Arm Holdings plc
Q3 FYE26
Investor Presentation

investor.relations@arm.com

https://investors.arm.com

February 4, 2026

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, any of 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, or complete System-on-a-Chip (SoC) 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 disposal, restructuring and other operating expenses, net, non-GAAP total operating expense, non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP income (loss) from equity investments, net, non-GAAP other non-operating income (loss), 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 (other than non-GAAP free cash flow and non-GAAP free cash flow TTM) presented herein exclude acquisition-related expenses, 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, restructuring and related costs, (income) loss from equity investments, net, (income) loss from debt investments, net and income tax effect on non-GAAP adjustments. Non-GAAP free cash flow and non-GAAP free cash flow TTM exclude purchases of property and equipment, purchases of intangible assets and payment of intangible asset obligations. 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.

Q3 FYE26: Highlights

Operating Highlights

$1,242m

Total revenue up 26% YoY

$(716)m

Non-GAAP Operating Expenses

$893m

Trailing 12 Months Non-GAAP FCF

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[1]. AWS, Google, Meta, Microsoft, etc. are deploying Arm-based server chips into their data centers.

Compute Subsystem gains traction

Arm signed another two CSS licenses in the quarter, for chips that will be used smartphones and tablets

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

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[1] 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's customers shipped 2x the number of chips in FYE25 than in FYE16

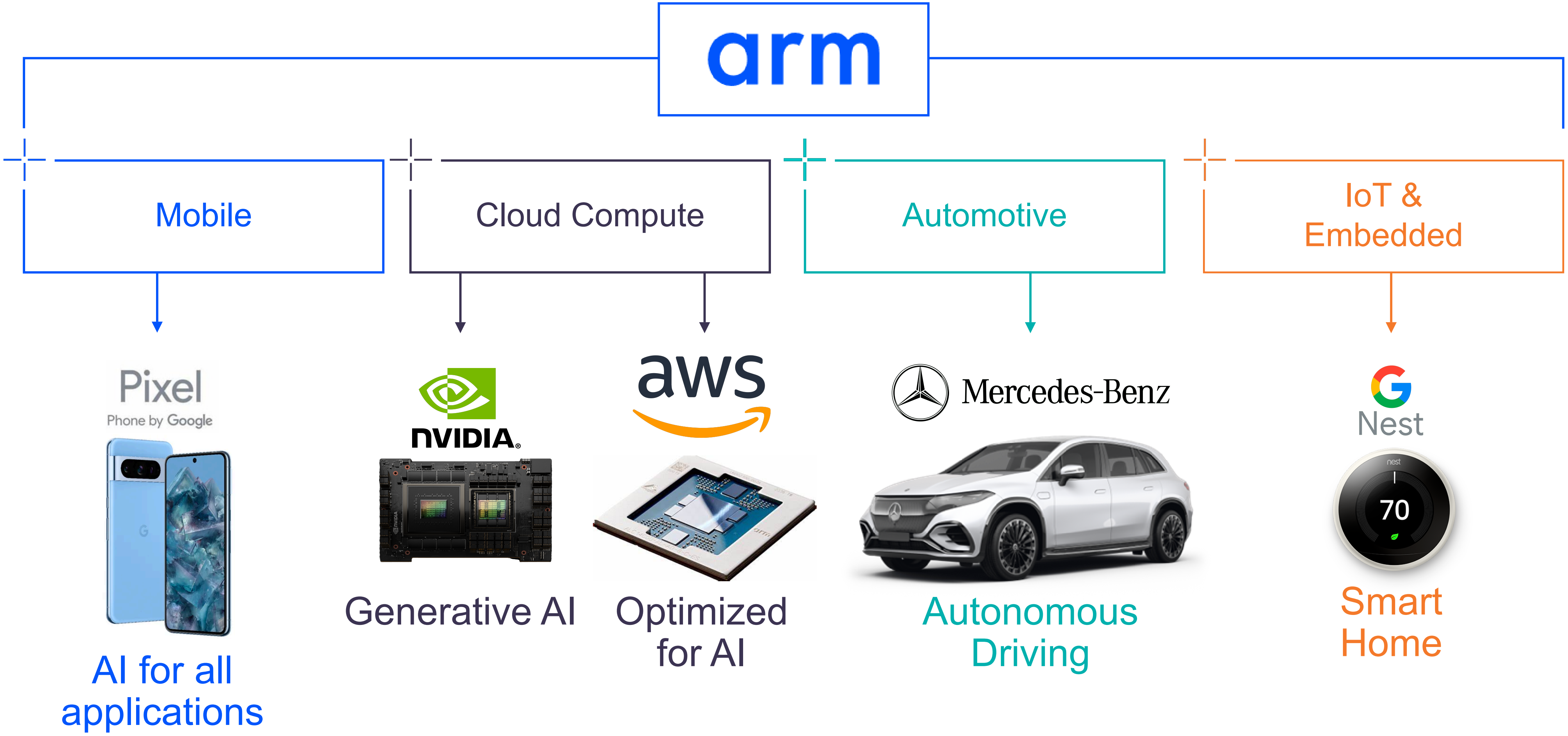
More Arm

- 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.

