



arm

Arm Holdings plc Q2 FYE25 Investor Presentation

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November 6, 2024

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, those identified below and those discussed in "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.

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, non-GAAP research and development operating expenses, non-GAAP selling, general and administrative operating expenses, non-GAAP impairment of long-lived assets operating expenses, non-GAAP disposal, restructuring and other operating expenses, net, non-GAAP operating expense, net, non-GAAP operating income (loss), non-GAAP operating profit margin, non-GAAP net income (loss), non-GAAP free cash flow, and non-GAAP free cash flow for the trailing twelve months, or TTM. 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, and 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 Limited All Employee Plan 2019, or the 2019 AEP, 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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Q2 FYE25: Highlights

Operating Highlights

\$844m

Total revenue up 5% YoY

\$494m

Non-GAAP Operating Expenses
21% increase in engineering headcount

\$475m

Trailing 12 Months FCF down 45% YoY

arm

Innovation Highlights

+300bn 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

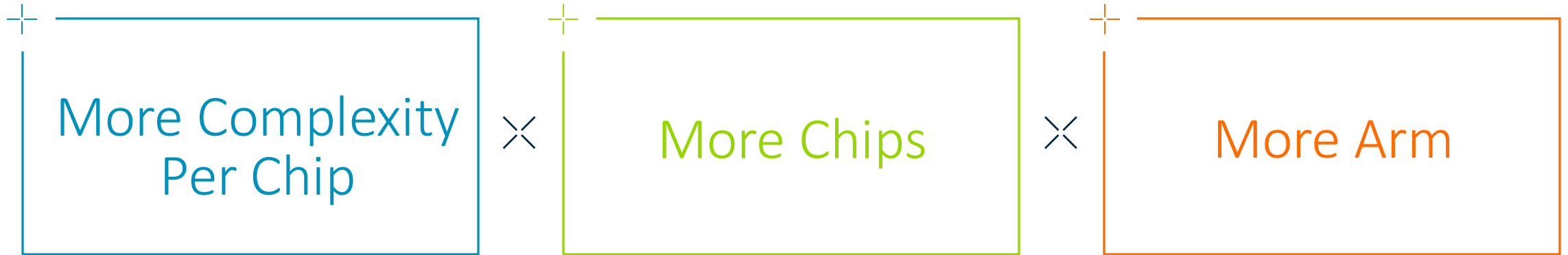
AI on Arm is going everywhere

In Q2, Meta and Arm announced they are working on optimizing Llama, PyTorch and ExecuTorch for Gen AI from the data center to edge devices

Armv9 25% of royalty revenues*

Compared with 25%/20%/15%/10% in prior quarters
The increase is primarily smartphones. Other markets are beginning to ramp

Royalty Growth from Rising Complexity, Volume Expansion



- + More advanced workloads need Arm's latest Armv9 architecture
- + High-end cloud compute chips had 8 cores in 2016¹ and 192 cores in 2024
- + Smaller geometries and longer fab cycle times mean that customers need more help
- + Armv9, more cores and compute subsystems (CSS) are lifting royalty rates

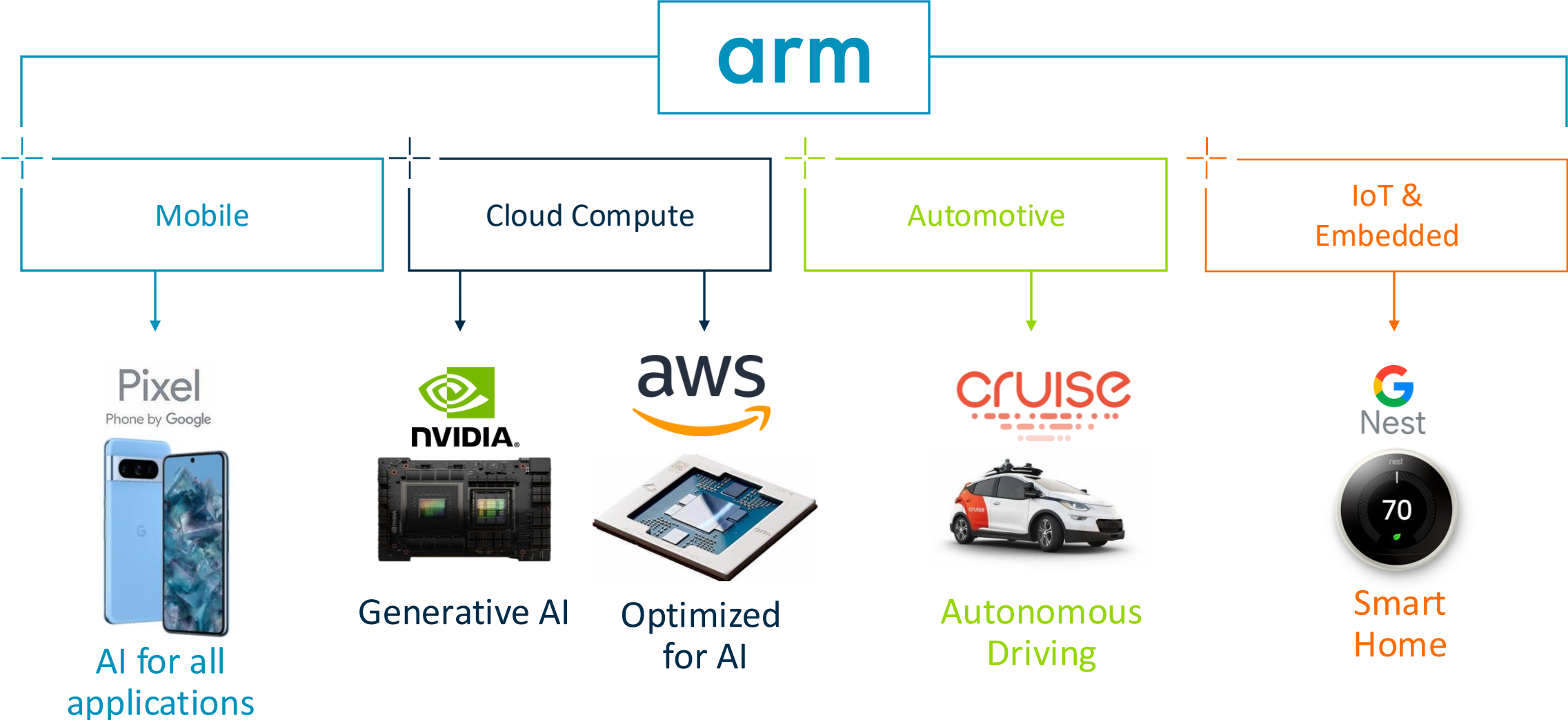
- + The semiconductor industry revenue is forecasted to grow at a CAGR of 8%²
- + Arm is gaining share in long-term growth markets: autos, cloud, IoT
- + Arm shipped 2x the number of chips in FYE24 than in FYE16

- + 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 when Arm was last publicly listed prior to its 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

