

*Rambus*

Rambus Second  
Quarter 2019  
Financial Results



# Safe Harbor for Forward-Looking Statements; Other Disclosures

This presentation contains forward-looking statements under the Private Securities Litigation Reform Act of 1995 including those relating to Rambus' expectations regarding product and service offerings, the expected benefits of our merger, acquisition and divestiture activity, growth for 2019 and financial guidance for the third quarter of 2019, including revenue, operating costs and expenses, earnings per share and estimated, fixed, long-term projected tax rates. Such forward-looking statements are based on current expectations, estimates and projections, management's beliefs and certain assumptions made by Rambus' management. Actual results may differ materially. Our business is subject to a number of risks which are described more fully in our periodic reports filed with the Securities and Exchange Commission. Rambus 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 operating costs and expenses, operating margin, operating income (loss) and net income (loss). In computing these non-GAAP financial measures, stock-based compensation expenses, acquisition-related transaction costs and retention bonus expense, amortization expenses, 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.

# 2019 Strategic Priorities

*Rambus is a premier Silicon IP and Chip provider, leveraging our expertise and innovation to deliver first-to-market, high-quality memory, SerDes, and embedded security solutions for our chip and system customers*



Refocus product portfolio and R&D around core strengths in semiconductor



Optimize the company for operational efficiency and profitability, leveraging synergies across businesses and customer base



Leverage demonstrated ability to generate cash and re-invest to amplify market and technology position

# Second Quarter 2019 Highlights



Solid performance in line with guidance: Q2 revenue of \$58.3M; cash from operations of \$38.7M



Executing on our strategic semiconductor portfolio refocus with agreement to sell Payments and Ticketing business to Visa, and agreement to acquire digital controller IP provider, Northwest Logic



Achieved record quarterly revenue for server DIMM chipset business, fueled by continued market share growth; on track for 50% growth for 2019



IP Cores delivered record revenue for second consecutive quarter; maintains trajectory of 50% CAGR



Expanded family of application-specific CryptoManager Root of Trust secure processor cores; first security win in artificial intelligence (AI) at a leading provider of AI accelerators



# Financials

# Profitable Growth

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# Financial Highlights



Q2 revenue of \$58.3M, royalty revenue of \$27.1M, licensing billings of \$64.9M



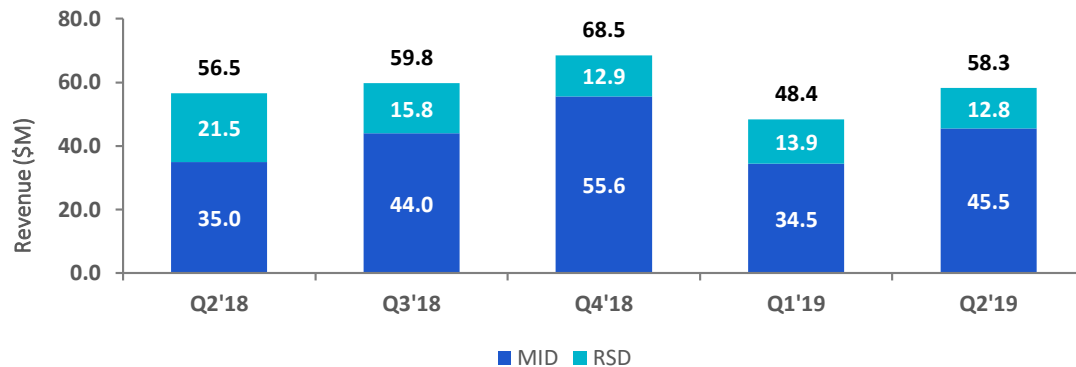
Q2 2019 cash from operations of \$38.7M



Growth through licensing and execution on strategic initiatives

# Predictable Revenue Base

Large portion of our revenue is fixed & predictable



- Continue to leverage our high margin historic businesses to fuel growth in adjacent areas
- Revenue does not reflect billings related to fixed-fee licensing arrangements

| (\$M)              | Q2'18         | Q3'18         | Q4'18         | Q1'19         | Q2'19         |
|--------------------|---------------|---------------|---------------|---------------|---------------|
| Licensing Billings | \$73.2        | \$75.4        | \$76.7        | \$75.4        | \$64.9        |
| Royalty Revenue    | \$30.0        | \$33.6        | \$45.4        | \$24.8        | \$27.1        |
| <b>Delta</b>       | <b>\$43.2</b> | <b>\$41.8</b> | <b>\$31.3</b> | <b>\$50.6</b> | <b>\$37.8</b> |

