



# Arm Holdings plc Q4 FYE24 Results Presentation

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## Non-GAAP Financial Measures

In addition to disclosing results determined in accordance with generally accepted accounting principles, or GAAP, this presentation includes certain non-GAAP financial measures that differ from measures calculated in accordance with GAAP, such as 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 income (loss) from continuing operations, non-GAAP net income (loss) from continuing operations, free cash flow, and free cash flow TTM. These non-GAAP measures are in addition to, and not a substitute for or superior to, financial measures prepared in accordance with GAAP and should be considered in conjunction with, Arm’s historical GAAP financial measures. These non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may differ from similarly titled metrics or measures presented by other companies. A reconciliation of these measures to the most directly comparable GAAP measure is included at the end of these slides. 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.

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Q4 FYE24  
Results Summary

# Q4 FYE24: Highlights

**\$928m**

Total revenue up 47% yoy

**\$414m**

License and other revenue up 60% yoy

**\$514m**

Royalty revenue up 37% yoy

**arm**

**\$391m<sup>(1)</sup>**

Non-GAAP Operating Income

42.1% Non-GAAP operating margin

**\$907m**

Trailing 12 Months FCF up 50% yoy

**7.0bn**

Chips reported as shipped

287.4bn Cumulative chip shipments

1. Non-GAAP Operating Income for Q4 FYE23 showed a \$1m loss, not allowing for a sensible year-over-year comparison

# Full Year FYE24: Highlights

**\$3,233m**

Total revenue up 21% yoy

**\$1,431m**

License and other revenue up 43% yoy

**\$1,802m**

Royalty revenue up 8% yoy

**arm**

**\$1,408m**

Non-GAAP Operating Income up 80% yoy  
43.6% Non-GAAP operating margin

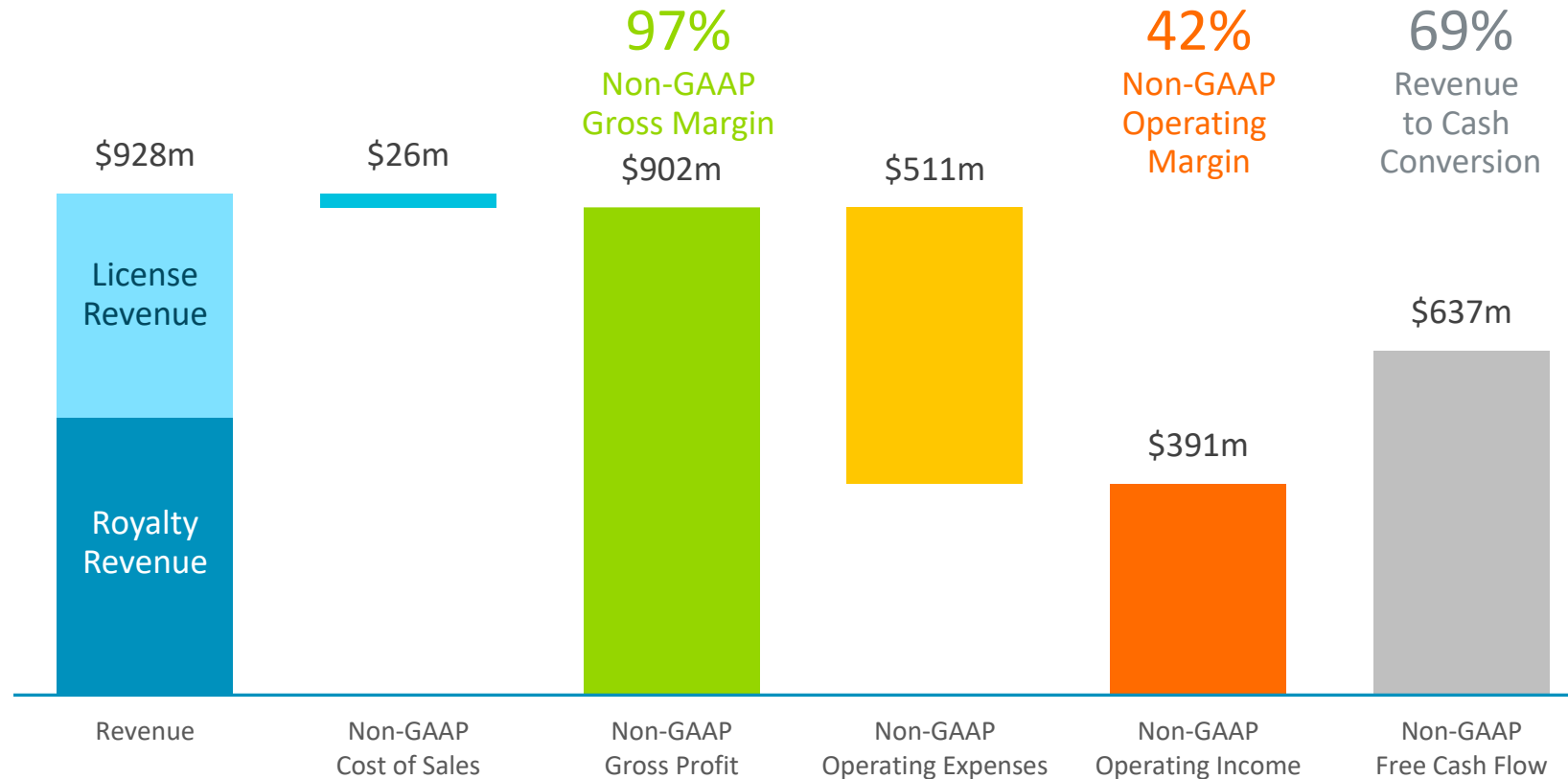
**\$907m**

Trailing 12 Months FCF up 50% yoy

**28.6bn**

Chips reported as shipped  
287.4bn Cumulative chip shipments

# Q4 FYE24: From Revenues to Profits to Cash

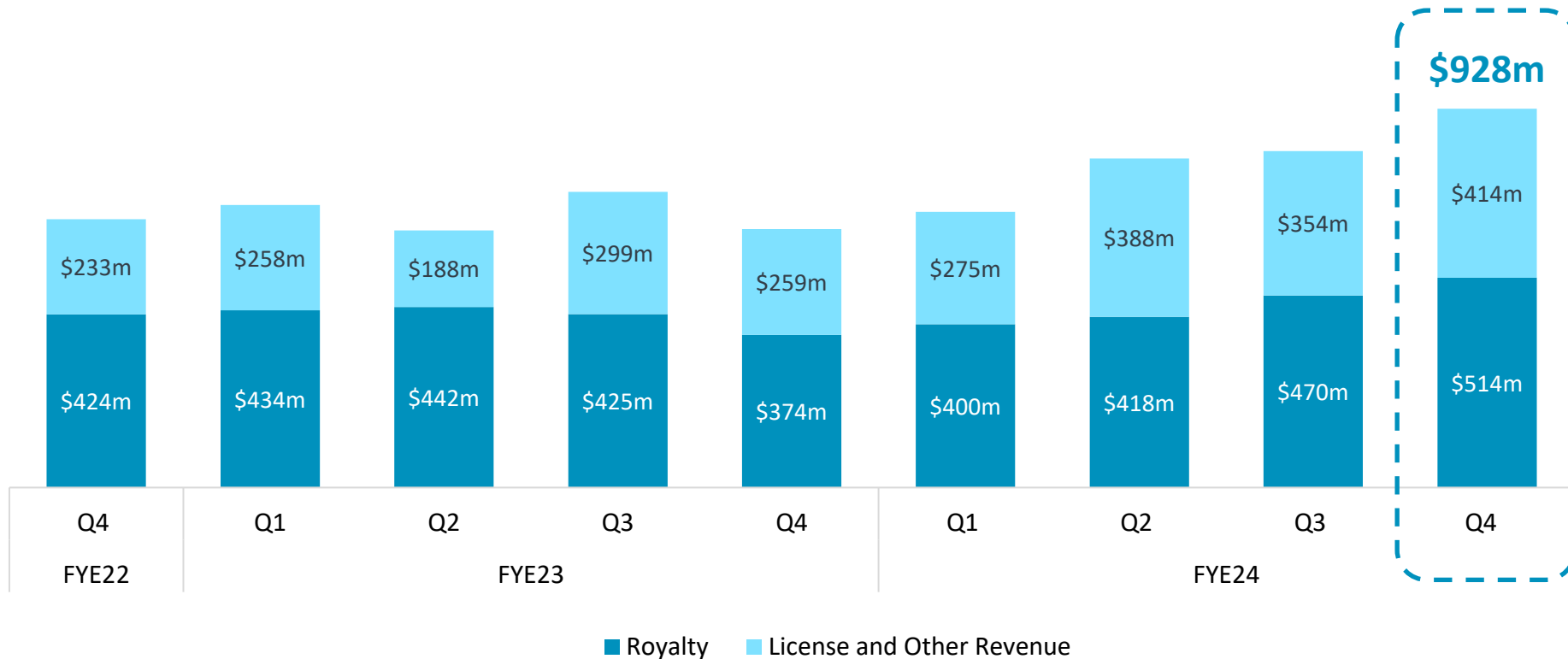


Notes:

1. Depreciation and amortisation for Q4 FYE24 was \$38m
2. Non-GAAP Operating Income and Free Cash Flow are non-GAAP metrics. Please see the end of this presentation for a reconciliation of each to the most directly comparable GAAP metric
3. Free Cash Flow includes \$573m change in working capital benefit that is primarily related to cash held for payroll taxes expected to be paid in Q1 FYE25

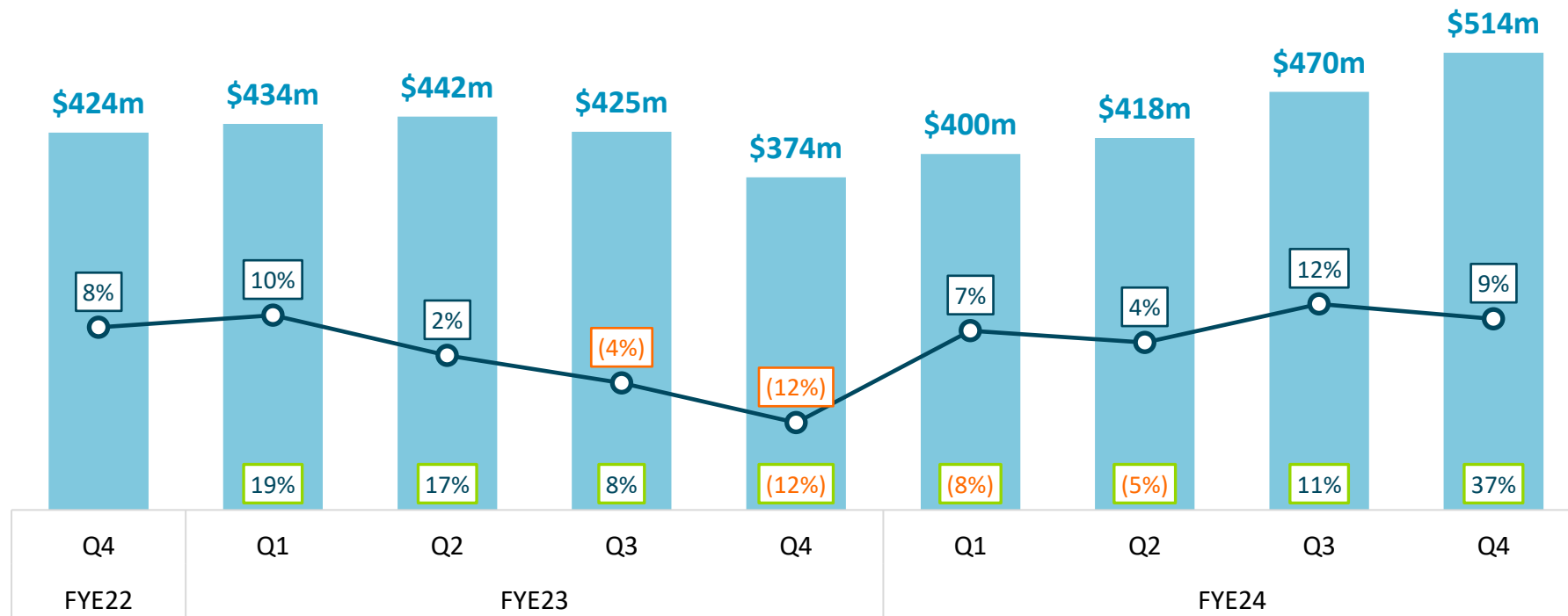
# Q4 FYE24: Revenue

- + Total revenue: \$928m up 47% yoy – Highest ever!
- + License and other revenue: \$414m up 60% yoy driven by multiple new ATA agreements and the increased demand for Arm's power-efficient and high-performance technology in applications from AI to datacenters to edge computer
- + Royalty revenue: \$514m up 37% yoy with strong smartphone sales and Arm v9 penetration



