
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission File Number: 001-41800

Arm Holdings plc

(Exact name of registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organization)

**110 Fulbourn Road
Cambridge CB1 9NJ
United Kingdom
Tel: 44 (1223) 400 400**

(Address of principal executive offices)

**Spencer Collins
Arm Holdings plc
110 Fulbourn Road
Cambridge CB1 9NJ
United Kingdom
Tel: 44 (1223) 400 400**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing one Ordinary Share, nominal value £0.001 per share	ARM	The Nasdaq Stock Market LLC
Ordinary shares, nominal value £0.001 per share	*	The Nasdaq Stock Market LLC*

** Not for trading, but only in connection with the registration of the American Depositary Shares.*

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer’s classes of capital or common stock as of the close of the period covered by the annual report.

The number of ordinary shares outstanding of Arm Holdings plc as of March 31, 2025 was 1,056,513,738.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☒ Accelerated filer ☐ Non-Accelerated filer ☐ Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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GENERAL INFORMATION

All references in this Annual Report on Form 20-F (this “Annual Report”) to “Arm,” the “Company,” “we,” “us” and “our” refer to (i) Arm Limited and its consolidated subsidiaries prior to the completion of our corporate reorganization, (ii) Arm Holdings Limited and its consolidated subsidiaries after the completion of our corporate reorganization and prior to the re-registration of Arm Holdings Limited as a public limited company and (iii) Arm Holdings plc and its consolidated subsidiaries after the re-registration of Arm Holdings Limited as a public limited company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Our fiscal year ends on March 31 of each year. We prepare our consolidated financial statements in accordance with generally accepted accounting principles in the U.S. (“GAAP”). We present our consolidated financial statements in U.S. dollars (“USD”).

We have historically conducted our business through Arm Limited. As a result of the corporate reorganization between entities under common control, the historical consolidated financial statements of the Company were retrospectively adjusted for the change in reporting entity. Therefore, the historical consolidated financial statements of Arm Limited became the historical consolidated financial statements of Arm Holdings plc as of the date of the corporate reorganization. Our corporate reorganization is described in the section titled “*Item 4. Information on the Company—A. History and Development of the Company—Corporate Reorganization.*”

The financial information contained in this Annual Report does not amount to statutory accounts within the meaning of section 434(3) of the U.K. Companies Act 2006 (the “Companies Act”).

INDUSTRY AND MARKET DATA

This Annual Report contains estimates, projections and other information concerning our industry, our business and the markets for our products, including, but not limited to, our general expectations and market position, market opportunity and market size. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry and general publications, government data and similar sources. While we are responsible for the accuracy of such information and believe our internal company research as to such matters is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source.

In addition, assumptions and estimates of our and our industry’s future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled “*Item 3. Key Information—D. Risk Factors.*” These and other factors could cause our future performance to differ materially from our assumptions and estimates. See “*Special Note Regarding Forward-Looking Statements.*”

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), relating to our operations, results of operations and other matters that are based on our current expectations, estimates, assumptions and projections. Statements regarding our future and projections relating to revenue, cost of sales, operating expenses, income (loss), and potential growth opportunities are typical of such statements. The forward-looking statements appear in a number of places, including, but not limited to, “*Item 5. Operating and Financial Review and Prospects.*” Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by the words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “is/are likely to,” “intend,” “plan,” “objective,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “target,” “continue” and “ongoing,” or the negative of these

terms or other comparable terminology intended to identify statements about the future. The forward-looking statements and opinions are based upon current expectations and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward looking statements. Such risks and uncertainties include, but are not limited to:

- our future financial performance, including our expectations regarding our revenues, cost of sales, gross profit, operating expenses and other operating results, as well as our ability to maintain profitability;
- our dependence on the semiconductor and electronics industries and the demand for the products of our customers;
- our dependence on the compatibility of our products with the manufacturing and design processes of our customers;
- our reliance on third parties to market and sell chips and end products incorporating our products, as well as add value to our licensed products;
- our dependence on a limited number of customers for a significant portion of our revenue;
- our ability to attract new customers and sell additional products to our existing customers;
- the loss of any of our senior management personnel or one or more key employees or our inability to attract and retain qualified personnel;
- our ability to adequately fund our research and development efforts;
- risks related to the availability of development tools, systems software, electronic design automation (“EDA”) tools and operating systems compatible with our architecture;
- our ability to protect our proprietary products and our brand, and the costs of protecting such intellectual property (“IP”) rights, particularly as a result of litigation;
- fluctuation and unpredictability of our results;
- our ability to verify royalty amounts owed to us under our licensing agreements;
- risks related to foreign exchange fluctuations;
- changes in our effective tax rate;
- risks associated with organic growth or growth from strategic investments or acquisitions we make, and the risk of failing to effectively manage our growth;
- risks associated with the slow development of the market for our connectivity, device and data management platform;
- the possibility of cyberattacks, breaches of our security controls and unauthorized access to our data or a customer’s data;
- our ability to satisfy data protection, security, privacy or other government- and industry-specific requirements;
- risks associated with the interests of SoftBank Group Corp., our controlling shareholder (“SoftBank Group”), conflicting with the interests of other holders of our ordinary shares, nominal value £0.001 per share (“ordinary shares”), and American depositary shares, each of which represents the right to receive one ordinary share (“ADSs”), may be evidenced by American depositary receipts (“ADRs”);
- effects of global general economic conditions, political factors, war or hostility, pandemics and other events outside of our control; and
- other factors relating to our financial condition and arrangements.

We caution that you should not place undue reliance on any of our forward-looking statements. For a further discussion of these and other factors that could affect our future results, performance, or transactions, see the factors discussed in “*Item 3. Key Information—D. Risk Factors*” and “*Item 5. Operating and Financial Review and Prospects*” of

this Annual Report. We undertake no obligation to update forward-looking statements to reflect developments or information obtained after the date hereof and disclaim any obligation to do so except as required by applicable laws.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved]

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk Factors

In addition to the other information contained in this Annual Report and in other documents we file with or furnish to the U.S. Securities and Exchange Commission (the "SEC"), the following risk factors should be considered in evaluating our business. The occurrence of any of the events or developments described below could materially harm our business, financial condition, results of operations and prospects. In such an event, the market price of our ADSs could decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may materially impair our business operations.

Summary of Risk Factors

Our business is subject to a number of risks of which you should be aware before making an investment decision. Among these important risks are the following, which are more fully described below:

Risks Relating to Our Business and Industry

- Demand for our products and services primarily depends on trends in the semiconductor and electronics industries and the demand for the products of our customers and our customers' customers.
- Demand for our products and services depends substantially on their acceptance by semiconductor and systems companies and their compatibility with, and the costs of, the design and manufacturing processes of our customers.
- We face intense competition and could lose market share to our competitors.
- Our development of compute subsystems ("CSS"), chiplets, and complete end chip solutions as well as other more integrated compute products may subject us to new or enhanced competitive, brand, technological, regulatory and financial risks.
- Competitive pressures or market opportunities may necessitate reductions in our pricing or change our business terms or business model, which could materially and adversely affect our business, results of operations, financial condition and prospects.
- Failure to adequately fund our research and development efforts may materially impair our ability to compete effectively.

- If we are unable to attract new customers and sell additional products to our existing customers, our business, results of operations, financial condition and prospects may be materially and adversely affected.
- Being engaged to design chips for one or more customers, could subject us to a variety of risks, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.
- We rely on third parties to market and sell chips incorporating our products and to enhance the value of our licensed products.
- Our results of operations, particularly our licensing and royalty revenues, can vary significantly between periods and may be unpredictable.
- Customers may decide to license our architecture and develop their own processors based on our architecture, rather than utilize our processor products pursuant to an implementation license.
- A significant portion of our total revenue comes from a limited number of customers, which exposes us to greater risks than if our customer base were more diversified.
- Our revenues predominantly come from a limited number of end markets.
- If we fail to develop new products in response to, or in anticipation of, rapid technological changes in our industry or the industries we serve, our business may be materially and adversely affected.
- Developing new products requires us to expend significant resources without assurances that we will generate revenue in the amounts we anticipate, on the expected timeline or at all.
- Our concentration of revenue from the People's Republic of China, including the Hong Kong Special Administrative Region and the Macau Special Administrative Region, but excluding Taiwan (the "PRC") market makes us particularly susceptible to economic and political risks affecting the PRC, which could be exacerbated by tensions between (on the one hand) the U.S. or the U.K. and (on the other hand) the PRC with respect to trade and national security.
- We utilize our commercial relationship with Arm Technology (China) Co. Limited ("Arm China") to access the PRC market. If that commercial relationship no longer existed or deteriorates, our ability to compete in the PRC market could be materially and adversely affected.
- Neither we nor SoftBank Group control the operations of Arm China, which operates independently of us.
- Our business and future operating results may be materially and adversely affected by global economic conditions and other events outside of our control.
- The semiconductor industry relies on a limited number of manufacturers whose operations tend to be concentrated in certain geographic regions to manufacture chips and other products, and developments that adversely affect such regions could have a material adverse effect on our business, results of operations, financial condition and prospects.
- If our products do not conform to, or are not compatible with, existing or emerging industry standards, demand for our products may decrease.
- Failure to obtain, maintain, protect, defend or enforce our IP rights could impair our ability to protect our proprietary products and our brand, and the costs of obtaining, maintaining, protecting, defending and enforcing such IP rights, particularly as a result of litigation, may adversely and materially affect our results of operations.
- We may be sued by third parties for alleged infringement, misappropriation or other violation of their IP rights or proprietary rights and our defense against these claims can be costly.
- Errors, defects, bugs or security vulnerabilities in or associated with our products could expose us to liability and damage our brand and reputation, which could harm our competitive position and result in a loss of market share.

Risks Relating to Government Regulation and Legal Compliance

- Our international operations expose us to risks in international jurisdictions and we may be negatively impacted by export restrictions and trade barriers.

Risks Relating to Our Status as a Controlled Company and Foreign Private Issuer

- We are a “controlled company” within the meaning of The Nasdaq Stock Market LLC (“Nasdaq”) corporate governance rules and, as a result, are eligible to rely on exemptions from certain corporate governance requirements that provide protection to stockholders of companies that are not controlled companies.
- As long as SoftBank Group controls us and/or is entitled to certain rights under the Shareholder Governance Agreement (as defined below), other holders of our ordinary shares and ADSs will have limited ability to influence matters requiring shareholder approval or the composition of our Board of Directors.
- SoftBank Group’s interests may conflict with our own interests and those of holders of our ADSs.
- While we are a foreign private issuer, we may opt out of certain Nasdaq corporate governance rules applicable to public companies organized in the U.S.
- If we were to lose our foreign private issuer status, this would then require us to comply with the Exchange Act’s domestic reporting regime and cause us to incur significant legal, accounting and other expenses.

Risk Factors

Risks Relating to Our Business and Industry

Demand for our products and services primarily depends on trends in the semiconductor and electronics industries and the demand for the products of our customers and our customers’ customers.

Demand for our products and services is largely dependent on the semiconductor and electronics industries, which are volatile, intensely competitive and generally characterized by declining average selling prices (“ASPs”) over the life of a generation of chips. The effect of these price decreases is compounded by the fact that our royalty rates generally decrease as the volume of sales increases, subject to an agreed minimum royalty per chip. Additionally, demand for our products and services could decrease if growth in the semiconductor or electronics industries slows or declines.

The revenue we generate from licensing activities is also largely dependent on the rate at which systems companies develop and adopt new product generations, which, in turn, is affected by the level of demand for their integrated circuits (“ICs”) and other products. Decreasing demand from systems companies for chips based on our products would directly and adversely affect the amount of royalty revenues we receive. As a result of our dependence on demand from systems companies, we are subject to several risks affecting these systems companies, any one of which may influence the success or failure of a particular systems company. These risks include, among others:

- competition faced by the systems company in its particular industry;
- the engineering and marketing capabilities of the systems company;
- market acceptance of the systems company’s products;
- adverse developments in the economic and political conditions of the region(s) in which the systems company operates, particularly to the extent that such developments create an unfavorable business environment;
- supply constraints and inventory correction affecting the systems company;
- technical challenges unrelated to our products faced by the systems company in developing its products; and
- the financial and other resources of the systems company.

These risks and others which are outside of our control could adversely affect any number of systems companies upon which our success depends, which could, in turn, have a material adverse effect on our business, results of operations, financial condition and prospects.

Demand for our products and services depends substantially on their acceptance by semiconductor and systems companies and their compatibility with, and the costs of, the design and manufacturing processes of our customers.

Our success depends substantially on the acceptance of our products and services by semiconductor and systems companies, particularly those that develop and market chips for high-volume electronic devices in the automotive, embedded and internet of things (“IoT”), enterprise electronics, and mobile and consumer electronics markets. There are

competing microprocessor architectures in the market and there is no certainty that the market will continue to accept our products to the same or greater extent than it does today.

Demand from large, global systems companies, including original equipment manufacturers (“OEMs”), drive much of the development of silicon chips and computer systems. Accordingly, acceptance of our products by these companies as well as semiconductor and other companies for use in a variety of end-market applications is critical for our continued success.

The semiconductor and electronics industries have also become increasingly complex and subject to increasing design and manufacturing costs. Many of our customers utilize third-party vendors for EDA tools and also outsource the manufacture of their semiconductor designs to foundries. We work closely with major EDA vendors and foundries to ensure that our products are compatible with their design tools and manufacturing processes. However, if we fail to optimize our products for use with major EDA vendors’ tools and foundries’ manufacturing processes, or if our access to such tools and processes is hampered, then our products may become less desirable to our customers. Similarly, for customers that do not outsource design and manufacturing processes, if our products are unsuitable for the customers’ internal processes, then our products may not be acceptable to those customers.

Additionally, there are risks inherent in the manufacturing of next-generation process technologies, including production timing delays, lower-than-anticipated manufacturing yields, and product defects and errata. If foundries are unable to successfully or efficiently manufacture future generations of chips based on our products, demand for our products could be materially adversely affected along with our business, results of operations, financial condition and prospects.

We face intense competition and could lose market share to our competitors.

The market for our products is intensely competitive and characterized by rapid changes in design and manufacturing technologies, end-user requirements, industry standards, and frequent new product introductions and improvements. We anticipate continued challenges from current and new competitors, including established technologies such as the x86 architecture, a family of instruction set architectures (“ISAs”), as well as by free, open-source technologies, including the RISC-V architecture. Many of our customers are also major supporters of the RISC-V architecture and related technologies. If RISC-V-related technology continues to be developed and market support for RISC-V increases, our customers may choose to utilize this free, open-source architecture instead of our products. Additionally, many of our direct and indirect competitors, including some of our semiconductor customers, are major corporations with substantially greater technical, financial and marketing resources and name recognition than we have. Some of these competitors have a much larger application software base and a much larger installed customer base than we do, and there can be no assurance that we will have the financial resources, technical expertise, and marketing, distribution and support capabilities to compete successfully with them in the future.

In markets where we are established already and new markets we have entered, intend to enter or may in the future enter, our primary competitors may have, among other things, greater financial, technical, marketing, distribution, support or other resources and capabilities, greater brand recognition, lower labor and development costs, different regulatory restrictions or a larger customer base than we do. In certain of these markets, we may have to invest substantial resources into developing an ecosystem of software and tools to create a competitive ecosystem that allows us to compete with alternative architectures such as x86 and RISC-V, which have business models that are different from ours and may be more attractive to some of our customers. Further, several of our customers are creating their own bespoke accelerators for artificial intelligence (“AI”) workloads that are intended to sit alongside the Arm core. If, over time, more of the workloads move to accelerators away from the CPU, the CPU market size may decrease, resulting in a decrease of our license fees and royalties. While we have implemented a number of strategies to address this risk, such as creating dedicated neural processing units (“NPU”), adding dedicated AI acceleration features to our CPUs and graphics processing units (“GPU”), and maintaining dialogues with partners in the AI software ecosystem to ensure that our products and solutions are appropriate for AI workloads, there can be no assurances that our strategies will be successful. Additionally, our competitors may devote greater resources to the development, promotion and sale of products and services, they may offer lower pricing and different customer engagement models, and their performance, features and product quality may be more desirable than those of our company. Our current and potential competitors may also be subject to more favorable regulatory regimes or establish cooperative relationships among themselves or with third parties that may further enhance their resources or strengthen their positions within these markets. For example, in August 2023, a group of our customers and other competitors announced a joint venture aimed at accelerating the adoption of RISC-V, initially focused on the automotive sector. Although the development of alternative architectures and technology is a time-intensive process, if our

competitors establish cooperative relationships or consolidate with each other or third parties, such as the previously mentioned joint venture focused on RISC-V, they may have additional resources that would allow them to more quickly develop architectures and other technology that directly compete with our products. Such cooperative relationships or consolidations may also allow competitors to anticipate or respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken and we could experience a decline in our market share, revenue and profitability.

Some semiconductor companies have developed their own proprietary architecture for specific markets or applications. These companies may utilize their proprietary architecture to penetrate markets where we are currently the architecture of choice, or where our products may be utilized, making it more difficult for us to penetrate such markets in the future. Some semiconductor companies have proprietary architectures in applications, including, but not limited to, automotive, data center equipment, networking equipment, electronic storage, microcontrollers, smart sensors, servers and wireless communications. These companies may be significantly entrenched in their markets. If these companies are successful in displacing our products, or if we are unable to penetrate or grow our market share in these areas, licensing opportunities and potential royalty revenues could be harmed, negatively affecting our business, results of operations, financial condition and prospects. Our development systems tools business also faces significant competition from both the open-source community and third-party tools and software suppliers.

While our customers likely would incur significant costs in switching to competitors' architecture, our competitors (including new market entrants) may offer greater incentives to customers through rebates, marketing funds, similar programs and other commercial arrangements to induce them to use their architecture in lieu of our products. Additionally, our competitors with multiple products or services may bundle their architecture, products and services to offer a broader product portfolio (which may include products or services we do not offer), which may make it difficult for us to gain or maintain market share.

Our development of CSS, chipllets, and complete end chip solutions as well as other more integrated compute products may subject us to new or enhanced competitive, brand, technological, regulatory and financial risks.

To remain competitive, we must continue to innovate and develop new products and services, as well as enhancements to our existing products and services, in response to expressed or anticipated customer demand and new market opportunities. We actively consider the impact of next generation technology adopted by market participants, which has resulted in us allocating resources to, and exploring, new markets and/or different products and solutions for existing and prospective customers in various end markets. For example, on February 21, 2024, we introduced a CSS targeted at customers in the infrastructure space. We intend to continue allocating resources and engaging with our ecosystem partners to explore the viability and development of new products including, without limitation, new products in our IP portfolio, as well as solutions beyond individual IP designs such as RTL-based CSSs, GDSII-based CSSs, chipllets and complete end chip solutions. For example, we have been, and may in the future be, engaged to advise on or design chips for certain existing customers and other third parties, including affiliates of SoftBank Group, across a variety of use cases and end markets. Any products or solutions that constitute an entry into new markets or offerings of different solutions may be unsuccessful for any number of reasons. For example, as with any company entering a new market or offering new products or solutions, we will compete with companies that have a more established presence, longstanding customer relationships and established brand awareness. Additionally, any such new business activities may be undertaken utilizing any number of commercial arrangements, including as a technical advisor or licensor to SoftBank Group or its affiliates.

Additionally, because our resources must be allocated amongst developing and maintaining our existing IP portfolio and developing and commercializing any new, more integrated compute products or solutions, companies that focus their efforts on a single product or solution or a limited number of products or solutions may have significantly greater financial, technical, manufacturing, marketing, sales and distribution resources dedicated to such markets and solutions than we do. Such companies may also have a more developed IP portfolio for the applicable markets and solutions and may be able to leverage these resources and competitive factors to gain or maintain market share. Further, although more integrated compute products may provide our customers superior performance and faster routes to market for their products (compared to licensing and integrating separate IP components), our customers may prefer to continue integrating our IP components in their products and solutions, and, therefore, our more integrated compute products may not be adopted by customers on our expected timeline or at all.

In addition, to the extent any such developments in our product offerings, and other future changes to our products and services, create real or perceived conflicts with companies that are important to our business, such customers or partners

may terminate or materially reduce their relationship with us and seek alternative architectures or products from competitors. Accordingly, to the extent that we pursue entry into any new market or offer any new product or solution, we may not realize the anticipated financial benefits of such changes in the amounts we may anticipate, on our expected timeline or at all.

Furthermore, we have, and may in the future, need to recruit and hire engineers or other employees or acquire companies that possess the requisite expertise, which we may not be able to do successfully on a timely basis, on competitive terms or at all. We have also begun exploring potential acquisitions of, or service agreements with, companies with the required expertise. The recruitment and retention of engineers and other employees or the acquisition of companies may require significant expenditures, including compensation costs or the acquisition of businesses employing the required expertise. We may also be required to seek to hire engineers or other employees from customers, partners or competitors in order to secure the necessary expertise to develop new or enhanced products or solutions, which may result in customers or partners terminating or materially reducing their relationship with us. Additionally, to the extent we seek to hire engineers or other employees from competitors, we may be unsuccessful due to, among other reasons, such competitors having greater resources or long-standing relationships with such engineers and other employees. To the extent that we do not have the technical expertise, financial resources or other capabilities for a particular research and development project with respect to new products or solutions, we have partnered, and may in the future partner, with third parties, including SoftBank Group and/or its affiliates. There can be no assurance that such partnerships will be established on a timely basis, on competitive terms or at all. In such circumstances, we rely on third parties over which we exercise little or no control, and we can provide no assurances that any such third parties will dedicate the resources, or have the requisite technical or other capabilities, necessary to achieve our and/or our customers' expectations.

Competitive pressures or market opportunities may necessitate reductions in our pricing or change our business terms or business model, which could materially and adversely affect our business, results of operations, financial condition and prospects.

In order to remain competitive in the highly competitive markets in which we do business, we may need to reduce the prices of our products or services or otherwise change the structure and terms of our customer relationships or our business model. If our competitors offer significant discounts on certain products in an effort to recapture or gain market share or to sell other software or hardware products, we may need to lower our prices or offer other favorable terms to compete successfully. Any such changes would likely reduce our profit margins and could have a material adverse effect on our business, results of operations, financial condition and prospects. Any substantial changes to our other commercial arrangements with our customers or our business model could cause revenues to decline or be delayed as our sales force implements and our customers adjust to the commercial arrangements or business model. Changes to our business model could also necessitate changes in our product mix, which could cause revenues or profitability to decline, particularly if such changes in our product mix result in an increased reliance on lower margin offerings. If we cannot offset price reductions with a corresponding increase in sales volume or by reducing our costs, then the reduced revenues resulting from lower prices could have a material adverse effect on our business, results of operations, financial condition and prospects.

Further, we can provide no assurances that customers will accept changes in our business model, which could result in lower revenues, particularly in the period immediately following the initial introduction of a new business model. In such case, we may not realize the anticipated financial benefits of such changes in the amounts we anticipate, on the expected timeline or at all.

In addition, increases in the number or value of licenses signed in the future may not materialize in the same way or at all under a new business model and, therefore, licensing revenue and royalty revenue may be lower than expected. Further, the use of a new business model may have unexpected consequences for our company, including making our products less attractive to current and prospective customers, which could have a material adverse effect on our business, competitive position, results of operations, financial condition and prospects.

Failure to adequately fund our research and development efforts may materially impair our ability to compete effectively.

To remain competitive, we must continue to innovate and develop new products, applications and enhancements to our existing products and services, particularly as next-generation technology is adopted by market participants. Allocating and maintaining adequate research and development resources, such as the appropriate personnel and development technology, to meet the evolving demands of the market is essential to our continued success, but our allocations may be inadequate or

we may pursue research and development initiatives based on assumptions about future demand that prove to be incorrect. Our competitors may expend considerably greater resources to support their respective research and development programs than we do, which may give our competitors a competitive advantage.

Our ability to fund research and development expenditures depends on generating sufficient revenue and cash flow from operations and the availability of external financing, if necessary. Our research and development expenditures, together with other ongoing operating expenses, is a substantial drain on cash flow and may decrease cash balances, which may limit our ability to pursue other potentially attractive initiatives. On the other hand, if we allocate our resources to such other potentially attractive initiatives or pay dividends to our shareholders, our research and development efforts may be harmed or we may need to seek external financing in order to fund our efforts. If new competitors, technological advances by existing competitors, other competitive factors or market changes require us to invest significantly greater resources than anticipated in research and development efforts, total operating expenses would increase. If we are required to invest significantly greater resources than anticipated in research and development efforts without an associated increase in revenue, our operating results could decline.

Further, in determining the appropriate allocation of research and development resources, our management continuously evaluates opportunities to develop new technologies and advanced products, including more complete compute subsystems (such as Arm CSS), chiplets and complete end chip solutions. In order to respond to expressed or anticipated customer demand and/or to take advantage of expected market opportunities, we continually consider the optimal allocation of resources across our business, including to existing product lines and to research and development of new technology offerings, including technologies beyond individual design IP elements. Based on management's expectations for current and projected market demand, the allocation of resources to any of these may be increased or reduced over time.

Additionally, our processors often run software created by independent software vendors or through open-source communities. Each end market has its own ecosystem of software and tools providers, including from open-source communities. These ecosystems need to be supported by our engineers and resources, and by our customers, including, from time to time, through direct monetary investment. In some circumstances, we may also need to subsidize or fund our customers' research and development efforts. Insufficient investment may result in the ecosystems and/or customers providing better support for end products not based on our products leading to systems companies not choosing chips based on our products, which would result in a reduction in our revenues.

If we are unable to attract new customers and sell additional products to our existing customers, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Adding new customers while maintaining our existing customers, selling additional products to our existing customers and increasing the price we charge to existing customers represent our principal opportunities to increase revenue (particularly licensing revenue). We generate a significant portion of our revenues from customers who incorporate our products into chips used in smartphones, consumer electronics and other embedded chips. If growth in these markets declines (especially in the mobile applications processors market which is our largest single market for royalty revenue), our business, financial condition, results of operations and cash flows could be negatively affected, and we would become more dependent on new growth areas to increase revenue and improve our financial condition. We are currently focused on growing our business in key areas such as cloud computing, automotive, IoT, AI and 5G. Numerous factors, however, may impede our ability to grow our business in these key areas, add new customers and sell additional products to our existing customers. Those factors include, among others:

- failure to develop new products that are attractive to current and prospective customers;
- slow adoption of our new products in key areas such as cloud computing, automotive, IoT, AI and 5G;
- failure to develop or expand relationships with channel partners;
- failure to develop new distribution channels appropriate for such new technology areas;
- failure to successfully provide quality technical support once deployed; and
- failure to retain new customers and failure to ensure the effectiveness of our marketing programs.

In addition, if prospective customers do not perceive our products to be of sufficiently high value and quality or they do not believe the costs of our products relative to competing technology can be passed along to their customers, we may

not be able to effectively attract new customers, which would materially and adversely affect our business, results of operations, financial condition and prospects.

Being engaged to design chips for one or more customers, could subject us to a variety of risks, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We have been, and may in the future be, engaged to advise on or design chips for certain existing customers and other third parties, including affiliates of SoftBank Group, across a variety of use cases and end markets. We can provide no assurances that customers would engage us to supply custom chip designs or, even if one or more customers were to engage us, that we would be successful in designing chips for our customers' intended use cases. Designing chips for one or more customers may necessitate substantial investments in technology and human capital, and it could take several years for us to realize any associated benefits, if ever. This may reduce our cash available for operations and other uses, which could hurt our ability to grow our business. In addition, any efforts to design chips may require substantial time and attention from our executives, engineers and other employees, which could distract them from operating our business, and divert attention and resources away from our core IP licensing business. Further, in such circumstances, we may partner with third parties, which may include SoftBank Group and/or its affiliates, which may expose us to additional risks, including risks related to oversight of the project and quality control. See “—Our development of CSS, chiplets, and complete end chip solutions as well as other more integrated compute products may subject us to new or enhanced competitive, brand, technological, regulatory and financial risks.” and “—Failure to adequately fund our research and development efforts may materially impair our ability to compete effectively.”

Furthermore, any decision to design chips for customers may create real or perceived competitive conflicts with companies that are important to our business, and as a result of such competition, such companies might terminate or materially reduce their relationship with us, particularly if we agreed to design chips exclusively for certain customers. If our relationships with existing customers deteriorated or terminated as a result of any opportunistic expansion into chip designs, our business, results of operations and prospects could be materially and adversely affected.

We rely on third parties to market and sell chips incorporating our products and to enhance the value of our licensed products.

We rely on our customers to design, manufacture and sell chips incorporating our products in order to generate royalty revenue. A substantial portion of our revenue depends upon the commencement of new design projects by semiconductor companies and their ability to provide complete chips based on our products to meet the specific application needs of their customers. However, our customers are not contractually obligated to design, manufacture or sell chips using our products on an exclusive basis or at all. Some of our existing customers design, manufacture and sell chips based on competing technology, including their own, and other existing or potential customers may do so in the future. To the extent that our customers elect to license technology from competitors, our competitive position could be adversely affected and we could lose market share. Furthermore, under many of our arrangements with customers, there is generally no minimum purchase obligation or guaranteed revenue stream.

We are also subject to risks related to the competition faced by our customers in their particular industries, the engineering and marketing capabilities of our customers, the technical challenges, geopolitical challenges, and supply chain constraints unrelated to our products faced by our customers in developing, manufacturing and selling their chips, and the financial and other resources of our customers. We cannot assure you that our customers and other partners will dedicate the resources necessary to promote and further develop chips incorporating our products, that they will manufacture chips containing our products in quantities sufficient to meet demand, that we will be successful in developing, expanding or maintaining our relationships with current or prospective customers or other partners, or that such customers will effectively and successfully promote and sell chips using our products. In addition, if their chips that incorporate our products are faulty, we may suffer reputational harm whether or not any fault results from our products. See “—Errors, defects, bugs or security vulnerabilities in or associated with our products could expose us to liability and damage our brand and reputation, which could harm our competitive position and result in a loss of market share.”

Our results of operations, particularly our licensing and royalty revenues, can vary significantly between periods and may be unpredictable.

We have experienced, and may in the future experience, significant fluctuations in our period-to-period results of operations. Our results may fluctuate and be unpredictable because of a variety of factors, including, among others:

- the timing of entry into high-value agreements of which we historically have signed only a limited number each quarter;
- the mixture of license fees, royalties, and fees for software and services;
- our ability to correctly accrue royalty revenue;
- the financial terms and delivery and revenue recognition schedules of our agreements with customers;
- the timing of license renewals and license extensions;
- the demand for chips and end products that incorporate our products or expected future demand for such chips and end products;
- seasonal effects on demand for end products that incorporate our products;
- product and sales cycles;
- the introduction of new technology by us, our customers or our competitors, or other actions taken by our competitors;
- the timing of orders from, and shipments to, technology companies of chips based on our products from our semiconductor partners and customers;
- the financial results of Arm China and its ability to make payments to us in a timely manner, or at all;
- new litigation or developments in current litigation, including, but not limited to, lawsuits with Qualcomm and Nuvia (each as defined below), as described under “*—We are currently involved in pending litigation*”;
- the timing of new employees joining the Company;
- the timing of bonuses and other remuneration to employees, consultants and advisors, including for recruitment or retention purposes;
- the volatility of the market price of our ADSs may cause our operating expenses and cash expenditures to increase as a result of vesting of restricted share units (“RSUs”) and cash-settled awards;
- any strategic investments, acquisitions or divestitures that we might undertake, and the timing thereof, including in furtherance of our initiatives to develop more complete compute subsystems (such as Arm CSS), chiplets, and complete end chip solutions;
- the scope and nature of our investment in any new products or solutions;
- supply chain constraints and inventory correction in or affecting the semiconductor industry;
- cyclical fluctuations in the semiconductor market and the markets of our customers’ end customers;
- sudden technological or other changes in the semiconductor industry, including consolidation among our customers;
- changes in the global economy (such as inflation, stagflation, rising interest rates, adverse developments affecting international trade relations or a recession), disruptions in the global supply chain (including shortages of critical semiconductor components and chips) or regulatory changes that impact the semiconductor industry;
- changes in political, regulatory, legal or economic conditions or geopolitical turmoil (including PRC-Taiwan relations), including terrorism, war (including the ongoing conflict between Russia and Ukraine and conflicts in the Middle East) or political or military coups, state-sponsored or politically motivated cyberattacks, or foreign and domestic civil disturbances or political instability; and
- changes to accounting policies and accounting standards applicable to us, and changes to key accounting estimates and judgments applied by us.

Accurate prediction of the timing of inception of new licenses and renewals of existing licenses is difficult because the development of a business relationship with a potential customer may frequently span a year or more. The fiscal quarter in which a new or renewed license agreement will be entered into, if at all, is difficult to predict, as are the financial terms of any such agreement.

Our license and royalty revenues are also affected by market conditions in the industries in which our customers operate, particularly in the semiconductor industry, which is cyclical by nature and impacted by broad economic factors,

such as worldwide gross domestic product and consumer spending. The semiconductor industry has experienced significant and sometimes sudden and prolonged downturns in the past, including in recent years as a result of supply chain constraints.

As a result of these factors and others, many of which are outside of our control, it may be difficult for us to provide accurate forecasts of our revenues and results of operations for future periods, and such factors and others could have a material adverse effect on our business, competitive position, results of operations, financial condition and prospects.

Customers may decide to license our architecture and develop their own processors based on our architecture, rather than utilize our processor products pursuant to an implementation license.

Our customers may decide to license our ISA and develop their own processors based on our ISA, rather than utilize our predeveloped products through an implementation license, resulting in less fees paid to us. Customers may choose to develop their own processors if they believe they can do so more effectively than us or if supply and capacity constraints within the semiconductor industry further incentivize vertical integration in an effort to secure additional control over their supply chains. Some of these customers may have greater name recognition and substantially greater financial, management, marketing, service, support, technical, distribution and other resources than we do. If our customers, and particularly one or more key customers from whom we generate a significant portion of our total revenues, elect to develop their own processors based on our ISA, the market for our developed processor portfolio would decline, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

A significant portion of our total revenue comes from a limited number of customers, which exposes us to greater risks than if our customer base were more diversified.

A significant portion of our total revenue is generated from a limited number of key customers. In particular, our top five customers (including Arm China) collectively accounted for approximately 56%, 54% and 57% of our total revenue for the fiscal years ended March 31, 2025, 2024 and 2023, respectively, and our largest customer individually, Arm China, accounted for approximately 17%, 21% and 24% of our total revenue, respectively, during those fiscal years. As a result of this customer concentration, we are particularly susceptible to adverse developments affecting our key customers and their respective businesses, including industry downturns, decreased demand for their products, increased competition, changes in trade protection and other government policies, financial hardship and changes in their business model, purchasing behavior and strategic priorities, among other factors, many of which are beyond our control. In particular, developments in our key customers' respective businesses that adversely affect their ability to satisfy their payment obligations to us or result in their determination not to continue or expand their use of our products would have a material adverse impact on our revenue and results of operations to a greater extent than if our customer base were more diversified. Our customer concentration also has afforded certain customers significant bargaining power, which has, in some cases, resulted in pricing or other contractual terms that are less favorable to us. For example, subject to certain limitations, certain of our contracts with key customers contain provisions allowing such customers to obtain licenses to our latest products as soon as they are made available to any other customer. In addition, to the extent that we develop new products, those products may be competitive with, or may be perceived as competitive with, products sold by our customers, which could cause existing customers to significantly reduce or terminate their relationships with us and could result in existing and new customers electing to use alternative architectures such as x86 and RISC-V. If one or more of our most significant customers were to cease or significantly reduce their historical levels of business with us, it could have a material adverse effect on our business, reputation, financial condition, cash flows and results of operations. If we were to lose one or more of our key customers or if our business with one or more key customers were to decrease significantly, whether as a result of external impacts on the business of those customers, or, for example, as a result of disputes with such customers with respect to pricing models, there are no assurances that we would be successful in identifying and contracting with one or more customers to replace any lost revenue, which would materially and adversely affect our business, results of operations, financial condition and prospects.

Our revenues predominantly come from a limited number of end markets.

Royalty revenue from mobile applications processors constituted approximately 46% of our royalty revenue for the fiscal year ended March 31, 2025. In these end markets, our substantial existing market share may limit opportunities for future growth. Additionally, demand in these markets may be adversely impacted if consumers reduce their purchases of smartphones and consumer electronics as a result of changes in consumer behavior. If these end markets do not expand, we may be unable to continue to grow our revenues significantly from these markets, if at all. Additionally, circumstances outside of our control, such as the invention of new technologies, could adversely affect the smartphone and consumer

electronics markets as a whole, which would have a material adverse impact on our revenue, profitability, and ability to attract new customers.

Our products are extensible and have been licensed and used in various other target end markets. While these new target markets represent a meaningful opportunity for us, they may not grow or develop as quickly as we expect them to. Furthermore, it could take years to reach a market share similar to our position in smartphones and consumer electronics.

Other microprocessor architectures such as x86 and RISC-V may already exist across all of these markets, or may be developed for applications within these markets. For applications in markets such as computing, data centers, networking and servers, competing microprocessor architectures, such as x86, already have a large, well-established customer base and are supported by a broad base of related software and development tools. These markets represent a significant portion of our revenue growth opportunity, and they also introduce new sources of competition, including, in some cases, incumbent competitors with established technologies, ecosystems, and customer bases, lower prices or costs, and greater brand recognition. These new markets may not grow as projected or at all, and we may not realize an adequate return on our investments. Due to the interdependence of various components in the products in which our architecture and our competitors' architectures are used, customers are unlikely to change to another product, once adopted, until the next generation of a technology. As a result, even if our products are superior to alternative offerings, it may be difficult for our products to displace alternative technologies as a result of high switching costs to change to our products, including the need for potential customers to make significant investments in additional training and development tools and to convert software for existing devices. Additionally, to the extent our competitors have done business with prospective customers for a long period of time and have established relationships, our competitors may have information regarding future trends and requirements of such prospective customers that may not be available to us. If any of these markets do not develop as we currently anticipate or we fail to establish ourselves in these new markets, we could suffer a material adverse effect on our competitive position and business prospects.

If we fail to develop new products in response to, or in anticipation of, rapid technological changes in our industry or the industries we serve, our business may be materially and adversely affected.

The market for our products is characterized by rapidly changing technology and end-user needs. For example, improvements are rapidly being made in AI, cloud computing, data centers, image sensors, machine learning ("ML") and the metaverse, among other technologies. There are also alternative approaches to developing chips such as chiplets and multi-chip packaging, and some OEMs are taking more control over how their chips are developed including using specialist companies to design chips on their behalf. Furthermore, the once-rapid improvements in semiconductor transistor density, with consequent reductions in cost and power consumption, are decelerating, and further innovation will become incrementally more difficult and expensive to achieve. As a result of these rapid technological changes and others currently unknown, the future market for our products is difficult to predict. These risks are further exacerbated by the fact that our products often use a common architecture for multiple end markets and our new architecture products often are based on legacy products. Therefore, if our architecture were rendered uncompetitive, obsolete, or otherwise unmarketable it may impact multiple products and may cause us to expend significant resources and incur significant expenses to develop a new architecture.

Our business, reputation and relationships with our third-party partners could be adversely affected if we cannot develop technological improvements or adapt our products to technological changes on a timely basis. Whether we will be able to compete in the future will substantially depend on our ability to advance our products to meet these changing market and end-user needs and to anticipate successfully or respond to technological changes in hardware, software and architecture standards on a cost-effective and timely basis. Further, as a result of the rapidly changing technology and end-user needs in the semiconductor industry, our customers expect rapid development of new or enhanced products and solutions. The demand and expected timeline for development of our products and solutions, in the aggregate, often exceeds our available resources, requiring us to prioritize certain products and solutions. These resource constraints may be exacerbated when developing and distributing new products and solutions, particularly if those proposed products and solutions require greater resources than we anticipated. To the extent that customers are dissatisfied with the timeline for the development of certain products or solutions, such customers may terminate or materially reduce their relationship with us and seek alternative architectures or products from competitors. Conversely, pursuing an accelerated timeline for developing products or solutions may increase the likelihood of defects, cause us to allocate more resources away from other components of our business or result in our failure to timely develop the products or solutions, any of which could lead to customer dissatisfaction and lost opportunities. There is additional risk that public opinion regarding products that enable or enhance AI and ML technologies may not be consistent with our expectations, or that market acceptance of such products may be slower than anticipated. For example, failure to achieve widespread acceptance of and to generate

significant revenues from AI and ML technologies could materially and adversely impact our business and operating results.

Developing new products requires us to expend significant resources without assurances that we will generate revenue in the amounts we anticipate, on the expected timeline or at all.

We will have to make significant expenditures to continue developing our semiconductor products and other products. The long development time of generally five or more years from the initial design of our semiconductor products until its incorporation into new end-user applications can place significant strain on our financial resources and talent. Despite these investments, there can be no assurances that we will realize the financial benefits of our development efforts in the amounts we anticipate, on the expected timeline or at all. For instance, in the past we have experienced delays in the development of certain of our products, which then delayed product deployment and the associated revenues. This risk may be further exacerbated in respect of any new products or solutions, including more complete compute subsystems (such as Arm CSS), chiplets and complete end chip solutions that we may develop in the future, are for a new market, or are solutions that we have not previously offered which may require the build-out of any additional capabilities, relationships and infrastructure.

We may be unable to predict the timing or development of trends in our target markets with any accuracy. If we fail to accurately predict market requirements or market demand for our products in our target markets, our business will suffer. A market shift towards an industry standard that we do not currently support and for which we are not currently developing new products could significantly decrease the demand for our products. Despite these uncertainties, we devote substantial financial and other resources, including design, engineering, sales, marketing, and management efforts, to developing and marketing our products in anticipation of incorporation into new end-user applications. Additionally, our competitors may have a competitive advantage if their assessments relating to market adoption of new technologies prove to be more accurate than our assessments. Our failure to anticipate or timely develop new or enhanced products in response to changing market demand could result in the loss of customers and decreased revenue and have a material and adverse effect on our business, cash flows, results of operations and prospects.

As we develop and introduce new products, we face the risk that customers may not value or be willing to bear the cost of incorporating these newer products into their chips, including increases in royalty rates for such new products (as compared to existing products), particularly if they believe their customers are satisfied with the current products or unwilling to pay for improved products. Regardless of the improved features or superior performance of the newer products we develop, customers may be unwilling to adopt our new products for a variety of reasons, including design or pricing constraints. Moreover, the complexity and expense associated with our products generally requires a lengthy customer education, evaluation and approval process. Further, economic conditions, including economic downturns and rising rates of inflation or stagflation, may adversely impact our ability to license products by making it difficult for our customers to plan future business activities, which could cause customers to limit spending or delay decision-making.

We may not be successful in developing and licensing new products and may experience difficulties or delays that would prevent the successful development, introduction and marketing of new products, and any new products that we may introduce may not achieve market acceptance and generate royalty revenues and profits in the amounts we anticipate, on the expected timeline or at all, which could materially and adversely affect our business, cash flows, results of operations and prospects. These risks are further exacerbated by our focus on developing and marketing high-value products, which naturally require more resources to develop. See “—Our development of CSS, chiplets, and complete end chip solutions as well as other more integrated compute products may subject us to new or enhanced competitive, brand, technological, regulatory and financial risks.”

Our concentration of revenue from the PRC market makes us particularly susceptible to economic and political risks affecting the PRC, which could be exacerbated by tensions between (on the one hand) the U.S. or the U.K. and (on the other hand) the PRC with respect to trade and national security.

For the fiscal years ended March 31, 2025, 2024, and 2023, revenues from the PRC accounted for approximately 19%, 22% and 25% of our total revenue, respectively, including both direct revenues and revenues derived from our relationship with Arm China. Our revenues in the PRC are derived from PRC semiconductor companies and OEMs, and from non-PRC semiconductor companies and OEMs that utilize our products in chips and end products they sell into the PRC, which, by country, has the largest number of smartphone users in the world. Our failure to maintain PRC-sourced revenues, access new and existing markets in the PRC or gain traction for new business areas in the PRC, or our loss of market share to competition in the PRC, could materially and adversely affect our results of operations and competitive position.

The PRC is a significant source of semiconductor industry revenues. However, the near-term growth prospects of the PRC semiconductor industry and related industries are unclear due to the uncertain effects of trade and national security policies, continued elevated levels of private and public indebtedness and related policies. For the fiscal year ended March 31, 2025, our total revenues derived from the PRC increased by 7% as compared to the prior fiscal year, mainly due to royalty revenue growth. However, it is still premature to determine if this positive trend in royalty growth will continue. It is possible that a long-term decline or plateauing of royalty revenues derived from the PRC could occur. A prolonged downturn or slow recovery in the PRC semiconductor industry or the PRC economy generally could materially and adversely affect our results of operations and competitive position.

Regulatory and legislative actions, including trade and national security policies of the U.S. and PRC governments, such as tariffs, placing companies on restricted lists, supply chain restrictions, export controls or new end-use controls, have in the past, currently do and could in the future limit or prevent us, directly or through our commercial relationship with Arm China, from transacting business with certain PRC customers or suppliers, limit, prevent or discourage certain PRC customers or suppliers from transacting business with us or Arm China, or make it more expensive to do so, which could adversely affect demand for our products. Given our revenue concentration in the PRC, if, due to actual, threatened or potential U.S., U.K. or PRC government actions or policies: Arm China is further limited in, or prohibited from, licensing our products to PRC semiconductor companies and OEMs; our non-PRC semiconductor companies and OEM customers were limited in, or prohibited from, selling devices into the PRC that incorporate our products; PRC semiconductor companies and OEMs develop and use their own technology or use our competitors' technology in some or all of their devices; or our PRC customers delay or cease making payments of license fees owed, our business, revenues, results of operations, cash flows and financial condition could be materially harmed.

The U.S. and U.K. have trade and national security policies regarding exports to the PRC and certain countries that the U.S. Government suspects are supplying the PRC of technology with potential advanced compute, AI, advanced node semiconductor applications, or military uses that would require us to obtain export licenses for certain processors, which can be difficult to obtain. For example, our Neoverse V series processors meet or exceed performance thresholds under U.S. and U.K. export control regimes and thereby trigger U.S. and U.K. export license requirements prior to export and delivery to customers in the PRC. Given that national security concerns are higher for high-performance computing ("HPC") and advanced compute technologies destined for the PRC and certain countries suspected of supplying the PRC and government response timelines are not defined, it can be challenging and unpredictable to obtain such export licenses. Combined with customer need for certainty, we have been able to address customer demand by licensing other central processing unit ("CPU") cores that do not exceed the HPC performance or advanced compute export control thresholds but yet still present a compelling solution. Although our inability to sell such HPC or advanced compute processors into the PRC has not had a material impact on our business to date, future restrictions on sales of our products into the PRC could have a material adverse impact on our business.