# Non-GAAP Income Statement

| <i>In Millions</i>                    | <u>ASC 606</u><br>Q2 2018 | <u>ASC 606</u><br>Q3 2018 | <u>ASC 606</u><br>Q4 2018 | <u>ASC 606</u><br>Q1 2019 | <u>ASC 606</u><br>Q2 2019 |   |
|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---|
| Revenue                               | \$56.5                    | \$59.8                    | \$68.5                    | \$48.4                    | \$58.3                    | Driven by the structure and timing of key deals. Year over year growth from product revenue, royalties and incremental licensing agreements                           |
| Total Operating Expenses <sup>1</sup> | \$66.8                    | \$67.6                    | \$61.6                    | \$67.3                    | \$64.1                    | Managed expenses through refocus on core growth initiatives. Adoption of ASC 842 in Q1'19 increased operating expense with corresponding decrease in interest expense |
| Operating Income (Loss) <sup>1</sup>  | (\$10.3)                  | (\$7.9)                   | \$6.9                     | (\$18.9)                  | (\$5.8)                   | Operating results under ASC 606 do not reflect significant cash flow from fixed-fee licensing arrangements  |
| Cash from Operations                  | \$3.6                     | \$31.6                    | \$35.1                    | \$28.8                    | \$38.7                    | Consistent performance in line with expectations  |

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



# Financial Strength

| <i>In Millions</i>                 | Q2 2018   | Q3 2018   | Q4 2018   | Q1 2019   | Q2 2019   |   |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|---|
| Total Cash & Marketable Securities | \$298.3   | \$248.2   | \$277.8   | \$305.9   | \$337.7   | Issued \$172.5M convert and extinguished \$56.8M of debt in Q4 2017 and \$81.2M of debt in Q3 2018  |
| Total Assets                       | \$1,525.8 | \$1,344.0 | \$1,361.1 | \$1,321.4 | \$1,312.2 | Strong balance sheet with limited debt<br><br>\$629M and \$597M contract assets in Q1 and Q2 2019 respectively, related to ASC 606 adoption |
| Stockholders' Equity               | \$1,105.5 | \$1,008.3 | \$1,012.1 | \$999.9   | \$973.2   |   |
| Cash from Operations               | \$3.6     | \$31.6    | \$35.1    | \$28.8    | \$38.7    | Continued strong cash performance   |

# Q3 2019 Non-GAAP Outlook

| Outlook (ASC 606)                    |                 |
|--------------------------------------|-----------------|
| Revenue                              | \$41 - \$47M    |
| Total Operating Costs <sup>(1)</sup> | \$58 - \$54M    |
| Operating Loss <sup>(1)</sup>        | (\$16) – (\$6M) |
| Net Loss <sup>(1)</sup>              | (\$12) – (\$5M) |

| Outlook <sup>(2)</sup>            |              |
|-----------------------------------|--------------|
| Licensing Billings <sup>(3)</sup> | \$58 - \$64M |
| Royalty Revenue                   | \$13 - \$19M |

(1) Assumes a tax rate of 24% and 113M basic and diluted shares. Excludes stock-based compensation expense (\$7.1M), amortization expense (\$4.9M), non-cash interest expense of (\$1.7M) and interest income associated with the significant financing component of licensing agreements as a result of the adoption of ASC 606 of \$5.3M. Please refer to reconciliations of non-GAAP financial measures included below, in our earnings release and on our investor website.

(2) The Company has provided its non-GAAP third quarter outlook under ASC 606, and has provided additional outlook for Royalty revenue (a component of total revenue) and Licensing Billings. The Company believes that providing this 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 as between ASC 606 and the prior standard, ASC 605.