20M+

Developers on Arm,
for Arm



1.5Bn

Ecosystem hours



10M+

Developer hours
1st decade of Armv8



30M+

Developer hours
1st decade of Armv9



android 

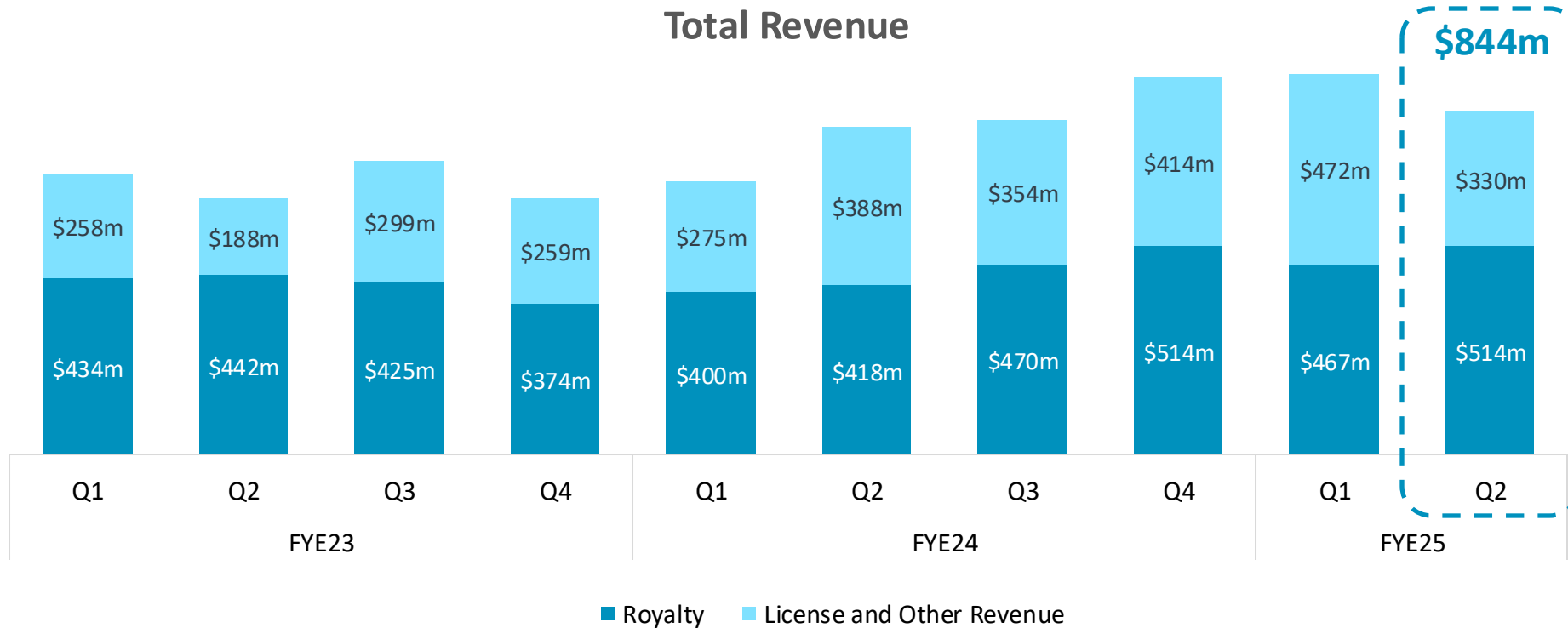


vmware®

WINDRV

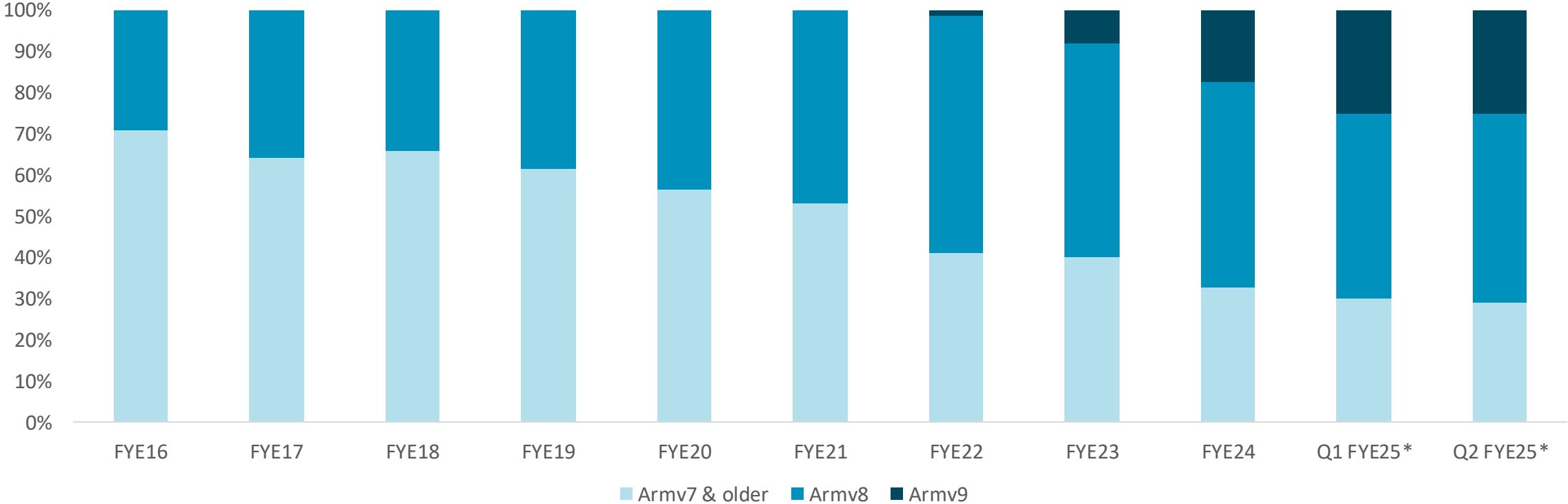
Q2 FYE25: Highest ever revenue for Q2

- + Total revenue: \$844m up 5% YoY
- + Royalty revenue: \$514m up 23% YoY led by increased Armv9 penetration in smartphones
- + License and other revenue: \$330m down 15% YoY due to normal fluctuation in timing and size of revenue recognition of multiple high-value license agreements and contributions from backlog. Q2 bookings were very strong, as expected.



Armv9 adoption driving royalty growth

Royalty Revenue by Architecture



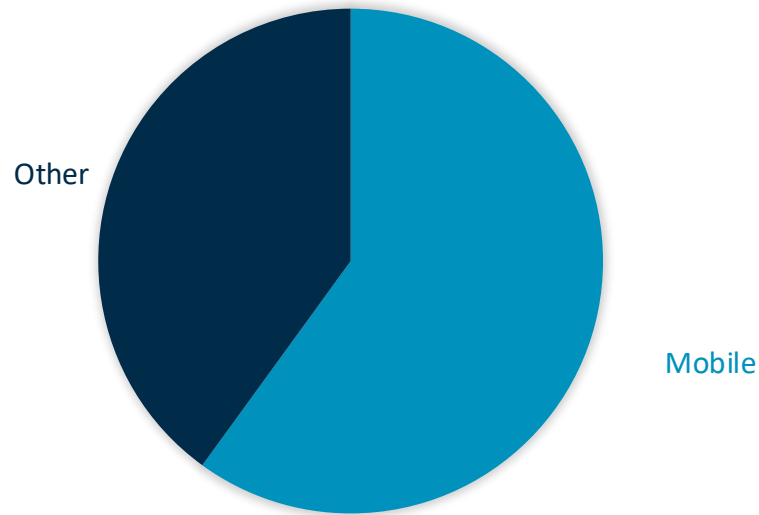
- + Armv9 commands a higher royalty per chip than prior architectures
- + Armv9 adoption has started in smartphones and cloud compute

* 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.