On October 28, 2024, the U.S. Department of Treasury issued a final rule implementing Executive Order 14105, issued on August 9, 2023 (the "Final Rule") to address investments by U.S. persons in companies located in the PRC that engage with certain categories of sensitive technology and products, including semiconductors and microelectronics, quantum information technologies and artificial intelligence. The Final Rule, which took effect January 2, 2025, implements limits on such investments. Given the nascency of the Final Rule, it is yet to have an effect on us but could potentially have a future impact on our PRC customers, our suppliers, Arm China, or our business with respect to China. Additionally, the U.S. federal government may affect the manner in which the Final Rule is interpreted and enforced.

Finally, government policies in the PRC that regulate the amount and timing of funds that may flow out of the country have impacted and may continue to impact the timing and/or ability to receive funds generated from PRC-related revenues, which may negatively affect our cash flows.

We utilize our commercial relationship with Arm China to access the PRC market. If that commercial relationship no longer existed or deteriorates, our ability to compete in the PRC market could be materially and adversely affected.

Substantially all of our PRC-related revenue is earned through the intellectual property license agreement ("IPLA") with Arm China, pursuant to which, among other things, we granted Arm China certain exclusive rights to sublicense certain of our IP to PRC customers. We expect that our licensing relationship with Arm China will continue to account for substantially all of our total revenues from the PRC and represent a significant portion of our revenues for the foreseeable future. It would be difficult for us to replace any lost PRC-sourced revenue in the event that our commercial relationship with Arm China were to terminate or deteriorate. Accordingly, we expect that Arm China will continue to provide our primary access to the PRC market for the foreseeable future. Further, in the event we license our IP to PRC customers

outside of the IPLA, this could cause our relationship with Arm China to deteriorate. If we fail to maintain our commercial relationship with Arm China, our access to the PRC market could be materially diminished and our business, results of operations, financial condition and prospects for growth could be materially and adversely affected.

Neither we nor SoftBank Group control the operations of Arm China, which operates independently of us.

Despite our significant reliance on Arm China through our commercial relationship with them, both as a source of revenue and as a conduit to the important PRC market, Arm China operates independently of us. On March 28, 2022, we transferred our entire equity interest in Arm China to a subsidiary of SoftBank Group. As of the date of this Annual Report, approximately 48% of the equity interest in Arm China is owned by Acetone Limited, which is controlled by SoftBank Group and in which we own a 10% non-voting interest, approximately 35% is indirectly owned by HOPU Investment Management Company, and approximately 17% is directly and indirectly owned by other Chinese parties. Our 10% non-voting interest in Acetone Limited represents an approximate 4.8% indirect ownership interest in Arm China.

Furthermore, we do not have any direct management rights with respect to Arm China, such as a right to representation on Arm China's board of directors, although Mr. Haas, our chief executive officer ("CEO"), continues to serve on the board as an appointee of the SoftBank Group affiliate holding Arm's former equity interest in Arm China. Following the transfer of our interest in Arm China to a subsidiary of SoftBank Group, under the terms of the Arm China arrangement, the SoftBank Group affiliate holding Arm's former equity interest in Arm China is entitled to appoint a minority of the directors of the board of Arm China, and SoftBank Group's appointees are unable to unilaterally implement certain measures that require action by all of or a supermajority of the directors of Arm China.

The fact that Arm China operates independently of us exposes us to significant risks. Arm China's value to us as a customer is dependent on Arm China's business results, which are, in turn, subject to substantial risks that are outside of our control. For example, Arm China may not commit the necessary resources to market and sell our products to PRC end-users of our semiconductor IP products. Arm China also may fail to comply with the laws and regulatory requirements applicable to its business, which could limit its ability to market or sell our products in the PRC. In addition, Arm China may fail to attract, train, retain and motivate highly skilled managerial and technical talent necessary for its business. Arm China may also have difficulties accessing funding or enforcing contractual relationships. The realization of these or other risks related to Arm China's business may have a material adverse effect on Arm China's business, results of operations, financial condition and prospects and, by extension, our own. Since Arm China operates independently of us and we do not control Arm China, our ability to take measures to address the various risks facing Arm China is limited. If any of such risks related to Arm China's business are realized, our revenue could materially decline and our results of operations could be materially adversely affected.

Under the IPLA with Arm China, Arm China's payments due to us are determined based on the financial information that Arm China provides to us. Accordingly, similar to our other royalty customers, we are dependent on Arm China providing us with reliable and timely information. We perform various procedures to assess the reasonableness of Arm China's data, and the IPLA includes rights for us to audit Arm China's activities to ensure compliance with the IPLA. In the past, we have had issues obtaining timely and accurate information from Arm China. We believe the underlying problems causing our past inability to obtain such information have been resolved, but we can provide no assurances that our access to Arm China's records will not be inhibited again in the future or that Arm China will not suffer from any material weaknesses or significant deficiencies in its financial reporting. If Arm China does not provide us with timely and accurate information, our revenue could materially decline and our results of operations could be materially adversely affected. We are also dependent on Arm China paying us the amounts that it owes us in a timely manner and in full. In the past, we have received late payments from Arm China and have had to expend company resources to obtain payments from Arm China. Although these historical issues did not have a material impact on our operations, any future failure to pay us the amounts we are owed under the IPLA could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Furthermore, Arm China has possession of or access to certain material IP and customer data pursuant to the IPLA and other commercial arrangements with us. Although Arm China is contractually obligated to protect this IP and data, we are limited in our ability to monitor or influence the manner in which Arm China protects our IP and data from theft, loss or misuse. Arm China operates its own separate information technology infrastructure. Aside from customary audit rights and protections under the IPLA, we are therefore unable to independently assure the adequacy of protections that Arm China implements with respect to its possession and/or access to our IP and data.

In addition, under the IPLA with Arm China, we are contractually obligated to indemnify both Arm China and its PRC customers that sublicense our IP in the event that either Arm China or such customers incur damages or costs in lawsuits, administrative proceedings or similar actions based upon a claim that our IP infringes the IP of a third party. The liability that we incur to Arm China or its PRC customers under such provisions could be significant and have a material adverse effect on our results of operations and liquidity.

Additionally, since April 2022, Allen Wu, the former Chief Executive Officer of Arm China, and certain entities under his effective control, have initiated several lawsuits in the courts of the PRC seeking to challenge certain aspects of Arm China's corporate governance and the actions of Arm China's board of directors. To date, all cases that have been resolved at the trial court level have been resolved favorably to Arm China, but certain of those cases remain subject to appeal. In the event that certain of these cases were to be decided adversely to Arm China, it could result in further changes to Arm China's corporate governance and management structure, which could reduce SoftBank Group's ability to conduct effective oversight of Arm China and result in a material adverse effect on our business, results of operations, financial condition and prospects.

We may face increasing competition with PRC companies that develop their own IP.

Due to various factors, including pressure, encouragement or incentives from, as well as the policies of, the PRC government (whose "Made in China 2025" campaign targets 70% semiconductor self-sufficiency by 2025), concerns over actual, threatened or potential U.S., U.K. or PRC government actions or policies, including trade or national security policies, or other reasons, PRC semiconductor companies and OEMs may increasingly develop their own technology and use such technology in their devices, or use our competitors' technology in their devices. Specifically, the PRC government's 14th Five-Year Plan and related initiatives have identified the development of globally competitive PRC companies in "core technologies" such as semiconductors as a key policy focus. As part of a government-wide effort to encourage investment and development of domestic semiconductor capabilities, the PRC government could encourage financing opportunities to our competitors in the PRC on favorable terms, or influence major PRC customers to favor adoption of IP of our competitors in the PRC over our own IP.

With respect to Arm China, although the terms of the IPLA with Arm China prohibit Arm China from developing microprocessor cores and only allow Arm China to develop derivative products using Arm IP with our consent, Arm China may independently develop competitive products other than microprocessor cores and could divert customer interest from our products to increase its market share to our detriment. The realization of any such risks could materially harm our business, results of operations, cash flows and financial condition.

Consolidation in the semiconductor and electronics industries could have a material adverse effect on our business, results of operations, financial condition and prospects.

A number of business combinations, including mergers, asset acquisitions and strategic partnerships, have been consummated among our customers in the semiconductor and electronics industries, and more could occur in the future. Consolidation among our customers could lead to a loss of customers, increased customer bargaining power, or reduced customer spending on our products, each of which could have a material adverse effect on our business, results of operations, financial condition and prospects. For example, in the past, some of our larger customers who have negotiated lower pricing models have acquired customers with higher pricing models. In some cases, we have been, and in the future may be, required to renegotiate the pricing model with the acquired company or to honor the lower pricing model applicable for the acquiring customer while providing the same products prior to the acquisition by the larger company.

Fragmentation of the global semiconductor market could have a material adverse effect on our business, results of operations, financial condition and prospects.

We sell our products across the semiconductor industry globally and rely on various markets across the world to generate revenue. The global market for our products, both where we are already established and new markets we intend to enter, may be impacted by geopolitical factors. A shift towards geopolitical rivalry could lead to the fragmentation of the global semiconductor market, as certain countries, including the United States, want more end-to-end control over architecture, leading to increased architectural fragmentation and a reduced role for a global architecture. Countries may take political decisions to enforce the use of an alternative architecture, or locally generated implementations for certain use cases, to make their country more resilient in the case of trade barriers or for national security reasons. For us, this could lead to increased costs to support region specific products, reduced revenue as a result of lost investment in territories that

no longer use our products and potential market loss and loss of future licensing opportunities, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our business and future operating results may be materially and adversely affected by global economic conditions and other events outside of our control.

We are subject to risks arising from adverse changes in global economic conditions. In particular, due to economic uncertainties in many of our key markets, our customers and their customers may delay, suspend or reduce technology purchases and investments and/or delay their payments to us.

Economic conditions could continue to deteriorate in the future, and, in particular, the semiconductor and electronics industries could fail to grow, including as a result of the effects of, among other things, rising inflation and interest rates, stagflation, a sustained global semiconductor shortage, supply chain disruptions, public health crises and any disruption of international trade relationships such as tariffs, export licenses or other government trade restrictions. In addition, adverse economic conditions affect demand for devices that our products help create, such as smartphones, automobiles and servers. Longer-term reduced demand for these or other devices could result in reduced demand for our products and significant decreases in our licensing fees and royalty revenues over time. In addition, if our customers or distributors build elevated inventory levels, we could experience a decrease in short-term and/or long-term demand for our products. If any of these events or disruptions were to occur, the demand for our products could be materially adversely affected along with our business, results of operations, financial condition and prospects.

Our business and operating results are also vulnerable to interruption by other events outside of our control, such as earthquakes, fire, extreme weather events, power loss, telecommunications failures, epidemics, pandemics or other public health crises, such as the COVID-19 pandemic, political instability, geopolitical turmoil, such as the war in Ukraine, conflicts in the Middle East, and any sanctions, export controls or restrictions on doing business with Russia and Belarus, or with other countries (including the PRC), as well as any resulting disruption, instability or volatility in the global markets and industries resulting from such conflict, pandemics, military conflict and uncertainties arising out of terrorist attacks, including a global economic slowdown, the economic consequences of the recent resurgence and escalation of trade conflicts between the U.S. and the PRC as well as other major U.S. trade partners, the potential for deteriorating relations between the PRC and Taiwan and the associated disruptions to, or effects on, the semiconductor industry, military action or terrorist activities and associated political instability. Economic or political instability may undermine consumer confidence and/or cause current or potential customers, including the end customers of our customers or potential customers, to reduce or delay their technology purchases and investments. Such events could also materially adversely affect our ability to operate and supply our products to our customers. See “—*Risks Relating to Government Regulation and Legal Compliance—Our international operations expose us to risks in international jurisdictions and we may be negatively impacted by export restrictions and trade barriers.*”

We regularly maintain cash balances at third-party financial institutions in excess of government-insured limits. If banks and financial institutions, including financial institutions at which we maintain deposits, enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets or otherwise, our ability and our customers’ ability to access cash, cash equivalents and investments may be threatened.

These factors could cause customers to delay, decrease or cancel the licensing of our products and could expose us to increased credit risk on customer obligations owed to us, each of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our operating results and revenue could be adversely affected by customer payment delays, customer bankruptcies and defaults or modifications of contractual commitments.

Certain of our customers have and may continue to, and others in the future may, face challenging financial or operating conditions, including due to macroeconomic conditions or catastrophic events or other factors, and delay or default on their payment commitments to us, request to modify contract terms, or modify or cancel plans to license our products. Our customers’ inability to fulfill payment commitments, in turn, could adversely affect our revenue, operating expenses and cash flow. Additionally, certain of our customers have in the past sought, and customers may in the future seek, to renegotiate pre-existing contractual commitments. Payment defaults by our customers or significant reductions in existing contractual commitments could have a material adverse effect on our financial condition and results of operations.

Sustained inflation or a global or regional recession could have a material adverse effect on our business, results of operations, financial condition and prospects.

Inflation rates in the markets in which we operate have increased in recent years and may continue to rise. Sustained or increasing inflation could increase our operating expenses, including labor costs and research and development expenditures, or result in employee attrition to the extent our remuneration does not keep pace with inflation, particularly if our competitors' remuneration does. Further, inflationary pressures may increase costs for our customers and reduce demand for our products or our customers' products due to increased prices. In addition, some of our long-term licenses include an annual increase in license fees. However, these annual increases may fall below the then-current rate of inflation, which could make maintaining these licenses less profitable than we had anticipated when we originally signed the license. To the extent inflation results in rising interest rates and has other adverse effects on the market, it may further adversely affect our business, results of operations, financial condition and prospects.

Even as inflation rates and interest rates start to come down, the risk of recession increases. A recession, or even fear of recession, could impact regions of the world and could spread globally. This could impact consumer confidence reducing demand for our customers' products and services, which would have a direct impact on our royalty revenue, and could also result in reduced research and development activity by our customers, reducing the need for new processors, and so impacting license revenue. To the extent recession, or the fear of recession, has adverse effects on the market, it may adversely affect our business, results of operations, financial condition and prospects.

The semiconductor industry relies on a limited number of manufacturers whose operations tend to be concentrated in certain geographic regions to manufacture chips and other products, and developments that adversely affect such regions could have a material adverse effect on our business, results of operations, financial condition and prospects.

The semiconductor industry relies on a limited number of companies to manufacture chips and related products. The chip manufacturing operations of these companies are concentrated in certain geographic regions, including Taiwan and other parts of East Asia, which makes us susceptible to adverse developments in these regions' economic and political conditions, particularly to the extent that such developments create an unfavorable business environment that significantly affects our and our customers' operations. These manufacturers or the geographic regions in which they operate may be impacted by events outside of our or their control, including, among other things, company-specific operational issues, trade conflicts and military action or terrorist activities and associated political instability, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects. Although the governments of certain countries, including the U.S., have taken actions to make their countries more attractive for chip manufacturing operations, there can be no assurances that the current geographic concentration of chip manufacturing will be meaningfully changed in the near term or at all.

Any escalation in geopolitical tensions in Asia, particularly between the PRC and Taiwan, could significantly disrupt semiconductor chip manufacturing and interrupt the global semiconductor chip supply chain. A significant portion of the world's semiconductor manufacturing is in Taiwan, and increased geopolitical tensions there could exacerbate supply chain disruptions. In addition, the war in Ukraine and conflicts in the Middle East could lead to market disruptions and exacerbate current supply chain constraints, including with respect to certain materials and metals, which are essential in semiconductor manufacturing.

New technologies may use algorithms that are not suitable for a general purpose CPU, such as our processors, and the failure to successfully implement new technologies in our processors could have a material adverse effect on our business, competitive position, results of operations, financial condition and prospects.

New technologies may use algorithms that are not suitable for a general purpose CPU, such as our processors. Consequently, our processors may become less important in a chip based on our products, thus eroding its value to the customer and resulting in lower revenue for us. If we are unable to develop and commercialize processors that are compatible with new technologies or competitors are successful in developing compatible technologies more quickly or efficiently than we can, our business, competitive position, results of operations, financial condition and prospects may be materially and adversely affected. In addition, the introduction of new technologies into our processors may increase IP, cybersecurity, operational, data protection and technological risks and result in new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or other complications that could materially and adversely affect our business. As a result of the complexity and rapid development of new technologies, it is not possible to predict all of the legal, operational or technological risks related to use of such technologies.

We rely on our management team and will need additional talent to grow our business, and the loss of one or more key employees or our inability to attract and retain qualified talent could harm our business.

Our future success is substantially dependent on our ability to attract, integrate, retain and motivate our management team and other key talent and we are particularly dependent on our senior management team, including Mr. Haas, our Chief Executive Officer, Mr. Child, our Chief Financial Officer, Mr. Collins, our Chief Legal Officer, Mr. Grisenthwaite, our Chief Architect, and other key employees. Competition for highly skilled talent, and particularly engineers, can be intense. Other companies may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms or at all. We experience voluntary attrition on an ongoing basis. If we lose the services of any of our senior management, other key talent or a significant number of our engineers or sales and marketing talent, our development efforts or business relationships could be disrupted, which could have a material adverse effect on our business, results of operations, financial condition and prospects. Our future success significantly depends on our ability to identify, attract, motivate and retain qualified engineers and consultants with the requisite educational background and industry experience. Competition for such qualified engineers is intense and the cost of attracting and retaining qualified employees and consultants may increase without a corresponding increase in the prices we charge our customers, which could materially and adversely affect our profitability. In certain geographic regions, there is also intense competition for sales and marketing talent, which may adversely affect our ability to expand into new markets. Particularly, changes to the U.K.'s border and immigration policy could occur, potentially affecting our ability to recruit and retain employees from outside the U.K. If we are unsuccessful in attracting and retaining qualified talent to fulfill our current or future needs, our business, results of operations, financial condition and prospects could be materially and adversely affected.

If development tools, systems software, EDA tools and operating systems that are compatible with our products cease to be available or are inadequate to satisfy customer needs, then our business, results of operations, financial condition and prospects may be materially and adversely affected.

We believe that it is crucial for the market acceptance of our products to have available development tools, systems software, EDA software and operating systems that are compatible with our products. Although we currently work with other third-party partners to offer such tools and software compatible with our products, we cannot assure you that such tools and software are or will continue to be sufficient to support customers' needs, that our existing partners will continue to offer such tools, software and operating systems compatible with our products, or that we will continue to attract additional tools, software and operating systems partners. If development tools, systems software, EDA tools and operating systems that are compatible with our products cease to be available or are inadequate to satisfy customer needs, then our business, results of operations, financial condition and prospects may be materially and adversely affected.

Participation in standards-setting organizations may subject us to IP licensing requirements or limitations that could adversely affect our business and prospects.

Our participation in standards-setting organizations or with other industry initiatives may require us to license our patents or products to companies that adopt industry-standard specifications. Depending on the rules of the organization, government regulations, or court decisions, we may be required to grant to all other participants licenses to our patents or products that are essential to the practice of those standards for little or no cost, or otherwise on reasonable and non-discriminatory ("RAND") terms. RAND typically is used to describe a voluntary licensing commitment that standards-setting organizations often request from the owner of an IP right that is, or may become, essential to practice a technical standard. Accordingly, RAND terms could limit our control over the use of these patents and products. If we fail to limit to whom we license our patents or products, or fail to limit the terms of any such licenses, we may be required to license our patents or other IP to others in the future, which could limit the effectiveness of our patents against competitors. In these situations, the royalty rates we charge could be limited for these products, and we may be unable to limit to whom we license such products or to restrict many terms of the license. As a result, we may be unable to enforce certain patents against others, our costs of enforcing our licenses or protecting our patents may increase, and the value of our IP rights may be impaired. We may in the future be subject to claims that our licensing of industry standard technologies may not conform to the requirements of the standards-setting organization. Allegations such as these could be asserted in private actions seeking monetary damages and injunctive relief, or in regulatory actions. Claimants in such cases could seek to restrict or change our licensing practices or our ability to license our products. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

If our products do not conform to, or are not compatible with, existing or emerging industry standards, demand for our products may decrease.

We design certain of our products to conform to industry standards. Some industry standards may not be widely adopted or implemented uniformly, and competing standards may emerge that may be preferred by our customers or by our third-party suppliers. In addition, existing standards may be superseded by new innovations or standards. Because our products often use a common architecture and our new architecture products often are based on legacy products, obsolescence of components or features of our products may have a more significant effect on our results of operations, financial condition and prospects than if our products were less interrelated. See “—Developing new products requires us to expend significant resources without assurances that we will generate revenue in the amounts we anticipate, on the expected timeline or at all.”

We use certain software governed by open-source licenses and we contribute to certain open-source projects, which under certain circumstances could materially adversely affect our business, results of operations, financial condition and prospects.

Certain of our software, as well as that of our customers, third-party partners and vendors, may be derived from “open-source” software that is generally made available to the public by its authors or other third parties. Open-source software is made available under licenses that impose certain obligations on us in the event we were to distribute derivative works of the open-source software. These obligations may require us to make source code for the derivative works available to the public and/or license such derivative works under a particular type of license, rather than the forms of license we customarily use to protect our IP. In the event that the copyright holder of any open-source software were to successfully establish in court that we had not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public or stop distribution of that work if the license is terminated, which could adversely affect our business, results of operations, financial condition and prospects.

While we take steps to monitor the use of all open-source software in our products and try to ensure that no open-source software is used in such a way as to require us to disclose the source code to the related products when we do not wish to do so, such use could inadvertently occur. Additionally, if a third-party software provider has incorporated certain types of open-source software into software we license from such third party for our products, we could, under certain circumstances, be required to disclose the source code to our products. This could harm our IP position and have a material adverse effect on our business, results of operations, financial condition and prospects.

Further, although some open-source vendors provide warranty and support agreements, it is common for such software to be available “as-is” with no warranty, indemnity or support. Some of our products use open-source libraries that could contain vulnerabilities, and these may be discovered at any time. These vulnerabilities are often disclosed publicly without forewarning to the users of the software. Accordingly, our products may contain vulnerabilities originating from open-source software without our knowledge, and we may not have the opportunity to address such vulnerabilities before they are disclosed to the public. Although we monitor our use of open-source software to avoid subjecting our products to unintended conditions or vulnerabilities, such use, under certain circumstances, could materially adversely affect our business, results of operations, financial condition, prospects and reputation, including if we are required to take remedial action that may divert resources away from our development efforts.

Finally, from time to time we contribute software source code to open-source projects under open-source licenses. Any source code we contribute to open-source projects is publicly available. As such, our ability to protect our IP rights with respect to such software source code may be limited or lost entirely, and we may be unable to prevent our competitors or others from using such contributed software source code. Any of these risks could be difficult to eliminate or manage, and could harm our IP position and have a material adverse effect on our business, results of operations, financial condition and prospects.

It may be difficult for us to verify customer data, including royalty revenue amounts owed to us under our licensing agreements, and this may cause us to lose revenues.

We seek to ensure that our customers adhere to the terms of our license agreements, including their obligation to provide certain data to us. We perform various procedures to assess customer data related to royalties for reasonableness, and our license agreements generally include rights for us to audit the books and records of our customers to verify certain types of customer data. However, audits can be expensive and time-consuming, and even after conducting an audit, it may still be challenging for us to verify the accuracy of information contained in customer royalty reports, or a customer could potentially object to the results of such audit. We can provide no assurances that our procedures to assess customer data and any audits that we undertake to verify the accuracy of our customers data will be successful. As a result, we may not always receive complete or accurate information (financial or otherwise) from our customers or obtain all royalty payments

to which we are legally entitled, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be unable to make acquisitions and investments, or successfully integrate them into our business, and we may be unable to divest businesses on acceptable terms or at all.

As part of our business strategy, we consider a wide array of potential strategic transactions, including acquisitions of businesses, new technologies, services and other assets, joint ventures and strategic investments that complement our business. We may be unable to identify or complete prospective transactions for many reasons, including increasing competition from other potential acquirers or investors, the effects of consolidation in our industries or potentially high valuations of acquisition or investment candidates. Certain agreements to which we are subject from time to time may also contractually restrict our ability to make acquisitions and investments in some circumstances. In addition, applicable antitrust, national security (including with respect to the U.K. National Security and Investment Act 2021 or the Committee on Foreign Investment in the United States) or other laws or regulations may limit our ability to acquire, invest in or integrate targets, or may force us to divest an acquired business or impose restrictions on an investment. If we are unable to identify suitable targets or complete or successfully integrate acquisitions, our growth prospects may suffer, and we may not be able to realize sufficient scale and technological advantages to compete effectively in all markets. Acquisitions involve numerous risks, any of which could negatively affect our business, results of operations, financial condition and prospects, including with respect to timing or delays, diversion of financial and management resources from existing operations or alternative acquisition opportunities, subsequent litigation, retention of key employees or business partners, integration costs and theft of information disclosed during the transaction. If we fail to address the foregoing risks or other problems encountered in connection with past or future acquisitions of businesses, new technologies, services and other assets and strategic investments, or if we fail to successfully integrate such acquisitions or investments to realize anticipated benefits or synergies, our business, results of operations, financial condition and prospects could be adversely affected.

In addition, we have in the past divested and reduced, and may in the future divest or reduce, our investment in certain businesses or product lines from time to time. Such divestitures involve risks, such as the difficulty of identifying and separating out specific assets within a business, distracting employees, incurring potential loss of revenue and cash flow, negatively impacting margins, and potentially disrupting customer and employee relationships. We may also incur significant costs associated with exit or disposal activities, related impairment charges, or both.

There may be risks associated with organic growth or growth from strategic investments or acquisitions we make, and we may fail to effectively manage our growth.

We could experience rapid growth in our headcount and operations through acquisitions, strategic investments and organic growth. This growth can place significant demands on our management and our operational and financial infrastructure. Our ability to manage our growth effectively and to integrate new technologies, businesses and talent into our existing business may require us to expand our operational and financial infrastructure and to address the retention, attraction, training, motivation and management of employees and consultants across a broader geographical and operational footprint. Such growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled talent, implement systems, policies, benefits and compliance programs across different jurisdictions, maintain our culture and maintain customer and brand satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our products and services could suffer, which could negatively affect our brand, operating results and overall business. The failure to effectively manage the growth of our strategic investments could also cause the value of such investments to decline. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Our financial statements include significant amounts of goodwill and other intangible assets. The impairment of a significant portion of these assets would adversely affect our reported results of operations and financial position.

The goodwill and other intangible assets recognized in our financial statements represented 18% and 2%, respectively, of our total assets as of March 31, 2025 (20% and 2%, respectively, as of March 31, 2024). Within other intangible assets, our principal assets are our patents and licenses (19% of total other intangible assets as of March 31, 2025) and software or software assets under construction (81% of total other intangible assets as of March 31, 2025). Any further acquisitions may result in our recognition of additional goodwill or other intangible assets. We evaluate on a regular basis whether all or a portion of our goodwill and other intangible assets may be impaired. Under current accounting rules, any determination

that impairment has occurred would require us to record an impairment charge, which would negatively affect our results of operations. We have recognized impairments in the past. For example, we recognized impairments for the fiscal year ended March 31, 2022 in relation to specific historically acquired or developed products that were no longer being licensed.

In addition, we capitalize and amortize the qualifying costs of internally developed software for its operating platforms and related back-office systems over the estimated useful lives of these intangible assets (generally between three and five years). If projects fail to deliver anticipated results in line with our estimates and assumptions, then we may be required to write-down the intangible asset costs, which could adversely affect our financial condition, results of operations and the trading price of our securities.

The impairment or write-down of a significant portion of goodwill, other intangible assets or capitalized development costs could have a material adverse effect on our reported results of operations and our financial position.

Our financial and operational flexibility may be restricted by covenants contained in loan agreements we may enter into in the future, and we may be unable to comply with the restrictions and financial and operational covenants imposed by such agreements.

We do not currently have any debt, but we may incur debt in the future. Future creditors may subject us to certain restrictions on our business and future financing activities as well as certain financial and operational covenants. Such restrictions and covenants may prevent us from taking actions that otherwise might be deemed to be in the best interest of us and holders of our ADSs. If we were to assume debt in connection with an acquisition of a company or business, we may have limited or no ability to negotiate the restrictions and covenants included in the agreements or instruments providing for such debt, and such restrictions and covenants may require us to change how we operate and, therefore, could have material adverse effect on us. Debt service obligations may require us in the future to dedicate a substantial portion of our cash flows from operations to payments of principal and interest on our interest-bearing debt, which could limit our ability to obtain additional financing, make capital expenditures and acquisitions and carry out other general corporate activities in the future. Any such obligations may also limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate or detract from our ability to successfully withstand a downturn in our business or the economy in general.

Failure to obtain, maintain, protect, defend or enforce our IP rights could impair our ability to protect our proprietary products and our brand, and the costs of obtaining, maintaining, protecting, defending and enforcing such IP rights, particularly as a result of litigation, may adversely and materially affect our results of operations.

Our success and ability to compete depend significantly on protecting our IP rights. We primarily rely on patent, copyright, trade secret and trademark laws, trade secret protection and contractual protections, such as confidentiality, invention assignment and license agreements with our employees, customers, third-party partners and others, to protect our IP rights. The steps we take to protect our IP rights may be inadequate. We also may not be able to obtain desired patents, and our pending (of which we currently have approximately 2,500) or future patent applications, whether or not being currently challenged, may not result in the issuance of patents with the scope of protection we seek, including in jurisdictions of strategic importance and, if issued, may not provide any meaningful protection or competitive advantage. The scope of our patent protections may be adversely affected by changes in legal precedent and patent office interpretation of these precedents. Further, patents directed to particular subject matter associated with our business (e.g., CPU architecture) may be difficult to obtain and enforce in many jurisdictions and there may also be limits on recovery for damages in those jurisdictions. Any of our existing patents, and any future patents, may be challenged, narrowed, invalidated or circumvented. Further, we may be unsuccessful in executing adequate invention assignment agreements with all employees, contractors or other third parties involved in the development of our IP portfolio. In certain jurisdictions, rights to IP developed by our employees or contractors or other third parties may not automatically vest in us, and our employees or contractors or other third parties may claim ownership in IP that we believe is owned by us. We may also be required to spend significant resources to establish, monitor and protect our IP rights, particularly as we expand our operations globally.

Our exposure to different legal jurisdictions also may impact our ability to exercise our contractual and other rights around IP in such jurisdictions, in particular in countries whose laws regarding the protection of IP are less rigorous or more difficult to enforce than in the U.K., the U.S. and the European Union. In jurisdictions where effective IP protection is unavailable or limited, our IP rights may be vulnerable to unauthorized disclosure, infringement, misappropriation or other violation by employees, third-party partners, suppliers, customers and other entities or individuals, even though our customers and partners are contractually restricted from using our IP outside of the agreed-upon licensing arrangements.

Policing unauthorized use of our IP is difficult and expensive, and we may not be able, or may lack the resources, to prevent infringement, misappropriation or other violation of our IP rights, including increased difficulty as a foreign entity in certain international locations, particularly outside the U.K., the U.S. and the European Union. In addition, our ability to monitor and control theft, misappropriation or infringement is uncertain, particularly in countries outside of the U.K., the U.S. and the European Union, as the laws of some countries do not provide the same level of protection of our proprietary and confidential information as do the laws of the U.K., the U.S. and the European Union. Moreover, because we deliver our products to our customers in a source form, we have limited ability to trace the source of misappropriation of our IP and there are limited technological barriers (e.g., remote authorization requirements) we can put in place to protect our products from use by unauthorized parties. Additionally, theft of our IP or proprietary business information (including our trade secrets) could require substantial expenditures and resources to remedy. If we, our employees or our third-party partners, consultants, contractors, vendors or service providers were to suffer an attack or breach, for example, that results in the unauthorized access to, or use, theft, disclosure, misappropriation or sale of, our IP by any unauthorized third parties, we may have to notify consumers, partners or governmental authorities, and may be subject to investigations, civil penalties, administrative and enforcement actions and litigation, any of which could be costly and distracting or otherwise harm our business and reputation.

We may be unable to successfully obtain, maintain, protect and enforce our IP rights (including defending against counterfeit, knock-off, grey-market, infringing or otherwise unauthorized goods). Specifically, third parties may distribute, license and sell counterfeit or grey-market versions of our products, which may be inferior or pose safety risks and could confuse consumers or customers, which could cause them to refrain from purchasing our brands in the future or otherwise damage our reputation. The presence of counterfeit versions of our products and technology in the market could also dilute the value of our brands, force us and our customers to compete with heavily discounted products and technology, cause us to be in breach of contract (including license agreements), impact our compliance with distribution and competition laws in jurisdictions including the U.K., the U.S., the European Union and the PRC, or otherwise have a negative impact on our reputation and business, prospects, financial condition or results of operations. Further, we may not be able to detect all violations of our IP rights and, even if we do become aware of any such violations, we may not be able to adequately enforce our IP rights in certain domestic and foreign jurisdictions. If we are unable to successfully navigate the relevant legal and regulatory environment and/or enforce our IP rights and/or contractual rights in relevant jurisdictions, our business, results of operations, financial condition and prospects could be materially and adversely impacted.

Litigation may be necessary in the future to enforce our patents and other IP rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement, misappropriation or invalidity. Any such litigation, whether or not determined in our favor or settled by us, could be costly and would divert the efforts and attention of our management and technical talent from normal business operations, which could have a material adverse effect on our business, results of operations, financial condition and prospects. Furthermore, our efforts to enforce our IP rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our IP rights. In addition, counterparties in litigation may have greater resources that they can dedicate to litigation-related matters than we can. Moreover, litigation against current or former customers and partners may adversely impact existing relationships. Accordingly, we may not be able to prevent third parties from infringing, misappropriating or otherwise violating our IP rights. See also “*We may be sued by third parties for alleged infringement, misappropriation or other violation of their IP rights or proprietary rights and our defense against these claims can be costly.*”

In any potential dispute involving our patents or other IP, our licensees or the customers of our licensees could also become the target of litigation and we may be bound to indemnify such parties under the terms of our license agreements. Although our indemnification obligations are generally subject to a maximum amount, such obligations could nevertheless result in substantial expenses to us. See “*Item 4. Information on the Company—B. Business Overview—Legal Proceedings.*” In addition to the time and expense required for us to indemnify our licensees or the customers of our licensees, such parties’ development, marketing and sales of chips and end products utilizing our products could be severely disrupted or discontinued as a result of litigation, which, in turn, could have a material adverse effect on our business, results of operations, financial condition and prospects.

Moreover, the semiconductor industry is generally subject to high turnover of employees, so the risk of trade secret misappropriation may be amplified. If any of our trade secrets are subject to unauthorized disclosure or are otherwise misappropriated by third parties, our competitive position may be materially and adversely affected.

Any adverse determinations in litigation could result in the loss of our IP rights or proprietary rights, subject us to significant liabilities, require us to seek licenses from third parties or prevent us from licensing our products, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects. Our failure to

obtain, maintain, protect, defend and enforce our IP rights could have a material adverse effect on our brand or our business, results of operations, financial condition and prospects. Furthermore, because our products are often based on a common architecture and our new products are often based on legacy products, adverse events related to our IP may have a more significant impact on us than if our products were less related.

We may be sued by third parties for alleged infringement, misappropriation or other violation of their IP rights or proprietary rights and our defense against these claims can be costly.

We have in the past been and may in the future be subject to claims by third parties alleging our infringement, misappropriation or other violation of third-party IP rights, including patent rights, or misuse of third-party confidential information. Under our customer agreements, we agree in some cases to indemnify our customers if a third party files a claim in court or another venue asserting that our products infringe such third party's IP rights. Although we do not agree to indemnify our customers' end customers, such end customers may be subject to infringement claims and may initiate claims against us as a result. Claims alleging infringement, misappropriation or other violation of third-party IP rights can result in costly and time-consuming litigation (regardless of their validity or merit), require us to enter into royalty or licensing arrangements, subject us to damages or injunctions restricting the sale of our products, result in the invalidation of a patent or family of patents, require us to refund license fees to our customers or to forgo future payments or require us to redesign or rebrand certain of our products, any one of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition to the time and expense required for us to satisfy our support and indemnification obligations to our customers and partners, any litigation could severely disrupt or shut down the business of our customers and partners, which in turn could damage our relations with them and have a material adverse effect on our business, reputation, results of operations, financial condition and prospects.

We are currently involved in pending litigation.

From time to time, we are involved in various legal, administrative and regulatory proceedings, claims, demands and investigations relating to our business, which may include claims with respect to commercial, product liability, IP, cybersecurity, privacy, data protection, antitrust, breach of contract, labor and employment, whistleblower, mergers and acquisitions and other matters. We are involved in pending litigation, including, but not limited to, lawsuits with Qualcomm Inc. and Qualcomm Technologies, Inc. (together "Qualcomm") and Nuvia, Inc. ("Nuvia"). In addition, our products are involved in pending litigation to which we are not a party. We cannot provide you any assurances regarding how any such litigation will be resolved, what benefits we will obtain or what losses we might incur.

On August 31, 2022, we sued Qualcomm and Nuvia, in the U.S. District Court for the District of Delaware, on the basis that Qualcomm and Nuvia: (i) breached the termination provisions of Nuvia's Architecture License Agreement (the "Nuvia ALA") with us by failing to destroy technology Nuvia developed under the Nuvia ALA, which we terminated in March 2022 based on Nuvia's failure to obtain our consent to the assignment of the Nuvia ALA to Qualcomm; and (ii) will infringe our trademarks if Qualcomm uses them in connection with the Nuvia technology which is subject to a destruction obligation under the Nuvia ALA. Our complaint sought, among other things, specific performance of the Nuvia ALA termination provisions to require Qualcomm and Nuvia to stop using and to destroy the relevant Nuvia technology, and to stop their improper use of our trademarks with their related products. We also sought declaratory judgment, injunctive relief and damages relating to Qualcomm's and Nuvia's breach of contract and infringement of our trademarks in connection with the relevant Nuvia technology. Qualcomm originally responded and brought a counterclaim against us seeking a declaratory judgment that after Qualcomm's acquisition of Nuvia, Qualcomm's proposed products are fully licensed from us under its separate license agreements with us and that it has complied with its contractual obligations to us and Nuvia did not breach the Nuvia ALA. On March 6, 2024, the Court denied-in-part Qualcomm's motion to amend its counterclaims, but allowed Qualcomm to raise a new claim alleging that Arm breached the termination provisions of the Nuvia ALA by continuing to use Nuvia confidential information following termination. The original claims were narrowed by both parties to the contractual issues arising from the Nuvia ALA and the Qualcomm license and were tried to a jury in December 2024. The jury failed to reach a complete verdict on the three issues presented to it. The jury concluded that certain technology was licensed to Qualcomm under the Qualcomm license and that Qualcomm had not breached the Nuvia ALA but failed to reach a verdict on whether Nuvia breached the Nuvia ALA. Both parties have filed post-trial motions seeking judgment as a matter of law and/or a new trial on the issues that were tried. Those motions remain pending. The timing and manner in which the post-trial motions will be resolved cannot be estimated.

On April 18, 2024, Qualcomm brought a new action in Delaware against us, asserting claims that were rejected for inclusion in the original action. In this new action, Qualcomm asserted that we failed to satisfy certain delivery obligations under Qualcomm’s Architecture License Agreement with us (the “Qualcomm ALA”). On December 16, 2024, Qualcomm amended its complaint to add allegations relating to an Arm notice of breach of the Qualcomm ALA and related tort and anti-competition claims. On March 7, 2025, Qualcomm indicated that it planned to seek leave to amend its complaint again to add claims relating to an alleged breach of Qualcomm’s Technology Licensing Agreement with us. We disagree with the assertions made by Qualcomm in this action and intend to vigorously defend against them. The case is currently set for trial on March 9, 2026.

We can provide no assurances regarding the outcome of either litigation or how the litigation will affect our relationship with or revenue from Qualcomm, which is currently a major customer of ours and accounted for 10% of our total revenue for the fiscal year ended March 31, 2025. These cases will likely require significant legal expenditures going forward and may also require substantial time and attention from our executives or employees, which could distract them from operating our business. Further, we are subject to antitrust laws and regulations in multiple jurisdictions, which could subject us to investigations by antitrust regulators. Our involvement in litigation with Qualcomm or in any antitrust investigation could cause us to incur significant reputational damage in the industry, in our relationship with Qualcomm or in our relationship with other third-party partners.

These matters can be time-consuming, divert management’s attention and resources, and cause us to incur significant expenses. Any allegations made in the course of regulatory or legal proceedings may also harm our reputation, regardless of whether there is merit to such claims.

Errors, defects, bugs or security vulnerabilities in or associated with our products could expose us to liability and damage our brand and reputation, which could harm our competitive position and result in a loss of market share.

Our products have in the past and could have a substantial technical flaw or an undetected design error, which could result in unanticipated costs. Our products are used in billions of consumer and enterprise products across a wide range of industries, and many of these products are depended on by individuals and businesses. We use third-party AI software products in our business, including use by our engineers. AI software products rely on extracting and processing data from various sources, including third parties, and new training methods, and the resulting products offered by us or our customers may contain unknown or undetected defects and errors, or reflect unintended bias. The discovery of any design defect, fault or bug associated with our products, as well as any ensuing litigation or claims for indemnification could adversely affect our reputation and our relationships with partners, thereby having a material adverse effect on our business, results of operations, financial condition and prospects. Any such defects, faults or bugs could cause us to lose customers, increase our service costs, subject us to liability for damages or divert our resources from other tasks, any one of which could materially and adversely affect our business, results of operations, financial condition and prospects. The ramifications of a design defect, fault, or bug may be further exacerbated by the fact that many of our products are based on a common architecture and our new architecture products often are based on legacy products. Accordingly, a design defect, fault, or bug may affect multiple end products that are based on the same products, thereby potentially exposing us to additional liability and requiring additional resources to remedy the error.

In addition, our software could contain errors, defects or bugs, especially when first introduced or when new versions are released. Product errors, including those resulting from third-party suppliers and open-source vendors, could affect the performance or interoperability of our products, could delay the development or release of new products or new versions of products and could adversely affect market acceptance or perception of the quality and attractiveness of our products. Any such errors or delays in releasing new products or new versions of products, or allegations of unsatisfactory performance, could cause us to lose customers, increase our service costs, subject us to liability for damages or divert our resources from other tasks, any one of which could materially and adversely affect our business, results of operations, financial condition and prospects.

Security vulnerabilities have previously been, and may in the future be, identified in our products, and it is possible that vulnerabilities may not be mitigated before they become known. Publicity related to any such security vulnerabilities, whether accurate or inaccurate, and any attempted or successful exploitation of such vulnerabilities, may cause increased third-party attempts to identify additional security vulnerabilities or could result in litigation, indemnification or other regulatory actions or inquiries, which could harm our brand and have an adverse effect on our business and results of operations and financial performance.

Additionally, our products are used, and may be used in the future, in a variety of safety critical systems and equipment, including, but not limited to, autonomous vehicles, robotics, drones, data centers and medical equipment. Faults, security vulnerabilities or errors in such systems can result in harm to individuals, including loss of life. Any such fault, security vulnerability, or errors that may be attributed to our products, regardless of merit, could result in litigation, indemnification obligations or regulatory actions or inquiries, which could harm our brand and have a material adverse effect on our business, results of operations and financial performance.

Some of our customers have stringent technical and quality requirements that require us to meet certain test and qualification criteria or to adopt and comply with specific quality standards. Certain customers also periodically audit our performance. Failure to meet technical or quality requirements or a negative customer audit could result in the loss of current sales revenue, customers, and future sales.

Actual or perceived security vulnerabilities in our information technology systems, including cyberattacks, security breaches or other similar incidents with respect to our or our third-party partners' information technology systems, or any unauthorized access to our data or our third-party partners' and our customers' data, could harm our reputation, business and operating results.

We collect, store and otherwise process certain personal, confidential and proprietary information in the operation of our business, including trade secrets, customer information, employee data, corporate data, personal information and other sensitive and protected data. Further, our third-party partners and customers regularly provide us with highly sensitive information, including details about their future product plans and roadmaps. Any unauthorized access to or disclosure of this information, whether inadvertent, malicious or as the result of a cyberattack, security breach or other similar incident, could have a material adverse effect on our third-party partners and customers as well as our own operations, which may in turn result in significant damage to our reputation, business and operating results.

Cyberattacks, including, but not limited to, ransomware events, computer viruses or other malware, phishing or quishing attacks, denial of service attacks, illegal hacking and credential stuffing, targeted attacks driven by AI tools, or other malicious attempts to compromise and/or interrupt the operation of information technology systems continue to increase in frequency, magnitude and sophistication. These increasing threats are being driven by a variety of sources, including nation-state sponsored espionage and hacking activities, industrial espionage, organized crime, advanced persistent threat actors, and hacking by groups and individuals. These sources can also implement social engineering techniques to induce our third-party partners, users, employees or customers to disclose passwords or other sensitive information or take other actions to gain access to our or our third-party partners' data or our users' data. We have also incorporated third-party data into some of our AI models and used proprietary and open-source datasets to train our models and may continue to do so. These datasets may be flawed, insufficient, or contain certain biased information, and may otherwise decrease resilience to security incidents that may compromise the integrity of our AI outputs, leading to potential reputational damage, regulatory scrutiny, or adverse impacts on the performance and reliability of our products, which could, in turn, materially and adversely affect our partners' and customers' operations and trust. We may have limited insight into the data privacy or security practices of third-party providers, including for our AI algorithms. Techniques, including techniques based on or otherwise using AI, used to obtain unauthorized access to, or to sabotage, systems or networks are constantly evolving and may not be recognized until launched against a target. Therefore, we may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures, and we may face delays in our detection, containment, or remediation of, or other responses to, such cyberattacks, security breaches and other similar incidents. Geopolitical instability, such as ongoing conflict between Russia and Ukraine and conflicts in the Middle East, may increase the likelihood that we or our third-party partners and customers could experience direct or collateral consequences from cyber conflicts between nation-states or other politically motivated actors targeting critical technology infrastructure. Furthermore, we may in the future acquire companies that have less robust security measures, which may expose us to increased risk of cyberattacks, security breaches or other similar incidents. As we increase our customer base and our brand becomes more widely known and recognized, and as our products are used in more heavily regulated industries where there may be a greater concentration of sensitive and protected data, such as healthcare, government, life sciences and financial services, we and our third-party partners may become more of a target for these malicious actors.

