



Arm Holdings plc Q4 FYE24 Results Presentation

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This presentation may contain certain “forward-looking statements,” including statements regarding Arm’s and its management team’s expectations, hopes, beliefs, intentions or strategies regarding the future. Forward-looking statements are generally identifiable by statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements contained herein are based on Arm’s current expectations and beliefs concerning future developments and their potential effects. There can be no assurance that future developments will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond Arm’s control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. You should also carefully read the risk factors described in the final prospectus relating to our initial public offering, filed with the SEC on September 14, entitled “Risk Factors” for a description of the material risks that could, among other things, cause Arm’s actual results to differ materially from those expressed or implied in our forward-looking statements. Except as required by law, Arm is not undertaking any obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

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

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\$391m⁽¹⁾

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

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\$1,408m

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

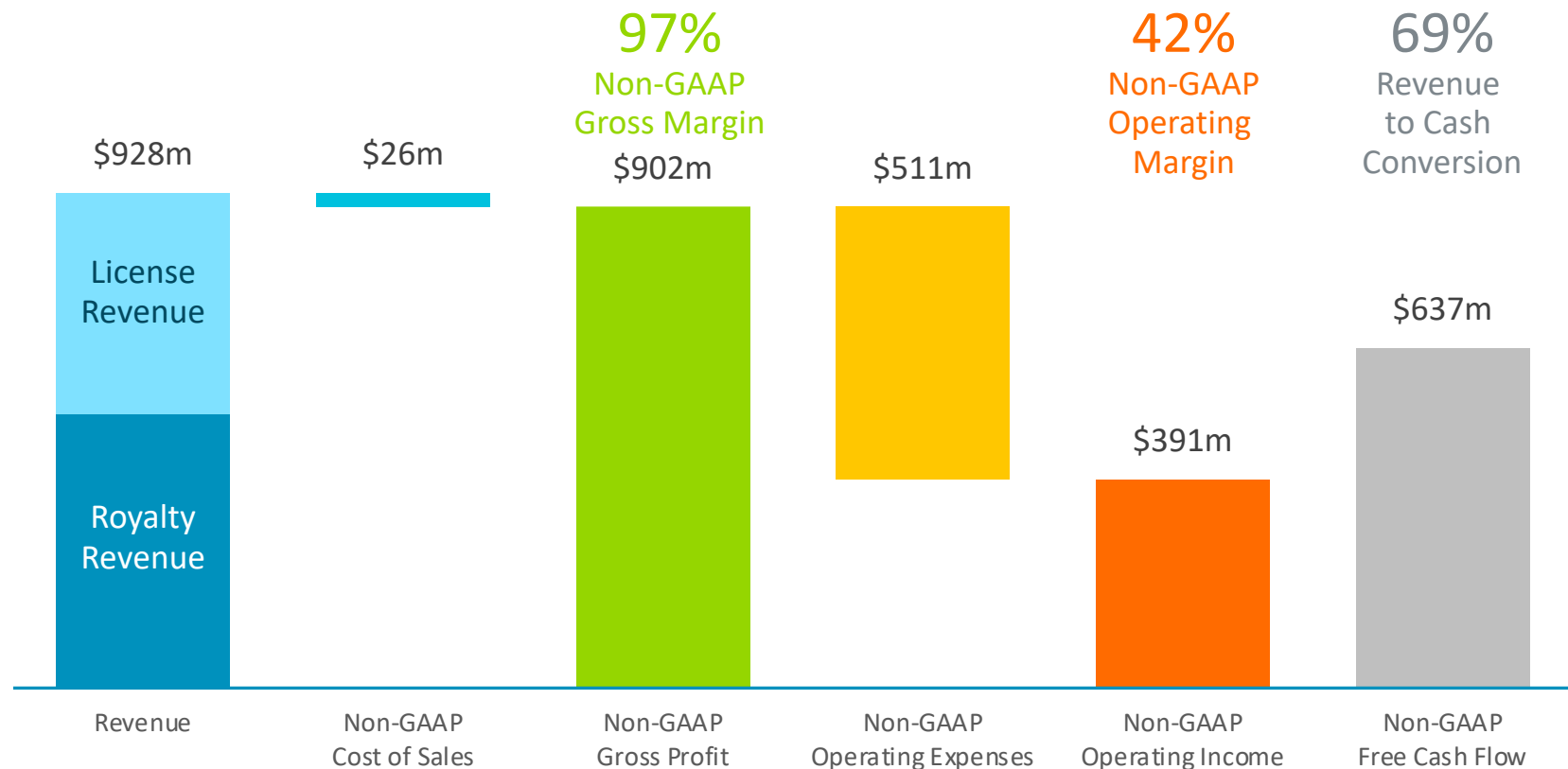
\$907m

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

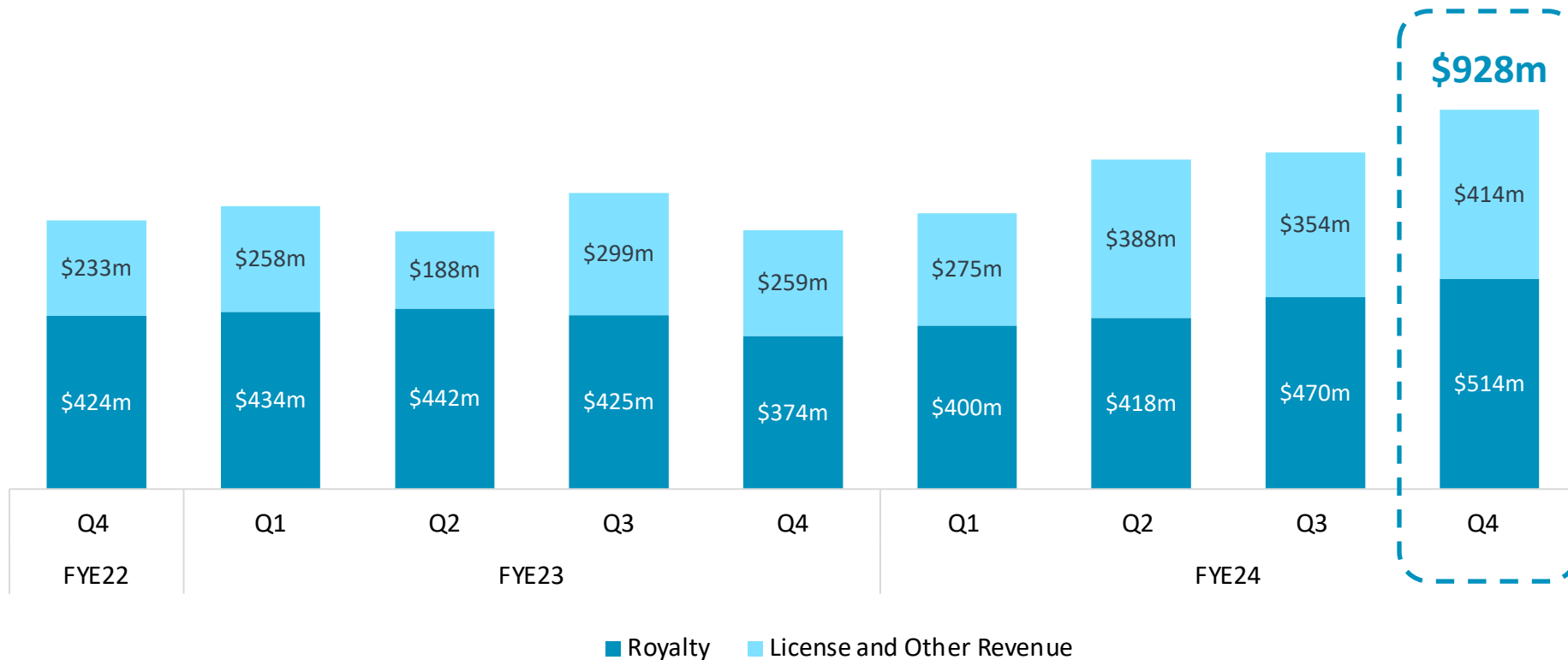


Notes:

- 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.