arm

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+

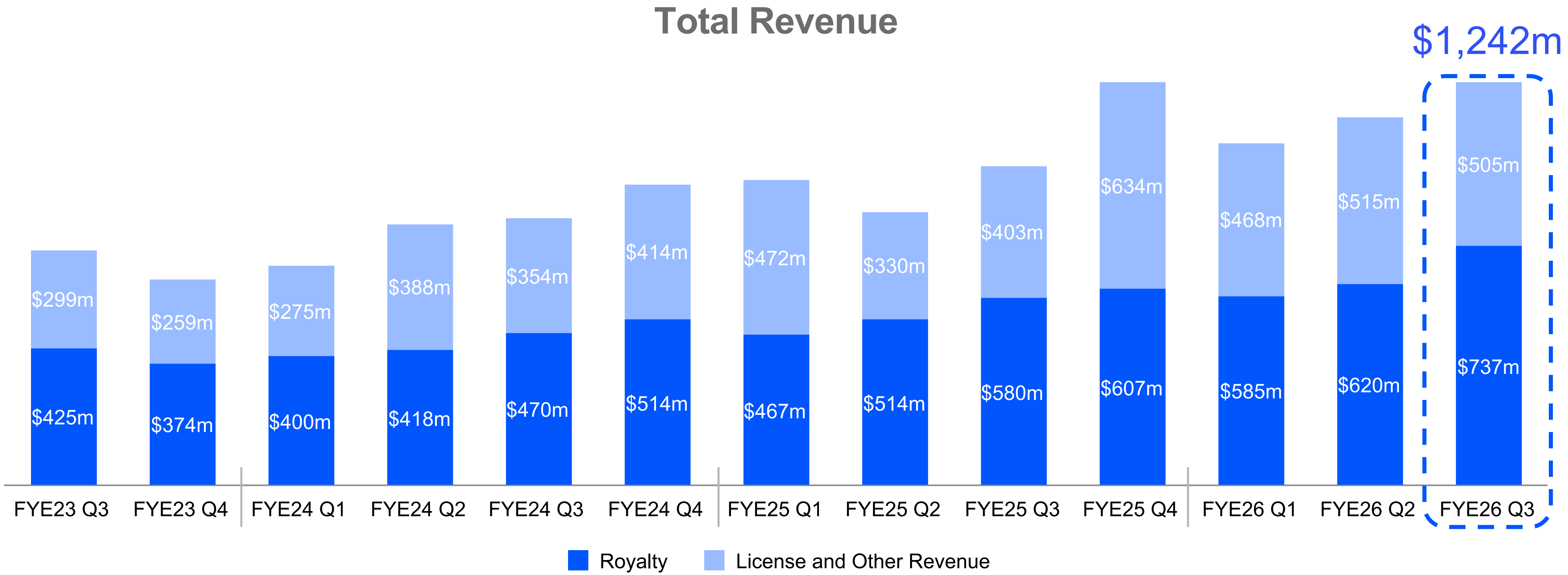
Developer hours

1st decade of Armv9

android
iOS
Green Hills SOFTWARE
Linux
Microsoft
NVIDIA CUDA
Red Hat
TensorFlow
vmware
WNDRVR

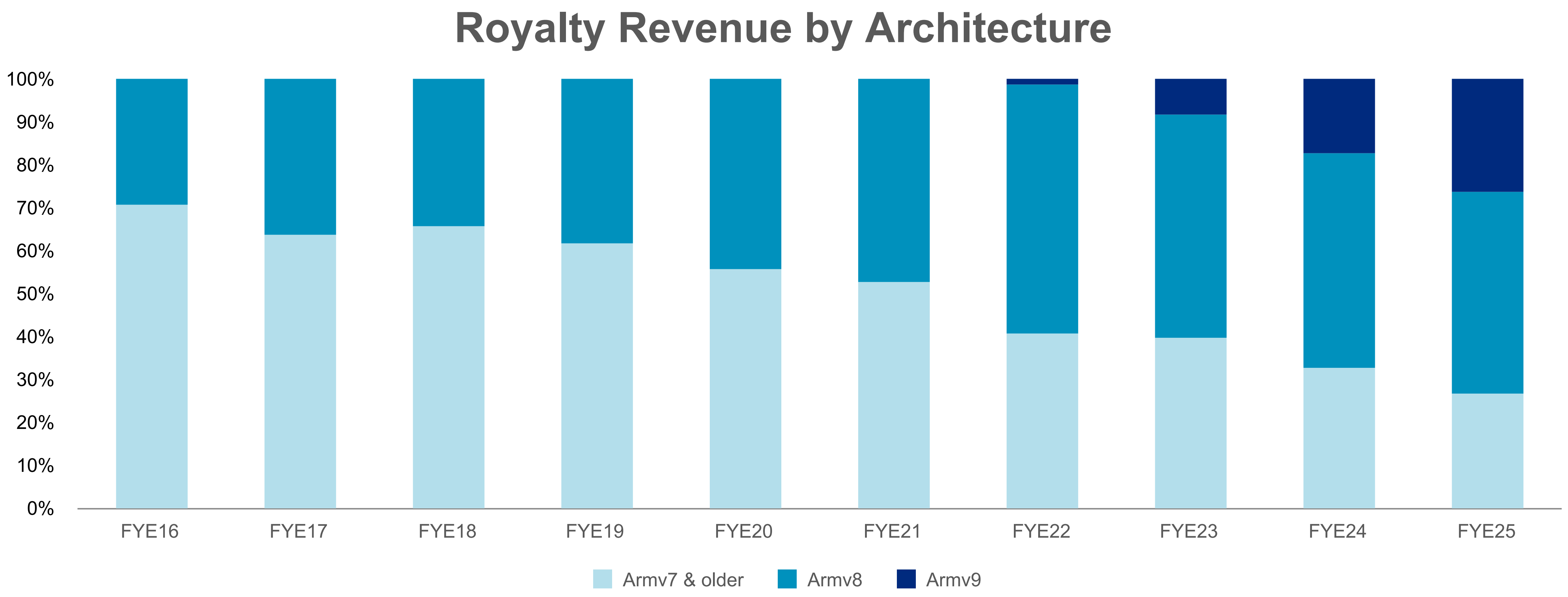
Q3 FYE26: Licensing and royalty revenues