# Q4 FYE24: Royalty Revenue

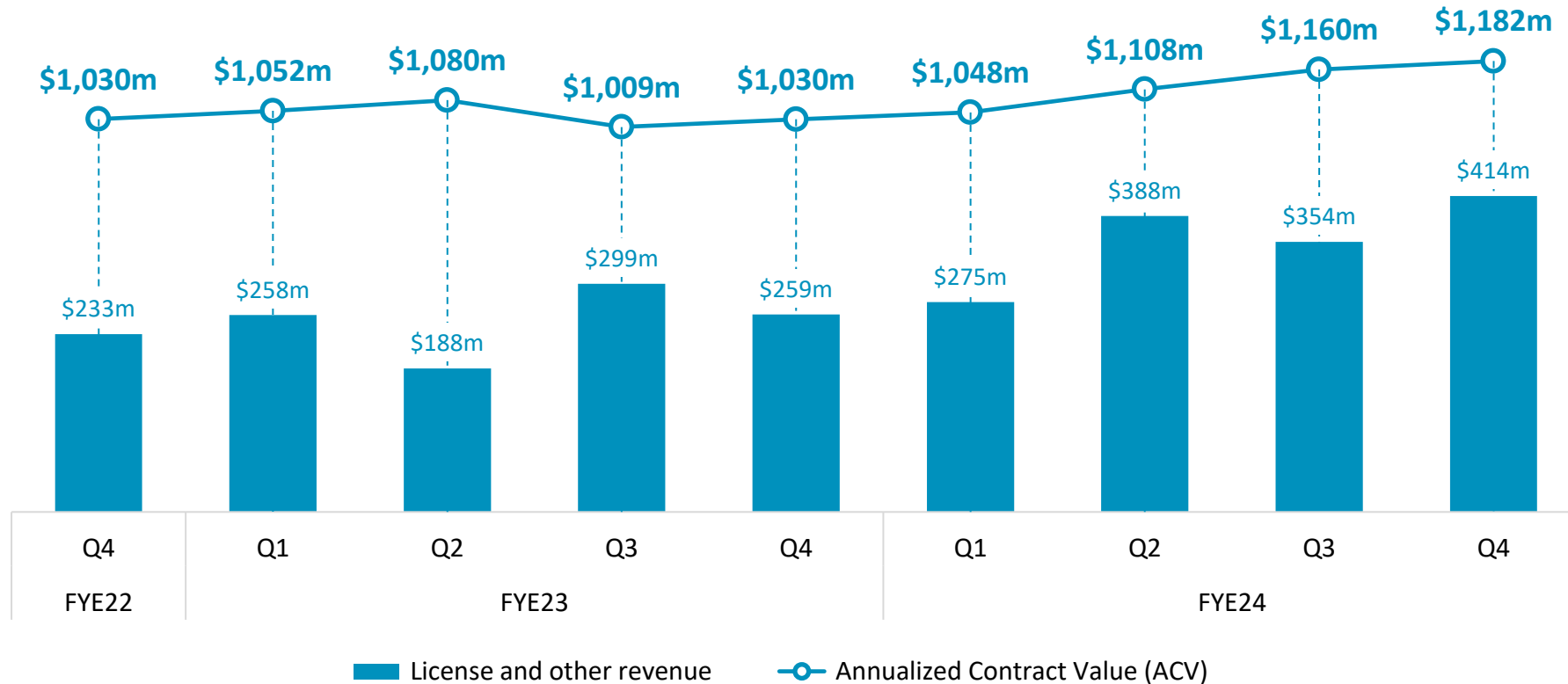
- + Record royalty revenue up 37% yoy and 9% sequentially
- + Arm is benefitting from Armv9 adoption in smartphones and market share gains in automotive and cloud hyperscalers
- + Semiconductor industry grew strongly in the second half of Calendar 2023, with some weakness expected in industrial and automotive markets; given our high share in many markets, Arm can be impacted by broad industry trends





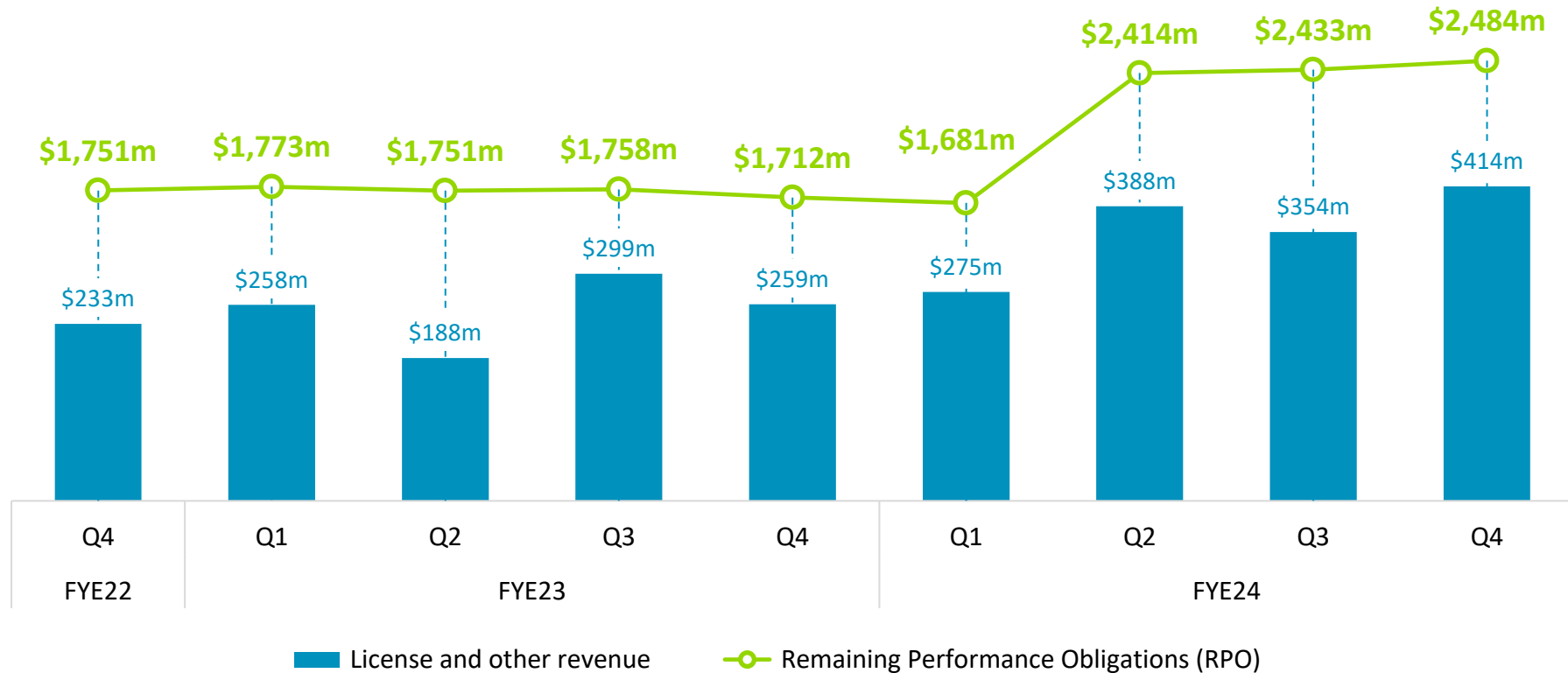
# Q4 FYE24: Annualized Contract Value

+ Annualized contract value increased during Q4 driven by multiple high-value, long-term ATA agreements



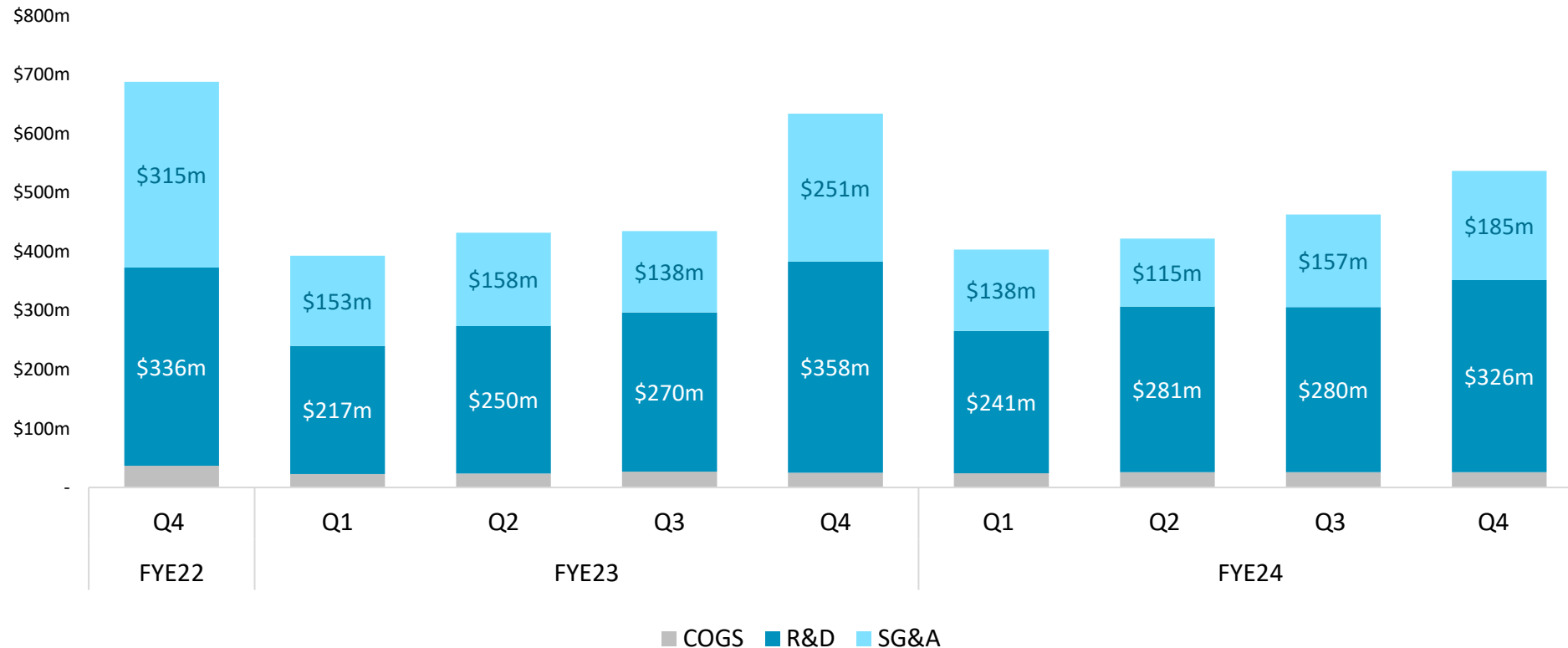
# Q4 FYE24: Remaining Performance Obligation (RPO)

- + Remaining performance obligations represent revenue that will be recognized in future periods
- + RPO is up 45% year-over-year and up slightly sequentially driven by multiple high-value, long-term agreements