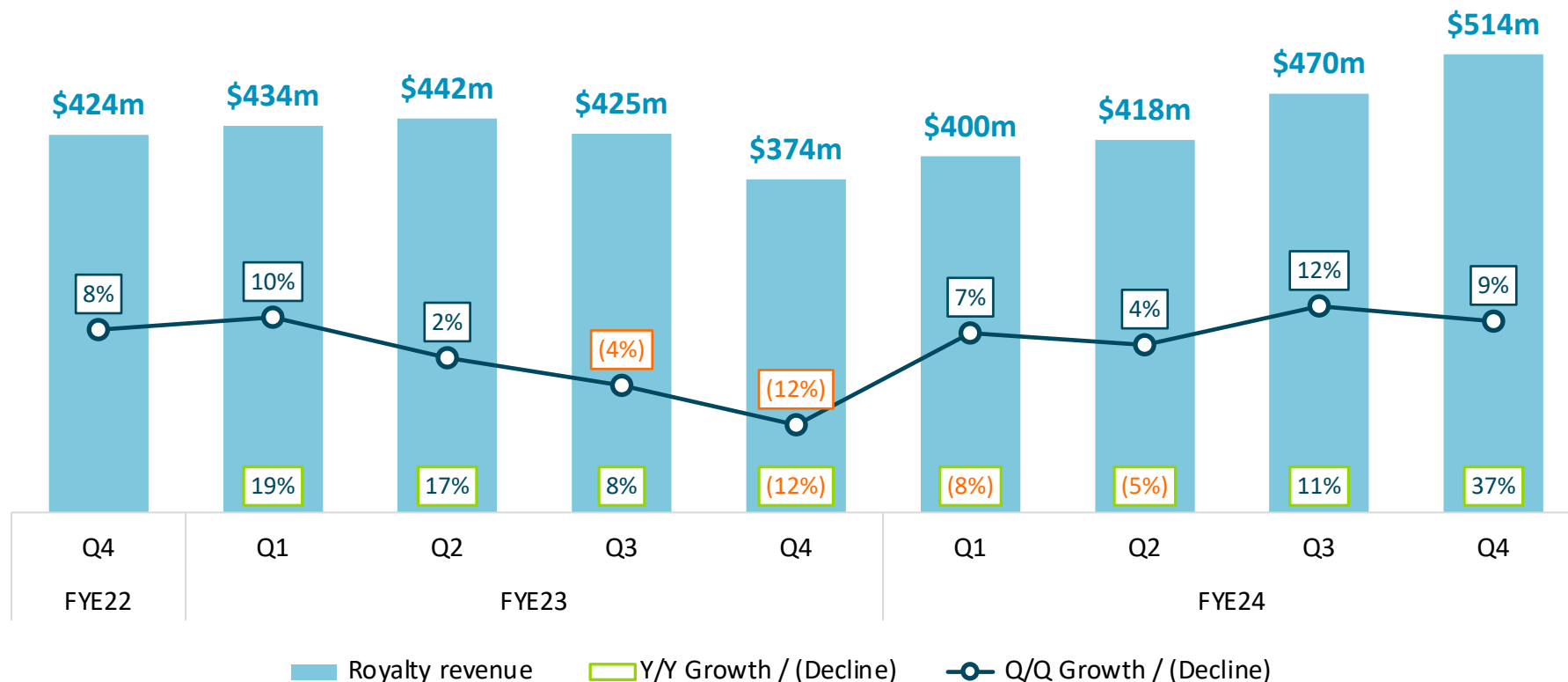
Q4 FYE24: Revenue

- + 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



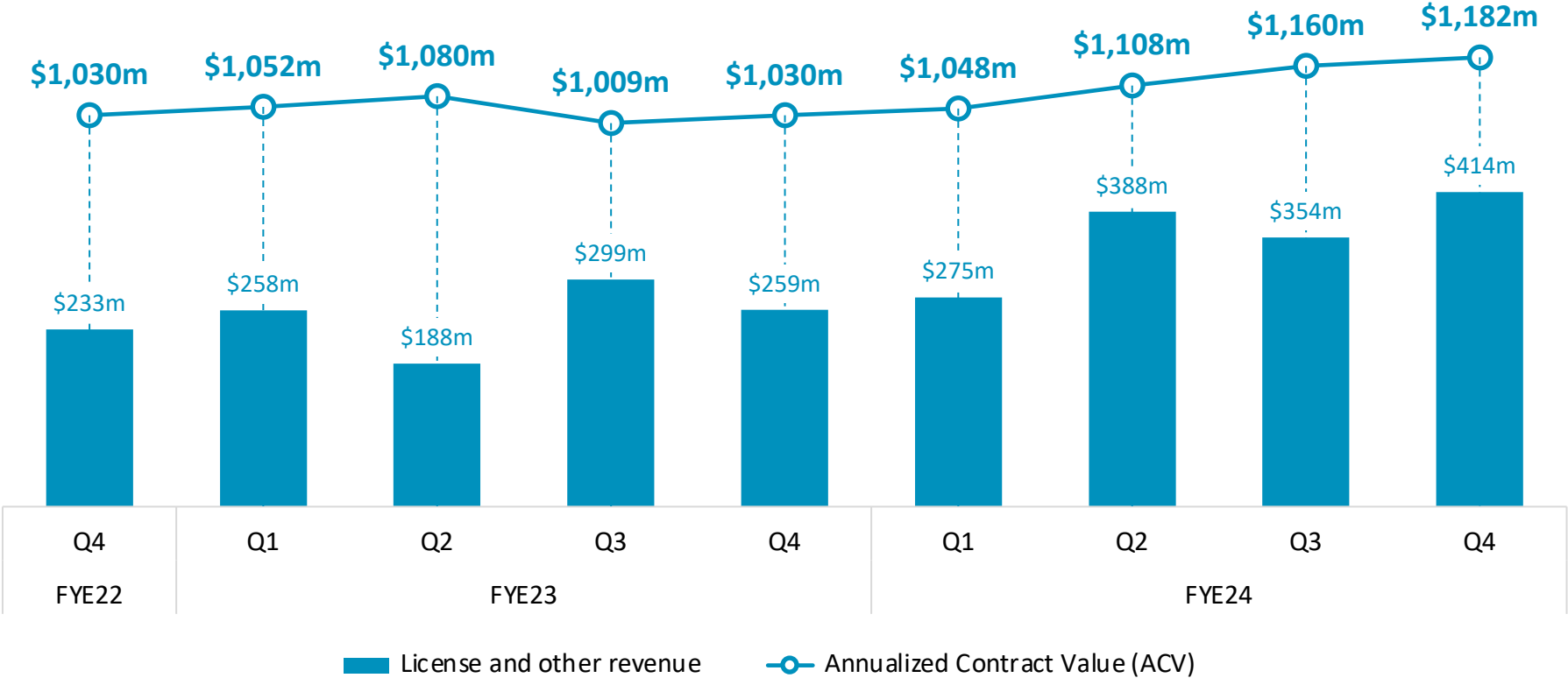
Q4 FYE24: Royalty Revenue

- + 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



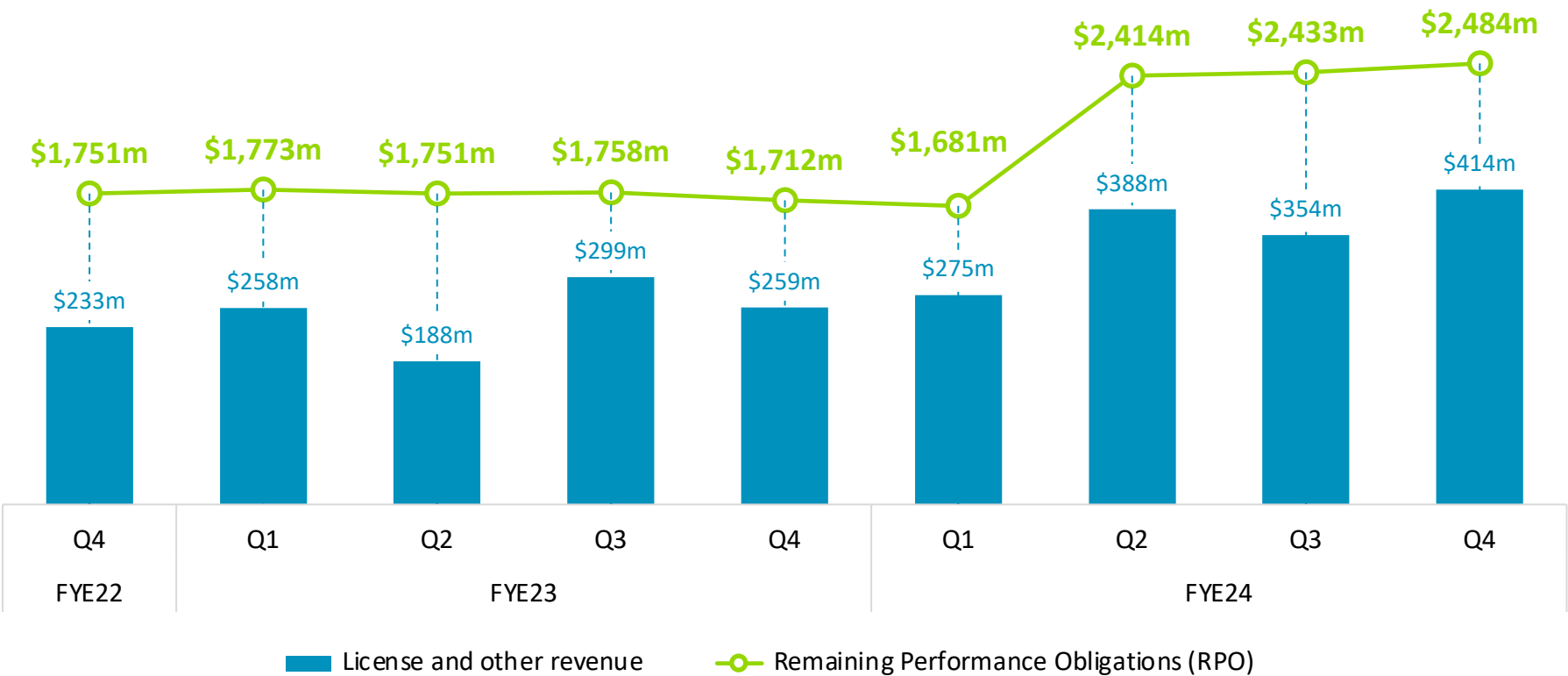
Q4 FYE24: Annualized Contract Value

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



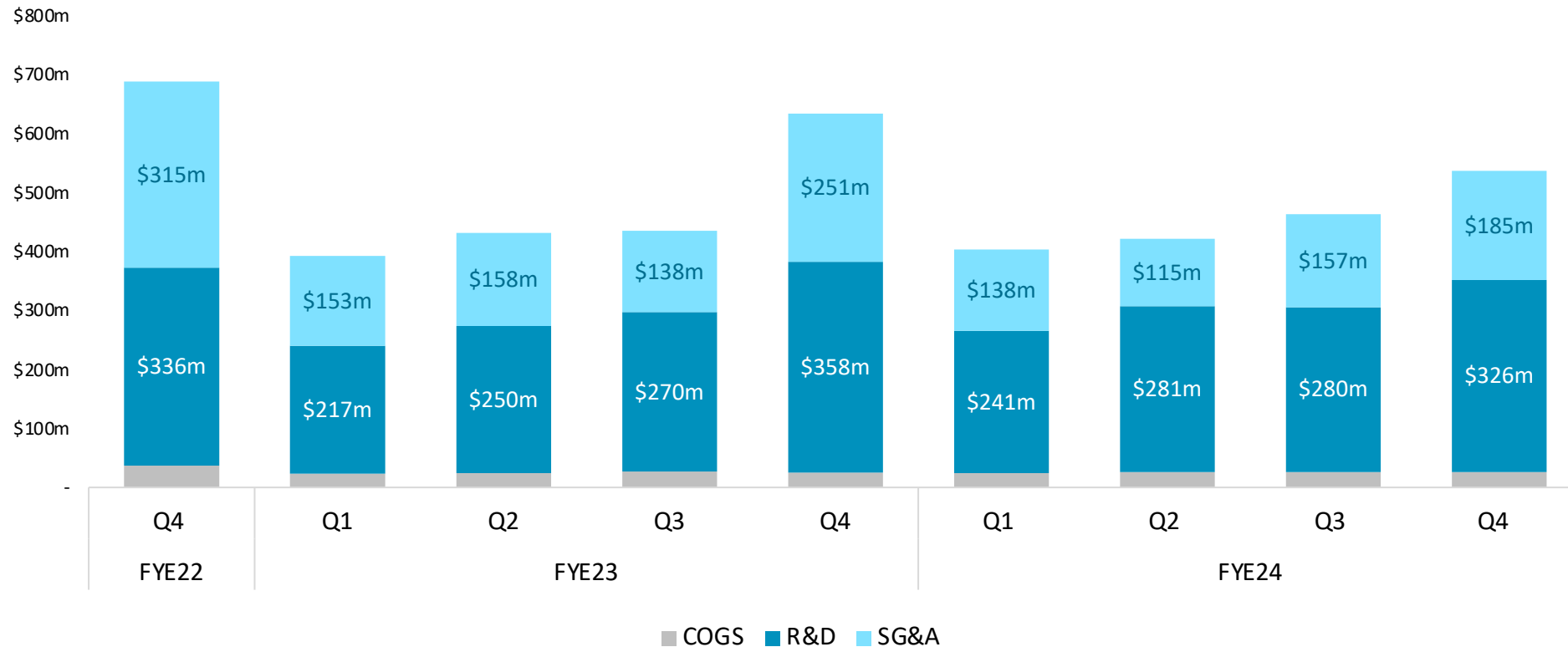
Q4 FYE24: Remaining Performance Obligation (RPO)

