



Arm Holdings plc Q4 FYE25 Investor Presentation

investor.relations@arm.com

<https://investors.arm.com>

May 7, 2025

Forward-Looking Statements

This presentation contains forward-looking statements that reflect Arm Holdings plc's ("Arm") plans, beliefs, expectations and current views with respect to, among other things, future events and financial performance. These statements involve known and unknown risks, uncertainties and other important factors that may cause Arm's actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. There are many factors that could cause or contribute to such differences, including, but not limited to, the following: Arm's dependence on the semiconductor and electronics industries and the demand for the products of its customers; Arm's dependence on the compatibility of its products with the manufacturing and design processes of its customers; Arm's reliance on third parties to market and sell chips and end products incorporating its products, as well as add value to its licensed products; Arm's dependence on a limited number of customers for a significant portion of its revenue; the loss of any of Arm's senior management personnel or one or more key employees or Arm's inability to attract and retain qualified personnel; Arm's ability to adequately fund its research and development efforts; risks related to the availability of development tools, systems software, electronic design automation tools and operating systems compatible with its architecture; Arm's ability to protect its proprietary products and its brand, and the costs of protecting such intellectual property rights, particularly as a result of litigation; Arm's ability to verify royalty amounts owed to it under its licensing agreements; risks related to foreign exchange fluctuations; changes in Arm's effective tax rate; risks associated with organic growth or growth from strategic investments or acquisitions Arm makes, and the risk of failing to effectively manage its growth; risks associated with the slow development of the market for Arm's connectivity, device and data management platform; the possibility of cyberattacks, breaches of Arm's security controls and unauthorized access to its data or a customer's data; Arm's ability to satisfy data protection, security, privacy or other government- and industry-specific requirements; risks associated with the interests of SoftBank Group Corp., Arm's controlling shareholder, conflicting with the interests of other holders of Arm's ordinary shares and American depositary shares; and effects of global general economic conditions, political factors, war or hostility, pandemics and other events outside of Arm's control. Refer to "Item 3. Key Information—D. Risk Factors" in Arm's Annual Report on Form 20-F for the fiscal year ended March 31, 2024, filed with the Securities and Exchange Commission on May 29, 2024, for additional risks and uncertainties that may cause Arm's actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by forward-looking statements included herein.

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact could be deemed forward-looking statements, including without limitation, statements relating to Arm's future operations, results of operations and other matters that are based on Arm's current expectations, estimates, assumptions and projections. In some cases, you can identify forward-looking statements because they contain words such as "may," "might," "will," "could," "would," "should," "expect," "is/are likely to," "intend," "plan," "objective," "anticipate," "believe," "estimate," "predict," "potential," "target," "continue," "ongoing" or similar words or phrases, or the negative of these words or phrases. The inclusion of forward-looking statements in this presentation should not be regarded as a representation by Arm or any other person that the future plans, estimates or expectations contemplated by Arm will be achieved or that Arm has conducted an exhaustive inquiry into, or review of, all potentially available relevant information. The forward-looking statements included in this presentation are based on the current beliefs, assumptions and expectations of Arm's management with respect to Arm's future economic performance, considering the information currently available to management. While Arm believes such information forms a reasonable basis for such statements, such information may be limited or incomplete. Accordingly, there are, or will be, important factors that could cause Arm's actual results to differ materially from those indicated in these statements. All such factors are difficult to predict, represent uncertainties that may materially affect actual results and may be beyond Arm's control. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors or to assess the impact of each such risk factor on Arm. Any forward-looking statement in this presentation speaks only as of the date hereof, and Arm does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this presentation except as required by applicable law. If one or more risks or uncertainties materialize, or if Arm's underlying assumptions prove to be incorrect, Arm's actual results may vary materially from what Arm may have expressed or implied by these forward-looking statements. Arm cautions that you should not place undue reliance on any of Arm's forward-looking statements.

Non-GAAP Financial Measures

In addition to disclosing results determined in accordance with generally accepted accounting principles, or GAAP, Arm utilizes, and this presentation includes, certain non-GAAP financial measures that differ from measures calculated in accordance with GAAP. Arm's non-GAAP financial measures include non-GAAP cost of sales, non-GAAP gross profit (loss), non-GAAP gross margin, non-GAAP research and development operating expenses, non-GAAP selling, general and administrative operating expenses, non-GAAP disposal, restructuring and other operating expenses, net, non-GAAP operating expense, net, non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss) from continuing operations, non-GAAP free cash flow, and non-GAAP free cash flow for the trailing twelve months. Arm believes these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating its results of operations, as well as provide a useful measure for period-to-period comparisons of its business performance. Moreover, Arm has included these non-GAAP financial measures because they are key measurements used by its management internally to make operating decisions, including those related to analyzing operating expenses, evaluating performance, and performing strategic planning and annual budgeting. Arm believes that the presentation of its non-GAAP financial measures, when viewed holistically, is helpful to investors in assessing the consistency and comparability of its performance in relation to prior periods and facilitates comparisons of its financial performance relative to its competitors, particularly with respect to competitors that present similar non-GAAP financial measures in addition to their GAAP results.

Non-GAAP financial measures are presented for supplemental financial purposes only, should not be considered a substitute for financial measures prepared in accordance with GAAP, and may not align with similar financial measures presented by Arm's competitors, which may limit the ability of investors to assess Arm's performance relative to certain peer companies.

Non-GAAP financial measures presented herein exclude acquisition-related intangible asset amortization, share-based compensation, or SBC, cost associated with equity-classified awards where Arm's intent is to issue equity upon vesting (in lieu of cash settlement), employer taxes related to SBC equity-classified awards, net of the research and development, or R&D, tax incentives associated with these taxes, one-time employee benefit related to The Arm Holdings plc All-Employee Plan 2019, costs associated with disposal activities, impairment of long-lived assets, restructuring and related costs, public company readiness costs, other operating income (expenses), net, (income) loss from equity method investments, gain on disposal of business, and income tax effect on non-GAAP adjustments. Arm excludes these items from its non-GAAP financial measures because they are non-cash or non-recurring in nature, or because the amount and timing of these items is unpredictable and not driven by core results of operations, which renders comparisons with prior periods and competitors less meaningful.

Investors should consider non-GAAP financial measures alongside other financial performance measures, including operating income, net income and Arm's other GAAP results. A reconciliation of the non-GAAP financial measures presented in this presentation to the most directly comparable GAAP measure is included at the end of this presentation.

Arm is unable to provide a reconciliation of certain non-GAAP guidance measures to the corresponding GAAP measures on a forward-looking basis because doing so would not be possible without unreasonable effort due to, among other things, the potential variability and limited visibility of the excluded items. For the same reasons, Arm is unable to address the probable significance of the unavailable information.

Third-Party Information

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Q4 FYE25: Highlights

Operating Highlights

\$1,241m

Total revenue up 34% YoY

\$566m

Non-GAAP Operating Expenses

\$99m*

Trailing 12 Months Non-GAAP FCF

arm

Innovation Highlights

+310bn Arm-based chips shipped

Cumulative number of Arm-based chips since 1990. Our volume has created a base for the largest ecosystem in the semiconductor industry.

AI on Arm is going everywhere

In Q4, NVIDIA's Grace Blackwell entered full production and Arm announced the first Armv9 compute platform targeting edge AI devices.

Compute Subsystem gains traction

Arm entered into its first license for automotive CSS with a leading global automotive OEM designing their first major automotive chip.

*Q4 FYE24 included a \$573 million change in working capital benefit related to awards vesting post the IPO, and the reversal of this benefit negatively impacted FYE25 TTM FCF

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Royalty Growth from Rising Complexity, Volume Expansion

More Complexity
Per Chip

- More advanced workloads need Arm's latest Armv9 architecture
- High-end cloud compute chips had 8 cores in 2016¹ and 192 cores in 2025
- Smaller geometries and longer fab cycle times mean that customers need more help
- Armv9, more cores and compute subsystems (CSS) are lifting royalty rates

More Chips

- Semiconductor industry revenue is forecasted to grow at a CAGR of 8%²
- Arm is gaining share in long-term growth markets: autos, cloud, IoT
- Arm shipped 2x the number of chips in FYE24 than in FYE16