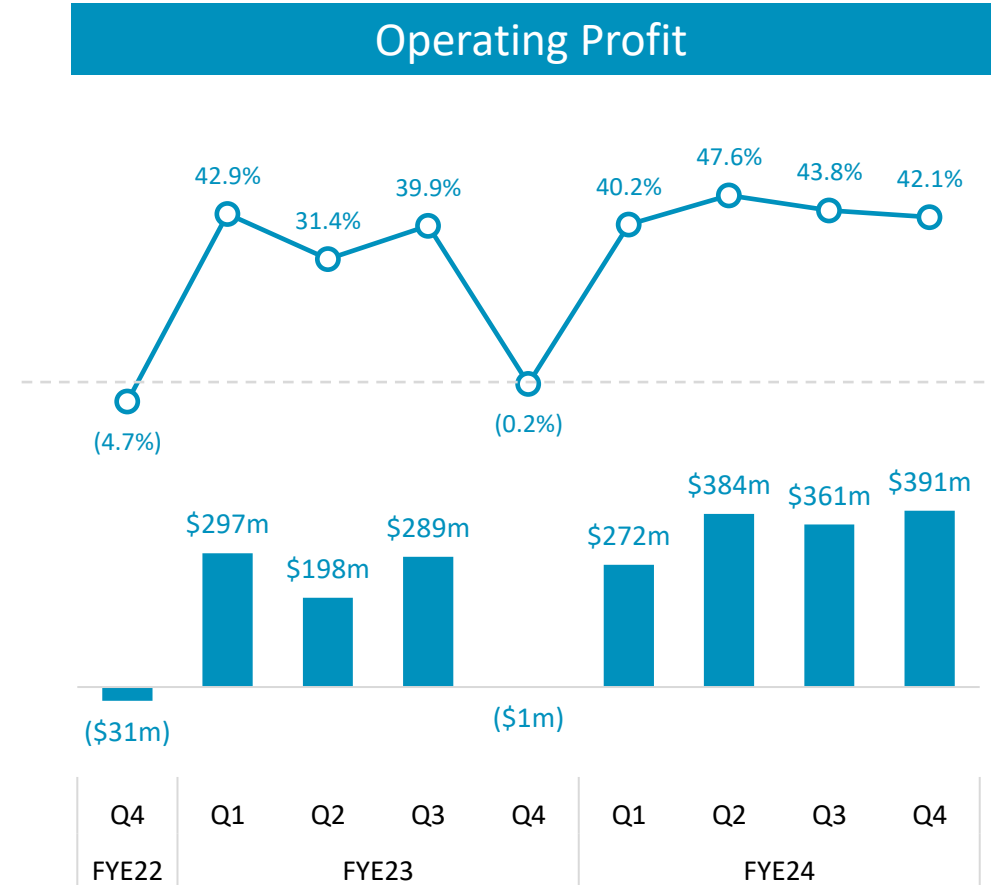
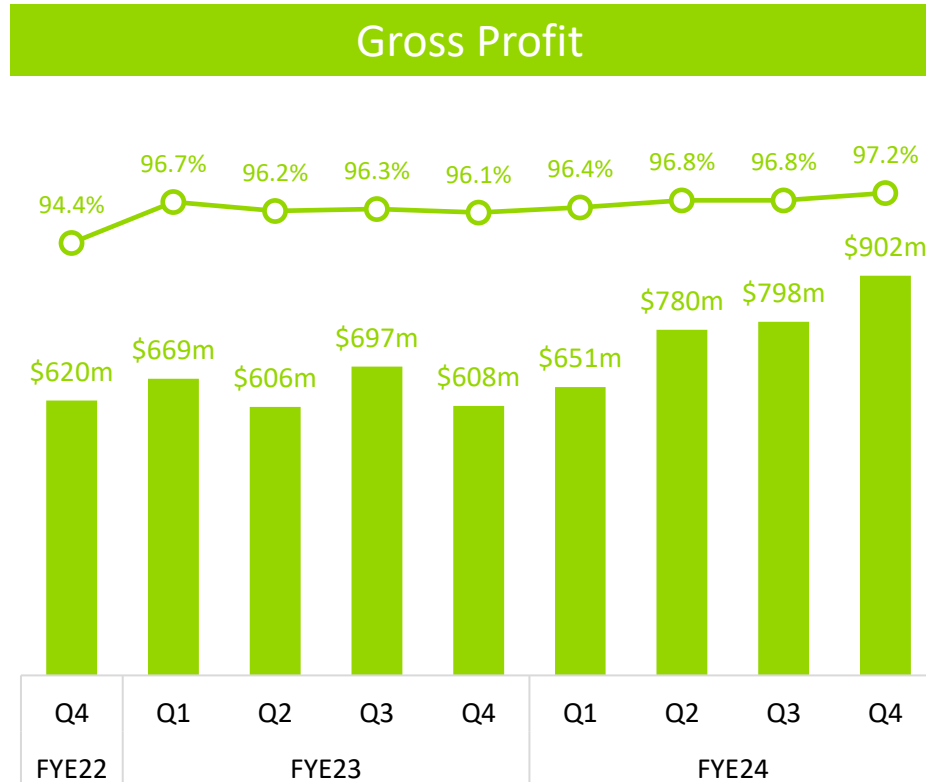
# Q4 FYE24: Non-GAAP Cost of Sales and Operating Expenses

- + Q4 Total Non-GAAP Operating Expense was \$511m, down 16% yoy
- + Headcount increased 19% yoy, but this was more than offset by the change in mix of share-based compensation cost from liability settled to equity-settled and a favorable year-over-year comparison in legal and bonus costs



# Q4 FYE24: Non-GAAP gross and operating profit

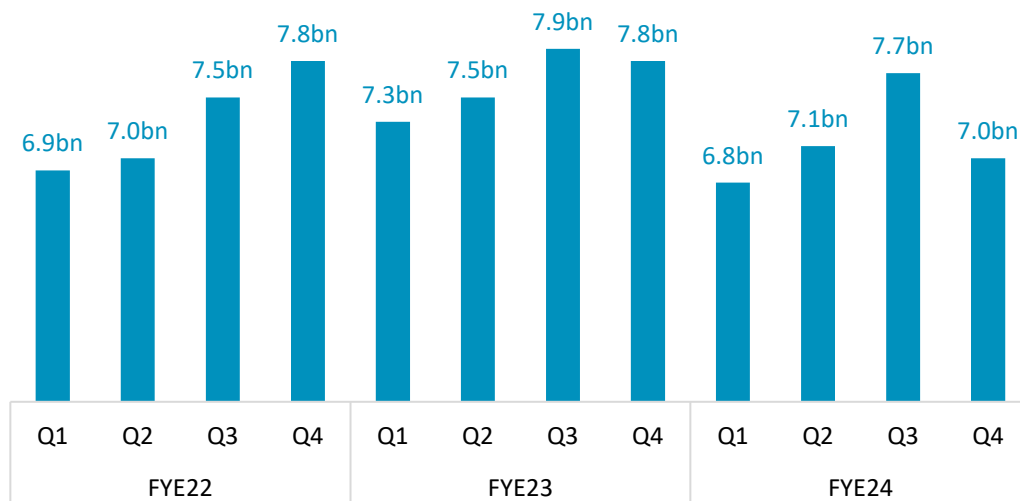
Q4 gross profit and operating profit margins remaining over 95% and 40%, respectively





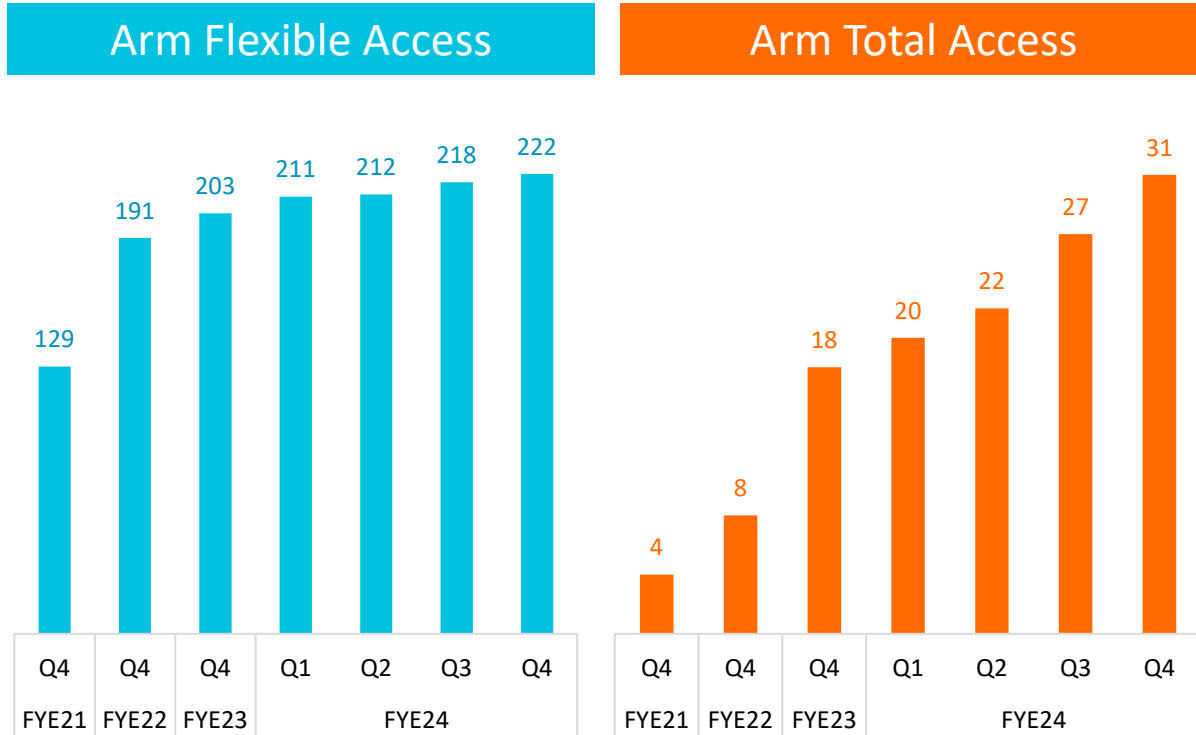
# Q4 FYE24: Chips reported as shipped

## Chips Reported as Shipped



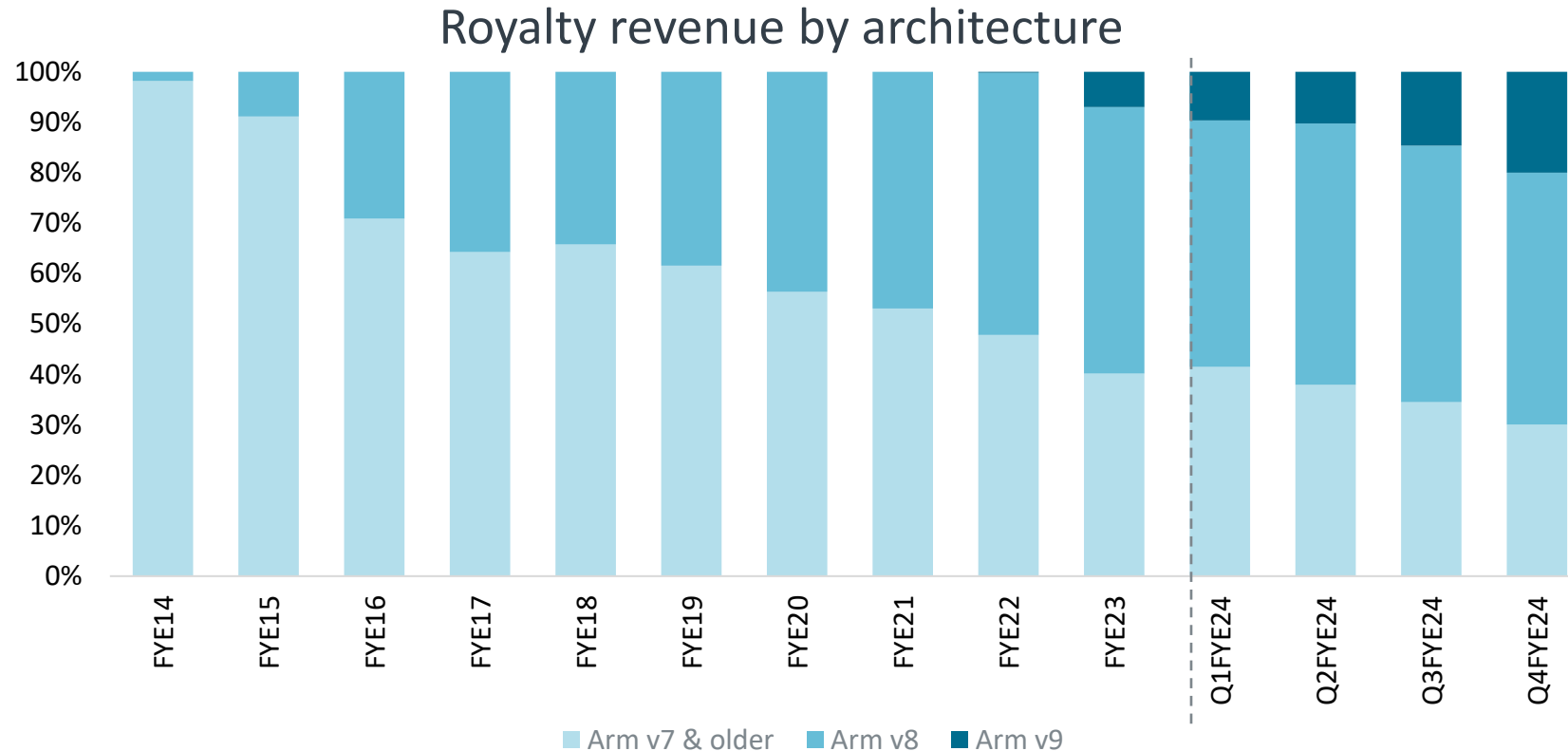
- + Chip shipments relate to the October to December quarter
- + Down 10% year-over-year and 9% sequentially mainly due to the impact of inventory correction in industrial IoT
- + IoT chips are very high volume, but relatively low value, so the decline has not had a material impact on revenue

# Q4 FYE24: Non-Financial Metrics



- + Arm Total Access at 31, up 4 sequentially
  - Target markets for these licensees include AI-enabled smartphones, servers 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 222, up 4 sequentially
  - Targeting early-stage companies developing products for: AI accelerators, automotive applications, consumer electronics, robotics and smart sensors

# Armv9 is expected to replace most Armv8-based chips



- + Armv9 is expected to replace most of the Armv8-based chips in smartphones, servers, consumer electronics and most automotive applications
- + Chips based on Armv9 can command a substantially higher royalty per chip than previous generation architectures.