- + 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



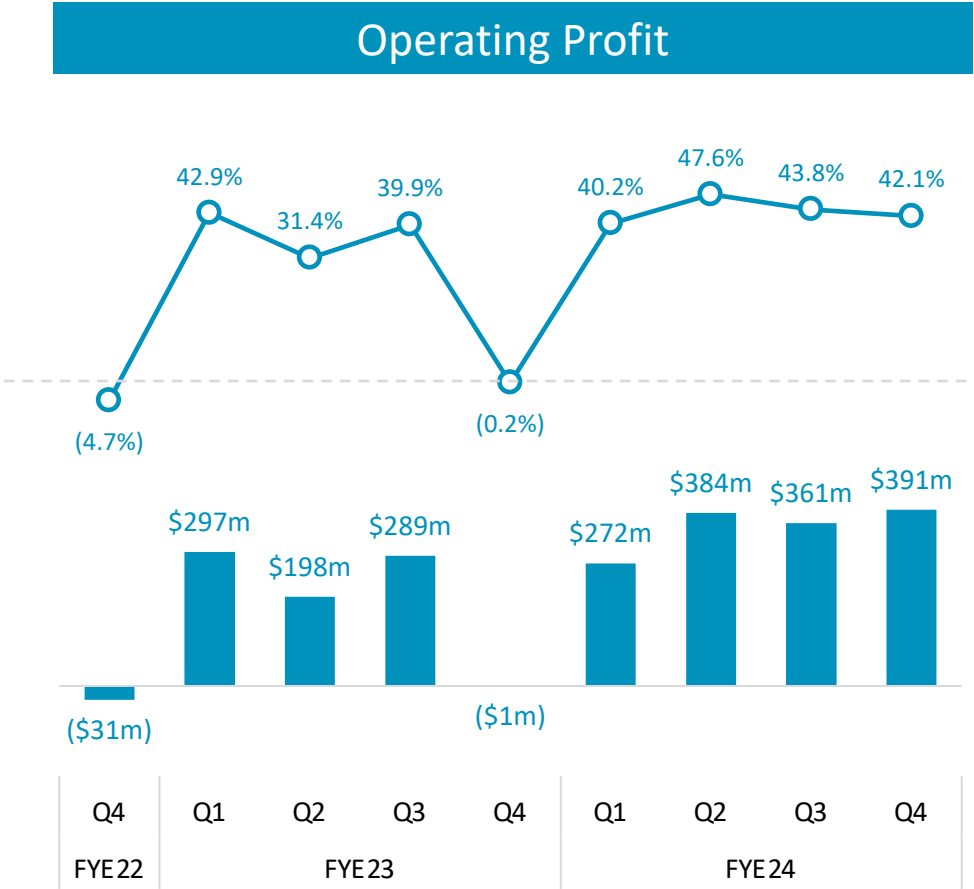
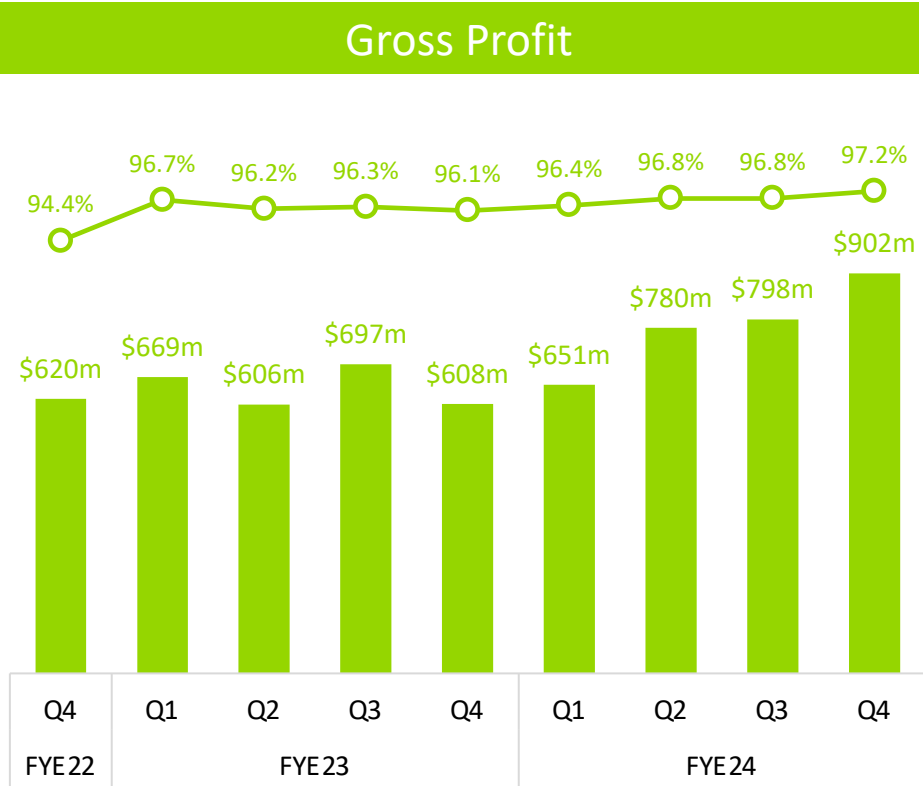
Q4 FYE24: Non-GAAP Cost of Sales and Operating Expenses

- + 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



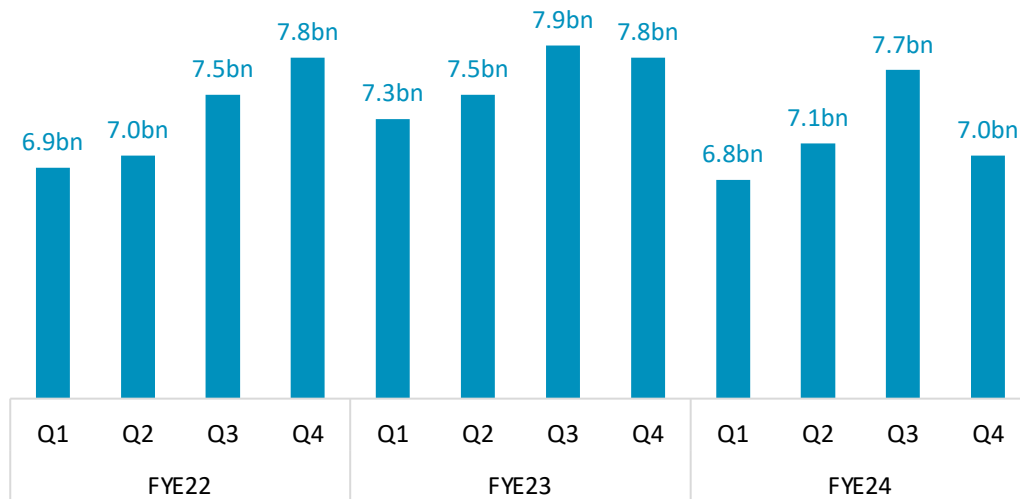
Q4 FYE24: Non-GAAP gross and operating profit