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

# Investment Summary



Refocusing product portfolio around core strengths in semiconductor; targeting data center, artificial intelligence, IoT and automotive markets



Optimizing for operational efficiency and profitability, leveraging synergies across businesses and customer base



Strong balance sheet and cash generation, supporting strategic initiatives to amplify our market and technology position



Large portion of our cash flows are predictable and committed long-term



Thank you

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# Reconciliation of Non-GAAP Financial Measures

| Net Income (Loss) in Millions             | Q2 2018<br>(ASC 606) | Q3 2018<br>(ASC 606) | Q4 2018<br>(ASC 606) | Q1 2019<br>(ASC 606) | Q2 2019<br>(ASC 606) |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| GAAP Net Loss                             | (\$15)               | (\$105)              | (\$2)                | (\$27)               | (\$37)               |
| Adjustments:                              |                      |                      |                      |                      |                      |
| Stock-based compensation                  | \$2                  | \$6                  | \$6                  | \$7                  | \$7                  |
| Acquisition-related costs                 | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Amortization                              | \$9                  | \$5                  | \$5                  | \$5                  | \$5                  |
| Restructuring charges (recoveries)        | (\$1)                | \$0                  | \$0                  | \$0                  | \$3                  |
| Non-cash interest expense                 | \$3                  | \$2                  | \$2                  | \$2                  | \$2                  |
| Provision for (benefit from) income taxes | (\$0)                | \$90                 | (\$2)                | \$3                  | \$4                  |
| Impairment on assets held for sale        | \$0                  | \$0                  | \$0                  | \$0                  | \$17                 |
| Escrow settlement refund                  | \$0                  | \$0                  | \$0                  | \$0                  | (\$0)                |
| <b>Non-GAAP Net Income (Loss)</b>         | <b>(\$3)</b>         | <b>(\$1)</b>         | <b>\$9</b>           | <b>(\$9)</b>         | <b>\$1</b>           |

| Operating Income (Loss) in Millions     | Q2 2018<br>(ASC 606) | Q3 2018<br>(ASC 606) | Q4 2018<br>(ASC 606) | Q1 2019<br>(ASC 606) | Q2 2019<br>(ASC 606) |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| GAAP Operating Loss                     | (\$20)               | (\$19)               | (\$4)                | (\$31)               | (\$37)               |
| Adjustments:                            |                      |                      |                      |                      |                      |
| Stock-based compensation                | \$2                  | \$6                  | \$6                  | \$7                  | \$7                  |
| Acquisition-related costs               | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Amortization                            | \$9                  | \$5                  | \$5                  | \$5                  | \$5                  |
| Restructuring charges (recoveries)      | (\$1)                | \$0                  | \$0                  | \$0                  | \$3                  |
| Impairment on assets held for sale      | \$0                  | \$0                  | \$0                  | \$0                  | \$17                 |
| Escrow settlement refund                | \$0                  | \$0                  | \$0                  | \$0                  | (\$0)                |
| <b>Non-GAAP Operating Income (Loss)</b> | <b>(\$10)</b>        | <b>(\$8)</b>         | <b>\$7</b>           | <b>(\$19)</b>        | <b>(\$6)</b>         |
| Depreciation                            | \$3                  | \$3                  | \$3                  | \$3                  | \$3                  |
| <b>Adjusted EBITDA</b>                  | <b>(\$7)</b>         | <b>(\$5)</b>         | <b>\$10</b>          | <b>(\$16)</b>        | <b>(\$3)</b>         |

Certain amounts may be off \$1.0M due to rounding.

# GAAP & Non-GAAP P&L

| <u>ASC 606</u><br>In \$ Millions         | GAAP<br>Actual<br>Q2'19 | Pro Forma<br>Actual<br>Q2'19 | Delta<br>to<br>GAAP |
|--|-------------------------|------------------------------|---------------------|
| Revenue                                  | 58.3                    | 58.3                         | -                   |
| Cost of revenue                          | 13.0                    | 9.2                          | (3.8)               |
| Research and development                 | 37.9                    | 34.8                         | (3.1)               |
| Sales, general and administrative        | 24.9                    | 20.1                         | (4.8)               |
| Impairment of assets held for sale       | 17.0                    | 0.0                          | (17.0)              |
| Restructuring charges                    | 2.5                     | 0.0                          | (2.5)               |
| Total operating cost and expenses        | 95.3                    | 64.1                         | (31.2)              |
| Operating income (loss)                  | (37.0)                  | (5.8)                        | 31.2                |
| Interest and other income (expense), net | 4.4                     | 6.1                          | 1.7                 |
| Income (loss) before income taxes        | (32.6)                  | 0.3                          | 32.9                |
| Provision for income taxes               | 4.4                     | 0.1                          | (4.3)               |
| Net income (loss)                        | (37.0)                  | 0.2                          | 37.2                |