# Guidance

	Q1 FYE 25	FYE 25
Revenue (\$m)	\$875m - \$925m	\$3,800m - \$4,100m
Non-GAAP Operating Expense (\$m) <sup>1</sup>	~\$475m	~\$2,050m
Non-GAAP fully diluted earnings per share (\$) <sup>1</sup>	\$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

## Q4 FYE24

## Background on Arm

# Arm is Building the Future of Computing

- + Arm is the world's most pervasive CPU architecture
- + Everything today is a computer  
– CPUs needed everywhere
- + Strong growth, highly profitable and cash generative company

**285+ Billion**

Arm-based chips shipped since inception

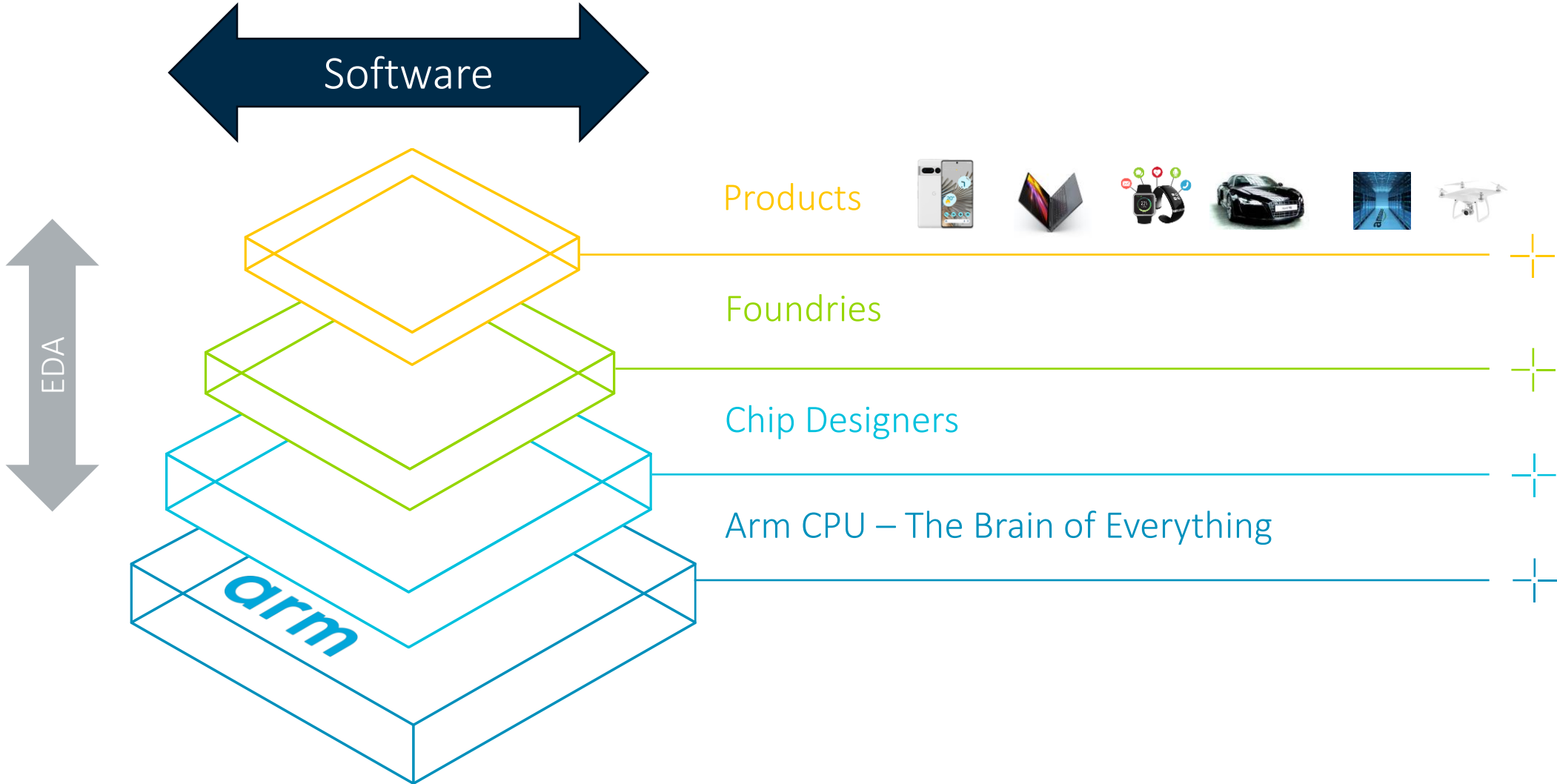
**28.6 Billion**

Arm-based chips reported as shipped in FYE24

**18M+**

Software Developers on Arm

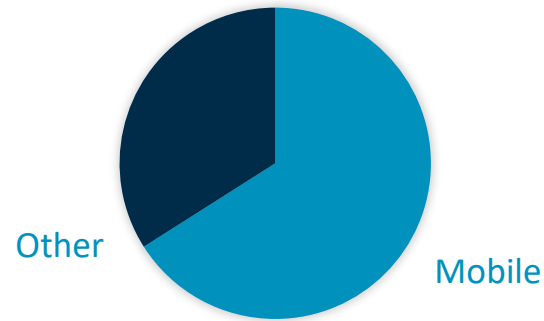
# The Foundation of the Semiconductor Industry



# What Have We Done Since 2016?

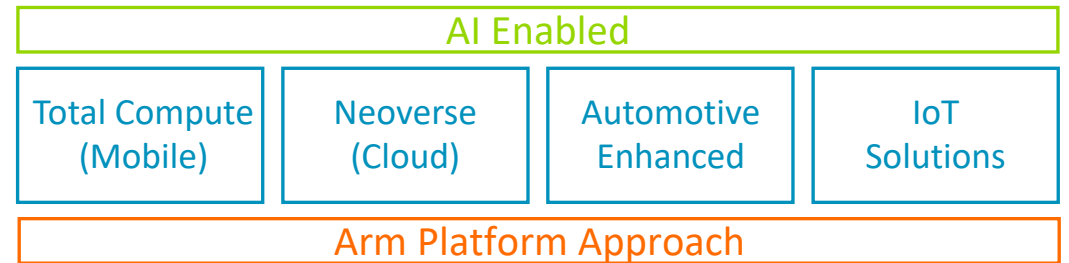
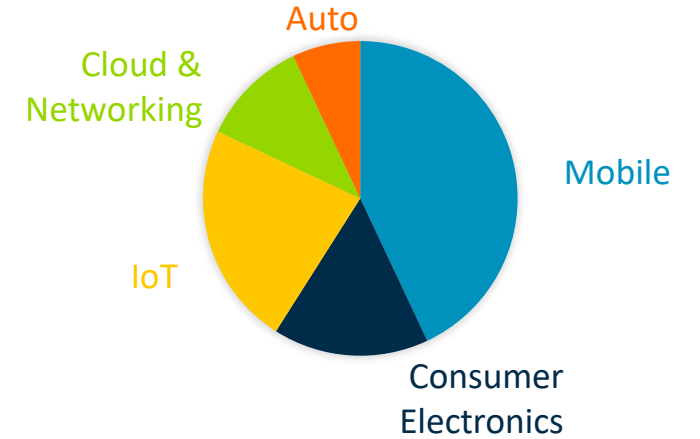
Then<sup>1</sup>

General Purpose CPU



Now<sup>1</sup>

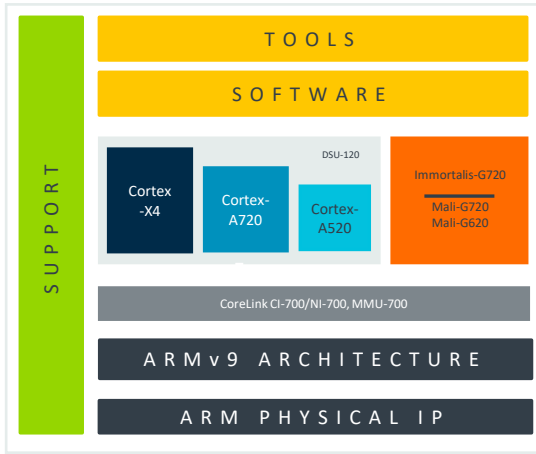
MARKET SPECIFIC STRATEGY



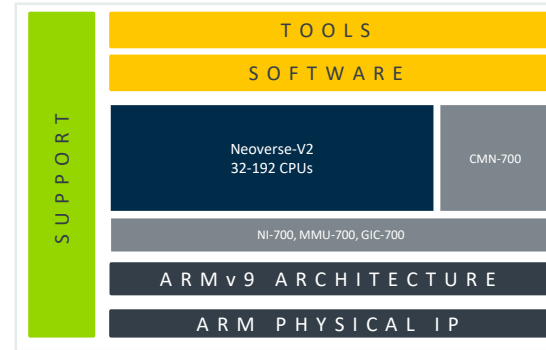


# CPU and subsystems for every target end-market

## Mobile – Total Compute Subsystem



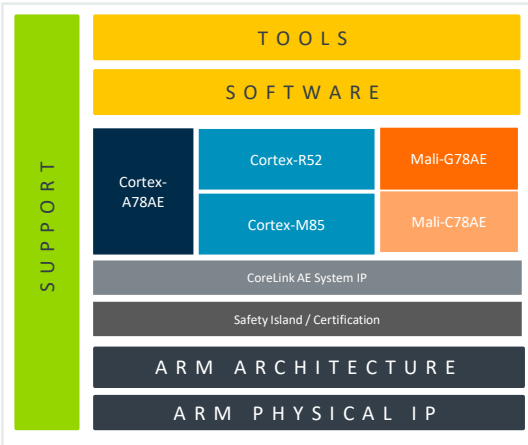
## Infrastructure - Neoverse Compute Subsystem



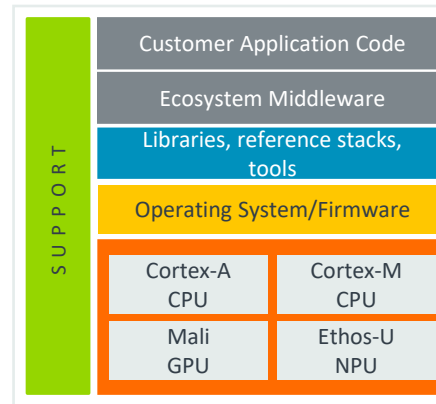
Up to  
↑ 40%  
Price/Performance



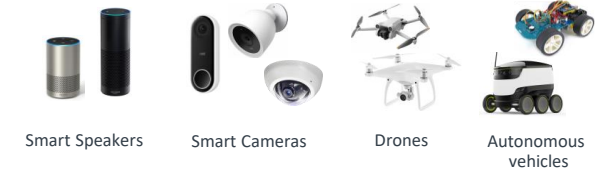
## Automotive Enhanced Subsystem



## IoT Solutions Subsystem



## Consumer IoT



## Industrial IoT



✓ Increasing performance

✓ Power efficiency

✓ Software ecosystem

# Infrastructure – Progressing our Strategy

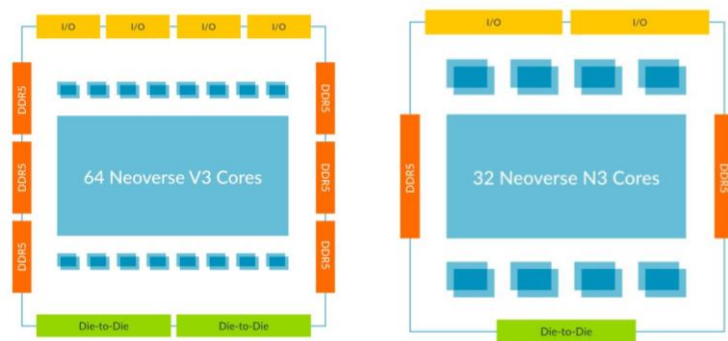
Arm continues to gain market share within the cloud compute market as our customers increasingly adopt and deploy Arm CPUs into cloud server chips driven by the need for power efficient computing.