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



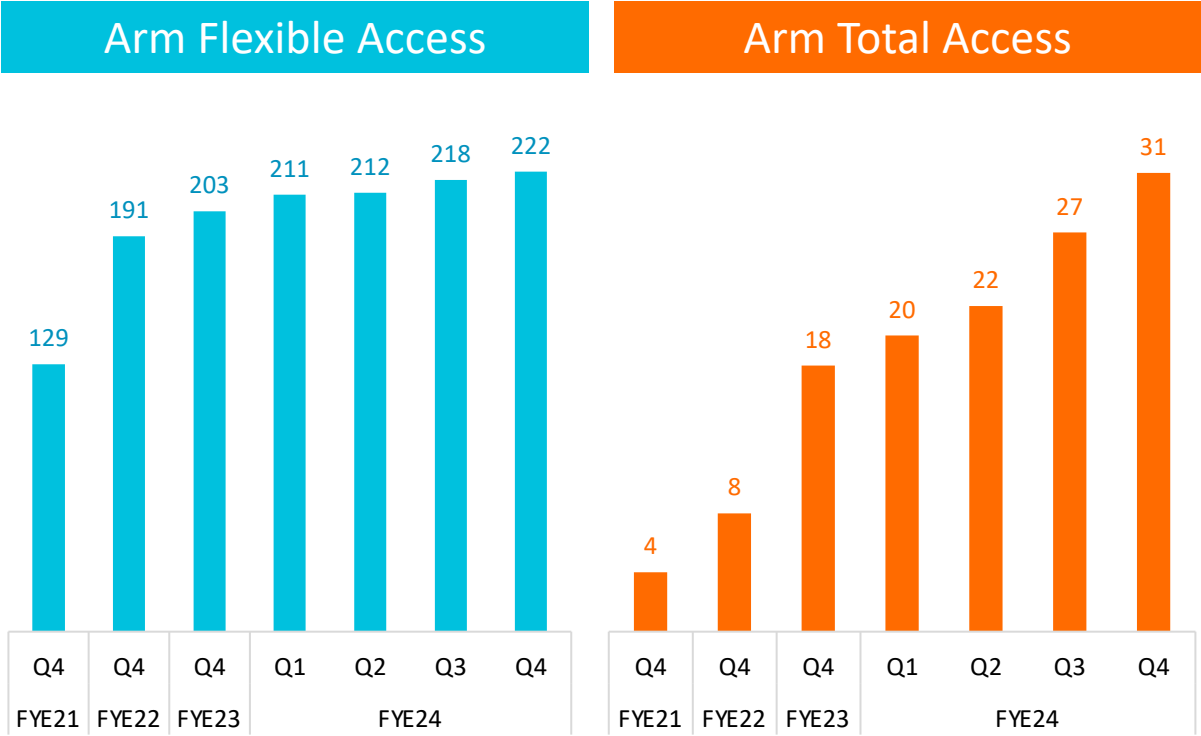
Q4 FYE24: Chips reported as shipped

Chips Reported as Shipped



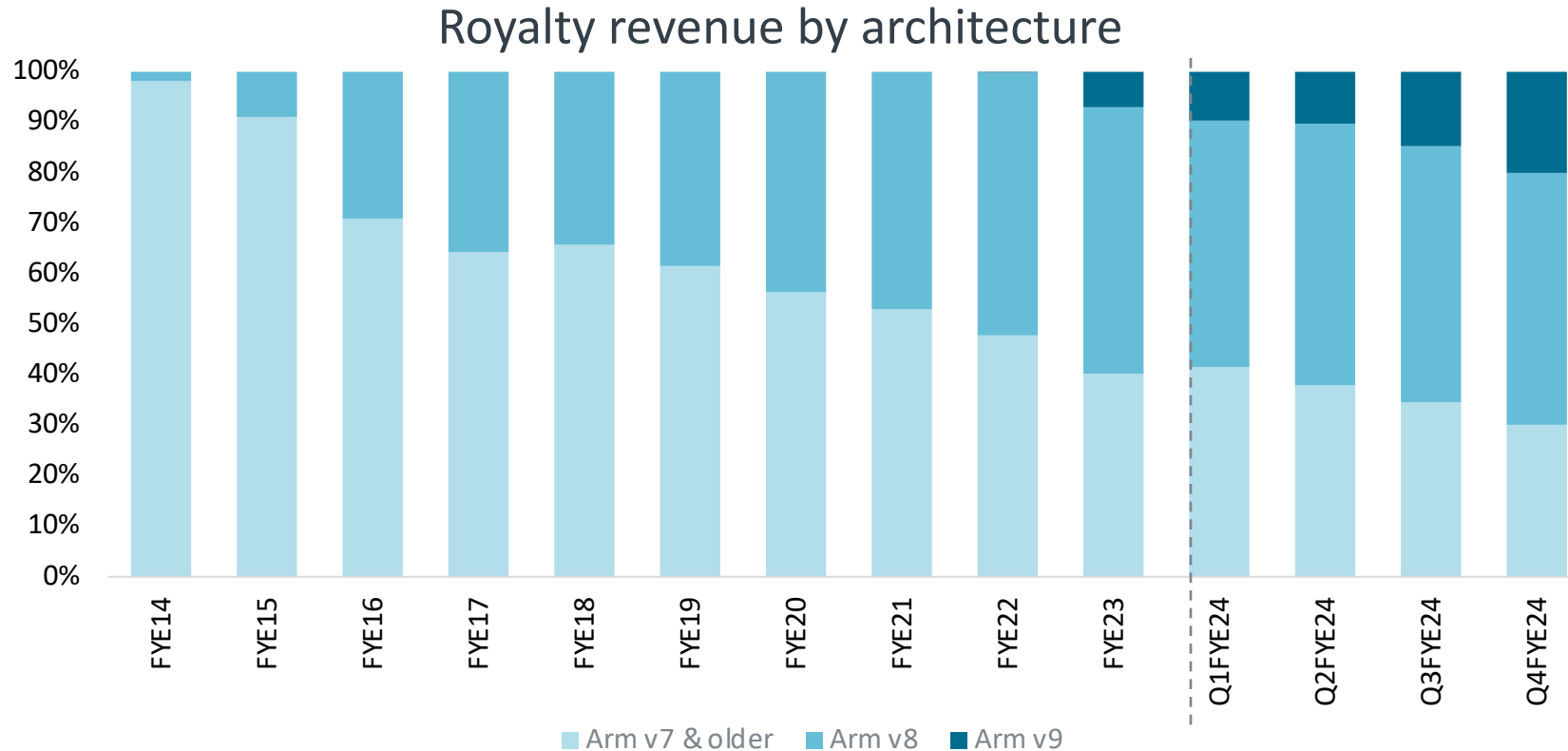
- + Chip shipments relate to the October to December quarter
- + Down 10% year-over-year and 9% sequentially mainly due to the impact of inventory correction in industrial IoT
- + IoT chips are very high volume, but relatively low value, so the decline has not had a material impact on revenue

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) ¹	~\$475m	~\$2,050m
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.

The background of the slide is a photograph of a wind farm situated on a mountain ridge. Several wind turbines are visible, with the most prominent ones in the foreground and middle ground. The scene is captured during sunset or sunrise, with a warm, orange glow on the horizon. The mountains in the background are layered and hazy. A grid of small white plus signs is overlaid on the right side of the image. A vertical green line is positioned on the right side, and a horizontal white line intersects it. A small white plus sign is also located at the intersection.

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

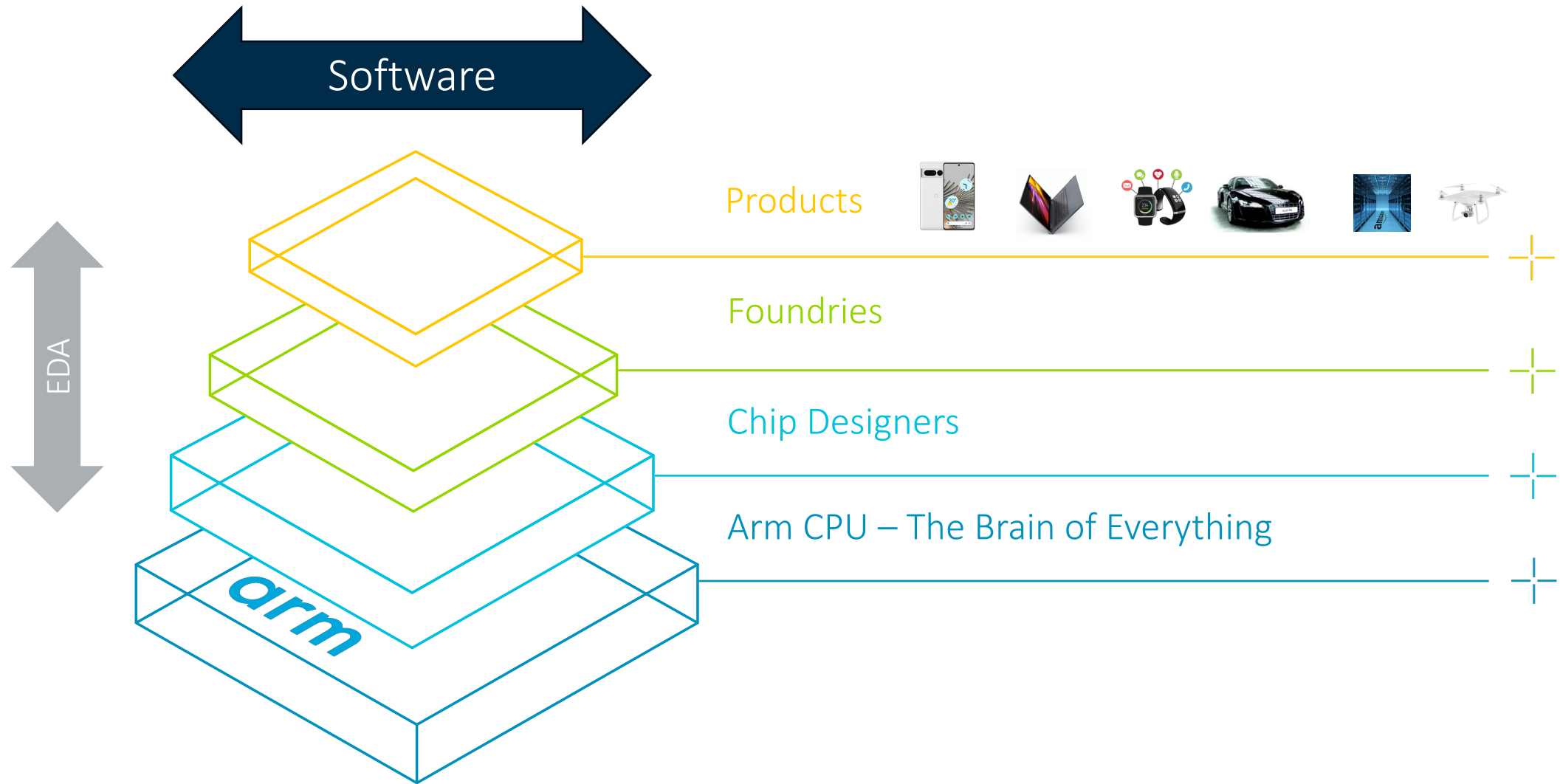
28.6 Billion

Arm-based chips reported as shipped in FYE24

18M+

Software Developers on Arm

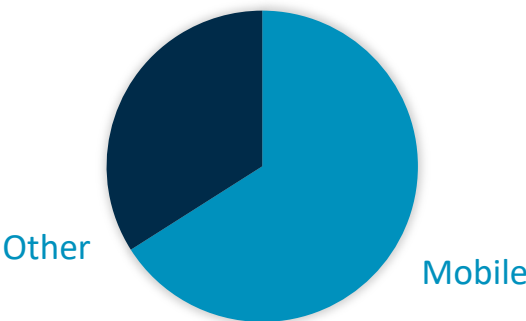
The Foundation of the Semiconductor Industry



What Have We Done Since 2016?