More Arm

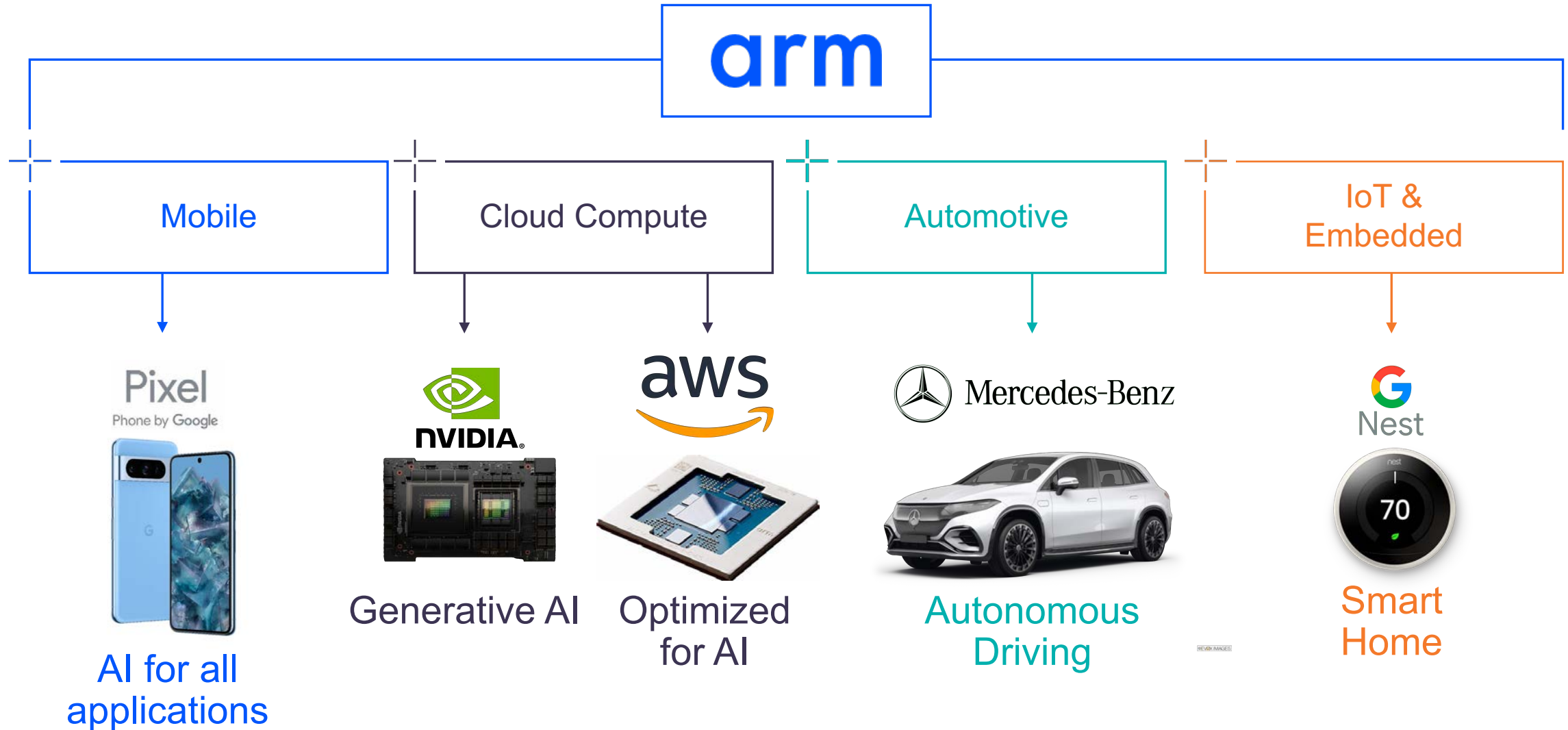
- The concept of AI everywhere is increasing demand for Arm's highly performant and energy-efficient compute platform
- More of our partners are finding custom silicon development a more attractive value proposition
- The Arm subscription business model smooths the path for Arm technology to reach more chip designs across more of our largest customers

Notes:

1. Reference to FYE16 relates to period prior to Arm acquisition by SoftBank.

2. Arm internal forecast based on third-party analyst data.

AI on Arm: Energy Efficiency from the Data Center to the Edge



Unparalleled Software Ecosystem

22M+

Developers on Arm,
for Arm

+ —————
1.5Bn

Ecosystem hours

+ —————

10M+

Developer hours
1st decade of Armv8

+ —————
30M+

Developer hours
1st decade of Armv9

+ —————

android 

 Green Hills
SOFTWARE

 Microsoft

 Red Hat

vmware®

 iOS

Linux 

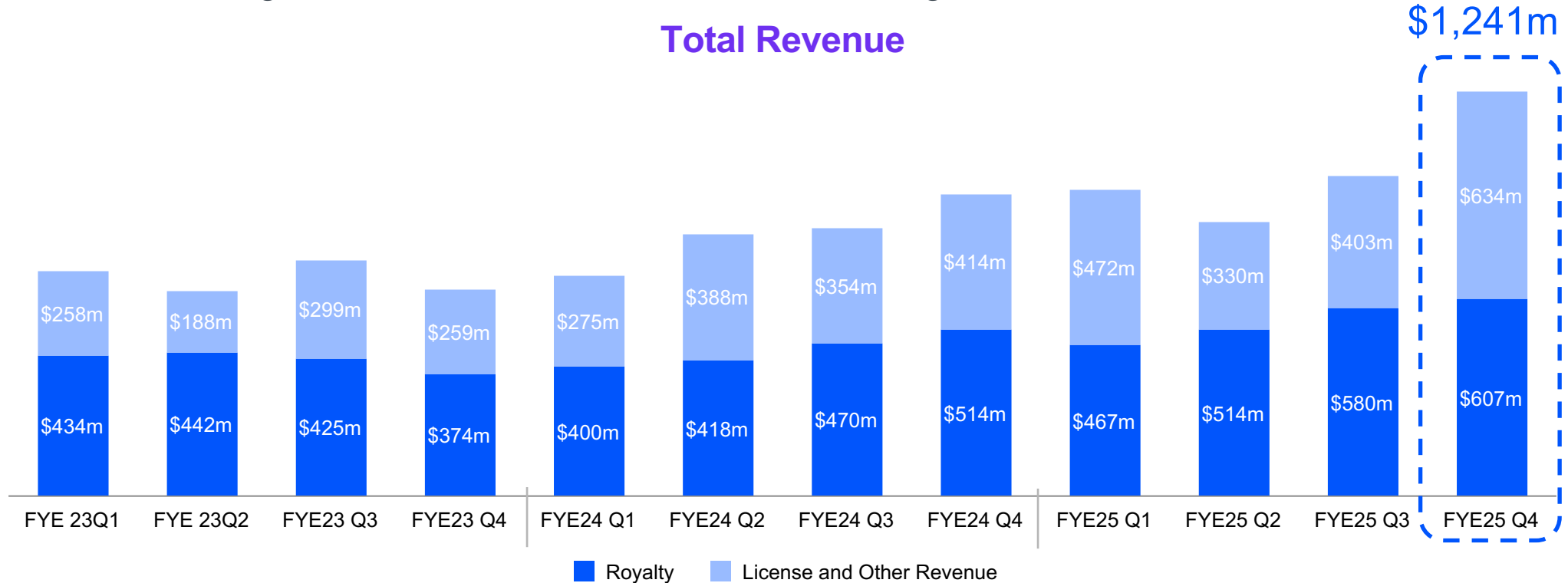
 NVIDIA
CUDA

 TensorFlow

WNDRVr

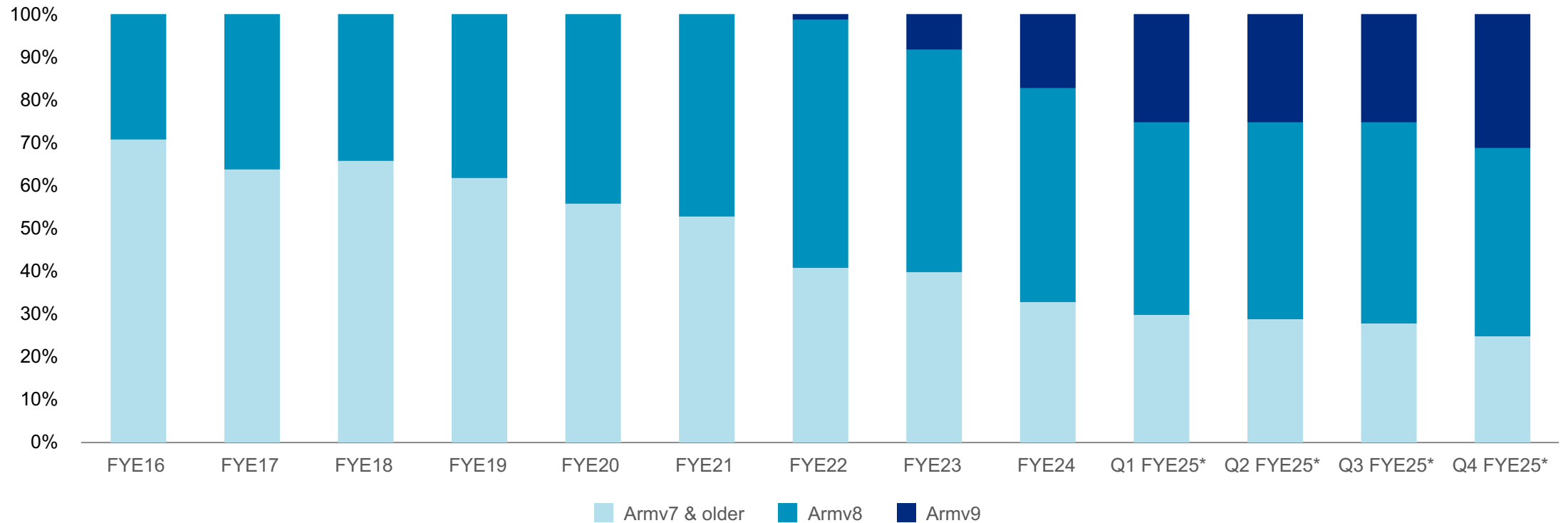
Q4 FYE25: Record licensing and royalty revenues