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

# Non-GAAP Provision for (Benefit from) Income Taxes

| 606<br>In \$ Millions                                   | Actual<br>Q2'19 | Actual<br>Q1'19 | Variance<br>QoQ |
|---|-----------------|-----------------|-----------------|
| Provision for income taxes (GAAP)                       | 4.4             | 0.3             |                 |
| Adjustment to GAAP provision for income taxes           | (4.3)           | (3.2)           |                 |
| <b>Non-GAAP provision for (benefit from) income tax</b> | <b>0.1</b>      | <b>(2.9)</b>    | <b>3.0</b>      |

## Supplemental Reconciliation of GAAP to Non-GAAP Effective Tax Rate (1)

|                                       | Actual<br>Q2'19 | Actual<br>Q1'19 | Variance<br>QoQ |
|---------------------------------------|-----------------|-----------------|-----------------|
| GAAP effective tax rate               | (13)%           | (1)%            |                 |
| Adjustment to GAAP effective tax rate | 37%             | 25%             |                 |
| <b>Non-GAAP effective tax rate</b>    | <b>24%</b>      | <b>24%</b>      | <b>0%</b>       |

(1) For purposes of internal forecasting, planning and analyzing future periods that assume net income from operations, the Company estimates a fixed, long-term projected tax rate of approximately 24 percent for 2019, which consists of estimated U.S. federal and state tax rates, and excludes tax rates associated with certain items such as withholding tax, tax credits, deferred tax asset valuation allowance and the release of any deferred tax asset valuation allowance. Accordingly, the Company has applied these tax rates to its non-GAAP financial results for all periods in the relevant year to assist the Company's planning. Certain amounts may be off by \$0.1M due to rounding.

# Revenue Breakdown

In Millions

|                            | ASC 606       |               |               |               |                | ASC 606       |               |                |
|----------------------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|----------------|
| Rambus                     | Q1'18         | Q2'18         | Q3'18         | Q4'18         | FY 2018        | Q1'19         | Q2'19         | FY 2019        |
| Royalty Revenue            | \$21.4        | \$30.0        | \$33.6        | \$45.4        | \$130.5        | \$24.8        | \$27.1        | \$51.9         |
| Product Revenue            | \$7.3         | \$8.1         | \$11.8        | \$11.5        | \$38.7         | \$9.0         | \$16.0        | \$25.0         |
| Contract and Other Revenue | \$17.7        | \$18.3        | \$14.4        | \$11.6        | \$62.1         | \$14.6        | \$15.2        | \$29.8         |
| <b>Total</b>               | <b>\$46.4</b> | <b>\$56.5</b> | <b>\$59.8</b> | <b>\$68.6</b> | <b>\$231.2</b> | <b>\$48.4</b> | <b>\$58.3</b> | <b>\$106.7</b> |

|                            | Q1'18         | Q2'18         | Q3'18         | Q4'18         | FY 2018        | Q1'19         | Q2'19         | FY 2019       |
|----------------------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| <b>MID</b>                 |               |               |               |               |                |               |               |               |
| Royalty Revenue            | \$19.5        | \$18.3        | \$27.3        | \$40.3        | \$105.4        | \$19.4        | \$20.9        | \$40.3        |
| Product Revenue            | \$6.3         | \$7.6         | \$11.3        | \$11.1        | \$36.4         | \$8.8         | \$15.7        | \$24.5        |
| Contract and Other Revenue | \$8.2         | \$9.1         | \$5.4         | \$4.2         | \$26.8         | \$6.3         | \$8.8         | \$15.1        |
| <b>Total</b>               | <b>\$34.0</b> | <b>\$35.0</b> | <b>\$44.0</b> | <b>\$55.6</b> | <b>\$168.6</b> | <b>\$34.5</b> | <b>\$45.5</b> | <b>\$80.0</b> |

|                            | Q1'18         | Q2'18         | Q3'18         | Q4'18         | FY 2018       | Q1'19         | Q2'19         | FY 2019       |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>RSD</b>                 |               |               |               |               |               |               |               |               |
| Royalty Revenue            | \$1.5         | \$11.8        | \$6.3         | \$5.1         | \$24.6        | \$5.4         | \$6.1         | \$11.5        |
| Product Revenue            | \$0.1         | \$0.4         | \$0.5         | \$0.4         | \$1.4         | \$0.2         | \$0.3         | \$0.5         |
| Contract and Other Revenue | \$8.5         | \$9.3         | \$9.0         | \$7.4         | \$34.2        | \$8.3         | \$6.4         | \$14.7        |
| <b>Total</b>               | <b>\$10.0</b> | <b>\$21.5</b> | <b>\$15.8</b> | <b>\$12.9</b> | <b>\$60.2</b> | <b>\$13.9</b> | <b>\$12.8</b> | <b>\$26.7</b> |