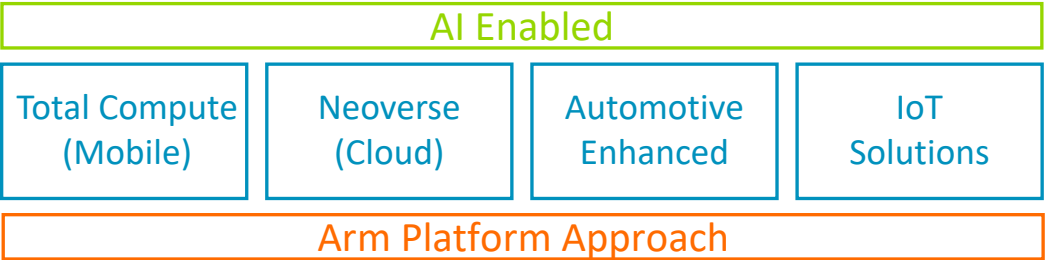
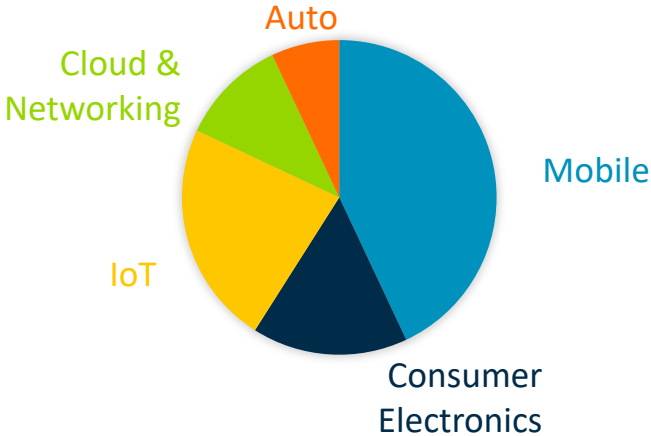
Then¹

General Purpose CPU



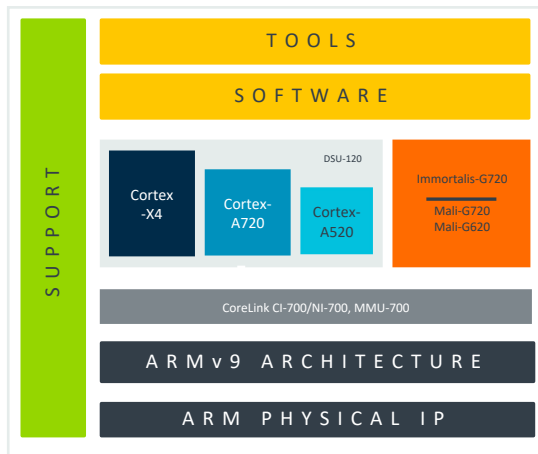
Now¹

MARKET
SPECIFIC
STRATEGY

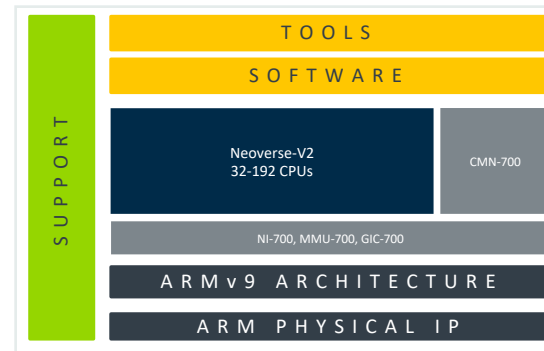


CPU and subsystems for every target end-market

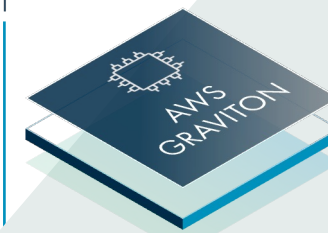
Mobile – Total Compute Subsystem



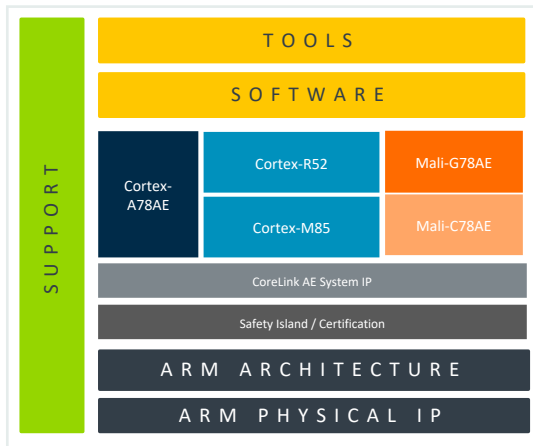
Infrastructure - Neoverse Compute Subsystem



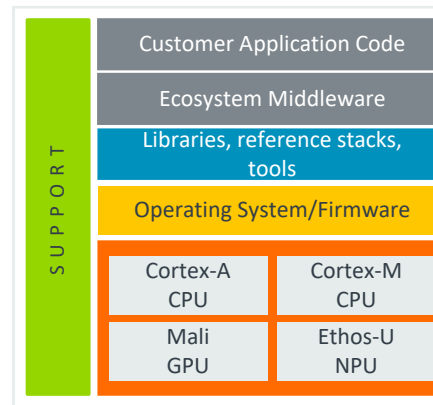
Up to
↑ 40%
Price/Performance



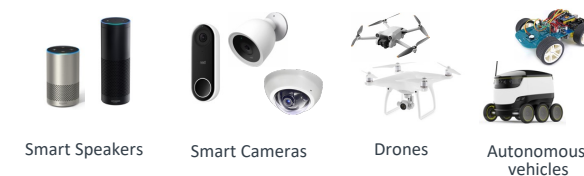
Automotive Enhanced Subsystem



IoT Solutions Subsystem



Consumer IoT



Industrial IoT



✓ Increasing performance

✓ Power efficiency

✓ Software ecosystem

Infrastructure – Progressing our Strategy

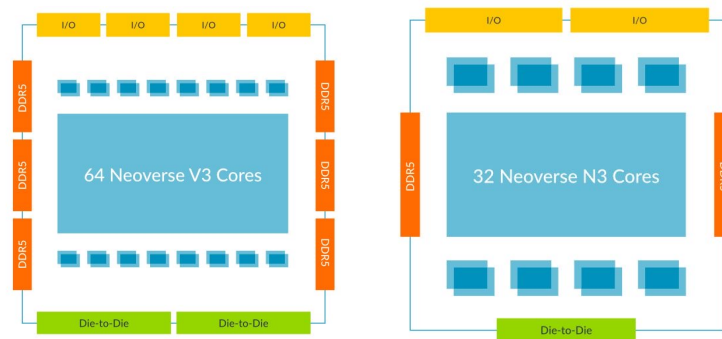
Arm continues to gain market share within the cloud compute market as our customers increasingly adopt and deploy Arm CPUs into cloud server chips driven by the need for power efficient computing.

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

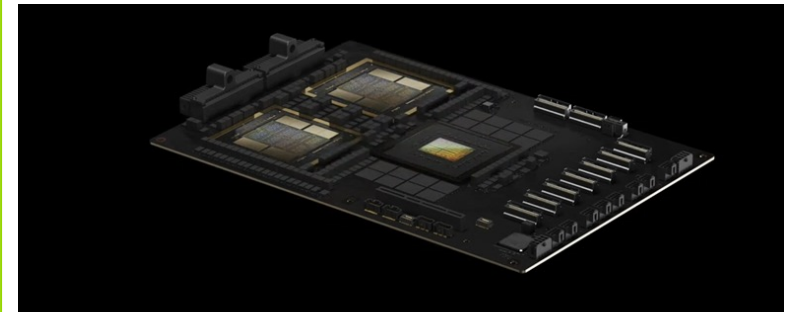
Delivers 60% better energy efficiency and 50% more performance than x86-based chips



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

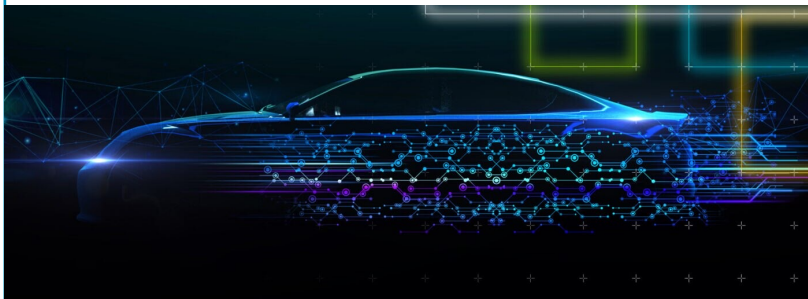
Recent announcements

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

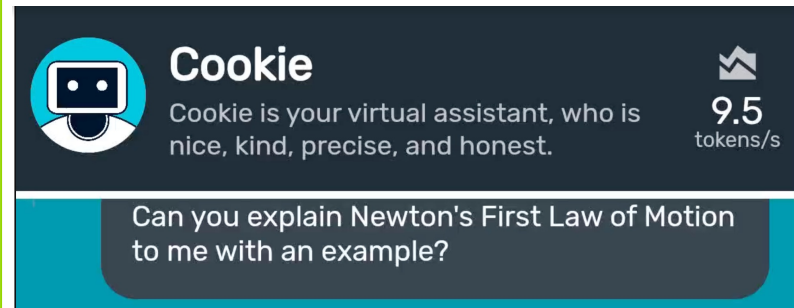
Meta announced that it has incorporated one of the most widely used AI frameworks, PyTorch/ExecuTorch, with Arm's software, enabling on-device inference capabilities to run efficiently on mobile devices



