



# Rambus Second Quarter 2022 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 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, the growth opportunities of the various markets we serve, product and investment strategies, the long-term sustainability of the Company's increased product revenue and cash generated from operating activities, the Company's outlook and financial guidance for the third quarter of 2022 and related drivers, the Company's ability to effectively manage supply chain shortages, risks and the potential adverse impacts related to, or arising from the Novel Coronavirus (COVID-19) and its variants, 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 made by the Company's management. 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, as well as the potential adverse impacts related to, or arising from, COVID-19 and its variants. 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, 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, depreciation expense on unused Electronic Design Automation ("EDA") software licenses, expense on abandoned operating leases, restatement and shareholder activist costs, facility restoration costs, 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 2022 Highlights



Delivered revenue and earnings at the high end of guidance; generated \$56.5M in cash from operations



Achieved record quarterly product revenue of \$53.3M driven by memory interface chips



Expanded chip portfolio with DDR5 companion chips for server and client memory modules



Accelerated roadmap of CXL solutions with acquisition of Hardent



Continued Silicon IP leadership with tier-1 design wins in interface and security IP; on track for annual target



# Financials

# Profitable Growth

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# Second Quarter Financial Summary



Delivered strong Q2 results, with revenue and earnings at the high end of expectations



Q2 cash from operations of \$56.5M, further strengthening the balance sheet



Achieved record product revenue of \$53.3M, consisting mainly of memory interface chips



Silicon IP demonstrating strong momentum, on annual run rate of \$120-\$130M

# Outstanding Cash Generation

| <i>In Millions</i>                              | <u>ASC 606</u><br>Q2 2021 | <u>ASC 606</u><br>Q3 2021 | <u>ASC 606</u><br>Q4 2021 | <u>ASC 606</u><br>Q1 2022 | <u>ASC 606</u><br>Q2 2022 |                                                                                                             |
|-------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------|
| Revenue                                         | \$84.9                    | \$81.3                    | \$91.8                    | \$99.0                    | \$121.1                   | Balanced portfolio drives growth                                                                            |
| Total Operating Costs and Expenses <sup>1</sup> | \$56.1                    | \$62.8                    | \$65.4                    | \$74.9                    | \$76.1                    | Strategic R&D investment to support growth initiatives                                                      |
| Operating Income <sup>1</sup>                   | \$28.8                    | \$18.5                    | \$26.4                    | \$24.2                    | \$45.0                    | Operating results under ASC 606 do not reflect significant cash flows from fixed-fee licensing arrangements |
| Cash from Operations                            | \$51.6                    | \$46.0                    | \$72.2                    | \$42.6                    | \$56.5                    | Strong cash generation                                                                                      |

<sup>1</sup>Please 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 2021   | Q3 2021   | Q4 2021   | Q1 2022   | Q2 2022   |                                                                                                                                                   |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Total Cash & Marketable Securities | \$477.1   | \$419.7   | \$485.6   | \$343.7   | \$351.6   | Strong cash from operations partly offset by convertible debt repayment and acquisition of Hardent                                                |
| Total Assets                       | \$1,153.0 | \$1,202.7 | \$1,232.6 | \$1,060.9 | \$1,110.9 | Strong balance sheet with minimal debt<br><br>\$212M and \$225M contract assets in Q2 2022 and Q1 2022, respectively, related to ASC 606 adoption |
| Stockholders' Equity               | \$830.6   | \$847.8   | \$862.4   | \$793.1   | \$838.2   |                                                                                                                                                   |
| Cash from Operations               | \$51.6    | \$46.0    | \$72.2    | \$42.6    | \$56.5    | Sustained, predictable cash generation                                                                                                            |

# Q3 2022 Non-GAAP Outlook

| Outlook <sup>(1)</sup>            |              |
|-----------------------------------|--------------|
| Licensing Billings <sup>(3)</sup> | \$63 – \$69M |
| Contract & Other Revenue          | \$18 – \$24M |
| Product Revenue                   | \$51 – \$57M |

| Outlook (ASC 606) <sup>(2)</sup>         |              |
|------------------------------------------|--------------|
| Total Operating Costs <sup>(2)</sup>     | \$81 – \$77M |
| Interest Income (Expense) <sup>(2)</sup> | (\$1M)       |
| Fully Diluted Shares Outstanding         | 113M         |