|                            | Q1'18        | Q2'18        | Q3'18        | Q4'18        | FY 2018      | Q1'19        | Q2'19        | FY 2019      |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>RLD</b>                 |              |              |              |              |              |              |              |              |
| Royalty Revenue            | \$0.4        | \$0.0        | \$0.0        | \$0.0        | \$0.4        | \$0.0        | \$0.0        | \$0.0        |
| Product Revenue            | \$0.9        | \$0.0        | \$0.0        | \$0.0        | \$0.9        | \$0.0        | \$0.0        | \$0.0        |
| Contract and Other Revenue | \$1.1        | \$0.0        | \$0.0        | \$0.0        | \$1.1        | \$0.0        | \$0.0        | \$0.0        |
| <b>Total</b>               | <b>\$2.4</b> | <b>\$0.0</b> | <b>\$0.0</b> | <b>\$0.0</b> | <b>\$2.4</b> | <b>\$0.0</b> | <b>\$0.0</b> | <b>\$0.0</b> |

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



# Revenue and Licensing Billings

In Thousands

| Rambus                     | ASC 606         |                 |                 |                 |                  | ASC 606         |                 |                  | ASC 605          |                 |                 |                  |                  |
|----------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|------------------|------------------|
|                            | Q1'18           | Q2'18           | Q3'18           | Q4'18           | FY 2018          | Q1'19           | Q2'19           | YTD 2019         | Q1'18            | Q2'18           | Q3'18           | Q4'18            | FY 2018          |
| Royalty Revenue            | \$21,374        | \$30,049        | \$33,599        | \$45,430        | \$130,452        | \$24,853        | \$27,050        | \$51,903         | \$77,174         | \$73,626        | \$75,704        | \$76,717         | \$303,221        |
| Product Revenue            | \$7,313         | \$8,087         | \$11,753        | \$11,537        | \$38,690         | \$8,964         | \$16,031        | \$24,995         | \$7,556          | \$8,221         | \$11,753        | \$11,867         | \$39,397         |
| Contract and Other Revenue | \$17,739        | \$18,322        | \$14,402        | \$11,596        | \$62,059         | \$14,567        | \$15,216        | \$29,783         | \$15,729         | \$16,973        | \$12,383        | \$13,398         | \$58,483         |
| <b>Total</b>               | <b>\$46,426</b> | <b>\$56,458</b> | <b>\$59,754</b> | <b>\$68,563</b> | <b>\$231,201</b> | <b>\$48,384</b> | <b>\$58,297</b> | <b>\$106,681</b> | <b>\$100,459</b> | <b>\$98,820</b> | <b>\$99,840</b> | <b>\$101,982</b> | <b>\$401,101</b> |

| Rambus                          | Q1'18           | Q2'18           | Q3'18           | Q4'18           | FY 2018          | Q1'19           | Q2'19           | YTD 2019        |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Royalty Revenue                 | \$21,374        | \$30,049        | \$33,599        | \$45,430        | \$130,452        | \$24,853        | \$27,050        | \$51,903        |
| Licensing Billings <sup>1</sup> | \$75,924        | \$73,210        | \$75,374        | \$76,717        | \$301,225        | \$75,460        | \$64,948        | \$140,408       |
| <b>Delta</b>                    | <b>\$54,550</b> | <b>\$43,161</b> | <b>\$41,775</b> | <b>\$31,287</b> | <b>\$170,773</b> | <b>\$50,607</b> | <b>\$37,898</b> | <b>\$88,505</b> |

| Rambus                               | Q1'18   | Q2'18   | Q3'18   | Q4'18   | FY 2018  | Q1'19   | Q2'19   | YTD 2019 |
|--------------------------------------|---------|---------|---------|---------|----------|---------|---------|----------|
| ASC 606 Interest Income <sup>2</sup> | \$7,514 | \$7,041 | \$6,532 | \$6,147 | \$27,234 | \$5,707 | \$5,288 | \$10,995 |

<sup>1</sup> 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.

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