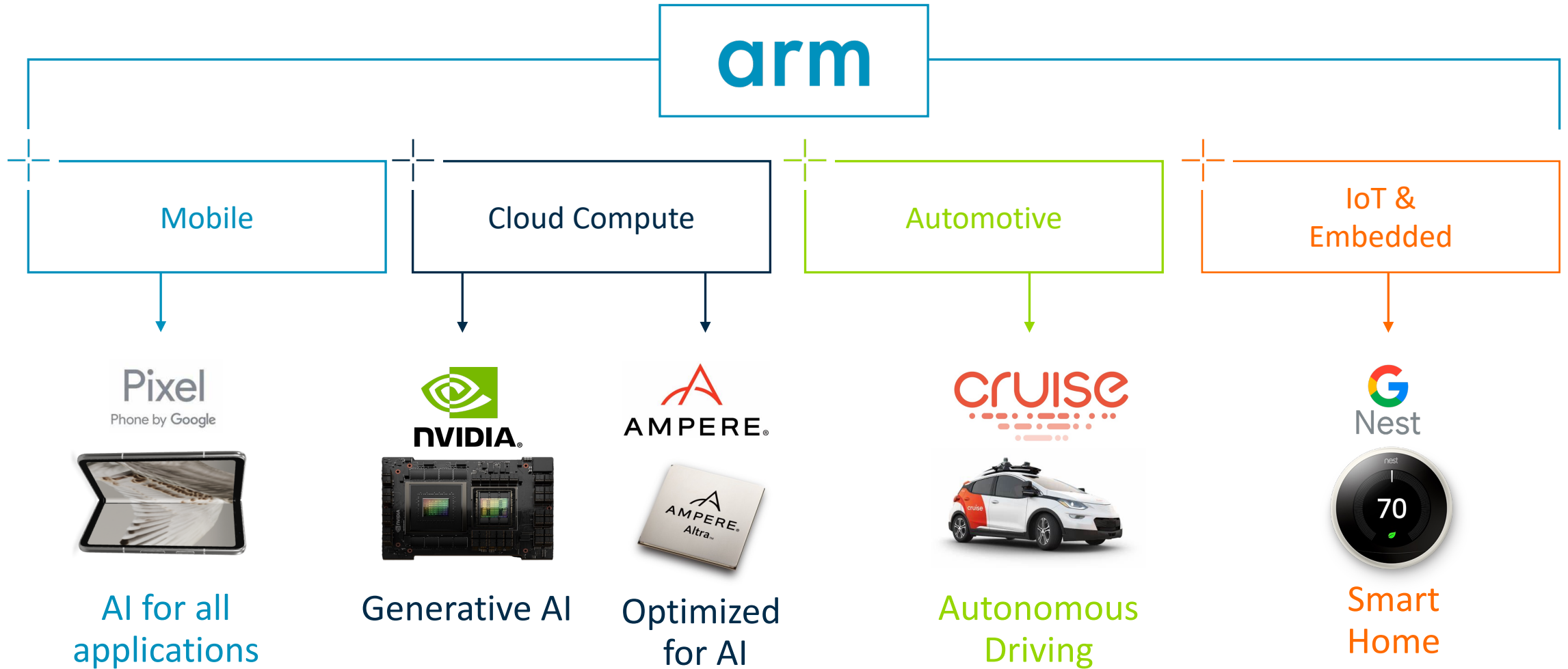
Energy-efficient virtual assistant

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
1st decade of Armv8



30M+

Developer hours
1st decade of Armv9



android 



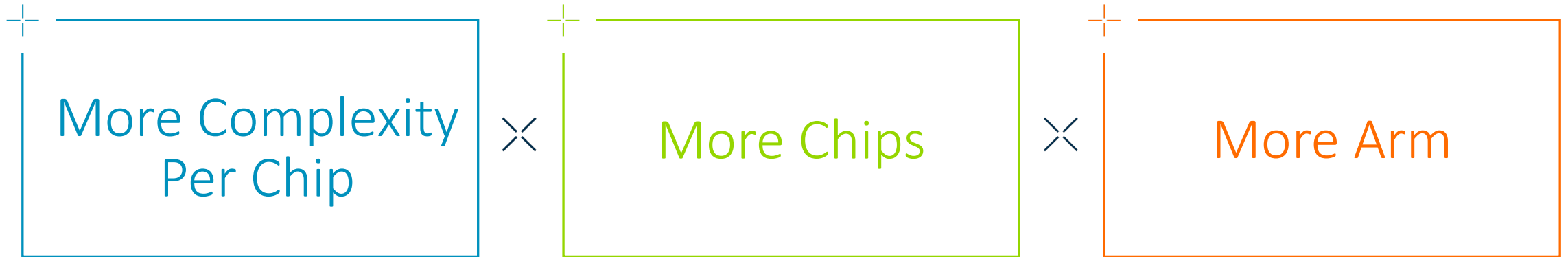
vmware®

WINDRV

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

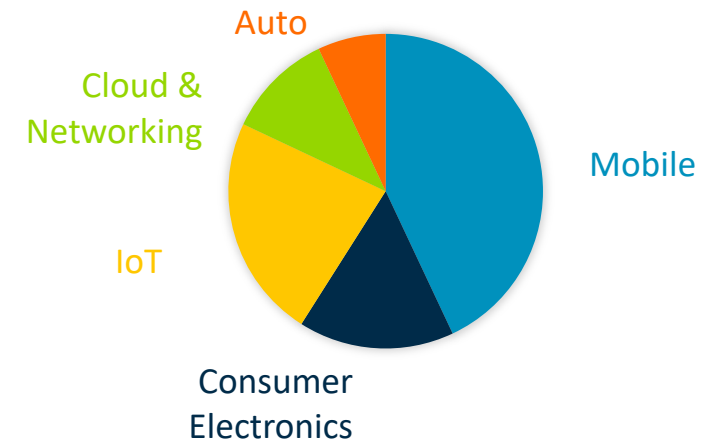


8 FYE16

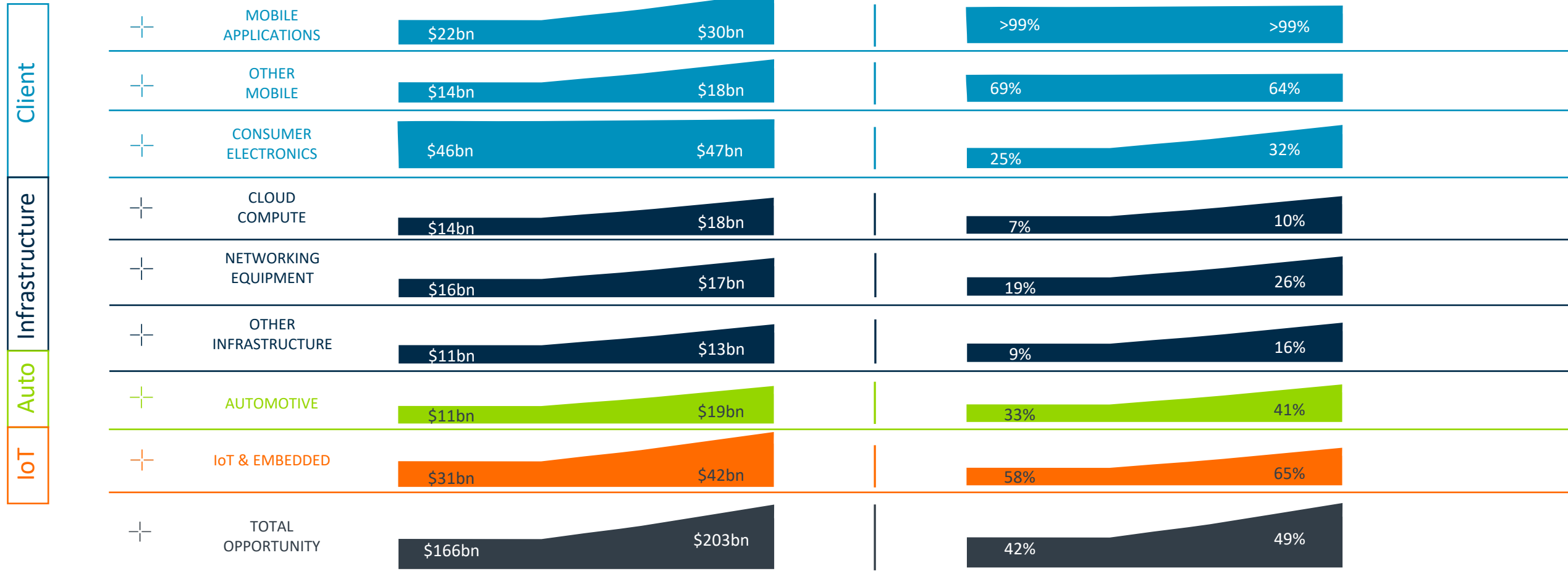
192 FYE24

Number of cores per “high end” Arm-based chip

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



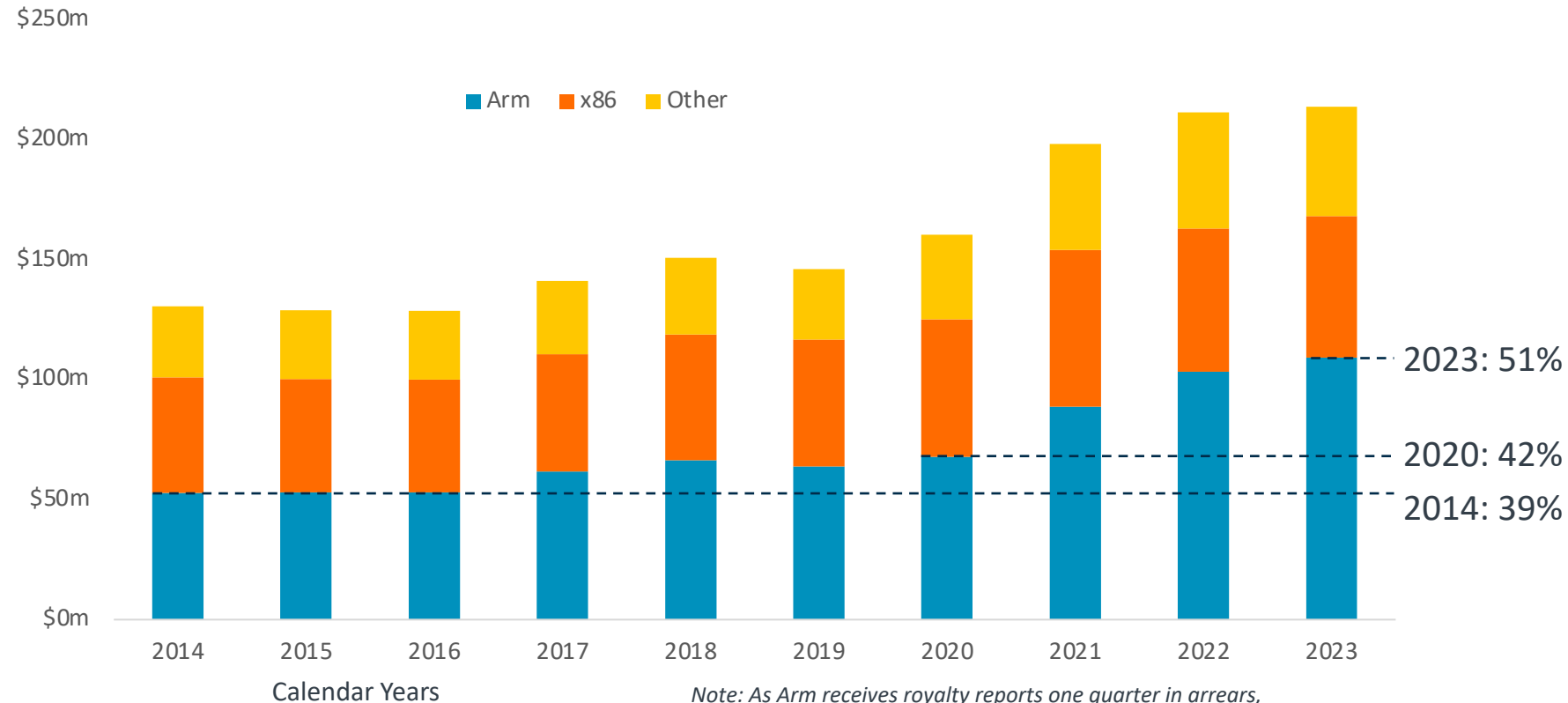
Royalty: Gaining Share in a Massive and Growing Market



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