## Recent announcements

### Two new CPUs and platforms for AI acceleration, cloud servers & HPC

Arm Neoverse CSS V3 targeting HPC & AI with 50% higher performance vs CSS N2

Arm Neoverse CSS N3 for cloud compute with 20% higher performance vs CSS N2



### Google announce Arm-based chip for Cloud Compute

Google announced Axion, their first Arm-based chips for internal and GCP workloads Based on Arm Neoverse V2

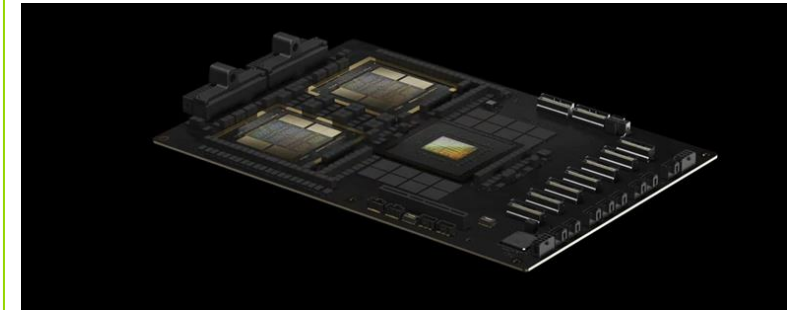
Delivers 60% better energy efficiency and 50% more performance than x86-based chips



### NVIDIA announce Grace Blackwell Superchip (GB200)

NVIDIA announced the Grace Blackwell Superchip combining Grace chip with 72 Arm Neoverse CPU cores with two NVIDIA GPU chips

Delivers significantly faster AI for training and inference



# Automotive – Progressing our Strategy

The automotive semiconductor market is one of Arm's fastest growing opportunities and where we have been rapidly gaining market share

## Recent announcements

### Arm announces next generation of automotive technologies

Arm Neoverse V3AE: Data center levels of performance for autonomous driving

Arm Cortex-A720AE: Armv9 CPUs for S/W defined vehicle applications

Arm Cortex-R82AE: 64-bit computing for embedded applications



### Arm partnership reducing development time by up to two years

Arm is partnering with Amazon AWS, Cadence, Correllium and Siemens to create virtual cloud-based platform for s/w defined vehicles

Enables hardware and software to be developed in parallel reducing total time by up to two years



### Level 4 autonomous driving with Nuro on Arm

Nuro is collaborating with Arm to create Nuro Driver a scalable autonomous platform for commercial and consumer applications

This technology is on roads today being used for local goods delivery



# IoT/Embedded – Progressing our Strategy

Arm is already the leading CPU architecture for IoT devices and embedded computers. Billions of IoT and embedded devices are in use today gathering and analyzing vast new sources of data. Billions more will be deployed to help us solve complex issues, such as the managing the impact of climate change, improving urban infrastructure, accelerating supply chains, and making healthcare accessible to all

## Recent announcements

### New Arm NPU for AI at the Edge

Arm announced Ethos-U85 NPU delivering 4x performance uplift compared with previous generation for edge AI applications such as factory automation and commercial or smart home cameras

Transformer acceleration bringing LLMs to deeply embedded devices



### New Arm NPU enabled MCU

Alif announced Balletto family of Bluetooth Low Energy MCUs based on Arm Cortex-M55 and Arm Ethos-U55 for wide range of AI enabled applications such as door-locks, toys, smart sensors and digital assistants



### New Arm enabled MPU for Edge AI

STMicroelectronics introduces their first 64-bit Arm-based MPU for AI accelerated applications such as machine-vision systems, scanners, medical wearables, network gateways, smart appliances, and industrial and domestic robots





# Client – Progressing our Strategy

Our strategy is to develop and license more advanced technology such as CPUs based on its Armv9 architecture, and platforms that deliver additional functionality, higher performance, and higher energy efficiency in mobile and consumer computing devices. Arm’s customers and end device consumers continue to demand these latest and greatest advances

## Recent announcements

### AI Smartphones

AI enabled smartphones based on the latest Arm Cortex-X4 are changing how we interact with our mobile devices

Arm Cortex-X4 enables on phone learnings, generative AI and LLM capabilities including image creation, live translation, and computational photography



Samsung Galaxy S24

Vivo iQoo 12

Xiaomi 14 Pro

### Generative AI for edge devices

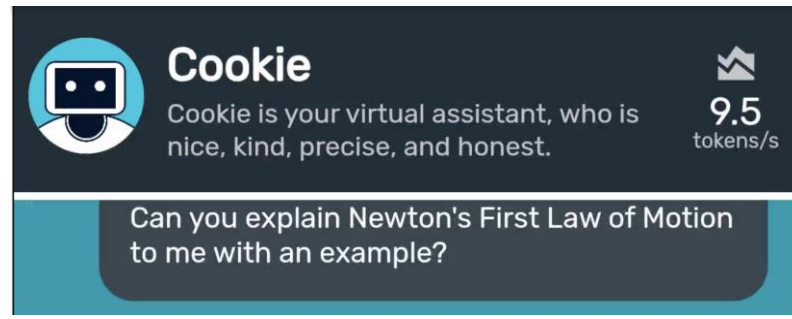
Meta announced that it has incorporated one of the most widely used AI frameworks, PyTorch/ExecuTorch, with Arm’s software, enabling on-device inference capabilities to run efficiently on mobile devices



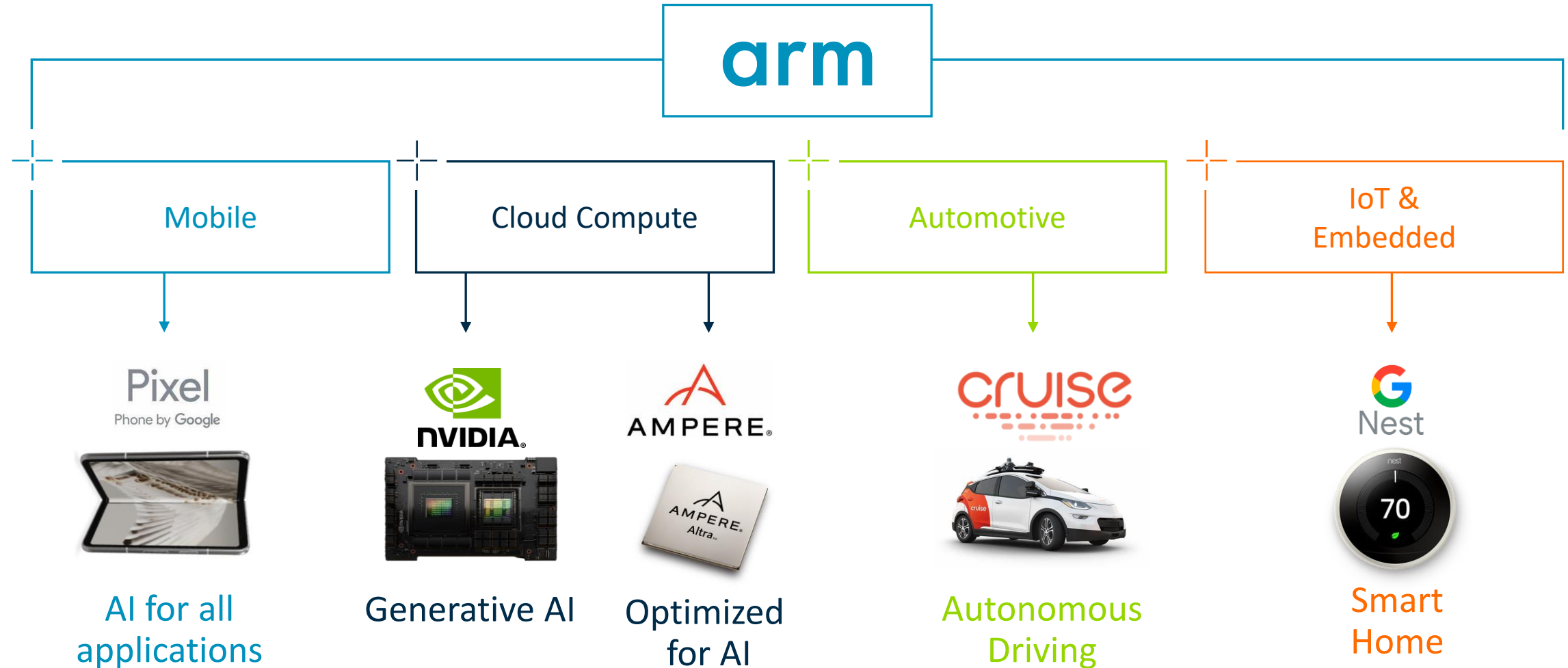
### Energy-efficient virtual assistant

Arm revealed “Cookie” an energy efficient LLM that can run on 90% of current smartphones on just the CPU

On a mid-range smartphone, Cookie runs at faster than the average human reading speed and can run on 90% of smartphones



# AI on Arm is Everywhere



# Unparalleled Software Ecosystem

18M

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 



vmware®

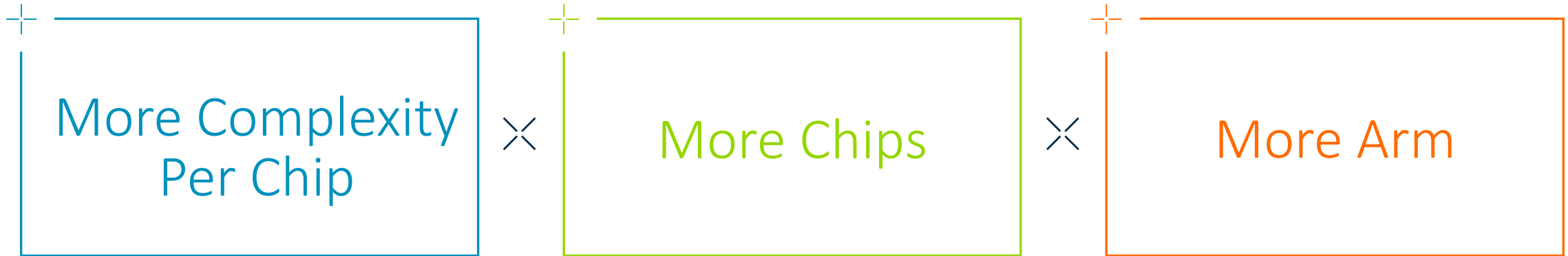
WINDRVR



# Arm is the Ubiquitous Choice

	arm	X86	RISC-V
Ability to license	✓		✓
Energy efficiency	✓		✓
Compute performance	✓	✓	
Software ecosystem	✓	✓	
Standardization	✓	✓	
End-market solutions	All	PC / Server	Low-end embedded

# Why Arm Continues to Grow

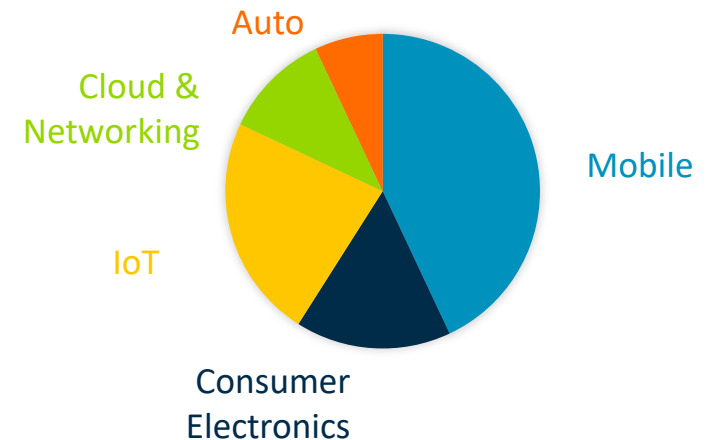


8 FYE16

192 FYE24

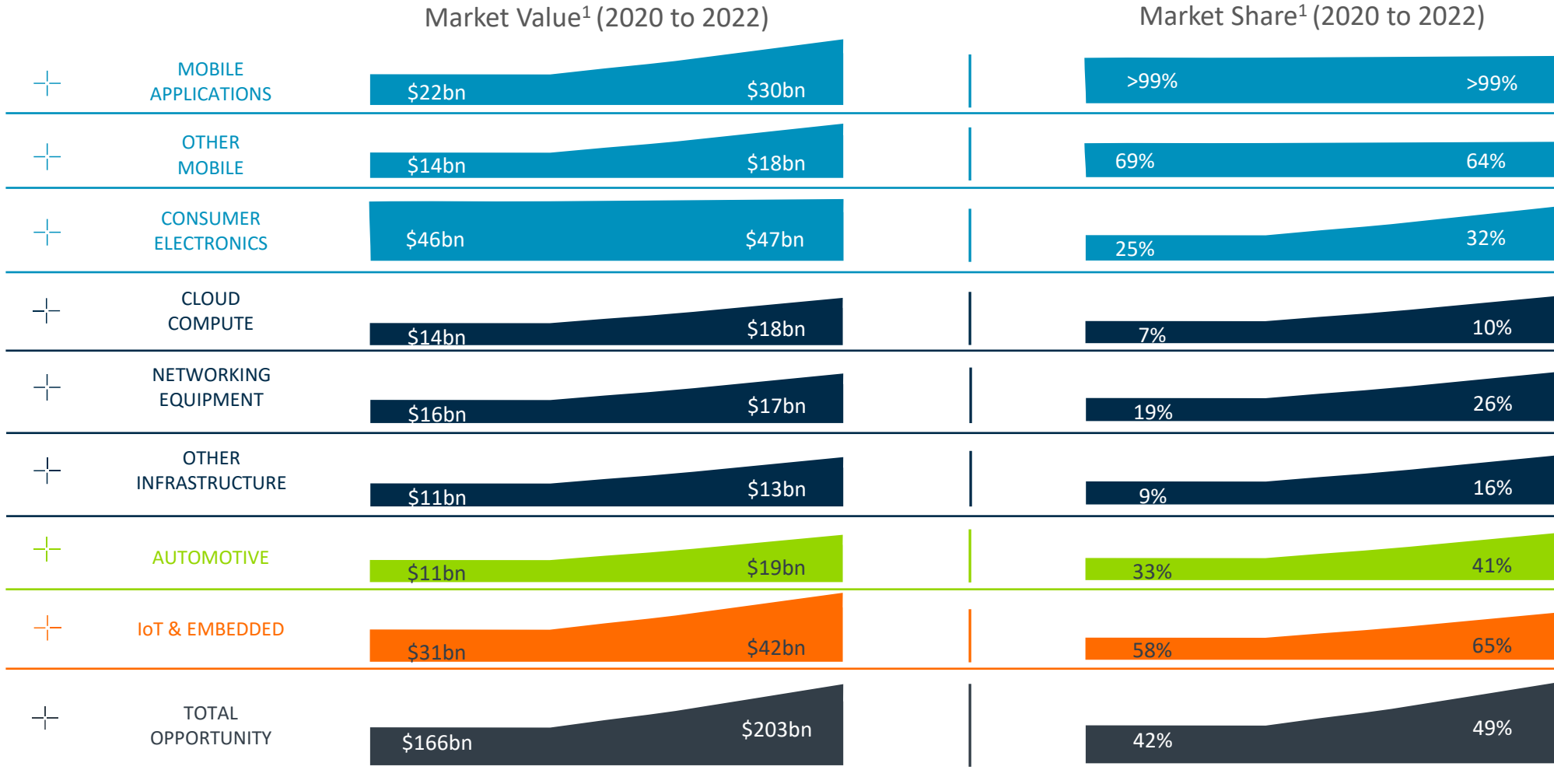
Number of cores per "high end" Arm-based chip