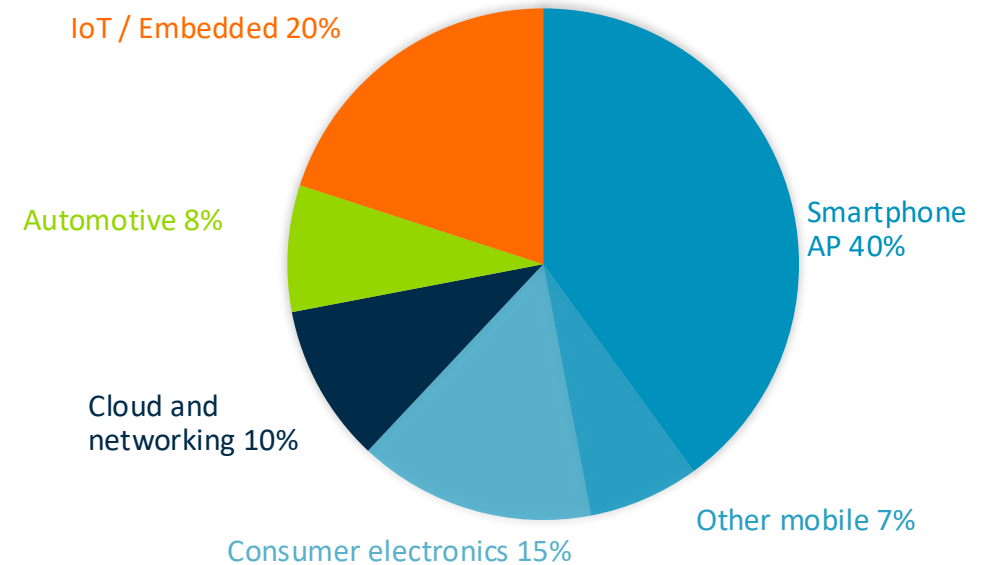


Diversification in multiple long-term growth markets

Royalties by End Market - FYE16



Royalties by End Market - FYE24

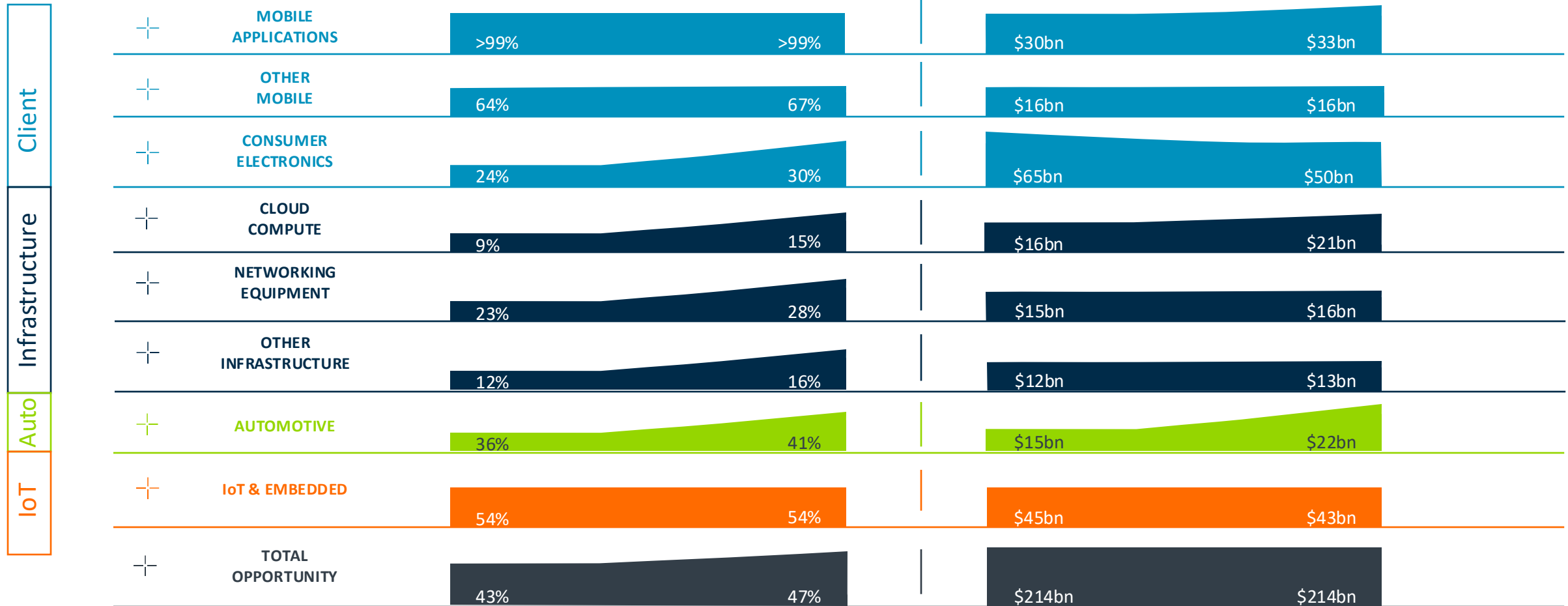


- + Arm is increasing revenue from markets beyond mobile through a broadening range of products including CPUs and systems for cloud, automotive and IoT/embedded compute

Note: reference to FYE16 relates to period when Arm was last publicly listed prior to its 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



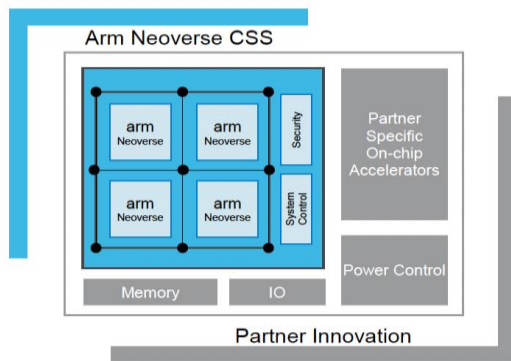
¹ Based on chip value

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 take CSS to accelerate chip designs
- + 11 CSS licensees to date ahead of plan at IPO; likely preferred model for many partners in the future

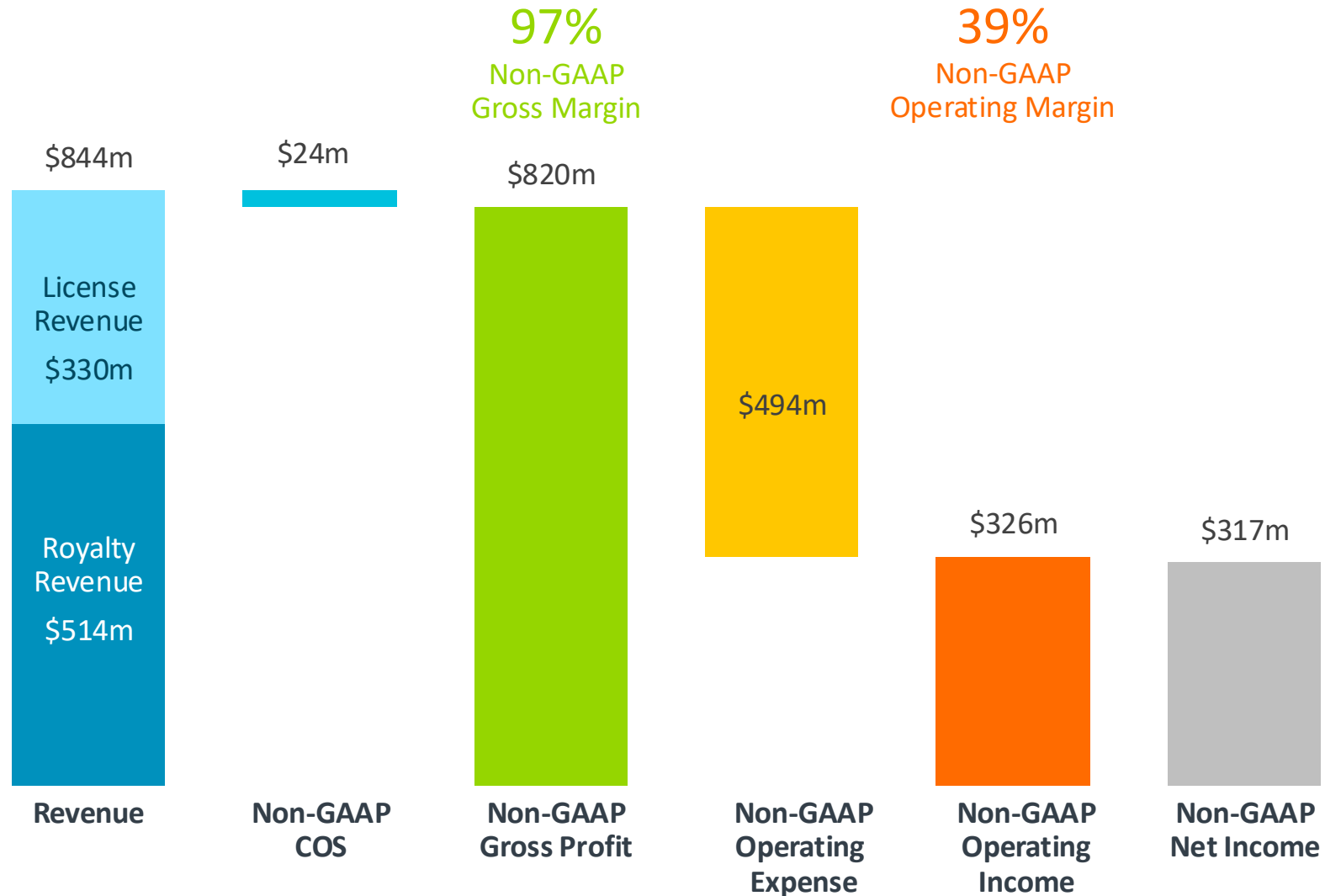
Growing ecosystem accelerates deployment

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



CSS substantially increases Arm's royalty revenue per chip

Q2 FYE25: From Revenues to Profits



Notes:

1. Depreciation and amortisation for Q2 FYE25 was \$44m
2. See appendix for reconciliation of Non-GAAP metrics to the most directly comparable GAAP metrics.

Near-Term Guidance

	Q3 FYE 25	FYE 25
Revenue (\$m)	\$920m - \$970m	\$3.80b - \$4.10b
Non-GAAP Operating Expense (\$m) ¹	~\$525m	~\$2.05b
Non-GAAP fully diluted earnings per share (\$) ¹	\$0.32 - \$0.36	\$1.45 - \$1.65