- Total revenue: $1,242m up 26% YoY
- Royalty revenue: $737m up 27% YoY driven by the continued adoption of Arm technology with higher royalty rates per chip, such as Armv9 architecture and Arm CSS, and increased usage of Arm-based chips in data centers
- License and other revenue: $505m up 25% YoY due to normal fluctuations in the timing and size of multiple high-value license agreements and contributions from backlog



arm

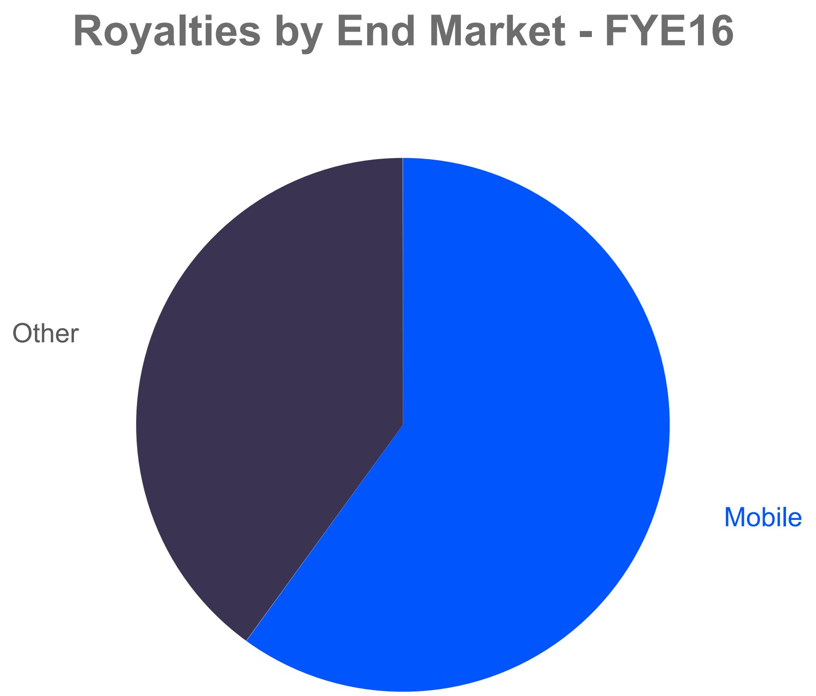
Armv9 adoption driving royalty growth

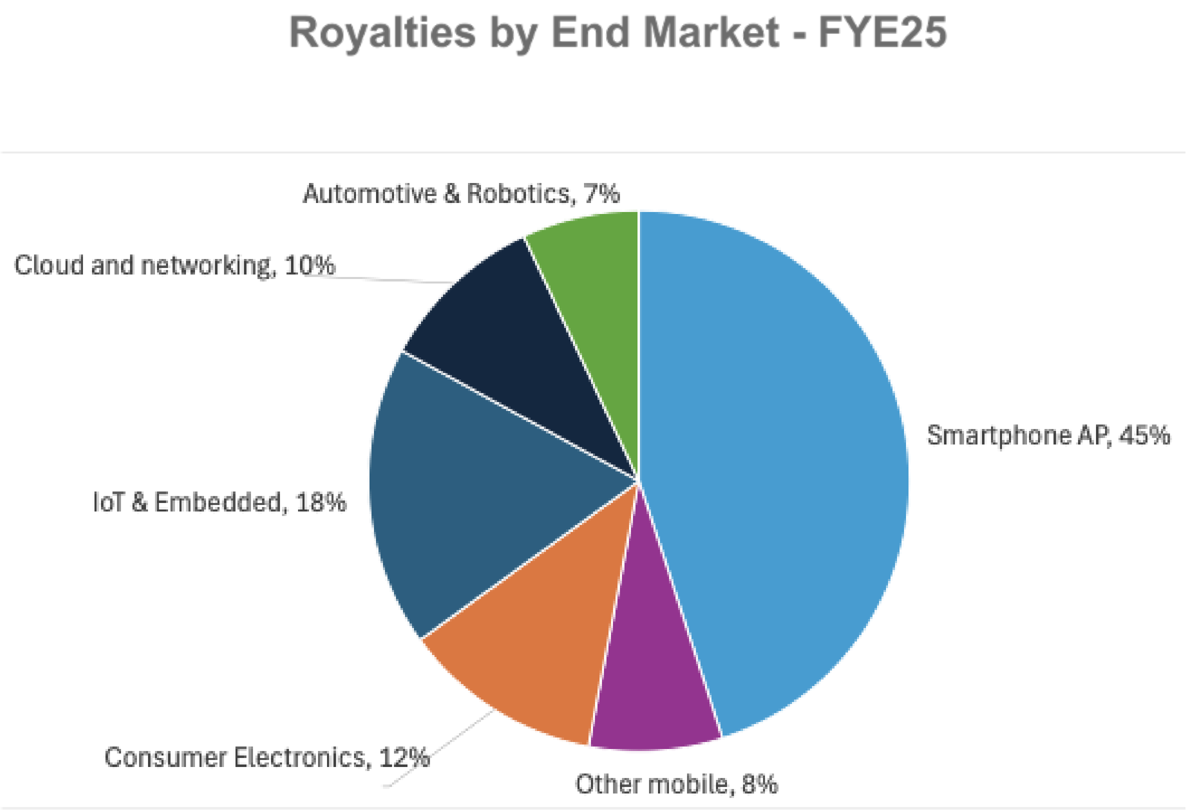


- Armv9 commands a higher royalty per chip than prior architectures
- Armv9 adoption has started in smartphones and cloud compute

arm

Diversification in multiple long-term growth markets





- 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

		Market Share[1] FYE22	Market Share[1] FYE25	Market Value[1] FYE22	Market Value[1] FYE25
Edge AI	MOBILE APPLICATIONS	>99%	>99%	$29bn	$40bn
	OTHER MOBILE	70%	70%	$18bn	$17bn
	CONSUMER ELECTRONICS	30%	35%	$70bn	$61bn
	IoT & EMBEDDED	50%	50%	$49bn	$45bn
Cloud AI	CLOUD COMPUTE [3]	9%	20%	$16bn	$25bn
	NETWORKING EQUIPMENT	23%	30%	$15bn	$16bn
Physical AI	OTHER INFRASTRUCTURE	12%	15%	$12bn	$11bn
	AUTOMOTIVE	36%	44%	$15bn	$22bn
	TOTAL OPPORTUNITY [2]	44%	50%	$225bn	$240bn

[1] *Based on chip value*

[2] *Total Opportunity figures may not add due to rounding*

[3] *Cloud Compute includes CPU market only*

Source: Arm internal estimates, based on multiple third-party data sources.
Note: During the quarter, Arm reorganized its Lines of Business into Business Units: Edge AI BU, Cloud AI BU and Physical AI BU. The alignment of markets to BUs are shown above.