1.7x More  
Increase in number of Arm-based chips shipped



# Royalty: Gaining Share in a Massive and Growing Market

Client  
Infrastructure  
Auto  
IoT

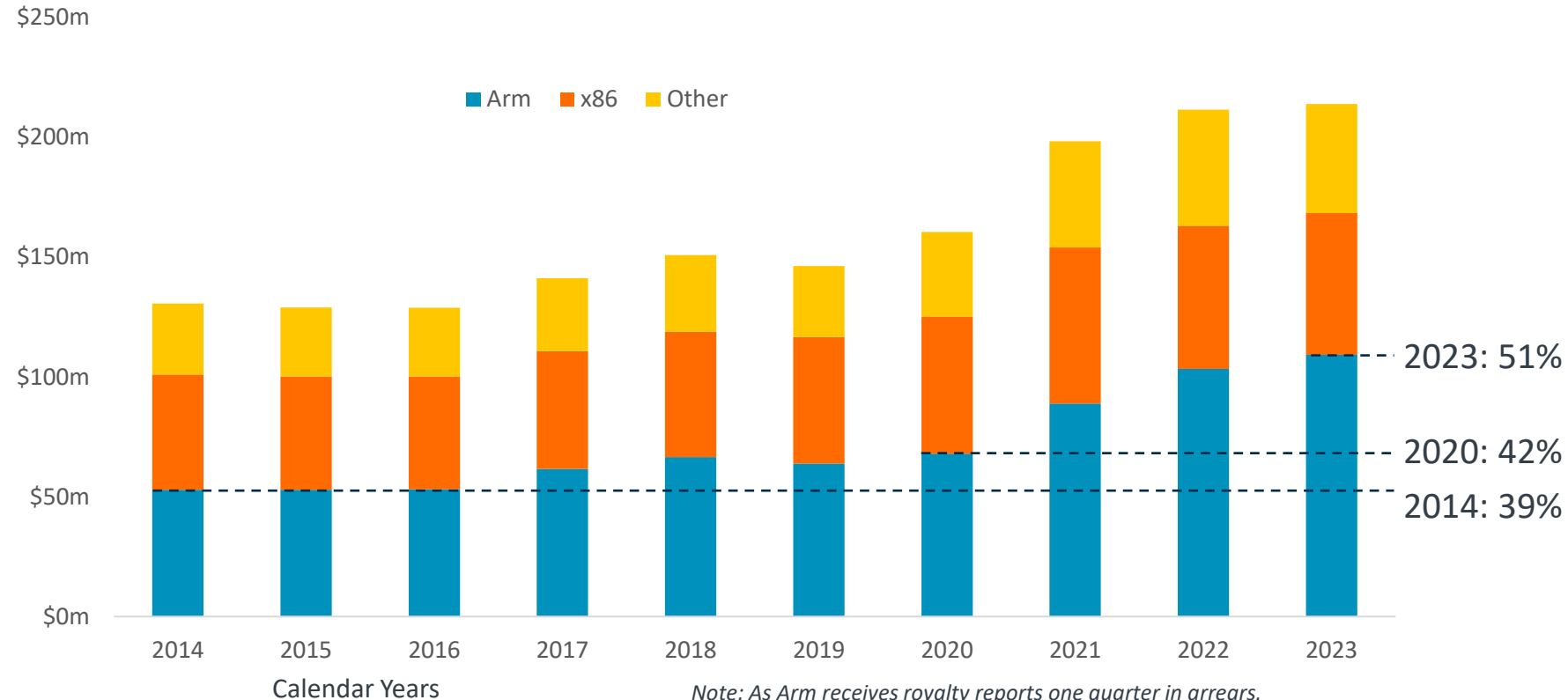


Note: As Arm receives royalty reports one quarter in arrears, market share data for FYE24 will be provided in July following Q1 results



# Royalty Revenue: Arm is Gaining Share

## Market Share by Chip Value



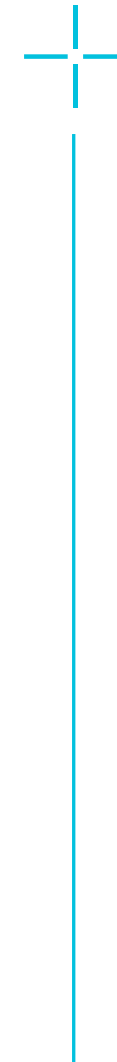
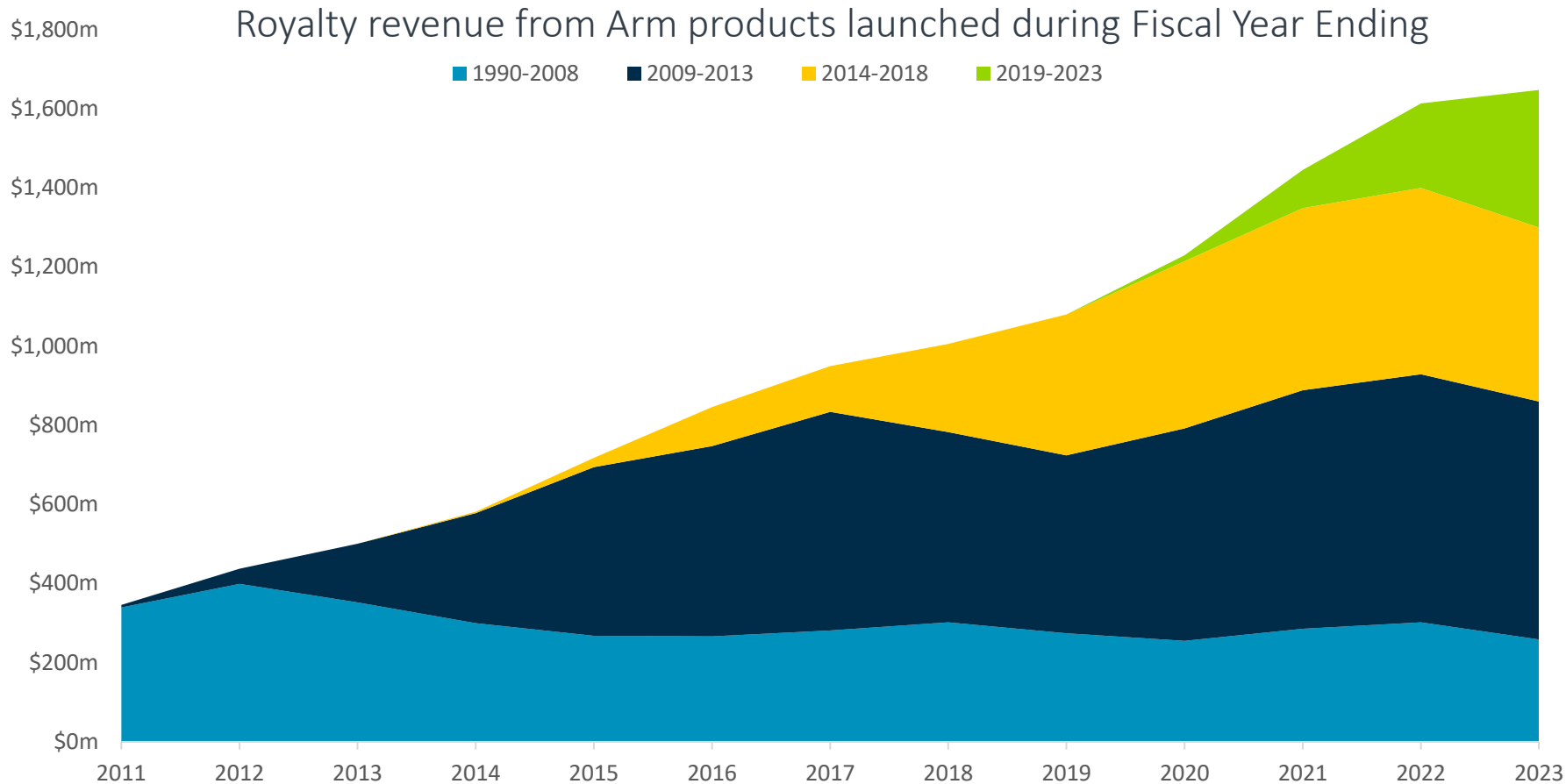
Note: As Arm receives royalty reports one quarter in arrears, market share data for FYE24 will be provided in July following Q1 results

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 1990's

Long term visibility, near term predictability

Based on year chip was shipped

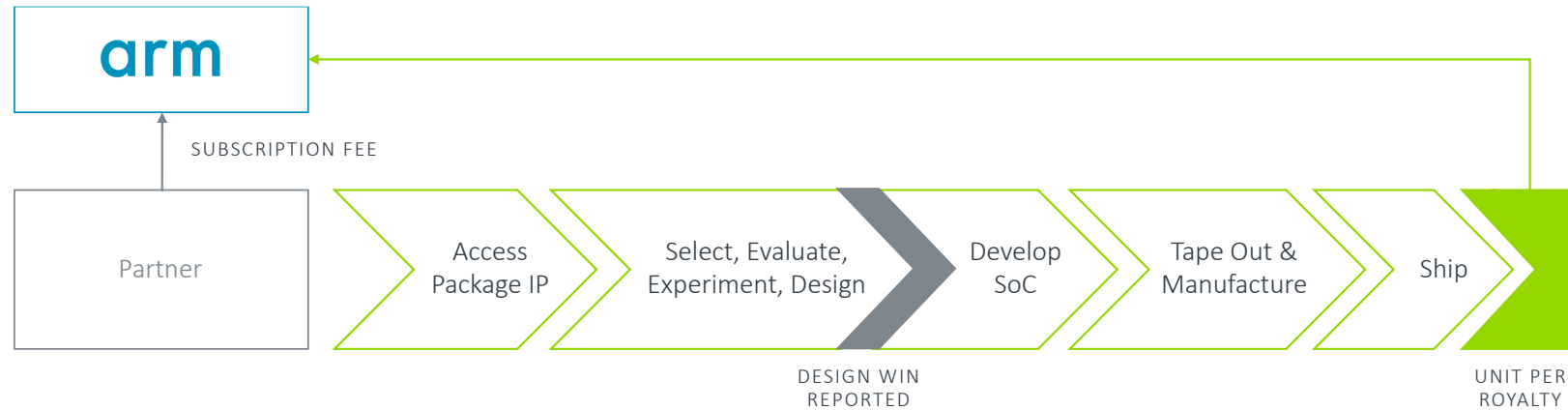
Note: Based on data derived from royalty reports provided by Arm's customers. As Arm receives royalty reports one quarter in arrears, market share data for FYE24 will be provided in July following Q1 results



