



Rambus First Quarter 2020 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 Rambus' financial guidance for future periods, product and investment strategies, timing of expected product launches, demand for existing and newly-acquired technologies, the growth opportunities of the various markets we serve, the expected benefits of our merger, acquisition and divestiture activity, including the success of our integration efforts, and the effects of ASC 606 on reported revenue, amongst other things.

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, as well risks and the potential adverse impacts related to, or arising from, the Novel Coronavirus (COVID -19). 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, interest and other income (expense), net and diluted net income (loss) per share. 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.

COVID-19 Update



Increased demand on data center and cloud from remote learning/working is creating tailwinds for Rambus and our customers



Rambus business model is resilient to near-term financial effects of COVID-19 with long-term, predictable patent licensing agreements and a strong balance sheet



On track to deliver on customer commitments with productivity unhindered in a remote work environment



Customer design starts and requests for IP and chips remains strong

First Quarter 2020 Highlights



Delivered exceptional first quarter, exceeding expectations for revenue and profit: \$64.0M in revenue and \$37.3M in cash from operations



Strong demand in data center and infrastructure driving record revenue for both the Silicon IP and Chip businesses



Delivering critical interconnects for AI and communications applications with industry's first silicon-proven 112G XSR chiplet interface and optimized HBM2E memory PHY + Controller solution



Multiple security design wins at tier-1 chip makers for Root of Trust and Secure Protocols; launched 800G MACsec security solution crucial for networking and 5G infra data protection



Fourth consecutive quarter of record revenue for Memory Interface Chips with continued gains in data center and cloud market share



Financials
Profitable Growth

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Financial Highlights



Excellent Q1 above high end of expectations:
revenue of \$64.0M, royalty revenue of \$19.7M, licensing billings of \$67.1M



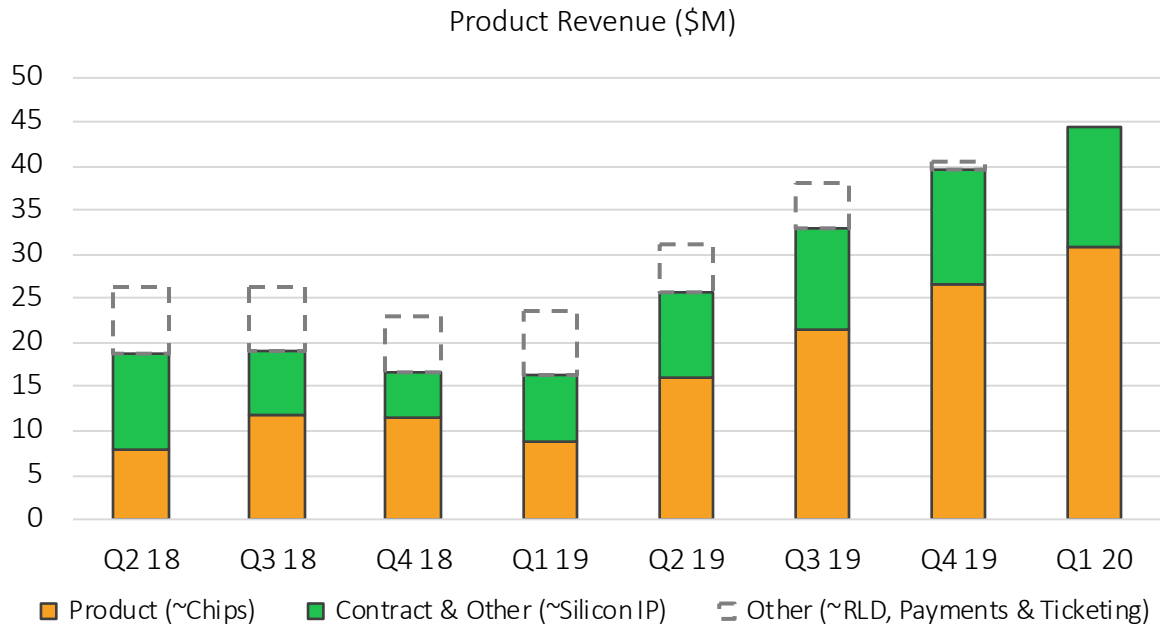
Strong cash from operations of \$37.3M, further strengthening balance sheet



