



# Arm Holdings plc Q1 FYE26 Investor Presentation

[investor.relations@arm.com](mailto:investor.relations@arm.com)

<https://investors.arm.com>

July 30, 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 development of compute subsystems, chiplets, and complete end chip solutions as well as other more integrated compute products; 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, 2025, filed with the Securities and Exchange Commission on May 28, 2025, 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 operating expense, net, non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP income (loss) from equity investments, net, non-GAAP income (loss) before income taxes, non-GAAP income tax benefit (expense), non-GAAP net income (loss), non-GAAP basic and diluted net income per share attributable to ordinary shareholders, non-GAAP effective tax rate benefit (expense), 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 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, other operating income (expenses), net, costs associated with disposal activities, (income) loss from equity method investments, 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

Arm has neither sought nor obtained the consent from any third party to use any logos, statements or information contained herein that have been obtained or derived from logos, statements or information made or published by such third parties. Any such logos, statements or information should not be viewed as indicating the support of such third parties for the views expressed herein. While the information included herein obtained from third parties is believed to be reliable, neither Arm nor any of its affiliates assume any responsibility for the accuracy of such information.

# Q1 FYE26: Highlights

## Operating Highlights

**\$1,053m**

Total revenue up 12% YoY

**\$619m**

Non-GAAP Operating Expenses

**\$597m**

Trailing 12 Months Non-GAAP FCF

**arm**

## Innovation Highlights

### +325bn 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.

### Arm gaining share in the data center

Arm forecasts that its market share with top hyperscalers will approach 50% in 2025<sup>1</sup>.

Already over 70,000 customers use Arm-based chips in data centers".

### Compute Subsystem gains traction

Arm signed another three CSS licenses in the quarter, all with existing CSS customers wanting to use next generation CSS for their future chips.

Note:

1. Arm internal forecast based on customers' forecasts and third-party analyst data.

**arm**



# 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 2016<sup>1</sup> 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%<sup>2</sup>
- Arm is gaining share in long-term growth markets: autos, cloud, IoT
- Arm's customers shipped 2x the number of chips in FYE25 than in FYE16

More Arm

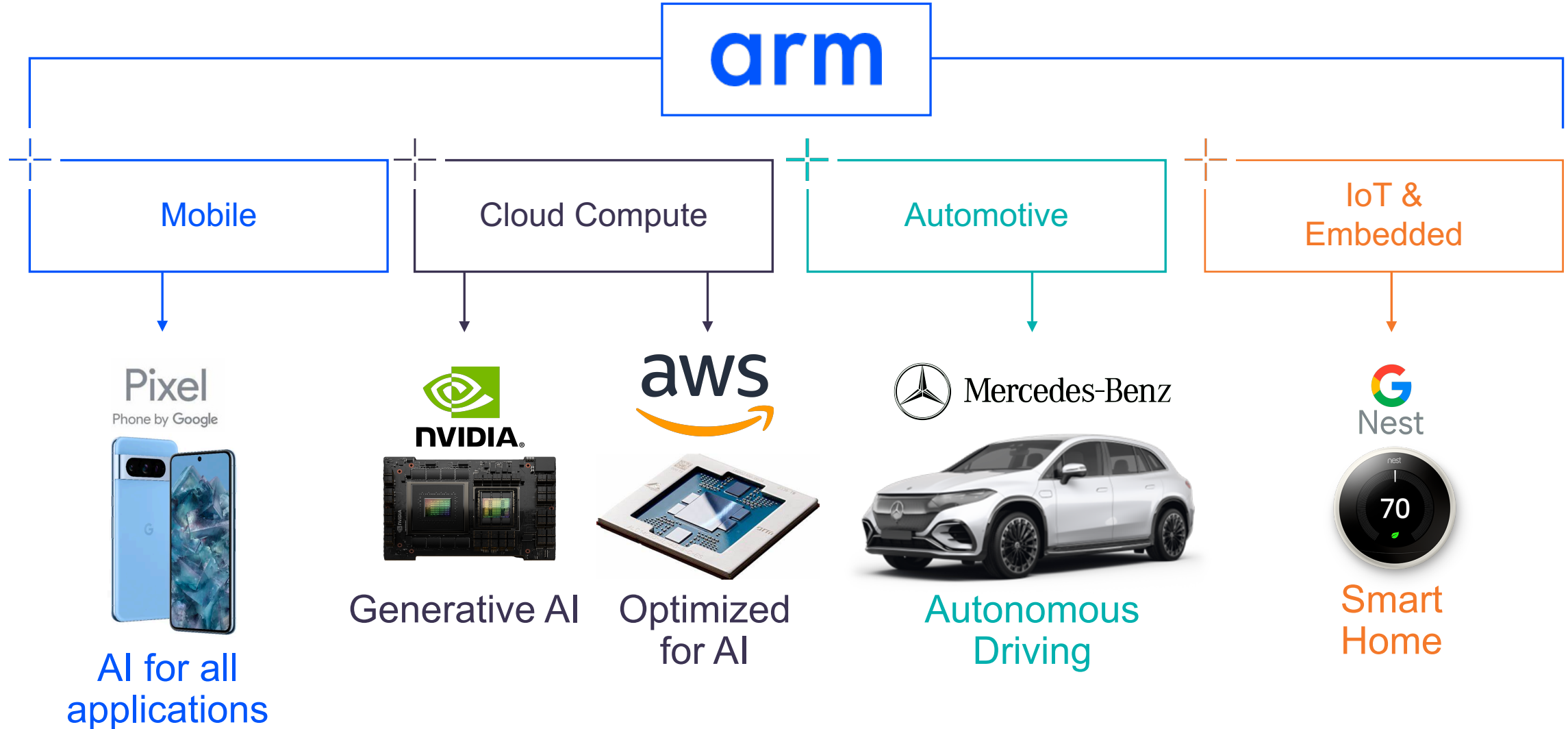
- The concept of AI everywhere is increasing demand for Arm's highly performant and energy-efficient compute platform
- More of our partners are finding custom silicon development a more attractive value proposition
- The Arm subscription business model smooths the path for Arm technology to reach more 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  
1<sup>st</sup> decade of Armv8