- Total revenue: \$1,241m up 34% YoY
- Royalty revenue: \$607m up 18% YoY driven primarily by the continued adoption of the Armv9 architecture, the ramp of chips based on Arm CSS, and increased usage of Arm-based chips in data centers
- License and other revenue: \$634m up 53% YoY due to normal fluctuations in the timing and size of multiple high-value license agreements and contributions from backlog



Armv9 adoption driving royalty growth

Royalty Revenue by Architecture

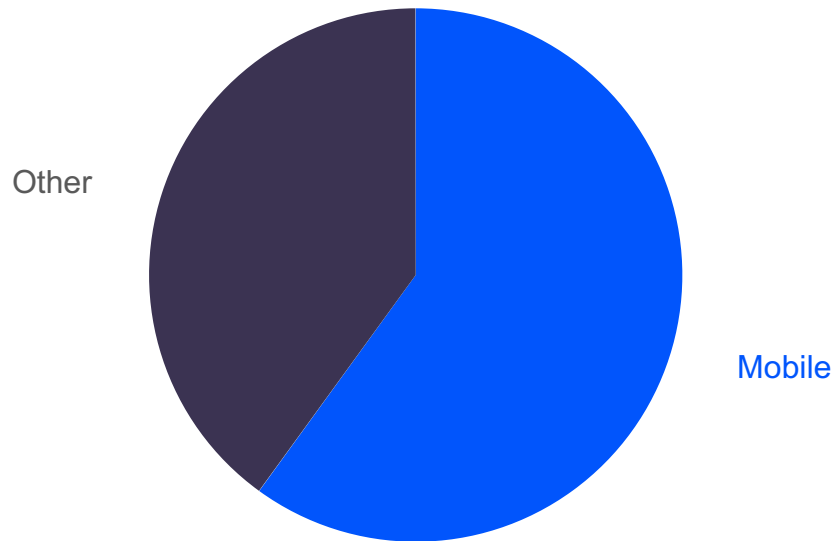


- Armv9 commands a higher royalty per chip than prior architectures
- Armv9 adoption has started in smartphones and cloud compute

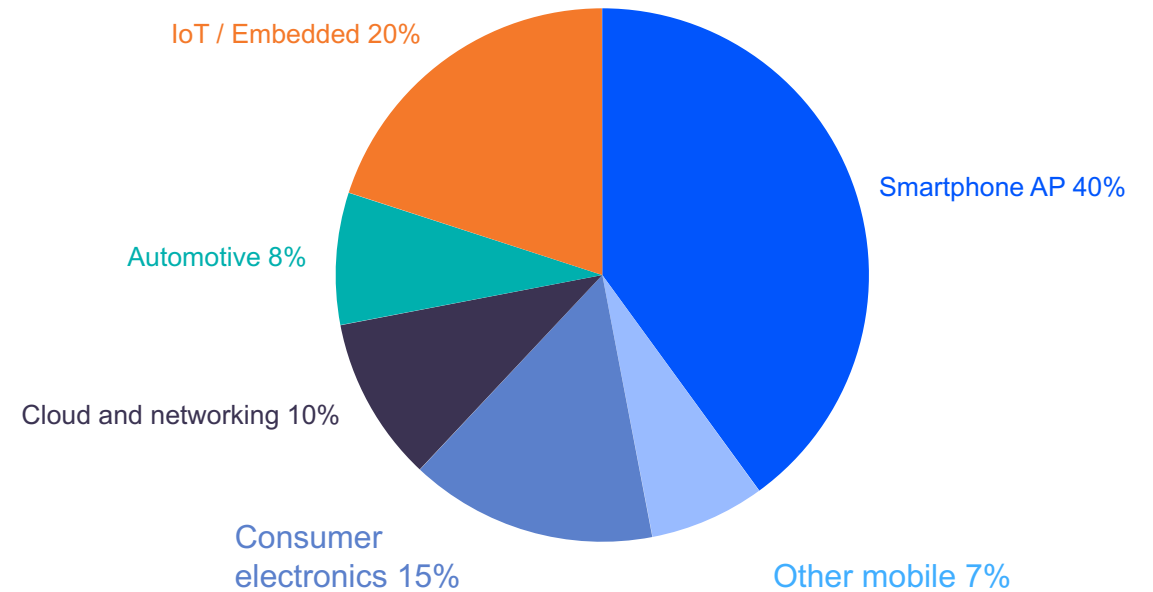
* Royalty mix by architecture such as Armv9 is estimated at the system-on-a-chip ("SoC") level based on the architecture of the primary CPU or an approximation of the IP mix and is subject to change based on the availability of additional product detail. Referenced figures based on most recent royalty report data that relates to the prior quarter.

Diversification in multiple long-term growth markets

Royalties by End Market - FYE16



Royalties by End Market - FYE24

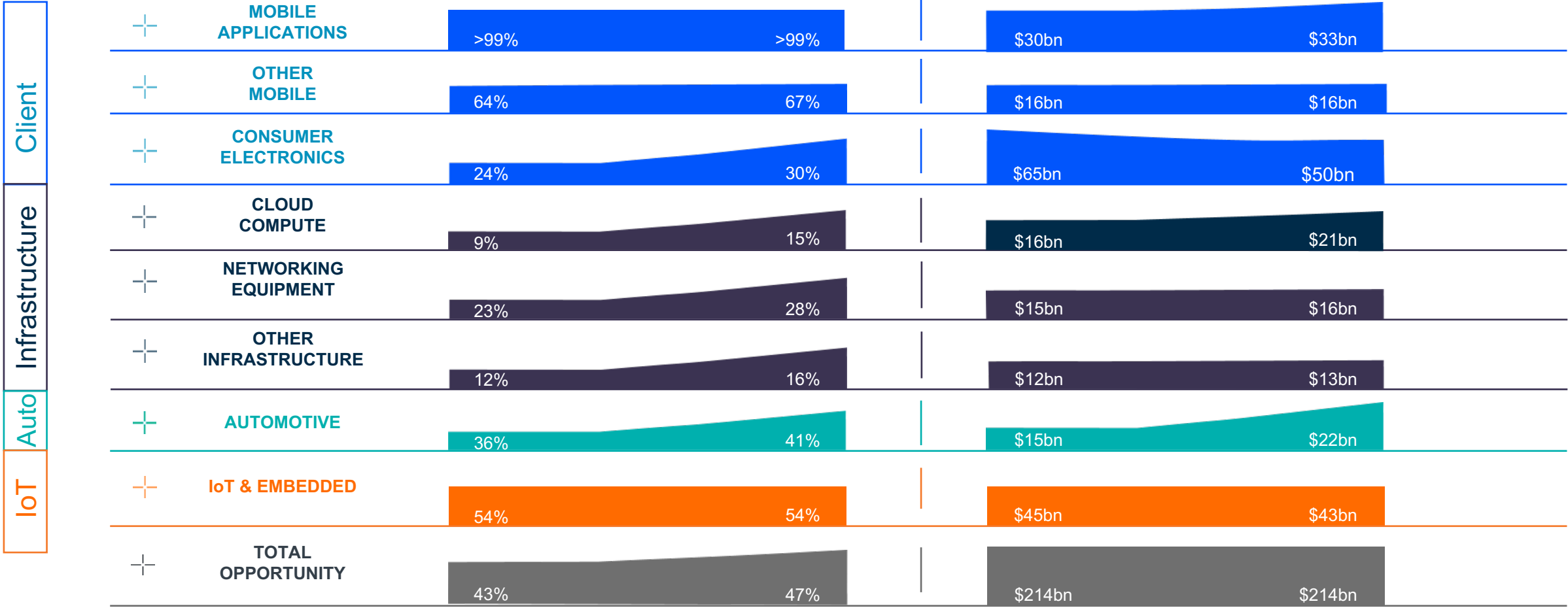


- Arm is increasing revenue beyond mobile through a broadening range of products including CPUs and systems for markets such as cloud, automotive and IoT/embedded compute

Note: reference to FYE16 relates to period before Arm acquisition by SoftBank.

Note: royalties represent approximate mix, based on reports received from our partners and Arm's internal assessment of end markets

Royalty: Gaining Share in a Massive Market



¹ Based on chip value

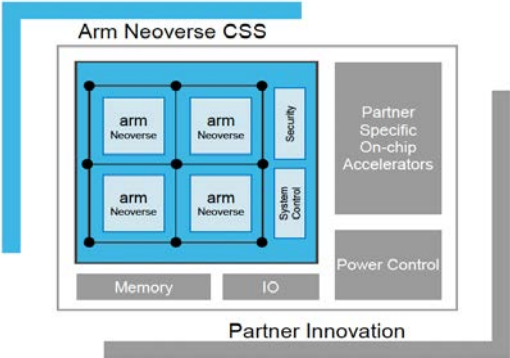
Source: Arm internal estimates, based on multiple third-party data sources.