Growth through focus on core business and execution on strategic initiatives

Products Driving Growth

Record Q1'20 revenue for Silicon IP and Chips



Contract & Other (~Silicon IP)

Q120 Up 84% over Q119
to \$13.6M

Product (~Chips)

Q120 >3X revenue of Q119
to \$30.7M

Continued Strong Cash Generation

<i>In Millions</i>	<u>ASC 606</u> Q1 2019	<u>ASC 606</u> Q2 2019	<u>ASC 606</u> Q3 2019	<u>ASC 606</u> Q4 2019	<u>ASC 606</u> Q1 2020	
Revenue	\$48.4	\$58.3	\$57.4	\$59.9	\$64.0	Year over year growth from chip and Silicon IP revenue. Impacted by structure and timing of key licensing arrangements.
Total Operating Expenses ¹	\$67.3	\$64.1	\$67.1	\$62.3	\$63.5	Managed expenses through refocus on core growth initiatives.
Operating Income (Loss) ¹	(\$18.9)	(\$5.8)	(\$9.7)	(\$2.3)	\$0.5	Operating results under ASC 606 do not reflect significant cash flow from fixed-fee licensing arrangements
Cash from Operations	\$28.8	\$38.7	\$25.6	\$35.4	\$37.3	Outstanding cash generation

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

Solid Balance Sheet Supports Strategic Initiatives

<i>In Millions</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	
Total Cash & Marketable Securities	\$305.9	\$337.7	\$338.0	\$407.7	\$435.4	Driven by strong cash from operations.
Total Assets	\$1,321.4	\$1,312.2	\$1,299.8	\$1,339.0	\$1,319.5	Strong balance sheet with limited debt \$487M and \$528M contract assets in Q1 2020 and Q4 2019 respectively, related to ASC 606 adoption
Stockholders' Equity	\$999.9	\$973.2	\$961.3	\$970.9	\$965.7	
Cash from Operations	\$28.8	\$38.7	\$25.6	\$35.4	\$37.3	Outstanding cash generation

Q2 2020 Non-GAAP Outlook

Outlook ⁽¹⁾	
Licensing Billings ⁽³⁾ (~Architecture License)	\$57 – \$63M
Contract & Other Revenue (~Silicon IP)	\$8 – \$14M
Product Revenue (~Chips)	\$27 – \$33M

Outlook (ASC 606) ⁽²⁾	
Total Operating Costs ⁽²⁾	\$66 – \$62M
Interest Income/Expense ⁽²⁾	\$1M
Fully Diluted Shares Outstanding	116M

(1) The Q2 2020 outlook for Royalty revenue (a component of total revenue) is \$9 - \$15M. 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 as between ASC 606 and the prior standard, ASC 605.

(2) Assumes a tax rate of 24%. Excludes stock-based compensation expense (\$6.1M), amortization expense (\$5.0M), non-cash interest expense of (\$1.8M) and interest income associated with the significant financing component of licensing agreements as a result of the adoption of ASC 606 of \$3.7M.

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

Rambus Investment Summary



Focusing on core strengths in semiconductor with unique expertise



Growing patent portfolio of interface and security IP has continued relevance



Strong balance sheet and cash generation to re-invest in R&D and M&A in areas of focus



Delivering to performance-intensive, high-growth market segments including data center, edge, AI and automotive



Thank you

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Reconciliation of Non-GAAP Financial Measures