+  
30M+

Developer hours  
1<sup>st</sup> decade of Armv9

android

Green Hills  
SOFTWARE

Microsoft

Red Hat

vmware®

iOS

Linux

NVIDIA  
CUDA

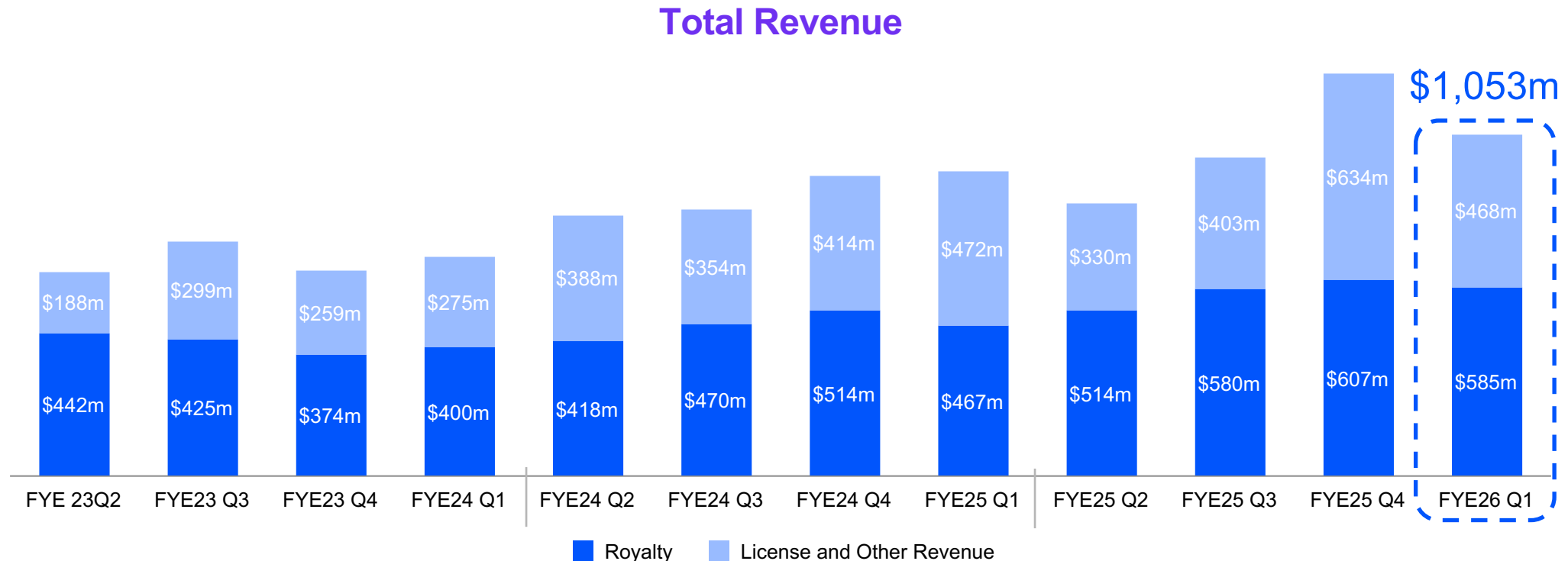
TensorFlow

WNDVR



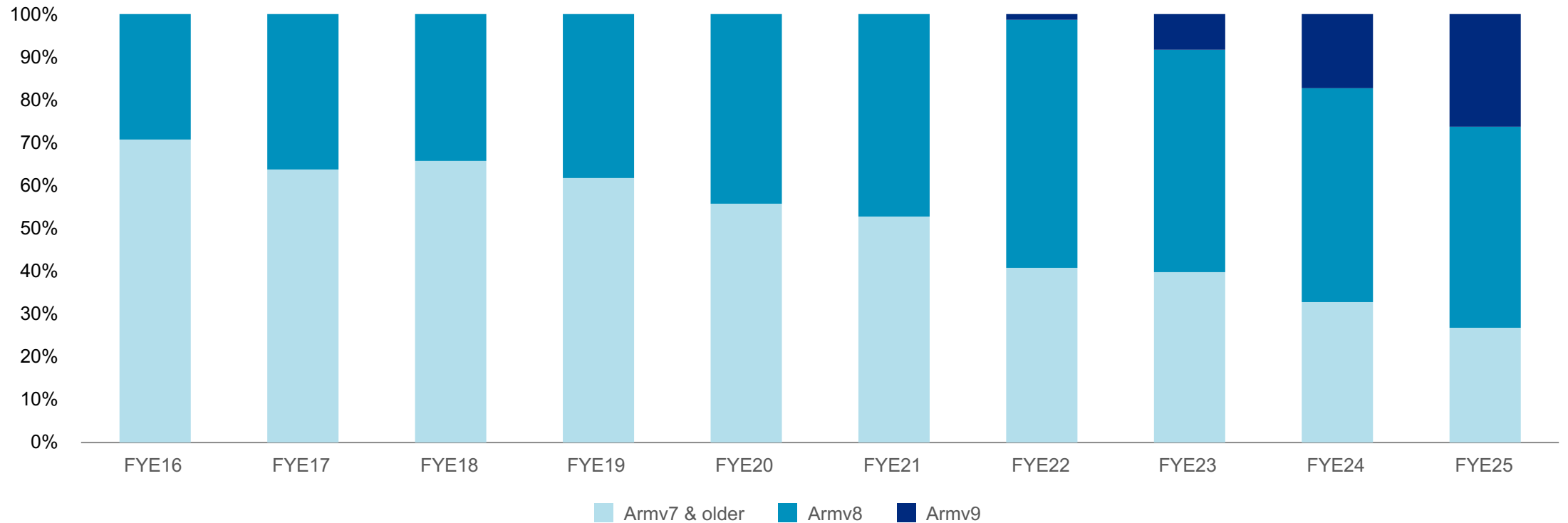
# Q1 FYE26: Licensing and royalty revenues