(1) The Q3 2022 outlook for Royalty revenue (a component of total revenue) is \$29 - \$35M. 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 (\$9M), amortization expense (\$4.0M), non-cash interest expense of (\$0.1M) and interest income associated with the significant financing component of licensing agreements as a result of the adoption of ASC 606 of (\$1.2M).

(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 data center market opportunity as memory relevance continues to grow



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



Continued innovation feeds patent portfolio and product roadmap expansion



Focus on strategic initiatives drives financial results and profitable growth



Strong cash generation enables strategic initiatives and return of capital to shareholders



Thank you

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# Reconciliation of Non-GAAP Financial Measures

| Net Income (Loss) in Millions                         | Q2 2021<br>(ASC 606) | Q3 2021<br>(ASC 606) | Q4 2021<br>(ASC 606) | Q1 2022<br>(ASC 606) | Q2 2022<br>(ASC 606) |
|-------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| GAAP Net Income (Loss)                                | \$11                 | \$4                  | \$6                  | (\$66)               | \$35                 |
| Adjustments:                                          |                      |                      |                      |                      |                      |
| Stock-based compensation                              | \$7                  | \$7                  | \$6                  | \$8                  | \$9                  |
| Acquisition-related costs and retention bonus expense | \$2                  | \$2                  | \$1                  | \$3                  | \$2                  |
| Amortization of acquired intangible assets            | \$5                  | \$4                  | \$4                  | \$4                  | \$4                  |
| Restructuring and other charges                       | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Non-cash interest expense                             | \$2                  | \$2                  | \$2                  | \$1                  | \$0                  |
| Facility restoration costs                            | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Depreciation expense on unused EDA software licenses  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Expense on abandoned operating leases                 | \$1                  | \$1                  | \$1                  | \$1                  | \$1                  |
| Restatement and shareholder activist costs            | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Provision for (benefit from) income taxes             | (\$5)                | (\$4)                | (\$5)                | (\$6)                | (\$8)                |
| Change in fair value of earn-out liability            | \$0                  | \$0                  | \$5                  | \$1                  | (\$6)                |
| Loss on fair value adjustment of derivatives, net     | \$0                  | \$0                  | \$0                  | \$8                  | \$0                  |
| Loss on extinguishment of debt                        | \$0                  | \$0                  | \$0                  | \$66                 | \$0                  |
| <b>Non-GAAP Net Income</b>                            | <b>\$23</b>          | <b>\$16</b>          | <b>\$21</b>          | <b>\$20</b>          | <b>\$36</b>          |
| Operating Income in Millions                          | Q2 2021<br>(ASC 606) | Q3 2021<br>(ASC 606) | Q4 2021<br>(ASC 606) | Q1 2022<br>(ASC 606) | Q2 2022<br>(ASC 606) |
| GAAP Operating Income                                 | \$14                 | \$5                  | \$9                  | \$8                  | \$36                 |
| Adjustments:                                          |                      |                      |                      |                      |                      |
| Stock-based compensation                              | \$7                  | \$7                  | \$6                  | \$8                  | \$9                  |
| Acquisition-related costs and retention bonus expense | \$2                  | \$2                  | \$1                  | \$3                  | \$2                  |
| Amortization of acquired intangible assets            | \$5                  | \$4                  | \$4                  | \$4                  | \$4                  |
| Restructuring and other charges                       | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Facility restoration costs                            | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Depreciation expense on unused EDA software licenses  | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Expense on abandoned operating leases                 | \$1                  | \$1                  | \$1                  | \$1                  | \$1                  |
| Restatement and shareholder activist costs            | \$0                  | \$0                  | \$0                  | \$0                  | \$0                  |
| Change in fair value of earn-out liability            | \$0                  | \$0                  | \$5                  | \$1                  | (\$6)                |
| <b>Non-GAAP Operating Income</b>                      | <b>\$29</b>          | <b>\$19</b>          | <b>\$26</b>          | <b>\$24</b>          | <b>\$45</b>          |
| Depreciation                                          | \$5                  | \$5                  | \$6                  | \$6                  | \$6                  |
| <b>Adjusted EBITDA</b>                                | <b>\$34</b>          | <b>\$24</b>          | <b>\$32</b>          | <b>\$30</b>          | <b>\$51</b>          |