Net Income (Loss) in Millions	Q1 2019 (AC 606)	Q2 2019 (ASC 606)	Q3 2019 (ASC 606)	Q4 2019 (ASC 606)	Q1 2020 (ASC 606)
GAAP Net Loss	(\$27)	(\$37)	(\$17)	(\$10)	(\$8)
Adjustments:					
Stock-based compensation	\$7	\$7	\$7	\$5	\$6
Acquisition-related/divestiture costs	\$0	\$0	\$3	\$4	\$2
Amortization	\$5	\$5	\$3	\$4	\$5
Restructuring charges and other	\$0	\$3	\$1	\$5	\$1
Non-cash interest expense	\$2	\$2	\$2	\$2	\$2
Impairment (recovery) on assets held for sale	\$0	\$17	(\$2)	(\$8)	\$0
Escrow settlement refund	\$0	(\$0)	\$0	\$0	\$0
Facility restoration costs	\$0	\$0	\$0	\$1	\$0
Change in fair value of earn-out liability	\$0	\$0	\$0	\$0	(\$2)
Provision for (benefit from) income taxes	\$3	\$4	(\$0)	(\$1)	(\$1)
Non-GAAP Net Income (Loss)	(\$9)	\$1	(\$3)	\$2	\$5

Operating Income (Loss) in Millions	Q1 2019 (AC 606)	Q2 2019 (ASC 606)	Q3 2019 (ASC 606)	Q4 2019 (ASC 606)	Q1 2020 (ASC 606)
GAAP Operating Loss	(\$31)	(\$37)	(\$23)	(\$13)	(\$11)
Adjustments:					
Stock-based compensation	\$7	\$7	\$7	\$5	\$6
Acquisition-related/divestiture costs	\$0	\$0	\$3	\$4	\$2
Amortization	\$5	\$5	\$3	\$4	\$5
Restructuring and other charges	\$0	\$3	\$1	\$5	\$1
Impairment (recovery) on assets held for sale	\$0	\$17	(\$2)	(\$8)	\$0
Escrow settlement refund	\$0	(\$0)	\$0	\$0	\$0
Facility restoration costs	\$0	\$0	\$0	\$1	\$0
Change in fair value of earn-out liability	\$0	\$0	\$0	\$0	(\$2)
Non-GAAP Operating Income (Loss)	(\$19)	(\$6)	(\$10)	(\$2)	\$1
Depreciation	\$3	\$3	\$4	\$5	\$5
Adjusted EBITDA	(\$16)	(\$3)	(\$5)	\$3	\$5

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

Revenue and Licensing Billings

	ASC 606					ASC 606
In Thousands	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'20
Royalty Revenue	\$24,853	\$27,050	\$19,448	\$19,434	\$90,785	\$19,694
Product Revenue	\$8,964	\$16,031	\$21,377	\$26,600	\$72,972	\$30,728
Contract and Other Revenue	\$14,567	\$15,216	\$16,574	\$13,913	\$60,270	\$13,567
Total	\$48,384	\$58,297	\$57,399	\$59,947	\$224,027	\$63,989

In Thousands	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'20
Royalty Revenue	\$24,853	\$27,050	\$19,448	\$19,434	\$90,785	\$19,694
Licensing Billings ¹	\$75,460	\$64,948	\$63,058	\$63,758	\$267,224	\$67,072
Delta	\$50,607	\$37,898	\$43,610	\$44,324	\$176,439	\$47,378

In Thousands	Q1'19	Q2'19	Q3'19	Q4'19	FY 2019	Q1'20
ASC 606 Interest Income ²	\$5,707	\$5,288	\$4,925	\$4,469	\$20,389	\$4,368

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.

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 Q1'20	Non-GAAP Actual Q1'20	Delta to GAAP
Revenue	\$64.0	\$64.0	\$-
Cost of revenue	15.9	11.5	(4.4)
Research and development	36.7	32.8	(3.9)
Sales, general and administrative	23.2	19.1	(4.1)
Change in fair value of earn-out liability	(1.8)	0.0	1.8
Restructuring charges	0.8	0.0	(0.8)
Total operating cost and expenses	74.8	63.5	(11.3)
Operating income (loss)	(10.8)	0.5	11.3
Interest and other income (expense), net	3.8	5.6	1.8
Income (loss) before income taxes	(7.0)	6.1	13.1
Provision for income taxes	1.0	1.5	0.5
Net income (loss)	(\$8.0)	\$4.7	\$12.7

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