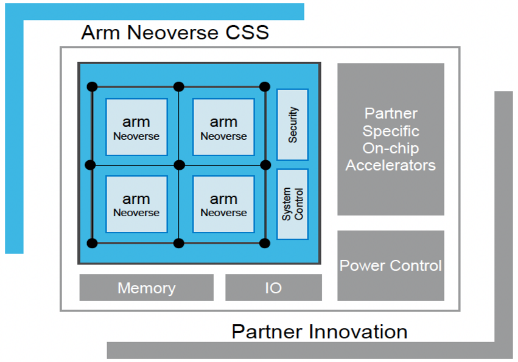
arm

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
- 21 CSS licenses to date – ahead of plan; likely preferred model for many partners in the future

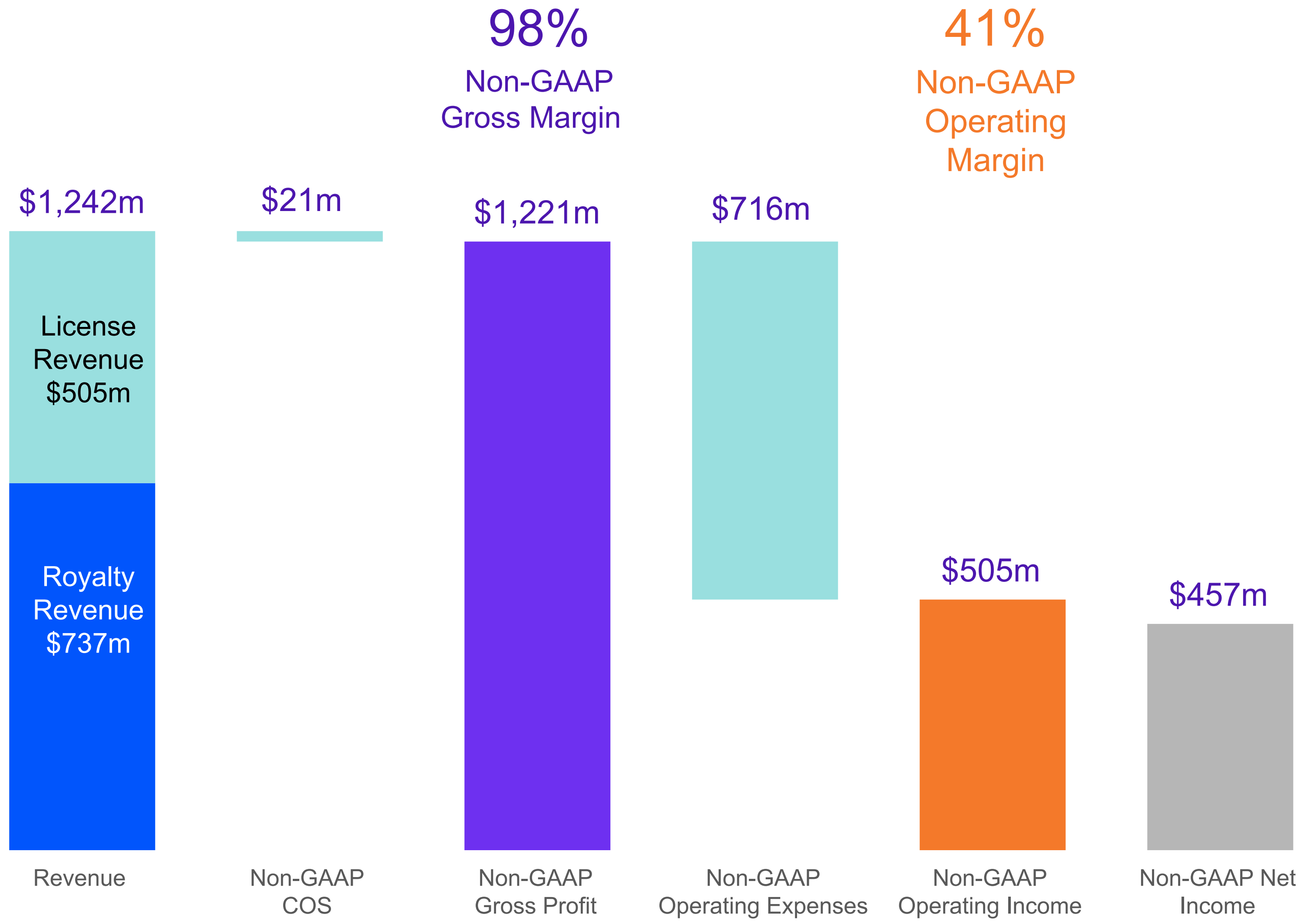
Growing ecosystem accelerates deployment

- Arm Total Design (ATD) ecosystem helps partners build custom Arm CSS chips
- More than 35 ATD partners include ASIC, EDA, backend, software, chiplet, and design services firms

CSS substantially increases Arm's royalty revenue per chip

arm

Q3 FYE26: From Revenues to Profits



Notes:
1. Depreciation and amortization for Q3 FYE26 was $63m
2. See appendix for reconciliation of Non-GAAP metrics to the most directly comparable GAAP metrics.