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

# Revenue and Licensing Billings

| In Thousands               | ASC 606         |                 |                 |                 |                  | ASC 606         |                  |                  |
|----------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|
|                            | Q1'21           | Q2'21           | Q3'21           | Q4'21           | FY 2021          | Q1'22           | Q2'22            | YTD 2022         |
| Royalty Revenue            | \$28,859        | \$41,910        | \$33,044        | \$32,893        | \$136,706        | \$30,464        | \$48,038         | \$78,502         |
| Product Revenue            | \$30,781        | \$31,170        | \$36,710        | \$45,274        | \$143,935        | \$47,969        | \$53,302         | \$101,271        |
| Contract and Other Revenue | \$10,742        | \$11,779        | \$11,528        | \$13,614        | \$47,663         | \$20,617        | \$19,792         | \$40,409         |
| <b>Total</b>               | <b>\$70,382</b> | <b>\$84,859</b> | <b>\$81,282</b> | <b>\$91,781</b> | <b>\$328,304</b> | <b>\$99,050</b> | <b>\$121,132</b> | <b>\$220,182</b> |

| In Thousands                    | Q1'21           | Q2'21           | Q3'21           | Q4'21           | FY 2021          | Q1'22           | Q2'22           | YTD 2022        |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Royalty Revenue                 | \$28,859        | \$41,910        | \$33,044        | \$32,893        | \$136,706        | \$30,464        | \$48,038        | \$78,502        |
| Licensing Billings <sup>1</sup> | \$63,506        | \$65,216        | \$66,105        | \$66,586        | \$261,413        | \$64,102        | \$66,104        | \$130,206       |
| <b>Delta</b>                    | <b>\$34,647</b> | <b>\$23,306</b> | <b>\$33,061</b> | <b>\$33,693</b> | <b>\$124,707</b> | <b>\$33,638</b> | <b>\$18,066</b> | <b>\$51,704</b> |

| In Thousands                         | Q1'21   | Q2'21   | Q3'21   | Q4'21   | FY 2021 | Q1'22   | Q2'22   | YTD 2022 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|----------|
| ASC 606 Interest Income <sup>2</sup> | \$2,842 | \$2,382 | \$2,163 | \$1,907 | \$9,294 | \$1,827 | \$1,455 | \$3,282  |

<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 relating to advanced payments for variable licensing agreements.

<sup>2</sup> 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<br>Actual<br>Q2'22 | Non-GAAP<br>Actual<br>Q2'22 | Delta<br>to<br>GAAP |
|--------------------------------------------|-------------------------|-----------------------------|---------------------|
| Revenue                                    | \$121.1                 | \$121.1                     | \$-                 |
| Cost of revenue                            | 24.8                    | 21.3                        | (3.6)               |
| Research and development                   | 39.5                    | 35.4                        | (4.2)               |
| Sales, general and administrative          | 26.7                    | 19.5                        | (7.2)               |
| Change in fair value of earn-out liability | (5.5)                   | 0.0                         | (5.5)               |
| Total operating cost and expenses          | 85.6                    | 76.1                        | (9.5)               |
| Operating income                           | 35.6                    | 45.0                        | 9.5                 |
| Interest and other income (expense), net   | 2.4                     | 2.4                         | -                   |
| Income before income taxes                 | 38.0                    | 47.4                        | 9.5                 |
| Provision for income taxes                 | 2.9                     | 11.4                        | 8.5                 |
| Net income                                 | \$35.0                  | \$36.1                      | \$1.1               |

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