Cyberattacks, security breaches or other similar incidents with respect to our information technology systems or those of our third-party partners could result in unauthorized access to, or misappropriation, loss of availability or integrity, disclosure, modification, misuse, loss, destruction or theft of, personal, confidential and proprietary information belonging to us or our employees, third-party partners, customers or suppliers, requiring us to notify individuals, regulators, customers, or other persons under applicable laws or contractual obligations. Such incidents could also cause a significant

disruptive effect on our services, which could result in us, our third-party partners or our customers suffering significant financial or reputational damage and potential third-party legal action. If our security measures are, or are believed to be, inadequate or breached as a result of third-party action, employee negligence, error or malfeasance, fraud, product defects, accidental technological failure, social engineering techniques, improper user configuration or otherwise, and this results in, or is believed to result in, compromise of the confidentiality, integrity or availability of our data or our third-party partners' and customers' data, or otherwise causes a significant disruptive effect on our services, we could incur significant liability to various parties, including our third-party partners and customers, and to individuals or organizations whose information is being processed by us, our third-party partners or our customers. Further, such information and data being stored in foreign jurisdictions, could lead to us being required to disclose or provide access to data or other IP to a foreign government pursuant to national security or other laws of such foreign jurisdiction. Any perceived or actual violation of security, data protection and/or reporting obligations under relevant privacy and data protection laws, regulations, rules, standards and other obligations could also result in regulatory inquiries, investigations and enforcement actions, fines and/or legal action. We spend significant effort to detect and prevent cyberattacks, security breaches and other similar incidents, and we may face increased costs and be required to expend substantial resources in the event of an actual or perceived cyberattack, security breach or other similar incident. While we and our third-party partners and customers have experienced cyberattacks, including attempts to breach our information technology systems, and may experience cyberattacks in the future, as of the date of this Annual Report, we have identified no material breaches of our information technology systems. We can provide no assurances that we will not experience material breaches of our information technology systems in the future, that our third-party partners and customers will not experience breaches of their information technology systems in the future that are material to us, or that we or our third-party partners and customers have not experienced such a breach but have not yet discovered it.

Hardware and software we procure from third parties, including AI software, or through open-source solutions may contain vulnerabilities and be susceptible to cyberattacks, security breaches or other similar incidents. Additionally, our vendors or service providers may suffer, or be perceived to suffer, cyberattacks, security breaches or other similar incidents that may compromise data stored or processed for us or that may result in a compromise of our information technology system, which may also give rise to any of the foregoing. Our ability to monitor our vendors' and service providers' data security is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, disclosure, loss, acquisition, modification, unavailability, destruction or other processing of, our and our customers' data. If our vendors or service providers suffer cyberattacks, security breaches or other incidents, we may be unable to perform essential functions to operate our business. To the extent any of our IP is compromised as a result of a security breach experienced by us or by a vendor or service provider, and we do not promptly identify or are not promptly made aware of such breach, we may incorporate compromised IP in our products, thereby making customer implementations of our products vulnerable to future cyberattacks, security breaches or other similar incidents. Moreover, if we, or any of our vendors or service providers, experience a security breach resulting in the exfiltration of confidential data about our information technology systems, such data may provide additional avenues for further attacks. In addition, employees and contractors, and former employees and contractors, including those who become employees or contractors of competitors or other third parties, may misappropriate, wrongfully use, publish or provide to our competitors or other third parties our personal, proprietary or confidential information.

We cannot ensure that any limitations of liability in our agreements with customers, third-party partners, service providers and other third parties with which we do business would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim in connection with a cyberattack, security breach or other similar incident. Additionally, we cannot be certain that our insurance coverage will be adequate for cybersecurity liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that our insurer will not deny coverage as to any future claim. Any of the foregoing may cause our business to suffer and our reputation or competitive position to be damaged, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

Any failure, interruption, disruption, damage or outage with respect to our information technology systems, including or due to an inability to operate our disaster recovery plans to adequately mitigate the effects of such, could adversely affect our reputation, operations and financial condition.

Our business depends on the efficient and uninterrupted operation of our information technology and communications systems. If such systems were to fail, in whole or in part, for any reason or if we were to experience any unscheduled downtimes, even for only a short period, our reputation, operations and financial results could be adversely affected.

Our information technology and communication systems could be damaged or interrupted by several scenarios including natural hazards, extreme weather, fire, utility loss, infrastructure failure, service provider failure or cyber threats. Certain types of attacks could harm us even if our systems are left undisturbed. For example, certain threats are designed to remain dormant or undetectable, sometimes for extended periods of time, or until launched against a target, and we may not be able to implement adequate preventative measures. In many cases we use cloud provided software solutions where we are reliant on the software provider meeting our service level and contractual agreements. In the event that a critical software provider cannot provide their agreed service, this could have an adverse impact on our reputation, operations and financial reporting.

We have disaster recovery and business continuity plans in place for all critical systems and key business services, which are reviewed and tested regularly. However, these plans may not be successful in preventing delays or other complications that could arise from information technology systems failure or cyber attacks and, if they are not successful, insurance may not adequately compensate us for all losses that may occur and have a material adverse effect on our business, results of operations, financial condition and prospects.

Claims may be made for which we do not have adequate insurance, which could have a material adverse effect on our results of operations, cash flows and financial condition.

In recent years, the insurance industry has faced unprecedented and escalating global events compounded by international economic uncertainty. As a result of these and other pressures, many insurers have withdrawn from certain market sectors and certain available insurance has become costly to procure, renew or maintain. We currently have global insurance policies, including coverage for the following significant risks (all of which are subject to certain important scope limitations, exceptions and company/deductible arrangements): property damage, business interruption, employee liability, public and products liability, directors' and officers' liability, and cybersecurity and technology-related losses. We do not insure against claims concerning patent litigation or other IP infringement claims and potential related indemnification obligations, because we are of the view that any limited coverage that could be obtained would be prohibitively expensive. Our business, results of operations, financial condition and prospects could be materially adversely affected by the occurrence of a catastrophic event, to the extent that any resulting loss or claim was not covered under the terms of our then existing insurance policies.

Foreign exchange fluctuations could have a material adverse effect on our business, results of operations, financial condition and prospects.

Although a substantial majority of our revenues, as well as a significant proportion of our assets and liabilities, are denominated in USD, certain of our costs are denominated in British pounds sterling and a number of other currencies, such as the Euro and Chinese Yuan Renminbi. Consequently, our results of operations have been, and are likely to continue to be, affected by changes in the relative value of the various currencies in which our revenues, costs, assets and liabilities are denominated, and especially the U.S. dollar to British pound sterling exchange rate, as well as the exchange rates to the Euro and Chinese Yuan Renminbi, may have a material impact on our reported results of operations and financial condition. To manage our exposure, we may engage in the use of financial derivatives or currency hedging transactions, although such activities may not cover all of our exposure, may be costly and may also expose us to counterparty risk. Despite hedging and other mitigating techniques implemented by us, fluctuations in exchange rates have in the past and may in the future have a material adverse effect on our business, results of operations, financial condition and prospects.

We could suffer significant damage to our brand and reputation, which could harm our competitive position, results of operations and prospects.

Our brand and reputation are critical factors in our relationships with customers, employees, governments, suppliers, and other stakeholders. Our failure to address, or the appearance of our failure to address, issues that give rise to reputational risk, including those described throughout this "Risk Factors" section, could significantly harm our brand and reputation. Our reputation can be impacted by catastrophic events, incidents involving unethical behavior or misconduct, product quality, security, or safety issues, allegations of legal noncompliance, internal control failures, corporate governance issues, security incidents, workplace incidents, climate issues, the use of our products for illegal or objectionable applications, including AI and ML or military applications that present ethical, regulatory, or other issues, marketing practices, media statements, the conduct of our suppliers or representatives, and other issues, incidents, or statements that, whether actual or perceived, result in adverse publicity.

Our own internal use of AI, including but not limited to generative AI, concerns about our AI- and ML-related practices or the ultimate uses of our products in conjunction with AI and ML technologies, even if unfounded, could damage our reputation and materially and adversely affect our business and operating results. Third parties may use our products for harmful or controversial purposes, and the use of our products by our customers or end users to power AI and ML features and functionality may result in harm or controversy. See “—Errors, defects, bugs or security vulnerabilities in or associated with our products could expose us to liability and damage our brand and reputation, which could harm our competitive position and result in a loss of market share” and “—Actual or perceived security vulnerabilities in our information technology systems, including cyberattacks, security breaches or other similar incidents with respect to our or our third-party partners’ information technology systems, or any unauthorized access to our data or our third-party partners’ and our customers’ data, could harm our reputation, business and operating results.”

In addition, our brand and reputation may be damaged by the actions of third parties that are imputed to us. For example, although Arm China operates independently of us, Arm China uses our trademarks in its marketing and branding. To the extent that Arm China’s actions are imputed to us due to Arm China’s use of our trademarks, our own brand and reputation may suffer significant damage.

To the extent we fail to respond quickly and effectively to address corporate crises and other threats to our brand and reputation, the ensuing negative public reaction could significantly harm our brand and reputation, which could result in loss of trust from our customers, third-party partners and employees and could lead to an increase in litigation claims and asserted damages or subject us to regulatory actions or restrictions, any of which could adversely affect our business, results of operations, financial condition and prospects.

Further, we are in the process of rebranding many of our products, which may not produce the benefits we expect. Initially, our rebranded products will not have as established brand recognition as our prior product names and could result in customer confusion. In addition, while we have processes and procedures in place to ensure that our rebranded products will not infringe on the IP of others, our rebranded products may unintentionally infringe on others’ IP rights. Additionally, we may be unable to obtain adequate IP protection over the product names we intend to use. If our rebranding initiative does not produce the intended result, we may incur substantial costs and incur damage to our brand and reputation.

Damage to our brand and reputation could reduce demand for our products and adversely affect our business, operating environment and the trading price of our securities. Damage to our reputation may also make us less attractive to current and prospective employees relative to our competitors, particularly given the intensely competitive market for highly skilled employees. Moreover, repairing our brand and reputation may be difficult, time-consuming, and expensive. The heightened competitive pressures could result in a loss of customers or a reduction in revenues or revenue growth rates, all of which could adversely affect our business, results of operations, financial condition and prospects.

Evolving expectations from governments, customers, partners, regulators, investors, and other stakeholders with respect to our environmental, social and governance (“ESG”) practices may impose additional costs on us, expose us to new or additional risks, or harm our reputation.

There are evolving expectations from governments, customers, partners, regulators, investors, and other stakeholders related to ESG practices and disclosure, including environmental stewardship, climate-related risks and opportunities, social responsibility, diversity and inclusion, racial justice and workplace conduct. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to negative investor sentiment toward us, which could have a negative impact on the trading price of our securities and our access to and costs of capital. Increased ESG-related compliance costs could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners, and the trading price of our securities. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure.

We have established corporate social responsibility programs aligned with sound ESG principles. These programs reflect our current initiatives and are not guarantees that we will be able to achieve them. Our ability to successfully execute these initiatives and accurately report our progress presents numerous operational, financial, legal, reputational and other risks, many of which are outside our control, and all of which could have a material negative impact on our business. Additionally, the implementation of these initiatives imposes additional costs on us. If our ESG initiatives fail to satisfy

investors, customers, partners and our other stakeholders, our reputation, our ability to license our products to customers, our ability to attract or retain employees, and our attractiveness as an investment, business partner or acquirer could be negatively impacted. Similarly, our failure or perceived failure to pursue or fulfil our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also have similar negative impacts and expose us to government enforcement actions and private litigation.

At the same time, “anti-ESG” sentiment has gained momentum across the U.S. with a growing number of states, federal agencies, the executive branch and Congress having enacted, proposed or indicated an intent to pursue “anti-ESG” policies, legislation, or initiatives or issued related legal opinions, and the U.S. federal government having recently issued policy statements and directives potentially impacting diversity equity and inclusion (“DEI”) initiatives in the private sector. Such “anti-ESG” and anti-DEI related policies, legislation, initiatives, litigation, legal opinions and scrutiny could result in us facing additional compliance obligations, becoming the subject of investigations and enforcement actions or sustaining reputational harm.

We have previously identified a material weakness in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain proper and effective internal controls, which may impact our ability to produce accurate financial statements or comply with applicable regulations. As a result, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our ADSs.

We are required, pursuant to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), to furnish a report from management on, among other things, the effectiveness of our internal control over financial reporting. In addition, our independent registered public accounting firm is required to express an opinion on the effectiveness of our internal control over financial reporting on an annual basis. As a public company, we are required to report, among other things, control deficiencies that constitute a “material weakness” or changes in internal controls that, or that are reasonably likely to, materially affect internal controls over financial reporting. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A “significant deficiency” is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting.

For example, for the fiscal years ended March 31, 2022 and 2021 we identified a material weakness relating to our information technology general controls over information systems that are necessary for preparation of our financial statements, specifically (i) insufficient controls over user access rights and segregation of duties within our information systems, (ii) insufficient controls over change management of our information systems and (iii) insufficient controls over monitoring of batch processes. To address the material weakness, we implemented a remediation plan which was completed during the fiscal year ended March 31, 2025, and management has concluded that the material weakness has been remediated. There can be no assurance that similar control issues will not be identified in future periods.

To comply with the requirements of being a public company, we have undertaken various actions, and may need to take additional actions, such as implementing and enhancing our internal controls and procedures and hiring additional accounting or internal audit staff. Additionally, when evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, if we are required to make restatements of our financial statements, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in our operating results, the price of our ADSs could decline and we may be subject to litigation or regulatory enforcement actions. In addition, if we are unable to meet the requirements of Section 404, we may not be able to remain listed on Nasdaq.

Risks Relating to Government Regulation and Legal Compliance

Our international operations expose us to risks in international jurisdictions and we may be negatively impacted by export restrictions and trade barriers.

Our headquarters are in the U.K., and we currently also have operations in various jurisdictions around the world, including the U.S., Europe, the PRC, India, South Korea, Japan, and Taiwan. We may in the future expand our operations either within these jurisdictions or to new jurisdictions or otherwise reorganize our operations. Risks associated with these international operations include exposure to political, economic and financial conditions and expected and unexpected changes in legal and regulatory environments. We may, from time to time, enter into strategic partnerships, joint ventures or similar business relationships with entities in foreign jurisdictions, including governmental or quasi-governmental entities, pursuant to which we may be required to license or transfer certain of our IP rights to such entities. For example, we were recently selected by the Malaysian government to be a key strategic AI technology partner. Such relationships could expose us to increased risks inherent in such activities, such as protection of our IP, economic and political risks, and contractual enforcement issues. In addition, we could face potentially adverse tax consequences from our international expansion, changes in our international operations or changes in tax laws in any of the multiple jurisdictions in which we operate. Managing operations in multiple jurisdictions also places further strain on management's time and our ability to manage overall growth. These risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are subject to governmental export and import requirements that could subject us to liability or restrict our ability to license our products. If the U.S. Department of Commerce were to further broaden U.S. export restrictions on foreign-origin items, whether through changes to the level of *de minimis* U.S.-origin content that would make a non-U.S.-made product subject to the U.S. Export Administration Regulations ("EAR"), known as the *de minimis* rule, or through changes to the foreign direct product rules under the EAR or otherwise, these expanded restrictions would subject more of our products to U.S. export controls and could impose export restrictions on the licensing and delivery of impacted items to certain customers and trading partners. Furthermore, if the U.S. Government implemented expanded economic sanctions on specific countries or regions, that could impact our portfolio. For instance, over the last couple of years and in response to changing geopolitical events, the U.S. has introduced significant changes to export controls and sanctions with respect to Russia and the PRC, and, while unpredictable, we anticipate additional changes to such regulations in the future.

In September 2024, December 2024, January 2025, and most recently, on May 13, 2025, the U.S. Government published new and updated export control rules and guidance on advanced compute chips and services, large compute clusters, certain closed-weight AI models, Gate All-Around Field-Effect Transistor ("GAAFET") and High Bandwidth Memory ("HBM") technologies, and certain semiconductor manufacturing equipment, as well as controls on transactions involving items for supercomputer and semiconductor manufacturing end-uses. These latest controls also added new entities to the U.S. Entity List and modified the scope of items subject to license requirements for certain entities on the U.S. Government's Entity List. As a result of the new rules and guidance, our ability to license our products to designated countries or entities could be reduced, and our commercial relationships could be further harmed by limiting the ability of certain of our customers and partners from shipping chips and end products incorporating certain of our products. For instance, given U.S. and U.K. trade and national security policies regarding exports of technology with potential advanced compute or military uses, it is unlikely that we would be able to obtain a U.S. or U.K. export license for certain high performance compute cores in the Neoverse series processor family. This and any similar limitations could also reduce our revenues and cause significant uncertainty in our products roadmap, which could have an adverse effect on our business, results of operations, financial condition and prospects.

In addition, in May 2025, the U.K. updated its advanced compute export control rules to align with similar rules in the U.S., which could have an adverse effect on our business, results of operations, financial condition and prospects.

Trade relations between countries where we do business or where our customers have end customers has recently been volatile. For example, the U.S. Government has imposed enhanced sanctions and export controls impacting the provision of certain services and cross-border transfer of technology and software products and announced new licensing requirements which impact exports of some of our customer's ICs and certain related items, and these restrictions are subject to frequent change or expansion and could have a material adverse effect on our business.

On April 2, 2025, the U.S. administration announced increased tariffs applicable to U.S. imports from all countries with some countries subject to a flat 10% tariff and others subject to higher individualized tariffs, known as reciprocal tariffs. Since the initial announcement of tariffs, a pause on certain tariffs for most countries, including China went into

effect for 90 days, and exemptions were announced for certain strategic sectors, including semiconductors and electronics. Although temporary relief has been provided from certain newly imposed tariffs and new trade agreements may be negotiated with existing trade partners, the economic uncertainty surrounding these actions, or the prospect that these or similar actions will be taken, could result in adverse consequences to us, including, among others, causing new or existing customers to decrease their level of business with us or causing our customers to increase the prices of their products to offset increased costs resulting from global trade conditions, which could make them less competitive. Furthermore, in April 2025, the Bureau of Industry and Security (“BIS”) of the U.S. Department of Commerce initiated a Section 232 investigation into the effects of U.S. national security of imports of, among other things, semiconductors and semiconductor manufacturing equipment. The investigation can take up to 270 days and may form the basis for the imposition of tariffs in the future. Additionally, escalation in tensions between the U.S. and its historically significant trading partners, the inability of the U.S. and its trading partners to reach further trade agreements, the continued use of reciprocal tariffs and similar actions by each country, or broadening implementation of investment restriction regimes in or related to these trading partners, may contribute to a slowing of global economic growth and may make our products and services less attractive or unavailable to customers in certain countries, which would materially and adversely affect our business, reputation and results of operations.

While the tariffs do not directly apply to our licensing and royalties, these measures may increase costs and/or reduce distribution in key markets. This in turn could require us to increase prices to our customers which may reduce demand, or, if we are unable to increase prices to adequately address any restrictions, it could result in lower margins on products sold or fewer products sold, which would reduce royalty revenues.

Changes in U.S. trade policy have resulted in, and could result in more, U.S. trading partners adopting responsive trade policies, including imposition of increased tariffs, quotas or duties, or imposition of technology or financial sanctions or controls, making it more difficult or costly for us to export our products to those countries. The implementation of a border tax, tariff or higher customs duties on products of our customers or their end customers manufactured outside of the U.S. or components that our customers or their end customers import into the U.S., or any potential corresponding actions by other countries in which our customers or their end customers do business, could negatively impact our financial performance and/or ability to protect our IP. Such developments could also result in a decrease in the demand for or injunctions on the products of our customers or their end customers, which would reduce our royalties and have an adverse effect on our revenues and profitability and thereby on our business, results of operations, financial condition and prospects. See *“—Risks Relating to Our Business and Industry—Our concentration of revenue from the PRC market makes us particularly susceptible to economic and political risks affecting the PRC, which could be exacerbated by tensions between (on the one hand) the U.S. or the U.K. and (on the other hand) the PRC with respect to trade and national security.”*

Failure to comply with, and changes in, governmental laws and regulations could harm our business.

Our business is subject to regulation by various governmental agencies, including, but not limited to, such agencies in the U.K., the European Union, the U.S. and the PRC. These laws and regulations affect our activities in areas including, but not limited to, labor, telecommunications, IP ownership and infringement, tax, economic sanctions, import and export control requirements and sanctions, anti-corruption, national security and foreign investment, foreign exchange controls and cash repatriation restrictions, privacy and data protection (such as the European Union General Data Protection Regulation (“GDPR”), the U.K. General Data Protection Regulation (“U.K. GDPR”), and the California Consumer Privacy Act as amended by the California Privacy Rights Act (collectively, “CCPA”)), security and cybersecurity, and anti-competition, environmental, health and safety, financial reporting and the certification requirements associated with public sector contracts. These laws, regulations and orders are complex, may change frequently and with limited notice, and many have become more stringent and have intensified over time, especially in light of continuing tensions between the U.S. and the PRC and sanctions on Russia and individual Russians as a result of the ongoing war in Ukraine.

Compliance with these laws, regulations and similar requirements may be onerous, expensive and time consuming. Laws and regulations are often inconsistent from jurisdiction to jurisdiction, further increasing the cost and complexity of compliance. We have implemented policies and procedures designed to ensure compliance with applicable laws and regulations, but there can be no assurance that our employees, contractors, or agents will not violate such laws and regulations or our policies and procedures. In addition, inadequate systems and processes have in the past and could in the future result in non-compliance with applicable laws and regulations (and this can be particularly challenging in complex areas such as licensing and export controls). We may be required to incur significant expense to remedy violations of these laws and regulations.

In addition, if our customers fail to comply with these regulations, we may be required to suspend sales to these customers, which could damage our reputation and negatively impact our results of operations. For example, BIS maintains and frequently updates the “U.S. Entity List,” which limits our ability to deliver products and services to these entities, some of which are our customers. Anticipated or actual changes in trade restrictions could also affect customer purchasing behaviors.

Non-compliance with applicable laws, regulations or requirements could subject us to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations, financial condition and prospects could be materially adversely affected and our reputation and brand could be damaged. In addition, responding to any action will likely result in a significant diversion of management’s attention and resources and an increase in professional fees.

Actual or perceived failures to satisfy data protection, security, privacy or other laws, regulations, rules, standards and other government- and industry-specific obligations could adversely affect our business, results of operations, financial condition and reputation.

Privacy and data protection has become a significant issue in the U.K., the U.S., the European Union and in many other jurisdictions where we operate and where the chips and end products incorporating our products are offered. The regulatory framework for privacy and data protection issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future, which could expose us to further regulatory burdens. Many government bodies and agencies, including in the U.K., the European Union and the U.S., have adopted or are considering adopting or modifying laws and regulations addressing privacy and data protection, including the collection, storage, transfer, use and other processing of personal information. Certain jurisdictions have also enacted data localization laws mandating that certain types of data collected in a particular country be stored and/or processed primarily within that country. It is possible that our practices may be deemed not to comply with those privacy and data protection legal requirements that apply to us now or in the future, which could adversely affect our operations, financial condition, and reputation.

In the European Union and in the U.K., we are subject to the GDPR and the U.K. GDPR, respectively, which impose stringent obligations regarding the collection, control, use, sharing, disclosure and other processing of personal data. Failure to comply with the GDPR or the U.K. GDPR can result in significant fines and other liability. European data protection authorities have already imposed fines on companies for GDPR violations up to, in some cases, hundreds of millions of euros. While the U.K. GDPR currently imposes substantially the same obligations as the GDPR, the U.K. GDPR does not automatically incorporate changes to the GDPR, which creates a risk of divergent parallel regimes and related uncertainty. We cannot predict how the U.K. GDPR and other U.K. privacy and data protection laws, regulations or rules may develop, including as compared to the GDPR, nor can we predict the effects of divergent laws and related guidance. Moreover, the U.K. government has introduced proposed reforms to the U.K. GDPR in ways that, if formalized, may create a risk of divergent parallel regimes and related uncertainty, along with the potential for increased compliance costs. In addition, in the European Union, there are a number of new and revised laws focused on cybersecurity and product security. For example, the new Network and Information Security Directive (“NIS2”) establishes a high common level of cybersecurity across the European Union by strengthening the security of network and information systems and covers a wider range of sectors and entities, including critical infrastructure. Further, the EU Cyber Resilience Act (the “CRA”) is a new regulation, which imposes obligations on manufacturers, importers and distributors of products with a digital component to ensure that such products adhere to minimum security requirements.

Other jurisdictions have enacted or are considering similar cross-border personal data transfer laws and local personal data residency laws, any of which would increase the cost and complexity of doing business and could result in fines from regulators. For example, China’s law imposes various requirements relating to data processing and data localization. Data broadly defined as important under China’s law, including personal data, may not be transferable outside of China without prior assessment and approval by the Cyberspace Administration of China (“CAC”). Compliance with these requirements, including CAC assessments and any deemed failures of such assessments, could cause us to incur liability, prevent us from using data collected in China or impact our ability to transfer data outside of China. The inability to import personal data to the United States could significantly and negatively impact our business operations, limit our ability to collaborate with parties that are subject to European, China and other data privacy and security laws, or require us to increase our personal data processing capabilities in Europe and/or elsewhere at significant expense. Some European regulators have prevented companies from transferring personal data out of Europe for allegedly violating the GDPR’s cross-border data transfer limitations, which could negatively impact our business.

Further, our business may be affected by laws, regulations, rules and standards aimed at regulating the use of personal information for marketing purposes, the tracking of the online activities of individuals and the regulation of machine-to-machine communications. For example, the European Union's proposed ePrivacy Regulation, which is still being negotiated, may impose burdensome requirements around obtaining consent and impose fines for violations that are materially higher than those imposed under the European Union's current ePrivacy Directive and related European Union member state legislation. Compliance with these laws, regulations, rules and standards may result in increased costs and limit the effectiveness of our marketing activities, while failure to comply may subject us to substantial fines and reputational damage.

In the U.S., we are subject to various federal, state and local privacy and data protection laws, rules, and regulations governing the collection, sharing, use, retention, disclosure, security, transfer, storage and other processing of personal information. For example, at the state level, we are subject to the CCPA, which broadly defines personal information and gives California residents expanded privacy rights and protections, such as affording them the right to access and request deletion of their information and to opt out of certain sharing and sales of personal information. The CCPA provides for severe civil penalties and statutory damages for violations and a private right of action for certain data breaches that result in the loss of unencrypted personal information. Numerous other states also have enacted, or are in the process of enacting or considering, comprehensive state-level privacy and data protection laws, rules and regulations that share similarities with the CCPA. Additionally, the U.S. Department of Justice has recently issued rules concerning the cross-border transfer of certain sensitive data that will have widespread compliance implications.

Moreover, we make public statements about our collection, use, disclosure and other processing of personal information through our privacy policies and information on our website. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. Our privacy policies and other public statements that provide promises and assurances about privacy, information security, and data protection can subject us to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of our actual practices. Any concerns about our privacy and data protection practices, even if unfounded, could damage our reputation and adversely affect our business.

Although we monitor the regulatory environment and have invested in addressing new developments, we may be required to make additional changes to our services and business practices to enable us and our customers to comply with applicable laws, regulations, rules, standards and other obligations. Evolving regulatory and legal obligations may also increase our potential liability exposure through higher potential penalties for non-compliance. Laws, regulations, rules, standards and other obligations relating to privacy and data protection are subject to differing interpretations and may be inconsistent among jurisdictions, thereby making compliance with such obligations challenging. Revising our services and business practices to comply with these requirements could reduce demand for our services, require us to take on more onerous obligations in our contracts, or restrict our ability to store, transfer and otherwise process data or, in some cases, impact our ability or our customers' ability to offer our services in certain locations, to deploy our products, to reach current and prospective customers, or to derive insights from customer data globally.

Third-party partners with access to personal information or other sensitive or confidential information for which we are responsible could breach their contractual obligations to us, or may experience data breaches or security incidents, which could impact our business, including by causing us to breach our obligations under privacy and data protection laws, regulations, rules, standards and other obligations. This could in turn adversely affect our business, results of operations and financial condition. In addition, our third-party due diligence, contractual measures, and other privacy and data protection-related safeguards may not sufficiently protect us from the risks associated with the third-party processing, storage and transmission of such information.

Our failure or perceived failure to comply with any applicable privacy or data protection laws, regulations, rules, standards or other obligations could result in increased costs for our products, monetary penalties, damage to our reputation, government and regulatory inquiries, investigations and enforcement actions, fines, orders to stop or limit processing of personal information, or legal action.

Furthermore, the uncertain and shifting regulatory environment and trust climate may cause concerns regarding privacy and data protection and may cause our customers or their customers to resist providing the data necessary to allow our customers to use our services effectively. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our products or services and could limit adoption of our products. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

New technologies, such as AI and ML, are subject to a changing regulatory landscape in multiple jurisdictions in which we operate, and may present certain reputational risks.

New technologies, such as AI and ML, are the subject of evolving review by various governmental and regulatory bodies and agencies. New and updated laws, rules, directives, and regulations governing the use of such technologies may adversely affect the ability of our business to develop, use and commercialize such technologies and processors and products that use, incorporate or otherwise rely on such technologies. Several jurisdictions, including the European Union and South Korea, have already enacted measures related to the development and use of AI and ML in products and services and new laws, rules, directives and regulations will likely emerge over time. We may not always be able to anticipate how courts and regulators will apply existing laws to AI, to predict how new legal frameworks will develop to address AI, or to otherwise respond to these frameworks, as they are still rapidly evolving. Increased regulation may impact our customers' ability to develop and deploy AI-systems that rely on our products. It is not possible to predict all of the risks related to the use of AI and ML. Changes in laws, rules, directives, and regulations governing the use of AI and ML may materially and adversely affect our business and operating results, increase our compliance costs or subject us to legal liability.

We are subject to anti-corruption laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures and legal expenses, which could adversely affect our business, results of operations and financial condition.

Our operations are subject to the U.K. Bribery Act 2010 (the "Bribery Act"), the U.S. Foreign Corrupt Practices Act (the "FCPA"), and other applicable anti-corruption laws in countries where we do business and may do business in the future. These anti-corruption laws generally prohibit us, our officers, our employees, affiliates, agents and intermediaries from offering or paying bribes, requesting or accepting bribes, or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage. Under the Bribery Act, we may also be liable for failing to prevent a person associated with us from committing a bribery offense. We have operations in countries considered high risk for corruption, such as China and India, agreements and collaborations with third parties, interactions with government officials, and other business activities that could expose us to corruption risk. While we have compliance safeguards in place, it is possible that these safeguards prove insufficient, or that our employees, intermediaries, or other third-party business partners may engage in activities that subject us to liability under the Bribery Act, FCPA, or other anti-corruption laws. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted. If we further expand our operations internationally, we will need to dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we plan to operate.

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the Bribery Act, the FCPA, or other legal requirements. If we are not in compliance with the Bribery Act, the FCPA and other anti-corruption laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. The SEC also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions. Any investigation of any potential violations of the Bribery Act, the FCPA, other anti-corruption laws or trade control laws by U.K., U.S. or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition.

We are subject to risks related to government contracts and related procurement regulations.

A portion of our revenue is derived from contracts with governmental entities, governmental subcontractors and public universities. Our contracts with such entities, including in the U.K., the European Union and its member states, and the U.S., are subject to various regulations and other requirements relating to their formation, administration and performance. We may be subject to audits and investigations relating to government contracts, and any violations could result in various civil and criminal penalties and administrative sanctions, including termination of the contract, payment of fines or suspension or debarment from future government business.

Our employees, independent contractors, consultants and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading laws, which could cause significant liability for us and harm our reputation.

We are exposed to the risk of fraud or other misconduct by our employees, independent contractors, consultants and vendors. Misconduct by these partners could include intentional failures to comply with laws, standards, regulations,

guidance or codes of conduct, provide accurate information to regulatory authorities, comply with manufacturing standards, report financial information or data accurately or disclose unauthorized activities to us. We may also be exposed to risks in connection with any insider trading violations by employees or others affiliated with us. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws, standards, regulations, guidance, contractual requirements or codes of conduct. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations and prospects, including the imposition of significant fines or other sanctions and damage to our reputation.

Risks Relating to Our Status as a Controlled Company and Foreign Private Issuer

We are a “controlled company” within the meaning of the Nasdaq corporate governance rules and, as a result, are eligible to rely on exemptions from certain corporate governance requirements that provide protection to stockholders of companies that are not controlled companies.

As of May 20, 2025, SoftBank Group beneficially owns approximately 87.1% of our total issued and outstanding share capital, representing a majority of the total voting power of our ordinary shares. As a result of SoftBank Group’s ownership, we are a “controlled company” under the Nasdaq corporate governance standards.

Because we qualify as a controlled company, we have the option not to comply with certain requirements to which companies that are not controlled companies are subject, including the requirement that a majority of the Board of Directors consists of independent directors, the requirement that a majority of the independent directors select or recommend our director nominees, the requirement that the remuneration committee be responsible for determining or recommending the compensation of executive officers other than our CEO and the requirement that its remuneration committee be composed entirely of independent directors. Since we have elected to use certain of the controlled company exemptions, holders of our ADSs do not have the same protections afforded to stockholders of companies that are subject to these corporate governance requirements.

As long as SoftBank Group controls us and/or is entitled to certain rights under the Shareholder Governance Agreement, other holders of our ordinary shares and ADSs will have limited ability to influence matters requiring shareholder approval or the composition of our Board of Directors.

As of May 20, 2025, SoftBank Group beneficially owns approximately 87.1% of our total issued and outstanding share capital. As a result, for so long as SoftBank Group and its controlled affiliates hold shares representing a majority of the votes entitled to be cast by the holders of our outstanding ordinary shares at a shareholder meeting, SoftBank Group will generally have the ability to control the outcome of any matter submitted for the vote of our shareholders, except in certain limited circumstances as set forth in the Articles of Association, as amended (the “Articles”) and the Companies Act.

In addition, so long as SoftBank Group and its controlled affiliates hold ordinary shares representing at least a majority of the votes entitled to be cast by the holders of our ordinary shares at a shareholder meeting, SoftBank Group will have the ability to control the election of all of the members of our Board of Directors. The directors elected by SoftBank Group will have the authority to make important decisions regarding our business, including decisions affecting our capital structure, such as the issuance of equity, the incurrence of indebtedness, the implementation of stock repurchase programs and the declaration of dividends.

Pursuant to the shareholder governance agreement we entered into with SoftBank Group (the “Shareholder Governance Agreement”), SoftBank Group has the right to designate a number of candidates for election to our Board of Directors depending on its and its controlled affiliates’ level of ownership of our outstanding ordinary shares. SoftBank Group’s designation rights range from the ability to designate seven candidates so long as it owns more than 70% of our outstanding ordinary shares down to the ability to designate one candidate so long as it owns more than 5% of our outstanding ordinary shares. Additionally, for so long as SoftBank Group and its controlled affiliates own more than 70% of our outstanding ordinary shares, SoftBank Group has the right to increase the size of our Board of Directors to nine directors and appoint a director, who need not be independent, to the board to fill the newly created vacancy. If such right is exercised, SoftBank Group will have the right to nominate up to eight candidates for election to our Board of Directors for as long as it and its controlled affiliates hold more than 70% of our outstanding ordinary shares. The Shareholder Governance Agreement also gives SoftBank Group certain rights with respect to committees of our Board of Directors, approvals of related party transactions, pre-emptive rights, registration rights, information and other rights, consultation

rights and a consent right, among others, including during periods in which SoftBank Group beneficially owns less than a majority of our outstanding ordinary shares. Accordingly, SoftBank Group will maintain significant control over our corporate and business activities until such rights terminate. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with SoftBank Group—Shareholder Governance Agreement—Rights Relating to Our Board of Directors.”

SoftBank Group’s interests may conflict with our own interests and those of holders of our ADSs.

The interests of SoftBank Group may not coincide with our own interests or the interests of holders of our ADSs. Because SoftBank Group will generally have the ability, subject to limitations in the Articles and the Companies Act, to control all matters submitted to our shareholders for approval, including the election of all of the members of our Board of Directors, and will have certain enhanced rights pursuant to the Shareholder Governance Agreement, other shareholders will have limited ability to influence corporate matters. As a result, SoftBank Group may cause us to take corporate actions, including engaging in transactions with SoftBank Group or affiliates of SoftBank Group, that members of our management or other shareholders do not view as beneficial, or that provide SoftBank Group with benefits at our expense. Such actions could have a material and adverse effect on our business, results of operations and the trading price of our ADSs.

From time to time we have, and in the future we expect to, advise SoftBank Group with respect to certain of its proposed investments or acquisitions in, or commercial arrangements or strategic partnerships with, businesses in or adjacent to our industry. For example, we are a party to a consulting agreement with SoftBank Group pursuant to which we provide to SoftBank Group and its affiliates certain technical consultancy and advisory services relating to potential transactions, strategic partnerships, commercial arrangements or other arrangements involving SoftBank Group or its affiliates. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with SoftBank Group—Consulting Agreement.” Our efforts to advise SoftBank Group may require substantial time and attention from our executives, engineers and other employees, which could divert attention and resources away from our business. We can provide no assurances that SoftBank Group will not acquire, invest in or partner with businesses that compete with us, and we will have no control over SoftBank Group’s acquisition, investment or strategic partnership activities, including any investments in, acquisitions of or strategic partnerships with businesses that compete with us or our customers, or any other actions that SoftBank Group may take to compete with us or our customers. Any SoftBank Group investments in, or acquisitions of, or strategic partnerships with, businesses that compete with us or our customers could have a material adverse effect on us and our relationships with affected customers and cause those customers to seek alternatives to our products and invest in the ecosystems of our competitors like RISC-V, which could have a material adverse effect on our business, results of operations, reputation, financial condition and/or prospects. In connection with the performance of services under the consulting agreement or otherwise, we may enter into strategic partnerships, licensing agreements or other commercial arrangements involving businesses or other assets owned by SoftBank Group or its affiliates, business or assets in which SoftBank Group or its affiliates have a controlling interest, or businesses with which SoftBank Group or its affiliates have a commercial arrangement or partnership. We have established, and in the future expect to establish, such commercial arrangements in furtherance of our initiatives to develop more complete compute subsystems (such as Arm CSS), chiplets and complete end chip solutions and may in future establish such commercial arrangements in furtherance of the manufacturing and distribution of such products or solutions. In addition, we have pursued, and may in the future pursue, commercial relationships with, acquisitions of or investments in entities owned by or affiliated with SoftBank Group or with whom SoftBank Group or its affiliates have a commercial relationship.

Disputes may arise between us and SoftBank Group or its affiliates in a number of areas, including relating to arrangements with third parties that are exclusionary to us or SoftBank Group or its affiliates and business opportunities that may be attractive to both us and SoftBank Group or its affiliates. For example, in January 2025, SoftBank Group announced the Stargate Project, a joint venture between SoftBank Group, OpenAI and Oracle Corporation, to invest in building new AI infrastructure, where we were named as a key technology partner. However, we have received no formal commitments that our technology will be used. Furthermore, disputes may arise between us and SoftBank Group or its affiliates with respect to Arm China. We may not be able to resolve any potential conflicts with SoftBank Group and, even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party, which could have an adverse effect on our business, results of operations and the trading price of our ADSs. In addition, any disputes between us and SoftBank Group could distract our management.

In addition, some of our directors and officers currently, and in the future may, directly or indirectly own equity interests in SoftBank Group, and Mr. Son is also the Chairman and Chief Executive Officer of SoftBank Group and Mr. Haas is a director of SoftBank Group. In addition, Mr. Haas is party to an agreement pursuant to which he provides certain advisory and consulting services to SoftBank Group. Ownership of such equity interests by our directors and officers and

the presence of Messrs. Son and Haas, as the chair of our Board of Directors and our CEO and a director, respectively, could create, or appear to create, conflicts of interest with respect to matters involving both us and any one of them, or involving us and SoftBank Group. Provisions of the Articles address corporate opportunities that are presented to our directors that are also directors or officers of SoftBank Group. We cannot assure you that the Articles will adequately address potential conflicts of interest or that potential conflicts of interest will be resolved in our favor or that we will be able to take advantage of corporate opportunities presented to individuals who are directors of both us and SoftBank Group. As a result, we may be precluded from pursuing certain advantageous transactions or growth initiatives.

Moreover, under the terms of the Shareholder Governance Agreement, SoftBank Group has a contractual pre-emptive right. Specifically, under the terms of the Shareholder Governance Agreement, if we propose to allot or issue any ordinary or preferred shares or options, warrants or other securities convertible into or exercisable for ordinary or preferred shares (including ADSs) (other than: (i) pursuant to an offer made to all ordinary shareholders on the same terms; or (ii) in connection with any incentive plan or share scheme otherwise approved by SoftBank Group to the extent such approval is required under the Shareholder Governance Agreement), SoftBank Group will be entitled (but will not be obligated) to purchase up to an amount of the securities we propose to allot or issue such that it can maintain its proportional legal and economic interests in our share capital prior to such allotment or issuance. As a result, while other holders of our ADSs would risk suffering a reduction in percentage ownership in connection with a new issuance of securities by us, SoftBank Group and its controlled affiliates will have the opportunity to avoid a reduction in their legal and economic interests. See “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with SoftBank Group—Shareholder Governance Agreement—Pre-emptive Rights.*”

Furthermore, regardless of the performance of our own business, SoftBank Group’s business, results of operations and the trading price of SoftBank Group’s securities or other matters affecting SoftBank Group or actions that SoftBank Group may take may adversely affect the trading price of our ADSs. In addition, SoftBank Group is not restricted from competing with us or otherwise taking for itself or its other affiliates certain corporate opportunities that may be attractive to us.

SoftBank Group’s ability to control all matters submitted to our shareholders may have the effect of delaying, preventing or deterring a change of control, which could deprive holders of our ADSs of an opportunity to receive a premium for their ADSs as part of a change of control, and might ultimately affect the fair market value of our ADSs.

SoftBank Group has engaged, and may in the future engage, in financing transactions whereby our shares are pledged as security.

SoftBank Group has engaged, and may from time to time engage, in financing transactions involving our shares (including ADSs representing our shares), such as loans whereby our shares are pledged as security. We may be unable to influence the timing or terms of financing transactions by SoftBank Group involving our securities. In addition, certain subsidiaries of SoftBank Group have entered into a margin loan facility secured by our ordinary shares (the “SoftBank Group Facility”). We have no material obligations with respect to the SoftBank Group Facility. The SoftBank Group Facility is initially secured by a pledge of 769,029,000 of our ordinary shares, which, as of May 20, 2025, represents a 72.6% equity interest in us. We face various risks in connection with the SoftBank Group Facility. The SoftBank Group Facility contains, and such other financing transactions may contain, provisions that, subject to their terms, require prepayment if certain events or circumstances occur, including certain change of control transactions or in the event the trading price of our ADSs declines below certain thresholds. From time to time, subject to certain requirements under the terms of the SoftBank Group Facility and any other such financing transactions, SoftBank Group or the relevant subsidiary of SoftBank Group, as applicable, may consider it advisable to sell shares in order to finance the prepayment or repayment of such financings, which number of shares may, individually or in the aggregate, be significant. In addition, in connection with the SoftBank Group Facility and any other such financings, if the price of our ADSs declines to certain levels, absent a repayment of the applicable financing, SoftBank Group may be required to provide additional collateral. For instance, the SoftBank Group Facility could be subject to a “margin call” by the providers of the facility if, among other events, the loan-to-value exceeds a certain threshold. In the event of such a margin call, the relevant subsidiary of SoftBank Group would need to deposit additional funds with the providers of the facility and may decide to sell some of the pledged shares to provide such funds. In the case of non-payment at maturity or another event of default, the providers of the SoftBank Group Facility and any other such financing may, in addition to other remedies, exercise their rights to foreclose on and sell or cause the sale of our shares that may be pledged as collateral. The foreclosure on our shares that are initially pledged as collateral for the SoftBank Group Facility could cause a change of control of us and if such shares are sold, such sales could cause the trading price of our ADSs to decline. Sales of our securities in connection with the SoftBank Group Facility and any other such financing transactions, whether by SoftBank Group or upon enforcement against collateral,

could have a material and adverse effect on our business, results of operations, access to equity capital and the trading price of our ADSs.

If SoftBank Group sells a controlling equity interest in our company to a third party in a private transaction, you may not realize any change-of-control premium on your ADSs and we may become subject to the control of a currently unknown third party.

For so long as the U.K. City Code on Takeovers and Mergers (the “Takeover Code”) does not apply to us, SoftBank Group will have the ability, should it choose to do so, to sell some or all of its shares in a privately negotiated transaction, which, if sufficient in size, could result in a change of control of us. The ability of SoftBank Group to privately sell its shares, with no requirement for a concurrent offer to be made to acquire all of the publicly traded ADSs, could prevent you from realizing any change-of-control premium on your ADSs that may otherwise accrue to SoftBank Group on its private sale of shares. In addition, if SoftBank Group privately sells its controlling equity interest or if a lender forecloses on a controlling interest pledged by SoftBank Group, including in connection with enforcement under the SoftBank Group Facility, we may become subject to the control of a currently unknown third party. The interests of this third party may not be the same as, or may conflict with, the interests of our other shareholders. Furthermore, if SoftBank Group sells a controlling equity interest in our company to a third party or a lender forecloses on a pledged controlling equity interest in our company, our future indebtedness may be subject to acceleration, and our other commercial agreements and relationships, including any remaining agreements with SoftBank Group, could be impacted. The occurrence of any of these events could adversely affect our business, results of operations, financial condition and prospects.

SoftBank Group’s ability to control our Board of Directors may make it difficult for us to recruit independent directors.

For so long as SoftBank Group and its controlled affiliates hold our ordinary shares representing at least a majority of the votes entitled to be cast by the holders of our ordinary shares at a shareholder meeting, SoftBank Group will be able to elect all of the members of our Board of Directors. Additionally, pursuant to the Shareholder Governance Agreement, SoftBank Group has the right to designate a number of candidates for election to our Board of Directors depending on its and its affiliates’ level of ownership of our outstanding ordinary shares. SoftBank Group’s designation rights will range from the ability to designate seven candidates so long as it owns more than 70% of our outstanding ordinary shares (or up to eight if SoftBank Group exercises the right granted to it to increase the size of our Board of Directors and appoint an additional non-independent director to fill the resulting vacancy) down to the ability to designate one candidate so long as it owns more than 5% of our outstanding ordinary shares. The Shareholder Governance Agreement also provides SoftBank Group with proportional rights to representation on the committees of our Board of Directors, subject to applicable restrictions. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with SoftBank Group—Shareholder Governance Agreement—Rights Relating to Our Board of Directors.” Under these circumstances, qualified and experienced persons who might otherwise accept an invitation to join our Board of Directors may decline, which means that we would not be able to benefit from their qualifications and expertise in service as members of our Board of Directors.

As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than U.S. public companies.