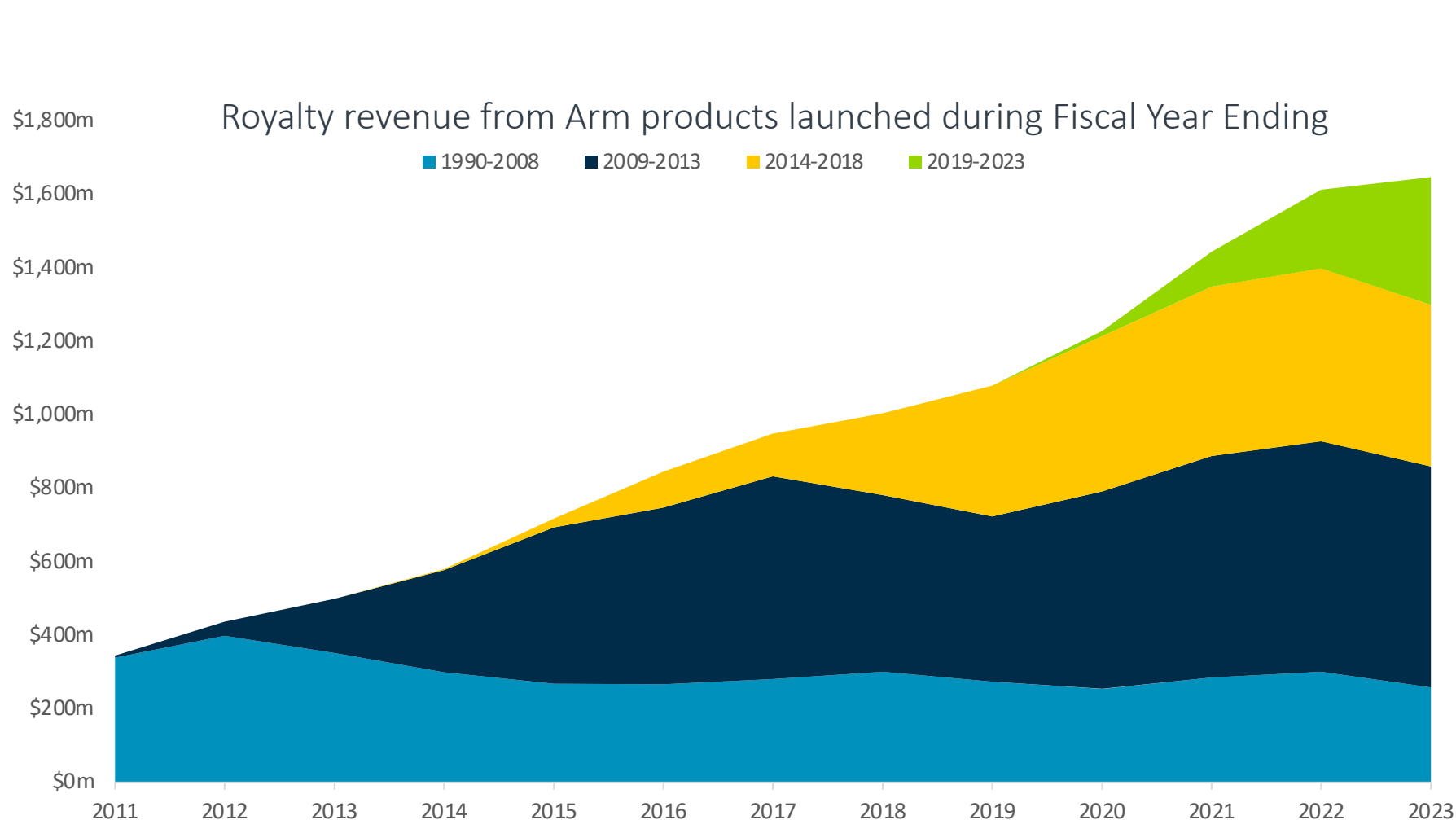
Note: As Arm receives royalty reports one quarter in arrears, market share data for FYE24 will be provided in July following Q1 results

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



Based on year chip was shipped

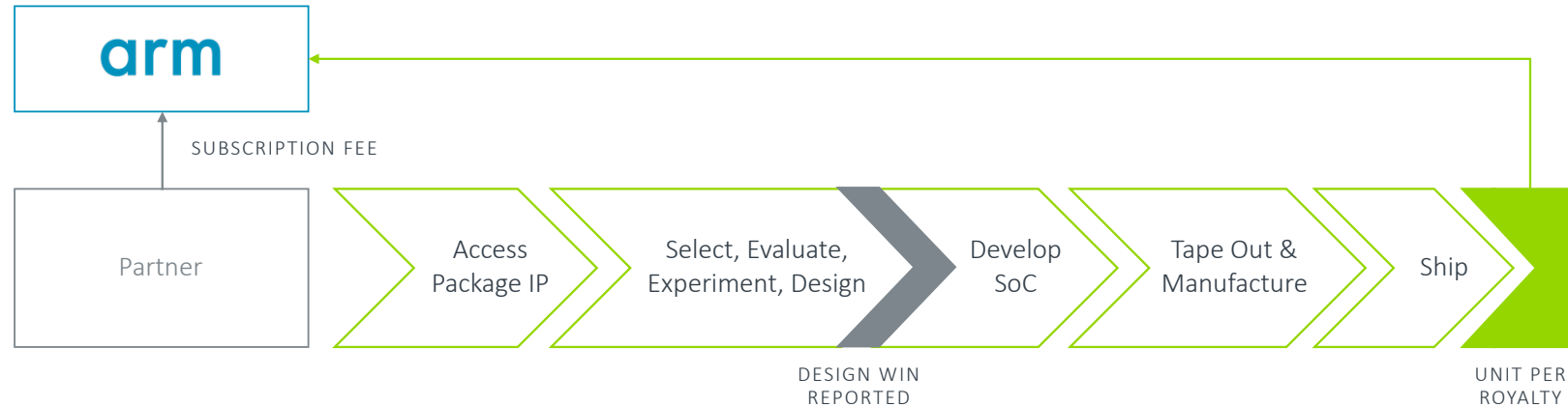
Still collecting royalties on products developed in the early 1990's

Long term visibility, near term predictability

Royalty-led Subscription Business Model

Arm Total Access

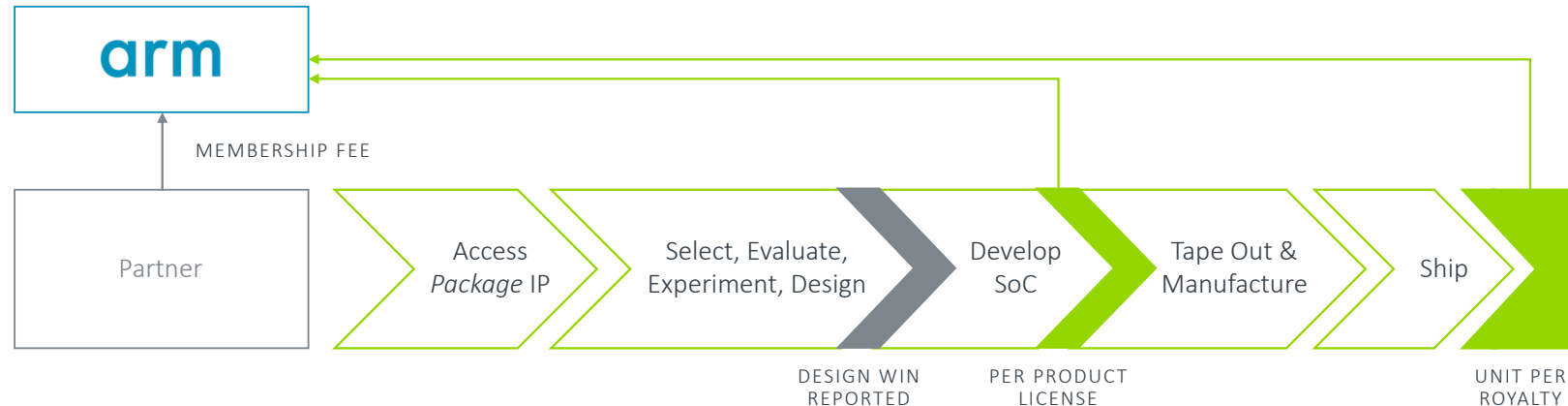
Long term subscription-based access to an extensive portfolio of more than 300 CPUs, GPUs and other IP including Arm's latest products