(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

300+ Billion

Arm-based chips shipped since inception

28.6 Billion

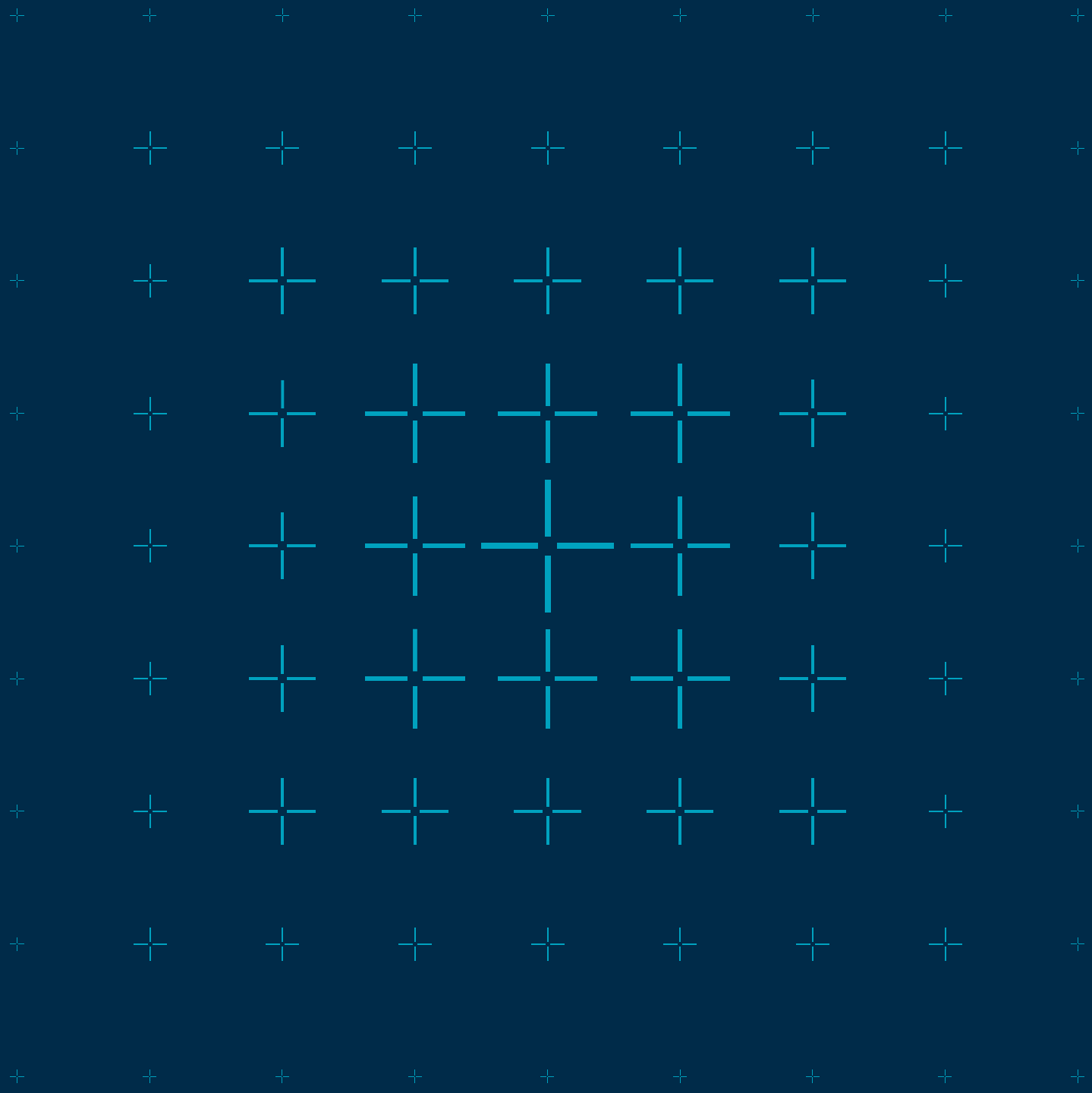
Arm-based chips shipped in FYE24

20M+

Software Developers on Arm

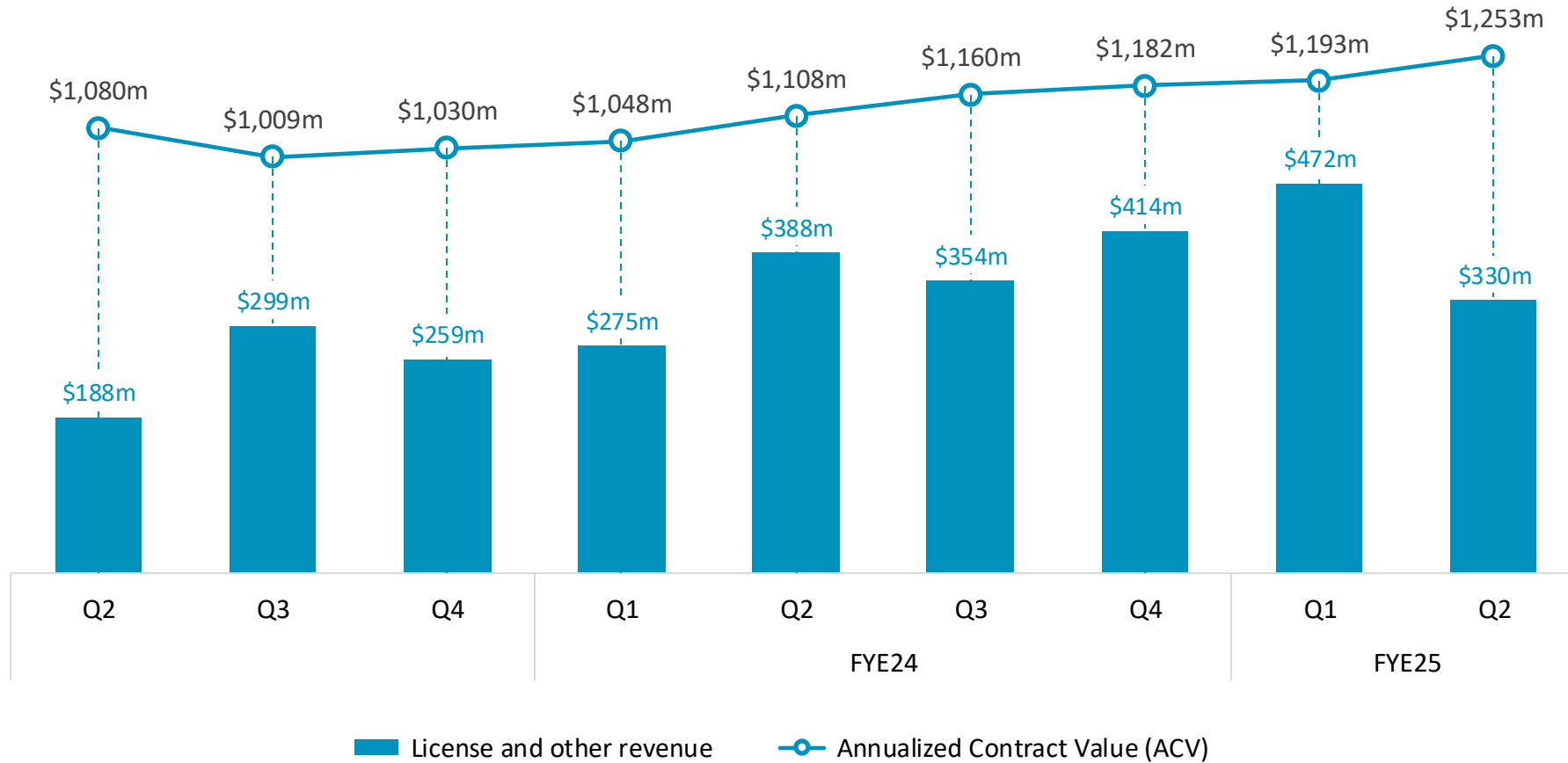
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Appendix