We are a “foreign private issuer,” as defined in the SEC rules and regulations, and, consequently, we are not subject to all the disclosure requirements applicable to companies organized within the U.S. For example, we are exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act. In addition, our officers and directors are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies. Accordingly, there may be less publicly available information concerning our company than there is for U.S. public companies.

As a foreign private issuer, we will file an annual report on Form 20-F within four months of the close of each fiscal year ended March 31 and reports on Form 6-K relating to certain material events promptly after we publicly announce these events. However, because of the above exemptions for foreign private issuers, our shareholders will not be afforded the same protections or information generally available to investors holding shares in public companies organized in the U.S.

While we are a foreign private issuer, we may opt out of certain Nasdaq corporate governance rules applicable to public companies organized in the U.S.

We are entitled to rely on a provision in Nasdaq's corporate governance rules that allows us to follow English corporate law with regard to certain aspects of corporate governance. This allows us to follow certain corporate governance practices that differ in significant respects from the corporate governance requirements applicable to domestic issuers listed on Nasdaq, which may provide less protection to our shareholders than what is accorded to investors under the Nasdaq rules applicable to domestic issuers.

For example, we are exempt from Nasdaq regulations that require a listed U.S. company to:

- obtain shareholder approval for certain issuances of securities, including shareholder approval of share option plans;
- give the audit committee review and oversight responsibilities over all "related party transactions";
- hold regularly scheduled meetings of only the independent directors at least twice a year; and
- solicit proxies and provide proxy statements for all meetings of shareholders.

In accordance with Nasdaq listing rules, our audit committee is required to comply with the provisions of Section 301 of the Sarbanes-Oxley Act and Rule 10A-3 of the Exchange Act, both of which are also applicable to Nasdaq-listed U.S. companies. Because we are a foreign private issuer, however, our audit committee is not subject to additional requirements applicable to Nasdaq-listed U.S. companies, including an affirmative determination that all members of the audit committee are "independent," using more stringent criteria than those applicable to us as a foreign private issuer, subject to certain phase-in requirements permitted by Rule 10A-3 of the Exchange Act.

If we were to lose our foreign private issuer status, this would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant legal, accounting and other expenses.

We are required to test our foreign private issuer status at the end of our second fiscal quarter in each fiscal year. If we were no longer a foreign private issuer, we would be required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers as of the first day of the following fiscal year. In order to maintain our current status as a foreign private issuer, either (a) a majority of our securities must be either directly or indirectly owned of record by nonresidents of the U.S. or (b)(i) a majority of our executive officers or directors cannot be U.S. citizens or residents, (ii) more than 50% of our assets must be located outside the U.S. and (iii) our business must be administered principally outside the U.S. If SoftBank Group or its affiliates do not continue to hold a majority of our ordinary shares, we would likely fail to maintain our status as foreign private issuer. If we lose our status as a foreign private issuer, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and Nasdaq rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and is likely to make some activities highly time-consuming and costly. We also expect that if we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more difficult and expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our Board of Directors.

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.

We are incorporated under the laws of England and Wales. The rights of holders of ordinary shares and, therefore, certain of the rights of holders of ADSs, are governed by English law, including the provisions of the Companies Act and by the Articles. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations. See the section titled Differences in Corporate Law in the Description of Securities included in Exhibit 2.3 to this Annual Report for a description of the principal differences between the provisions of the Companies Act applicable to us and, for example, the Delaware General Corporation Law relating to shareholders' rights and protections. The principal differences include the following:

- under English law, subject to certain exceptions and disapplications, each shareholder generally has preemptive rights to subscribe on a proportionate basis to any issuance of ordinary shares or rights to subscribe for, or to convert securities into, ordinary shares for cash. Under U.S. law, shareholders generally do not have preemptive rights unless specifically granted in the certificate of incorporation or otherwise;
- under English law, certain matters require the approval of not less than 75% of the shareholders who vote (in person or by proxy) on the relevant resolution (or on a poll of shareholders, by shareholders representing not less than 75% of the ordinary shares voting (in person or by proxy)), including amendments to the Articles. This may make it more difficult for us to complete corporate actions deemed advisable by our Board of Directors. Under U.S. law, generally only majority shareholder approval is required to amend the certificate of incorporation or to approve other significant transactions;
- in the U.K., takeovers may be structured as takeover offers or as schemes of arrangement. Under English law, a bidder seeking to acquire us by means of a takeover offer would need to make an offer for all of our outstanding ordinary shares and ADSs. If acceptances are not received for 90% or more of the ordinary shares and ADSs under the offer, under English law, the bidder cannot complete a “squeeze out” to obtain 100% control of us. Accordingly, acceptances of 90% of our outstanding ordinary shares and ADSs would likely be a condition in any takeover offer to acquire us, not 50% as is more common in tender offers for corporations organized under U.S. law. By contrast, a scheme of arrangement, the successful completion of which would result in a bidder obtaining 100% control of us, requires the approval of a majority in number of the shareholders or class of shareholders present and voting either in person or by proxy at the meeting and representing 75% in value of the ordinary shares (including those represented by ADSs) voting at the meeting for approval; and
- under English law and the Articles, shareholders and other persons whom we know or have reasonable cause to believe are, or have been, interested in our shares may be required to disclose information regarding their interests in our shares upon our request, and the failure to provide the required information could result in the loss or restriction of rights attaching to the shares, including prohibitions on certain transfers of the shares, withholding of dividends and loss of voting rights. Comparable provisions generally do not exist under U.S. law.

As an English public limited company, certain capital structure decisions will require shareholder approval, which may limit our flexibility to manage our capital structure.

English law provides that, subject to certain exceptions (including the allotment, or the grant of rights to subscribe for or convert any security into shares, in pursuance of an employees’ share scheme), a board of directors of a public limited company may only allot shares (or grant rights to subscribe for or convert any security into shares) with the prior authorization of shareholders, such authorization stating the aggregate nominal amount of shares that it covers and being valid for a maximum period of five years, each as specified in the articles of association or relevant ordinary shareholder resolution passed by shareholders at a general meeting. We have obtained authority from our shareholders to allot 1,025,234,000 additional shares ending August 25, 2028, which authorization will need to be renewed upon expiration (i.e., at least every five years) but may be sought more frequently for additional five-year terms (or for any shorter period).

English law also generally provides shareholders with preemptive rights when new shares are issued for cash, except that such rights do not apply to the allotment of equity securities that would, apart from any renunciation or assignment of the right to their allotment, be held under or allotted or transferred pursuant to an employees’ share scheme. However, it is possible for the articles of association, or for shareholders to pass a special resolution at a general meeting, being a resolution passed by at least 75% of the votes cast, to disapply preemptive rights. Such a disapplication of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the disapplication is contained in the articles of association, or from the date of the shareholder special resolution, if the disapplication is by shareholder special resolution, but not longer than the duration of the authority to allot shares to which the disapplication relates. In either case, this disapplication would need to be renewed by our shareholders upon its expiration (i.e., at least every five years). We have obtained authority from our shareholders to disapply preemptive rights ending August 25, 2028, which disapplication will need to be renewed upon expiration (i.e., at least every five years), but may be sought more frequently for additional five-year terms (or for any shorter period).

English law also generally prohibits a public company from repurchasing its own shares without the prior approval of shareholders by ordinary resolution, being a resolution passed by a simple majority of votes cast, and other formalities. Such approval may be for a maximum period of up to five years.

Under current law, transfers of ordinary shares outside the ADR program and the redeposit of ordinary shares into the ADR program will generally be subject to U.K. stamp duty or stamp duty reserve tax and the law may change to cover other transactions, including transactions in ADSs, which would increase the cost of dealing in ordinary shares or ADSs.

Following our initial public offering (“IPO”), ADSs were transferred to a nominee for The Depository Trust Company (“DTC”) and corresponding book-entry interests were credited in the facilities of DTC. On the basis of current law and HM Revenue & Customs (“HMRC”) practice, no charges to U.K. stamp duty or stamp duty reserve tax (“SDRT”) are expected to arise on subsequent transfers of book-entry interests in ADSs entirely within DTC’s facilities. Similarly, on the basis of current law and HMRC practice, a transfer of title in the ADSs from within the DTC clearance system to a purchaser out of the DTC clearance system and any subsequent transfers that occur entirely outside the DTC clearance system should not attract a charge to U.K. stamp duty or SDRT.

If you choose to withdraw the ordinary shares underlying your ADSs (in accordance with the deposit agreement, applicable laws and regulations) from the depository, U.K. stamp duty and SDRT will not generally be chargeable on any such withdrawal in your favor, but will generally be chargeable on any subsequent transfers of the ordinary shares or redeposits of the ordinary shares into the ADR program (at the rates specified below).

We have put in place arrangements to require that ordinary shares held in certificated form or otherwise outside the depository system cannot be represented by ADSs within the DTC clearance system until the transferor of the ordinary shares has first delivered the ordinary shares to a depository specified by us so that any U.K. stamp duty (or SDRT) may be collected in connection with the delivery to the depository. Any such ADSs in respect of those ordinary shares so deposited may be evidenced by a receipt issued by the depository. Before the transfer can be registered in the books of the depository for the ADSs to be issued, the transferor will also be required to put funds in the depository to settle any resultant liability to stamp duty (or SDRT), which will be charged at a rate of 1.5% of the value of the ADSs.

The Retained EU Law (Revocation and Reform) Act 2023, enacted on June 29, 2023 has the effect that certain rights derived from European Union law will by default (that is, absent the exercise of a regulation-making power to restate or reproduce such rights in U.K. domestic law) cease to be recognized after December 31, 2023. As a result, rights derived from European Union law would cease to restrict the application of the rules providing for the 1.5% U.K. stamp duty or SDRT charge which may impact on the issue or transfer of our ordinary shares to, or appropriation of our ordinary shares by, a depository receipt system (such as that operated by the depository) or a clearance service (such as that operated by DTC). On February 22, 2024, the U.K. government enacted legislation to make provisions for and in connection with ensuring that it continues to be the case that no 1.5% charge to stamp duty or SDRT arises in relation to the issue or transfer of ordinary shares to depository receipt systems and clearance services. The provisions took effect from January 1, 2024.

It is also possible that, for example, in the future, a transfer of title in the ADSs from within the DTC clearance system to a purchaser out of the DTC clearance system and/or any subsequent transfers of ADSs that occur entirely outside (or inside) the DTC clearance system, will attract a charge to U.K. stamp duty or SDRT. Any such U.K. stamp duty or SDRT will be chargeable at a rate of 0.5% (or potentially 1.5% in certain circumstances) of any consideration, which is normally payable by the transferee. Any such duty must be paid (and the relevant transfer document, if any, stamped by HMRC) before the transfer can be registered in the books of the depository and, if relevant, ADSs issued to a nominee for DTC and corresponding book-entry interests credited in the facilities of DTC.

For further information about the U.K. stamp duty and SDRT implications of holding ADSs and withdrawing ordinary shares under current law, please see the section titled “*Item 10. Additional Information—E. Taxation*” of this Annual Report.

The Articles provide that, unless the Company by ordinary resolution consents to the selection of an alternative forum, the courts of England and Wales are the exclusive forum for the resolution of all shareholder complaints other than complaints asserting a cause of action arising under the Securities Act or the Exchange Act, and that the U.S. District Court for the Northern District of California is the exclusive forum for the resolution of any shareholder complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

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Court for the Northern District of California is the exclusive forum for resolving any shareholder complaint asserting a cause of action arising under the Securities Act or the Exchange Act. In addition, the Articles will provide that any person or entity purchasing or otherwise acquiring any interest in our shares is deemed to have notice of and consented to these provisions.

This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. The enforceability of similar exclusive forum provisions (including exclusive federal forum provisions for actions, suits or proceedings asserting a cause of action arising under the Securities Act) in other companies' organizational documents has been challenged in legal proceedings, and there is uncertainty as to whether courts would enforce the exclusive forum provisions in the Articles. Additionally, our shareholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. If a court were to find either choice of forum provision contained in the Articles to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our results of operations and financial condition. The courts of England and Wales and the U.S. District Court for the Northern District of California may also reach different judgments or results than would other courts, including courts where a shareholder considering bringing a claim may be located or would otherwise choose to bring the claim, and such judgments may be more or less favorable to us than our shareholders.

Shareholder protections found in provisions under the Takeover Code will not apply if our place of central management and control remains outside the U.K.

The Takeover Code applies to all offers for companies which have their registered office in the U.K., the Channel Islands or the Isle of Man if any of their equity share capital or other transferable securities carrying voting rights are admitted to trading on a U.K. regulated market or a U.K. multilateral trading facility or on any stock exchange in the Channel Islands or the Isle of Man.

The Takeover Code also applies to all offers for public companies which have their registered office in the U.K., the Channel Islands or the Isle of Man if they are considered by the Panel on Takeovers and Mergers (the "Takeover Panel") to have their place of central management and control in the U.K., the Channel Islands or the Isle of Man. This is known as the "residency test." In determining whether the residency test is satisfied, the Takeover Panel has regard primarily to whether a majority of a company's directors are resident in these jurisdictions.

Although our registered office is in the U.K., the Takeover Code does not currently apply to us because our shares are not admitted to trading on a regulated market or multilateral trading facility in the U.K. or any stock exchange in the Channel Islands or the Isle of Man, and the Takeover Panel confirmed to us that, on the basis of the residency of our Board of Directors as of the date of the IPO Prospectus, we did not have our place of central management and control in the U.K., the Channel Islands or the Isle of Man. Our place of central management and control remains outside of the U.K. for the purposes of the Takeover Code.

As a result, our shareholders are not currently entitled to the benefit of certain takeover offer protections provided under the Takeover Code, including the rules regarding mandatory takeover bids and, therefore, holders of ADSs will not benefit from these protections.

In the event that this changes, or if the interpretation and application of the Takeover Code by the Takeover Panel changes (including changes to the way in which the Takeover Panel assesses the application of the Takeover Code to English companies whose shares are listed outside of the U.K., the Channel Islands or the Isle of Man), the Takeover Code may apply to us in the future.

Risks Relating to Ownership of Our Securities

The future exercise of registration rights by SoftBank Group may materially and adversely affect the market price of the ADSs.

Pursuant to the Shareholder Governance Agreement, SoftBank Group and certain of its affiliates are entitled to certain registration rights pursuant to which they may demand that we register the resale of its ordinary shares or securities convertible into or exchangeable for ordinary shares (including ADSs) ("Registrable Securities") and, under certain circumstances, will also have customary "piggyback" registration rights for its Registrable Securities in connection with certain registrations of securities by us. In addition, SoftBank Group or its relevant affiliates may require us to file and

maintain an effective shelf registration statement under the Securities Act covering the resale of SoftBank Group's Registrable Securities. The registration of the resale of these securities will facilitate the public sale by SoftBank Group of such securities without regard to any limitations on the volume of securities that SoftBank Group may sell. In light of SoftBank Group's beneficial ownership of our ordinary shares, the registration of the resale of a significant number of ADSs, or the perception that significant sales by SoftBank Group may occur, may have a material adverse effect on the market price of our ADSs.

Raising additional capital or using our securities as consideration for acquisitions or similar activities may cause dilution to our existing shareholders, restrict our operations or cause us to relinquish valuable rights.

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and alliances, and licensing arrangements. To the extent that we raise additional capital through the sale of equity, convertible debt securities or other equity-based derivative securities, your ownership interest will be diluted, and the terms of the securities may include liquidation or other preferences that may be senior to your rights as holder of ADSs. Any indebtedness we incur would result in increased payment obligations and could involve restrictive covenants, such as limitations on our ability to incur additional debt and other operating restrictions that could adversely impact our ability to conduct our business. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our shareholders. Furthermore, the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our ADSs to decline and existing shareholders may not agree with our financing plans or the terms of such financings. If we raise additional funds through strategic partnerships, collaborations, and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our IP or products, or grant licenses on terms unfavorable to us.

In addition, from time to time we may issue our ordinary shares, securities convertible into our ordinary shares or interests that mirror the economics associated with ownership of our ordinary shares in connection with acquisitions, financings, investments, to compensate consultants or advisors, or otherwise. Any such issuance could result in substantial dilution to our existing ADS holders and cause the market price of our ADSs to decline.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to holders in the U.S. unless we register the offer and sale of the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to holders unless either both the rights and any related securities are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities, to endeavor to cause such a registration statement to be declared effective or to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in such a rights offerings and may experience dilution in your holdings.

The market price of our ADSs may be volatile and may decline.

The market price of our ADSs could be volatile and may decline. The stock market in general, and the market for technology companies in particular, has experienced extreme volatility that has often been unrelated to the operating performance of particular companies, and the trading price of our ADSs may be volatile due to factors beyond our control. As a result of this volatility, you may not be able to sell your ADSs at or above the price at which you purchased your ADSs. The market price for our ADSs may be influenced by many factors, including, among others:

- variations in our actual or anticipated annual or quarterly operating results or those of others in our industry;
- results of operations that otherwise fail to meet the expectations of securities analysts and investors;
- changes in earnings estimates or recommendations by securities analysts, or other changes in investor perceptions of the investment opportunity associated with our ordinary shares relative to other investment alternatives;
- market conditions in the semiconductor industry;
- changes to, or perceived changes to, our business model;
- publications, reports or other media exposure of our licensed products or those of others in our industry, or of our industry generally;

- announcements by us or others in our industry, or by our or their respective suppliers, distributors or other business partners, regarding, among other things, significant contracts, price reductions, capital commitments or other business developments, the entry into or termination of strategic transactions or relationships, securities offerings or other financing initiatives, and public reaction thereto;
- additions or departures of key management;
- significant lawsuits, including patent or shareholder litigation;
- regulatory actions involving us or others in our industry, or actual or anticipated changes in applicable government regulations or enforcement thereof;
- the development and sustainability of an active trading market for our ordinary shares;
- sales, or anticipated sales, of large blocks of our ADSs;
- general economic and securities market conditions; and
- other factors discussed in this “*Risk Factors*” section and elsewhere in this Annual Report.

Broad market and industry factors may negatively affect the market price of our ADSs, regardless of our actual operating performance. Further, a decline in the financial markets and related factors beyond our control may cause the price of our ADSs to decline rapidly and unexpectedly. In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and materially and adversely affect our business, financial condition, and results of operations.

The trading price of our ADSs may be influenced by reports published by industry and equity research analysts.

The trading market for our ADSs is influenced by the research and reports that industry or equity research analysts publish about us or our business. We do not have any control over the analysts’ content and opinions included in their reports. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, financial performance, ADS price or otherwise, our ADS price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause our ADS price or trading volume to decline and result in the loss of all or a part of your investment in us.

Substantial future sales of ADSs in the public market, or the perception that these sales could occur, could cause the price of the ADSs to decline.

If our existing shareholders sell, or indicate an intention to sell, substantial amounts of our ADSs in the public market or engage in financing transactions involving our ADSs or ordinary shares, or the market perceives that such transactions may occur, the market price of our ADSs and our ability to raise capital through an issue of equity securities in the future could be adversely affected. In addition, in the case of non-payment at maturity or another event of default, the providers of the SoftBank Group Facility may exercise their rights to foreclose on and sell or cause the sale of our shares that are pledged as collateral. If such shares are sold, then the market price of our ADSs could be adversely affected. In the future, SoftBank Group may transfer a portion of its holdings in us to one or more of its affiliates or affiliated investment funds. Such affiliates or affiliated investment funds may have different investment strategies and interests and may decide to sell their holdings to third parties even if SoftBank Group intends to continue to hold the remainder of its holdings.

Holders of ADSs are not treated as holders of our ordinary shares.

Holders of ADSs are not treated as holders of our ordinary shares, unless they withdraw the ordinary shares underlying their ADSs in accordance with the deposit agreement and applicable laws and regulations. The depository, the custodian or their nominee is the holder of the ordinary shares underlying the ADSs. Holders of ADSs therefore do not have any rights as holders of our ordinary shares, other than the rights that they have pursuant to the deposit agreement. See the Description of Securities included as Exhibit 2.3 to this Annual Report.

Holders of ADSs may be subject to limitations on the transfer of their ADSs and the withdrawal of the underlying ordinary shares.

ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason, subject to the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of your ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares. In addition, ADS holders may not be able to cancel their ADSs and withdraw the underlying ordinary shares when they owe money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities. See the Description of Securities included as Exhibit 2.3 to this Annual Report.

The depositary for our ADSs is entitled to charge holders fees for various services, including annual ADS service fees.

The depositary for our ADSs is entitled to charge ADS holders fees for various services, including for the issuance of ADSs upon deposit of ordinary shares, cancellation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual ADS service fees. In the case of ADSs issued by the depositary into the DTC, the fees will be charged by the DTC participants to the account of the applicable beneficial owners of ADSs in accordance with the procedures and practices of the DTC participants as in effect at the time.

You will not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in the Description of Securities included as Exhibit 2.3 to this Annual Report and the deposit agreement, holders of the ADSs are not able to exercise voting rights attaching to the ordinary shares represented by the ADSs. Under the terms of the deposit agreement, holders of the ADSs may instruct the depositary to vote the ordinary shares underlying their ADSs. Otherwise, holders of ADSs do not have a right to vote unless they withdraw the ordinary shares underlying their ADSs to vote them in person or by proxy in accordance with applicable laws and regulations and the Articles. Even so, ADS holders may not know about a meeting far enough in advance to withdraw those ordinary shares. If we ask for the instructions of holders of the ADSs, the depositary, upon timely notice from us, will notify ADS holders of the upcoming vote and arrange to deliver our voting materials to them. Upon our request, the depositary will mail to ADS holders a shareholder meeting notice that contains, among other things, a statement as to the manner in which voting instructions may be given to the depositary. We cannot guarantee that ADS holders will receive the voting materials in time to ensure that they can instruct the depositary to vote the ordinary shares underlying their ADSs. A shareholder is only entitled to participate in, and vote at, the meeting of shareholders, provided that it holds our ordinary shares as of the record date set for such meeting and otherwise complies with the Articles. In addition, the depositary's liability to ADS holders for failing to execute voting instructions or for the manner of executing voting instructions is limited by the deposit agreement. As a result, holders of ADSs may not be able to exercise their right to give voting instructions or be able to vote in person or by proxy and they may not have any recourse against the depositary or us if the ordinary shares underlying their ADSs are not voted as they have requested or if such ordinary shares cannot be voted.

We are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, or to terminate the deposit agreement, without the prior consent of the ADS holders.

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depositary may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us or to the depositary. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depositary. In the event that the terms of an amendment are materially disadvantageous to ADS holders, ADS holders will only receive 30 days' advance notice of the amendment, and no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to direct the depositary to terminate the ADS facility at any time for any reason. For example, terminations may occur if we decide to list our ordinary shares on a non-

U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility will be terminated, ADS holders will receive at least 30 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is materially disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying ordinary shares, but will have no right to any compensation whatsoever.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, holders and beneficial owners of ADSs irrevocably waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to the ADSs, any ADRs or the deposit agreement.

If this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the U.S. Supreme Court. However, it is our understanding that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depositary. If a lawsuit is brought against us and/or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

No condition, stipulation or provision of the deposit agreement or ADRs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

The deposit agreement expressly limits our and the depositary's obligations and liabilities.

The deposit agreement expressly limits our obligations and liabilities as well as those of the depositary. See the section titled Limitations on Obligations and Liabilities in the Description of Securities included in Exhibit 2.3 to this Annual Report. Such limitations include the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and without negligence and in accordance with the terms of the deposit agreement.
- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the creditworthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.

- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depositary disclaim any liability if we or the depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of the Articles, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in the Articles or in any provisions of or governing the securities on deposit.
- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting ordinary shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of ordinary shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary disclaim any liability for any action or inaction of any clearing or settlement system (and any participant thereof).
- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

These provisions of the deposit agreement limit the ability of ADS holders to obtain recourse if we or the depositary fail to meet our respective obligations under the deposit agreement.

In addition, nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary and you as ADS holder.

Furthermore, nothing in the deposit agreement precludes the depositary (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates the depositary to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

You may not receive distributions on our ordinary shares represented by the ADSs or any value for them if it is illegal or impractical to make them available to holders of ADSs.

The depositary for the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses, and any taxes. You will receive these distributions in proportion to the number of our ordinary shares your ADSs represent. However, in accordance with the limitations set forth in the deposit agreement, it may be unlawful or impractical to make a distribution available to holders of ADSs. We have no obligation to take any other action to permit distribution on the ADSs, ordinary shares, rights or anything else to holders of the ADSs. This means that you may not receive the distributions we make on our ordinary shares or any value from them if it is unlawful or impractical to make them available to you. These restrictions may have an adverse effect on the value of your ADSs.

Because we do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future, capital appreciation, if any, will be your sole source of gains and you may never receive a return on your investment.

Under English law, a company's accumulated realized profits, to the extent they have not been previously utilized by distribution or capitalization, must exceed its accumulated realized losses, to the extent that they have not been previously written off in a reduction or reorganization of capital duly made (on a non-consolidated basis), before dividends can be paid. Therefore, we must have distributable profits before issuing a dividend. In addition, as a public limited company in

England, we will only be able to make a distribution if the amount of our net assets is not less than the aggregate of our called-up share capital and undistributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

We intend to retain earnings, if any, for use in our business and do not anticipate paying any cash dividends in the foreseeable future. As a result, capital appreciation, if any, on our ADSs will be your sole source of gains for the foreseeable future, and you will suffer a loss on your investment if you are unable to sell your ADSs at or above the price at which you acquired your ADSs.

Claims of U.S. civil liabilities may not be enforceable against us.

We are incorporated under the laws of England and Wales and have our registered office in England. The U.S. and the U.K. do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment given by a court in the U.S., whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in the U.K. In addition, uncertainty exists as to whether English courts would entertain original actions brought in England and Wales against us or our directors or senior management predicated upon the securities laws of the U.S. or any state in the U.S. Any final and conclusive monetary judgment for a definite sum obtained against us in U.S. courts would be treated by English courts as a cause of action in itself and sued upon as a debt at common law so that no retrial of the issues would be necessary, provided that certain requirements are met. Whether these requirements are met in respect of a judgment based upon the civil liability provisions of the U.S. securities laws, including whether the award of monetary damages under such laws would constitute a penalty is an issue subject to determination by the court making such decision. If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will be enforceable by methods generally available for this purpose. These methods generally permit the English court discretion to prescribe the manner of enforcement.

As a result, U.S. investors may not be able to enforce against us or our senior management, members of our Board of Directors who are residents of the U.K. or countries other than the U.S. any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain qualified members of our Board of Directors.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the listing requirements of Nasdaq and other applicable securities rules and regulations. Compliance with these rules and regulations will continue to require us to incur significant legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. For example, these rules and regulations have made it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn makes it more difficult for us to attract and retain qualified senior management or members for our Board of Directors. Further, the Exchange Act requires, among other things, that we file annual and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could materially harm our business and operating results.

Risks Relating to U.S. and U.K. Tax Regimes

If we are (or one of our non-U.S. subsidiaries is) a "controlled foreign corporation" (a "CFC"), there could be adverse U.S. federal income tax consequences to certain U.S. investors.

Generally, if a U.S. investor is treated as owning, directly, indirectly or constructively, at least 10% of either the total value or total combined voting power of our stock, such U.S. investor may be treated as a "United States shareholder" with respect to each CFC in our group, if any, for U.S. federal income tax purposes. A non-U.S. corporation will generally be classified as a CFC for U.S. federal income tax purposes if United States shareholders own, directly, indirectly or constructively, more than 50% of either the total value or the total combined voting power of the stock of such corporation. Because SoftBank Group currently owns, and is expected to continue to own, more than 50% of our ordinary shares, we are currently a CFC and expect to remain so in the future so long as SoftBank Group continues to own, directly or

indirectly, 50% or more (by value) of the stock of a U.S. subsidiary. In addition, because our group includes U.S. subsidiaries, our current non-U.S. subsidiaries and potentially any future newly formed or acquired non-U.S. subsidiaries generally will be treated as CFCs, regardless of whether we are treated as a CFC. A United States shareholder of a CFC may be required to annually report and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income” and investments of earnings in U.S. property, regardless of whether such CFC makes any distributions to its shareholders. Additionally, an individual that is a United States shareholder with respect to a CFC generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with CFC reporting obligations may also subject a United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such United States shareholder’s U.S. federal income tax return for the year for which reporting was due from expiring. We cannot provide any assurances that we will furnish to any United States investor information that may be necessary to comply with the reporting and tax paying obligations applicable under the CFC rules of the Internal Revenue Code of 1986, as amended (the “Code”) or with respect to whether such investor is treated as a United States shareholder with respect to us or our non-U.S. subsidiaries that are CFCs, and the U.S. Internal Revenue Service (the “IRS”) has provided only limited guidance on situations in which investors may rely on publicly available information to comply with their reporting and tax paying obligations with respect to foreign-controlled CFCs. U.S. investors should consult their tax advisors regarding the potential application of these rules to their investment in our ordinary shares or ADSs.

If we are a passive foreign investment company (a “PFIC”) for any taxable year, there could be adverse U.S. federal income tax consequences to U.S. investors.

In general, we will be a PFIC for any taxable year in which, after the application of certain look-through rules with respect to our subsidiaries, either (1) 75% or more of our gross income consists of passive income or (2) 50% or more of the average quarterly value of our assets consists of assets that produce, or are held for the production of, passive income (including cash and cash equivalents). For purposes of these tests, passive income generally includes, among other things, dividends, interest, gains from certain sales or exchanges of investment property and certain rents and royalties. If we are a PFIC for any taxable year during which a U.S. investor holds our shares, we will generally continue to be treated as a PFIC with respect to such U.S. investor for all succeeding taxable years during which such U.S. investor holds our ordinary shares or ADSs, even if we cease to meet the threshold requirements for PFIC status. Such U.S. investor may be subject to adverse tax consequences with respect to our ordinary shares or ADSs, including ineligibility for any preferential tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred and additional reporting requirements. We cannot provide any assurance that we will furnish to such U.S. investor information that may be necessary to comply with the reporting and tax paying obligations applicable under the PFIC rules of the Code.

Based upon the value of our assets and the nature and composition of our income and assets, we do not believe that we were a PFIC for the taxable year ended March 31, 2025, and we do not expect to become a PFIC in the foreseeable future. However, the determination of whether we are a PFIC is a fact-intensive determination made on an annual basis applying principles and methodologies that in some circumstances are unclear and subject to varying interpretation, and no assurances can be made in this regard. For instance, for our current and future taxable years, the total value of our assets (including goodwill) for PFIC testing purposes may be determined in part by reference to the market price of our ordinary shares or ADSs from time to time, which may fluctuate considerably. If our market capitalization declines while we hold a substantial amount of cash and cash equivalents for any taxable year, we may be a PFIC for that taxable year. Furthermore, under the income test, our status as a PFIC depends on the composition of our income for the relevant taxable year, which will depend on the transactions we enter into in the future and our corporate structure. The composition of our income and assets is also affected by how we spend the cash we raise in any offering. As a result, there can be no assurance that we will not be treated as a PFIC for the current or any future taxable year. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the IRS will agree with our conclusion and that the IRS would not successfully challenge our position.

For further discussion of the PFIC rules and the adverse U.S. federal income tax consequences in the event we are classified as a PFIC, as well as certain elections that may be available to U.S. investors, see “Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Rules” of this Annual Report.

Changes and uncertainties in the tax system in the countries in which we have operations, could materially adversely affect our financial condition and results of operations, and reduce net returns to our shareholders.

We conduct business globally and file income tax returns in multiple jurisdictions. Our consolidated effective income tax rate, and the tax treatment of our ADSs and ordinary shares, could be materially adversely affected by several factors, including: changing tax laws, regulations and treaties, or the interpretation thereof; tax policy initiatives and reforms under consideration (such as those related to the Inclusive Framework (as defined below), the European Commission’s state aid investigations and other initiatives); the practices of tax authorities in jurisdictions in which we operate; and the resolution of issues arising from tax audits or examinations and any related interest or penalties. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid, or the stamp duty or SDRT treatment of our ADSs or ordinary shares.

The Organisation for Economic Co-Operation and Development (“OECD”) and the G20 Inclusive Framework on Base Erosion and Profit Shifting (the “Inclusive Framework”) have put forth two proposals—Pillar One and Pillar Two—that revise the existing profit allocation and nexus rules and ensure a minimal level of taxation, respectively. In July 2023, the U.K. enacted legislation to implement the OECD framework for Pillar Two, part of which went into effect January 1, 2024. A number of other countries where we do business, including the U.S., Japan, and many countries in the European Union, have implemented, or are considering implementing, changes in relevant tax, accounting and other laws, regulations and interpretations. The overall tax environment has made it increasingly challenging for multinational corporations to operate with certainty about taxation in many jurisdictions. In the U.S., various proposals to raise corporate income taxes are periodically considered, such as the Inflation Reduction Act, which introduced a 15% Corporate Alternative Minimum Tax beginning in 2023. These proposed and enacted changes in tax laws, treaties or regulations, or their interpretation or enforcement, could have a material adverse impact on our future tax positions.

We believe that our provision for income taxes is reasonable, but the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods in which such outcome is determined. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices in jurisdictions in which we operate, could increase the estimated tax liability that we have expensed to date and paid or accrued on our financial statements, and otherwise affect our financial position, future results of operations, cash flows in a particular period and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our shareholders and increase the complexity, burden and cost of tax compliance. Additionally, our future tax liability could be impacted by changes in accounting principles or changes in applicable tax jurisdictions.

In addition, we may periodically restructure our legal entities and if taxing authorities were to disagree with our tax positions in connection with any such restructurings, our tax liability could be materially affected. In connection with any restructuring, we could also incur additional charges associated with consulting fees and other charges.

We carry out extensive research and development activities, and as a result, we benefit in the U.K. from the research and development expenditure credit (“RDEC”) regime, which provides relief against U.K. corporation tax. Broadly, RDEC provides a tax credit currently equal to 20% of ‘qualifying research and development expenditure’ incurred from April 1, 2023 (the rate was previously 13% of qualifying research and development expenditure incurred from April 1, 2020 to March 31, 2023) by certain companies where certain criteria are met. To the extent a company cannot utilize the RDEC against U.K. corporation tax then certain rules apply that allow the RDEC to, among other things, reduce the tax liability of certain specified taxes (for example, value added tax or employee taxes), or be surrendered to a group company, and to the extent it is not possible to utilize the RDEC in full, then the net tax credit is paid to the company by HMRC in cash. On February 22, 2024, the U.K. government enacted changes to its research and development tax relief legislation which apply for accounting periods beginning on or after April 1, 2024. These changes include the merger of the RDEC regime and the small and medium-sized enterprise regime into a single RDEC regime. The merged RDEC regime provides the same tax credit as under the old RDEC scheme (currently equal to 20% of ‘qualifying research and development expenditure’). The enacted changes also restrict research and development relief where the research and development activity is subcontracted and takes place outside of the U.K.

We also benefit from the U.K.’s “patent box” regime, which allows certain profits attributable to revenues from patented products (and other qualifying income) to be taxed at an effective corporation tax rate of 10%.

If, however, there are unexpected adverse changes to the RDEC or the “patent box” regime, or for any reason we are unable to qualify for such tax incentives, then our business, results of operations and financial condition may be adversely affected.

Item 4. Information on the Company

A. History and development of the company

Corporate Information

The Company is a global leader in the semiconductor industry. The Company's principal operations are the licensing, marketing, research and development of microprocessors, systems IP, graphics processing units, and associated systems IP, software, tools and other related services.

Arm Holdings plc was incorporated as a private limited company with the legal name Arm Holdings Limited under the laws of England and Wales on April 9, 2018, with the company number 11299879. Arm Holdings Limited re-registered as a public limited company under the laws of England and Wales on September 1, 2023 and changed its name to Arm Holdings plc.

Arm Limited was incorporated as a private limited company with the legal name Widelogic Limited under the laws of England and Wales on November 12, 1990 with the company number 02557590. On December 3, 1990, Widelogic Limited changed its company name to Advanced RISC Machines Limited, and, on May 21, 1998, it changed its company name to Arm Limited (at which time it was a wholly owned subsidiary of Arm Holdings plc with the company number 02548782). Our business was initially operated through Arm Holdings plc with the company number 02548782, which was previously an independent publicly traded corporation until its acquisition in September 2016 by SoftBank Group. On March 19, 2018, as a part of a reorganization, Arm Holdings plc with the company number 02548782 re-registered as a private limited company and was renamed SVF HoldCo (UK) Limited, which became a subsidiary of SoftBank Vision Fund L.P. ("SoftBank Vision Fund"), which retained an approximate 25% interest in our company with the remainder beneficially held by SoftBank Group. In August 2023, a subsidiary of SoftBank Group acquired substantially all of SoftBank Vision Fund's interest in Arm Limited at a purchase price of approximately \$16.1 billion, with the associated payments to be made in installments over a two-year period. The purchase price was established by reference to the terms of a prior contractual arrangement between the parties. Accordingly, prior to Arm's initial public offering, SoftBank Group beneficially owned substantially all of our outstanding shares.

Our registered office is 110 Fulbourn Road, Cambridge, Cambridgeshire, CB1 9NJ, U.K., and the telephone number at that office is +44 (1223) 400 400. The principal office for Arm Inc., our U.S. subsidiary, is located at 120 Rose Orchard Way, San Jose, CA 95134, and our telephone number at that office is +1 (408) 576-1500. Our website address is www.arm.com. We have included our website address in this Annual Report solely as an inactive textual reference. Information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report, and you should not consider information on our website to be part of this Annual Report. Our agent for service of process in the United States is Arm, Inc.

For a discussion of our principal capital expenditures, refer to "*Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources*", "*Item 4. Information on the Company—D. Property and Equipment*", "*Item 8. Financial Information—Note 7 - Property and Equipment, Net*" and "*Item 8. Financial Information—Note 8 - Leases*" in the Notes to the Consolidated Financial Statements included in this Annual Report.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Corporate Reorganization

In September 2023, we completed a board approved corporate reorganization which involved (1) the shareholders of Arm Limited exchanging each of the ordinary shares held by them in Arm Limited for newly issued ordinary shares of Arm Holdings Limited; and (2) the re-registration of Arm Holdings Limited as a public limited company under the laws of England and Wales at which time its name was changed to Arm Holdings plc. This corporate reorganization was solely for the purpose of reorganizing our corporate structure, in which Arm Limited became a wholly owned subsidiary of the holding company, Arm Holdings plc. This transfer of equity resulted in the issuance of ordinary shares of Arm Holdings plc to shareholders in the same class and the same number of ordinary shares as their previous shareholding in Arm Limited. As a result of the corporate reorganization between entities under common control, our historical consolidated financial statements were retrospectively adjusted for the change in reporting entity. Therefore, the historical consolidated financial statements of Arm Limited became the historical consolidated financial statements of Arm Holdings plc as of the date of the corporate reorganization.

Initial Public Offering

The registration statement on Form F-1 relating to the IPO was declared effective on September 13, 2023 and our ADSs began trading on the Nasdaq Global Select Market under the ticker symbol “ARM” on September 14, 2023. On September 18, 2023, we completed the closing of the IPO. One of our shareholders sold an aggregate of 102,500,000 ADSs at a price of \$51 per share, including the underwriters’ full exercise of their option to purchase up to an additional 7,000,000 ADSs to cover over-allotments. We did not receive any proceeds from the sale of the ADSs in the IPO.

B. Business Overview

Industry Background

Semiconductors are indispensable to everyday life. In today’s technology-driven world, semiconductors are the enablers of the devices and infrastructure that facilitate virtually everything people do. As consumers and enterprises continue to demand more from their devices, we expect the demand for high-performance and energy-efficient semiconductors to continue to expand at an accelerating rate. We expect nearly all products to become smart, connected and AI-enabled. AI use cases are emerging across all of our end markets, including smartphones, personal computers (“PCs”), consumer electronics, advanced automotive solutions, industrial devices and data centers.

The massive expansion of data, advanced software applications, and AI is driving demand for high-performance and power efficient compute. Mobile devices must manage compute-intensive applications like video streaming, yet are limited by the energy stored in their batteries. Data centers must cope with rising AI training and data needs while limited by the power available from the grid. The transition to electric vehicles and autonomous driving is increasing pressure on automakers to increase compute power without limiting vehicle range. Enterprises are increasingly mindful of environmental sustainability, which is driving a need for more efficient alternatives to offset the continued growth in data centers and other compute deployments. Collectively, these considerations result in the need for innovation in chip design to address market demands for an optimal balance of performance, efficiency, and cost across end markets. The Arm compute platform enables customers to address increasingly complex workloads with a broad suite of powerful, energy efficient solutions from our CPU IP to CSS offerings.

Further, the resources required to develop leading-edge products are significant and continue to increase exponentially as chip complexity increases, manufacturing process nodes shrink, and manufacturing times increase. Arm and its partners have developed an ecosystem that plays an increasingly valuable role in the chip design process by providing specialized capabilities and expertise that enable semiconductor suppliers to focus on their core product differentiation, while keeping pace with market innovation. Arm helps its customers facilitate innovation and enhance customers’ competitive positioning by reducing the complexity, risk, cost, and time-to-market for new products. Design partners, like Arm, that can demonstrate a deep understanding of their customers’ workloads are better positioned to integrate themselves into their customers’ workflows, further expanding their value proposition over time.

Many OEMs historically have used “off-the-shelf,” or “merchant,” semiconductors when building their product offerings. However, that is changing as many leading OEMs are now building custom chips in-house that deliver greater performance and greater efficiency at an equal or better price for a particular use case.

For a discussion of our business’s cyclical nature, see *“Item 5. Operating and Financial Review and Prospects—D. Trend information—Key Factors and Trends Affecting Our Operating Results—Global Demand for Semiconductor Products and Cyclical Nature of the Semiconductor Industry.”*

Our Company

Arm architects, develops, and licenses our high-performance, and energy-efficient Arm compute platform. Our CPU products address diverse requirements for performance, power, and size. Our complementary products include GPU and NPU accelerators, interconnect, and others. Many of the world’s leading semiconductor companies and OEMs rely on Arm to develop their products.

Every CPU has an architecture, which defines the software instructions that can be executed by the CPU. The architecture is essentially a common language for software developers. It sets the foundation for a large library of compatible software which runs on those CPUs, including our Kleidi libraries that help developers optimize their AI applications on Arm chips. Chip designers utilizing the Arm compute platform can add desired functionality, such as

GPUs, NPUs, Wi-Fi connectivity, image processing, and video processing to create a SoC to meet the needs of any end market. We also support ecosystems of third-party tool vendors for embedded software and the IoT. We are also committed to contributing to open-source software and tools to ensure our offerings are optimized for the latest technologies.

For the three months ended March 31, 2025, approximately 7.9 billion Arm-based chips were reported as shipped, resulting in more than 310 billion Arm-based chips cumulatively. Arm powers everything from the tiniest of sensors to the most powerful supercomputers. The Arm compute platform is the most pervasive architecture in the world and supports a global community of more than 20 million developers. Our platform runs the vast majority of the world's software, including the operating systems and applications for smartphones, tablets and PCs, data centers and networking equipment, and vehicles, as well as the embedded operating systems in devices such as smart cameras, thermostats, drones and industrial robotics.

Our platform is highly leveraged to the growth in AI workloads. Arm CPUs run AI workloads in billions of devices from the edge to the cloud, including smartphones, cameras, digital TVs, cars and cloud data centers. The CPU is vital in all AI systems, whether it is handling the AI workload entirely or in combination with a co-processor, such as a GPU or a NPU, which specializes in the acceleration of ML algorithms. In the emerging area of large language models, generative AI and autonomous driving, there will be a heightened emphasis on the power-efficient acceleration of these algorithms. In the latest Arm architecture, CPUs, and GPUs, we have added new functionality and instructions to accelerate future AI algorithms and workloads.

History

Established in 1990, Arm began as a joint venture between Acorn Computers, Apple Computer, and VLSI Technology. We were publicly listed on the London Stock Exchange and the Nasdaq Stock Market from 1998 until 2016, when we were taken private by SoftBank Group, our controlling shareholder.

The original joint venture set out to develop a processor that was high performance, power efficient, easy to program, and readily scalable – a goal that continues to define Arm today. One of the first Arm-based products was a predecessor of today's tablets. As a battery-powered device, it required an energy-efficient chip to maximize its battery life while providing the necessary compute capabilities. This product benefited from Arm's clear focus on efficient CPU design. Our CPUs initially gained significant traction in mobile phones in the mid-1990s because our energy-efficient processors provided an appropriate level of performance while consuming little power, which was critical for these smaller form factor devices. As the mobile phone market continued to grow rapidly, more semiconductor companies entered the market. All these companies needed to source high-performance, energy-efficient processors to run their mobile phone software, and many of them licensed Arm CPU products. Over time, mobile phones, and the chips they used, became more advanced and ultimately evolved into the smartphones that are prevalent today.

The mobile phone was one of the first consumer electronic devices to evolve into an intelligent, connected, digital device that needed a smart processor to run a growing library of software. With the help of Arm technology, many more devices such as televisions, watches, washing machines, cameras, factory equipment, and others are undergoing similar change.

Over the years, as Arm's customer base expanded, Arm has extended the range of technology products to include accelerators, such as GPUs, specialist accelerators (for image processing and AI functions), and more application specific system-level technology such as CSSs.

Our Product Offerings

The key elements of our solution include:

- **Arm CPUs.** The foundation of our product offerings is our CPU products. Our CPU products leverage our common scalable architecture and address a range of performance, power, and cost requirements.
- **Other Design Offerings.** We have a portfolio of products that are deployed alongside our CPUs, including:
 - **Accelerators.** We offer a family of GPU and NPU products providing efficient computing acceleration and an optimal visual experience across a wide range of devices.
 - **System IP.** Complementary design components that enable designers to create high-performance, power-efficient, reliable, and secure chips.

- **Compute Platform Products.** Arm’s CPU, GPU, and System IP products integrated into a foundational compute platform optimized for a specific end market. These CSSs are pre-integrated and pre-verified configurations of Arm technology that deliver significantly higher value to customers by reducing development costs and time-to-market.
- **Development Tools and Software.** Our tools and software support the development and deployment of our offerings.

We continue to expand the scope of our product offerings, investing in more holistic, end-market optimized designs, expanding beyond individual design IP to providing subsystem designs. Given the complexities of developing chips using the most advanced manufacturing processes, we are making significant investments to better support the increasing number of OEMs looking to develop their own customized chips. We also actively consider the impact of next generation technology adopted by market participants, which has resulted in us allocating resources to, and exploring, new markets and/or different products and solutions for existing and prospective customers in various end markets, including, without limitation, new products in our IP portfolio, as well as solutions beyond individual IP designs such as RTL-based CSSs, GDSII-based CSSs, chiplets and complete end chip solutions.