Near-Term Guidance

	Q4 FYE26
Revenue ($m)	$1.470bn +/- $50m
Non-GAAP Operating Expense ($m)[1]	~$745m
Non-GAAP fully diluted earnings per share ($)[1]	$0.58 +/- $0.04

(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

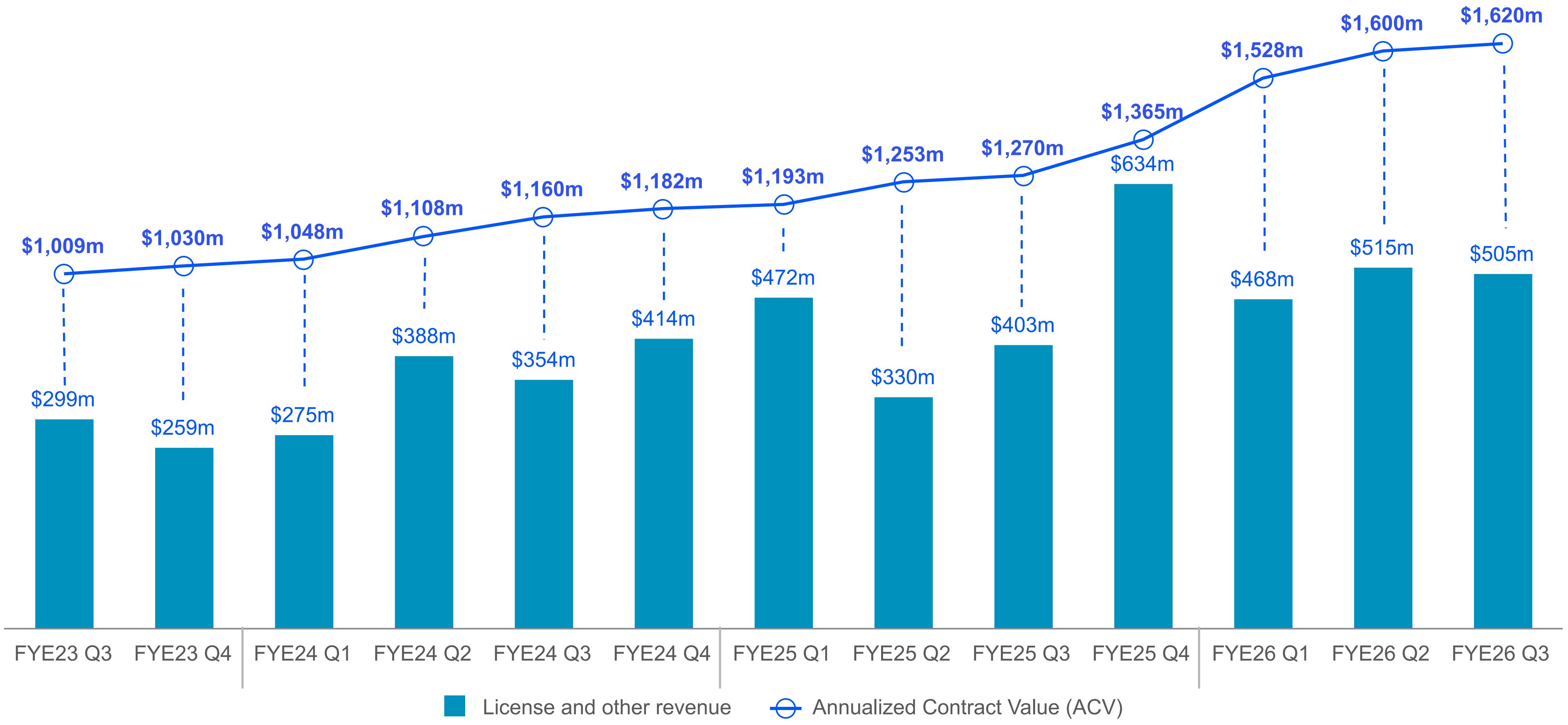
22M+

Software Developers on Arm

Appendix

Q3 FYE26: Annualized Contract Value

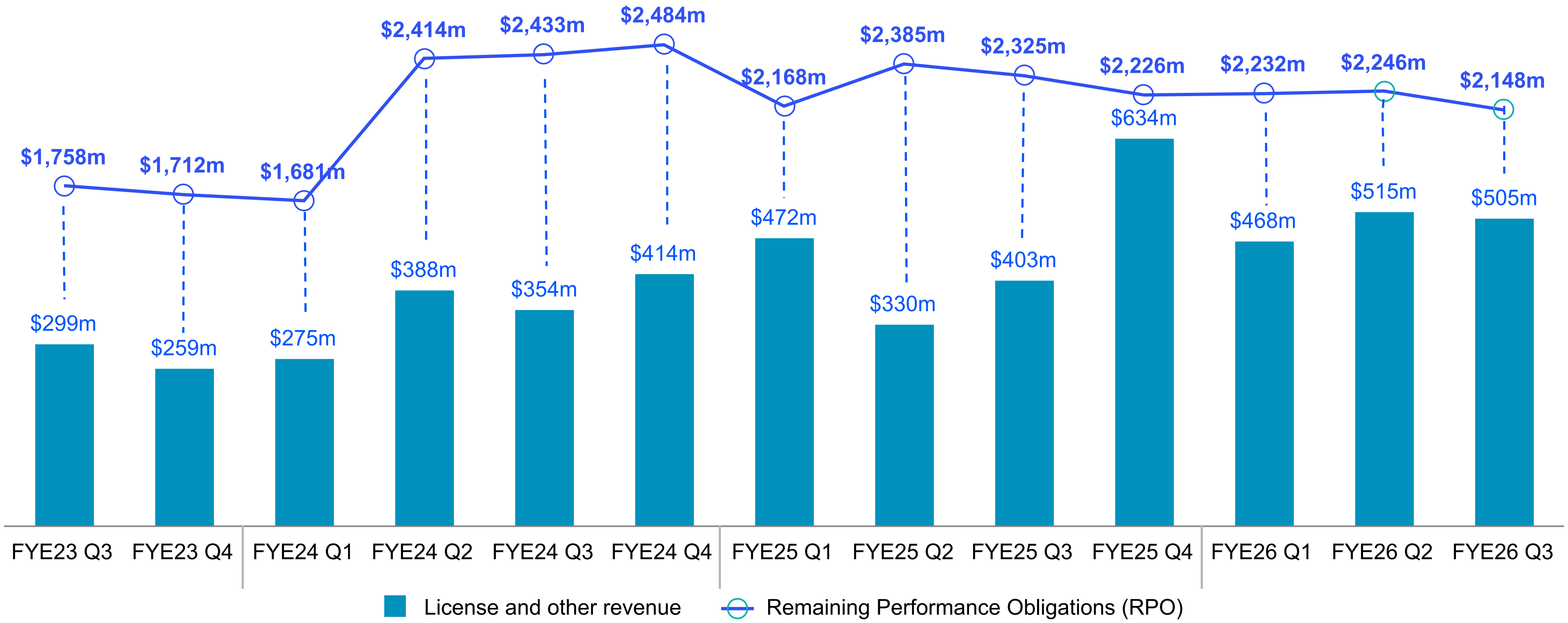
- Annualized contract value, a metric for normalized license and other revenue, increased 28% YoY in Q3