Arm Flexible Access

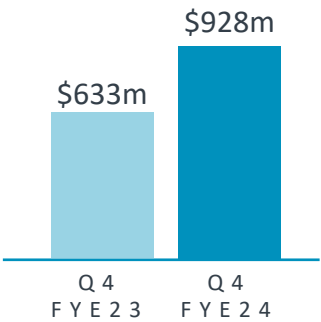
Low / no-cost subscription-based access to ~100 of Arm's most popular CPUs, GPUs and other IP

Customers are free to experiment with products contained in the package

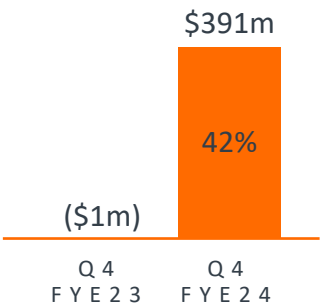


Arm's Financial Opportunity

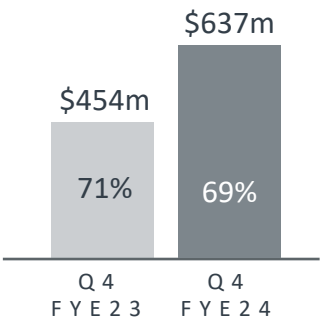
- + Strong revenue growth opportunity
- + Balancing investing for long term growth with best-in-class margins
- + Robust cash generation



Revenues:
47% growth



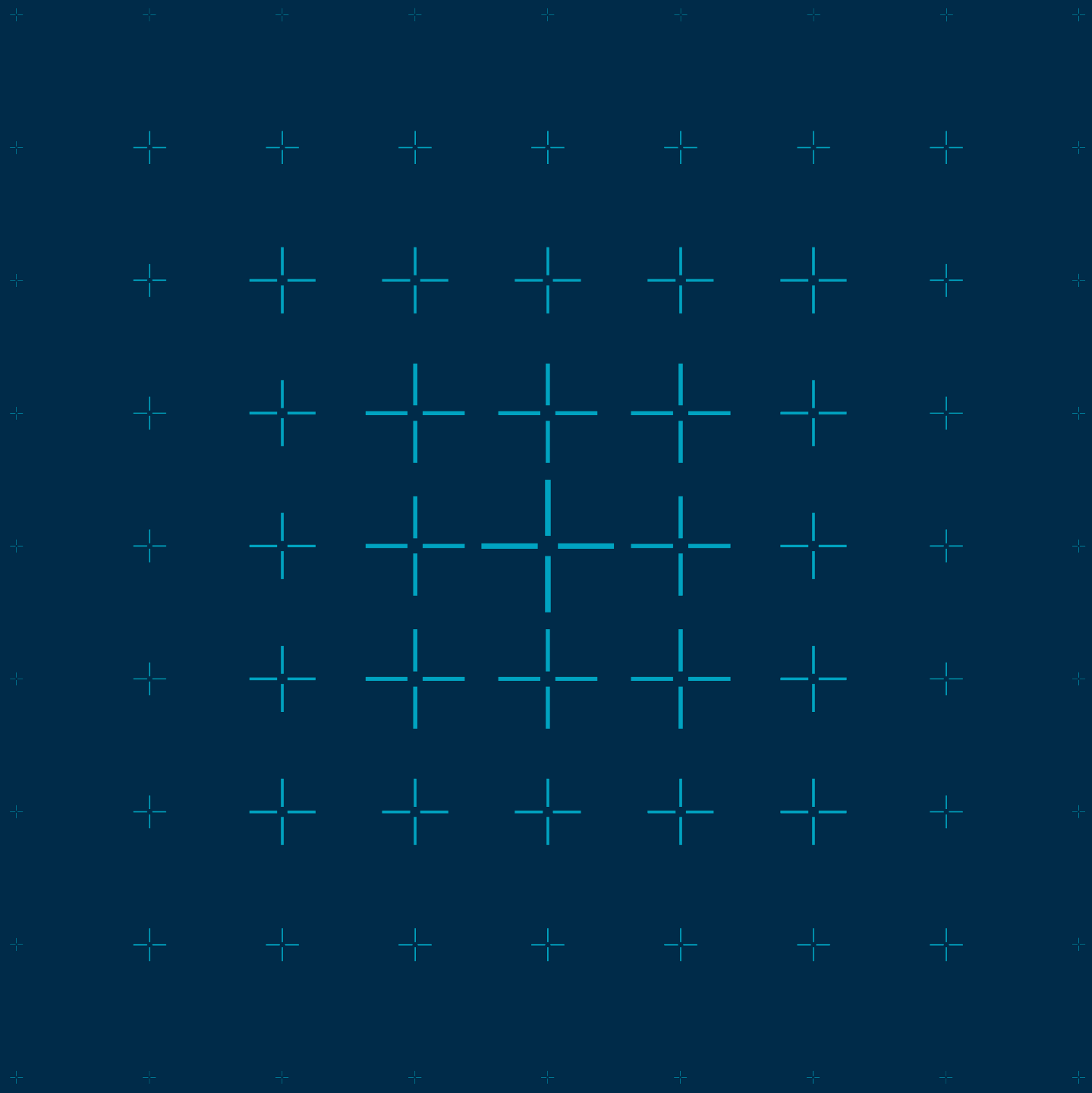
Non-GAAP
operating profit
and margin



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>												
GAAP to Non-GAAP Reconciliation (Unaudited) (4)												
Reconciliation of GAAP cost of sales to Non-GAAP cost of sales:												
Cost of sales	\$ (37)	\$ (25)	\$ (25)	\$ (29)	\$ (27)	\$ (31)	\$ (46)	\$ (36)	\$ (41)	\$ (131)	\$ (106)	\$ (154)
Adjusted for:												
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
Non-GAAP cost of sales (5)	\$ (37)	\$ (23)	\$ (24)	\$ (27)	\$ (25)	\$ (24)	\$ (26)	\$ (26)	\$ (26)	\$ (121)	\$ (99)	\$ (102)
Reconciliation of GAAP gross profit to Non-GAAP gross profit:												
Gross profit	\$ 620	\$ 667	\$ 605	\$ 695	\$ 606	\$ 644	\$ 760	\$ 788	\$ 887	\$ 2,572	\$ 2,573	\$ 3,079
Adjusted for:												
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
Non-GAAP gross profit (5)	\$ 620	\$ 669	\$ 606	\$ 697	\$ 608	\$ 651	\$ 780	\$ 798	\$ 902	\$ 2,582	\$ 2,580	\$ 3,131



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

Arm Holdings plc
As of May 8, 2024

arm

	Actual Q4 31-Mar FYE22	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 FY 31-Mar FYE22	Actual FY 31-Mar FYE23	Actual FY 31-Mar FYE24
<i>(in millions, except per share amounts)</i>												
GAAP to Non-GAAP Reconciliation (Unaudited) (4)												
Reconciliation of GAAP research and development operating expenses to Non-GAAP research and development operating expenses:												
Research and development	\$ (341)	\$ (218)	\$ (248)	\$ (286)	\$ (381)	\$ (337)	\$ (626)	\$ (432)	\$ (584)	\$ (995)	\$ (1,133)	\$ (1,979)
Adjusted for:												
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	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP research and development operating expenses (5)	\$ (336)	\$ (217)	\$ (250)	\$ (270)	\$ (358)	\$ (241)	\$ (281)	\$ (280)	\$ (326)	\$ (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	\$ (321)	\$ (153)	\$ (172)	\$ (163)	\$ (274)	\$ (196)	\$ (290)	\$ (216)	\$ (281)	\$ (897)	\$ (762)	\$ (983)
Adjusted for:												
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	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP selling, general and administrative operating expenses (5)	\$ (315)	\$ (153)	\$ (158)	\$ (138)	\$ (251)	\$ (138)	\$ (115)	\$ (157)	\$ (185)	\$ (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	\$ (16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21)	\$ -	\$ -
Adjusted for:												
Impairment of long-lived assets	16	-	-	-	-	-	-	-	-	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	\$ (26)	\$ (2)	\$ (2)	\$ (2)	\$ (1)	\$ -	\$ -	\$ (6)	\$ -	\$ (26)	\$ (7)	\$ (6)
Adjusted for:												
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	-
Non-GAAP disposal, restructuring and other operating expenses, net	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2)	\$ -

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

Arm Holdings plc

As of May 8, 2024

arm

	Actual Q4 31-Mar FYE22	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 FY 31-Mar FYE22	Actual FY 31-Mar FYE23	Actual FY 31-Mar FYE24
<i>(in millions, except per share amounts)</i>												
GAAP to Non-GAAP Reconciliation (Unaudited) (4)												
Reconciliation of GAAP operating income (loss) to Non-GAAP operating income (loss):												
Operating income (loss)	\$ (84)	\$ 294	\$ 183	\$ 244	\$ (50)	\$ 111	\$ (156)	\$ 134	\$ 22	\$ 633	\$ 671	\$ 111
Adjusted for:												
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	-
Non-GAAP operating income (loss) (5)	\$ (31)	\$ 297	\$ 198	\$ 289	\$ (1)	\$ 272	\$ 384	\$ 361	\$ 391	\$ 731	\$ 783	\$ 1,408

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

Arm Holdings plc

As of May 8, 2024

arm

	Actual Q4 31-Mar FYE22	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 FY 31-Mar FYE22	Actual FY 31-Mar FYE23	Actual FY 31-Mar 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	\$ (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)
Non-GAAP net income (loss) from continuing operations (5)	\$ (10)	\$ 236	\$ 178	\$ 225	\$ 18	\$ 246	\$ 378	\$ 324	\$ 376	\$ 663	\$ 657	\$ 1,324
Non-GAAP net income (loss) from continuing operations per share attributable to ordinary shareholders												
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
Diluted	(0.01)	0.23	0.17	0.22	0.02	0.24	0.36	0.31	0.36	0.65	0.64	1.27
Weighted average ordinary shares outstanding (millions)												
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").