# Royalty-led Subscription Business Model

## Arm Total Access

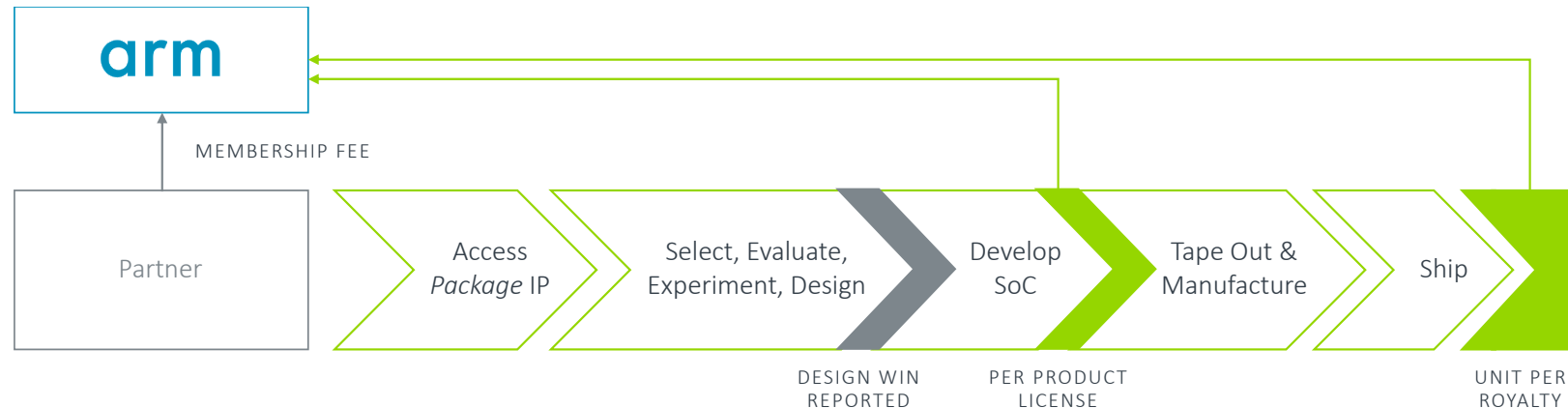
Long term subscription-based access to an extensive portfolio of more than 300 CPUs, GPUs and other IP including Arm's latest products



## Arm Flexible Access

Low / no-cost subscription-based access to ~100 of Arm's most popular CPUs, GPUs and other IP

Customers are free to experiment with products contained in the package

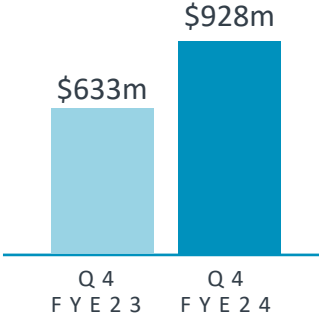


# Arm's Financial Opportunity

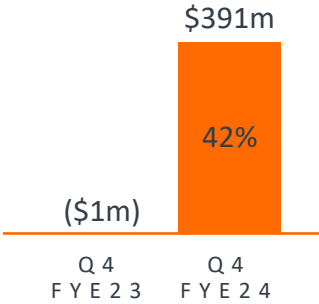
Strong revenue growth opportunity

Balancing investing for long term growth with best-in-class margins

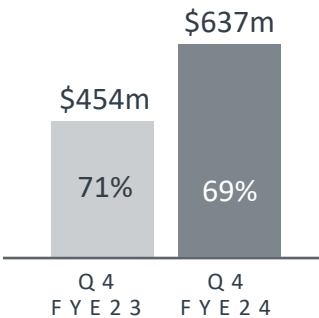
Robust cash generation



Revenues:  
47% growth



Non-GAAP  
operating profit  
and margin



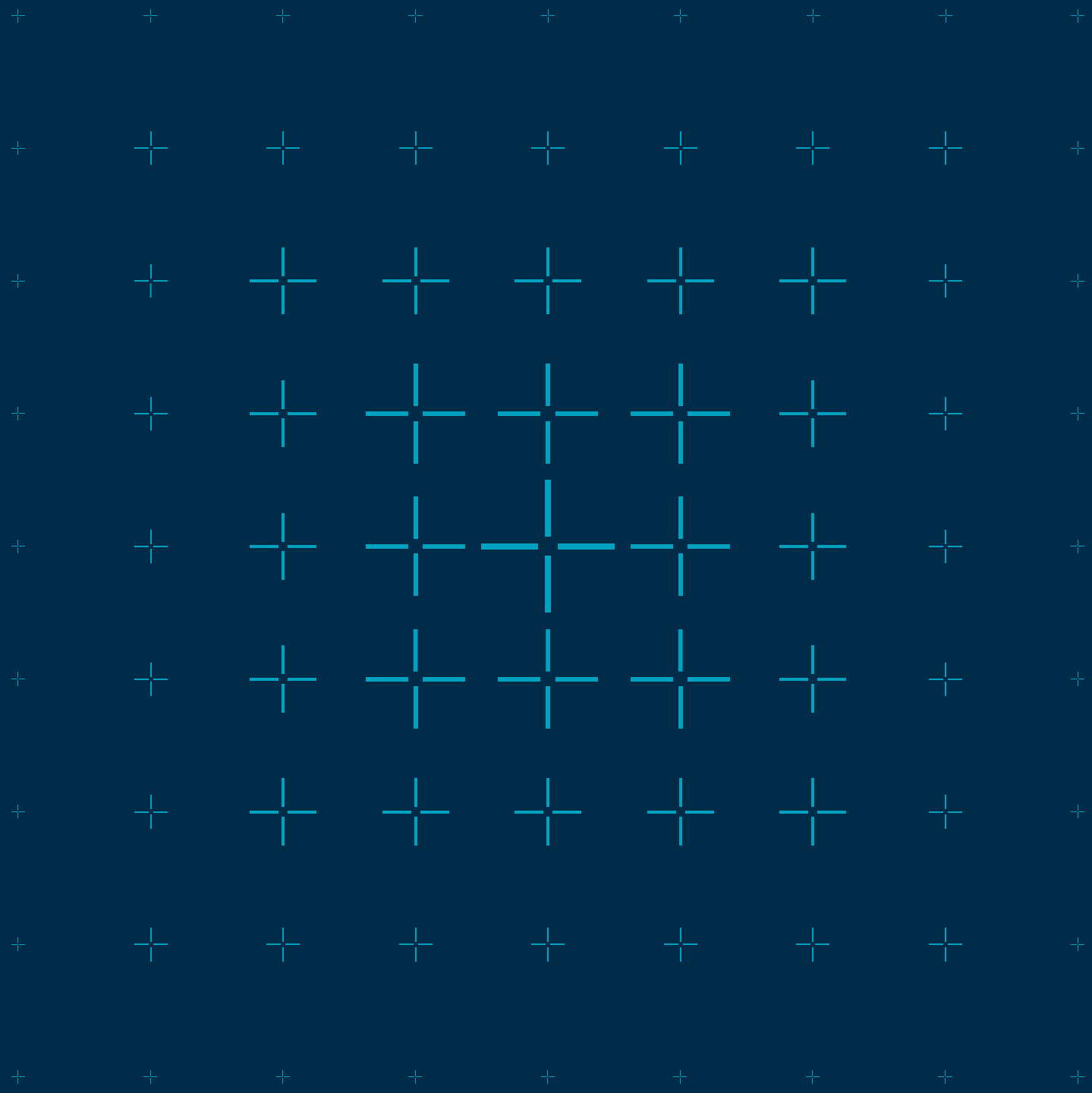
Non-GAAP FCF and  
cash conversion from  
revenue





# arm

## Appendix



# Environmental, Social and Governance

Using the power of technology to build a better world for everyone

## *Decarbonising compute*

- + Arm's high performance, energy-efficient technology has the potential to help reduce emissions from billions of devices from sensors to servers
- + Arm is committed to achieving net-zero carbon emissions by 2030

## *Closing the digital divide*

- + Extending the benefits of technology to people and areas not currently prioritized
- + Arm Flexible Access is enabling 100's of companies to gain access to Arm technology at lower costs
- + Arm Education helps to close the skills gap by supporting more than 10,000 computer engineering courses at over 2,500 universities since 2013

## *Intending to lead in corporate responsibility*

- + Demonstrated through our values and responsible business practices
- + Continuously developing our sustainability strategies

# Reconciliations: GAAP to Non-GAAP and Adjustments

Includes retrospective change to Non-GAAP reporting

## Arm Holdings plc

As of May 8, 2024



	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	FY
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar
	FYE22	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE22	FYE23	FYE24
<i>(in millions, except per share amounts)</i>												
<b>GAAP to Non-GAAP Reconciliation (Unaudited) (4)</b>												
<b>Reconciliation of GAAP cost of sales to Non-GAAP cost of sales:</b>												
Cost of sales	\$ (37)	\$ (25)	\$ (25)	\$ (29)	\$ (27)	\$ (31)	\$ (46)	\$ (36)	\$ (41)	\$ (131)	\$ (106)	\$ (154)
<i>Adjusted for:</i>												
Acquisition-related intangible asset amortization	1	2	1	1	1	1	1	1	1	9	5	4
Share-based compensation cost (equity settled) (1)	(1)	-	-	1	1	6	19	8	6	1	2	39
Employer taxes related to SBC, net of R&D tax incentives (5)(6)	-	-	-	-	-	-	-	1	7	-	-	8
One-time employee benefit	-	-	-	-	-	-	-	-	1	-	-	1
<b>Non-GAAP cost of sales (5)</b>	<b>\$ (37)</b>	<b>\$ (23)</b>	<b>\$ (24)</b>	<b>\$ (27)</b>	<b>\$ (25)</b>	<b>\$ (24)</b>	<b>\$ (26)</b>	<b>\$ (26)</b>	<b>\$ (26)</b>	<b>\$ (121)</b>	<b>\$ (99)</b>	<b>\$ (102)</b>
<b>Reconciliation of GAAP gross profit to Non-GAAP gross profit:</b>												
Gross profit	\$ 620	\$ 667	\$ 605	\$ 695	\$ 606	\$ 644	\$ 760	\$ 788	\$ 887	\$ 2,572	\$ 2,573	\$ 3,079
<i>Adjusted for:</i>												
Acquisition-related intangible asset amortization	1	2	1	1	1	1	1	1	1	9	5	4
Share-based compensation cost (equity settled) (1)	(1)	-	-	1	1	6	19	8	6	1	2	39
Employer taxes related to SBC, net of R&D tax incentives (5)(6)	-	-	-	-	-	-	-	1	7	-	-	8
One-time employee benefit	-	-	-	-	-	-	-	-	1	-	-	1
<b>Non-GAAP gross profit (5)</b>	<b>\$ 620</b>	<b>\$ 669</b>	<b>\$ 606</b>	<b>\$ 697</b>	<b>\$ 608</b>	<b>\$ 651</b>	<b>\$ 780</b>	<b>\$ 798</b>	<b>\$ 902</b>	<b>\$ 2,582</b>	<b>\$ 2,580</b>	<b>\$ 3,131</b>



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

Arm Holdings plc  
As of May 8, 2024

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	FY
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar
	FYE22	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE22	FYE23	FYE24
<i>(in millions, except per share amounts)</i>												
<b>GAAP to Non-GAAP Reconciliation (Unaudited) (4)</b>												
<b>Reconciliation of GAAP research and development operating expenses to Non-GAAP research and development operating expenses:</b>												
Research and development	\$ (341)	\$ (218)	\$ (248)	\$ (286)	\$ (381)	\$ (337)	\$ (626)	\$ (432)	\$ (584)	\$ (995)	\$ (1,133)	\$ (1,979)
<i>Adjusted for:</i>												
Share-based compensation cost (equity settled) (1)(2)(3)	5	1	(2)	16	23	96	343	139	127	19	38	705
Employer taxes related to SBC, net of R&D tax incentives (5)(6)	-	-	-	-	-	-	2	13	118	-	-	133
One-time employee benefit	-	-	-	-	-	-	-	-	13	-	-	13
Other operating income (expenses), net	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-GAAP research and development operating expenses (5)</b>	<b>\$ (336)</b>	<b>\$ (217)</b>	<b>\$ (250)</b>	<b>\$ (270)</b>	<b>\$ (358)</b>	<b>\$ (241)</b>	<b>\$ (281)</b>	<b>\$ (280)</b>	<b>\$ (326)</b>	<b>\$ (976)</b>	<b>\$ (1,095)</b>	<b>\$ (1,128)</b>
<b>Reconciliation of GAAP selling, general and administrative operating expenses to Non-GAAP selling, general and administrative operating expenses:</b>												
Selling, general and administrative	\$ (321)	\$ (153)	\$ (172)	\$ (163)	\$ (274)	\$ (196)	\$ (290)	\$ (216)	\$ (281)	\$ (897)	\$ (762)	\$ (983)
<i>Adjusted for:</i>												
Acquisition-related intangible asset amortization	-	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation cost (equity settled) (1)(2)(3)	(1)	(8)	1	13	14	44	147	49	53	10	20	293
Employer taxes related to SBC, net of R&D tax incentives (5)(6)	-	-	-	-	-	-	1	9	38	-	-	48
One-time employee benefit	-	-	-	-	-	-	-	-	5	-	-	5
Public company readiness costs	6	8	13	12	9	14	27	1	-	11	42	42
Other operating income (expenses), net	-	-	-	-	-	-	-	-	-	1	-	-
Costs associated with disposal activities	1	-	-	-	-	-	-	-	-	-	-	-
<b>Non-GAAP selling, general and administrative operating expenses (5)</b>	<b>\$ (315)</b>	<b>\$ (153)</b>	<b>\$ (158)</b>	<b>\$ (138)</b>	<b>\$ (251)</b>	<b>\$ (138)</b>	<b>\$ (115)</b>	<b>\$ (157)</b>	<b>\$ (185)</b>	<b>\$ (875)</b>	<b>\$ (700)</b>	<b>\$ (595)</b>
<b>Reconciliation of GAAP impairment of long-lived assets operating expenses to Non-GAAP impairment of long-lived assets operating expenses:</b>												
Impairment of long-lived assets	\$ (16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21)	\$ -	\$ -
<i>Adjusted for:</i>												
Impairment of long-lived assets	16	-	-	-	-	-	-	-	-	21	-	-
<b>Non-GAAP impairment of long-lived assets operating expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of GAAP disposal, restructuring and other operating expenses, net to Non-GAAP disposal, restructuring and other operating expenses, net:</b>												
Disposal, restructuring and other operating expenses, net	\$ (26)	\$ (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	26	1	-	-	-	-	-	-	-	26	1	-
<b>Non-GAAP disposal, restructuring and other operating expenses, net</b>	<b>\$ -</b>	<b>\$ (2)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2)</b>	<b>\$ -</b>