Compute Subsystems: A better starting point for chip design

Rising design and manufacturing complexity is lifting cost, time-to-market and risk

CSS helps partners solve cost and time-to-market challenges

- Longer manufacturing time of highly complex chips compresses the time available for chip design
- CSS pre-integrated Arm IP reduces engineering effort and so reduces design time, cost and risk



CSS adopted across many end markets

Smartphone	PC
Data center	Automotive

- Leading semi cos, OEMs and CSPs use CSS to accelerate chip designs
- 13 CSS licensees to date – ahead of plan; likely preferred model for many partners in the future

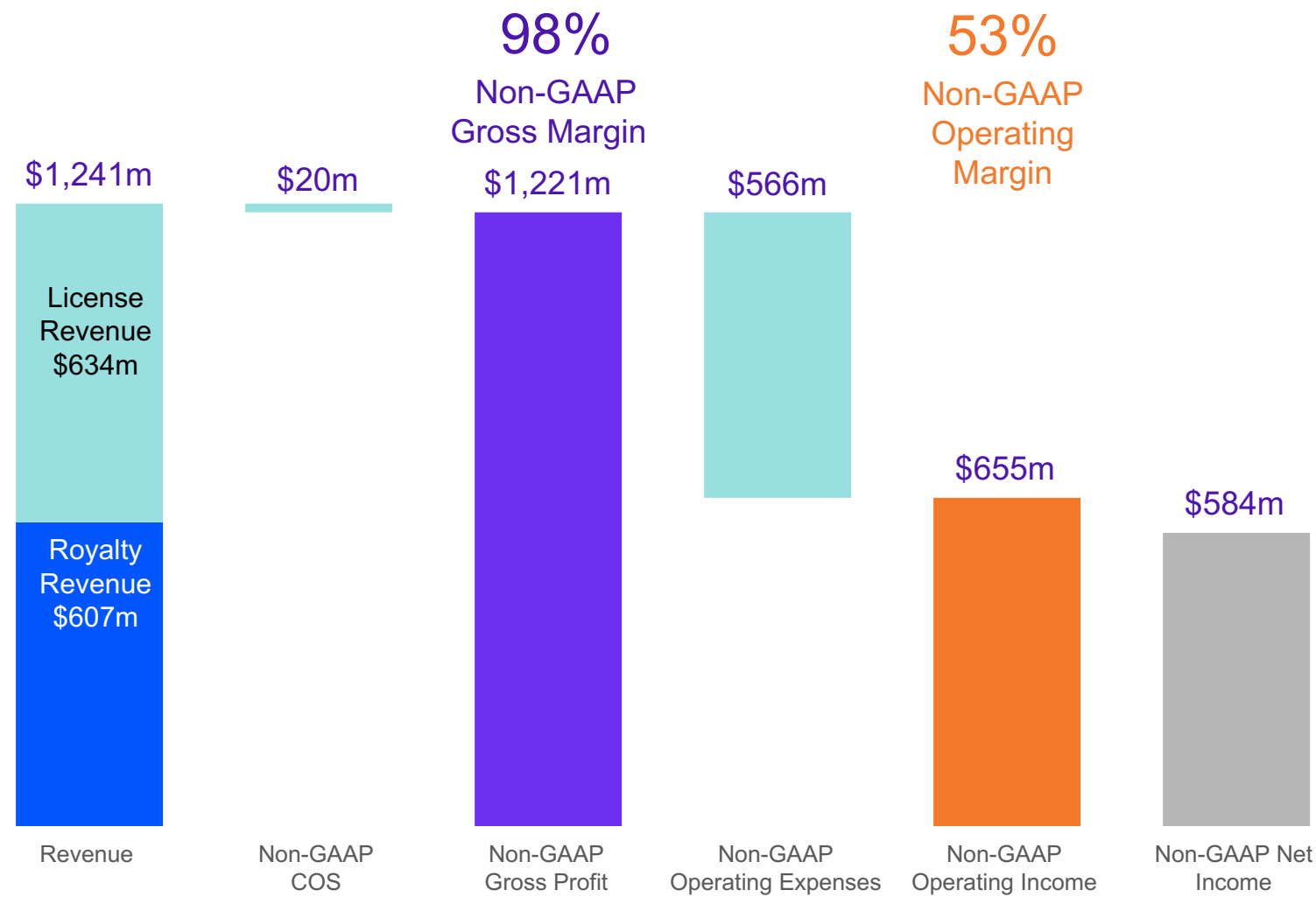
Growing ecosystem accelerates deployment

- Arm Total Design (ATD) ecosystem helps partners build custom Arm CSS chips
- More than 30 ATD partners include ASIC, EDA, backend, software, chiplet, and design services firms



CSS substantially increases Arm’s royalty revenue per chip

Q4 FYE25: From Revenues to Profits



Notes:
1. Depreciation and amortization for Q4 FYE25 was \$49m
2. See appendix for reconciliation of Non-GAAP metrics to the most directly comparable GAAP metrics.

Near-Term Guidance

	Q1 FYE26
Revenue (\$m)	\$1,000m - \$1,100m
Non-GAAP Operating Expense (\$m) ¹	~\$625m
Non-GAAP fully diluted earnings per share (\$) ¹	\$0.30 - \$0.38

(1) For more information and definitions of the non-GAAP measures see the “Key Financial and Operating Metrics” section of our most recent Shareholder Letter, available at <https://investors.arm.com/>. A reconciliation of each of the projected non-GAAP operating expense and non-GAAP fully diluted earnings per share, which are forward-looking non-GAAP financial measures, to the most directly comparable GAAP financial measure, is not provided because Arm is unable to provide such reconciliation without unreasonable effort. The inability to provide each reconciliation is due to the unpredictability of the amounts and timing of events affecting the items we exclude from the non-GAAP measure.

Arm is Building the Future of Computing

- + Arm is the world's most pervasive CPU architecture
- + Everything today is a computer – CPUs needed everywhere
- + Ongoing innovation to support of customer needs – from CPUs to compute subsystems
- + Strong growth, highly profitable and cash generative company