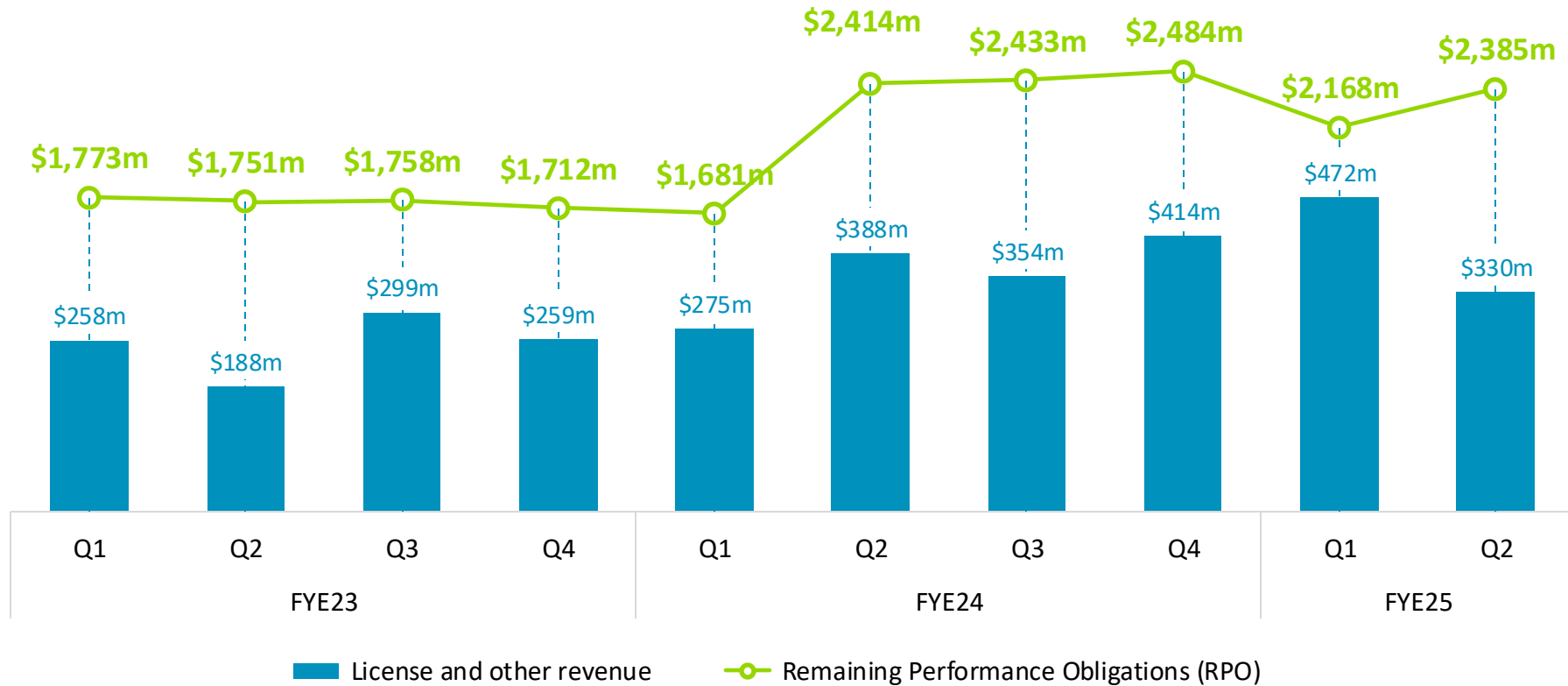
Q2 FYE25: Annualized Contract Value

+ Annualized contract value increased 13% YoY in Q2



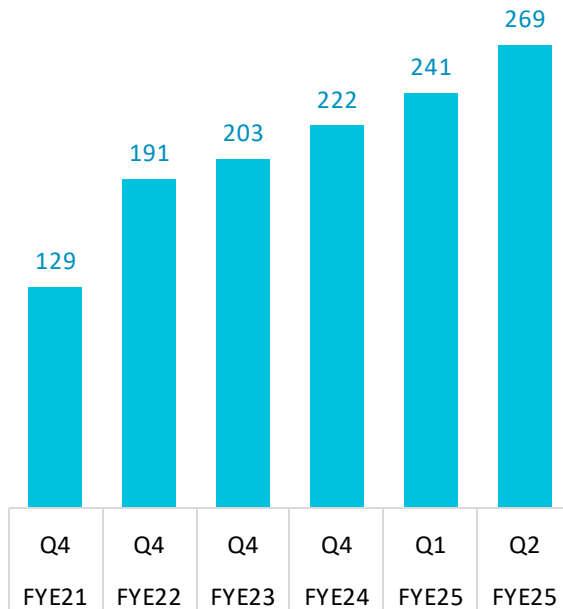
Q2 FYE25: Remaining Performance Obligation (RPO)

- + Remaining performance obligations represent revenue that will be recognized in future periods
- + RPO is up 10% QoQ

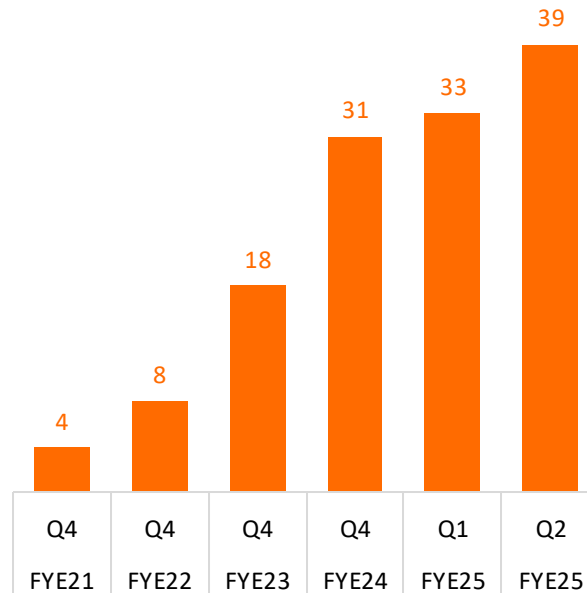


Q2 FYE25: Non-Financial Metrics

Arm Flexible Access



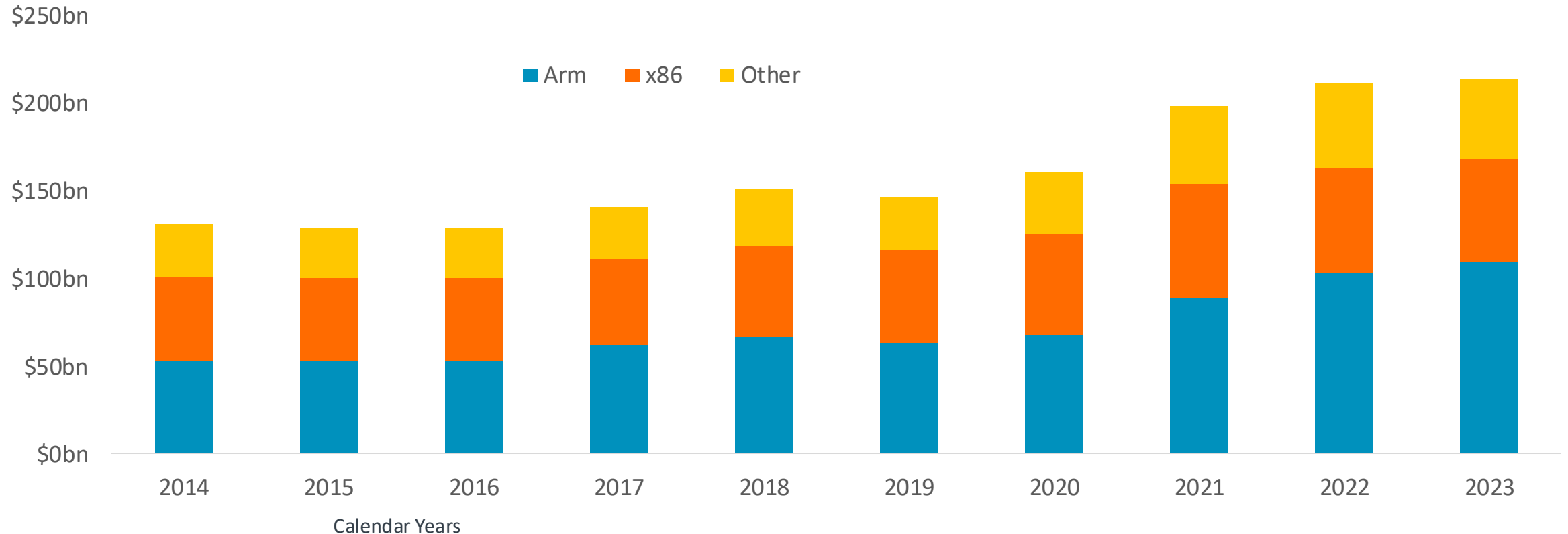
Arm Total Access



- + Arm Total Access (ATA) at 39 extant licenses, up 6 QoQ
 - Target markets for these licensees include smartphone, AI accelerators, automotive applications, data centers and embedded computing
 - ATA licensees are typically long-term Arm partners and include more than half of our top 30 customers
- + Arm Flexible Access at 269 extant licenses, up 28 QoQ
 - 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:

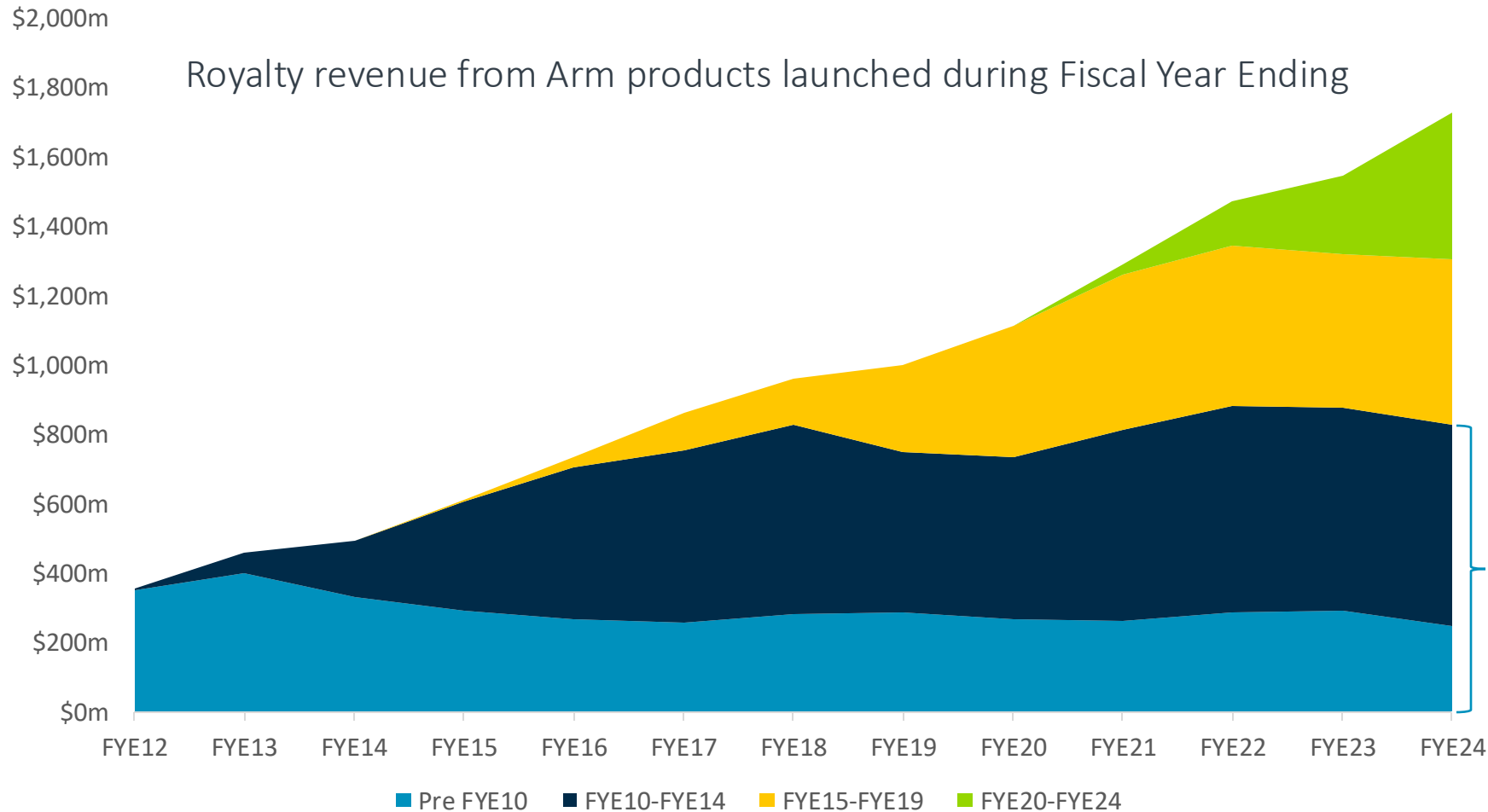
Based on Arm internal estimates.

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



Still collecting royalties on products developed in the early 1990s

Long term visibility, near term predictability

Reconciliations: GAAP to Non-GAAP and Adjustments

Includes retrospective change to Non-GAAP reporting

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	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	FY	FY	FY
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Mar	31-Mar	31-Mar
	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE25	FYE25	FYE22	FYE23	FYE24
<i>(in millions, except per share amounts)</i>													
GAAP to Non-GAAP Reconciliation (Unaudited) ⁽⁴⁾													
Reconciliation of GAAP cost of sales to Non-GAAP cost of sales:													
Cost of sales	\$ (25)	\$ (25)	\$ (29)	\$ (27)	\$ (31)	\$ (46)	\$ (36)	\$ (41)	\$ (33)	\$ (32)	\$ (131)	\$ (106)	\$ (154)
<i>Adjusted for:</i>													
Acquisition-related intangible asset amortization	2	1	1	1	1	1	1	1	-	-	9	5	4
Share-based compensation cost (equity settled) ⁽¹⁾	-	-	1	1	6	19	8	6	6	7	1	2	39
Employer taxes related to SBC, net of R&D tax incentives ⁽⁵⁾⁽⁶⁾	-	-	-	-	-	-	1	7	3	1	-	-	8
One-time employee benefit ⁽⁷⁾	-	-	-	-	-	-	-	1	-	-	-	-	1
Non-GAAP cost of sales ⁽⁵⁾	\$ (23)	\$ (24)	\$ (27)	\$ (25)	\$ (24)	\$ (26)	\$ (26)	\$ (26)	\$ (24)	\$ (24)	\$ (121)	\$ (99)	\$ (102)
Reconciliation of GAAP gross profit to Non-GAAP gross profit:													
Gross profit	\$ 667	\$ 605	\$ 695	\$ 606	\$ 644	\$ 760	\$ 788	\$ 887	\$ 906	\$ 812	\$ 2,572	\$ 2,573	\$ 3,079
<i>Adjusted for:</i>													
Acquisition-related intangible asset amortization	2	1	1	1	1	1	1	1	-	-	9	5	4
Share-based compensation cost (equity settled) ⁽¹⁾	-	-	1	1	6	19	8	6	6	7	1	2	39
Employer taxes related to SBC, net of R&D tax incentives ⁽⁵⁾⁽⁶⁾	-	-	-	-	-	-	1	7	3	1	-	-	8
One-time employee benefit ⁽⁷⁾	-	-	-	-	-	-	-	1	-	-	-	-	1
Non-GAAP gross profit ⁽⁵⁾	\$ 669	\$ 606	\$ 697	\$ 608	\$ 651	\$ 780	\$ 798	\$ 902	\$ 915	\$ 820	\$ 2,582	\$ 2,580	\$ 3,131



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

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	Actual		Actual		Actual		Actual		Actual		Actual		Actual	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	FY	FY	FY	FY
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Mar	31-Mar	31-Mar	31-Mar
	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE25	FYE25	FYE22	FYE23	FYE24	FYE24
<i>(in millions, except per share amounts)</i>														
Reconciliation of GAAP research and development operating expenses to Non-GAAP research and development operating expenses:														
Research and development	\$ (218)	\$ (248)	\$ (286)	\$ (381)	\$ (337)	\$ (626)	\$ (432)	\$ (584)	\$ (485)	\$ (507)	\$ (995)	\$ (1,133)	\$ (1,979)	
<i>Adjusted for:</i>														
Share-based compensation cost (equity settled) ⁽¹⁾⁽²⁾⁽³⁾	1	(2)	16	23	96	343	139	127	129	154	19	38	705	
Employer taxes related to SBC, net of R&D tax incentives ⁽⁵⁾⁽⁶⁾	-	-	-	-	-	2	13	118	58	31	-	-	133	
One-time employee benefit ⁽⁷⁾	-	-	-	-	-	-	-	13	-	-	-	-	13	
Other operating income (expenses), net	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-GAAP research and development operating expenses ⁽⁵⁾	\$ (217)	\$ (250)	\$ (270)	\$ (358)	\$ (241)	\$ (281)	\$ (280)	\$ (326)	\$ (298)	\$ (322)	\$ (976)	\$ (1,095)	\$ (1,128)	
Reconciliation of GAAP selling, general and administrative operating expenses to Non-GAAP selling, general and administrative operating expenses:														
Selling, general and administrative	\$ (153)	\$ (172)	\$ (163)	\$ (274)	\$ (196)	\$ (290)	\$ (216)	\$ (281)	\$ (239)	\$ (241)	\$ (897)	\$ (762)	\$ (983)	
<i>Adjusted for:</i>														
Acquisition-related intangible asset amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share-based compensation cost (equity settled) ⁽¹⁾⁽²⁾⁽³⁾	(8)	1	13	14	44	147	49	53	47	57	10	20	293	
Employer taxes related to SBC, net of R&D tax incentives ⁽⁵⁾⁽⁶⁾	-	-	-	-	-	1	9	38	23	10	-	-	48	
One-time employee benefit ⁽⁷⁾	-	-	-	-	-	-	-	5	-	-	-	-	5	
Public company readiness costs	8	13	12	9	14	27	1	-	-	-	11	42	42	
Other operating income (expenses), net	-	-	-	-	-	-	-	-	-	-	1	-	-	
Costs associated with disposal activities	-	-	-	-	-	-	-	-	-	2	-	-	-	
Non-GAAP selling, general and administrative operating expenses ⁽⁵⁾	\$ (153)	\$ (158)	\$ (138)	\$ (251)	\$ (138)	\$ (115)	\$ (157)	\$ (185)	\$ (169)	\$ (172)	\$ (875)	\$ (700)	\$ (595)	
Reconciliation of GAAP impairment of long-lived assets operating expenses to Non-GAAP impairment of long-lived assets operating expenses:														
Impairment of long-lived assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21)	\$ -	\$ -	
<i>Adjusted for:</i>														
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-	21	-	-	
Non-GAAP impairment of long-lived assets operating expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
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	\$ (2)	\$ (2)	\$ (2)	\$ (1)	\$ -	\$ -	\$ (6)	\$ -	\$ -	\$ -	\$ (26)	\$ (7)	\$ (6)	
<i>Adjusted for:</i>														
Other operating income (expenses), net	-	-	-	-	-	-	6	-	-	-	-	-	6	
Costs associated with disposal activities	(1)	2	2	1	-	-	-	-	-	-	-	4	-	
Restructuring and related costs	1	-	-	-	-	-	-	-	-	-	26	1	-	
Non-GAAP disposal, restructuring and other operating expenses, net	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2)	\$ -	