In addition, we have cultivated a broad ecosystem of third-party hardware and software partners to support our customers. Our partners include leading semiconductor technology suppliers, including foundries and EDA vendors. We also invest in our software ecosystem and work closely with firmware and operating system vendors, game engine vendors, software tool providers, and application software developers.

We believe that the primary customer benefits of our product offerings include:

- **Ability to Optimize for Performance, Power and Area (“PPA”).** Arm’s design IP enables customers to build chips optimized for the PPA requirements for a specific use case or end market. A battery-powered device such as a smartphone has a different PPA requirement versus a high-performance cloud server or an IoT sensor. As the Arm compute platform offers a wide range of CPU and related technologies, our customers can create chips customized to their specific requirements for performance, power consumption, and cost.
- **Reducing Customer Time to Market, Development Costs, and Risk.** As leading-edge manufacturing processes continue to progress towards smaller transistors, developing chips is becoming harder and more costly, requiring more engineering time and effort. To further reduce our customers’ time to market, lower their costs and help de-risk their product development efforts, our compute platform combines our CPU and related products and SoC knowledge with our deep understanding of our ecosystem partners’ design tools and manufacturing processes. We invest significant time, resources and effort in the design and verification of each processor and work closely with our customers to develop the products we deliver to our customers. Our CSS products, for example, offer hardened CPU, GPU, NPU, and interconnect implementations that offer our customers a better starting point for their designs. In addition, through our deep customer and partner relationships, we have unique visibility into the future requirements of end markets many years out, which informs the development of our products to ensure that our products meet or exceed future market needs.
- **Incorporation of AI Acceleration in Every Processor We Now Design.** We expect our customers to embed AI capabilities into chips across our end markets. We are rapidly increasing the capability of our CPUs to run AI algorithms, are increasing the computational power of our GPU and NPU accelerators, and creating the software ecosystem to allow Arm developers to take full advantage of our chips’ capabilities.

Our Primary Markets

A summary of our disaggregated revenue and information pertaining to revenue from customers based on the principal headquarters address by geographic regions for the fiscal years ended March 31, 2025, 2024, and 2023, is included in “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Note 4 - Revenue.”

Mobile Applications Processor

The mobile applications processor is the primary chip in a smartphone and runs the operating system and applications in addition to controlling many of the device functions, including gaming, music, video, and any other applications. While high compute performance is required for today’s applications, processors also must be highly energy efficient so that the smartphone’s battery will last all day without needing to be recharged. We have maintained market share in the mobile

applications processor market of greater than 99% for many years, by virtue of all key mobile operating systems depending on Arm processors.

Our royalty revenue from the mobile applications processors market constituted approximately 46% of our total royalty revenue for the fiscal year ended March 31, 2025.

Other Mobile Chips

Mobile phones contain many chips beyond the main applications processor, including the modem, Wi-Fi, Bluetooth and NFC connectivity chips, GPS chips, touchscreen controllers, power management chips, camera chips, audio chips and more, which we refer to collectively as the “other mobile chips market.” The market share of Arm-based chips in the other mobile chips market varies by device and is generally higher in chips that run more software (such as modem and connectivity chips) and is lower in chips that require less software (such as power management chips).

Consumer Electronics

Consumer Electronics includes products found in the home, such as digital TVs, tablets, laptops, XR headsets and wearables. The opportunity for Arm-based chips in consumer electronics is increasing as new product categories, such as smart speakers, virtual reality headsets and laptops, need CPUs that can deliver high performance without sacrificing efficiency.

Industrial IoT and Embedded

The industrial IoT and embedded semiconductor market includes chips used by a wide range of goods, including washing machines, thermostats, digital cameras, drones, sensors, surveillance cameras, manufacturing equipment, robotics, electric motor controllers and city infrastructure and building management equipment.

Many manufacturers and logistics companies are using advanced sensors and smart machines capable of capturing and analyzing data in real time to improve and automate industrial processes and logistics systems. Combining the data captured by sensors with AI and data analytics can result in improvements in manufacturing yield and system throughput. Our products are broadly applicable for sensors and embedded computers that require small, power efficient and smart processors.

Networking Equipment

The networking equipment market includes chips deployed into wireless networking such as base-station equipment, enterprise Wi-Fi, and wired networking equipment such as routers and switches.

The networking equipment market is growing as more wired and wireless infrastructure is deployed, as much of the data consumed in the cloud is created at the edge and needs to be transmitted over networks to the data center for processing. The deployment of 5G networks as infrastructure scales from fewer large cell towers covering a wide area to a large number of small cells providing high-speed coverage creates further demand for architecture that allow for flexible deployment of software and workloads.

Cloud Compute

The cloud compute market includes the main server chips, data processing units, and smart network interface cards used by cloud service providers (“CSPs”) to run their operations. Arm-based chips have been gaining market share as CSPs have started to deploy Arm products in their own in-house designed chips used in their data centers, and as other CSPs start to deploy chips designed by Arm licensees.

Other Infrastructure

Other Infrastructure refers to the technological components and systems that support various aspects of computing, networking, and data processing and include chips deployed into HPC systems, enterprise servers, and edge networking equipment.

Automotive

The automotive market includes all chips with processors within vehicles. This includes chips used for in-vehicle-infotainment (“IVI”), advanced driver assistance systems (“ADAS”), engine management, and body and chassis control. Today, our market share in the automotive market is highest in more technologically advanced functional areas such as IVI and ADAS.

The automotive market is expected to increase as ADAS, electrification, IVI, and eventually autonomous driving, accelerate requirements for higher compute performance in newly manufactured vehicles. At the same time, automakers must operate with strict constraints on power consumption, heat dissipation, and packaging, while prioritizing functional safety. Furthermore, automotive electronics are transitioning from hardware-defined to software-defined architecture and compute, enabling new services and features such as ADAS to be continuously improved via over-the-air updates.

Our Business Model and Customers

Our open and flexible business model provides access to high-quality CPU and other products from our compute platform for a wide range of potential customer types and end markets. We license our products to semiconductor companies, OEMs, and other organizations to design their chips. Our customers license our products for a fee, which gives them access to our designs and enables them to create Arm-based chips. Once a chip has been designed and manufactured with our products, we receive a per-unit royalty on substantially all chips shipped. The royalty has typically been based on a percentage of the ASP of the chip or a fixed fee per unit, and it typically increases as more Arm products are included in the chip. Our business model enables the widest range of customers to access Arm products through an agreement best suited to their particular business needs.

Our customers can choose from several licensing models, each with its own pricing mechanics and level of access to Arm products. These include CSS, Arm Total Access, Arm Flexible Access, TLAs and Architecture Licenses. Regardless of the license model a customer uses, we receive a per-unit royalty fee on substantially every chip shipped. Because each chip may ship for many years, and Arm compute platforms can be reused in new products as new applications emerge, these licensing agreements contribute to a long tail of recurring royalty revenues.

Competition

We compete based on a variety of factors, including price, performance, energy-efficiency, ease of product customization, product quality, software availability, marketing and distribution capability, customer support, name recognition and financial strength. Given our reliance on our partners and customers, our competitive position is dependent on our partners’ and customers’ competitive positions. In addition, our partners and customers do not license our products exclusively; rather, several of our partners and customers also design, develop, manufacture and market processors based on non-Arm based architectures as well as develop their own Physical IP in-house. Our partners and customers compete with each other and with us in various markets. The level of competition and the nature of the competitor generally varies based on the end market. For established markets where there is an incumbent architecture with a supporting ecosystem, it can be difficult for a new architecture to displace existing architectures and, therefore, to gain market share. For example, we have made significant progress and have established a large market share in markets such as smartphones, consumer electronics and IoT. We face competition primarily from other architectures like x86 and RISC-V in many of these markets. Furthermore, certain semiconductor companies, including some of our existing customers, have designed or are in the process of designing their own architectures in markets such as smartphone application processors, other mobile chips, consumer electronics, IoT and embedded computing, networking equipment, automotive, and cloud compute.

The markets for our products are intensely competitive and some of them are characterized by rapid technological change. These changes result in frequent product introductions, short product life cycles and increased product capabilities typically representing significant price and performance improvements. We face significant competition from established technologies such as the x86 architecture, as well as from free, open-source technologies, including the RISC-V architecture. Some of our customers are also major supporters of the RISC-V architecture and related technologies.

Additionally, because our resources must be allocated amongst developing and maintaining our existing IP portfolio and developing and commercializing any new, more integrated compute products or solutions, companies that focus their efforts on a single product or solution or a limited number of products or solutions may have significantly greater financial, technical, manufacturing, marketing, sales and distribution resources dedicated to such markets and solutions than we do. Such companies may also have a more developed IP portfolio for the applicable markets and solutions and may be able to

leverage these resources and competitive factors to gain or maintain market share. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our development of CSS, chiplets, and complete end chip solutions as well as other more integrated compute products may subject us to new or enhanced competitive, brand, technological, regulatory and financial risks.”

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry.”

Competitive Strengths

We believe that our compute platform, including our architecture, CPU designs, and accelerator and related IP, is the leading independent processor technology licensable to other companies. In addition, our established worldwide network of partners and customers affords us a broad presence. Paired with our software ecosystem, we believe we have an advantage over other companies that license processor-related technology. In addition, we believe that our extensive ecosystem and the high barriers to entry into certain of our end markets enhance our competitive position. Our competitive strengths include:

- **Technology Leadership Across Markets.** The Arm compute platform has been an industry leader for many years and is the most widely deployed architecture globally. Our products are used in virtually all smartphones, a majority of tablets and digital TVs, and a significant proportion of all chips with embedded processors. We have an established presence in the cloud market, working with many of the largest hyperscalers and in the automotive market we work with many of the leading suppliers. Our products deliver best-in-class performance per watt and provide the flexibility to design custom chips, addressing the growing need for power-efficient compute capabilities tailored to specific workloads.
- **Leadership in AI from the Edge to the Cloud.** New AI hardware, the rise of AI agents, and the emergence of smaller, lighter language models are unlocking edge AI use cases in the smartphone, PC, automotive, and industrial end markets. These devices are often distant from the cloud and untethered from the power grid. Arm’s powerful and energy-efficient processors allow a faster user experience, improved privacy, and fewer energy-intensive interactions with the cloud. Cloud demand for AI compute is lifting industry demand for GPUs, all of which require CPUs, a rising percentage of which are based on the Arm compute platform.
- **Flexible, Customizable Compute Platform.** We offer the Arm compute platform, which includes our CPUs, GPUs, NPUs, interconnect, and other IP, in a wide range of options and configurations that allow our partners to build chips precisely tailored to the workloads they intend to run in a cost-effective manner. This custom silicon can therefore be both highly performant and energy-efficient.
- **Extensive Ecosystem of Third-Party Software and Hardware Partners.** Arm has the world’s largest ecosystem of third-party software and hardware partners, including chip design and verification tools vendors, advanced fabrication, operating system and application vendors, software tools providers, training and support services companies, and more than 20 million developers. The wide deployment of chips based on the Arm architecture provides software and tools companies with a large market to develop and sell their products into. As creating a new product or service is difficult without all the elements of the supporting hardware and software ecosystem, the breadth of the Arm ecosystem creates a virtuous cycle that deeply integrates us into the design cycle.
- **Close Integration with Customers and Ecosystem Partners.** We work closely with our customers and ecosystem partners to understand future industry trends and the evolution of end markets. We believe that it is essential that we align with our customers on their development plans and engineering timeline, so that our products meet or exceed their requirements and are delivered at the right time in their chip development timeline. Because it can take two to three years to design a new Arm processor, and it can take another two to three years to develop a chip, we have close relationships with our customers’ research and development functions. This can provide us with unique visibility across the semiconductor industry, from the product pipeline of our customers to, by extension, their customers and end markets. We have also been engaged to advise on or design chips for certain existing customers and other third parties.
- **Long-Term Visibility Enables Investment in Future Products.** Our business model provides significant flexibility to fund long-term investments in future products. Arm incurs research and development investments today for the development of products that will be licensed in the future, with royalty fees to follow for years beyond that. We focus our investments on leading-edge products, and we leverage our underlying technology across multiple derivative products targeting different markets and extending into new applications over time. We are able to make significant upfront investments due to our alignment with customer roadmaps and the resulting visibility from long-term royalty streams.

- ***We Satisfy our Customers’ Processor Design Needs in a Mutually Beneficial Way.*** We invest in creating leading products that can be used across a wide range of end markets and customers. As we expect to license our products to multiple customers, we can typically cover the entire cost of developing new Arm products by charging each customer only a portion of the total development costs. This lowers the costs for each semiconductor designer to license Arm products, versus developing the technology in-house, and enables customers to focus resources on differentiation. In addition, by licensing Arm CPU technology, the licensee immediately gains access to the vast Arm ecosystem, which would be impossible to leverage if they developed their own CPU in-house.
- ***World-Class Research and Development Team with a Proven Track Record of Innovation.*** Our customers rely on us to deliver advanced technology, leveraging our extensive capabilities and scale across our CPU, GPU, NPU, systems, and platform products. Our research and development team is prolific at developing new inventions, for which we seek patents to the greatest extent possible.

Research and Development

We are an engineering-first company, with approximately 83% of our global employees, as of March 31, 2025, focused on research, design, and technical innovation, and we have global operations and research and development centers in the U.K., Europe, North America, India, and Asia-Pacific. Our ability to compete is substantially dependent on advancement of our products in order to meet evolving market demands. Our engineers are involved in researching and developing new versions of processor cores, specialist processors, such as graphics IP and AI accelerators, System IP, and CSS technology as well as related software and tools applications. Further, our management continually evaluates opportunities to innovate and develop new products and services to meet market demand and new market opportunities, including more complete compute subsystems (such as Arm CSS), chiplets and complete end chip solutions. We have been engaged to advise on and design chips for certain existing customers and other third parties. We have allocated, and intend to continue allocating, resources to such projects and in developing new products and solutions, including recruiting and hiring engineers or other employees with the requisite expertise. We have also begun exploring potential acquisitions of, or service agreements with, businesses employing the required expertise. See “*Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our development of CSS, chiplets, and complete end chip solutions as well as other more integrated compute products may subject us to new or enhanced competitive, brand, technological, regulatory and financial risks.*”

Our significant research and development investments in certain markets where we are established, such as mobile applications processors, consumer electronics, and embedded computing, enable us to invest more effectively and efficiently in the development of new products in various end markets such as the automotive and cloud computing markets. We have committed, and intend to continue to commit over the long-term, significant financial and other resources to technology and product innovation and development. For more information about our research and development policies, see “*Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operations—Comparison of Performance for the Fiscal Years Ended March 31, 2025 and 2024—Research and Development.*”

Intellectual Property

Our success and ability to compete effectively depend significantly on protecting our IP. To protect our IP rights, we primarily rely on patent, copyright, trade secret and trademark laws, trade secret protection and confidentiality agreements, as well as license agreements with our employees, customers, partners, and others. We have an active program of protecting our proprietary technology through the filing of patents, registration of trademarks, and use of confidentiality agreements and other IP rights. As of March 31, 2025, we owned or co-owned approximately 8,150 issued patents and have approximately 2,500 patent applications pending worldwide. The majority of these patents and patent applications fall into the categories of processor architecture and microarchitecture, AI and computer vision, graphic processor architecture, on-chip system design, memory technology, as well as new growth areas for our business. We maintain and support an active program to protect our IP, primarily through encouraging engineers to propose new invention submissions and defending issued patents against infringement.

Approximately 98% of our active patent portfolio (granted and pending) is owned solely by us, or jointly with, our subsidiaries, with the remaining 2% comprising patent assets jointly owned with one or more third parties. Through intra-group licensing arrangements, we have access to our entire patent portfolio for the purposes of licensing technology or otherwise providing services to third parties.

As a result of our global operations, efforts to protect our technology, trade secrets and other proprietary information can be difficult, particularly in jurisdictions that provide limited or no protection for IP rights. If confidential information (including, but not limited to, trade secrets, and proprietary technology and information) is improperly shared we would likely seek to determine the source and whether or not financial losses could be recovered through contractual claims against a licensee. Additionally, we would seek to block importation of finished goods created in such “limited-protection” territories into territories where there exist better protections. Although we intend to protect our rights vigorously, there can be no assurance that such measures will be successful. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Failure to obtain, maintain, protect, defend or enforce our IP rights could impair our ability to protect our proprietary products and our brand, and the costs of obtaining, maintaining, protecting, defending and enforcing such IP rights, particularly as a result of litigation, may adversely and materially affect our results of operations.”

The IPLA with Arm China

We are party to the IPLA with Arm China.

Under the IPLA, Arm China licenses certain of our IP from us. In turn, Arm China sublicenses such IP to its PRC customers, as the exclusive distributor of our IP licenses to customers in the PRC.

- **Customers.** Arm China is permitted to sublicense to customers in the PRC. This includes any ultimate parent of a group that is incorporated in the PRC and traded on any official stock exchange, any entity whose ultimate parent is incorporated in the PRC, and any entity under the ultimate control of a PRC citizen. However, it does not include PRC subsidiaries of companies incorporated outside of the PRC, even though these companies may still sell products in the PRC.
- **Products.** Arm China can sublicense our standard IP offerings. Arm China is required to procure our consent in order to sublicense non-standard technology or architectural licenses.

We may remove any sublicensable IP that we declare obsolete or no longer generally make available to our licensees, whereupon Arm China’s rights with respect to such IP are limited to licenses it previously granted.

Arm China may only distribute our IP in accordance with our model license terms provided by us. Any deviations from our model license terms require our consent.

- **Pricing.** There are no material restrictions under the IPLA on the prices that Arm China may set for its sublicenses.
- **Term.** The initial term of the IPLA is through April 23, 2048, after which the IPLA will automatically renew for consecutive 10-year periods until the later of (a) the last to expire of the patents licensed pursuant to the IPLA expires and (b) the last of the trade secrets licensed pursuant to the IPLA ceases to be confidential (other than through the fault of us or Arm China). During the term of the IPLA, Arm China may grant sublicenses to its PRC customers. There are no material restrictions on the duration of the sublicenses that Arm China provides during the term of the IPLA.
- **Termination.** We and Arm China each have the ability to unilaterally terminate the IPLA upon the occurrence of standard termination events, such as the non-terminating party’s material uncured breach of the IPLA, bankruptcy or extended force majeure event of at least 180 days having a material adverse effect on the terminating party.

Under the IPLA, Arm China may also develop its own IP. However, Arm China is only permitted to develop (i) certain derivative products incorporating our IP and (ii) Arm China’s own products that do not incorporate our IP, where such products constitute technology related to IC products or technology that enables companies to build ICs, and exclude any “processor cores.”

In addition, under the IPLA, we are contractually obligated to indemnify both Arm China and its PRC customers that sublicense our IP in the event either Arm China or such customers incur damages or costs in lawsuits, administrative proceedings or similar actions based upon a claim that our IP infringes the IP of a third party.

For the fiscal years ended March 31, 2025, 2024, and 2023, revenues attributable to our relationship with Arm China were approximately 17%, 21% and 24% of our total revenue, respectively.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—We utilize our commercial relationship with Arm China to access the PRC market or if that commercial relationship no longer existed or deteriorates, our ability to compete in the PRC market could be materially and adversely affected” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Neither we nor SoftBank Group control the operations of Arm China, which operates independently of us.”

Government Regulation

We are subject to regulation by various governmental agencies, including, but not limited to, such agencies in the U.K., the European Union, the U.S., and the PRC. These laws and regulations affect our activities in areas including, but not limited to, labor, telecommunications, IP ownership and infringement, tax, economic sanctions, import and export requirements and controls, anti-corruption, national security and foreign investment, foreign exchange controls and cash repatriation restrictions, privacy and data protection (such as the GDPR, the U.K. GDPR, and the CCPA), security and cybersecurity, and data localization requirements, anti-competition, environmental, health and safety, financial reporting and the certification requirements associated with public sector contracts. We monitor changes in these laws, regulations, treaties, and agreements, and believe that we are in material compliance with applicable laws. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Government Regulation and Legal Compliance” and “Item 3. Key Information—D. Risk Factors—Risks Relating to U.S. and U.K. Tax Regimes.”

Disclosure Pursuant to Section 13(r) of the Exchange Act

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act. Section 13(r) requires an issuer to disclose in its annual or quarterly reports filed with the SEC whether the issuer or any of its affiliates has knowingly engaged in certain activities, transactions or dealings with the Government of Iran, relating to Iran or with designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction during the period covered by the annual or quarterly report. Disclosure is required even when the activities were conducted outside the United States by non-U.S. entities and even when such activities were conducted in compliance with applicable law.

SoftBank Group, through one of its non-U.S. subsidiaries, provides roaming services in Iran through Irancell Telecommunications Services Company. During the year ended March 31, 2025, SoftBank Group had no gross revenues from such services and no net profit was generated. We understand that the SoftBank Group subsidiary intends to continue such services. This subsidiary also provides telecommunications services in the ordinary course of business to accounts affiliated with the Embassy of Iran in Japan. During the year ended March 31, 2025, SoftBank Group estimates that gross revenues and net profit generated by such services were both under \$3,000. We understand that the SoftBank Group subsidiary is obligated under contract and intends to continue such services.

In addition, SoftBank Group, through one of its non-U.S. indirect subsidiaries, provides office supplies to the Embassy of Iran in Japan. SoftBank Group estimates that gross revenues and net profit generated by such services during the year ended March 31, 2025, were both under \$2,000. We understand that the SoftBank Group subsidiary intends to continue such activities.

C. Organizational Structure

As of May 20, 2025, SoftBank Group beneficially owns approximately 87.1% of our total issued and outstanding ordinary shares and is our parent company. The Company is the parent company of a number of subsidiaries held directly and indirectly which operate and are incorporated around the world. All of the Company’s subsidiaries are, directly or indirectly, owned by the Company. See the subsidiaries of the Company included as Exhibit 8.1 to this Annual Report for a list of the Company’s “significant subsidiaries”, as that term is defined in Section 1-02(w) of the Securities Act.

D. Property and Equipment

Leases

We have operating lease arrangements for office space, data centers, equipment and other corporate assets. As of March 31, 2025, we had lease payment obligations of \$452 million, with \$38 million payable within twelve months of March 31, 2025. As of March 31, 2025, the Company had seven leases signed but not yet commenced, with an aggregate lease value of approximately \$49 million and lease terms expiring through 2036.

Facilities

Our global headquarters are located in Cambridge, U.K., occupying approximately 418,793 square feet of leased office space in the aggregate, with the leases expiring between 2032 and 2044. We also lease additional facilities in Belgium, Canada, China, Denmark, France, Germany, Hungary, India, Ireland, Israel, Japan, Norway, Poland, Slovenia, South Korea, Sweden, Taiwan, the U.K., and the U.S.

We believe that our current global headquarters and global offices are well maintained and adequate for our current needs and that suitable additional or substitute space at commercially reasonable terms will be available as needed.

See “Item 8. Financial Information—Note 7 - Property and Equipment, Net” and “Item 8. Financial Information—Note 8 - Leases” in the Notes to the Consolidated Financial Statements included in this Annual Report.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes appearing elsewhere in this Annual Report. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business and our expectations with respect to liquidity and capital resources, includes forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, those risks and uncertainties described in the “Item 3. Key Information—D. Risk Factors” and “Special Note Regarding Forward-Looking Statements” sections in this Annual Report. Our actual results could differ materially from the results described in or implied by these forward-looking statements.

Recent Events and Transactions

Public Company Expenses

We have implemented and will continue to implement and enhance additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We have established more comprehensive compliance and governance functions and hired additional personnel to support such functions, to maintain and review internal controls over financial reporting in accordance with the Sarbanes-Oxley Act of 2002, and to prepare and distribute periodic reports in accordance with SEC rules. Our financial statements reflect the impact of these expenses and the higher premiums for the costs of our insurance, including directors’ and officers’ insurance.

Litigation with Qualcomm and Nuvia

On August 31, 2022, we sued Qualcomm and Nuvia in the U.S. District Court for the District of Delaware, on the basis that Qualcomm and Nuvia: (i) breached the termination provisions of the Nuvia ALA with us by failing to destroy technology Nuvia developed under the Nuvia ALA, which we terminated in March 2022 based on Nuvia’s failure to obtain our consent to the assignment of the Nuvia ALA to Qualcomm; and (ii) will infringe our trademarks if Qualcomm uses them in connection with the Nuvia technology which is subject to a destruction obligation under the Nuvia ALA. Our complaint sought, among other things, specific performance of the Nuvia ALA termination provisions to require Qualcomm and Nuvia to stop using and to destroy the relevant Nuvia technology, and to stop their improper use of our trademarks with their related products. We also sought declaratory judgment, injunctive relief and damages relating to Qualcomm’s and Nuvia’s breach of contract and infringement of our trademarks in connection with the relevant Nuvia technology. Qualcomm originally responded and brought a counterclaim against us seeking a declaratory judgment that after Qualcomm’s acquisition of Nuvia, Qualcomm’s proposed products are fully licensed from us under its separate license agreements with us and that it has complied with its contractual obligations to us and Nuvia did not breach the Nuvia ALA. On March 6, 2024, the Court denied-in-part Qualcomm’s motion to amend its counterclaims, but allowed Qualcomm to raise a new claim alleging that Arm breached the termination provisions of the Nuvia ALA by continuing to use Nuvia confidential information following termination. The original claims were narrowed by both parties to the

contractual issues arising from the Nuvia ALA and the Qualcomm license and were tried to a jury in December 2024. The jury failed to reach a complete verdict on the three issues presented to it. The jury concluded that certain technology was licensed to Qualcomm under the Qualcomm license and that Qualcomm had not breached the Nuvia ALA but failed to reach a verdict on whether Nuvia breached the Nuvia ALA. Both parties have filed post-trial motions seeking judgment as a matter of law and/or a new trial on the issues that were tried. Those motions remain pending. The timing and manner in which the post-trial motions will be resolved cannot be estimated.

On April 18, 2024, Qualcomm brought a new action in Delaware against us, asserting claims that were rejected for inclusion in the original action. In this new action, Qualcomm asserted that we failed to satisfy certain delivery obligations under the Qualcomm ALA. On December 16, 2024, Qualcomm amended its complaint to add allegations relating to an Arm notice of breach of the Qualcomm ALA and related tort and anti-competition claims. On March 7, 2025, Qualcomm indicated that it planned to seek leave to amend its complaint again to add claims relating to an alleged breach of the Qualcomm TLA. We disagree with the assertions made by Qualcomm (as referred to above) and intend to vigorously defend against them. The case is currently set for trial on March 9, 2026.

A. Operating results

Overview

Arm architects, develops, and licenses our high-performance and energy-efficient Arm compute platforms. Our CPU products address diverse requirements for performance, power and size. Our complementary products include GPU and NPU accelerators, interconnect, and others. Many of the world's leading semiconductor companies and original equipment manufacturers rely on Arm to develop their products. Chip designers utilizing the Arm compute platform can add desired functionality, such as GPUs, NPUs, Wi-Fi connectivity, image processing, and video processing to create a SoC to meet the needs of any end market. We also support ecosystems of third-party tool vendors for embedded software and the IoT. We are also committed to contributing to open-source software and tools to ensure our offerings are optimized for the latest technologies. Arm powers everything from the tiniest of sensors to the most powerful supercomputers. The Arm compute platform is the most pervasive architecture in the world and supports a global community of more than 20 million developers. Our platform runs the vast majority of the world's software, including the operating systems and applications for smartphones, tablets and PCs, data centers and networking equipment, and vehicles, as well as the embedded operating systems in devices such as smart cameras, thermostats, drones and industrial robotics. Our platform is highly leveraged to the growth in AI workloads. Arm CPUs run AI workloads in billions of devices from the edge to the cloud, including smartphones, cameras, digital TVs, cars and cloud data centers. The CPU is vital in all AI systems, whether it is handling the AI workload entirely or in combination with a co-processor, such as a GPU or a NPU, which specializes in the acceleration of ML algorithms. In the emerging area of large language models, generative AI and autonomous driving, there will be a heightened emphasis on the power-efficient acceleration of these algorithms. In the latest Arm architecture, CPUs, and GPUs, we have added new functionality and instructions to accelerate future AI algorithms and workloads.

Our Business Model

We have a flexible business model for licensing products to customers, and we are continuously assessing our ability to provide greater flexibility to our customers and maximize the number of design wins for our products. Our customers license our products for a fee, which gives them access to our products and enables them to develop Arm-based processors. Once a processor has been designed and manufactured with our products, we receive a per-unit royalty on substantially all Arm-based chips shipped by our customers. Our business model enables the widest range of customers to access Arm products through an agreement best suited to their particular business needs. Our licensing and royalty business model includes:

- **Arm Total Access Agreements:** Under an Arm Total Access agreement, we license a portfolio of CPU designs and related technologies to a customer in return for an annual fee determined at execution of the agreement. We retain the right, from time to time, to add or remove specific products from the package. The agreement is for a fixed term and may limit the number of concurrent chip designs that may use products from the package.
- **Arm Flexible Access Agreements:** Under an Arm Flexible Access agreement, we license a portfolio of CPU designs and related technologies to a customer in return for an annual fee determined at execution of the agreement. Unlike an Arm Total Access license, the package of products licensed pursuant to an Arm Flexible Access agreement will not contain our latest products. Although customers are free to experiment with products contained in the Arm Flexible Access package, they must pay a single use license fee for specific products if they include Arm products in a final chip design "tape out," when the final result of a semiconductor chip design is sent

for manufacturing. As with an Arm Total Access agreement, we retain the right, from time to time, to add or remove specific products from the package.

- **Technology Licensing Agreements (TLA):** Under a TLA, we license a single CPU design or other technology design to a customer in return for a fixed license fee. The license may be limited by term (i.e., the number of years during which the licensee is entitled to incorporate our products in new chip designs, but licensees typically have the right to manufacture designs perpetually) and/or by number of uses (i.e., the number of concurrent chip designs that may use our products).
- **Architecture License Agreements (ALA):** Under an ALA, the licensee is allowed to develop their own highly customized CPU designs that is compliant with the Arm instruction set architecture (“ISA”) for a fixed architecture license fee. As the creation of an optimized CPU is very costly and time consuming, architecture licensees will often also license Arm CPU designs to use either as a complementary processor alongside the licensee’s Arm-compliant CPU design, or in other chips where the licensee’s own design is unsuitable.
- **Royalty Fees:** We generate the majority of our revenue from customers who enter into license agreements, pursuant to which we receive royalty fees based on average selling price of the customer’s Arm-based chip or a fixed fee per chip. Royalty revenue is impacted primarily by the adoption of our products by the licensee as well as other factors, such as product lifecycles, customer’s business performance, market trends and global supply constraints.

Components of Results of Operations

Total Revenue

Most of our licenses have two components: license fees and support and maintenance fees (recognized as license and other revenue) and per-chip royalties (recognized as royalty revenue). However, some licenses can have multiple payment milestones that are date-based or event-based (e.g., six months after the effective date of the contract or upon tape-out of the first chip design).

We disaggregate revenue into the following categories for major product offerings:

License and Other Revenue

License and other revenue include revenue from licensing, software development tools, design services, training, support, and all other fees that do not constitute royalty revenue. The products licensed by us consist of design information and related documentation to enable a customer to design and manufacture semiconductor chips and related technology. Over the term of a license, contractual payments can generally range from hundreds of thousands of dollars to hundreds of millions of dollars, depending on the type of license, its duration, and the type of product that is being licensed. A license may be perpetual, use-limited or time-limited in its application. Delivery (i.e., providing the customer access to the licensed products) generally occurs within a short period after executing a license agreement. In some cases, we may license products that are still under development, in which case delivery can be many months, or even years, after executing a license agreement. We generate a significant proportion of our Licensing and other revenue from a relatively small number of customers.

License fees are invoiced pursuant to an agreed schedule. Typically, the first invoice is generated upon signing of the license agreement, and licensing and other revenue is recognized upon delivery of the products. In addition to the license fees, our license agreements generally provide for customer support services, which consist of telephonic or e-mail support. Fees for customer support services are generally specified in the contract. Typically, no upgrades to the licensed products are provided, except those updates and upgrades provided on a when-and-if-available basis. Revenue from customer service support is recorded within other revenue.

Arm Flexible Access agreements provide our customers with access to a wide range of processor, graphics, and systems products, especially older and less performant products. Arm Flexible Access agreements have two components: an annual low-cost portfolio license fee payable in installments and a license fee once they have reached “tape-out,” which occurs when the final result of our customer’s semiconductor chip design incorporating our products is sent for manufacturing, at which point they decide which of our products they wish to deploy in their chip. We believe that Arm Flexible Access agreements are most suitable for smaller companies, including start-ups and business units of larger companies, that want to experiment with different configurations of our products before committing to a chip design.

Arm Total Access agreements also provide our customers with access to a package of our products, including processor, graphics, and systems products. Arm Total Access customers have the option to license our most advanced processors as part of the package. Arm Total Access customers pay a periodic portfolio license fee to maintain access to our products. There are no additional fees payable by our customers under our Arm Total Access agreements upon tape-out because manufacturing design rights are included within the portfolio license fee and are reflected in the license pricing. We believe that Arm Total Access agreements are most suitable for larger, established, semiconductor companies who expect to deploy our products in a wide range of their products.

We provide software development tools and a range of services to companies developing chips based on our products. These tools and services include, among others: (i) software development tools for engineers to write and debug software on Arm processors, (ii) design license and development services to customize technology IP tailored towards customers' specific needs, (iii) training on our products and how to write software to utilize their functionality and capability, and (iv) support and maintenance, for which we generally require an annual fee for a minimum of one year.

Royalty Revenue

Royalties are generally either set as a percentage of the licensee's average selling price per chip or as a fixed amount per chip. The royalty rates per chip typically reduce over time as the total volume of chips incorporating our products shipped increases; notwithstanding such reductions in royalty rates and fees per chip, license agreements with component manufacturing customers typically include a minimum royalty percentage or fee per chip. Royalty payment schedules in individual license agreements vary depending on the nature of the license and the degree of market acceptance of our products on the date the license agreement is executed. In addition, the amount of royalty payments in respect of our products can increase as the customer integrates more of our products into the chip. See *"D. Trend Information—Key Factors and Trends Affecting Our Operating Results—Ability to Provide Our Customers with More Value Per Chip"* for examples of how customers may incorporate multiple products in a single chip. License contracts require the licensee to issue royalty reports, including details of chip sales, to us on a quarterly basis.

Royalty revenue is recognized on an accrual basis in the quarter in which the customers ship chips containing our products, using estimates from sales trends and judgment for several key attributes, including industry estimates of expected shipments, the mix of products sold, the percentage of markets using our products, and average selling price. Adjustments to revenue are required in subsequent periods to reflect changes in estimates as new information becomes available, primarily resulting from actual amounts subsequently reported by the licensees.

Revenue from External Customers and Related Parties

We also separately present revenue derived from contracts with our external customers and those derived from related parties. Revenue from related parties is derived from Arm China, customers in which we have an equity method investment, and other entities related to us by virtue of common control by SoftBank Group.

Cost of Sales

Cost of sales ("COS") is comprised primarily of the costs of providing technical support and training to our customers. Occasionally, some engineering costs may be classified as COS if one of our IP products is being customized as part of professional and design services that are directly attributable to revenue generation from customers. COS expenses consist primarily of employee-related expenses, project costs associated with professional services and the provision of support and maintenance to customers, along with expenses related to license development services revenue, amortization of developed technology, and allocated overhead. Employee-related expenses include salaries, bonuses, share-based compensation and associated benefits.

Research and Development

Research and development is at the heart of our business and critical to our future success. Accordingly, we have always invested, and intend to continue to invest, significant resources in our research and development program, including allocating resources to develop new products, such as more complete compute subsystems (such as Arm CSS), chiplets and complete end chip solutions. In order to develop new products, we have recruited and hired engineers and other employees, and may in the future need to recruit and hire engineers or other employees or acquire companies, that possess the requisite expertise. To the extent that we do not have the technical expertise, financial resources or other capabilities for a particular research and development project with respect to new products or solutions, we have partnered, and may in the future

partner, with third parties. Our vision to invest and develop new products is driven by our desire to maintain or increase our market share and create value for our customers. By developing and licensing innovative products, we allow our customers to focus their resources on competitive differentiation, unique to their own ability to differentiate.

We have substantially increased our research and development investment to focus on long-term returns and to replicate the strong position that we maintain in smartphones and in other markets, such as automotive, networking equipment, cloud compute and industrial IoT. Each generation of processor is typically more advanced and more complex than the previous generation, which requires increased development efforts that may be partially offset by improvements in productivity. Consequently, each year we increase our research and development investment in line with the increased development needs of the next generation of products. Engineers are in high demand and well-remunerated, and accordingly our increased research and development activity will continue to result in an increase in costs, principally driven by salaries for such technical employees and the costs of tools they need.

Research and development expenses consist primarily of employee-related expenses, including salaries, bonuses, share-based compensation, and benefits associated with employees in research and development functions, along with project materials costs, third-party fees paid to consultants, depreciation and amortization, allocated overhead, information technology and other development expenses. We receive government grants to compensate for certain research activities and we recognize the benefit as a reduction of the related expenses included in research and development expenses.

Selling, General and Administrative

Our engineering teams are well supported by vital selling, general and administrative functions. Selling, general and administrative expenses consist primarily of employee-related expenses, including salaries, bonuses, share-based compensation, and benefits associated with employees in sales and marketing, along with corporate and administrative functions, including accounting and legal professional services fees, depreciation and amortization, advertising expenses, allocated overhead, information technology and other corporate-related expenses.

Disposal, Restructuring and Other Operating Expenses, Net

In December 2023, we terminated an agreement with Arm China for certain software engineering-related services, which have been brought in-house. The contract termination costs are included in disposal, restructuring and other operating expenses, net in the Consolidated Income Statements.

Disposal expenses consist primarily of transaction costs, such as legal and professional fees, relating to various disposal activities. Restructuring and other operating expenses consist primarily of employee termination benefits and contract termination costs. Recognition of costs for employee termination benefits depends on whether employees are required to render service beyond a minimum retention period in order to receive the termination benefits. If employees are required to render service beyond a minimum retention period in order to receive the termination benefits, costs are recognized ratably over the applicable future service period. Otherwise, costs are recognized when we have committed to a restructuring plan and have communicated those actions to employees. Employee termination benefits covered by existing benefit arrangements are recognized when we have committed to a restructuring plan and the termination benefits are probable and estimable.

Impairment of Long-Lived Assets

Impairment of long-lived assets includes impairments recognized on certain property and equipment and acquired intangibles as a result of lower than anticipated operating results and a deterioration in projected results. For purposes of determining the impairment, we relied on the income approach utilizing discounted cash flows to arrive at fair value.

Income (Loss) from Equity Investments, Net

Income (loss) from equity investments, net includes changes in the fair value of certain equity method investments for which we elect to apply fair value accounting or at the net asset value ("NAV"), our proportionate share of equity method investee income or loss for certain equity method investments, and gains and losses on other marketable and non-marketable securities. Our proportionate share of income or loss from equity method investments accounted for under the equity method is recognized in the subsequent quarter of which such income or loss is recognized by our investee.

Interest Income, Net

Interest income consists primarily of interest received on cash and cash equivalents, short-term investments that we hold with various financial institutions, and loans receivable. Interest expense consists primarily of interest on finance leases.

Other Non-Operating Income (Loss), Net

Other non-operating income (loss), net consists of one-time gains and losses and other miscellaneous income and expense items unrelated to our core operations, including gains or losses arising from changes in the fair value of derivative financial instruments, gains or losses on realized and unrealized foreign currency exchange including foreign exchange contracts and changes in the fair value of convertible loans receivable.

Income Tax Benefit (Expense)

We account for income taxes using the asset and liability method under GAAP, whereby deferred income taxes are recognized for the tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Income tax expense reflects income earned and taxed, in jurisdictions in which we conduct business, which mainly include U.K. and U.S. federal and state income taxes. We benefit from the U.K.'s "patent box" regime, which allows certain profits attributable to revenue from patented products (and other qualifying income) to be taxed at an effective corporation tax rate of 10%.

Results of Operations

The following table sets forth the components of operations from our annual audited Consolidated Income Statements and such data as a percentage of total revenue on an absolute basis, for the periods indicated:

(in millions, except percentages)	Fiscal Year Ended March 31,					
	2025	% of revenue	2024	% of revenue	2023	% of revenue
Revenue:						
Revenue from external customers	\$ 3,184	79 %	\$ 2,509	78 %	\$ 2,025	76 %
Revenue from related parties	823	21 %	724	22 %	654	24 %
Total revenue	4,007	100 %	3,233	100 %	2,679	100 %
Cost of sales	(121)	3 %	(154)	5 %	(106)	4 %
Gross profit (loss)	3,886	97 %	3,079	95 %	2,573	96 %
Operating expenses:						
Research and development	(2,071)	52 %	(1,979)	61 %	(1,133)	42 %
Selling, general and administrative	(984)	25 %	(983)	30 %	(762)	28 %
Disposal, restructuring and other operating expenses, net	—	0 %	(6)	0 %	(7)	0 %
Total operating expense	(3,055)	76 %	(2,968)	92 %	(1,902)	71 %
Operating income (loss)	831	21 %	111	3 %	671	25 %
Income (loss) from equity investments, net	(237)	6 %	(20)	1 %	(45)	2 %
Interest income, net	116	3 %	110	3 %	42	2 %
Other non-operating income (loss), net	10	0 %	11	0 %	3	0 %
Income (loss) before income taxes	720	18 %	212	7 %	671	25 %
Income tax benefit (expense)	72	2 %	94	3 %	(147)	5 %
Net income (loss)	\$ 792	20 %	\$ 306	9 %	\$ 524	20 %

Percentages are calculated from the amounts presented and may not add to their respective totals due to rounding

Comparison of Performance for the Fiscal Years Ended March 31, 2025 and 2024

Total revenue

(in millions, except percentages)	Fiscal Year Ended March 31,								
	External Customers			Related Parties			Total		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
License and Other Revenue	\$ 1,421	\$ 1,051	35 %	\$ 418	\$ 380	10 %	\$ 1,839	\$ 1,431	29 %
Royalty Revenue	1,763	1,458	21 %	405	344	18 %	2,168	1,802	20 %
	<u>\$ 3,184</u>	<u>\$ 2,509</u>	<u>27 %</u>	<u>\$ 823</u>	<u>\$ 724</u>	<u>14 %</u>	<u>\$ 4,007</u>	<u>\$ 3,233</u>	<u>24 %</u>

Total revenue increased \$774 million, or 24%, to \$4,007 million during the fiscal year ended March 31, 2025, from total revenue of \$3,233 million during the fiscal year ended March 31, 2024. License and other revenue increased \$408 million, or 29%, during the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, primarily driven by new licensing agreements, an increase in revenue from arrangements entered into in prior periods, and renewals of our existing license arrangements with certain customers to gain access to the latest versions of our IP. Royalty revenue increased \$366 million, or 20%, during the fiscal year ended March 31, 2025 as compared to the fiscal year ended

March 31, 2024, driven primarily by higher chip shipments and an improved mix of products with higher royalty rates per chip.

Revenue from external customers increased \$675 million, or 27%, during the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, driven by a \$370 million, or 35%, increase in license and other revenue, and a \$305 million, or 21%, increase in royalty revenue. Revenue from related parties increased \$99 million, or 14%, during the fiscal year ended March 31, 2025 as compared to the fiscal year ended March 31, 2024, primarily driven by a \$61 million, or 18%, increase in royalty revenue, and a \$38 million, or 10%, increase in license and other revenue. Revenue from external customers and from related parties was primarily driven by the same factors noted above for both license and other revenue and royalty revenue.

During the fiscal years ended March 31, 2025 and 2024, revenue from sales to customers outside of the U.S. accounted for approximately 57% and approximately 56% of total revenue, respectively. Less than 2% of our total revenue is denominated in currencies other than USD, and the impact of changes in foreign exchange rates on our revenue and results of operations for the fiscal year ended March 31, 2025 and 2024 was immaterial.

Cost of sales

(in millions, except percentages)	Fiscal Year Ended March 31,		
	2025	2024	% Change
Cost of sales	\$ (121)	\$ (154)	(21)%

Cost of sales decreased by \$33 million, or 21%, during the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, primarily due to decreases in activities associated with professional and design services and share-based compensation costs.

Research and development

(in millions, except percentages)	Fiscal Year Ended March 31,		
	2025	2024	% Change
Research and development	\$ (2,071)	\$ (1,979)	5 %

Research and development expenses increased by \$92 million, or 5%, during the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, primarily due to increases in investments in next generation products. The increase was primarily driven by increases in salaries and related expenses as a result of headcount growth from hiring and higher engineering expenses, including expenses related to cloud services, depreciation, amortization, and allocated facility overhead expenses, partially offset by decreases in share-based compensation costs and associated employer taxes.

Selling, general and administrative

(in millions, except percentages)	Fiscal Year Ended March 31,		
	2025	2024	% Change
Selling, general and administrative	\$ (984)	\$ (983)	— %

Selling, general and administrative expenses remained relatively flat for the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, primarily due to decreases in share-based compensation costs and public company readiness costs, which were largely offset by the reversal of a liability for litigation, which occurred during the fiscal year ended March 31, 2024. Other offsetting factors included increases in professional services expenses, provision for current expected credit losses on accounts receivables, IT expenses, and costs associated with disposal activities.

Disposal, restructuring and other operating expenses, net

(in millions, except percentages)	Fiscal Year Ended March 31,		
	2025	2024	% Change
Disposal, restructuring and other operating expenses, net	\$ —	\$ (6)	(100)%

Disposal, restructuring and other operating expenses, net for the fiscal year ended March 31, 2024, relate to contract termination costs. There were no Disposal, restructuring and other operating expenses, net during the fiscal year ended March 31, 2025.

Income (loss) from equity investments, net

(in millions, except percentages)	Fiscal Year Ended March 31,		
	2025	2024	% Change
Income (loss) from equity investments, net	\$ (237)	\$ (20)	1085 %

Loss from equity investments, net increased by \$217 million, or 1085%, for the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, primarily due to a \$246.4 million fair value loss with respect to our investment in Ampere Computing Holdings LLC (“Ampere”) as well as increases in unrealized gains related to other equity method investments accounted for at fair value and non-marketable securities.

Interest income, net

(in millions, except percentages)	Fiscal Year Ended March 31,		
	2025	2024	% Change
Interest income, net	\$ 116	\$ 110	5 %

Interest income, net increased by \$6 million, or 5%, for the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, primarily due to higher cash equivalents and favorable interest rate yields recognized on short-term investments and cash equivalents.

