Change in fair value of earn-out liability	(\$6)	\$2	\$5	\$7	\$7
Loss on fair value adjustment of derivatives, net	\$0	\$2	\$0	\$0	\$0
Loss on extinguishment of debt	\$0	\$17	\$0	\$0	\$0
Facility restoration costs	\$0	\$0	\$0	\$0	\$0
Restructuring and other charges	\$0	\$0	\$0	\$0	\$9
Non-GAAP Net Income	\$36	\$28	\$28	\$22	\$35
Operating Income in Millions	Q2 2022 (ASC 606)	Q3 2022 (ASC 606)	Q4 2022 (ASC 606)	Q1 2023 (ASC 606)	Q2 2023 (ASC 606)
GAAP Operating Income	\$36	\$17	\$16	\$2	\$12
Adjustments:					
Stock-based compensation	\$9	\$9	\$10	\$13	\$11
Acquisition-related/divestiture costs and retention bonus expense	\$2	\$2	\$1	\$1	\$0
Amortization of acquired intangible assets	\$4	\$4	\$4	\$4	\$4
Expense on abandoned operating leases	\$1	\$1	\$1	\$1	\$0
Change in fair value of earn-out liability	(\$6)	\$2	\$5	\$7	\$7
Facility restoration costs	\$0	\$0	\$0	\$0	\$0
Restructuring and other charges	\$0	\$0	\$0	\$0	\$9
Non-GAAP Operating Income	\$45	\$34	\$37	\$28	\$44
Depreciation	\$6	\$7	\$7	\$7	\$8
Adjusted EBITDA	\$51	\$41	\$44	\$35	\$52

Revenue and Licensing Billings

In Thousands	ASC 606					ASC 606		
	Q1'22	Q2'22	Q3'22	Q4'22	FY 2022	Q1'23	Q2'23	YTD 2023
Royalty Revenue	\$30,464	\$48,038	\$29,878	\$31,436	\$139,816	\$28,169	\$40,672	\$68,841
Product Revenue	\$47,969	\$53,302	\$58,619	\$67,178	\$227,068	\$63,775	\$54,978	\$118,753
Contract and Other Revenue	\$20,617	\$19,792	\$23,747	\$23,753	\$87,909	\$21,818	\$24,182	\$46,000
Total	\$99,050	\$121,132	\$112,244	\$122,367	\$454,793	\$113,762	\$119,832	\$233,594

In Thousands	Q1'22	Q2'22	Q3'22	Q4'22	FY 2022	Q1'23	Q2'23	YTD 2023
Royalty Revenue	\$30,464	\$48,038	\$29,878	\$31,436	\$139,816	\$28,169	\$40,672	\$68,841
Licensing Billings ¹	\$64,102	\$66,104	\$62,156	\$64,328	\$256,690	\$63,405	\$60,175	\$123,580
Delta	\$33,638	\$18,066	\$32,278	\$32,892	\$116,874	\$35,236	\$19,503	\$54,739

In Thousands	Q1'22	Q2'22	Q3'22	Q4'22	FY 2022	Q1'23	Q2'23	YTD 2023
ASC 606 Interest Income ²	\$1,827	\$1,455	\$1,248	\$1,029	\$5,559	\$919	\$627	\$1,546

¹ Licensing billings is an operational metric that reflects amounts invoiced to our patent and technology licensing customers during the period, as adjusted for certain differences relating to advanced payments for variable licensing agreements.

² Interest income associated with the significant financing component of licensing agreements as a result of the adoption of ASC 606.

GAAP to Non-GAAP Income Statement

In \$ Millions	GAAP Actual Q2'23	Non-GAAP Actual Q2'23	Delta to GAAP
Revenue	\$119.8	\$119.8	\$-
Cost of revenue	23.6	19.9	(3.7)
Research and development	41.6	37.1	(4.5)
Sales, general and administrative	26.6	18.7	(7.8)
Change in fair value of earn-out liability	6.9	0.0	(6.9)
Restructuring and other charges	9.5	0.0	(9.5)
Total operating cost and expenses	108.1	75.7	(32.4)
Operating income	11.7	44.1	32.4
Interest and other income (expense), net	1.9	1.9	0.0
Income before income taxes	13.6	46.0	32.4
Provision for (benefit from) income taxes ¹	(155.3)	11.0	166.4
Net income	\$168.9	\$34.9	(\$134.0)

¹ Assumes a non-GAAP tax rate of 24%.

Certain amounts may be off \$0.1M due to rounding.