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

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(in millions, except per share amounts)

	Actual Q1 30-Jun FYE23	Actual Q2 30-Sep FYE23	Actual Q3 31-Dec FYE23	Actual Q4 31-Mar FYE23	Actual Q1 30-Jun FYE24	Actual Q2 30-Sep FYE24	Actual Q3 31-Dec FYE24	Actual Q4 31-Mar FYE24	Actual Q1 30-Jun FYE25	Actual Q2 30-Sep FYE25	Actual FY 31-Mar FYE22	Actual FY 31-Mar FYE23	Actual FY 31-Mar FYE24
GAAP to Non-GAAP Reconciliation (Unaudited) ⁽⁴⁾													
Reconciliation of GAAP operating income (loss) to Non-GAAP operating income (loss):													
Operating income (loss)	\$ 294	\$ 183	\$ 244	\$ (50)	\$ 111	\$ (156)	\$ 134	\$ 22	\$ 182	\$ 64	\$ 633	\$ 671	\$ 111
<i>Adjusted for:</i>													
Acquisition-related intangible asset amortization	2	1	1	1	1	1	1	1	-	-	9	5	4
Cost of sales	2	1	1	1	1	1	1	1	-	-	9	5	4
Selling, general and administrative	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation cost (equity settled) ⁽¹⁾⁽²⁾⁽³⁾	(7)	(1)	30	38	146	509	196	186	182	218	30	60	1,037
Cost of sales	-	-	1	1	6	19	8	6	6	7	1	2	39
Research and development	1	(2)	16	23	96	343	139	127	129	154	19	38	705
Selling, general and administrative	(8)	1	13	14	44	147	49	53	47	57	10	20	293
Employer taxes related to SBC, net of R&D tax incentives ⁽⁵⁾⁽⁶⁾	-	-	-	-	-	3	23	163	84	42	-	-	189
Cost of sales	-	-	-	-	-	-	1	7	3	1	-	-	8
Research and development	-	-	-	-	-	2	13	118	58	31	-	-	133
Selling, general and administrative	-	-	-	-	-	1	9	38	23	10	-	-	48
One-time employee benefit ⁽⁷⁾	-	-	-	-	-	-	-	19	-	-	-	-	19
Cost of sales	-	-	-	-	-	-	-	1	-	-	-	-	1
Research and development	-	-	-	-	-	-	-	13	-	-	-	-	13
Selling, general and administrative	-	-	-	-	-	-	-	5	-	-	-	-	5
Public company readiness costs	8	13	12	9	14	27	1	-	-	-	11	42	42
Selling, general and administrative	8	13	12	9	14	27	1	-	-	-	11	42	42
Other operating income (expenses), net	-	-	-	-	-	-	6	-	-	-	1	-	6
Research and development	-	-	-	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative	-	-	-	-	-	-	-	-	-	-	1	-	-
Other operating income (expenses), net	-	-	-	-	-	-	6	-	-	-	-	-	6
Costs associated with disposal activities	(1)	2	2	1	-	-	-	-	-	2	-	4	-
Selling, general and administrative	-	-	-	-	-	-	-	-	-	2	-	-	-
Costs associated with disposal activities	(1)	2	2	1	-	-	-	-	-	-	-	4	-
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-	21	-	-
Restructuring and related costs	1	-	-	-	-	-	-	-	-	-	26	1	-
Non-GAAP operating income (loss) ⁽⁵⁾	\$ 297	\$ 198	\$ 289	\$ (1)	\$ 272	\$ 384	\$ 361	\$ 391	\$ 448	\$ 326	\$ 731	\$ 783	\$ 1,408

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

Arm Holdings plc

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	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	FY	FY	FY	
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Mar	31-Mar	31-Mar	
	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE25	FYE25	FYE22	FYE23	FYE24	
<i>(in millions, except per share amounts)</i>														
GAAP to Non-GAAP Reconciliation (Unaudited) ⁽⁴⁾														
Reconciliation of GAAP net income (loss) from continuing operations to Non-GAAP net income (loss) from continuing operations:														
Net income (loss) from continuing operations	\$ 225	\$ 114	\$ 182	\$ 3	\$ 105	\$ (110)	\$ 87	\$ 224	\$ 223	\$ 107	\$ 676	\$ 524	\$ 306	
<i>Adjusted for operating items:</i>														
Acquisition-related intangible asset amortization	2	1	1	1	1	1	1	1	-	-	9	5	4	
Share-based compensation cost (equity settled) ⁽¹⁾⁽²⁾⁽³⁾	(7)	(1)	30	38	146	509	196	186	182	218	30	60	1,037	
Employer taxes related to SBC, net of R&D tax incentives ⁽⁵⁾⁽⁶⁾	-	-	-	-	-	3	23	163	84	42	-	-	189	
One-time employee benefit ⁽⁷⁾	-	-	-	-	-	-	-	19	-	-	-	-	19	
Restructuring and related costs	1	-	-	-	-	-	-	-	-	-	26	1	-	
Public company readiness costs	8	13	12	9	14	27	1	-	-	-	11	42	42	
Other operating income (expenses), net	-	-	-	-	-	-	6	-	-	-	1	-	6	
Costs associated with disposal activities	(1)	2	2	1	-	-	-	-	-	2	-	4	-	
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-	21	-	-	
<i>Adjusted for non-operating items:</i>														
(Income) loss from equity method investments, net	14	60	6	(35)	7	5	1	7	(24)	10	(141)	45	20	
Gain on disposal of business	-	-	-	(4)	-	-	-	-	-	-	-	(4)	-	
Pre-tax total non-GAAP adjustments	17	75	51	10	168	545	228	376	242	272	(43)	153	1,317	
Income tax effect on non-GAAP adjustments ⁽⁵⁾	(6)	(11)	(8)	5	(27)	(57)	9	(224)	(46)	(62)	30	(20)	(299)	
Non-GAAP net income (loss) from continuing operations ⁽⁵⁾	\$ 236	\$ 178	\$ 225	\$ 18	\$ 246	\$ 378	\$ 324	\$ 376	\$ 419	\$ 317	\$ 663	\$ 657	\$ 1,324	
Non-GAAP net income (loss) from continuing operations per share attributable to ordinary shareholders														
Basic	0.23	0.17	0.22	0.02	0.24	0.37	0.32	0.36	0.40	0.30	0.65	0.64	1.29	
Diluted	0.23	0.17	0.22	0.02	0.24	0.36	0.31	0.36	0.40	0.30	0.65	0.64	1.27	
Weighted average ordinary shares outstanding														
Basic	1,025	1,025	1,025	1,025	1,025	1,025	1,027	1,032	1,044	1,049	1,025	1,025	1,027	
Diluted	1,026	1,027	1,028	1,029	1,029	1,043	1,049	1,058	1,060	1,063	1,025	1,028	1,044	

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

Arm Holdings plc

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	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	FY	FY	FY
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Mar	31-Mar	31-Mar
	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE25	FYE25	FYE22	FYE23	FYE24

(in millions, except per share amounts)

GAAP to Non-GAAP Reconciliation (Unaudited) ⁽⁴⁾

- (1) For non-GAAP purposes, we adjust for those awards that are liability-classified but equity settled after the initial public offering. Liability-classified awards are remeasured at the end of each reporting period through the date of settlement to ensure that the expense recognized for each award is equivalent to the amount to be paid in cash or equity settled after the initial public offering.
- (2) A summary of share-based compensation cost recognized on the Condensed Consolidated Income Statements is as follows:
- | | | | | | | | | | | | | | |
|-------------------------------------|----|----|-----|-----|-----|-----|-----|-----|-----|-----|----|-----|-------|
| Cost of sales | 1 | 2 | 4 | 5 | 6 | 20 | 8 | 7 | 6 | 7 | 1 | 12 | 41 |
| Research and development | 6 | 32 | 65 | 109 | 103 | 349 | 142 | 134 | 129 | 154 | 7 | 212 | 728 |
| Selling, general and administrative | 6 | 12 | 34 | 50 | 49 | 149 | 49 | 54 | 47 | 57 | 18 | 102 | 301 |
| Total | 13 | 46 | 103 | 164 | 158 | 518 | 199 | 195 | 182 | 218 | 26 | 326 | 1,070 |
- (3) A summary of share-based compensation liability-classified cost recognized on the Condensed Consolidated Income Statements is as follows:
- | | | | | | | | | | | | | | |
|-------------------------------------|----|----|----|-----|----|---|---|---|---|---|------|-----|----|
| Cost of sales | 1 | 2 | 3 | 4 | - | 1 | - | - | - | - | - | 10 | 1 |
| Research and development | 5 | 34 | 49 | 86 | 7 | 6 | 3 | 8 | - | - | (12) | 174 | 24 |
| Selling, general and administrative | 14 | 11 | 21 | 36 | 5 | 2 | - | 1 | - | - | 8 | 82 | 8 |
| Total | 20 | 47 | 73 | 126 | 12 | 9 | 3 | 9 | - | - | (4) | 266 | 33 |
- (4) This should be read in conjunction with the Shareholder Letter for the second quarter of the fiscal year ending March 31, 2025 which will be available on the Investor Relations section of Arm's website. For more information and definitions 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, or 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 Matrix 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.
- (5) 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.
- (6) Represents employer taxes related to SBC for equity-classified awards, net of R&D tax incentives associated with these taxes.
- (7) Represents one-time employee benefit related to the Arm Limited All Employee Plan 2019 ("2019 AEP").