Other non-operating income (loss), net

(in millions, except percentages)	Fiscal Year Ended March 31,		
	2025	2024	% Change
Other non-operating income (loss), net	\$ 10	\$ 11	(9)%

Other non-operating income (loss), net decreased by \$1 million, or 9%, for the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, primarily due to decreased realized and unrealized foreign exchange gains.

Income tax benefit (expense)

(in millions, except percentages)	Fiscal Year Ended March 31,		
	2025	2024	% Change
Income tax benefit (expense)	\$ 72	\$ 94	(23)%
Income (loss) before income taxes	\$ 720	\$ 212	240 %
Income tax benefit (expense) as a percentage of income before taxes	10 %	44 %	

The effective tax rate decreased for the fiscal year ended March 31, 2025, as compared to the fiscal year ended March 31, 2024, primarily due to the tax benefit of windfall gains and research tax credits as a result of an increase in share price.

The OECD reached agreement among various countries to implement a minimum 15% rate on certain multinational enterprises, commonly referred to as Pillar Two. In July 2023, the U.K. enacted legislation to implement the OECD framework for Pillar Two, part of which went into effect January 1, 2024. A number of other countries where we do business, including the U.S., Japan, and many countries in the European Union, have implemented, or are considering implementing, changes in relevant tax, accounting and other laws, regulations and interpretations. Pillar Two is effective for the Company for the fiscal year ended March 31, 2025. We have determined that Pillar Two did not have a material impact on the financial statements or results of operations for the fiscal year ended March 31, 2025.

Comparison of Performance for the Fiscal Years Ended March 31, 2024 and 2023

Please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Comparison of Performance for the Fiscal Years Ended March 31, 2024 and 2023*” in our Annual Report on Form 20-F for the fiscal year ended March 31, 2024.

B. *Liquidity and capital resources*

We measure liquidity in terms of our ability to fund our cash obligations as they become due, including requirements of our business operations, working capital requirements, capital expenditures, contractual obligations, acquisitions and investments, and other commitments. We have historically financed, and intend to continue to finance, our operations primarily through cash generated from our business operations, partially supported by government research grants and tax credits. As of March 31, 2025, we had cash and cash equivalents of \$2,085 million and short-term investments of \$740 million. For the fiscal years ended March 31, 2025, 2024, and 2023, the government research grant and tax credits benefits recognized were \$146 million, \$138 million, and \$83 million, respectively.

We believe that our cash and cash equivalents and short-term investments will be adequate to meet our liquidity requirements for at least the next 12 months and in the longer term. We continuously evaluate our liquidity and capital resources to ensure we can finance future capital requirements. Our future capital requirements will depend on several factors, including our revenue growth, the timing and extent of spending on research and development efforts and other growth initiatives, the timing of new products and services introductions, market acceptance of our products, and overall economic conditions. We could be required, or could elect, to seek additional funding through debt or equity financing; however, additional funds may not be available on terms acceptable to us, if at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, results of operations, financial condition and prospects. See “*Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry.*”

The following table summarizes our cash flows for the periods indicated.

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Net cash provided by (used for) operating activities	\$ 397	\$ 1,090	\$ 739
Net cash provided by (used for) investing activities	\$ (35)	\$ (516)	\$ (138)
Net cash provided by (used for) financing activities	\$ (202)	\$ (208)	\$ (42)
Effect of foreign exchange rate changes on cash and cash equivalents	\$ 2	\$ 3	\$ (9)
Net increase (decrease) in cash and cash equivalents	\$ 162	\$ 369	\$ 550
Cash and cash equivalents at the beginning of the period	\$ 1,923	\$ 1,554	\$ 1,004
Cash and cash equivalents at the end of the period	\$ 2,085	\$ 1,923	\$ 1,554

Comparison of Cash Flows for the Fiscal Years Ended March 31, 2025 and 2024

Net Cash Provided by (Used for) Operating Activities

Net cash provided by operating activities decreased by \$693 million, or 64%, to \$397 million for the fiscal year ended March 31, 2025, as compared to \$1,090 million for the fiscal year ended March 31, 2024, primarily driven by a decrease of \$876 million in other liabilities due to an increase in cash used for employment taxes payable on vested share-based awards related to the IPO share vesting event, a \$549 million unfavorable cash flow movement related to accounts receivable due

to the timing of payments from customers, partially offset by a \$140 million decrease in cash used for accrued compensation and benefits due to the replacement of cash bonuses with equity compensation and favorable movement of \$186 million in contract liabilities due to an increase in billings in advance of revenue recognition.

Net Cash Provided by (Used for) Investing Activities

Net cash used for investing activities decreased by \$481 million, or 93%, to \$35 million for the fiscal year ended March 31, 2025, as compared to \$516 million for the fiscal year ended March 31, 2024, primarily due to a \$515 million increase in proceeds from maturity of short-term investments, a \$85 million decrease in purchases of short-term investments, a \$31 million decrease in purchases of intangible assets, partially offset by a \$127 million increase in purchases of property and equipment and a \$25 million increase in purchases of equity investments.

Net Cash Provided by (Used for) Financing Activities

Net cash used for financing activities decreased by \$6 million, or 3%, to \$202 million for the fiscal year ended March 31, 2025, as compared to \$208 million for the fiscal year ended March 31, 2024, primarily due to a \$38 million decrease in payments of withholding taxes on vested share-based awards, partially offset by a \$19 million increase in payments for intangible asset obligations and a \$13 million increase in payments for finance lease arrangements.

Comparison of Cash Flows for the Fiscal Years Ended March 31, 2024 and 2023

Please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—B. Liquidity and Capital Resources*” in our Annual Report on Form 20-F for the fiscal year ended March 31, 2024.

Contractual Obligations and Commitments

Our material cash requirements include the following contractual and other obligations:

Leases

We have operating lease arrangements for office space, data centers, equipment and other corporate assets. As of March 31, 2025, we had lease payment obligations of \$452 million, with \$38 million payable within 12 months of March 31, 2025. As of March 31, 2025, we had seven leases signed but not yet commenced, with an aggregate lease value of approximately \$49 million and lease terms expiring through 2036.

Purchase Obligations

In the normal course of business, we contract with various third-party service providers for systems and services to perform certain day-to-day business activities. We enter into non-cancelable purchase commitments for cloud computing web services, data centers, software, license and services. As of March 31, 2025, we had outstanding non-cancelable purchase obligations of approximately \$912 million with a remaining term of 12 months or longer for periods through 2035.

C. Research and development, patents and licenses, etc.

Refer to “Item 4. Information on the Company—B. Business Overview—Research and Development”, “Item 4. Information on the Company—B. Business Overview—Intellectual Property”, “Item 5. Operating and Financial Review and Prospects—Components of Results of Operations—Research and Development,” “Item 5. Operating and Financial Review and Prospects—Comparison of Performance for the Fiscal Years Ended March 31, 2025 and 2024—Research and Development,” “Item 8. Financial Information—Note 1 - Description of Business and Summary of Significant Accounting Policies” in the Notes to the Consolidated Financial Statements included in this Annual Report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Comparison of Performance for the Fiscal Years Ended March 31, 2024 and 2023” in our Annual Report on Form 20-F for the fiscal year ended March 31, 2024 for discussion on our research and development policies.

D. Trend information

Key Factors and Trends Affecting Our Operating Results

We believe that the growth of our business and our future success are dependent upon many factors, including those described in the section titled “Item 3. Key Information—D. Risk Factors” and elsewhere in this Annual Report as well as the factors described below. While each of these factors presents significant opportunities for us, these factors also pose challenges that we must successfully address in order to sustain the growth of our business and enhance our results of operations.

Global Demand for Semiconductor Products and Cyclical Nature of the Semiconductor Industry

Semiconductor chips are essential components in consumer, enterprise, and automotive electronics. Strong demand for electronics has resulted in sustained and increasing long-term demand for semiconductor chips, a significant percentage of which contain our products. Our license and royalty revenue is, in part, affected by market conditions in the semiconductor industry, which is cyclical by nature and impacted by broad economic factors, such as worldwide gross domestic product and consumer and enterprise spending. While the semiconductor industry has experienced significant, prolonged, and sometimes sudden downturns in the past, we expect there to be continued and increasing demand for semiconductors over the long term as macro trends drive device manufacturers to produce more powerful and energy-efficient devices.

Because our royalty revenue is dependent on the number of Arm-powered chips shipped by our customers, dislocations created by cyclical, economic factors generally affect demand for our customers’ chips and, consequently, may result in variability in our operating performance. Royalties are recognized on an accrual basis in the quarter in which the customer ships products incorporating our products. A material portion of the accrual is estimated using trend analysis of market and sales data as well as customer-specific financial information with a true-up in the following quarter based on actual sales data once received. Accordingly, differences between our estimated market trends and our customers’ forecasts of their chip shipments can lead to variability in our royalty revenue.

Impact of the Current Macroeconomic Environment and Geopolitical Events

Uncertainty in the macroeconomic environment, resulting from a range of events and trends in rising global inflation and interest rates, supply chain disruptions, geopolitical pressures, including the unknown impact of current and future trade regulations, geopolitical turmoil, such as any changes in PRC-Taiwan relations and the war in Ukraine, fluctuation in foreign exchange rates, and associated global economic conditions have resulted in volatility in our operating performance and can significantly affect our operational outcomes and demand for our products. For example, the war in Ukraine could lead to further market disruptions and exacerbate current supply chain constraints, including with respect to certain materials and metals, which are essential in semiconductor manufacturing. The conflicts in the Middle East have caused no major interruption to our operations to date. Additionally, the recent resurgence and escalation of trade conflicts between the U.S. and the PRC and other major U.S. trade partners has caused, and could continue to cause, market disruptions and supply chain constraints. Furthermore, given the concentration of semiconductor manufacturing in East Asia (particularly in Taiwan), any potential escalation in geopolitical tensions in Asia, particularly with respect to Taiwan, could significantly disrupt existing semiconductor chip manufacturing and increase the prospect of increased interruption to the semiconductor chip supply across the world.

Ability to Provide Our Customers with More Value Per Chip

Complex chips and chiplets are more difficult to develop and take longer to design, which increases the cost of the chip and the risk of delayed or missed timelines. We believe our ability to continue to develop more advanced products and offer increasingly comprehensive product packages, including providing more complete subsystems, such as Arm's CSS solutions which are pre-integrated and pre-verified configurations of Arm technology, will encourage greater use of our products by existing and prospective customers. For example, many licensees have historically combined multiple different Arm CPUs in a single chip, Arm CPUs with other Arm IP such as Arm GPUs, or deploy Arm CPU implementations with more than 100 cores. Increasing cost and time-to-market pressures mean some customers may be better served by the integration of our IP into a subsystem. For chips where our products have provided more value, we will typically receive a higher royalty rate per chip. Accordingly, we believe that our investments in higher performance, higher efficiency, and more specialized designs will drive greater demand for our products and higher value for our customers, which is expected to result in higher royalty fees. Our future performance is dependent on our continued ability to provide value to customers, and our ability to drive additional value through technological innovation.

Our Market Share Across End Markets

Arm CPUs are the world's most widely licensed and deployed processors. Our products are used in almost all smartphones, the majority of tablets and digital TVs, and a significant proportion of all chips with embedded processors, including for both consumer and enterprise applications. As new high-growth markets for electronics emerge, our customers require our more advanced processor designs. For example, AI demand is driving strong momentum for the Arm ecosystem. AI growth requires significantly more compute across all of our end markets from smartphones with better chat features, to automobiles with better driving and parking assist, to IoT microprocessors with embedded NPUs. Our operating and financial performance is dependent, in part, upon maintaining our market share in the smartphone and consumer electronics markets and maintaining or growing market share in our other target markets.

Increasing Design Wins with Flexible Licensing Models

We have in the past and intend to continue to make significant investments in research and development to ensure that we can develop products suitable for new opportunities with existing and prospective customers. A key measure of our success is our customer design wins. Because we are often embedded within our customers' research and development functions, we typically have significant, unique visibility into our customers' product development pipelines, which we believe positions us to capture design wins to a greater extent than our competitors. A "design win" occurs when a customer decides to include an Arm CPU product or related technology within one of their chip designs. For customers who already license our products, a new design win does not necessarily require a customer to sign a new license. By licensing a portfolio of Arm products to our customers (rather than licensing a single CPU design or other technology design), we have made it easier and more compelling for customers to access and utilize more Arm products, further broadening our potential customer base and end-market penetration. Our licensing options provide greater flexibility to our customers and maximize our opportunities to secure more design wins for our products, which results in greater opportunities to increase our recurring royalty revenue.

Performance of Arm China

We utilize our commercial relationship with Arm China to access the PRC market, and a significant portion of our total revenue is generated from Arm China, a related party. Arm China has the right to sublicense our processor technology pursuant to the IPLA. Our responsibility under the IPLA is to facilitate delivery of our processor technology to Arm China's end customers in accordance with detailed instructions and other specifications from Arm China. Our revenue is calculated as a percentage of license and royalty fees earned by Arm China from sub-license arrangements entered into with its end customers. Where our revenue is earned as a percentage of the license fee received by Arm China, we categorize such revenue as our license revenue. Our share of Arm China's royalties is categorized as royalty revenue in our financial statements. Despite our reliance on Arm China through our commercial relationship with it, both as a source of revenue and a conduit to the important PRC market, Arm China operates independently of us. Under the IPLA, Arm China's payments due to us are determined based on the financial information that Arm China provides to us. Accordingly, we are dependent on Arm China providing us with reliable and timely financial information. Additionally, political actions, including trade and national security policies of the U.S. and PRC governments, such as tariffs, placing companies on restricted lists, or new end-use controls, have in the past, currently do and could in the future limit or prevent us, directly or through our commercial relationship with Arm China, from transacting business with certain PRC customers or suppliers, limit, prevent or discourage certain PRC customers or suppliers from transacting business with us or Arm China, or make it more expensive to do so, which could adversely affect demand for our products. Total revenue derived from Arm China

remained relatively flat for the fiscal year ended March 31, 2025 as compared to the fiscal year ended March 31, 2024. License revenue for the fiscal year ended March 31, 2025 decreased due to normal fluctuation in timing and size of multiple high-value license agreements and contributions from backlog into the current period from arrangements entered in prior periods. Royalty revenue for the fiscal year ended March 31, 2025 increased driven primarily by higher chip shipments and an improved mix of products with higher royalty rates per chip.

Developments in Export Control Regulations

The Bureau of Industry and Security of the U.S. Department of Commerce, which we refer to as BIS, significantly extended the reach of U.S. export controls on the semiconductor industry, in particular advanced computing chips and services, in a series of new rules and guidance published since September 30, 2024.

The collective impact of the rules, described below, may reduce our ability to license our products directly to entities and end users in designated countries and could potentially harm our commercial relationships by limiting the ability of certain of our customers and partners to manufacture and ship chips and end products incorporating certain of our products.

In January 2025, BIS published the “Implementation of Additional Due Diligence Measures for Advanced Computing Integrated Circuits” interim final rule with a compliance date of January 31, 2025. This rule limits PRC entities seeking to manufacture advanced node chips outside of the PRC, as well as designates approved entities outside of the PRC - chip designers, foundries, and Outsourced Semiconductor Assembly and Test (“OSAT”) vendors - as another mechanism to mitigate risk of diversion.

The “Framework for Artificial Intelligence Diffusion” interim final rule (“AI Diffusion Rule”) was also introduced in January 2025 to impose a worldwide export license requirement on advanced computing products and a quota-like system for deploying such products across three tiers of countries, with a compliance date of May 15, 2025. However, on May 13, 2025, BIS announced plans to rescind the AI Diffusion Rule and BIS enforcement officials were instructed not to enforce it. At the same, BIS published new guidance on protecting supply chains against diversion of advanced computing chips and services and the risks associated with using PRC-made advanced computing chips.

Rules published in September and December 2024 imposed additional U.S. export restrictions on advanced computing technologies and semiconductor manufacturing capability to the PRC and certain other countries suspected of supplying the PRC with such technologies and capabilities. These rules, which continue the focus on protecting U.S. national security and preventing diversion of products subject to U.S. export controls in the same manner as BIS rules published in October 2022 and October 2023: (i) established new restrictions on exporting, re-exporting, or transferring Gate all-around Field-Effect Transistor (“GAAFET”) and High Bandwidth Memory (“HBM”) technologies to the PRC and other countries suspected of supplying the PRC with such technologies; (ii) significantly expanded restrictions on advanced semiconductor manufacturing equipment; (iii) added new entities to BIS’s Entity List; and (iv) clarified controls on software and software licenses.

Investment in Technology and Product Development

We continue to evaluate opportunities, potential investments and technical partnerships to develop new technologies and advanced products, including in the AI arena, and thereby expand beyond individual design IP elements to providing a more complete system and custom chips for specific applications, including, without limitation, RTL-based CSSs, GDSII-based CSSs, chiplets and complete end chip solutions. To remain competitive, we must continue to develop new applications and enhancements to our existing products and services, particularly as next generation technology is adopted by market participants. We intend to continue allocating resources to, and exploring, new markets and/or different products and solutions for existing and prospective customers in various end markets. Further, we have been, and may in the future be, engaged to advise on or design chips for certain existing customers and other third parties. Allocating and maintaining adequate research and development resources, such as the appropriate personnel and development technology, to meet the evolving demands of the market is essential to our continued success.

We expect to continue investing greater financial and other resources in furtherance of those efforts, exploring investment and/or acquisition opportunities, and engaging with one or more partners to provide technical, financial and/or other support.

E. Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, and expenses, and related disclosures. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. By their nature, estimates are subject to an inherent degree of uncertainty. Although we believe that the estimates and the assumptions supporting our assessments are reasonable, actual results could differ materially (either positively or negatively, as applicable) from our estimates, which could have a material effect on our consolidated financial statements.

We believe that, of our significant accounting policies, which are described in “*Item 8. Financial Information—Note 1 - Description of Business and Summary of Significant Accounting Policies*” in the Notes to the Consolidated Financial Statements included in this Annual Report, the following accounting policies involve a greater degree of management judgment and complexity. Accordingly, the following policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition, results of operations, and cash flows.

Revenue Recognition

Our revenue is derived from contracts with customers. We recognize revenue in accordance with Accounting Standards Codification 606, Revenue from Contracts with Customers (“ASC 606”). The core principle of ASC 606 is to recognize revenue upon the transfer of services or products to customers in an amount that reflects the consideration we expect to be entitled to in exchange for those services or products. We apply the five-step framework under ASC 606 to recognize revenue as described in our revenue recognition policy included in “*Item 8. Financial Information—Note 1 - Description of Business and Summary of Significant Accounting Policies*” in the Notes to the Consolidated Financial Statements included in this Annual Report.

The most critical judgments required in applying ASC 606 and our revenue recognition policy relate to the determination of distinct performance obligations, the evaluation of the standalone selling price (“SSP”) for each performance obligation, the assessment of the contract combination criteria and the estimates on sales-based royalty revenue accruals.

Determination of distinct performance obligations

For our licensing arrangements, we grant customers the choice to acquire additional rights, goods, or services at contract inception (for example, renewals of offerings, version extensions through term renewals, additional future products, or additional usage of term license). Therefore, judgment is required in determining whether products and services are considered distinct performance obligations that should be accounted for separately. We utilize forward-looking information in identifying performance obligations for IP or their version extensions of architecture IP under development or future products and in considering if implicit promises exist in certain long-term contracts.

Evaluation of the standalone selling price for each performance obligation

Judgment is required to determine the SSP for each distinct performance obligation in the contract. Directly observable prices are generally not available for our products, so we estimate the SSP for each performance obligation by maximizing the use of observable inputs. Some of our performance obligations, such as support, maintenance services, and training services, have observable inputs that are used to determine the SSP of those distinct performance obligations. However, our licenses of products often have highly variable pricing as standalone sales are rare and pricing varies from one transaction to another. When offerings with highly variable pricing lack substantial direct costs to estimate SSP based on a cost-plus margin approach, the transaction price is allocated using the residual approach on the basis that we have identified the SSP for other performance obligations in the same contract. If two or more performance obligations have highly variable or uncertain pricing, we apply a combination of methods to estimate the SSPs, including utilizing list prices, contract prices, and effort estimates of future IP.

Assessment of contract combination criteria

In certain instances, we enter into multiple contracts with the same customer that are treated, for accounting purposes, as a single contract if the contracts are entered into at, or near, the same time and are interrelated. Judgments are required in

evaluating whether various contracts are interrelated, which includes considerations as to whether they were negotiated as a package with a single commercial objective, where the amount of consideration on one contract is dependent on the performance of the other contract, or if some or all obligations in the contracts constitute a single performance obligation.

Estimates on Sales-Based Royalty Revenue Accruals

For certain license arrangements, sales-based royalties are collected on customers' chips that incorporate our products. Royalties are set either as a percentage of the licensee's average selling price per chip or as a fixed amount per chip. Royalties are recognized on the licensee's sales in the period in which they ship their Arm-powered chips to their end customers. Our estimates of royalty-based accruals take into consideration the macroeconomic effects of global events, such as geopolitical issues (such as trade bans or wars), and natural disasters, any of which may interrupt supply chain activities as well as demand for shipments of technology products. These estimates also involve the use of historical data and judgment for several key attributes, including industry estimates of expected shipments, the percentage of markets using our products, and average selling price. Generally, our estimates represent the then-current period's shipments for which we expect our licensees to submit royalty statements in the following quarter in accordance with our license agreements. Upon receipt of royalty statements from the licensees with the actual reporting of sales-based royalties that we previously estimated, we record a favorable or unfavorable adjustment based on the difference, if any, between estimated and actual sales. Historically, actual amounts for sales-based royalties have been materially consistent with our estimates, and no significant adjustments have been required for prior-period royalty estimates. However, we can provide no assurances that material adjustments will not be required in future periods.

Valuation of Equity Investments Measured at Fair Value

Non-marketable securities

Non-marketable securities represent either direct or indirect, through a capital fund, investments in unlisted early-stage development enterprises. For certain of these securities, we have elected to apply the NAV practical expedient, where NAV is the estimated fair value of the investments. For other investments, under the measurement alternative, these equity securities are recorded at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes resulting from the issuance of similar or identical securities in an orderly transaction by the same issuer. As of March 31, 2025 and 2024, non-marketable securities measured at NAV were \$16 million and \$18 million, respectively.

Determining whether an observed transaction is similar to a security within our portfolio requires judgment based on the rights and preferences of the securities. Recording upward and downward adjustments to the carrying values of equity securities as a result of observable price changes requires quantitative assessments of the fair values of equity securities held.

Equity Method Investments

Equity method investments represent strategic investments in unlisted development enterprises. For certain of these investments, we have elected to apply the fair value option. Where applicable, the NAV practical expedient has been applied. Equity method investments measured at NAV as of March 31, 2025 and 2024 were \$100 million and \$106 million, respectively. Equity method investments measured at fair value as of March 31, 2025 and 2024 were \$200 million and \$466 million, respectively.

We elected the fair value option for Acetone Limited and Ampere. We initially computed the fair value for our investments, consistent with the methodology and assumptions that market participants would use in their estimates of fair value, with the assistance of a third-party valuation specialist or based on inputs provided by the investee. The fair value computation is updated on a quarterly basis. The investments are classified within Level 3 in the fair value hierarchy because we estimate the fair value of the investments using (i) the market approach based on similar transactions, (ii) the market-calibration approach based on the guideline public company method and/or (iii) probability-weighted expected return approach, and/or (iv) subject to the availability of sufficient information, the income approach based on the discounted cash flow method.

We consider numerous objective and subjective factors to determine the best estimate of fair value for our investees. These factors include forecasts, the financial condition of the investee and the prices paid for securities sold to third-party investors, if any, as well as the valuation of comparable companies.

Impairment of investments

Non-marketable equity securities under the measurement alternative are subject to periodic impairment analysis. The periodic impairment analysis considers both qualitative and quantitative factors that may have a significant impact on the investee's fair value. Qualitative factors considered include the investee's financial condition and business outlook, industry and sector performance, market for technology, operational and financing cash flow activities, and other relevant events and factors affecting the investee. When indicators of impairment exist, we prepare a quantitative assessment of the fair value of the equity investments using both the market and income approaches, which require judgment and the use of estimates, including discount rates, investee revenue and costs, and comparable market data of private and public companies, among others. During the fiscal years ended March 31, 2025, 2024 and 2023, we recognized impairments of \$4 million, \$3 million and \$8 million, respectively, on non-marketable equity securities.

Equity method investments not measured under the fair value option are subject to periodic impairment reviews using the other-than-temporary impairment model, which considers the severity and duration of a decline in fair value below cost and our ability and intent to hold the investment for a sufficient period of time to allow for recovery. We did not recognize any impairments on equity method investments during the fiscal years ended March 31, 2025, 2024 and 2023.

Ordinary Share Valuations

In determining the fair value of ordinary shares, the Board of Directors considered the grant date fair value for share-based awards as of the closing price of the Company's ADSs on Nasdaq on the day of grant. The Company generally recognizes share based compensation cost using the straight-line method over the requisite service period of the award, net of estimated forfeitures, except for awards that are subject to continuous service and satisfaction of certain Company performance conditions. For awards that are subject to continuous service and satisfaction of certain Company performance conditions, the Company revises its estimate of the number of shares expected to vest at each reporting date as a result of the effect of the Company's performance conditions. The impact of the revision of the original estimates, if any, is recognized in the Consolidated Income Statements such that the cumulative expense reflects the revised estimate. Certain fixed monetary amount liability-classified awards were modified to equity-classified awards at the time of IPO and were converted to into a variable number of ADSs representing ordinary shares based on the IPO price of \$51.00 per ADS.

Please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates*" in the IPO Prospectus for critical accounting estimates applicable prior to the IPO.

Share-based Compensation

We expense share-based compensation over the requisite service periods of the awards, which generally is equivalent to the vesting term. Compensation expense is recorded only for those awards that are expected to vest. The fair value of RSUs is based on the grant date fair value for share-based awards based on the closing price of the Company's ADSs on Nasdaq on the day of the grant. The Company granted PSUs with relative total shareholder return ("Relative TSR") as the performance measure under the Omnibus Incentive Plan. PSUs granted with Relative TSR as the performance measure are measured over a three-year performance period relative to the S&P 500 IT Sector Index and have the potential to vest between 0% and 200% of the original award amount depending on the Relative TSR achievement. To determine the grant date fair value of the market conditions component of the awards with Relative TSR-based performance measures, a Monte Carlo simulation model is used.

Impairment of Goodwill

Goodwill is recorded as the excess of consideration transferred over the acquisition-date fair values of assets acquired and liabilities assumed. We have identified one reporting unit. We perform an annual impairment assessment in the fourth fiscal quarter or more frequently if indicators of potential impairment exist, which includes evaluating qualitative and quantitative factors to assess the likelihood of an impairment of the reporting unit's goodwill. If our assessment concludes that it is more likely than not that the fair value is more than its carrying value of our reporting unit, goodwill is not considered impaired and we are not required to perform the quantitative goodwill impairment test.

If our impairment assessment concludes that it is more likely than not that the fair value is less than its carrying value, we perform the quantitative goodwill impairment test, which compares the fair value of the reporting unit to its carrying value. Impairments, if any, are based on the excess of the carrying amount over the fair value. Our goodwill impairment test considers the income method and/or market method to estimate a reporting unit's fair value. Significant judgments are

required in assessing impairment of goodwill include the identification of reporting units, estimating future cash flows, determining appropriate discount and growth rates and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value, whether an impairment exists and if so the amount of that impairment.

We completed our annual goodwill impairment test in the fourth quarter of the fiscal years ended March 31, 2025, 2024 and 2023. After conducting a qualitative review, the Company concluded that it was more likely than not that the fair value was more than the carrying value of the Company's single reporting unit. Accordingly, there was no indication of impairment, and the quantitative goodwill impairment test was not performed.

Income Taxes

We are subject to income taxes in the United Kingdom and other foreign jurisdictions. We account for deferred taxes by using the asset and liability method under GAAP. Under this method, we determine deferred tax assets and liabilities based on temporary differences between the financial reporting and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. We recognize a deferred tax asset when it is more likely than not that the asset will be realized. We regularly review our deferred tax assets for recoverability and establish a valuation allowance based upon historical losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. To the extent we increase or decrease the allowance in a period, we recognize the change in the allowance within "Income tax expense (benefit)" in the Consolidated Income Statements. Unforeseen changes in tax rates and tax laws, as well as differences in the projected taxable income as compared to actual taxable income, may affect these estimates.

The provision for income taxes includes the impact of reserves for unrecognized tax benefits as well as the related net interest and penalties. In addition, we are subject to the continuous examination of our income tax returns by the United Kingdom and other tax authorities that may assert assessments against us. We regularly assess the likelihood of adverse outcomes resulting from these examinations and assessments to determine the adequacy of our provision for income taxes.

Item 6. Directors, Senior Management and Employees

A. Directors and senior management

The following table sets forth information regarding our Non-Executive Directors and Senior Management as of March 31, 2025.

Name	Age	Position(s)
Non-Executive Directors:		
Masayoshi Son	67	Chairman of the Board of Directors
Ronald D. Fisher	77	Director
Jeffrey A. Sine	70	Director
Karen E. Dykstra	66	Director
Rosemary Schooler	57	Director
Paul E. Jacobs, PhD	62	Director
Young Sohn	69	Director
Senior Management:		
Rene Haas	62	Chief Executive Officer and Director
Jason Child	56	Executive Vice President and Chief Financial Officer
Charlotte Eaton	42	Chief People Officer
Spencer Collins	44	Executive Vice President and Chief Legal Officer
Richard Grisenthwaite	57	Executive Vice President and Chief Architect
Will Abbey	54	Executive Vice President and Chief Commercial Officer

Non-Executive Directors

Masayoshi Son has served as a Director and Chairman of our Board of Directors since March 2018. From September 2016 to March 2018, Mr. Son served as Chairman of the Board of Directors of Arm Holdings plc. Mr. Son founded SoftBank Group in September 1981 and has been its Chairman and Chief Executive Officer since February 1986. Founded initially as a PC software distribution business, SoftBank Group and its portfolio of companies have expanded to cover a range of technologies, including advanced telecommunications, internet services, AI, smart robotics, and IoT. Mr. Son has overseen investments in some of the world's fastest-growing technology companies. Mr. Son serves in various capacities within SoftBank Group's portfolio of companies, including SoftBank Corp. (Japanese Telecommunication Operator) as its Chairman since 2015 and served as its Chairman and Chief Executive Officer from 2006 to 2015. Mr. Son has also served as Honorary Chairman of the Broadband Association in Japan.

Mr. Son was selected to serve on our Board of Directors because of his vast executive leadership experience, including through his service as Chairman and Chief Executive Officer of SoftBank Group, a large international public company and our controlling shareholder, along with his significant expertise in technology and innovation.

Ronald D. Fisher has served as a Director of our Board of Directors since March 2018. Mr. Fisher is a Senior Advisor at SoftBank Investment Advisors. Mr. Fisher joined SoftBank Group in 1995 and was the founder and Managing Partner of SoftBank Capital. Mr. Fisher joined the Board of SoftBank Group in 1997 and was Vice Chairman from 2017 to 2022. Mr. Fisher also serves on the boards of several of SoftBank Group's portfolio companies. Mr. Fisher has more than 40 years of experience of working with high-growth and turnaround technology companies. Prior to joining SoftBank Group, Mr. Fisher was the Chief Executive Officer of Phoenix Technologies Ltd., the leading developer and marketer of system software products for personal computers, from 1990 to 1995. Mr. Fisher joined Phoenix from Interactive Systems Corporation, a UNIX software company that was purchased by the Eastman Kodak Company in 1988. Mr. Fisher served for five years as President, initially as Chief Operating Officer and then Chief Executive Officer at Interactive Systems. Mr. Fisher earned an MBA from Columbia University and a Bachelor of Commerce from the University of Witwatersrand in South Africa.

Mr. Fisher was selected to serve on our Board of Directors due to his extensive business, operational and management experience in the technology industry.

Jeffrey A. Sine has served as a Director of our Board of Directors since September 2022. Mr. Sine is the Co-Founder and Partner of The Raine Group LLC, a global merchant bank focused on technology, media, and communications. Prior to founding The Raine Group LLC, he served as Vice Chairman and Global Head of Technology, Media & Telecom Investment Banking at UBS Investment Bank. Prior to that, Mr. Sine was Global Head of Media Investment Banking at Morgan Stanley and an attorney at Sullivan & Cromwell in New York and London. Mr. Sine currently serves on the boards of many portfolio companies and subsidiaries of The Raine Group LLC. He also serves on the boards of National Public Radio, TelevisaUnivision, Educational Testing Service, American University and The Manhattan Theatre Club. Mr. Sine has a B.A. from American University and a J.D. from the University of Southern California.

Mr. Sine was selected to serve on our Board of Directors due to his significant experience as a leader and director of multiple global companies with international operations as well as his capital markets and financial experience from his tenure at global financial institutions.

Karen E. Dykstra has served as a Director of our Board of Directors since September 2022. Ms. Dykstra served as the Chief Financial Officer of VMware, Inc. ("VMware") in 2023, a position she held while serving on VMware's board of directors, and leading up to Broadcom Inc.'s acquisition of VMware. Ms. Dykstra previously served as Chief Financial and Administrative Officer, and as Chief Financial Officer, of AOL, Inc., a web portal and online service provider. Prior to joining AOL, Inc., Ms. Dykstra was a Partner at Plainfield Asset Management LLC ("Plainfield"), where she served as Chief Operating Officer, Chief Financial Officer and a director of Plainfield Direct LLC, Plainfield's business development company. Previously, she spent over 25 years with Automatic Data Processing, Inc., a provider of human capital management solutions to employers, serving most recently as Chief Financial Officer, and prior thereto as Vice President—Finance, Corporate Controller, and in other capacities. Ms. Dykstra currently serves on the board of Gartner, Inc. and Atlassian Corporation, and is a former director of VMware, Crane Co., AOL, Inc. and Boston Properties, Inc.

Ms. Dykstra was selected to serve on our Board of Directors due to her broad executive management experience and financial expertise as the Chief Financial Officer of multiple global companies and her experience from serving on the board of directors of other companies in the technology industry.

Rosemary Schooler has served as a Director of our Board of Directors since December 2022. Ms. Schooler has over 30 years of experience in the global technology industry. She most recently served as Corporate Vice President and General Manager of Data Center and AI Sales for Intel Corporation. During her 33-year career at Intel, Ms. Schooler managed and oversaw sales and corporate strategy for the company's IoT business. Ms. Schooler also held vice president and general manager positions at a number of Intel start-up initiatives in the embedded/IoT, networking and storage businesses, including architecture, product development and customer success efforts. In her networking role, Ms. Schooler led industry transforming initiatives, including Network Function Virtualization and technologies such as Data Plane Development Kit. Ms. Schooler has supported industry efforts, including ATIS and TIA, as well as non-profits, including the National Center for Women in Technology. She was previously a director for Cloudera and currently serves on the board of directors for Zurn Elkay Water Solutions Corporation and Densify. She is also a strategic advisor for PQShield and Iron Mountain. Ms. Schooler earned a B.S. in ceramic science and engineering from Penn State University.

Ms. Schooler was selected to serve on our Board of Directors due to her expansive knowledge of corporate strategy and strategic planning and vast experience as a leader in the technology industry.

Paul E. Jacobs, PhD has served as a Director of our Board of Directors since December 2022. Dr. Jacobs has been the Chief Executive Officer and a director of Globalstar, Inc. since August 2023. He is the Chairman, and until April 2024 also held the position of Chief Executive Officer, of Virewirx, Inc. (formerly known as XCOM Labs), which he founded in 2018 to develop high performance wireless technologies and applications. Prior to founding XCOM Labs, Dr. Jacobs served as the Chief Executive Officer and Executive Chairman of Qualcomm Inc., where he spearheaded the company's efforts to develop and commercialize fundamental mobile technology breakthroughs that fueled the wireless internet and smartphone revolutions. Dr. Jacobs is a prolific inventor with over 80 U.S. patents granted or pending in the field of wireless technology and devices. Dr. Jacobs currently also serves as a director of Dropbox, Inc., Globalstar, Inc., and Virewirx Inc. and as an alternate governor of the NBA Board of Governors. He earned a B.S. in Electrical Engineering and Computer Science, M.S. in Electrical Engineering, and Ph.D. in Electrical Engineering and Computer Science from the University of California, Berkeley. He founded the Jacobs Institute for Design Innovation at the University of California, Berkeley. Dr. Jacobs is a member of the National Academy of Engineering and a Fellow of the American Academy of Arts and Sciences.

Dr. Jacobs was selected to serve on our Board of Directors based on his experience as the leader and board member of multiple global companies, as well as his innovation and business experience with companies in, and his in-depth knowledge of, the technology sector.

Young Sohn has served as a Director of our Board of Directors since September 2024. Mr. Sohn has served as a founding managing partner of Walden Catalyst Venture, a venture capital firm, since January 2021. Mr. Sohn has served as the chairman of the Semiconductor Advisory Board of Samsung Electronics Co., Ltd. ("Samsung Electronics") since February 2024. Mr. Sohn previously served as Corporate President and Chief Strategy Officer of Samsung Electronics from August 2012 to December 2020. Prior to joining Samsung, Mr. Sohn worked in Silicon Valley building and scaling businesses in core technologies, including semiconductors and storage, where he served as chief executive of Oak Technologies, Avago (then known as Agilent), and Inphi. In addition, under his leadership as CEO or board member, he took PLX Technologies, Synnex Technologies, and Inphi public. Mr. Sohn co-founded the Extreme Tech Challenge (XTC), the world's largest startup competition for entrepreneurs addressing global challenges. He has served on the board of directors of Cadence Design Systems and as chairman of the board of HARMAN International since May 2012 and March 2017, respectively. Mr. Sohn holds a B.S. in electrical engineering from the University of Pennsylvania and an M.S. from the MIT Sloan School of Management.

Mr. Sohn was selected to serve on our Board of Directors based on his extensive experience as a leader and a board member of multiple global companies and his in-depth knowledge of the technology industry.

Designation of Non-Executive Directors

Pursuant to the terms of the Shareholder Governance Agreement, SoftBank Group has the right to designate seven of the candidates for election to our Board of Directors. Each of our non-executive directors were designated by SoftBank Group for election to our Board of Directors. See "*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with SoftBank Group—Shareholder Governance Agreement.*"

Senior Management

Rene Haas has served as our Chief Executive Officer and a Director since February 2022. Prior to being appointed as Chief Executive Officer, Mr. Haas served as President of our IP Product Groups (“IPG”) from January 2017. Under his leadership, Mr. Haas transformed IPG to focus on key solutions for vertical markets with a more diversified product portfolio and increased investment in our software ecosystem. In addition to his role as Chief Executive Officer, Mr. Haas has sat on the boards of Arm China and SoftBank Group since December 2016 and June 2023, respectively. Mr. Haas also provides certain advisory and consulting services to SoftBank Group. Mr. Haas joined the Company in October 2013 as Vice President of Strategic Alliances and two years later was appointed to the Executive Committee and named Arm’s Chief Commercial Officer in charge of global sales and marketing. Before joining the Company, Mr. Haas held several applications management, applications engineering and product engineering roles, including seven years at NVIDIA as Vice President and General Manager of its computing products business. Prior to NVIDIA, Mr. Haas held executive roles at Scintera Networks and Tensilica. Mr. Haas earned his Bachelor of Science in Electrical and Electronics Engineering from Clarkson University and is a graduate of the Stanford University Graduate School of Business Executive Education Program. Mr. Haas has served on the board of directors of AstraZeneca PLC since January 2025. Mr. Haas was selected to serve on our Board of Directors due to his knowledge of our business as our Chief Executive Officer and his extensive experience in the semiconductor industry.

Jason Child has served as our Executive Vice President and Chief Financial Officer since November 2022. Mr. Child’s career spans 30 years across all aspects of global finance and strategy, accounting, capital markets and treasury, initial public offering execution, and investor relations. He has extensive experience in scaling disruptive technologies within enterprise software and software-as-a-service industries, e-commerce, local commerce, consumer hardware and IoT, and online residential real estate. He most recently served as Senior Vice-President and Chief Financial Officer at Splunk, a technology company specializing in application management, security, and compliance, as well as business and web analytics. Mr. Child has also served as Chief Financial Officer for Groupon, Inc., a global e-commerce marketplace, Jawbone, a consumer technology and wearable device company, and Opendoor Technologies Inc, an online real estate company. Prior to those roles, he spent more than 11 years leading various global finance teams at Amazon and served as Chief Financial Officer of Amazon International. Mr. Child has served as a member of the board of directors of Coupang, Inc., an e-commerce company, since April 2022. He holds a B.A. from the Foster School of Business at the University of Washington, where he currently serves on its Global Advisory Board.

Charlotte Eaton has served as our Chief People Officer since November 2024. As Chief People Officer, she oversees all aspects of Arm’s people, workplace, and sustainability strategies. Over the course of her career, Ms. Eaton has shaped her experience across multiple sectors with rapid adaptation and change, and is passionate about building progressive, inclusive, purpose-led organizations. She thrives in seeking new ways of doing great things and inspiring others to think differently about the world of work. Before joining Arm, from April 2020 to September 2024, Ms. Eaton was Chief People Officer at OVO Energy Ltd. (“OVO”), one of the UK’s largest energy companies, focused on sustainability and renewable energy. In her role, she was responsible for people, property, and customer experience. Prior to OVO, Ms. Eaton spent six years at Arm, latterly as VP of People, supporting teams in IPG globally. Before Arm, Ms. Eaton held HR leadership roles at The Heinz Company and worked at Barclays. Ms. Eaton holds an LL.B. with first class honors.

Spencer Collins has served as our Executive Vice President and Chief Legal Officer since September 2022. Prior to his appointment, he served as Interim General Counsel from February 2022. Mr. Collins has more than 20 years of industry experience and has served as lead counsel on many of the highest-profile M&A and investment transactions in the technology sector. Prior to joining the Company, Mr. Collins was Managing Partner and General Counsel at SoftBank Investment Advisors, the investment manager of SoftBank Vision Fund. Mr. Collins has also served as a partner in the investment team at SoftBank Investment Advisors. Prior to joining SoftBank Investment Advisors, he practiced as a technology-focused M&A and investment lawyer in the London offices of White & Case and Allen & Overy. Mr. Collins also spent time on secondment from Allen & Overy to Fenwick & West. Mr. Collins holds an LL.B. with first class honors.

Richard Grisenthwaite has served as our Executive Vice President and Chief Architect since March 2022. Mr. Grisenthwaite joined Arm in March 1997, and is responsible for the long-term evolution of our architecture, leading its development for more than 20 years, beginning with Armv6. He is currently leading development on Armv9 to ensure its specialized processing unlocks new markets and opportunities across the full spectrum of compute. Early in his tenure at the Company, Mr. Grisenthwaite worked on Arm720T, Arm940T, and Arm1136EJF-S. Prior to joining the Company, he worked for Analog Devices on fixed-function digital signal processors and at Inmos/ST on the Transputer. Mr. Grisenthwaite is an Arm fellow, has a B.A. in Electrical and Information Sciences from the University of Cambridge and

holds 120 patents in the field of microprocessors. Additionally, Mr. Grisenthwaite serves on the U.K. government’s Semiconductor Advisory Panel.

Will Abbey has served as our Executive Vice President and Chief Commercial Officer since April 2023. Mr. Abbey joined the Company in 2004 and has held a number of leadership roles, including Senior Vice President of Sales and Partner Enablement, General Manager of our Physical Design group and Vice President of Commercial Operations for the Physical IP Division. Now, as Executive Vice President and Chief Commercial Officer, Mr. Abbey leads sales, field engineering, and partner enablement at the Company, helping some of the world’s most innovative organizations leverage the newest technologies to ready themselves for the next wave of digital transformation. From IP to AI, his unique insight has helped the world’s technology leaders transform their products and operations. Before joining the Company, he worked in product management positions at Celoxica, Infineon Technologies, and Loughborough Sound Images. Mr. Abbey serves on the board of EnPro Industries and holds a BEng from Sheffield Hallam University, U.K.

Family Relationships

There are no family relationships among any of our Non-Executive Directors or Senior Management.

B. Compensation

Except for the information under “*Remuneration of Senior Management*,” “*Senior Management Employment Agreements*” and “*Description of Incentive Plans*,” the following information on remuneration has been prepared in accordance with disclosure requirements for the Company under the Companies Act.

Remuneration of Senior Management

For the fiscal year ended March 31, 2025, the aggregate remuneration paid to our Senior Management for services in all capacities, including retirement, benefits and vested Executive Awards (as described below), was approximately \$90,541,000. This amount excludes outstanding Executive Awards and includes remuneration paid to members of Senior Management that were no longer members of Senior Management as of the end of the fiscal year.

We do not set aside or accrue any amounts to provide pension, retirement or similar benefits to Senior Management, although we made defined contribution pension contributions on behalf of, and paid pension allowances to, our Senior Management in an aggregate amount of \$198,000 during the fiscal year ended March 31, 2025, which is included in the aggregate remuneration figure reported above.

During the fiscal year ended March 31, 2025, pursuant to our equity incentive plans described below under “—*Equity Incentive Plans*,” we granted conditional rights to receive a specified amount of our ordinary shares to our Senior Management, which we refer to as “Executive Awards,” in the aggregate amount of \$38,934,000.

Directors’ Remuneration Policy

There have been no changes to the Remuneration Policy of the Company that was approved by shareholders at the Annual General Meeting (“AGM”) on September 11, 2024.

Remuneration policy table – Executive Director

The following table applies to any Executive Director. Currently, the only Executive Director is the CEO, but this policy will apply to any future Executive Directors appointed to the Board of Directors.

The Company's approach to executive remuneration is to attract and retain the highest caliber talent from the global technology industry. The Remuneration Committee has developed the CEO package to be competitive with U.S. standards reflecting the location of our key competitors for executive and other talent, the listing of our ADSs on Nasdaq and the US-location of our CEO.