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

Arm Holdings plc

As of May 8, 2024



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



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

Arm Holdings plc

As of May 8, 2024

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	FY
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar
	FYE22	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE22	FYE23	FYE24
<i>(in millions, except per share amounts)</i>												
<b>GAAP to Non-GAAP Reconciliation (Unaudited) (4)</b>												
<b>Reconciliation of GAAP net income (loss) from continuing operations to Non-GAAP net income (loss) from continuing operations:</b>												
Net income (loss) from continuing operations	\$ (29)	\$ 225	\$ 114	\$ 182	\$ 3	\$ 105	\$ (110)	\$ 87	\$ 224	\$ 676	\$ 524	\$ 306
<i>Adjusted for operating items:</i>												
Acquisition-related intangible asset amortization	1	2	1	1	1	1	1	1	1	9	5	4
Share-based compensation cost (equity settled) (1)(2)(3)	3	(7)	(1)	30	38	146	509	196	186	30	60	1,037
Employer taxes related to SBC, net of R&D tax incentives (5)(6)	-	-	-	-	-	-	3	23	163	-	-	189
One-time employee benefit	-	-	-	-	-	-	-	-	19	-	-	19
Restructuring and related costs	26	1	-	-	-	-	-	-	-	26	1	-
Public company readiness costs	6	8	13	12	9	14	27	1	-	11	42	42
Other operating income (expenses), net	-	-	-	-	-	-	-	6	-	1	-	6
Costs associated with disposal activities	1	(1)	2	2	1	-	-	-	-	-	4	-
Impairment of long-lived assets	16	-	-	-	-	-	-	-	-	21	-	-
<i>Adjusted for non-operating items:</i>												
(Income) loss from equity method investments, net	(41)	14	60	6	(35)	7	5	1	7	(141)	45	20
Gain on disposal of business	-	-	-	-	(4)	-	-	-	-	-	(4)	-
Pre-tax total non-GAAP adjustments	12	17	75	51	10	168	545	228	376	(43)	153	1,317
Income tax effect on non-GAAP adjustments (5)	7	(6)	(11)	(8)	5	(27)	(57)	9	(224)	30	(20)	(299)
<b>Non-GAAP net income (loss) from continuing operations (5)</b>	<b>\$ (10)</b>	<b>\$ 236</b>	<b>\$ 178</b>	<b>\$ 225</b>	<b>\$ 18</b>	<b>\$ 246</b>	<b>\$ 378</b>	<b>\$ 324</b>	<b>\$ 376</b>	<b>\$ 663</b>	<b>\$ 657</b>	<b>\$ 1,324</b>
<b>Non-GAAP net income (loss) from continuing operations per share attributable to ordinary shareholders</b>												
Basic	(0.01)	0.23	0.17	0.22	0.02	0.24	0.37	0.32	0.36	0.65	0.64	1.29
<b>Diluted</b>	<b>(0.01)</b>	<b>0.23</b>	<b>0.17</b>	<b>0.22</b>	<b>0.02</b>	<b>0.24</b>	<b>0.36</b>	<b>0.31</b>	<b>0.36</b>	<b>0.65</b>	<b>0.64</b>	<b>1.27</b>
<b>Weighted average ordinary shares outstanding (millions)</b>												
Basic	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,027	1,032	1,025	1,025	1,027
Diluted	1,025	1,026	1,027	1,028	1,029	1,029	1,043	1,049	1,058	1,025	1,028	1,045

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

## Arm Holdings plc

As of May 8, 2024



	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	FY
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar
	FYE22	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	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   | 1  | 12  | 41    |
| Research and development            | 4   | 6  | 32 | 65  | 109 | 103 | 349 | 142 | 134 | 7  | 212 | 728   |
| Selling, general and administrative | (5) | 6  | 12 | 34  | 50  | 49  | 149 | 49  | 54  | 18 | 102 | 301   |
| Total                               | (1) | 13 | 46 | 103 | 164 | 158 | 518 | 199 | 195 | 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   | 1  | 2  | 3  | 4   | -  | 1 | - | - | -    | 10  | 1  |
| Research and development            | (1) | 5  | 34 | 49 | 86  | 7  | 6 | 3 | 8 | (12) | 174 | 24 |
| Selling, general and administrative | (4) | 14 | 11 | 21 | 36  | 5  | 2 | - | 1 | 8    | 82  | 8  |
| Total                               | (4) | 20 | 47 | 73 | 126 | 12 | 9 | 3 | 9 | (4)  | 266 | 33 |
- (4) This should be read in conjunction with the Shareholder Letter for the fourth quarter of the fiscal year ended March 31, 2024 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 SBC, net of 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 share-based compensation ("SBC") for equity-classified awards, net of the research and development ("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  
As of May 8, 2024

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	FY
(in millions)	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	31-Mar	31-Mar	31-Mar
	FYE22	FYE23	FYE23	FYE23	FYE23	FYE24	FYE24	FYE24	FYE24	FYE22	FYE23	FYE24
<b>Condensed Cash Flow Statement (Unaudited) (2)</b>												
<b>Cash flows provided by (used for) operating activities:</b>												
Net income (loss)	\$ (29)	\$ 225	\$ 114	\$ 182	\$ 3	\$ 105	\$ (110)	\$ 87	\$ 224	\$ 549	\$ 524	\$ 306
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:												
Depreciation and amortization	34	42	45	43	40	41	41	42	38	185	170	162
Deferred income taxes	(104)	(8)	(1)	(17)	(8)	(13)	(4)	(9)	(247)	(76)	(34)	(273)
(Income) loss from equity investments, net	(41)	14	60	6	(35)	7	5	1	7	(141)	45	20
Impairment losses on long-lived assets and loans receivable	20	-	-	-	-	-	-	-	-	43	-	-
Share-based compensation cost	(1)	13	34	38	51	140	513	199	185	26	79	1,037
Operating lease expense	10	9	8	9	8	8	9	9	9	41	34	35
Other non-cash operating activities, net	15	11	(13)	(4)	-	-	(3)	1	-	19	(6)	(2)
Changes in assets and liabilities:												
Accounts receivable, net (including receivables from related parties)	(78)	(65)	(144)	57	277	102	33	65	18	(219)	125	218
Contract assets, net (including contract assets from related parties)	64	16	23	(32)	(9)	(32)	(55)	(67)	(153)	(158)	(2)	(307)
Prepaid expenses and other assets	41	5	8	16	(30)	1	12	(32)	(42)	(41)	(1)	(61)
Accrued compensation and benefits and share-based compensation (1)	288	(541)	32	111	203	(447)	5	59	91	127	(138)	(292)
Contract liabilities (including contract liabilities from related parties)	(9)	14	(2)	(22)	(27)	24	(96)	(76)	(42)	(51)	(37)	(190)
Tax liabilities	53	50	(11)	48	(52)	12	(76)	18	16	112	35	(30)
Operating lease liabilities	(17)	(36)	(23)	6	(5)	(4)	(13)	(1)	(10)	(59)	(58)	(28)
Other liabilities (including payables to related parties)	75	20	(54)	(30)	67	(58)	(34)	14	573	101	3	495
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 321</b>	<b>\$ (231)</b>	<b>\$ 76</b>	<b>\$ 411</b>	<b>\$ 483</b>	<b>\$ (114)</b>	<b>\$ 227</b>	<b>\$ 310</b>	<b>\$ 667</b>	<b>\$ 458</b>	<b>\$ 739</b>	<b>\$ 1,090</b>
<b>Cash flows provided by (used for) investing activities</b>												
Purchase of short-term investments	(280)	(225)	(440)	(320)	(126)	(260)	(125)	(155)	(225)	(750)	(1,111)	(765)
Proceeds from maturity of short-term investments	65	290	320	335	136	120	126	105	74	245	1,081	425
Purchases of equity investments	(1)	(3)	-	(1)	(11)	(11)	-	(21)	-	(8)	(15)	(32)
Purchases of intangible assets	(13)	(14)	(8)	(3)	(4)	-	(13)	(30)	(8)	(41)	(29)	(51)
Purchases of property and equipment	(7)	(12)	(26)	(10)	(16)	(26)	(34)	(21)	(11)	(34)	(64)	(92)
Other investing activities, net, including investments in convertible loans	-	-	-	-	-	-	-	(1)	-	(31)	-	(1)
<b>Net cash provided by (used for) investing activities</b>	<b>\$ (236)</b>	<b>\$ 36</b>	<b>\$ (154)</b>	<b>\$ 1</b>	<b>\$ (21)</b>	<b>\$ (177)</b>	<b>\$ (46)</b>	<b>\$ (123)</b>	<b>\$ (170)</b>	<b>\$ (619)</b>	<b>\$ (138)</b>	<b>\$ (516)</b>

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

Arm Holdings plc

As of May 8, 2024

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

(in millions)

Condensed Cash Flow Statement (Unaudited) (2)												
<b>Cash flows provided by (used for) financing activities</b>												
Cash dividends declared and paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
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	(8)	(11)	(9)	(11)	(9)	(10)	(11)	(8)	(11)	50	(40)	(40)
Other financing activities, net	(2)	-	-	(1)	(1)	(5)	(1)	(4)	-	(2)	(2)	(10)
Payment of withholding tax on vested shares	-	-	-	-	-	-	(12)	(36)	(110)	-	-	(158)
<b>Net cash provided by (used for) financing activities</b>	<b>\$ (10)</b>	<b>\$ (11)</b>	<b>\$ (9)</b>	<b>\$ (12)</b>	<b>\$ (10)</b>	<b>\$ (15)</b>	<b>\$ (24)</b>	<b>\$ (48)</b>	<b>\$ (121)</b>	<b>\$ (32)</b>	<b>\$ (42)</b>	<b>\$ (208)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	(10)	(10)	(11)	11	1	-	1	6	(4)	(17)	(9)	3
Net increase (decrease) in cash and cash equivalents	65	(216)	(98)	411	453	(306)	158	145	372	(210)	550	369
Cash and cash equivalents at the beginning of the period	939	1,004	788	690	1,101	1,554	1,248	1,406	1,551	1,214	1,004	1,554
Cash and cash equivalents at the end of the period	1,004	788	690	1,101	1,554	1,248	1,406	1,551	1,923	1,004	1,554	1,923
Less cash from discontinued operations, end of the period	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash and cash equivalents from continuing operations, end of the period</b>	<b>\$ 1,004</b>	<b>\$ 788</b>	<b>\$ 690</b>	<b>\$ 1,101</b>	<b>\$ 1,554</b>	<b>\$ 1,248</b>	<b>\$ 1,406</b>	<b>\$ 1,551</b>	<b>\$ 1,923</b>	<b>\$ 1,004</b>	<b>\$ 1,554</b>	<b>\$ 1,923</b>

Free Cash Flow (Unaudited) (2)												
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 321</b>	<b>\$ (231)</b>	<b>\$ 76</b>	<b>\$ 411</b>	<b>\$ 483</b>	<b>\$ (114)</b>	<b>\$ 227</b>	<b>\$ 310</b>	<b>\$ 667</b>	<b>\$ 458</b>	<b>\$ 739</b>	<b>\$ 1,090</b>
<i>Adjusted for:</i>												
Purchases of property and equipment	(7)	(12)	(26)	(10)	(16)	(26)	(34)	(21)	(11)	(34)	(64)	(92)
Purchases of intangible assets	(13)	(14)	(8)	(3)	(4)	-	(13)	(30)	(8)	(41)	(29)	(51)
Payment of intangible asset obligations	(8)	(11)	(9)	(11)	(9)	(10)	(11)	(8)	(11)	50	(40)	(40)
<b>Non-GAAP free cash flow</b>	<b>\$ 293</b>	<b>\$ (268)</b>	<b>\$ 33</b>	<b>\$ 387</b>	<b>\$ 454</b>	<b>\$ (150)</b>	<b>\$ 169</b>	<b>\$ 251</b>	<b>\$ 637</b>	<b>\$ 433</b>	<b>\$ 606</b>	<b>\$ 907</b>

(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 20-F to be filed with the Securities and Exchange Commission (SEC) on May 29, 2024, and the Shareholder Letter for the fourth quarter of the fiscal year ended March 31, 2024 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.