- Total revenue: \$1,053m up 12% YoY
- Royalty revenue: \$585m up 25% 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: \$468m down 1% 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

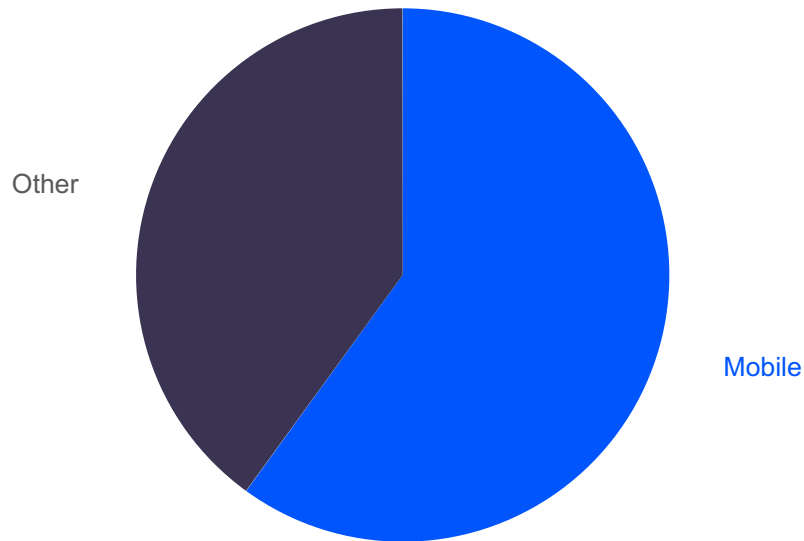
## Royalty Revenue by Architecture



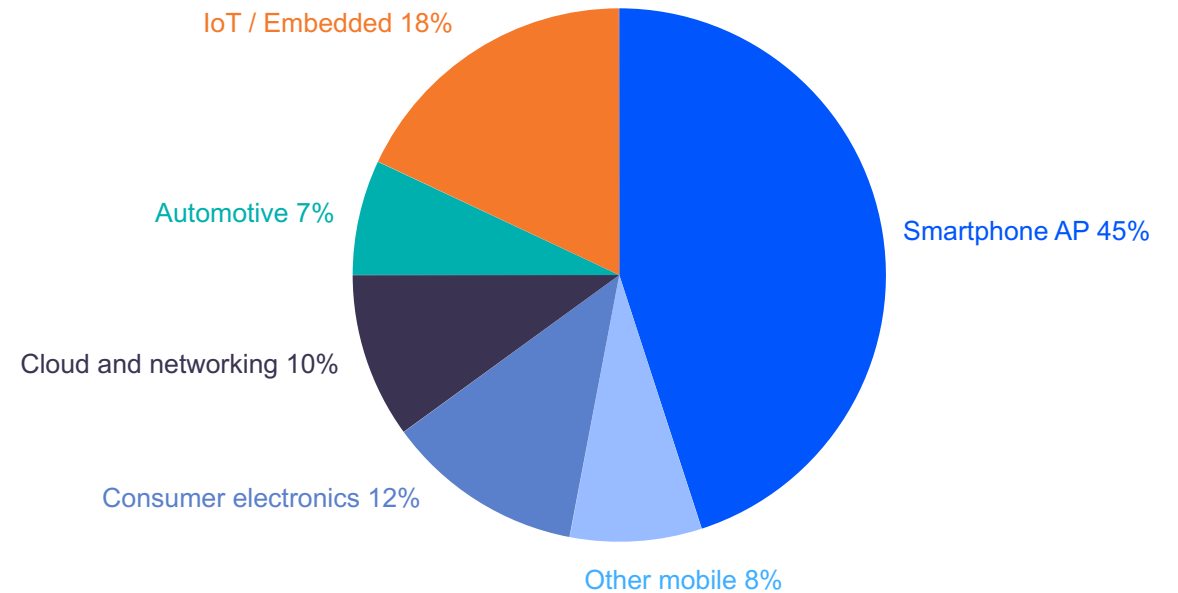
- Armv9 commands a higher royalty per chip than prior architectures
- Armv9 adoption has started in smartphones and cloud compute