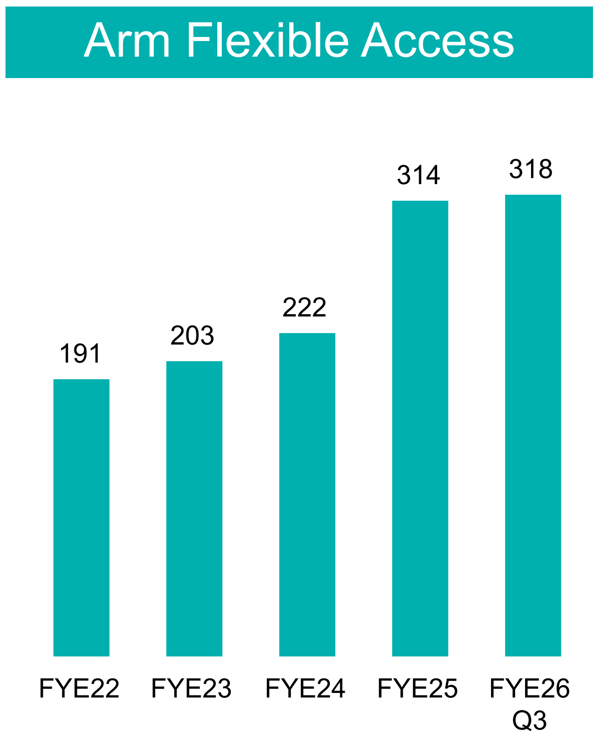
arm

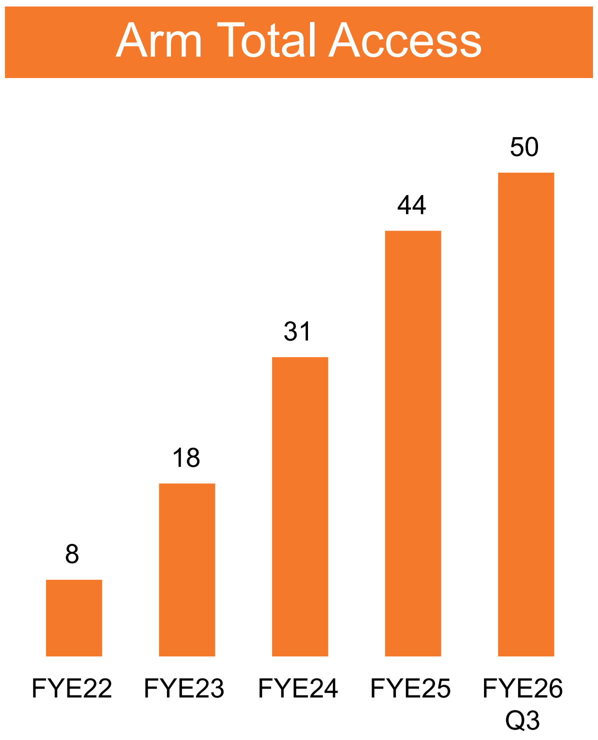
Q3 FYE26: Remaining Performance Obligations

- Remaining performance obligations (RPO), a metric for unearned revenue and amounts to be invoiced and recognized in future periods, decreased (8)% YoY in Q3