310+ Billion

Arm-based chips shipped since inception

30.6 Billion

Arm-based chips reported as shipped in FYE25

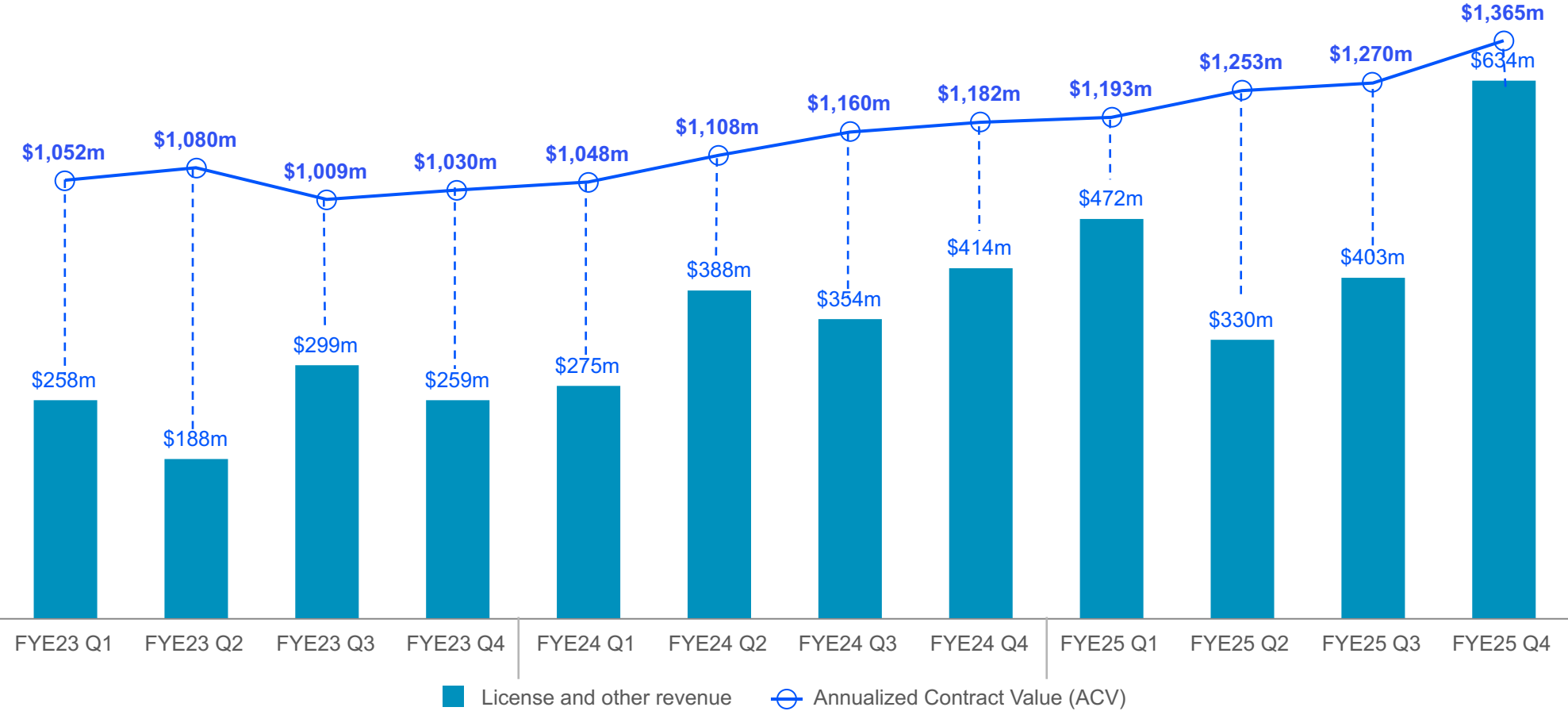
22M+

Software Developers on Arm

Appendix

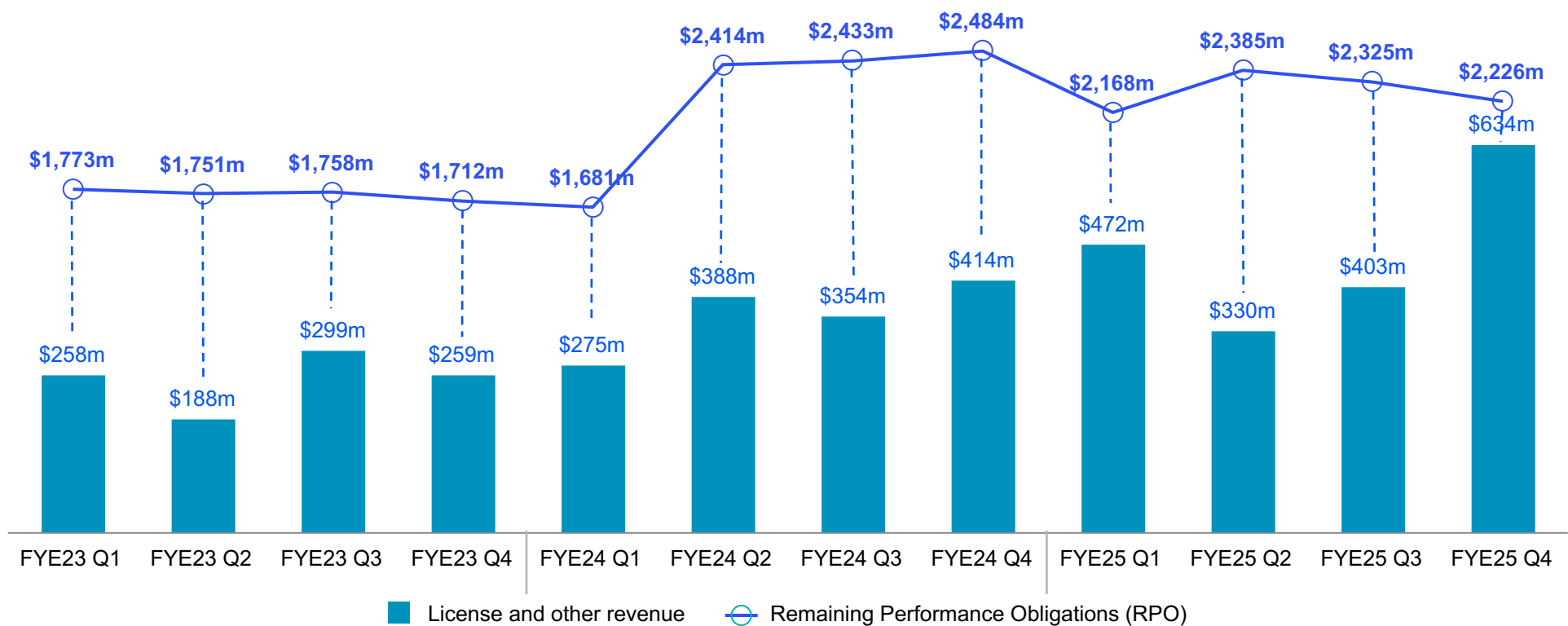
Q4 FYE25: Annualized Contract Value

- Annualized contract value, a metric for normalized license and other revenue, increased 15% YoY in Q4

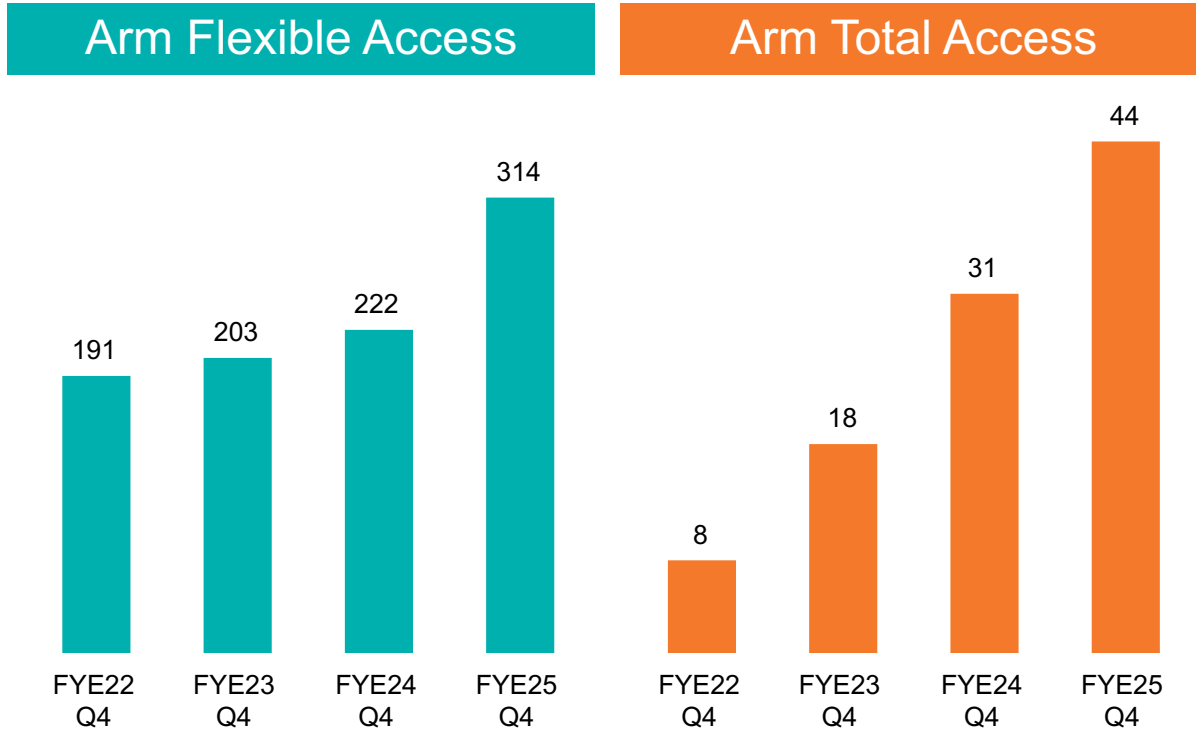


Q4 FYE25: Remaining Performance Obligations (RPO)

- Remaining performance obligations (RPO), a metric for unearned revenue and amounts to be invoiced and recognized in future periods, was down 4% QoQ