# Diversification in multiple long-term growth markets

Royalties by End Market - FYE16



Royalties by End Market - FYE25



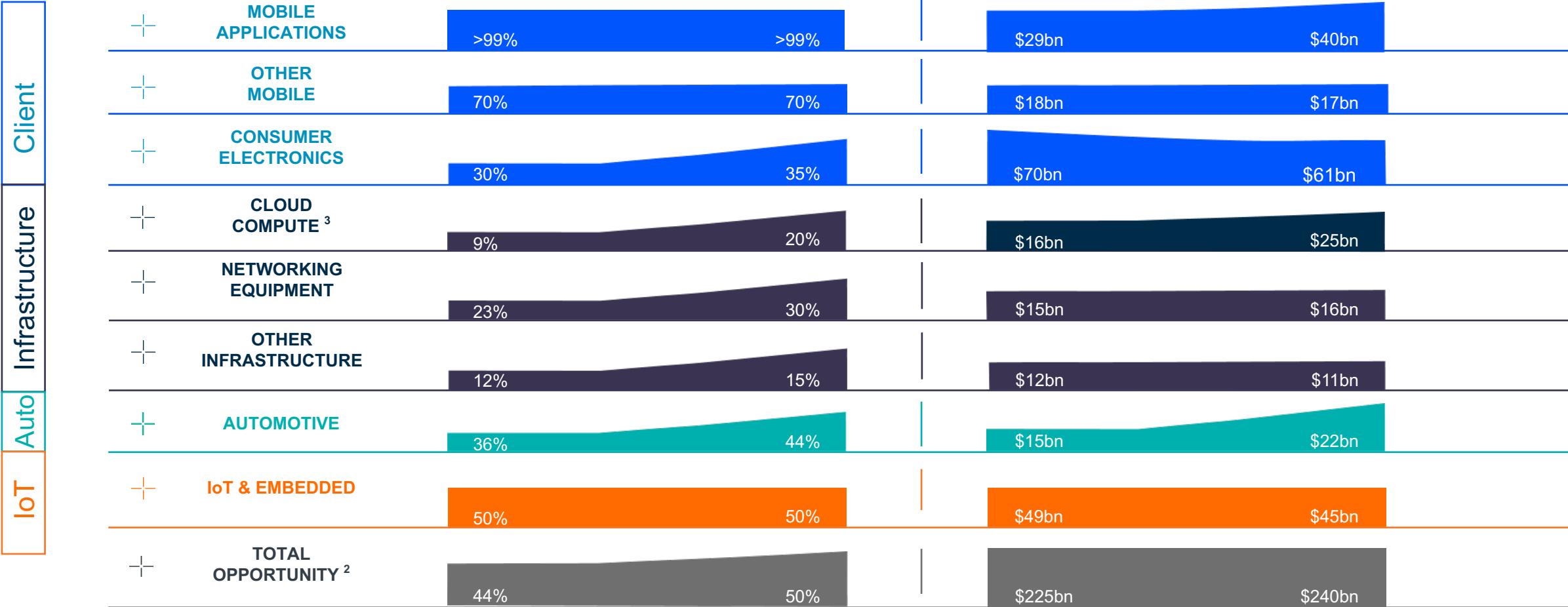
- Arm is increasing revenue beyond mobile through a broadening range of products including CPUs and systems for markets such as cloud, automotive and IoT/embedded compute

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



<sup>1</sup> Based on chip value

<sup>2</sup> Total Opportunity figures may not add due to rounding

<sup>3</sup> Cloud Compute includes CPU market only

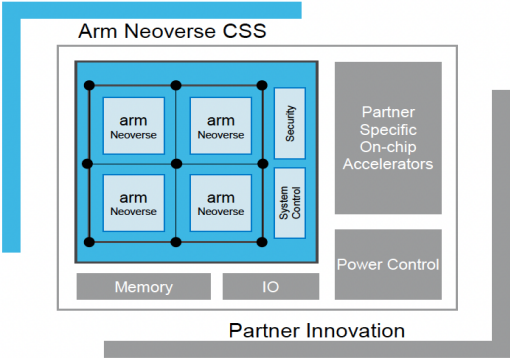
Source: Arm internal estimates, based on multiple third-party data sources.