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

Arm Holdings plc
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	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	FY	FY	FY
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Mar	31-Mar	31-Mar
	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE25	FYE25	FYE22	FYE23	FYE24
<i>(in millions)</i>													
Condensed Cash Flow Statement (Unaudited) ⁽²⁾													
Cash flows provided by (used for) operating activities:													
Net income (loss)	\$ 225	\$ 114	\$ 182	\$ 3	\$ 105	\$ (110)	\$ 87	\$ 224	\$ 223	\$ 107	\$ 549	\$ 524	\$ 306
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:													
Depreciation and amortization	42	45	43	40	41	41	42	38	43	44	185	170	162
Deferred income taxes	(8)	(1)	(17)	(8)	(13)	(4)	(9)	(247)	2	(13)	(76)	(34)	(273)
(Income) loss from equity investments, net	14	60	6	(35)	7	5	1	7	(24)	10	(141)	45	20
Impairment losses on long-lived assets and loans receivable	-	-	-	-	-	-	-	-	-	-	43	-	-
Share-based compensation cost	13	34	38	51	140	513	199	185	182	218	26	79	1,037
Operating lease expense	9	8	9	8	8	9	9	9	9	9	41	34	35
Other non-cash operating activities, net	11	(13)	(4)	-	-	(3)	1	-	1	11	19	(6)	(2)
Changes in assets and liabilities:													
Accounts receivable, net (including receivables from related parties)	(65)	(144)	57	277	102	33	65	18	(23)	(202)	(219)	125	218
Contract assets, net (including contract assets from related parties)	16	23	(32)	(9)	(32)	(55)	(67)	(153)	(242)	91	(158)	(2)	(307)
Prepaid expenses and other assets	5	8	16	(30)	1	12	(32)	(42)	6	(62)	(41)	(1)	(61)
Accrued compensation and benefits and share-based compensation ⁽¹⁾	(541)	32	111	203	(447)	5	59	91	(201)	8	127	(138)	(292)
Contract liabilities (including contract liabilities from related parties)	14	(2)	(22)	(27)	24	(96)	(76)	(42)	9	(2)	(51)	(37)	(190)
Tax liabilities	50	(11)	48	(52)	12	(76)	18	16	(4)	(64)	112	35	(30)
Operating lease liabilities	(36)	(23)	6	(5)	(4)	(13)	(1)	(10)	(11)	(10)	(59)	(58)	(28)
Other liabilities (including payables to related parties)	20	(54)	(30)	67	(58)	(34)	14	573	(260)	(139)	101	3	495
Net cash provided by (used for) operating activities	\$ (231)	\$ 76	\$ 411	\$ 483	\$ (114)	\$ 227	\$ 310	\$ 667	\$ (290)	\$ 6	\$ 458	\$ 739	\$ 1,090
Cash flows provided by (used for) investing activities													
Purchase of short-term investments	(225)	(440)	(320)	(126)	(260)	(125)	(155)	(225)	(50)	(15)	(750)	(1,111)	(765)
Proceeds from maturity of short-term investments	290	320	335	136	120	126	105	74	50	155	245	1,081	425
Purchases of equity investments	(3)	-	(1)	(11)	(11)	-	(21)	-	(36)	(5)	(8)	(15)	(32)
Purchases of intangible assets	(14)	(8)	(3)	(4)	-	(13)	(30)	(8)	(9)	(7)	(41)	(29)	(51)
Purchases of property and equipment	(12)	(26)	(10)	(16)	(26)	(34)	(21)	(11)	(29)	(53)	(34)	(64)	(92)
Other investing activities, net, including investments in convertible loans	-	-	-	-	-	-	(0)	-	-	-	(0)	-	(0)
Net cash provided by (used for) investing activities	\$ 36	\$ (154)	\$ 1	\$ (21)	\$ (177)	\$ (46)	\$ (123)	\$ (170)	\$ (74)	\$ 75	\$ (619)	\$ (138)	\$ (516)

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

Arm Holdings plc
Published on November 6, 2024

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	FY	FY	FY
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Mar	31-Mar	31-Mar
	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE25	FYE25	FYE22	FYE23	FYE24
<i>(in millions)</i>													
Condensed Cash Flow Statement (Unaudited) ⁽²⁾													
Cash flows provided by (used for) financing activities													
Cash transfers associated with distribution and sale of Treasure Data and IoTP, respectively	-	-	-	-	-	-	-	-	-	-	(43)	-	-
Proceeds from short-term debt borrowing	-	-	-	-	-	-	-	-	-	-	(37)	-	-
Payment of intangible asset obligations	(11)	(9)	(11)	(9)	(10)	(11)	(8)	(11)	(20)	(11)	50	(40)	(40)
Other financing activities, net	-	-	(1)	(1)	(5)	(1)	(4)	-	(4)	(17)	(2)	(2)	(10)
Payment of withholding tax on vested shares	-	-	-	-	-	(12)	(36)	(110)	(72)	(25)	-	-	(158)
Net cash provided by (used for) financing activities	\$ (11)	\$ (9)	\$ (12)	\$ (10)	\$ (15)	\$ (24)	\$ (48)	\$ (121)	\$ (96)	\$ (53)	\$ (32)	\$ (42)	\$ (208)
Effect of foreign exchange rate changes on cash and cash equivalents	(10)	(11)	11	1	-	1	6	(4)	2	5	(17)	(9)	3
Net increase (decrease) in cash and cash equivalents	(216)	(98)	411	453	(306)	158	145	372	(458)	33	(210)	550	369
Cash and cash equivalents at the beginning of the period	1,004	788	690	1,101	1,554	1,248	1,406	1,551	1,923	1,465	1,214	1,004	1,554
Cash and cash equivalents at the end of the period	788	690	1,101	1,554	1,248	1,406	1,551	1,923	1,465	1,498	1,004	1,554	1,923
Cash and cash equivalents from continuing operations, end of the period	\$ 788	\$ 690	\$ 1,101	\$ 1,554	\$ 1,248	\$ 1,406	\$ 1,551	\$ 1,923	\$ 1,465	\$ 1,498	\$ 1,004	\$ 1,554	\$ 1,923
Free Cash Flow (Unaudited) ⁽²⁾													
Net cash provided by (used for) operating activities	\$ (231)	\$ 76	\$ 411	\$ 483	\$ (114)	\$ 227	\$ 310	\$ 667	\$ (290)	\$ 6	\$ 458	\$ 739	\$ 1,090
<i>Adjusted for:</i>													
Purchases of property and equipment	(12)	(26)	(10)	(16)	(26)	(34)	(21)	(11)	(29)	(53)	(34)	(64)	(92)
Purchases of intangible assets	(14)	(8)	(3)	(4)	-	(13)	(30)	(8)	(9)	(7)	(41)	(29)	(51)
Payment of intangible asset obligations	(11)	(9)	(11)	(9)	(10)	(11)	(8)	(11)	(20)	(11)	50	(40)	(40)
Non-GAAP free cash flow	\$ (268)	\$ 33	\$ 387	\$ 454	\$ (150)	\$ 169	\$ 251	\$ 637	\$ (348)	\$ (65)	\$ 433	\$ 606	\$ 907

(1) For the fiscal year ended March 31, 2023, the quarterly values for share-based compensation expense and accrued compensation and benefits will not sum to their respective full year total, each having an offsetting variance of \$57m. This resulted from certain equity-settled awards being converted to liability-settled during the quarter ended December 31, 2022, and all related expenses incurred up through the prior quarter were reclassified from Equity to Liability. This variance is one-time, known and expected, and has no impact to overall cash flow.

(2) This should be read in conjunction with our Form 6-K to be filed with the Securities and Exchange Commission (SEC) on November 7, 2024, and the Shareholder Letter for the second quarter of the fiscal year ending March 31, 2025 which will be available on the Investor Relations section of Arm's website. For more information and definitions of the Non-GAAP measures see the "Key Financial and Operating Metrics" section in the Shareholder Letter.