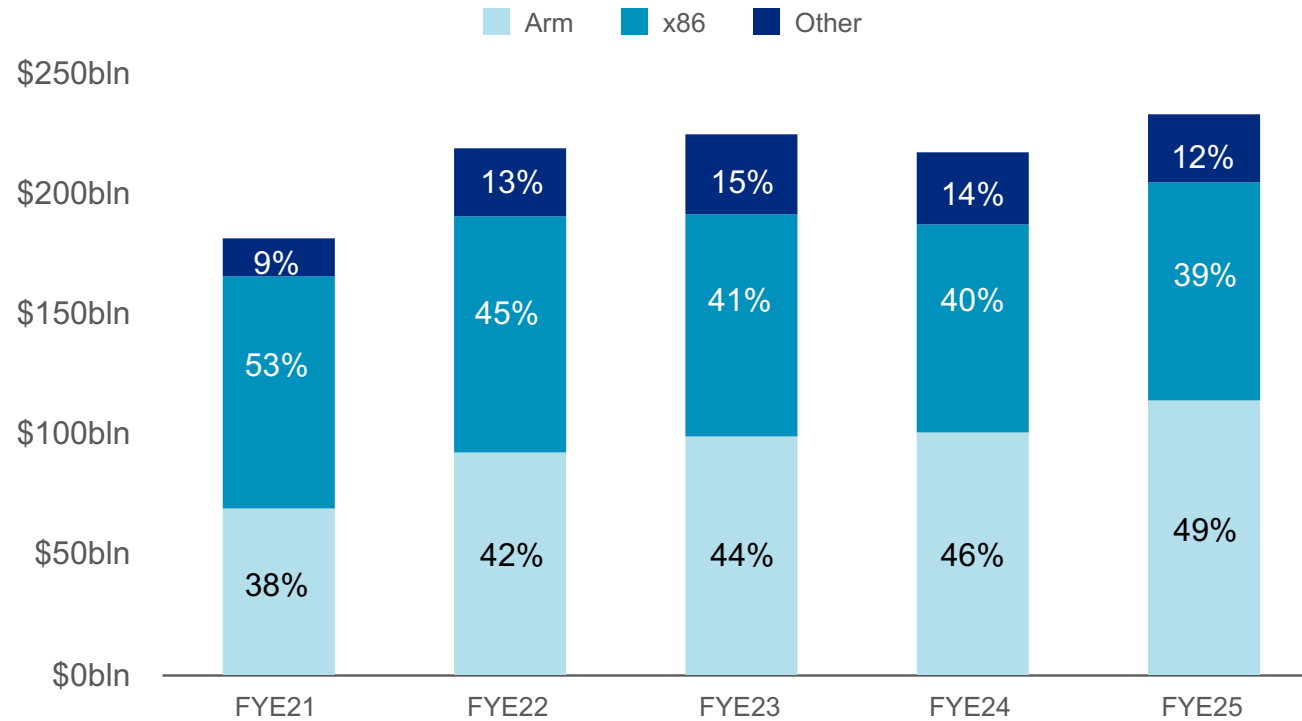
Q4 FYE25: Non-Financial Metrics



- Arm Total Access (ATA) at 44 extant licenses, up 4 QoQ and 13 YoY
 - Target market for these licenses include smartphones, AI accelerators, automotive applications, data centers and embedded computing
 - ATA licensees are typically long-term Arm partners and include more than half of our largest customers
- Arm Flexible Access at 314 extant licenses, up 19 QoQ and 92 YoY
 - Targeting early-stage companies developing products for markets such as AI accelerators, automotive applications, consumer electronics, robotics and smart sensors

Royalty Revenue: Arm is Gaining Share

Market Share by Chip Value



Notes:

Based on Arm internal estimates.

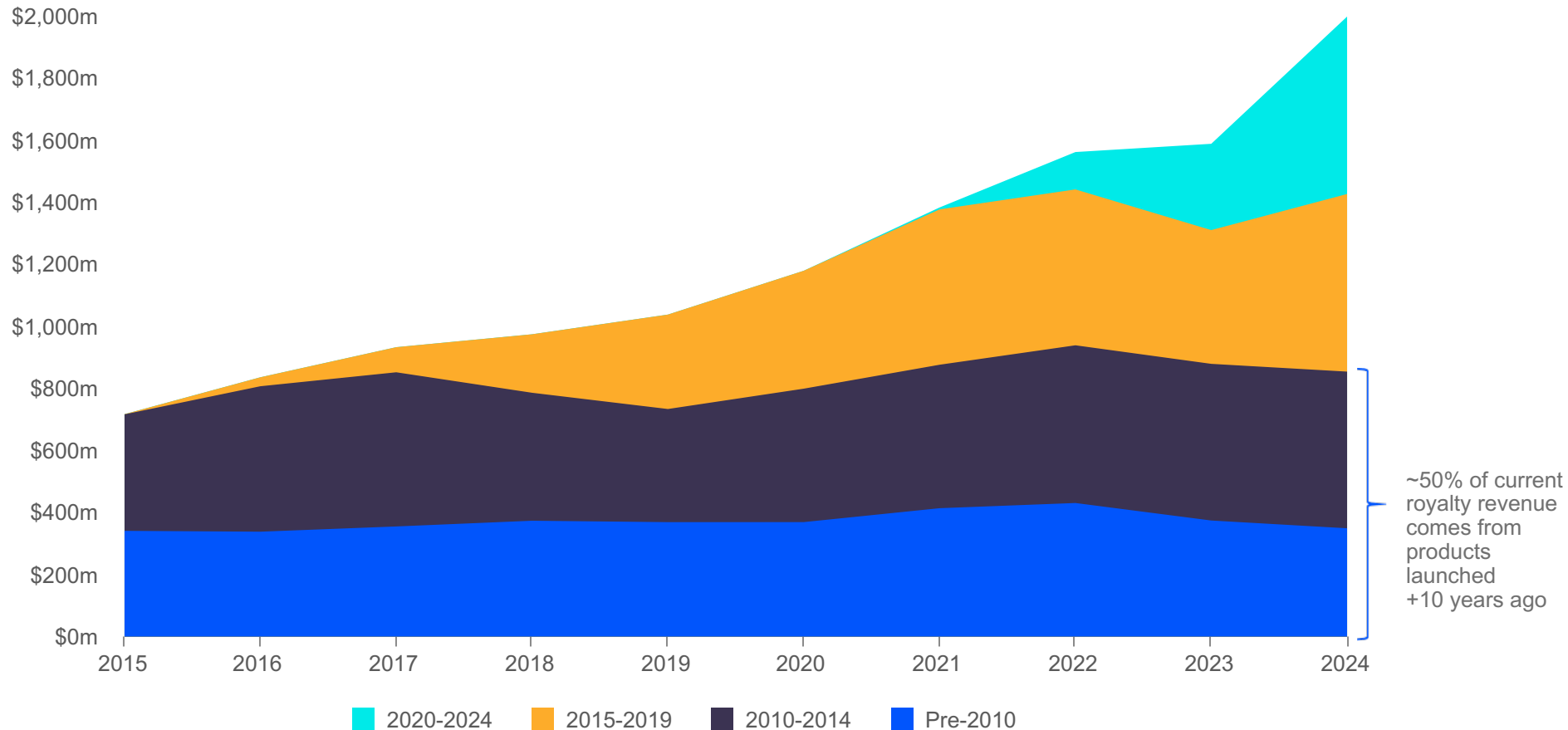
Other includes legacy and niche architectures such as:

- Proprietary architectures (68000, 80x51, AVR, Coldfire, PIC, PowerPC, RH850, etc.)
- Licensable and open-source architectures (Arc, Andes, Leon, MIPS, OpenPower, OpenRISC, RISC-V, Sparc, Tensilica, etc.)

Royalty Revenue Provides a Platform for Long-Term Growth

- Royalty revenue can continue for many years or decades

Royalty revenue from Arm products launched during Fiscal Year Ending



Still collecting royalties on products developed in the early 1990s

Provides long term visibility

Reconciliations: GAAP to Non-GAAP and Adjustments

Includes retrospective change to Non-GAAP reporting

Arm Holdings plc

Published on May 7, 2025

	Q4 31-Mar FYE24	Q1 30-Jun FYE25	Q2 30-Sep FYE25	Q3 31-Dec FYE25	Q4 31-Mar FYE25	FY 31-Mar FYE23	FY 31-Mar FYE24	FY 31-Mar FYE25
<i>(in millions, except per share amounts)</i>								
GAAP to Non-GAAP Reconciliation (Unaudited) ⁽¹⁾								
Reconciliation of GAAP cost of sales to Non-GAAP cost of sales:								
Cost of sales	\$ (41)	\$ (33)	\$ (32)	\$ (28)	\$ (28)	\$ (106)	\$ (154)	\$ (121)
Adjusted for:								
Acquisition-related intangible asset amortization	1	—	—	—	—	5	4	—
Share-based compensation cost (equity settled) ⁽²⁾	6	6	7	7	6	2	39	26
Employer taxes related to SBC, net of R&D tax incentives ⁽³⁾⁽⁴⁾	7	3	1	2	2	—	8	8
One-time employee benefit ⁽⁵⁾	1	—	—	—	—	—	1	—
Non-GAAP cost of sales ⁽³⁾	\$ (26)	\$ (24)	\$ (24)	\$ (19)	\$ (20)	\$ (99)	\$ (102)	\$ (87)
Reconciliation of GAAP gross profit to Non-GAAP gross profit:								
Gross profit	\$ 887	\$ 906	\$ 812	\$ 955	\$ 1,213	\$ 2,573	\$ 3,079	\$ 3,886
Gross margin	95.6 %	96.5 %	96.2 %	97.2 %	97.7 %	96.0 %	95.2 %	97.0 %
Adjusted for:								
Acquisition-related intangible asset amortization	1	—	—	—	—	5	4	—
Share-based compensation cost (equity settled) ⁽²⁾⁽⁶⁾⁽⁷⁾	6	6	7	7	6	2	39	26
Employer taxes related to SBC, net of R&D tax incentives ⁽³⁾⁽⁴⁾	7	3	1	2	2	—	8	8
One-time employee benefit ⁽⁵⁾	1	—	—	—	—	—	1	—
Non-GAAP gross profit ⁽³⁾	902	915	820	964	1,221	2,580	3,131	3,920
Non-GAAP gross margin	97.2 %	97.4 %	97.2 %	98.1 %	98.4 %	96.3 %	96.8 %	97.8 %

Reconciliations: GAAP to Non-GAAP and Adjustments...cont'd

Arm Holdings plc

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(in millions, except per share amounts)