# 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



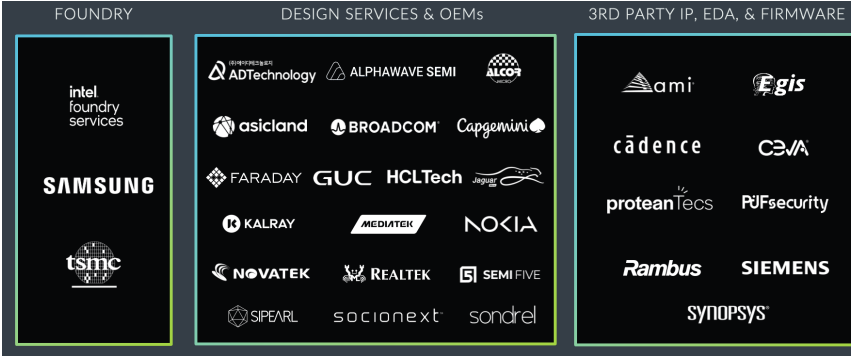
## CSS adopted across many end markets

Smartphone	PC
Data center	Automotive

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

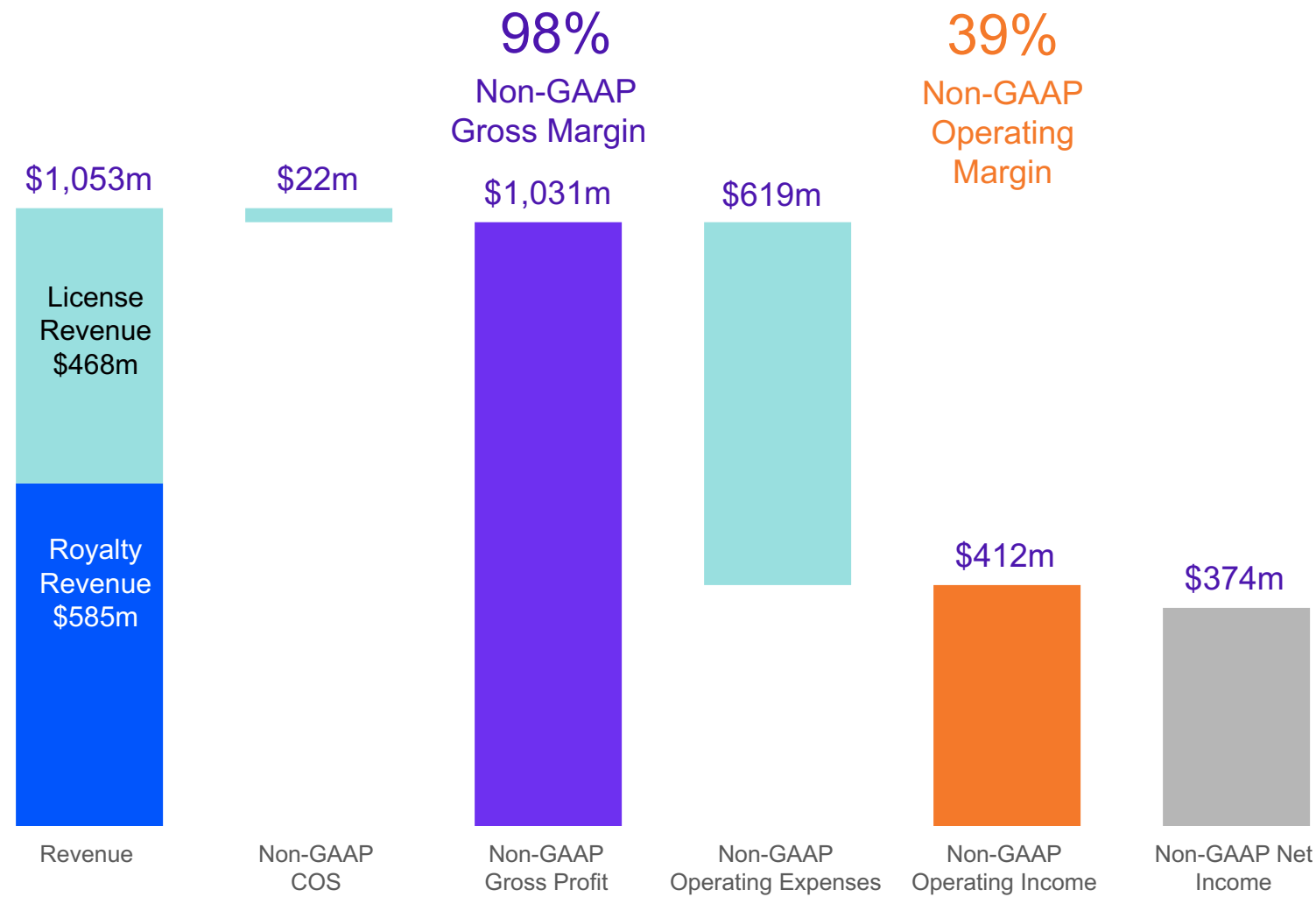
## Growing ecosystem accelerates deployment

- 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

# Q1 FYE26: From Revenues to Profits



Notes:  
1. Depreciation and amortization for Q1 FYE26 was \$60m  
2. See appendix for reconciliation of Non-GAAP metrics to the most directly comparable GAAP metrics.



# Near-Term Guidance

	Q2 FYE26
Revenue (\$m)	\$1.01bn - \$1.11bn
Non-GAAP Operating Expense (\$m) <sup>1</sup>	~\$655m
Non-GAAP fully diluted earnings per share (\$) <sup>1</sup>	\$0.29 - \$0.37