Base Salary	
Purpose and link to strategy	<p>To provide fixed remuneration to the Executive Director to reflect the responsibilities of the role.</p> <p>To attract and retain the highest caliber talent from the global technology industry, including within the context of our growth aspirations.</p>
Operation	<p>The Executive Director's salary is reviewed annually by the Remuneration Committee and any increase or adjustment is usually applied from April 1st of each year.</p> <p>When reviewing the Executive Director's salary, the Remuneration Committee will take into account the general market movements, salary levels for comparable roles in comparable companies, the performance of the Company and the individual and any changes to the scope and/or responsibility of the role.</p>
Maximum	There is no defined maximum salary. The salary and any increases are determined by the Remuneration Committee based on the factors described above.
Performance conditions	N/A
Benefits	
Purpose and link to strategy	To provide competitive benefits that enable our people's wellbeing. Benefits align with the wider workforce and reflect those commonly available in the Executive Director's home country.
Operation	<p>Benefits provided to the Executive Director include vacation, health coverage and insurance, accident and disability insurance, and group life insurance. The Executive Director is also eligible to receive benefits offered to the wider workforce within their home country.</p> <p>Situation-specific taxable benefits may be provided as may be required in the interests of the Company's business such as, but not limited to, company paid car or telephone, car allowance, memberships, directors and officers indemnification and insurance cover, and tax return preparation and advice. Executive Directors may receive other benefits that are judged to be cost-effective and appropriate in terms of the individual's role, time and/or security.</p> <p>Where applicable, we may provide housing or relocation allowances, travel allowance and expenses, tax equalization or other expatriate benefits, and where necessary some or all of these benefits may be grossed up for taxes.</p> <p>Other benefits may be provided if the Remuneration Committee considers it appropriate, in its discretion.</p> <p>Any reasonable business-related expenses, in line with the Company's expenses policy from time to time, may be reimbursed, including any taxes payable if reimbursement is determined to be a taxable benefit. Where necessary some or all expenses may be grossed up for taxes.</p>
Maximum	<p>Reasonable market cost of providing the benefits.</p> <p>The Remuneration Committee shall have the discretion to introduce new benefits where these are introduced for the wider workforce, where it concludes that it is in the interests of the Company to do so, or which are considered necessary or desirable to support the executive in the execution of their duties, having regard to the particular circumstances of the individual.</p> <p>There is no overall defined maximum level of benefit.</p>
Performance conditions	N/A
Pension	
Purpose and link to strategy	Enable the Executive Director to save for retirement and ensures their overall remuneration is competitive.

Operation	<p>The Executive Director is invited to participate in the pension arrangements in their local market and will receive the same level of contributions as other employees in that market.</p> <p>The Company may make payments of defined contribution pension contributions and pension allowances, which can either be made directly to the pension scheme or in cash via payroll.</p> <p>In the U.S., employees including the Executive Director may contribute into the Company's 401(k) Savings Plan, and the Company matches 100% up to the first 6% of employee contributions. A portion of the Executive Director's contributions will be matched each pay period subject to annual IRS limits.</p> <p>The Company does not set aside or accrue any amounts to provide pension, retirement or similar benefits to executives.</p>
Maximum	The maximum percentage may not exceed the workforce rate. The Remuneration Committee has discretion to consider the relevant workforce rate including consideration of the relevant jurisdiction.
Performance conditions	N/A
Annual Bonus	
Purpose and link to strategy	The purpose of the Arm Annual Bonus Plan (as defined below) is to incentivize the Executive Director towards achieving stretching short-term goals based on the Company's strategy.
Operation	<p>The Remuneration Committee sets the performance conditions towards the beginning of each fiscal year with the relevant weightings, which are communicated to the Executive Director. The Remuneration Committee assesses performance at the end of the fiscal year against these targets. Any amount is fully paid in cash.</p> <p>The Remuneration Committee retains the right to exercise its discretion in the event that the formulaic outturn of the bonus does not reflect the Company or individual's overall performance.</p>
Maximum	The maximum is 125% of salary for target performance. The plan may then pay up to 200% of target depending on performance plus any individual performance multiplier of up to 1.25x (312.5% of salary).
Performance conditions	<p>The performance conditions may include financial targets (including for example revenue and/or profit targets) and strategic measures, and/or any other measures that the Remuneration Committee considers appropriate, in its discretion. At least 50% of the performance conditions in any year will be financial targets.</p> <p>The exact measures, weightings, thresholds for vesting and targets are determined by the Remuneration Committee each year taking into account the Company's key strategic priorities and any other priorities which the Remuneration Committee considers are important, in its discretion, for the Executive Director to prioritize. No amounts are paid for below threshold performance. Maximum payment requires stretching levels of outperformance.</p>
Equity Awards	
Purpose and link to strategy	To incentivize the Executive Director towards achieving long-term goals based on the Company's strategy and to align their remuneration with shareholder interests.

Operation	<p>The Executive Director is granted equity awards annually which can take the form of RSUs, performance share units (“PSUs”), dividend equivalent rights, restricted shares, options or share appreciation rights (“SARs”) (or other forms of awards) under the Arm Holdings 2023 Omnibus Incentive Plan (the "Omnibus Incentive Plan") or successor plans. The Remuneration Committee will determine, in its discretion, the vesting and, if relevant, the performance conditions applicable to the awards of the Executive Director.</p> <p>Annual Awards to the Executive Director will vest over at least three years, subject to the Executive Director remaining in employment and subject to any performance conditions being met. Market price share options would have an overall life cycle of 10 years. Dividend equivalents may be paid on RSUs or PSUs to the extent that the awards vest.</p> <p>For the fiscal year ending March 31, 2026, awards will be made in the form of PSUs and it is anticipated that PSUs will form the majority or entirety of awards for the Executive Director in future years.</p> <p>The Remuneration Committee retains the right to exercise its discretion in the event that the formulaic outturn of the performance measures does not reflect the Company or individual’s overall performance.</p> <p>The Executive Director may also participate in any all employee share purchase plan or share option plan that is adopted by the Company on the same terms and conditions as other employees.</p>
Maximum	<p>The maximum initial target value of the Annual Awards will be 14 times base salary (assessed at the time of grant). Awards may then vest up to 125% of the target value based on satisfaction of stretching performance conditions.</p>
Performance conditions	<p>The performance conditions may include financial targets (including for example revenue and profit targets, or relative or absolute total shareholder return or earnings per share targets) and strategic measures. These will be set over a three year period and tested annually in relation to the relevant tranche and/or at the end of the three year performance period.</p> <p>The exact measures, weightings, thresholds for vesting and targets are determined by the Remuneration Committee, in its discretion, each year taking into account the Company's key strategic priorities. The targets will, where relevant, be determined in accordance with the Company's annual budget. No amounts are paid for below threshold performance.</p> <p>The Committee shall determine the extent to which the performance measures have been met and may make adjustments to the targets in the event that the Committee determines this is appropriate. Adjusted targets will be no less challenging as those originally set.</p>

Implementation of remuneration policy for the fiscal year ending March 31, 2026

Details of how the Remuneration Policy will be implemented for the next fiscal year are set out below:

Base salary

During the year, the Remuneration Committee reviewed the base salary for the CEO. The Remuneration Committee did not propose any increase and, as such, the CEO’s base salary will remain at \$1,350,000. The Remuneration Committee will continue to review this on an on-going basis. The average global workforce salary increase through the annual review process for the fiscal year ending March 31, 2026 (inclusive of promotions and effective April 1, 2025) was 7%.

Pension

The CEO participates in the Company’s 401(k) Savings Plan and receives a match of up to 6% of the employee contribution in line with the workforce rate. The CEO’s estimated 401(k) employer match is approximately \$14,000.

Annual bonus

The Remuneration Committee sets the target annual bonus at 125% of salary for the CEO with up to 187.5% of this amount being paid for maximum levels of performance. The award will be subject to the Company's attainment of goals relating to Revenue (50% weighting) and the Non-GAAP Operating Income (50% weighting). Any payment above target will be subject to the Company's achievement of goals relating to strategic priorities through a modifier of 1x to 1.5x. An individual performance multiplier of up to 1.25x is then applied to the company performance outcome to give a maximum total payment of 187.5% of target. The Remuneration Committee will have overall discretion to adjust the formulaic outturn based on the company's overall performance for the year. Any pay-out will be subject to the Company's Clawback Policy.

PSU award

The CEO will be granted a PSU award which will have an initial target value of 14 times base salary. The maximum opportunity will be 125% of grant.

75% of the award will be measured over three one-year performance periods (25% attributed to each year) subject to the attainment of goals relating to (percentages relate to the proportion of the total award allocated to the year, and sum to 100%):

- Revenue (25%)
- Non-GAAP Operating Income (25%)
- Strategic Priorities (up to 2x modifier to combined financial performance to deliver up to 100%)

At the end of each year, performance will be assessed against the financial and strategic measures. The outturn of the formula will range from 0% to 200%. Any achievement above 100% will be adjusted by a factor of 0.25 to deliver an overall maximum of 125%, which will vest annually.

25% of the award will be subject to relative total shareholder return ("Relative TSR") measured over the full three-year performance period. Total shareholder return will be measured relative to the S&P 500 IT Sector Index. At the end of the three-year performance period Relative TSR achievement will be measured. 0% of the Relative TSR portion will vest if the Company's total shareholder return is at or below the 25th percentile of the index and 200% of the Relative TSR portion (adjusted down to 125% for the CEO) if the Company's total shareholder return is at or above the 75th percentile of the index with linear interpolation for intermediate levels of performance.

PSUs will be subject to the Company's Clawback Policy.

The Remuneration Committee believes the salary multiple delivered at maximum appropriately reflects the sustained stretch performance required across financial and strategic measures to deliver the maximum vesting scenario. By design, these goals provide significant alignment to shareholder value creation in both the long and short term. Strategic measures will be assessed on a pass-fail basis with no credit given when not achieved in full.

Remuneration policy table – Non-Executive Directors

The following table applies to any Non-Executive Director, other than for Mr. Son (who is not currently paid by the Company).

Fees	
Purpose and link to strategy	To provide a fixed remuneration to the Non-Executive Director to reflect their responsibilities and to attract high caliber talent to the Board of Directors. The Non-Executive Chair's fee (where paid) will typically be determined by the other members of the Remuneration Committee, and the Board of Directors is responsible for determining all other Non-Executive Director fees.
Operation	<p>Non-Executive Director fees consist of an annual cash retainer. In addition, each Non-Executive Director will receive a fee per meeting of the Board of Directors. Members of the Audit Committee and the Remuneration Committee, as well as the chairs of each committee, will receive a separate annual fee in cash. The Non-Executive Chair typically receives an annual cash retainer. However, Mr. Son has waived his eligibility and does not receive any remuneration from the Company.</p> <p>These fees will normally be paid quarterly.</p> <p>For the fiscal year ending March 31, 2026, Non-Executive Directors will receive an annual cash retainer of \$80,000. In addition, each Non-Executive Director will receive a cash fee of \$5,000 per meeting of the Board of Directors. Members of the Audit Committee and the Remuneration Committee will receive \$15,000 and \$10,000, respectively, in cash annually. The chairs of the Audit Committee and Remuneration Committee will receive \$30,000 and \$20,000, respectively in cash annually. As stated above, Mr. Son (the current Remuneration Committee Chair) does not receive any remuneration from the Company.</p> <p>Fees are reviewed on a regular basis and determined by reference to fee levels in the U.S. market, taking into account the expected time commitment and responsibilities involved.</p> <p>Non-Executive Directors will be reimbursed for expenses properly incurred in connection with the performance of their duties as a director, including, but not limited to, reasonable travel expenses.</p>
Maximum	<p>Fees are set at an appropriate level taking into account the factors outlined in this table.</p> <p>Any Non-Executive Director who performs services which, in the opinion of the Board of Directors on recommendation from the Remuneration Committee, are outside the scope of the ordinary duties of a director, may be paid additional fees.</p>
Performance conditions	None.
Equity Awards	
Purpose and link to strategy	To provide a fixed remuneration to the Non-Executive Directors to reflect their responsibilities and to attract high caliber talent to the Board of Directors while being linked to shareholder experience.
Operation	<p>Non-Executive Directors receive an annual award of RSUs. The amount of the award is determined by the Board following recommendations from the Remuneration Committee. The Non-Executive Chair is typically eligible for an annual award. However, Mr. Son has waived his eligibility and does not receive any remuneration from the Company.</p> <p>The awards are not subject to performance conditions. The awards are subject to a 12-month vesting period. Non-Executive Directors are permitted to delay the vesting of their awards for up to 12 additional months.</p>
Maximum	The maximum is determined by the Board of Directors (on recommendation from the Remuneration Committee). The current value of RSUs awarded to each Non-Executive Director (other than Mr. Son) for the fiscal year ending March 31, 2026 is equivalent to \$220,000.
Performance conditions	None.
Shareholding requirements	The Company has shareholding principles set out in its Corporate Governance Principles. The shareholding principles are summarized below.

Shareholding principles

Members of the Executive Committee, which includes executives eligible to receive PSUs, have five years from the later of (a) the IPO and (b) the start of employment to obtain and maintain the required level of shareholding. The holding requirement is 1,000% of base salary for the CEO. Vested ADSs and unvested time-based RSUs will count towards the holding requirement. If the required holding level is not reached within the required timeframe, subject to the discretion of the Remuneration Committee, an Executive Director must retain 100% of their net ADSs.

Non-Executive Directors have five years from the later of (a) the IPO and (b) appointment to the Board of Directors, to obtain and maintain the required level of shareholding. The holding requirement for Non-Executive Directors is 300% of the then-current annual cash retainer (excluding any additional cash retainer for committee chairs). Vested ADSs and unvested time-based RSUs will count towards the holding requirement. If the required holding level is not reached within the required timeframe, subject to the discretion of the Remuneration Committee, a Non-Executive Director must retain 100% of their net ADSs.

Discretion

The Remuneration Committee operates the Arm Annual Bonus Plan, the Omnibus Incentive Plan and the Prior Plans (as defined below) in accordance with the relevant plans rules and in accordance with any applicable rules and legislation (where applicable). The Remuneration Committee retains discretion within the provisions of the applicable rules and the remuneration policy over a number of items, including but not limited to:

- who receives awards;
- the size of awards;
- treatment of leavers;
- treatment of outstanding awards upon a change of control;
- adjustments in certain circumstances, mostly corporate events e.g. corporate reorganization;
- setting performance conditions, targets and thresholds; and
- the application of malus and clawback (subject to the Company's Clawback Policy).

For individuals other than members of the Board of Directors or the CEO, certain elements of the discretions above are delegated to the CEO (and their designees) in accordance with the terms of the Remuneration Committee Charter.

Selection of performance measures

The Remuneration Committee sets stretching and realistic performance targets, taking into account the Company's strategic priorities and key drivers of future shareholder value.

The performance measures for the annual bonus and PSUs are chosen to support the Company's strategy. The Remuneration Committee believes it is appropriate to use a balance between financial targets and strategic objectives. The Remuneration Committee annually reviews the measures, weightings and targets to ensure they remain relevant and stretching for the Company.

External appointments

Mr. Haas is a director of SoftBank Group, the Company's indirect controlling shareholder, and is a party to an agreement pursuant to which he provides certain advisory and consulting services to SoftBank Group. Mr. Son is the Chair and CEO of SoftBank Group. Both Mr. Haas and Mr. Son receive remuneration for their roles with SoftBank Group as determined by SoftBank Group.

Executive Directors may take up to two external appointments with the agreement of the Board of Directors and may receive remuneration for these roles.

Approach to recruitment remuneration

Executive and Non-Executive Directors will be remunerated in accordance with the policy set forth above (including the maximums), except as set out in this section. The maximum initial target level of ongoing variable remuneration which may be awarded on recruitment to an Executive Director is 15.25 times the base salary.

Newly hired Executive Directors may be eligible for a pro-rated annual bonus award if they join part way through the plan period.

If the Remuneration Committee considers it appropriate, in its discretion, in connection with the hiring of an Executive Director, the Company may provide for a sign-on, retention or similar bonus to the Executive Director as compensation for awards that were forfeited due to leaving their previous employer. This would be based on reasonable evidence of the awards and the awards would generally take account of the form, timing and expected value of the forfeited award. If the Remuneration Committee considers it appropriate, in its discretion, the newly hired executive may also receive a top-up award in connection with their recruitment to the Company. In no event will the Remuneration Committee approve payment greater than it believes is necessary to secure the required talent.

If an Executive Director is relocating in order to take up their position, the Company may pay such reasonable relocation costs as the Remuneration Committee considers appropriate, in its discretion. The Remuneration Committee may, in its discretion, also make payments to cover reasonable other miscellaneous expenses including, but not limited to, housing, tax, immigration support, legal fees and/or other amounts.

If an internal candidate is promoted to the Board of Directors, the legacy terms and conditions relating to outstanding incentive awards would normally be honored.

New Non-Executive Directors that are hired will be provided remuneration in line with that of the Company's current Non-Executive Directors.

Service contracts and payments for loss of office

Chief Executive Officer

The CEO has a current employment agreement with an indefinite term, unless it is terminated by the Company or the CEO with prior notice. The Company may terminate the CEO's employment for cause, at any time, without advance notice of severance (except for accrued remuneration or where required by applicable law). Cause includes typical bad-leaver events, such as where the CEO has committed gross misconduct or negligence. The Company may terminate the CEO's employment without cause with 30 days' advance notice. The CEO is required to give the Company 60 days' advance notice and a reasonable cure period if they wish to terminate their employment for good reason, which generally includes a significant diminution of their authority, duties or responsibilities or a material reduction in their salary, annual or long-term incentive opportunity or other monetary compensation.

If the CEO's employment is terminated by the Company without cause or by the CEO for good reason, in either case, then, subject to the CEO's execution of an effective severance and release agreement and continued compliance with their restrictive covenants obligations, the CEO is entitled to severance pay in the form of 12 months' base salary, payable in 12 equal monthly installments following the date of termination for the period until alternative employment is found.

In the event of a change in control of the Company, the CEO has the right, but not the obligation, to terminate their employment and may, subject to the Remuneration Committee's discretion, become entitled to the severance pay benefit described above, subject to their execution of an effective severance and release agreement and continued compliance with their restrictive covenants obligations.

In the unfortunate event that the CEO's employment is terminated due to death, the severance entitlement described above will be paid to the designated beneficiary of the CEO. The CEO has no set contractual entitlements upon disability, though the Remuneration Committee may in its absolute discretion determine that the CEO may receive compensation payments if the CEO ceases employment as a result of disability.

If the CEO's employment is terminated for cause, the CEO will have no severance entitlement.

The CEO is subject to certain restrictive covenant obligations, including confidentiality, non-competition, non-solicitation, non-recruiting and non-disparagement covenants, subject to applicable law.

The Company may pay any statutory entitlements or requirements under local law. The Company may make payments to settle or compromise claims in connection with termination of employment, where the Remuneration Committee consider it in the best interests of the Company, in its discretion. The Company may pay any legal and/or professional fees as required or customary in local markets. The Company may pay out any accrued but untaken holiday.

Executive Directors may be provided certain benefits after departure at the Remuneration Committee's discretion. Benefits may include, but are not limited to, medical coverage, home security, tax return preparation assistance, legal expenses, and/or outplacement or relocation costs.

Any future Executive Directors may be engaged by the Company with such terms relating to the termination of employment as the Remuneration Committee agrees in its sole discretion, based on the specific circumstances and location of the individual.

The Remuneration Committee retains the discretion to make payments in connection with an Executive Director's loss of office or employment, which may be in addition to contractual and statutory entitlements.

Non-Executive Directors

Non-Executive Directors do not receive any benefits or payment upon removal or resignation from their respective position as directors (except for accrued remuneration or where required by applicable law).

Senior Management Employment Agreements

We have entered into offer letters or employment agreements with our Senior Management. Each member of Senior Management is employed for an indefinite term unless either we or the member of Senior Management gives prior notice to terminate such employment. We may terminate a member of Senior Management's employment for cause, at any time, without advance notice or severance (except for accrued remuneration or where required by applicable law). Cause includes, for example, where the member of Senior Management has committed gross misconduct or negligence. We may terminate a member of Senior Management's employment, for a fair reason and following a fair process, by providing prior written notice varying between 30 days and 12 months depending on the terms of the employment agreement, or at any time for some members of Senior Management based in the U.S. In such case of termination by us, we will provide severance payments to the member of Senior Management as expressly required by the applicable law of the jurisdiction where the member of Senior Management is based or per the terms contained in their individual agreement, if any. Two members of Senior Management in the U.S. are entitled to receive severance if they resign for good reason or if there is a change in control event, as set out in their employment agreements. Good reason includes, for example, a significant diminution in authorities, duties or responsibilities, or a material reduction of the executive's salary. To resign for good reason, the executive must provide 60 days of notice and a reasonable cure period. An executive officer may terminate their employment at any time with prior written notice, if required, as set out in their individual employment agreement.

Each member of Senior Management has agreed to hold, both during and after the employment agreement is terminated, in strict confidence and not to use, except for our benefit, any confidential information of our company or affiliates or of our customers, suppliers and other business partners. Each member of Senior Management has also agreed to disclose to us all inventions, designs and any other IP which they develop during their employment with us and to assist us in obtaining and enforcing patent, copyright and other legal rights for such inventions, designs, and IP. In addition, each member of Senior Management has agreed to be bound by post-termination covenants in order to protect our business interests, including restrictions on soliciting our customers and our employees. Two members of Senior Management in the U.S. have post-termination non-compete provisions that equal or exceed the duration of their severance benefits.

Description of Incentive Plans

Arm Annual Bonus Plan

We have paid cash bonuses to our Senior Management under the Arm Annual Bonus Plan (the "Annual Bonus Plan"). The principal features of this cash plan are summarized below. This summary is qualified in its entirety by reference to the actual text of the Annual Bonus Plan, which is filed as an exhibit to this Annual Report.

Administration

For our CEO, the Annual Bonus Plan is administered by the Remuneration Committee.

Eligibility

Prior to April 1, 2024, our (and our subsidiaries') employees (which include our Senior Management) were eligible to participate in the Annual Bonus Plan. With effect from April 1, 2024, the Annual Bonus Plan applies to members of our Executive Committee only.

Start of Plan Period

At the start of each plan period (which runs from April 1st of a year to March 31st of the following year), the Remuneration Committee determines: (i) whether the Annual Bonus Plan will be operated in respect of that plan period, (ii) the CEO's target percentage of the actual base salary which may be payable as the bonus award (the "Target Bonus Percentage") for such plan period; and (iii) the performance conditions for such plan period. With respect to the fiscal year ended March 31, 2025, the target bonus opportunity of our Senior Management was in the range from 100% to 125% of their base salary levels. The maximum bonus award that can be earned is 200% of the target bonus award (based on the Target Bonus Percentage of the participant's salary) plus any individual performance multiplier.

Performance Conditions

The Remuneration Committee sets performance conditions for each plan period for the whole Company, one or more divisions or business units of the Arm group (or any subdivision thereof), and/or individual participants, as appropriate, and may in its sole discretion amend or waive the performance conditions in whole or in part (a) in accordance with the terms specified in the performance conditions, or (b) if events happen which cause the Remuneration Committee to consider that (i) the amended performance conditions would be a fairer measure of performance and would be no more difficult to satisfy than the existing performance conditions, or (ii) the existing performance conditions should be waived in whole or in part. The Remuneration Committee may withhold, reduce or cancel all or any part of the bonus award for any participant in the event that the Remuneration Committee considers that such participant's performance or conduct during the plan period warrants such action.

With respect to the fiscal year ended March 31, 2025, the performance conditions were based on the revenue and profit (EBITDA) of our group, plus strategic measures. For a description of the bonus outcome for Mr. Haas, see "*Chief Executive Officer's bonus outcomes for fiscal year ended March 31, 2025*" for further information.

New Hires

A person who becomes an eligible member of Senior Management during the course of a plan period and who the Remuneration Committee determines shall become a participant will be eligible to receive a pro-rated bonus award for such plan period. The pro-rated bonus award will be calculated by determining what the participant's full-year bonus award entitlement would have been under the applicable performance conditions and then making a pro-rata adjustment to such entitlement based on the portion of such plan period in which such participant participated in the Annual Bonus Plan.

Change of Performance Conditions and Targets

The Remuneration Committee, in its sole discretion and at any time within a plan period, may evaluate performance conditions and make changes to a participant's defined targets. In such case, such participant's bonus award shall be calculated based on the Remuneration Committee's evaluation, in its sole discretion, of what such participant's full-year bonus award entitlement would have been under the original performance conditions and what such participant's full-year bonus award entitlement would be under the new performance conditions. Following this, the Remuneration Committee shall make an adjustment to such bonus award based on each of the two entitlements.

Termination of Employment

Generally, a participant must be continuously employed by a member of our group through the end of the applicable plan period in order to receive a bonus award for such plan period. If a participant ceases to be an eligible member of

Senior Management prior to the end of such plan period for any reason, such participant shall immediately forfeit upon termination any and all entitlement to any portion of the bonus award for such plan period.

Change in Control

In the event of a change of control event during a plan period, the plan period will end and each participant will receive a bonus award payment, payable as soon as administratively practicable following such change of control event, calculated by determining what such participant's full-year bonus award entitlement would have been based on deemed maximum achievement of the applicable performance conditions through the date of the consummation of such change of control event and then making a pro-rata adjustment to such entitlement based on the portion of such plan period occurring before the date on which such change of control event is consummated.

Plan Amendment and Termination

Subject to applicable law, our Board of Directors (or another duly authorized committee of executives) may (i) delete, alter or add to any of the provisions of the Annual Bonus Plan in any respect at any time unilaterally and without the consent of any participant, or (ii) terminate the Annual Bonus Plan at any time. If the Annual Bonus Plan is terminated during a plan period, such termination will not affect the operation of the Annual Bonus Plan for the rest of such plan period and bonus awards may be determined and paid pursuant to the rules of the Annual Bonus Plan.

Equity Incentive Plans

As of the fiscal year ended March 31, 2025, we granted equity-based awards to our Senior Management, employees and Non-Executive Directors under the Omnibus Incentive Plan. Prior to the IPO, we granted equity-based awards to our Senior Management, employees and Non-Executive Directors under: (1) The Arm Holdings plc RSU Award Plan (the "2022 RSU Plan"), (2) The Arm Non-Executive Directors RSU Award Plan (the "NED Plan"), (3) The Arm Holdings plc All-Employee Plan 2019 (the "2019 AEP") and (4) The Executive IPO Plan 2019 (the "2019 EIP") (collectively, the "Prior Plans"). A description of the Prior Plans is included in the section titled "*Item 6. Directors, Senior Management and Employees-B. Compensation*" of our Annual Report on Form 20-F for the fiscal year ended March 31, 2024. Since the IPO, we have not and will not grant further awards under the Prior Plans. Instead, equity-based awards granted at or after the completion of the IPO are under the Omnibus Incentive Plan. The principal features of the Omnibus Incentive Plan are summarized below. With respect to awards granted under the Prior Plans and the Omnibus Incentive Plan that may be satisfied by transfer or issue of our ordinary shares, the Remuneration Committee or other plan administrator may also satisfy them by transfer or issue of ADSs instead. Unless otherwise indicated, under this "Equity Incentive Plans" section, references to our ordinary shares shall also include references to ADSs. These summaries are qualified in their entirety by reference to the actual text of the applicable plan, each of which is filed as an exhibit to this Annual Report.

Omnibus Incentive Plan

In August 2023, our Board of Directors adopted, and our shareholders approved, the Omnibus Incentive Plan, which became effective from the date on which the underwriting agreement between us, the underwriters and the selling shareholder for the IPO was signed. We have used the Omnibus Incentive Plan following the completion of the IPO for the grant of incentive awards to our employees, including our executive directors, and our non-employees, including our non-employee directors. The principal terms of the Omnibus Incentive Plan are summarized below.

Eligibility

Our employees, including executive directors, and employees of our subsidiaries are eligible to participate in the Omnibus Incentive Plan. Our non-executive directors and consultants, and non-executive directors and consultants of our subsidiaries, are eligible to participate in the Non-Employee Sub-Plan to the Omnibus Incentive Plan. Persons eligible to receive awards under the Omnibus Incentive Plan (including the Non-Employee Sub-Plan) are together referred to as service providers below. Except as otherwise specified, references below to the Omnibus Incentive Plan include the Non-Employee Sub-Plan, provided that in no event may an officer or employee grant, or have administrative discretion with respect to, his or her own award.

Administration

The Omnibus Incentive Plan is administered by our Board of Directors, the Remuneration Committee or any other committee composed of members of our Board of Directors that is appointed by our Board of Directors or the Remuneration Committee to administer the Omnibus Incentive Plan, subject to certain limitations imposed under the Omnibus Incentive Plan, and other applicable laws and stock exchange listing rules. The administrator will have the authority to construe and interpret the Omnibus Incentive Plan and the terms of awards granted under the Omnibus Incentive Plan. Subject to applicable law, the administrator may authorize one or more officers or employees to administer the Omnibus Incentive Plan.

Shares Available for Awards

The maximum number of ordinary shares that may be issued under the Omnibus Incentive Plan as approved at the time of adoption of the Omnibus Incentive Plan was equal to the sum of (i) 20,500,000 ordinary shares and (ii) an annual increase on April 1 of each year beginning on April 1, 2024 and ending on April 1, 2028, equal to the lesser of (A) 2% of the aggregate number of ordinary shares outstanding on March 31 of the immediately preceding fiscal year and (B) such smaller number of ordinary shares as determined by our Board of Directors or the Remuneration Committee. No more than 20,500,000 ordinary shares may be issued under the Omnibus Incentive Plan upon the exercise of incentive stock options.

If an award under the Omnibus Incentive Plan is exchanged for or settled in cash, forfeited, canceled or expires without the issuance of our ordinary shares, any unused shares underlying the award will be deemed not to have been issued for purposes of determining the maximum number of ordinary shares that may be issued under the Omnibus Incentive Plan. Additionally, shares underlying awards issued by the Company in assumption of, or in substitution or exchange for, awards previously granted by a company acquired by the Company or any of its affiliates or with which the Company or any of its affiliates combines will not be deemed not to have been issued for purposes of determining the maximum number of ordinary shares that may be issued under the Omnibus Incentive Plan. To the extent not prohibited by applicable laws, any ordinary shares underlying an award that are surrendered or withheld in payment of the award's exercise or purchase price, or in satisfaction of tax withholding obligations with respect to an award, will be deemed not to have been issued for purposes of determining the maximum number of ordinary shares that may be issued under the Omnibus Incentive Plan, unless otherwise determined by the administrator.

Awards may be settled in ordinary shares or ADSs. References in this summary to ordinary shares include references to our ADSs. Ordinary shares issued under the Omnibus Incentive Plan may be new shares, shares purchased on the open market or treasury shares.

Awards

The types of awards granted under the Omnibus Incentive Plan will be determined by the administrator, but may include awards of share options, SARs, restricted shares, RSUs, other awards of cash, shares or other property (which may include a specified cash amount that is payable in cash or shares, or awards tied to the appreciation in the value of shares), dividends and dividend equivalents. Vesting conditions applicable to awards may be based on continued service, achievement of company, business unit or other performance objectives, or such other criteria as the Remuneration Committee may establish.

- *Options and SARs.* Options provide for the purchase of our ordinary shares in the future at an exercise price set at a specified price and usually become exercisable in one or more installments after the grant date, subject to the participant's continued employment or service with us and/or subject to the satisfaction of performance targets established by the administrator. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares underlying the award between the grant date and the exercise date, payable either in ordinary shares, cash or a combination of the two, as determined by the administrator. The administrator will determine the number of shares underlying each option and SAR, the exercise or base price of each option and SAR and the conditions and limitations applicable to the exercise of each option and SAR. In general, the exercise price per share for each option or SAR granted under the Omnibus Incentive Plan will not be less than the nominal value of such share and for grantees who are subject to tax in the U.S. not less than the fair market value of such share at the time of grant.
- *Restricted Shares and RSUs.* Restricted shares are an award of non-transferable ordinary shares that remain forfeitable unless and until specified conditions are met and which may be subject to a purchase price. RSUs are contractual promises for grantees to receive our ordinary shares (or, as determined by the administrator, the cash

equivalent) in the future, which may also be subject to vesting, issuance and forfeiture conditions. The administrator may provide that the delivery of the shares underlying RSUs will occur upon or as soon as reasonably practicable after the RSUs vest or will be deferred on a mandatory basis or at the election of the grantee. The terms and conditions applicable to restricted shares and RSUs will be determined by the administrator, subject to the conditions and limitations contained in the Omnibus Incentive Plan.

- *Other Awards; Dividends and Dividend Equivalents.* Other awards may include awards of fully vested ordinary shares, cash incentive awards, and other awards valued wholly or partially by referring to, or otherwise based on, our ordinary shares or other property. Other awards may be granted to grantees and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of compensation to which a participant is otherwise entitled. The administrator will determine the terms and conditions of other awards, which may include any purchase price, performance goal, transfer restrictions and vesting conditions. Awards of restricted shares may also entitle the participant to receive dividends paid on the ordinary shares underlying the awards, and RSUs and other share-based awards (other than options and SARs) may entitle the participant to receive dividend equivalents, which are notional entitlements representing the dividends that would have been paid had the ordinary shares underlying the award been outstanding. Dividends and dividend equivalents may be subject to the same vesting conditions as the awards to which they relate.

Awards may be granted in consideration of past or future services. The administrator may, but need not, require the payment of consideration by the participant with respect to an award. To the extent permitted by applicable law, the administrator may authorize the deferral of the settlement of awards.

To the extent terms of the Omnibus Incentive Plan do not address local laws in non-U.S. jurisdictions, we anticipate that provisions specific to such non-U.S. jurisdictions in which awards are granted will be addressed in the award agreement “riders,” which will set forth or modify otherwise applicable terms as needed to comply with local laws, including, as applicable, tax laws, securities laws, employment laws, data privacy requirements and exchange controls.

Transferability

Prior to the issuance of ordinary shares with respect to an award granted under the Omnibus Incentive Plan, participants generally will not be allowed to transfer awards. However, awards may be transferred by will or by the laws of descent and distribution.

Term of Plan; Amendment and Termination

The Omnibus Incentive Plan will have a five-year term; however, the administrator may amend, suspend or terminate the Omnibus Incentive Plan and award agreements at any time. Generally, if the administrator proposes any amendment, suspension or termination that would be to the material disadvantage of any grantees in respect of subsisting rights under the Omnibus Incentive Plan or the relevant award agreement, then: (i) the administrator must invite each such disadvantaged grantee to indicate whether or not they approve the amendment, and (ii) such amendment shall only take effect if the majority (assessed by reference to the size of affected awards) of the grantees who respond to an invitation consent to the amendment.

Change in Control

In the event of a change in control, unless otherwise specified by the administrator or specified in an individual agreement with the participant, awards generally will only accelerate to the extent they are not substituted or assumed by the acquiring entity or if the awards are substituted or assumed by the acquiring entity and the participant’s service is terminated under specified circumstances within 18 months following the change in control. In the event the awards are not assumed or substituted by the acquiring or surviving entity in a change in control, except as otherwise determined by the administrator or provided in an award agreement, employment or similar agreement in the definitive change in control transaction agreement, time-based awards will become vested on a pro-rata basis as of the date of the change in control, and all or a portion of performance-based awards may vest, but only to the extent (if at all) determined by the administrator. The administrator may also elect to terminate an award in exchange for cash.

Adjustments for Certain Corporate Events

In the event of a stock dividend, stock split or other non-reciprocal transaction that affects share values, the type and the number of ordinary shares, ADSs or other securities subject to the Omnibus Incentive Plan and outstanding awards, and

the exercise or base price of outstanding awards will be equitably adjusted as appropriate to reflect the transaction. Additionally, in the event of a reorganization, amalgamation, dissolution, sale of assets or shares or other corporate transactions, the administrator may take a variety of actions with respect to outstanding awards, including canceling awards in exchange for cash or other property, accelerating the vesting of awards, causing awards to be terminated or replaced with other rights or property or providing for the substitution or assumption of outstanding awards in a manner intended to preserve the intended economic and other benefits of the plans and outstanding awards.

Non-U.S. and Non-U.K. Participants

The Remuneration Committee may modify awards granted to participants who are non-U.S. or U.K. nationals or employed outside the U.S. and the U.K. or establish sub-plans or procedures to address differences in laws, rules, regulations or customs of such international jurisdictions with respect to tax, securities, currency, employee benefit or other matters or to enable awards to be granted in compliance with a tax favorable regime that may be available in any jurisdiction.

Non-Employee Sub-Plan

The Non-Employee Sub-Plan governs equity awards granted to our non-executive directors, consultants, advisers and other non-employee service providers and generally provides for awards to be made on identical terms to awards made under the Omnibus Incentive Plan.

2024 Employee Stock Purchase Plan

In August 2024 and September 2024, our Board of Directors adopted and our shareholders approved the 2024 Employee Stock Purchase Plan (the “ESPP”). The ESPP provides eligible employees with the opportunity to purchase ordinary shares or ADSs through voluntary payroll deductions. The ESPP is intended to constitute an “employee stock purchase plan” within the meaning of Section 423 of the Code for U.S. residents. The maximum number of shares, including ADSs representing ordinary shares, that may be granted under the ESPP is equal to the number of shares available for issuance under the Omnibus Incentive Plan, and each share or ADS granted under the ESPP reduces the number of shares available for issuance under the Omnibus Incentive Plan and its sub-plans by one share.

The ESPP is administered by the Remuneration Committee. The ESPP provides for one or more offering periods, and each offering will be for any period of between six and 24 calendar months as determined by the Remuneration Committee. Subject to certain limitations contained therein, the ESPP allows eligible employees to purchase the Company’s ordinary shares or ADSs through payroll deductions of not less than 1% and up to 10% of eligible compensation, subject to a cap of \$25,000 per year (as calculated based on applicable tax rules) or such other limit specified in the Code. During an offering period, a participant may not increase payroll deductions but may decrease deductions with the consent of the Remuneration Committee. During an offering period, participating employees are granted options to acquire ordinary shares or ADSs at a fixed price, which may be set at a discount of up to 15% of the lesser of (1) the fair market value of the ordinary shares or ADSs on the day before the offering period start date or (2) the fair market value of the ordinary shares or ADSs on the day before the purchase date at the end of the offering period. Employees may withdraw from the ESPP during specified periods and receive a full refund of accumulated payroll contributions. Employees who cease working at the Company during an offering period are treated as withdrawing from the ESPP. The first purchase period under the ESPP commenced during the fiscal year ending March 31, 2025. As of March 31, 2025, no ordinary shares or ADSs have been purchased under the ESPP.

Our Board of Directors or the Remuneration Committee may at any time amend the ESPP, except that no such amendment may increase the number of ordinary shares or ADSs approved for the ESPP without prior approval by shareholders, or which would require shareholder approval in order for ESPP, as amended, to qualify as an “employee stock purchase plan” under Section 423(b) of the Code or under the rules or regulations of Nasdaq or other applicable exchange on which the ordinary shares or ADSs are listed. The ESPP expires on September 11, 2034 and may be terminated at any earlier time by the Board or the Remuneration Committee.

Employee Benefit Trust

In connection with the IPO, the Company established an employee benefit trust (the “EBT”), constituted by a trust deed entered into by the Company and a professional trustee, with the principal purpose to facilitate the efficient and

flexible settlement of share-based compensation arrangements with employees. See *Note 13 - Shareholders' Equity* for further details.

Directors' Remuneration Report

The Executive Director

Single figure table – Chief Executive Officer

The table below summarizes the total remuneration earned by Rene Haas, the Company's Chief Executive Officer, in respect of his employment with the Company for the fiscal year ended March 31, 2025 (dollars in thousands).

\$000		Salary	Taxable Benefits	Pension	Total Fixed Remuneration	Annual Bonus	Special Bonus	Equity Plans	Total Variable Remuneration	Total
Rene Haas	2025	\$ 1,350	\$ 30	\$ 14	\$ 1,394	\$ 2,329	\$ —	\$ 20,734	\$ 23,063	\$ 24,457
	2024	\$ 1,350	\$ 19	\$ 14	\$ 1,383	\$ 2,468	\$ 20,000	\$ 46,282	\$ 68,750	\$ 70,133

Notes:

- **Taxable Benefits:** The Company operates a benefits scheme through which the Chief Executive Officer is entitled to participate. The scheme offers a range of benefits (not all of which are taxable) which include: vacation; medical, dental and vision coverage and insurance; accident and disability insurance, group life insurance and an Employee Assistance Plan. The Taxable Benefit figures above include group life insurance, a taxable travel benefit and tax compliance advice provided by the Company.
- **Annual Bonus for the fiscal year ended March 31, 2025:** This includes the annual bonus of approximately \$2.3 million to be paid in May 2025.
- **Annual Bonus for the fiscal year ended March 31, 2024:** This includes the annual bonus of approximately \$2.5 million paid in May 2024. During the fiscal year ended March 31, 2024, the Chief Executive Officer also received an IPO cash award of \$20.0 million shown in the Special Bonus column above, the performance condition for which was the occurrence of the IPO and so it was paid out in cash shortly following the IPO.
- **Equity Plans for the fiscal year ended March 31, 2025:** All awards contain performance related measures and are, therefore, measured using the fair market value as of the vesting date. This amount includes Tranche 2 of the annual award granted in the fiscal year ended March 31, 2024 ("2024 Tranche 2") and Tranche 1 of the annual award granted in the fiscal year ended March 31, 2025 ("2025 Tranche 1"), each of which vested in May 2025. Upon the vesting of the 2024 Tranche 2, the Chief Executive Officer acquired 106,412 ADSs with a fair market value as of the vesting date of approximately \$14.2 million. Upon the vesting of the 2025 Tranche 1, the Chief Executive Officer acquired 49,404 ADSs with a fair market value as of the vesting date of approximately \$6.6 million.
- **Equity Plans for the fiscal year ended March 31, 2024:** All awards contain performance related measures and are, therefore, measured using the fair market value as of the vesting date. This amount includes (i) the annual award to the Chief Executive Officer for the fiscal year ended March 31, 2024 and (ii) the one-time IPO award and the one-time AEP award, which were awarded in connection with the IPO in September 2023. Tranche 1 of the award granted in the fiscal year ended March 31, 2024 ("2024 Tranche 1") vested in May 2024. The one-time IPO award under the 2022 RSU Plan and the AEP award vested in full following achievement of the valuation hurdle and the Chief Executive Officer acquired 392,157 and 79,811 ADSs, respectively, with a fair market value as of the vesting date of approximately \$21.0 million and \$11.3 million, respectively. Upon the vesting of the 2024 Tranche 1, which vested in May 2024, the Chief Executive Officer acquired 123,087 ADSs with a fair market value as of the vesting date of approximately \$14.0 million.

Chief Executive Officer's bonus outcomes for fiscal year ended March 31, 2025

The annual bonus is determined based on a scorecard of metrics, details of which are set out in the table below (dollars in millions).

Performance Condition	Measure	Weighting	Threshold (0%)	Target (100%)	Overall achievement	Outcome (% of overall max)
Financial: Target achievement (100% payment)	Revenue	50%	\$3,333	\$4,073	\$4,007	46%
	Non-GAAP Operating Income	50%	\$1,445	\$1,767	\$1,871	50%
Strategic: Stretch (up to additional 50%)	Strategic business initiatives	50%	Delivery of solutions and achievement of major design wins / key client adoption.		1.2x	40%

The Company achieved important milestones that are expected to be key in delivering long-term growth, including key product advancements and targeted customer wins in the infrastructure & automotive markets.

As a result of the above achievement, the Company was deemed to have achieved 115% of target under the Company scorecard (77% of the maximum 150% Company performance). The Chief Executive Officer's individual performance multiplier was determined by the Board of Directors to be 1.2x, resulting in a bonus of 138% of target bonus (which is 125% of salary) or approximately \$2.3 million.

Share award outcomes with respect to the fiscal year ended March 31, 2025

The Company achieved important milestones that are expected to be key in delivering long-term growth, as described above.

Fiscal Year End 2024 Annual Award

The Company granted an award to the Company's Chief Executive Officer under the 2022 RSU Plan during the fiscal year ended March 31, 2024. This vests in tranches over 3 years (30% in year 1 and year 2 and 40% in year 3). The performance conditions for Tranche 2 (i.e. 30%) of the award are set out in the table below (dollars in millions).

Performance Condition	Measure	Weighting	Threshold (0%)	Target (100%)	Overall achievement	Outcome (% of overall max)
Financial: Target achievement (100% payment)	Revenue	50%	\$3,333	\$4,073	\$4,007	46%
	Non-GAAP Operating Income	50%	\$1,445	\$1,767	\$1,871	50%
Strategic: Stretch (up to additional 50%)	Strategic business initiatives	100%	Delivery of solutions and achievement of major design wins / key client adoption.		1.4x	40%

As a result of the above achievement, the Company was deemed to have achieved 134% of target (67% of the maximum 200% Company performance). The second tranche of the PSUs awarded to the CEO in May 2023, therefore, vested in May 2025 at 134%.

Fiscal Year End 2025 Annual Award

The Company granted an award to the Company's Chief Executive Officer under the Omnibus Incentive Plan during the fiscal year ended March 31, 2025 (the "2025 Award"). This vests in tranches over 3 years (25% in year 1 and year 2

and 50% in year 3). The performance conditions for Tranche 1 (i.e. 25%) of the award are set out in the table below (dollars in millions).

Performance Condition	Measure	Weighting	Threshold (0%)	Target (100%)	Overall achievement	Outcome (% of overall max)
Financial: Target achievement (100% payment)	Revenue	50%	\$3,333	\$4,073	\$4,007	46%
	Non-GAAP Operating Income	50%	\$1,445	\$1,767	\$1,871	50%
Strategic: Stretch (up to additional 50%)	Strategic business initiatives	100%	Delivery of solutions and achievement of major design wins / key client adoption.		1.4x	40%

As a result of the Company's achievement described above, the Company was deemed to have achieved 134% of target (67% of the maximum 200% Company performance). The maximum opportunity for the Chief Executive Officer under the 2025 Award is 125%; therefore, Company achievement above 100% is adjusted by a factor of 0.25. The first tranche of the PSUs awarded to the CEO in May 2024, therefore, vested in May 2025 at 108%. For all other executive participants, the first tranche of the PSUs awarded in May 2024 vested in May 2025 at 134%.

Non-Executive Directors

Single figure table – Non-Executive Directors

The table below summarizes the total remuneration earned by each Non-Executive Director of the Company, in respect of their service to the Company for the fiscal years ended March 31, 2025 and 2024 (dollars in thousands).