Q3 FYE26: Non-Financial Metrics



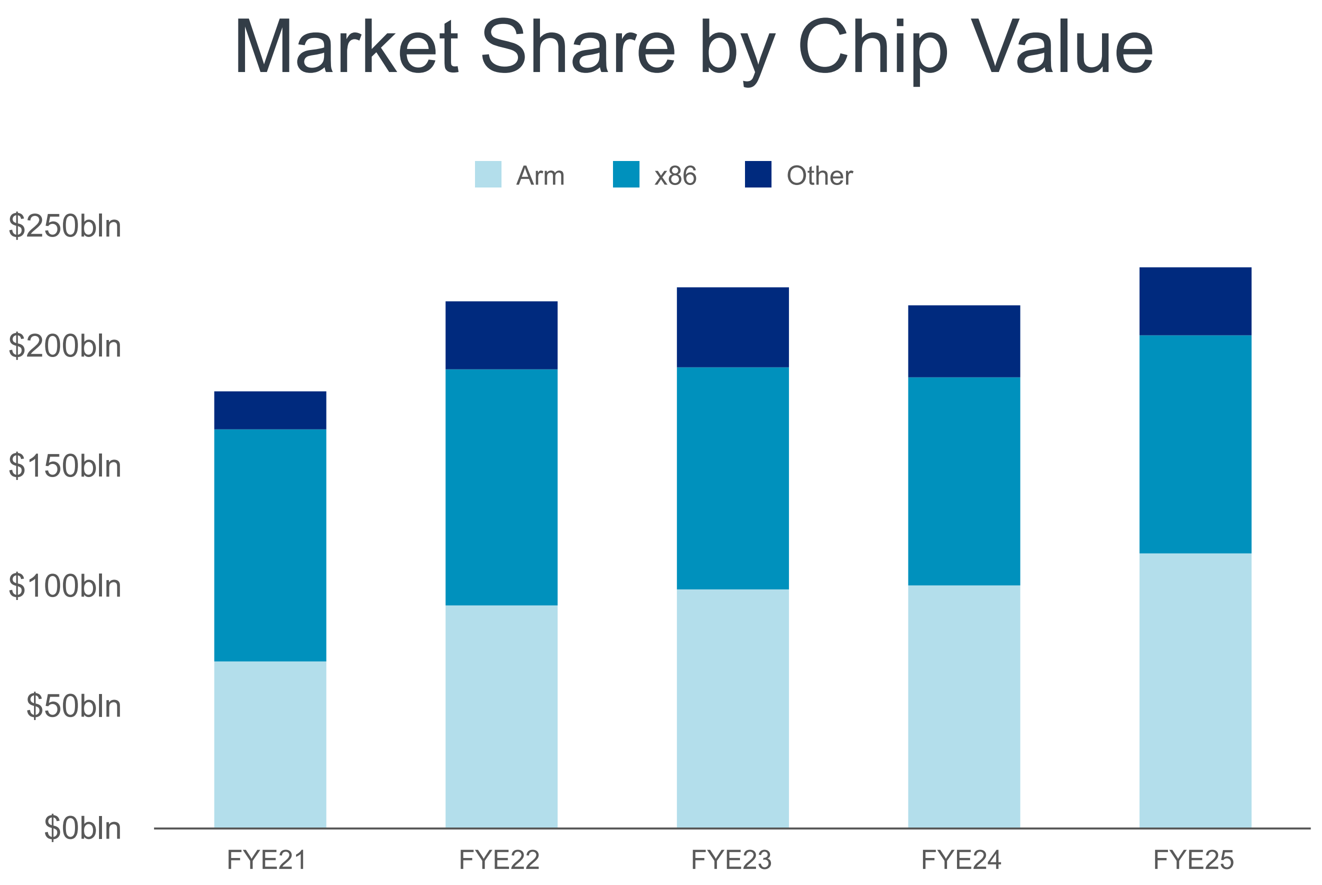


Data represents the full year total unless otherwise stated.

- Arm Total Access (ATA) at 50 extant licenses, up 2 QoQ and 10 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 318 extant licenses, up 6 QoQ and up 23 YoY
  - Targeting early-stage companies developing products for markets such as AI accelerators, automotive applications, consumer electronics, robotics and smart sensors

arm

Royalty Revenue: Arm is Gaining Share



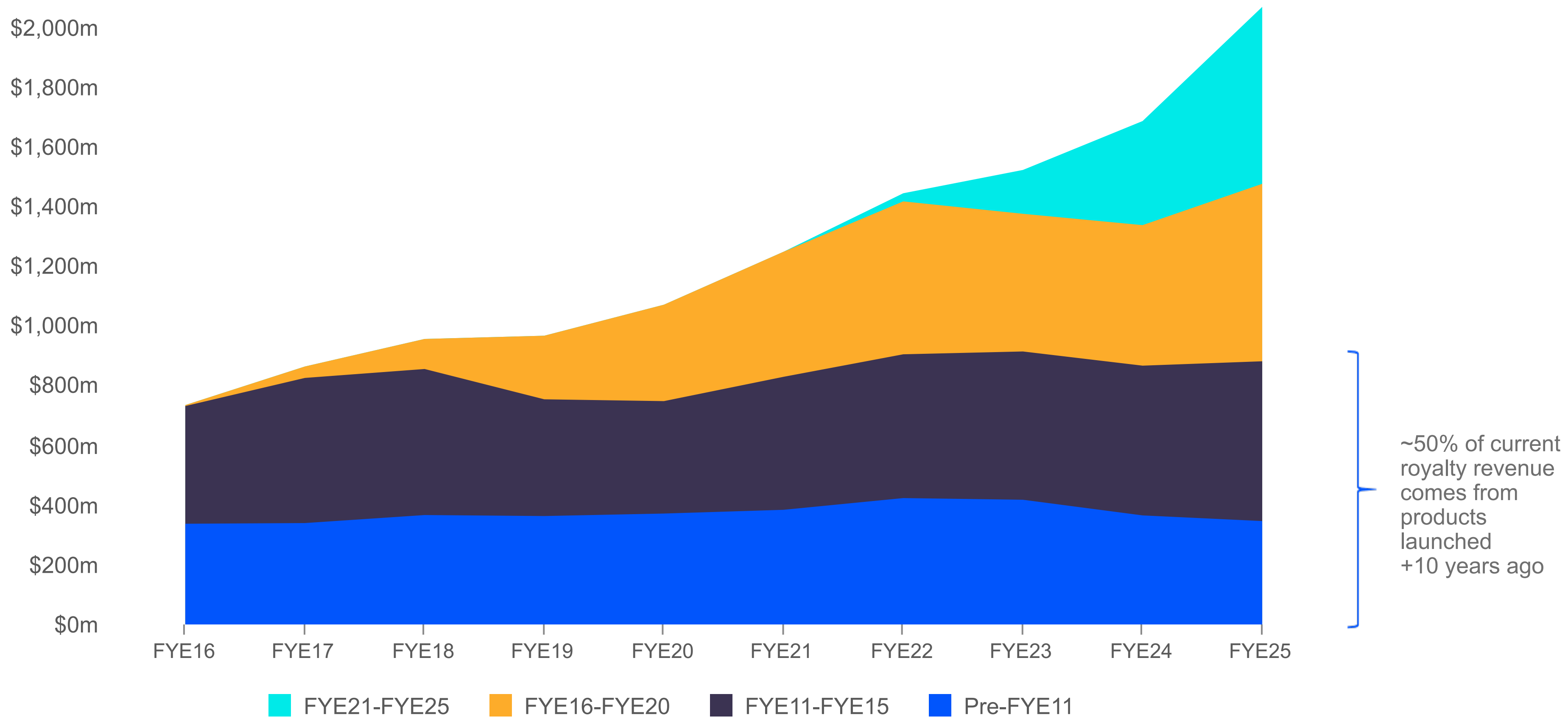
Notes:
Based on Arm internal estimates.
Other includes legacy and niche architectures such as:

- 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

Note: Based on data derived from royalty reports provided by Arm's customers.

Reconciliations: GAAP to Non-GAAP and Adjustments

	Three Months Ended December 31, 2025								
(in millions, except per share amounts)	GAAP Results	Acquisition-related expenses	Share-based compensation cost (equity settled)	Employer taxes related to SBC, net of R&D tax incentives[(1)]	Restructuring and related costs	(Income) loss from equity investments, net	(Income) loss from debt investments, net	Income tax effect on non-GAAP adjustments	Non-GAAP Results
Total revenue	$1,242	$—	$—	$—	$—	$—	$—	$—	$1,242
Cost of sales	(30)	—	8	1	—	—	—	—	(21)
Gross profit (loss)	1,212	—	8	1	—	—	—	—	1,221
Gross margin	97.6%								98.3%
Operating expenses:									
Research and development	(737)	—	204	21	—	—	—	—	(512)
Selling, general and administrative	(284)	1	73	6	—	—	—	—	(204)
Disposal, restructuring and other operating expenses, net	(6)	—	—	—	6	—	—	—	—
Total operating expense	(1,027)	1	277	27	6	—	—	—	(716)
Operating income (loss)	185	1	285	28	6	—	—	—	505
Operating margin	14.9%								40.7%
Income (loss) from equity investments, net	6	—	—	—	—	(6)	—	—	—
Interest income, net	29	—	—	—	—	—	—	—	29
Other non-operating income (loss), net	8	—	—	—	—	—	(5)	—	3
Income (loss) before income taxes	228	1	285	28	6	(6)	(5)	—	537
Income tax benefit (expense)	(5)	—	—	—	—	—	—	(75)	(80)
Net income (loss)	$223	$1	$285	$28	$6	$(6)	$(5)	$(75)	$457
Net income (loss) per share attributable to ordinary shareholders									
Basic	$0.21								$0.43
Diluted	$0.21								$0.43
Weighted average ordinary shares outstanding									
Basic	1,062								1,062
Diluted	1,069								1,069
Effective tax rate benefit (expense)	(2.2)%								(14.9)%

(1) 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 December 31,	
	2025	2024
Cash flows provided by (used for) operating activities:		
Net income (loss)	$ 223	$ 252
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	63	47
Deferred income taxes	(29)	7
(Income) loss from equity investments, net	(6)	(39)
Share-based compensation cost	285	227
Operating lease expense	15	10
Gain on business divestiture	—	—
Other non-cash operating activities, net	(7)	(12)
Changes in assets and liabilities:		
Accounts receivable, net (including receivables from related parties)	135	66
Contract assets, net (including contract assets from related parties)	(231)	(56)
Prepaid expenses and other assets	(89)	(26)
Accrued compensation and benefits	35	11
Contract liabilities (including contract liabilities from related parties)	21	4
Tax liabilities	(42)	(38)
Operating lease liabilities	(11)	(7)
Other liabilities (including payables to related parties)	3	(23)
Net cash provided by (used for) operating activities	$ 365	$ 423
Cash flows provided by (used for) investing activities		
Purchases of short-term investments	(325)	(290)
Proceeds from maturity of short-term investments	330	515
Purchases of equity investments	(6)	(11)
Purchases of intangible assets	(5)	—
Proceeds from business divestiture	—	—
Proceeds from settlement of loans, including convertible loans	56	—
Proceeds from sale or liquidation of equity investments	194	—
Purchases of property and equipment	(179)	(63)
Other investing activities, net, including investments in convertible loans	(13)	1
Net cash provided by (used for) investing activities	$ 52	$ 152
Cash flows provided by (used for) financing activities		
Payments of intangible asset obligations	(12)	(11)
Proceeds from Employee Stock Purchase Plan	—	—
Other financing activities, net	1	—
Payments of withholding tax on vested shares	(119)	(15)
Net cash provided by (used for) financing activities	$ (130)	$ (26)
Effect of foreign exchange rate changes on cash and cash equivalents	2	(11)
Net increase (decrease) in cash and cash equivalents	289	538
Cash and cash equivalents at the beginning of the period	2,518	1,498
Cash and cash equivalents at the end of the period	$ 2,807	$ 2,036

Reconciliation: Net cash provided by (used for) operating activities to Non-GAAP free cash flow and Non-GAAP free cash flow TTM

(in millions)	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024
Net cash provided by (used for) operating activities	$ 365	$ 423
Adjusted for:		
Purchases of property and equipment	(179)	(63)
Purchases of intangible assets	(5)	—
Payment of intangible asset obligations	(12)	(11)
Non-GAAP free cash flow	$ 169	$ 349

(in millions)	Trailing Twelve Months Ended December 31, 2025	Trailing Twelve Months Ended December 31, 2024
Net cash provided by (used for) operating activities	$ 1,522	$ 806
Adjusted for:		
Purchases of property and equipment	(545)	(156)
Purchases of intangible assets	(18)	(24)
Payment of intangible asset obligations	(66)	(53)
Non-GAAP free cash flow TTM	$ 893	$ 573