(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

**325+ Billion**

Arm-based chips shipped since inception

**31 Billion**

Arm-based chips reported as shipped in FYE25

**22M+**

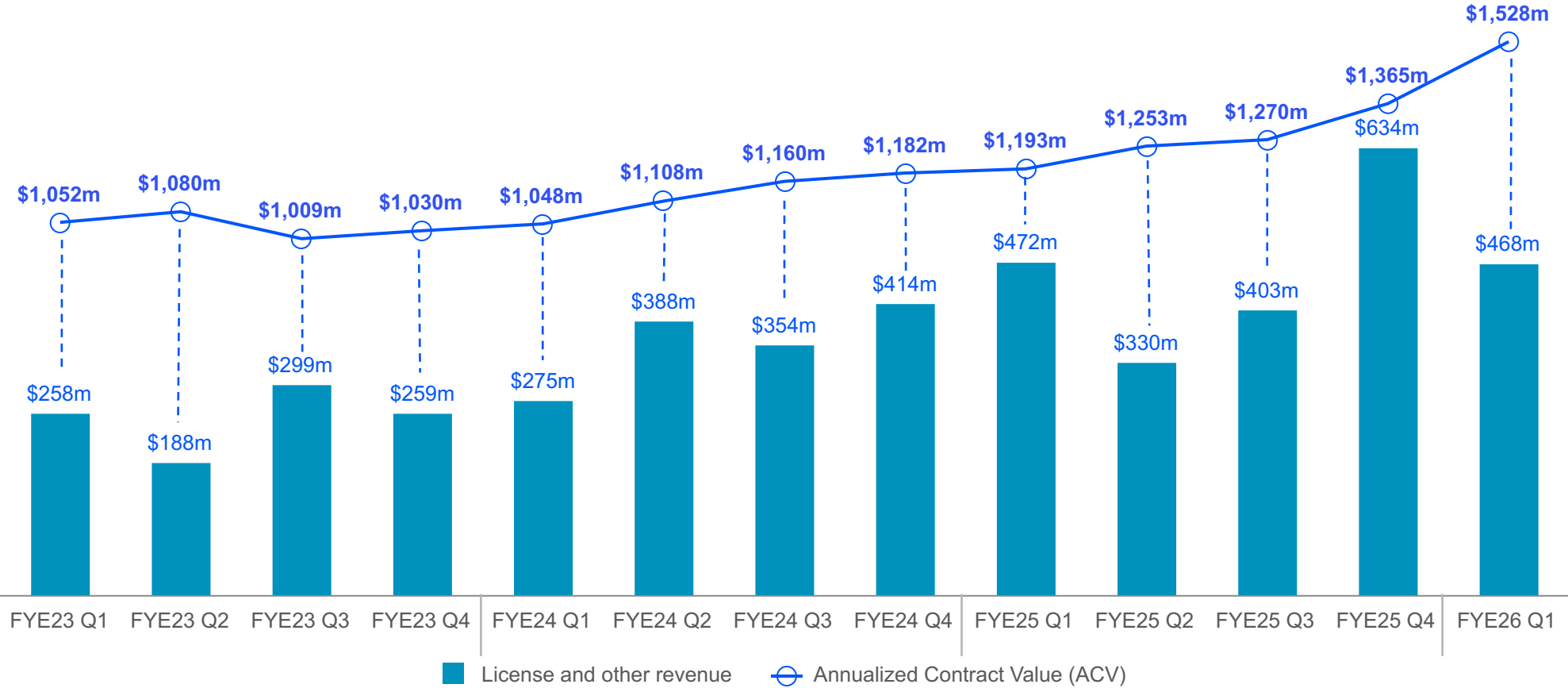
Software Developers on Arm

# Appendix



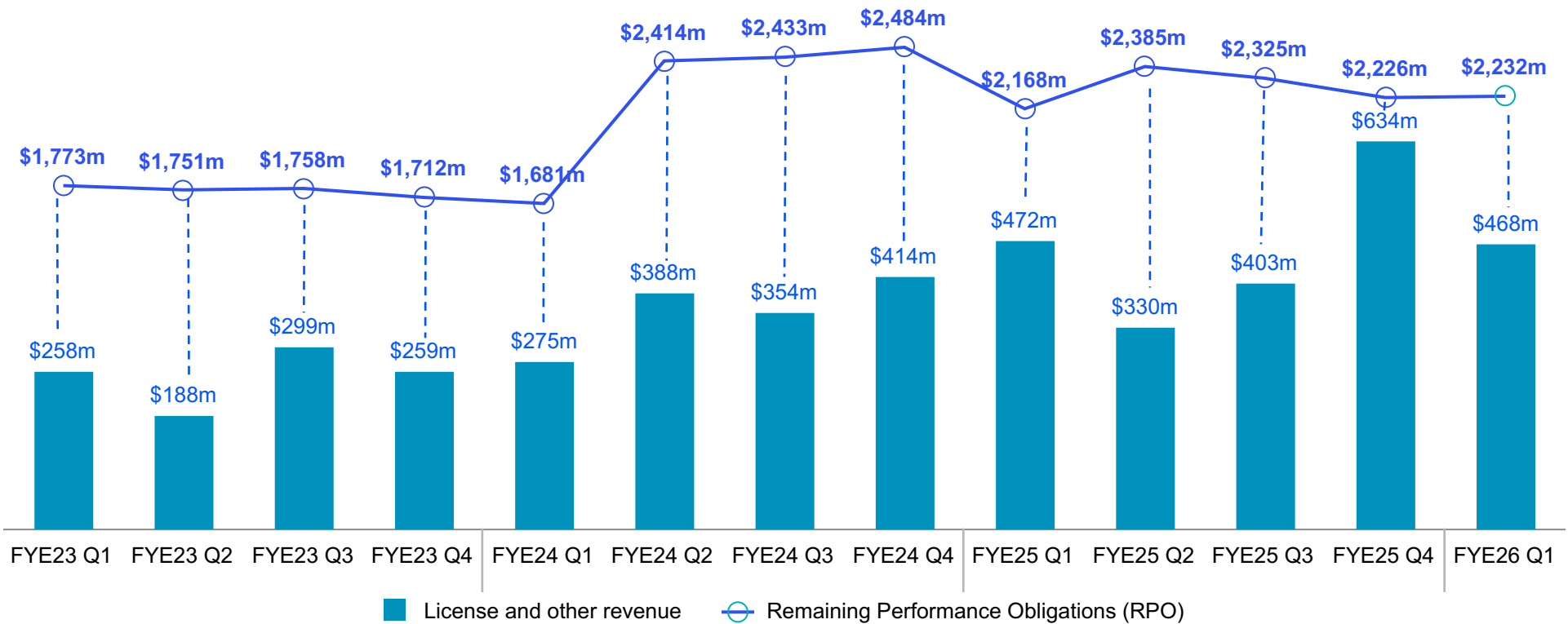
# Q1 FYE26: Annualized Contract Value

- Annualized contract value, a metric for normalized license and other revenue, increased 28% YoY in Q1



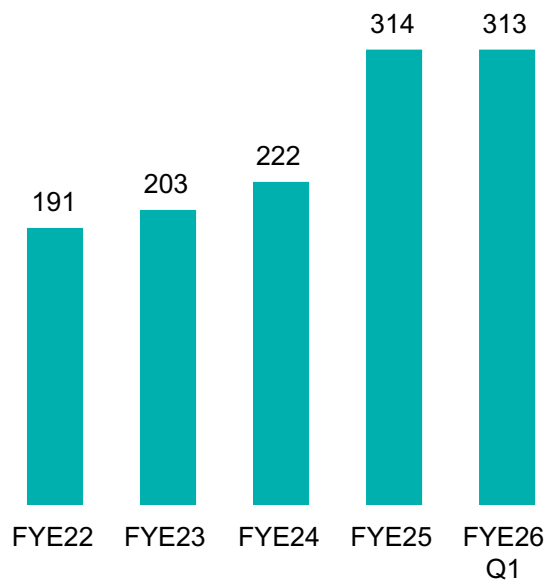
# Q1 FYE26: Remaining Performance Obligations (RPO)