	Q4 31-Mar FYE24	Q1 30-Jun FYE25	Q2 30-Sep FYE25	Q3 31-Dec FYE25	Q4 31-Mar FYE25	FY 31-Mar FYE23	FY 31-Mar FYE24	FY 31-Mar FYE25
GAAP to Non-GAAP Reconciliation (Unaudited) ⁽¹⁾								
Reconciliation of GAAP research and development operating expenses to Non-GAAP research and development operating expenses:								
Research and development	\$ (584)	\$ (485)	\$ (507)	\$ (533)	\$ (546)	\$ (1,133)	\$ (1,979)	\$ (2,071)
<i>Adjusted for:</i>								
Share-based compensation cost (equity settled) ⁽²⁾⁽⁶⁾⁽⁷⁾	127	129	154	154	139	38	705	576
Employer taxes related to SBC, net of R&D tax incentives ⁽³⁾⁽⁴⁾	118	58	31	29	37	—	133	155
One-time employee benefit ⁽⁵⁾	13	—	—	—	—	—	13	—
Other operating income (expenses), net	—	—	—	—	—	—	—	—
Non-GAAP research and development operating expenses ⁽³⁾	\$ (326)	\$ (298)	\$ (322)	\$ (350)	\$ (370)	\$ (1,095)	\$ (1,128)	\$ (1,340)
Reconciliation of GAAP selling, general and administrative operating expenses to Non-GAAP selling, general and administrative operating expenses:								
Selling, general and administrative	\$ (281)	\$ (239)	\$ (241)	\$ (247)	\$ (257)	\$ (762)	\$ (983)	\$ (984)
<i>Adjusted for:</i>								
Acquisition-related intangible asset amortization	—	—	—	—	—	—	—	—
Share-based compensation cost (equity settled) ⁽²⁾⁽⁶⁾⁽⁷⁾	53	47	57	66	48	20	293	218
Employer taxes related to SBC, net of R&D tax incentives ⁽³⁾⁽⁴⁾	38	23	10	6	11	—	48	50
One-time employee benefit ⁽⁵⁾	5	—	—	—	—	—	5	—
Public company readiness costs	—	—	—	—	—	42	42	—
Other operating income (expenses), net	—	—	—	—	—	—	—	—
Costs associated with disposal activities	—	—	2	3	2	—	—	7
Non-GAAP selling, general and administrative operating expenses ⁽³⁾	\$ (185)	\$ (169)	\$ (172)	\$ (172)	\$ (196)	\$ (700)	\$ (595)	\$ (709)

Reconciliations: GAAP to Non-GAAP and Adjustments...cont'd

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	Q4 31-Mar FYE24	Q1 30-Jun FYE25	Q2 30-Sep FYE25	Q3 31-Dec FYE25	Q4 31-Mar FYE25		FY 31-Mar FYE23	FY 31-Mar FYE24	FY 31-Mar FYE25
(in millions, except per share amounts)									
GAAP to Non-GAAP Reconciliation (Unaudited) ⁽¹⁾									
Reconciliation of GAAP disposal, restructuring and other operating expenses, net to Non-GAAP disposal, restructuring and other operating expenses, net:									
Disposal, restructuring and other operating expenses, net	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (7)	\$ (6)	\$ —	
Adjusted for:									
Other operating income (expenses), net	—	—	—	—	—	—	6	—	
Costs associated with disposal activities	—	—	—	—	—	4	—	—	
Restructuring and related costs	—	—	—	—	—	1	—	—	
Non-GAAP disposal, restructuring and other operating expenses, net	—	—	—	—	—	(2)	—	—	
Reconciliation of GAAP operating income (loss) to Non-GAAP operating income (loss):									
Operating income (loss)	\$ 22	\$ 182	\$ 64	\$ 175	\$ 410	\$ 671	\$ 111	\$ 831	
Operating margin	2.4 %	19.4 %	7.6 %	17.8 %	33.0 %	25.0 %	3.4 %	20.7 %	
Adjusted for:									
Acquisition-related intangible asset amortization	1	—	—	—	—	5	4	—	
Cost of sales	1	—	—	—	—	5	4	—	
Selling, general and administrative	—	—	—	—	—	—	—	—	
Share-based compensation cost (equity settled) ⁽²⁾⁽⁶⁾⁽⁷⁾	186	182	218	227	193	60	1,037	820	
Cost of sales	6	6	7	7	6	2	39	26	
Research and development	127	129	154	154	139	38	705	576	
Selling, general and administrative	53	47	57	66	48	20	293	218	
Employer taxes related to SBC, net of R&D tax incentives ⁽³⁾⁽⁴⁾	163	84	42	37	50	—	189	213	
Cost of sales	7	3	1	2	2	—	8	8	
Research and development	118	58	31	29	37	—	133	155	
Selling, general and administrative	38	23	10	6	11	—	48	50	
One-time employee benefit ⁽⁵⁾	19	—	—	—	—	—	19	—	

Reconciliations: GAAP to Non-GAAP and Adjustments...cont'd

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GAAP to Non-GAAP Reconciliation (Unaudited) ⁽¹⁾									
Cost of sales	1	—	—	—	—		—	1	—
Research and development	13	—	—	—	—		—	13	—
Selling, general and administrative	5	—	—	—	—		—	5	—
Public company readiness costs	—	—	—	—	—		42	42	—
Selling, general and administrative	—	—	—	—	—		42	42	—
Other operating income (expenses), net	—	—	—	—	—		—	6	—
Research and development	—	—	—	—	—		—	—	—
Selling, general and administrative	—	—	—	—	—		—	—	—
Other operating income (expenses), net	—	—	—	—	—		—	6	—
Costs associated with disposal activities	—	—	2	3	2		4	—	7
Selling, general and administrative	—	—	2	3	2		—	—	7
Costs associated with disposal activities	—	—	—	—	—		4	—	—
Restructuring and related costs	—	—	—	—	—		1	—	—
Non-GAAP operating income (loss) ⁽³⁾	\$ 391	\$ 448	\$ 326	\$ 442	\$ 655		\$ 783	\$ 1,408	\$ 1,871
<i>Non-GAAP operating margin</i>	<i>42.1 %</i>	<i>47.7 %</i>	<i>38.6 %</i>	<i>45.0 %</i>	<i>52.8 %</i>		<i>29.2 %</i>	<i>43.6 %</i>	<i>46.7 %</i>
Reconciliation of GAAP net income (loss) from continuing operations to Non-GAAP net income (loss) from continuing operations:									
Net income (loss) from continuing operations	\$ 224	\$ 223	\$ 107	\$ 252	\$ 210		\$ 524	\$ 306	\$ 792
<i>Adjusted for operating items:</i>									
Acquisition-related intangible asset amortization	1	—	—	—	—		5	4	—
Share-based compensation cost (equity settled) ⁽²⁾⁽⁶⁾⁽⁷⁾	186	182	218	227	193		60	1,037	820
Employer taxes related to SBC, net of R&D tax incentives ⁽³⁾⁽⁴⁾	163	84	42	37	50		—	189	213
One-time employee benefit ⁽⁵⁾	19	—	—	—	—		—	19	—

Reconciliations: GAAP to Non-GAAP and Adjustments...cont'd

Arm Holdings plc

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(in millions, except per share amounts)

	Q4 31-Mar FYE24	Q1 30-Jun FYE25	Q2 30-Sep FYE25	Q3 31-Dec FYE25	Q4 31-Mar FYE25		FY 31-Mar FYE23	FY 31-Mar FYE24	FY 31-Mar FYE25
GAAP to Non-GAAP Reconciliation (Unaudited) ⁽¹⁾									
Restructuring and related costs	—	—	—	—	—		1	—	—
Public company readiness costs	—	—	—	—	—		42	42	—
Other operating income (expenses), net	—	—	—	—	—		—	6	—
Costs associated with disposal activities	—	—	2	3	2		4	—	7
Adjusted for non-operating items:									
(Income) loss from equity method investments, net	7	(24)	10	(39)	290		45	20	237
Gain on disposal of business	—	—	—	—	—		(4)	—	—
Pre-tax total non-GAAP adjustments	376	242	272	228	535		153	1,317	1,277
Income tax effect on non-GAAP adjustments ⁽³⁾	(224)	(46)	(62)	(63)	(161)		(20)	(299)	(332)
Non-GAAP net income (loss) from continuing operations ⁽³⁾	\$ 376	\$ 419	\$ 317	\$ 417	\$ 584		\$ 657	\$ 1,324	\$ 1,737
Non-GAAP net income (loss) from continuing operations per share attributable to ordinary shareholders									
Basic	\$ 0.36	\$ 0.40	\$ 0.30	\$ 0.40	\$ 0.55		\$ 0.64	\$ 1.29	\$ 1.65
Diluted	\$ 0.36	\$ 0.40	\$ 0.30	\$ 0.39	\$ 0.55		\$ 0.64	\$ 1.27	\$ 1.63
Weighted average ordinary shares outstanding									
Basic	\$ 1,032	\$ 1,044	\$ 1,049	\$ 1,052	\$ 1,055		\$ 1,025	\$ 1,027	\$ 1,050
Diluted	\$ 1,058	\$ 1,060	\$ 1,063	\$ 1,064	\$ 1,065		\$ 1,028	\$ 1,044	\$ 1,063

Reconciliations: GAAP to Non-GAAP and Adjustments...cont'd

Q4	Q1	Q2	Q3	Q4
31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
FYE24	FYE25	FYE25	FYE25	FYE25

FY	FY	FY
31-Mar	31-Mar	31-Mar
FYE23	FYE24	FYE25

1 This should be read in conjunction with the Shareholder Letter for the fourth quarter and the fiscal year ended March 31, 2025, which is available on the Investor Relations section of Arm's website. For more information, definitions and reconciliations for the three months and fiscal year ended March 31, 2025 and 2024 of the Non-GAAP measures, see the "Key Financial and Operating Metrics" section in the Shareholder Letter. In addition to disclosing results determined in accordance with generally accepted accounting principles ("GAAP"), certain of the results and financial information of Arm included in the Historical Quarters Datasheet may also disclose certain non-GAAP financial measures. Non-GAAP financial measures are presented for supplemental information purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may not align with similar financial measures presented by our competitors, which may limit the ability of investors to assess our performance relative to certain peer companies. Investors are encouraged to review the reconciliation of non-GAAP financial measures contained within the Historical Quarters Datasheet with their most directly comparable GAAP financial results. We believe these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating our results of operations, as well as provide a useful measure for period-to-period comparisons of our business performance.