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

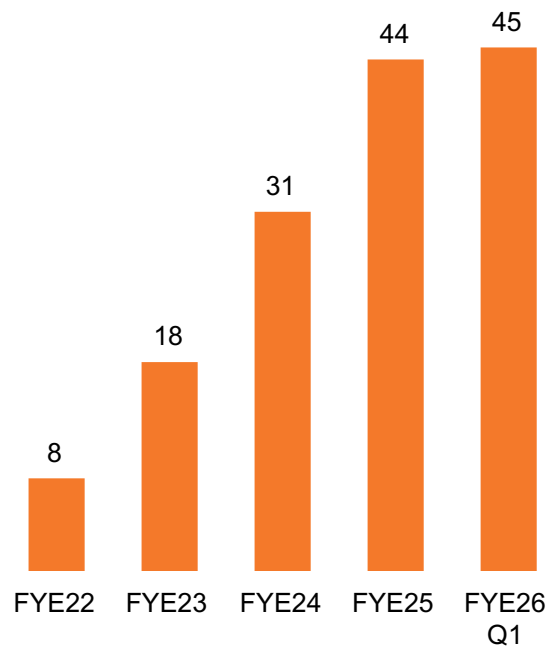


# Q1 FYE26: Non-Financial Metrics

## Arm Flexible Access



## Arm Total Access

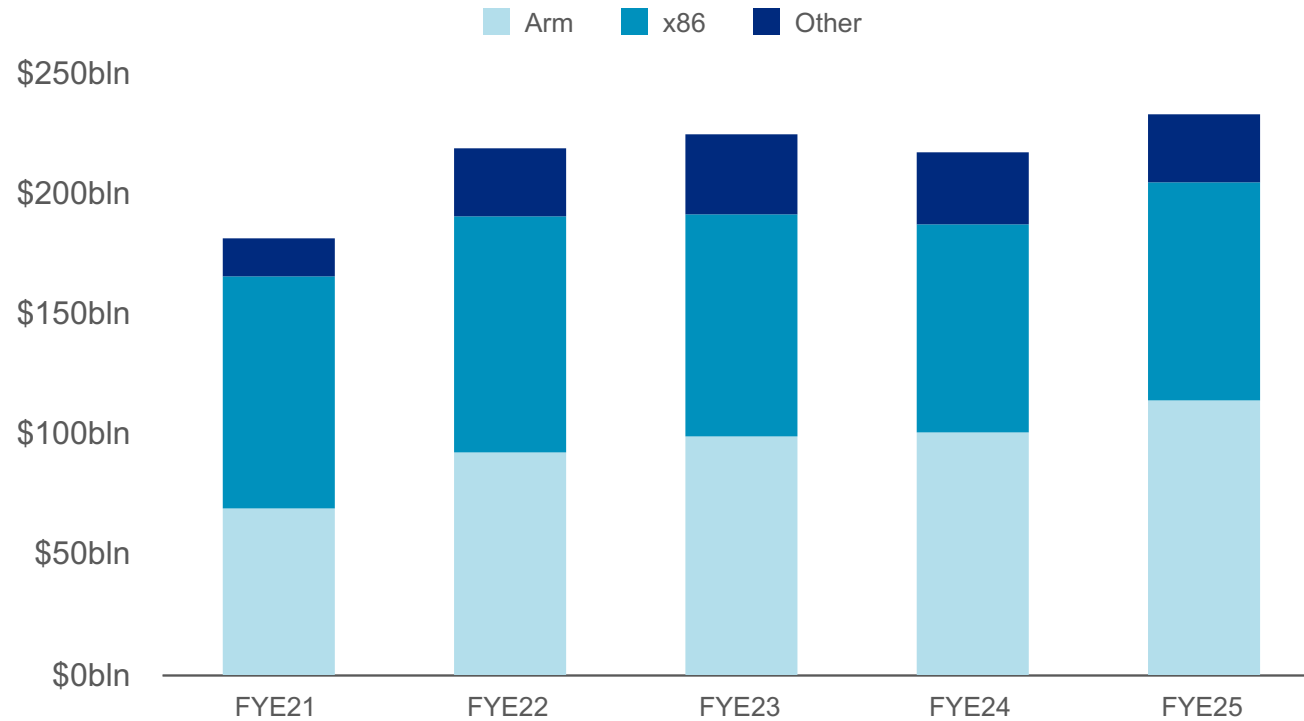


Data represents the full year total unless otherwise stated.

- Arm Total Access (ATA) at 45 extant licenses, up 1 QoQ and 12 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 313 extant licenses, down 1 QoQ and up 72 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.

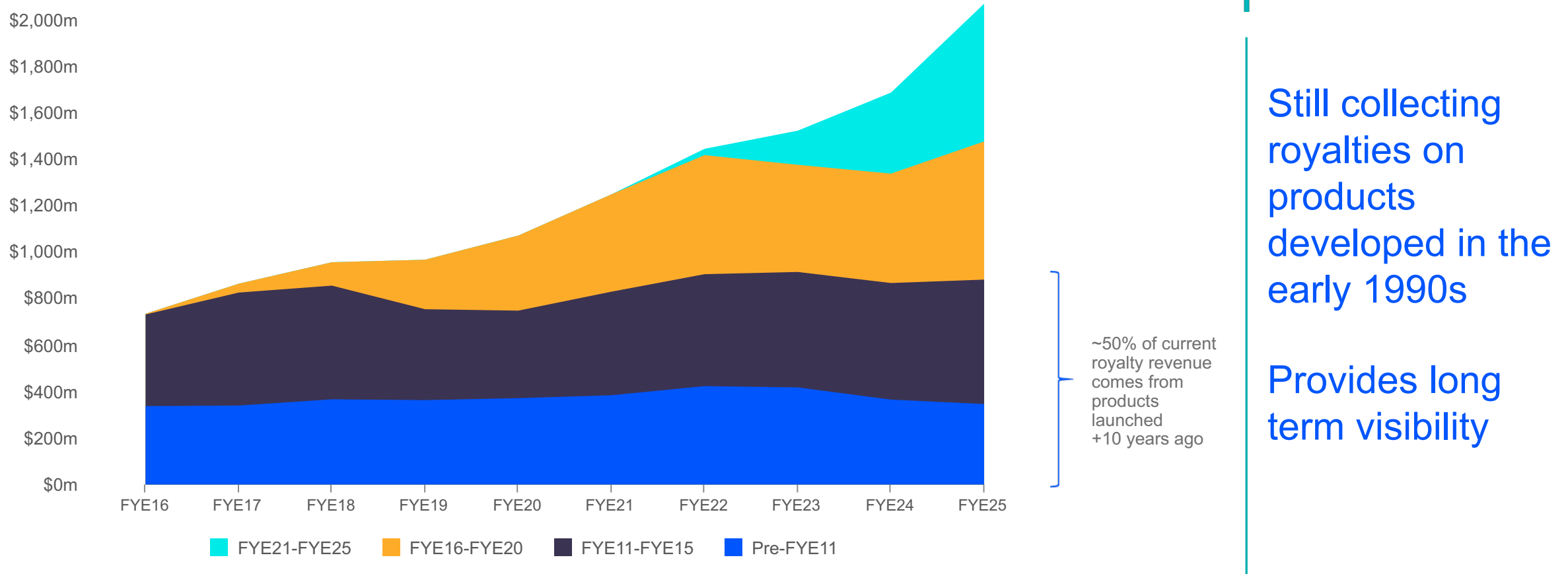
Other includes legacy and niche architectures such as:

- 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





# Reconciliations: GAAP to Non-GAAP and Adjustments

	Three Months Ended June 30, 2025							
	GAAP Results	Share-based compensation cost (equity settled) <sup>(1)</sup>	Employer taxes related to SBC, net of R&D tax incentives <sup>(2)</sup>	Other operating income (expenses), net	Costs associated with disposal activities	(Income) loss from equity method investments, net	Income tax effect on non- GAAP adjustments	Non-GAAP Results
(in millions, except per share amounts)								
Total revenue	\$1,053	\$—	\$—	\$—	\$—	\$—	\$—	\$1,053
Cost of sales	(30)	7	1	—	—	—	—	(22)
Gross profit (loss)	1,023	7	1	—	—	—	—	1,031
Gross margin	97.2%							97.9%
Operating expenses:								
Research and development	(650)	174	36	—	—	—	—	(440)
Selling, general and administrative	(259)	60	17	2	1	—	—	(179)
Total operating expense	(909)	234	53	2	1	—	—	(619)
Operating income (loss)	114	241	54	2	1	—	—	412
Operating margin	10.8%							39.1%
Income (loss) from equity investments, net	4	—	—	—	—	(4)	—	—
Interest income, net	27	—	—	—	—	—	—	27
Other non-operating income (loss), net	1	—	—	—	—	—	—	1
Income (loss) before income taxes	146	241	54	2	1	(4)	—	440
Income tax benefit (expense)	(16)	—	—	—	—	—	(50)	(66)
Net income (loss)	\$130	\$241	\$54	\$2	\$1	\$(4)	\$(50)	\$374
Net income (loss) per share attributable to ordinary shareholders								
Basic	\$0.12							\$0.35
Diluted	\$0.12							\$0.35
Weighted average ordinary shares outstanding								
Basic	1,058							1,058
Diluted	1,065							1,065
Effective tax rate benefit (expense)	(11.0)%							(15.0)%

(1) Total SBC cost was \$241 million for the three months ended June 30, 2025, all of which relates to equity-classified awards.

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

# Cash Flow Statement

	Three Months Ended June 30,	
	2025	2024
<b>Cash flows provided by (used for) operating activities:</b>		
Net income (loss)	\$ 130	\$ 223
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	60	43
Deferred income taxes	(14)	2
(Income) loss from equity investments, net	(4)	(24)
Share-based compensation cost	241	182
Operating lease expense	13	9
Other non-cash operating activities, net	(5)	1
Changes in assets and liabilities:		
Accounts receivable, net (including receivables from related parties)	(208)	(23)
Contract assets, net (including contract assets from related parties)	123	(242)
Prepaid expenses and other assets	38	6
Accrued compensation and benefits	(4)	(201)
Contract liabilities (including contract liabilities from related parties)	90	9
Tax liabilities	(34)	(4)
Operating lease liabilities	(9)	(11)
Other liabilities (including payables to related parties)	(85)	(260)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 332</b>	<b>\$ (290)</b>
<b>Cash flows provided by (used for) investing activities</b>		
Purchases of short-term investments	(355)	(50)
Proceeds from maturity of short-term investments	145	50
Purchases of equity investments	(2)	(36)
Purchases of intangible assets	(7)	(9)
Purchases of property and equipment	(154)	(29)
Other investing activities, net, including investments in convertible loans	1	—
<b>Net cash provided by (used for) investing activities</b>	<b>\$ (372)</b>	<b>\$ (74)</b>
<b>Cash flows provided by (used for) financing activities</b>		
Payments of intangible asset obligations	(21)	(20)
Other financing activities, net	(17)	(4)
Payments of withholding tax on vested shares	(85)	(72)
<b>Net cash provided by (used for) financing activities</b>	<b>\$ (123)</b>	<b>\$ (96)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	34	2
Net increase (decrease) in cash and cash equivalents	(129)	(458)
Cash and cash equivalents at the beginning of the period	2,085	1,923
Cash and cash equivalents at the end of the period	<u>\$ 1,956</u>	<u>\$ 1,465</u>

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

The following are reconciliations of Non-GAAP free cash flow and Non-GAAP free cash flow TTM to Net cash provided by (used for) operating activities, the most directly comparable GAAP cash flow measure:

(in millions)	Three Months Ended June 30,	
	2025	2024
Net cash provided by (used for) operating activities	\$ 332	\$ (290)
<i>Adjusted for:</i>		
Purchases of property and equipment	(154)	(29)
Purchases of intangible assets	(7)	(9)
Payment of intangible asset obligations	(21)	(20)
Non-GAAP free cash flow	<u>\$ 150</u>	<u>\$ (348)</u>

(in millions)	Trailing Twelve Months Ended June 30,	
	2025	2024
Net cash provided by (used for) operating activities	\$ 1,019	\$ 914
<i>Adjusted for:</i>		
Purchases of property and equipment	(344)	(95)
Purchases of intangible assets	(18)	(60)
Payment of intangible asset obligations	(60)	(50)
Non-GAAP free cash flow TTM	<u>\$ 597</u>	<u>\$ 709</u>