2 For non-GAAP purposes, we adjusted for those awards that were liability-classified prior to our initial public offering of ADSs (the "IPO") but were equity settled after the IPO. Liability-classified awards were remeasured at the end of each reporting period through the date of settlement to ensure that the expense recognized for each award was equivalent to the amount paid in cash or equity settled after the IPO.

3 To improve comparability of our results, employer taxes related to share-based compensation ("SBC") for equity-classified awards, net of research and development ("R&D") tax incentives and income tax effect on non-GAAP adjustments have been recast across historical periods for trend purposes.

4 Represents employer taxes related to SBC for equity-classified awards, net of R&D tax incentives associated with these taxes.

5 Represents one-time employee benefit related to The Arm Holdings plc All Employee Plan 2019 ("2019 AEP").

6 A summary of share-based compensation cost recognized in the Condensed Consolidated Income Statements is as follows:

Cost of sales	\$ 7	\$ 6	\$ 7	\$ 7	\$ 6	\$ 12	\$ 41	\$ 26
Research and development	\$ 134	\$ 129	\$ 154	\$ 154	\$ 139	\$ 212	\$ 728	\$ 576
Selling, general and administrative	\$ 54	\$ 47	\$ 57	\$ 66	\$ 48	\$ 102	\$ 301	\$ 218
Total	\$ 195	\$ 182	\$ 218	\$ 227	\$ 193	\$ 326	\$ 1,070	\$ 820

7 A summary of share-based compensation liability-classified cost recognized in the Condensed Consolidated Income Statements is as follows:

Cost of sales	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10	\$ 1	\$ —
Research and development	\$ 8	\$ —	\$ —	\$ —	\$ —	\$ 174	\$ 24	\$ —
Selling, general and administrative	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 82	\$ 8	\$ —
Total	\$ 9	\$ —	\$ —	\$ —	\$ —	\$ 266	\$ 33	\$ —

Cash Flow Statement

Arm Holdings plc

Published on May 7, 2025

Q4	Q1	Q2	Q3	Q4
31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
FYE24	FYE25	FYE25	FYE25	FYE25

FY	FY	FY
31-Mar	31-Mar	31-Mar
FYE23	FYE24	FYE25

(in millions)

Condensed Cash Flow Statement (Unaudited for the quarterly periods presented) (2)					
Cash flows provided by (used for) operating activities:					
Net income (loss)	\$ 224	\$ 223	\$ 107	\$ 252	\$ 210
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	38	43	44	47	49
Deferred income taxes	(247)	2	(13)	7	(214)
(Income) loss from equity investments, net	7	(24)	10	(39)	290
Impairment losses on long-lived assets and loans receivable	—	—	—	—	—
Share-based compensation cost	185	182	218	227	193
Operating lease expense	9	9	9	10	12
Other non-cash operating activities, net	—	1	11	(12)	8
Changes in assets and liabilities:					
Accounts receivable, net (including receivables from related parties)	18	(23)	(202)	66	(172)
Contract assets, net (including contract assets from related parties)	(153)	(242)	91	(56)	(205)
Prepaid expenses and other assets	(42)	6	(62)	(26)	(58)
Accrued compensation and benefits and share-based compensation (1)	91	(201)	8	11	30
Contract liabilities (including contract liabilities from related parties)	(42)	9	(2)	4	(15)
Tax liabilities	16	(4)	(64)	(38)	100
Operating lease liabilities	(10)	(11)	(10)	(7)	(11)
Other liabilities (including payables to related parties)	573	(260)	(139)	(23)	41
Net cash provided by (used for) operating activities	667	(290)	6	423	258

\$ 524	\$ 306	\$ 792
170	162	183
(34)	(273)	(218)
45	20	237
—	—	—
79	1,037	820
34	35	40
(6)	(2)	8
125	218	(331)
(2)	(307)	(412)
(1)	(61)	(140)
(138)	(292)	(152)
(37)	(190)	(4)
35	(30)	(6)
(58)	(28)	(39)
3	495	(381)
739	1,090	397

Cash Flow Statement

Arm Holdings plc

Published on May 7, 2025

(in millions)

Q4	Q1	Q2	Q3	Q4
31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
FYE24	FYE25	FYE25	FYE25	FYE25

FY	FY	FY
31-Mar	31-Mar	31-Mar
FYE23	FYE24	FYE25

Condensed Cash Flow Statement (Unaudited for the quarterly periods presented) (2)

Cash flows provided by (used for) investing activities

Purchases of short-term investments	(225)	(50)	(15)	(290)	(325)
Proceeds from maturity of short-term investments	74	50	155	515	220
Purchases of equity investments	—	(36)	(5)	(11)	(5)
Purchases of intangible assets	(8)	(9)	(7)	—	(4)
Purchases of property and equipment	(11)	(29)	(53)	(63)	(74)
Other investing activities, net, including investments in convertible loans	—	—	—	1	—

Net cash provided by (used for) investing activities

Cash flows provided by (used for) financing activities

Cash transfers associated with distribution and sale of Treasure Data and IoTP, respectively	—	—	—	—	—
Proceeds from short-term debt borrowing	—	—	—	—	—
Payments of intangible asset obligations	(11)	(20)	(11)	(11)	(17)
Other financing activities, net	—	(4)	(17)	—	(2)
Payments of withholding tax on vested shares	(110)	(72)	(25)	(15)	(8)

Net cash provided by (used for) financing activities

Effect of foreign exchange rate changes on cash and cash equivalents	(4)	2	5	(11)	6
Net increase (decrease) in cash and cash equivalents	372	(458)	33	538	49
Cash and cash equivalents at the beginning of the period	1,551	1,923	1,465	1,498	2,036
Cash and cash equivalents at the end of the period	1,923	1,465	1,498	2,036	2,085
Cash and cash equivalents from continuing operations, end of the period	\$ 1,923	\$ 1,465	\$ 1,498	\$ 2,036	\$ 2,085

(1,111)	(765)	(680)
1,081	425	940
(15)	(32)	(57)
(29)	(51)	(20)
(64)	(92)	(219)
—	(1)	1
\$ (138)	\$ (516)	\$ (35)
—	—	—
—	—	—
(40)	(40)	(59)
(2)	(10)	(23)
—	(158)	(120)
\$ (42)	\$ (208)	\$ (202)
(9)	3	2
550	369	162
1,004	1,554	1,923
1,554	1,923	2,085
\$ 1,554	\$ 1,923	\$ 2,085

Reconciliation: Net cash provided by (used for) operating activities to Non-GAAP Free Cash Flow

Arm Holdings plc

Published on May 7, 2025

	Q4 31-Mar FYE24	Q1 30-Jun FYE25	Q2 30-Sep FYE25	Q3 31-Dec FYE25	Q4 31-Mar FYE25	FY 31-Mar FYE23	FY 31-Mar FYE24	FY 31-Mar FYE25
<i>(in millions)</i>								
Free Cash Flow (Unaudited) (2)								
Net cash provided by (used for) operating activities	\$ 667	\$ (290)	\$ 6	\$ 423	\$ 258	\$ 739	\$ 1,090	\$ 397
<i>Adjusted for:</i>								
Purchases of property and equipment	(11)	(29)	(53)	(63)	(74)	(64)	(92)	(219)
Purchases of intangible assets	(8)	(9)	(7)	—	(4)	(29)	(51)	(20)
Payments of intangible asset obligations	(11)	(20)	(11)	(11)	(17)	(40)	(40)	(59)
Non-GAAP free cash flow	\$ 637	\$ (348)	\$ (65)	\$ 349	\$ 163	\$ 606	\$ 907	\$ 99

- 2 This should be read in conjunction with our Form 20-F to be filed with the Securities and Exchange Commission (SEC) on May 28, 2025, and the Shareholder Letter for the fourth quarter and fiscal year ended March 31, 2025, which is available on the Investor Relations section of Arm's website. For more information on Non-GAAP Free Cash Flow, see the "Key Financial and Operating Metrics" section in the Shareholder Letter.