\$000		Fees	Taxable Benefits	Total Fixed Remuneration	Equity Plans	Total Variable Remuneration	Total
Masayoshi Son	2025	\$—	\$—	\$—	\$—	\$—	\$—
	2024	\$—	\$—	\$—	\$—	\$—	\$—
Karen E. Dykstra	2025	\$130	\$—	\$130	\$220	\$220	\$350
	2024	\$135	\$—	\$135	\$220	\$220	\$355
Anthony Michael Fadell	2025	\$41	\$—	\$41	\$99	\$99	\$140
	2024	\$85	\$—	\$85	\$220	\$220	\$305
Jeffrey A. Sine	2025	\$110	\$—	\$110	\$220	\$220	\$330
	2024	\$115	\$—	\$115	\$220	\$220	\$335
Paul E. Jacobs, PhD	2025	\$100	\$—	\$100	\$220	\$220	\$320
	2024	\$105	\$—	\$105	\$220	\$220	\$325
Rosemary Schooler	2025	\$125	\$—	\$125	\$220	\$220	\$345
	2024	\$121	\$—	\$121	\$220	\$220	\$341
Ronald D. Fisher	2025	\$112	\$—	\$112	\$220	\$220	\$332
	2024	\$130	\$—	\$130	\$220	\$220	\$350
Young Sohn	2025	\$63	\$—	\$63	\$122	\$122	\$185

Notes:

- Mr. Fisher has served as a Director of the Company since March 2018, and has been remunerated for his role since April 1, 2024. Ms. Dykstra and Mr. Sine have served as Directors of the Company since September 2022. Dr. Jacobs and Ms. Schooler have served as Directors of the Company since December 2022.
- Mr. Fadell served as a Director of the Company from September 2022 until September 2024. Mr. Sohn has served as a Director of the Company since September 2024. Remuneration earned in the fiscal year ended March 31, 2025 is reflective of these changes and reported pro-rata.

- Fees in the table above relate to the annual retainer, committee fees and meeting fees. Year-over-year variances are attributed to the number of board meetings, committee membership changes and pro-rating.
- In line with policy, Non-Executive Directors do not receive any taxable benefits. The Non-Executive Directors also did not receive any pension contributions.
- Equity Plans for the fiscal year ended March 31, 2024: Pursuant to the NED Plan, 5,301 RSUs were awarded to each Non-Executive Director (other than Mr. Sohn and Mr. Son) in May 2023, for their service during the fiscal year ended March 31, 2024, which RSUs vested on May 15, 2024. The values shown in the table above reflect the share price at grant of \$41.50 based on an independent valuation. RSUs granted to Non-Executive Directors have no performance related measures.
- Equity Plans for the fiscal year ended March 31, 2025: Pursuant to the Omnibus Incentive Plan, 2,130 RSUs were awarded to each Non-Executive Director (other than Mr. Sohn and Mr. Son) in May 2024 for their service during the fiscal year ended March 31, 2025, which vested on May 15, 2025. The values shown in the table above reflect the fair market value of the award at grant using a share price of \$103.29, which reflects the 20-day average closing price of ADSs immediately preceding the grant date. Mr. Sohn was appointed to the Company's Board of Directors on September 11, 2024, and pursuant to the Omnibus Incentive Plan, 856 RSUs were awarded to Mr. Sohn, which reflects a pro-rated amount of the annual RSU grant to other Non-Executive Directors based on Mr. Sohn's expected service on the Company's Board of Directors during the fiscal year ended March 31, 2025. The value shown in the table above reflect the fair market value of the award to Mr. Sohn at grant using a share price of \$142.21, which reflects the 20-day average closing price of ADSs immediately preceding the grant date. RSUs granted to Non-Executive Directors have no performance related measures.
- Mr. Son has waived his eligibility and does not receive any remuneration from the Company.

Scheme interests granted in period

The table below sets out the awards granted to the Company's Chief Executive Officer during the fiscal year ended March 31, 2025:

	Award type	Grant date	No. of shares under award	Face value (\$000)	Threshold performance (% shares delivered)	End of performance period
Rene Haas	PSU	May 13, 2024	182,980	\$23,625	—%	March 31, 2027

Notes:

- The Chief Executive Officer received an annual award during the fiscal year ended March 31, 2025 of PSUs pursuant to the Omnibus Incentive Plan. This was an award amounting to 14x the Chief Executive Officer's salary (\$18.9 million), which will vest between 0%-125% over a three-year period subject to achievement of performance conditions.
- The face value presented in the table has been calculated using a share price of \$103.29, which reflects the 20-day average closing price immediately preceding the grant date.

The table below sets out the awards granted to the Non-Executive Directors:

	Award type	Grant date	No. of shares under award	Face value (\$000)	Threshold performance (% shares delivered)	End of performance period
Masayoshi Son	—	—	—	—	—	—
Karen E. Dykstra	RSU	May 13, 2024	2,130	\$220	100%	May 15, 2025
Anthony Michael Fadell	RSU	May 13, 2024	957	\$99	100%	May 15, 2025
Jeffrey A. Sine	RSU	May 13, 2024	2,130	\$220	100%	May 15, 2025
Paul E. Jacobs, PhD	RSU	May 13, 2024	2,130	\$220	100%	May 15, 2025
Rosemary Schooler	RSU	May 13, 2024	2,130	\$220	100%	May 15, 2025
Ronald D. Fisher	RSU	May 13, 2024	2,130	\$220	100%	May 15, 2025
Young Sohn	RSU	October 11, 2024	856	\$121	100%	May 15, 2025

Notes:

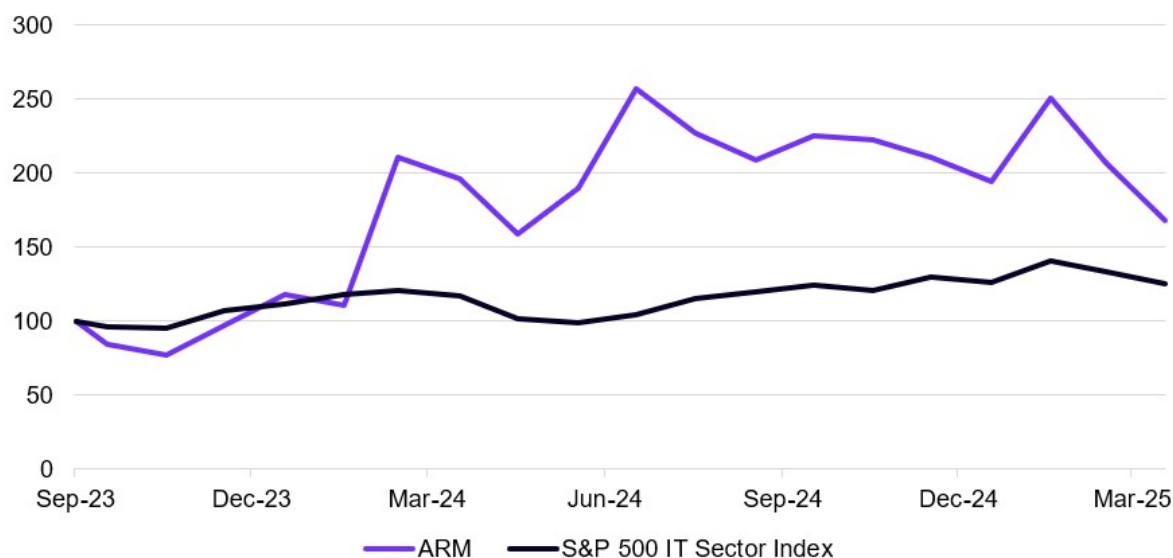
- The Non-Executive Directors received an annual award of RSUs in the fiscal year ended March 31, 2025 pursuant to the Omnibus Incentive Plan. In line with the Directors' Remuneration Policy, each Non-Executive Director received an award of RSUs with a grant date fair value of \$220,000, which vested in May 2025.
- Mr. Fadell served as a Director of the Company until September 2024. In line with the Directors' Remuneration Policy, the number of RSUs delivered in recognition of his service as a Director has been adjusted to reflect the portion of the year served.
- Mr. Sohn has served as a Director of the Company since September 2024. His RSU award in the fiscal year ended March 31, 2025 was adjusted to reflect the portion of the year served.
- Mr. Son has waived his eligibility and does not receive any remuneration from the Company.

Payments for loss of office and payments to past directors

No payments for loss of office or to past directors were made during the year.

Performance graph

Our ADSs began trading on Nasdaq on September 14, 2023. The Total Shareholder Return ("TSR") graph represents the value at March 31, 2025 of \$100 invested in our ADSs on September 14, 2023, compared with the value of \$100 invested in the S&P 500 IT Sector Index. This index is considered the most relevant and appropriate comparator index for the Company, incorporating organizations our shareholders would be likely to consider for their investments. It is also the index to be used in the future Performance Share Plan design.



CEO remuneration

The table below shows the total remuneration received by the CEO for the fiscal years ended March 31, 2025 and 2024. The Company has not disclosed remuneration received by the CEO for years prior to Arm's listing on the Nasdaq Global Select Market.

	Fiscal Year Ended March 31,	
	2025	2024
CEO single figure (\$000)	\$24,457	\$70,133
Annual bonus as % of max	61%	59% ⁽¹⁾
PSUs as % of max	86% ⁽²⁾	78%

⁽¹⁾ The annual bonus as % of max for the fiscal year ended March 31, 2024 of 59% was calculated pursuant to the Annual Bonus Plan. The Annual Bonus Plan provides that the maximum bonus award that can be earned is two hundred percent (200%) of the target bonus award (based on the Target Bonus Percentage of the Participant's Salary (each as defined in the Annual Bonus Plan)) plus any individual performance multiplier. The annual bonus as % of max for the fiscal year ended March 31, 2024 would have been 78% based on the fiscal year ended March 31, 2024 plan maximum of 150% for corporate performance.

⁽²⁾ The PSUs as % of max in the table above reflects the most recent award for the fiscal year ended March 31, 2025, under which the CEO award is capped at 125% of target and achievement was 108%. Under the prior grant, achievement was 134% out of a possible 200% maximum, resulting in 67% as a percentage of max.

CEO equity awards

The CEO will be granted a PSU award as described in "*–Directors' Remuneration Policy–Implementation of remuneration policy for the fiscal year ending March 31, 2026.*"

Non-Executive Director fees

No increases are proposed to the remuneration of the Non-Executive Directors and, as such, fees remain unchanged as summarized in the table below:

	Fees (\$)
Non-Executive Director: Annual Cash Retainer	\$80,000
Board of Directors Meeting Attendance	\$5,000 per meeting
Audit Committee Chair	\$30,000
Remuneration Committee Chair	\$20,000
Audit Committee Members	\$15,000
Remuneration Committee members	\$10,000

Mr. Son does not receive any remuneration from the Company.

Insurance and indemnification

To the extent permitted by the Companies Act, we are empowered to indemnify our directors against any liability they incur by reason of their directorship. We maintain directors' and officers' insurance to insure such persons against certain liabilities and have entered into a deed of indemnity with each of our directors and executive officers. We have been advised that, in the opinion of the SEC, indemnification for liabilities arising under U.S. federal securities laws is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

C. Board practices

Composition of our Board of Directors

Our business and affairs are managed under the direction of our Board of Directors. Our Board of Directors currently consists of eight members, all of whom will continue to serve on our Board of Directors until our next annual general meeting or their earlier resignation. Mr. Son serves as the Chair of our Board of Directors. Our Board of Directors has affirmatively determined that none of Ms. Dykstra, Mr. Sohn, Ms. Schooler and Dr. Jacobs have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of director and that each of these directors is "independent" as that term is defined under the listing standards of Nasdaq.

Five of our eight current directors were appointed in 2022 in anticipation of becoming a public company, and one of our current directors was elected by our shareholders in 2024 in connection with the resignation of one of our directors that was appointed in 2022. Prior to the appointment of directors in 2022, we undertook a fulsome review of the composition of our Board of Directors and the skills and qualifications necessary to lead our company going forward. We believe that the diversity of viewpoints and collective experience of our directors makes our Board of Directors well positioned to lead Arm into the future.

At the end of each annual general meeting of shareholders, all the directors must retire from office except for any director appointed by our Board of Directors after notice of that annual general meeting has been given and before that annual general meeting has been held. Each director who retires at an annual general meeting may be re-elected.

Other than with respect to Mr. Haas and other than providing pro-rata vesting to non-executive directors if they are terminated other than for cause or in the event of a change in control of the Company, there are no arrangements or understandings between us, on the one hand, and any of our directors, on the other hand, providing for benefits upon termination of their service as directors of the Company.

SoftBank Group's Director Nomination Rights

Our Board of Directors does not have a standing nominating committee. Pursuant to the Shareholder Governance Agreement, SoftBank Group has the right to designate a certain number of candidates for election to our Board of Directors based on its and its controlled affiliates' ownership of our outstanding ordinary shares, provided that a certain number of

such candidates must be “independent” under law or stock exchange rules applicable to our directors at the time of such nomination. SoftBank Group’s designation rights are as follows:

Ownership of our outstanding ordinary shares:	Number of SoftBank Group candidates for election to our Board of Directors:	Number of SoftBank Group candidates that must be independent:
Greater than 70%	7	3
Less than or equal to 70% and greater than 60%	6	2
Less than or equal to 60% and greater than 50%	5	1
Less than or equal to 50% and greater than 40%	4	0
Less than or equal to 40% and greater than 30%	3	0
Less than or equal to 30% and greater than 20%	2	0
Less than or equal to 20% and greater than 5%	1	0

SoftBank Group’s rights to designate candidates for election to our Board of Directors are based on an eight-member board, including our CEO, and pursuant to the Shareholder Governance Agreement, will be modified ratably to reflect any change in the number of directors on our Board of Directors.

Additionally, effective upon completion of the IPO and for so long as SoftBank Group and its controlled affiliates own more than 70% of our outstanding ordinary shares, SoftBank Group will have the right to increase the size of the Board of Directors to nine directors and appoint a director, who need not be independent, to the board to fill the newly created vacancy. If such right is exercised, SoftBank Group will have the right to nominate up to eight candidates for election to our Board of Directors for as long as it and its controlled affiliates hold more than 70% of our outstanding ordinary shares.

Our Board of Directors will make determinations with respect to each director’s independence. To the extent SoftBank Group nominates a director as an independent director that our Board of Directors, upon advice of counsel, determines does not meet the applicable independence standards, SoftBank Group will be required to propose a new nominee.

The Shareholder Governance Agreement also provides SoftBank Group with proportional rights to representation on the committees of our Board of Directors, subject to applicable restrictions.

Committees of our Board of Directors

Our Board of Directors has two standing committees: an Audit Committee and a Remuneration Committee.

Audit Committee

Our Audit Committee oversees our corporate accounting and financial reporting process and assists our Board of Directors in monitoring our financial systems. Our Audit Committee is responsible for, among other things:

- selecting a qualified firm to serve as (i) the independent registered public accounting firm to audit our financial statements and (ii) the U.K. statutory auditors;
- helping to ensure the independence and performance of the independent registered public accounting firm and the U.K. statutory auditors;
- helping to maintain and foster an open avenue of communication between management and the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm and U.K. statutory auditors, and reviewing, with management, the independent registered public accounting firm and U.K. statutory auditors, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing and approving, if applicable, in accordance with our related party transactions policy, any proposed transactions with related persons;

- reviewing our policies and practices on risk assessment and risk management, including in respect of cyber security, data privacy and technology and information security;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes its internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit services to be performed by the independent registered public accounting firm and U.K. statutory auditors.

Our Audit Committee consists of Ms. Dykstra, Ms. Schooler and Mr. Sohn, with Ms. Dykstra serving as chair. Our Board of Directors has affirmatively determined that Ms. Dykstra and Schooler, and Mr. Sohn meet the requirements for independence under the listing standards of Nasdaq and the additional independence standards applicable to audit committee members established pursuant to Rule 10A-3 of the Exchange Act. In addition, our Board of Directors has determined that Ms. Dykstra qualifies as an “audit committee financial expert” as defined by applicable SEC rules. Each member of our Audit Committee is financially literate.

Remuneration Committee

The Remuneration Committee oversees our remuneration policies, plans and benefits programs. The Remuneration Committee is responsible for, among other things:

- reviewing and making recommendations to our Board of Directors related to our remuneration plans and equity-based plans;
- reviewing and making recommendations to our Board of Directors concerning the overall remuneration philosophy, policies and plans of the Company;
- reviewing and making recommendations to our Board of Directors regarding the performance goals and objectives relevant to the remuneration of our CEO;
- evaluating and making recommendations to our Board of Directors regarding the performance of our CEO under the previously established performance criteria, goals and objectives, and evaluating and making recommendations to our Board of Directors regarding total remuneration for our CEO;
- reviewing and making recommendations to our Board of Directors regarding the remuneration to be paid to our non-executive directors;
- reviewing and recommending to our Board of Directors the approval of the directors’ remuneration report, which shall be subject to a shareholder advisory vote at the Company’s annual general meeting each year;
- selecting and retaining a remuneration consultant; and
- such other matters that are specifically delegated to the Remuneration Committee by our Board of Directors from time to time.

The Remuneration Committee consists of Mr. Son, Mr. Fisher, Mr. Sine and Ms. Schooler, with Mr. Son serving as chair.

D. *Employees*

Our Employees

We employ a global workforce that spans across 19 countries. As of March 31, 2025, approximately 83% of our 8,330 global employees were engaged in engineering activities delivering products for our partners to schedule and specification as well as driving innovations in our industry. During the fiscal year ended March 31, 2025, we engaged an average of 2,054 temporary employees.

The following table sets forth the number of our employees for each of the past three financial years:

Function	March 31, 2025	March 31, 2024 ⁽¹⁾	March 31, 2023
Engineering	6,943	5,887	4,753
Non-Engineering	1,387	1,209	1,210
Geographic Distribution			
United Kingdom	3,529	3,183	2,785
United States	1,717	1,389	1,157
India	1,525	1,150	848
Other	1,559	1,374	1,173
Total Employees	8,330	7,096	5,963

⁽¹⁾ 180 application engineers were reclassified from Non-Engineering to Engineering.

We consider relations with our employees to be good and have never experienced a work stoppage. Our employees in France and Hungary are represented by works councils. We consider our relationship with these works councils to be productive and constructive, and there are currently no ongoing disputes.

E. Share ownership

For information regarding the share ownership of Directors and Senior Management, refer to “*Item 7. Major Shareholders and Related Party Transactions–A. Major Shareholders.*” For information regarding our equity incentive plans specific to arrangements involving Directors and Senior Management in the capital of the company, refer to “*Item 6. Directors, Senior Management and Employees–B. Compensation.*”

F. Disclosure of a registrant’s action to recover erroneously awarded compensation

Pursuant to Rule 10D-1 under the Exchange Act and Nasdaq Rule 5608, on November 15, 2023, the Company adopted a Clawback Policy providing that the Company will recover reasonably promptly the amount of erroneously awarded incentive-based compensation from any “Executive Officer” (as such term is defined in Rule 10D-1 under the Exchange Act and Nasdaq Rule 5608) in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

A copy of our Clawback Policy is filed as Exhibit 97.1 hereto.

During the fiscal year ended March 31, 2025, the Company was not required to recoup any compensation awarded under the Clawback Policy.

Item 7. Major Shareholders and Related Party Transactions

A. Major shareholders

Register of members

We are required by the Companies Act to keep a register of our shareholders. Under English law, the ordinary shares are deemed to be issued when the name of the shareholder is entered in the register of members. The register of members therefore is prima facie evidence of the identity of our shareholders, and the shares that they hold. The register of members generally provides limited, or no, information regarding the ultimate beneficial owners of our ordinary shares. Our register of members is maintained by our registrar, Computershare Investor Services Plc.

Holders of the ADSs will not be treated as our shareholders and their names will therefore not be entered in our register of members. The depositary, the custodian or their nominees will be the holder of the ordinary shares underlying the ADSs. Pursuant to the terms of the deposit agreement, holders of the ADSs have a right to receive the ordinary shares

underlying their ADSs. For discussion on the ADSs and ADS holder rights, see Description of Securities in Exhibit 2.3 to this Annual Report.

Principal Shareholders

The following table and related footnotes set forth information with respect to the beneficial ownership of our ordinary shares, as of May 20, 2025, by:

- each beneficial owner of 5% or more of our outstanding ordinary shares;
- each of our Directors and Senior Management; and
- all of our Directors and Senior Management as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and include ordinary shares.

The percentage of ordinary shares beneficially owned as of May 20, 2025 is based on 1,059,263,999 ordinary shares outstanding.

Except as otherwise indicated, all of the shares reflected in the table are ordinary shares and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. Amounts presented in this section include ordinary shares held in the form of ADSs. The information is not necessarily indicative of beneficial ownership for any other purpose.

A description of any material relationship that our principal shareholders have had with us or any of our affiliates within the past three years is included under “*Item 7. Major Shareholders and Related Party Transactions—Related Party Transactions.*” The principal shareholders listed below do not have voting rights with respect to their ordinary shares that are different from the voting rights of other holders of our ordinary shares.

Except as otherwise indicated in the table below, addresses of the Directors, Senior Management and named beneficial owners are care of Arm Holdings plc, 110 Fulbourn Road, Cambridge CB1 9NJ, United Kingdom. As of May 20, 2025, to our knowledge, there are no U.S. record holders of our issued and outstanding ordinary shares.

Name of Beneficial Shareholder	Ordinary Shares Beneficially Owned	
	Number	Percent
5% Shareholders:		
SoftBank Group Corp. ⁽¹⁾	922,733,999	87 % ⁽²⁾
Senior Management and Directors:		
Masayoshi Son ⁽¹⁾	—	— %
Ronald D. Fisher	35,615	** ⁽³⁾
Jeffrey A. Sine	7,431	**
Karen E. Dykstra	11,202	** ⁽⁴⁾
Rosemary Schooler	7,431	**
Paul E. Jacobs, PhD	7,431	**
Young Sohn	*	*
Rene Haas	351,433	**
Jason Child	*	*
Charlotte Eaton	*	*
Spencer Collins	*	*
Richard Grisenthwaite	*	*
Will Abbey	*	*
All Senior Management and Directors as a group (13 individuals)	*	*

* Represents beneficial ownership of less than 1% of the outstanding ordinary shares. Accordingly, pursuant to the Instructions to Item 6.E of Form 20-F, the individual's beneficial ownership has been omitted.

** Represents beneficial ownership of less than 1% of the outstanding ordinary shares.

- (1) Represents shares held of record by Kronos II LLC, an indirect wholly-owned subsidiary of SoftBank Group. 769,029,000 of our ordinary shares that are beneficially owned by SoftBank Group, representing a 72.6% equity interest in us, were pledged as security under the SoftBank Group Facility. Masayoshi Son, who is a Director and the Chairman of our Board of Directors, is Representative Director, Corporate Officer, Chairman and CEO of SoftBank Group. Mr. Son disclaims beneficial ownership of these shares. The address for SoftBank Group is 1-7-1 Kaigan, Minato-ku, Tokyo 105-7537, Japan.
- (2) Excludes one ordinary share beneficially owned by SoftBank Vision Fund, a subsidiary of SoftBank Group. SoftBank Group may be deemed to have beneficial ownership of such ordinary share. SoftBank Group disclaims any such beneficial ownership.
- (3) Excludes 2,130 ordinary shares underlying restricted stock units granted to Mr. Fisher in May 2024, all of which vested on May 15, 2025, but have not been delivered pursuant to Mr. Fisher's election to defer delivery of the ordinary shares until the date of termination of his service on our Board of Directors.
- (4) Excludes 2,130 ordinary shares underlying restricted stock units granted to Ms. Dykstra in May 2024, all of which vested on May 15, 2025, but have not been delivered pursuant to Ms. Dykstra's election to defer delivery of the ordinary shares until the date of termination of her service on our Board of Directors.

Controlled Company

We are currently controlled by SoftBank Group. As of May 20, 2025, SoftBank Group beneficially owns approximately 922,733,999 or 87.1% of our total issued and outstanding share capital and thus a majority of the total voting power of our ordinary shares. As such, our publicly traded ADSs, representing ordinary shares, is 136,529,999. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Status as a Controlled Company and Foreign Private Issuer" and "Item 8. Financial Information—Note 15 - Share-based Compensation" for share-based compensation awards outstanding and expected to vest.

In addition, certain subsidiaries of SoftBank Group have entered into a margin loan facility secured by our ordinary shares, which we refer to as the SoftBank Group Facility. The SoftBank Group Facility is initially secured by a pledge of 769,029,000 of our ordinary shares representing a 72.6% equity interest in us. In the case of non-payment at maturity or another event of default, the providers of the SoftBank Group Facility may, in addition to other remedies, exercise their rights to foreclose on and sell or cause the sale of our shares that may be pledged as collateral. The foreclosure on our shares that are initially pledged as collateral for the SoftBank Group Facility could cause a change of control of us. See “*Item 3. Key Information—D. Risk Factors—Risks Relating to Our Status as a Controlled Company and Foreign Private Issuer—SoftBank Group has engaged, and may in the future engage, in financing transactions whereby our shares are pledged as security.*”

B. Related Party Transactions

In addition to the Director and Senior Management remuneration and indemnification arrangements discussed in “*Item 6. Directors, Senior Management and Employees—B. Compensation,*” this section describes transactions or loans, since April 1, 2022, between us and (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, our company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of our company that gives them significant influence over our company, and close members of any such individual’s family; (d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling our activities, including directors and senior management and close members of such individuals’ families; and (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. We refer to the entities and persons described in (a) through (e) above as “related parties.”

Transactions with SoftBank

Shareholder Governance Agreement

In connection with the IPO, we entered into the Shareholder Governance Agreement with SoftBank Group, which governs certain aspects of the relationship between us and SoftBank Group, including matters related to pre-emptive rights, rights related to the composition of our Board of Directors and its committees, registration rights, rights related to related party transactions, information and other rights, consultation rights and a consent right, among other matters, including during periods in which SoftBank Group beneficially owns less than a majority of our outstanding ordinary shares. The Shareholder Governance Agreement is attached as an exhibit to this Annual Report.

Pre-emptive Rights

Pursuant to the Shareholder Governance Agreement, if we propose to allot or issue any ordinary or preferred shares or options, warrants or other securities convertible into or exercisable for ordinary or preferred shares (including ADSs) (other than (i) pursuant to an offer made to all ordinary shareholders on the same terms; or (ii) in connection with any incentive plan or share scheme otherwise approved by SoftBank Group to the extent such approval is required under the Shareholder Governance Agreement), SoftBank Group and its controlled affiliates shall be entitled (but not obligated) to subscribe for a number of the securities we propose to allot or issue that will enable SoftBank Group and its controlled affiliates to maintain their proportional legal and economic interests in our share capital prior to such allotment or issuance.

Rights Related to Our Board of Directors

Pursuant to the Shareholder Governance Agreement, SoftBank Group has the right to designate a certain number of candidates for election to our Board of Directors based on the level of its and its affiliates’ ownership of our outstanding ordinary shares, provided that a certain number of such candidates must be “independent” under law or stock exchange rules applicable to our directors at the time of such nomination. SoftBank Group’s designation rights are as follows:

Ownership of our outstanding ordinary shares:	Number of SoftBank Group candidates for election to our Board of Directors:	Number of SoftBank Group candidates that must be independent:
Greater than 70%	7	3
Less than or equal to 70% and greater than 60%	6	2
Less than or equal to 60% and greater than 50%	5	1
Less than or equal to 50% and greater than 40%	4	0
Less than or equal to 40% and greater than 30%	3	0
Less than or equal to 30% and greater than 20%	2	0
Less than or equal to 20% and greater than 5%	1	0

SoftBank Group's rights to designate candidates for election to our Board of Directors are based on an eight-member board, including our CEO and, pursuant to the Shareholder Governance Agreement, will be modified ratably to reflect any change in the number of directors on our Board of Directors.

Additionally, for so long as SoftBank Group and its controlled affiliates own more than 70% of our outstanding ordinary shares, SoftBank Group will have the right to increase the size of our Board of Directors to nine directors and appoint a director, who need not be independent, to the board to fill the newly created vacancy. If such right is exercised, SoftBank Group will have the right to nominate up to eight candidates for election to our Board of Directors for as long as it and its controlled affiliates hold more than 70% of our outstanding ordinary shares.

Our Board of Directors will make determinations with respect to each director's independence. To the extent SoftBank Group nominates a director as an independent director that our Board of Directors, upon advice of counsel, determines does not meet the applicable independence standards, SoftBank Group will be required to propose a new nominee.

The Shareholder Governance Agreement also provides SoftBank Group with proportional rights to representation on the committees of our Board of Directors, subject to applicable restrictions.

Registration Rights

Pursuant to the Shareholder Governance Agreement, SoftBank Group has certain registration rights for the resale of Registrable Securities owned by SoftBank Group after the completion of the IPO, provided that we will not be obligated to effect a registration, offer or sale when restricted from doing so under an applicable lock-up entered into in connection with a registered offering of our ordinary shares or securities convertible into or exchangeable for ordinary shares (including ADSs) (provided further that such restriction will not exceed 180 days after the date of pricing of the IPO or 60 days after any other public offering). At the request of SoftBank Group, we will use our best efforts to register the resale of Registrable Securities owned by SoftBank Group or certain of its affiliates, or subsequently acquired, for public sale under the Securities Act on a registration statement on Form F-1, or a short-form registration statement on Form F-3 if we are then eligible to use such form to register the resale of Registrable Securities on SoftBank Group's behalf. There are no limitations on the total number of times that SoftBank Group may request such registration, but SoftBank Group will not be permitted to request such registration more than three times in any rolling 12-month period.

In addition, SoftBank Group or its relevant affiliates may require us to file and maintain the effectiveness of a short-form registration statement on Form F-3 after we are eligible to use that form to register the resale of Registrable Securities on SoftBank Group's or the relevant affiliates' behalf. In the event that SoftBank Group requests registration in connection with registered underwritten offerings, SoftBank Group will retain the right to designate the underwriters for such offerings.

The Shareholder Governance Agreement also provides SoftBank Group with "piggyback" registration rights that entitle SoftBank Group or its relevant affiliates to include its Registrable Securities in future registrations effected by us of our securities under the Securities Act. There is no limit on the number of these "piggyback" registrations that SoftBank Group may request. SoftBank Group's "piggyback" rights are subject to cutbacks on the number of Registrable Securities that SoftBank Group may include in registrations effected by us in connection with underwritten offerings, subject to the good faith determination by the managing underwriters for such offerings that the number of Registrable Securities to be offered by us and SoftBank Group exceeds the number of Registrable Securities that can reasonably be sold in the offering.

We also have agreed to cooperate in these registrations and certain other financing transactions. All expenses payable in connection with such registrations will be paid by us, except that SoftBank Group will pay all of its own internal administrative and similar costs, the fees and disbursements of its counsel and underwriting discounts and commissions applicable to the sale of its Registrable Securities.

The Shareholder Governance Agreement contains customary indemnification and contribution provisions by us for the benefit of SoftBank Group and, in limited situations, by SoftBank Group for the benefit of us with respect to the information provided by SoftBank Group for inclusion in any registration statement, prospectus or related document.

Rights Related to Related Party Transactions

Pursuant to our related party transactions policy, material related party transactions must be reviewed and approved or ratified by the audit committee of our Board of Directors. The Shareholder Governance Agreement further provides, however, that, so long as SoftBank Group is considered a “related party” under our related party transactions policy, all transactions with SoftBank Group and its affiliates that would otherwise be subject to the related party transactions policy will be presented to the audit committee of our Board of Directors, and the following process will apply to transactions with SoftBank Group and its affiliates:

- transactions or arrangements existing as of the date of the Shareholder Governance Agreement and disclosed in the IPO Prospectus will be exempt from the review and approval or ratification requirements of our related party transactions policy; provided that extensions and material amendments thereof will require review and/or approval or ratification to the same extent as other related party transactions;
- if the audit committee of our Board of Directors determines that a particular transaction will be conducted in the ordinary course of our business upon terms generally available to third parties, such transaction will be exempt from the approval and ratification requirements of our related party transactions policy unless such transaction, or series of related transactions, has a value of over \$20 million, in which case such transaction will be presented to the Board of Directors for review and approval or ratification; and
- if the audit committee of our Board of Directors determines that a particular proposed transaction is to be conducted on an arm’s-length basis or upon terms generally available to third parties, such transaction will be exempt from the approval and ratification requirements of our related party transactions policy, provided that such transaction will be presented to our full Board of Directors for review and approval or ratification.
- if the audit committee of our Board of Directors determines that a particular transaction does not meet the criteria in the preceding bullets, such transaction will require review and/or approval or ratification to the same extent as other related party transactions.

If one or more directors on the audit committee of our Board of Directors do not qualify as independent, determinations required to be made by the audit committee in accordance with the foregoing will be made by those directors on the audit committee which qualify as independent.

Information and Other Rights

The Shareholder Governance Agreement also provides, among other things, that, for so long as SoftBank Group consolidates us for the purposes of its consolidated financial statements or accounts for its investment in us under the equity method:

- to the extent permitted by applicable law, we will in a timely manner provide SoftBank Group with information and data relating to our business and financial results so as to enable SoftBank Group and its controlled affiliates to satisfy their respective ongoing financial reporting, audit and other legal and regulatory requirements;
- to the extent permitted by applicable law, we will in a timely manner provide SoftBank Group with access to our auditors, personnel, data, information and systems, in each case in the same manner as we do immediately prior to the date of our listing on Nasdaq and on or prior to any reasonable deadline set by SoftBank Group for receipt of such information, data or access;
- to the extent permitted by applicable law, we will consult with SoftBank Group in a timely manner (i) prior to the disclosure and filing of our annual and quarterly earnings information and related periodic reports and (ii) prior to the disclosure of any information that may reasonably be considered material to SoftBank Group or in which

SoftBank Group is named, in each case taking into account all of SoftBank Group's reasonable comments or advice prior to the filing thereof;

- we will inform SoftBank Group promptly of any events or developments that might reasonably be expected to materially affect our financial results; and
- certain of our executive officers and employees will provide quarterly certifications regarding our disclosure controls and procedures and internal control over financial reporting, as reasonably requested by SoftBank Group in a timely manner.

We have also agreed to provide SoftBank Group with such information as SoftBank Group may reasonably require to facilitate the compliance by SoftBank Group and its controlled affiliates with their respective global legal, regulatory and tax obligations in a timely manner.

SoftBank Group Consultation Rights

For so long as we are a consolidated subsidiary of SoftBank Group, if we propose to (i) change our independent auditor to a firm outside of the professional services networks commonly referred to as the "Big Four accounting firms" or (ii) make any material changes in our accounting policies applicable to our financial statements prepared under International Financial Reporting Standards, the Shareholder Governance Agreement requires us to provide SoftBank Group with prior written notice of such proposed changes, consult with SoftBank Group in good faith regarding the rationale for such proposed changes, and use our reasonable endeavors to resolve any disagreement and obtain SoftBank Group's consent to such proposed changes.

In the event SoftBank Group has not responded within 30 calendar days of being notified of such proposed changes after good faith consultation by us, then we may adopt such changes upon a determination by our Board of Directors that such changes are in the best interests of us and our shareholders.

SoftBank Group Consent Right

In addition to statutory rights under English law, until the later of (i) the time at which SoftBank Group and its controlled affiliates cease to own at least a majority of our ordinary shares and (ii) the time at which we cease to be a consolidated subsidiary of SoftBank Group, the Shareholder Governance Agreement provides that SoftBank Group shall have a consent right with respect to any decision by us to adopt any incentive plan or share scheme or expansion of an existing plan or scheme (including our Omnibus Incentive Plan), in each case, unless the maximum number of ordinary shares over which rights may be issued does not exceed 5% of our issued share capital at the time of adoption or expansion of such plan or scheme. Such consent right does not apply to any incentive plan or share scheme in place at the time of completion of the IPO.

Consulting Agreement

We are party to a consulting agreement with SoftBank Group pursuant to which we provide to SoftBank Group and its affiliates certain technical consultancy and advisory services relating to potential transactions, strategic partnerships, licensing agreements, commercial arrangements or other arrangements involving SoftBank Group or its affiliates. Pursuant to a statement of work entered into under the consulting agreement, we may earn fees for services provided pursuant to the consulting agreement. For the fiscal year ended March 31, 2025, we received \$145.5 million in fees. In addition, we may be entitled to a royalty fee, the terms of which will be negotiated at a later date. Further, we are entitled to the reimbursement of certain expenses incurred in connection with providing services under the consulting agreement. In connection with the performance of services under the consulting agreement or otherwise, we may enter into strategic partnerships, licensing agreements or other commercial arrangements involving businesses or other assets owned by SoftBank Group or its affiliates, business or assets in which SoftBank Group or its affiliates have a controlling interest, or businesses with which SoftBank Group or its affiliates have a commercial arrangement or partnership.

Prior SoftBank Group Facility

In March 2022, certain subsidiaries of SoftBank Group entered into a term loan facility (the "Prior SoftBank Group Facility") with certain lenders, which was amended and upsized in June 2022, pursuant to which a subsidiary of SoftBank Group borrowed \$8.5 billion. A subsidiary of SoftBank Group pledged substantially all of our total issued and outstanding share capital, as security for the Prior SoftBank Group Facility.

In connection with the Prior SoftBank Group Facility, in March 2022, we entered into a Springing Guarantee and Indemnity with J.P. Morgan SE, as facility agent, pursuant to which we agreed to, upon the occurrence of certain triggering events, provide a guarantee to the lenders for amounts borrowed under the Prior SoftBank Group Facility. No triggering events under the Springing Guarantee and Indemnity occurred, and we were not required to provide such guarantee. SoftBank Group repaid the term loan facility prior to the consummation of the IPO and our springing guarantee and indemnity was terminated in connection with such repayment.

SoftBank Group Facility

On August 19, 2023, certain subsidiaries of SoftBank Group entered into the SoftBank Group Facility, pursuant to which a subsidiary of SoftBank Group borrowed \$8.5 billion either following, or substantially concurrently with, the closing of the IPO, at which time the Prior SoftBank Group Facility was repaid in full.

The SoftBank Group Facility is secured by a pledge of 769,029,000 of our ordinary shares held by SoftBank Group, representing a 72.6% equity interest in us as of May 20, 2025.

In connection with the SoftBank Group Facility, we entered into certain customary undertakings for the benefit of the lenders to facilitate the pledge of the ordinary shares securing the SoftBank Group Facility and we have agreed to facilitate the foreclosure upon the pledge following an event of default thereunder.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Status as a Controlled Company and Foreign Private Issuer—SoftBank Group’s interests may conflict with our own interests and those of holders of our ADSs” in this Annual Report.

Other Transactions with SoftBank Group

In June 2023, we entered into a subscription letter with a subsidiary of SoftBank Vision Fund and Kigen (UK) Limited (“Kigen”), an entity of which SoftBank Vision Fund indirectly owned 85% of the share capital on a fully diluted basis with the remainder comprising management incentives. Pursuant to the subscription letter, we and the subsidiary of SoftBank Vision Fund each invested \$10 million in exchange for preference shares of Kigen. In September 2024 and April 2025, the Company invested another \$5.0 million and \$1.4 million in cash, respectively, in exchange for preference shares of Kigen. The preference shares are convertible into common shares of Kigen and are entitled to full dividend, distribution and voting rights. The preference shares have 1x non-participating liquidation preference. The preference shares are freely transferable other than to competitors of Kigen. Following the consummation of the subscription, we and the subsidiary of SoftBank Vision Fund owned approximately 15.2% and 73.5% of the fully diluted shares outstanding, respectively. Kigen is engaged in the business of physical sim, eSim and iSim authentication. We executed this investment due to the potential of Kigen’s product lines to complement our IoT strategy.

On March 19, 2025, SoftBank Group announced that it entered into an agreement to acquire all of the outstanding equity interests of Ampere. SoftBank Group expects the transaction to close in the second half of 2025, subject to customary closing conditions and regulatory approvals. In connection with SoftBank Group’s acquisition of Ampere, we, as a minority shareholder of Ampere, entered into an amendment to the Ampere LLC Agreement and provided our consent to the transaction. We expect to receive approximately \$140 million in gross proceeds for our equity interest in Ampere, which resulted in a \$246.4 million fair value loss, and full repayment of the outstanding balance of our convertible promissory note with Ampere.

In April 2025, we entered into a Tax Sharing Agreement with SoftBank Group (the “Tax Sharing Agreement”) in relation to the U.K. enacting legislation implementing the OECD framework for Pillar Two which implements a top-up tax to ensure multinational entities in the United Kingdom pay a minimum 15% effective tax rate (the “UK Top-up Tax”). The Tax Sharing Agreement sets forth the framework for determining the amount of UK Top-up Tax payable by SoftBank Group to compensate us for any additional costs incurred in relation to the UK Top-up Tax as a result of SoftBank Group’s ownership interest in us.

Transactions with Directors

Jeffrey A. Sine

Mr. Sine is a Co-Founder and Partner of The Raine Group LLC. In connection with the IPO, Raine Securities LLC, a subsidiary of The Raine Group LLC, performed certain initial public offering advisory services on our behalf. See *Note 20 - Related Party Transactions* for further details.

Furthermore, Mr. Sine, The Raine Group LLC and its affiliated entities engage in transactions with SoftBank Group, SoftBank Vision Fund, and their respective management and affiliates. Certain of these transactions have involved SoftBank Group's investment in us. Other such transactions include a broad range of advisory services performed on behalf of SoftBank Group and its affiliates. In addition, SoftBank Group retains an indirect minority ownership stake in The Raine Group LLC and is an investor in certain investment funds managed by Raine Capital LLC, a subsidiary of The Raine Group LLC.

Mr. Sine is also a member of the board of directors of National Public Radio, Inc. ("NPR"). On July 30, 2024, we entered into a Production Services Agreement with National Public Media LLC ("NPM"), a subsidiary of NPR, relating to the custom podcast series "Tech Unheard" (the "Production Services Agreement"). The Production Services Agreement includes a license grant from us to NPM and a commitment from us to purchase at least \$0.7 million in sponsorship inventory on NPR platforms during the term of the agreement. We also paid NPM a fee of \$1.0 million for services.

Young Sohn

Mr. Sohn is a member of the board of directors of Cadence Design Systems, Inc. ("Cadence"). In April 2025, we entered into a definitive agreement with Cadence to sell our Artisan foundation IP business, consisting of standard cell libraries, memory compilers, and general-purpose I/Os for total gross consideration of approximately \$150.0 million, subject to purchase price adjustments. The transaction is expected to close in the second quarter of the fiscal year ending March 31, 2026, subject to customary closing conditions and receipt of regulatory approvals.

We have, and may in the future, enter into agreements with Cadence in the ordinary course of business.

Anthony Michael Fadell

Mr. Fadell served as a member of our Board of Directors until September 2024, after which we entered into an advisory services agreement with Mr. Fadell, pursuant to which Mr. Fadell will provide us with advisory and consulting services, as reasonably requested by us. Pursuant to the agreement, Mr. Fadell's RSUs granted in May 2024 did not terminate and vested on May 15, 2025. For each year of advisory services beginning from May 16, 2025, we have agreed to grant RSUs having a grant date fair value of \$220,000 to Mr. Fadell, which will vest on May 15th of the following year, subject to certain conditions.

Transactions with Associates

Arm China

As of the date of this Annual Report, approximately 48% of the equity interest in Arm China is owned by Acetone Limited, which is controlled by SoftBank Group and in which we own a 10% non-voting interest, approximately 35% is indirectly owned by HOPU Investment Management Company, and approximately 17% is directly and indirectly owned by other Chinese parties. Our 10% non-voting interest in Acetone Limited represents an approximate 4.8% indirect ownership interest in Arm China.

We are party to the IPLA with Arm China, under which Arm China licenses certain of our IP from us that Arm China in turn sublicenses to its PRC customers. Under the IPLA with Arm China, Arm China's payments due to us are determined based on the financial information that Arm China provides to us.

For the fiscal years ended March 31, 2025, 2024 and 2023, revenues attributable to our relationship with Arm China were approximately 17%, 21% and 24% of our total revenue, respectively.

In addition, under the IPLA with Arm China, we are contractually obligated to indemnify both Arm China and its PRC customers that sublicense our IP in the event either Arm China or such customers incur damages or costs in lawsuits, administrative proceedings or similar actions based upon a claim that our IP infringes the IP of a third party.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—We utilize our commercial relationship with Arm China to access the PRC market. If that commercial relationship no longer existed or deteriorates, our ability to compete in the PRC market could be materially and adversely affected” and “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Neither we nor SoftBank Group control the operations of Arm China, which operates independently of us.”

Other Transactions

In the ordinary course, Arm entities enter into transactions with counterparties affiliated with the Company’s indirect shareholders on an arms’ length basis, including SoftBank Corp. and its affiliates.

Related Party Transactions Policy

Prior to the completion of the IPO in September 2023, we adopted a related party transaction policy, which we amended in August 2024. Our related party transaction policy sets forth our procedures for the identification, review, consideration and approval or ratification of related party transactions. For purposes of our related party transactions policy only, a related party transaction is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) between us or any of our subsidiaries and any related party. Transactions involving compensation for services provided to us as an employee or director are not covered by our related party transactions policy.

Subject to the provisions of the Shareholder Governance Agreement and other exceptions applicable to transactions with SoftBank Group and its affiliates described below, under the related party transactions policy, if a transaction has been identified as a related party transaction, including any transaction that was not a related party transaction when originally consummated or any transaction that was not initially identified as a related party transaction prior to consummation, the related party transaction must be approved or ratified by the Audit Committee. In reviewing any such transaction, our audit committee will consider, among other things, the material facts, the interests, direct and indirect, of the related parties, the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the related party transactions policy, we will collect information that we deem reasonably necessary from each director, executive officer and, to the extent feasible, significant shareholder to enable us to identify any existing or potential related party transactions and to effectuate the terms of the related party transactions policy. In addition, under our Code of Conduct, our employees and directors have an affirmative responsibility to disclose any material transaction or relationship that may give rise to a conflict of interest.

With respect to transactions with SoftBank Group and its affiliates, for so long as SoftBank Group is considered a related party under the related party transactions policy, the following review and approval or ratification requirements apply:

- *Ordinary Course Transactions:* If our Chief Legal Officer determines that a transaction is in the ordinary course of our business upon terms generally available to third parties, then (i) if the value of the transaction is equal to or less than \$20 million, no review or approval or ratification by the Board or the Audit Committee is required and (ii) if the value of the transaction is greater than \$20 million, review and approval or ratification by the Board is required;
- *Arm’s Length Transactions:* If our Chief Legal Officer determines that the transaction is on an arm’s-length basis or upon terms generally available to third parties, (i) if the value of the transaction is less than \$1.5 million and our Chief Legal Officer determines that the transaction is immaterial, the Audit Committee must annually review, together with all other such transactions with SoftBank and its affiliates, at its last meeting of our fiscal year, (ii) if the value of the transaction is equal to or greater than \$1.5 million but equal to or less than \$20 million and our Chief Legal Officer determines that the transaction is immaterial, review and approval or ratification by the Audit Committee is required and (iii) if the value of the transaction is greater than \$20 million or our Chief Legal Officer determines that the transaction is material, review and approval or ratification by the Board is required; and

- *Neither Ordinary Course nor Arm's Length Transaction:* If our Chief Legal Officer determines that a transaction is neither in the ordinary course of our business upon terms generally available to third parties nor on arm's-length terms or upon terms generally available to third parties, (i) if the value of the transaction is less than \$1.5 million, review and approval or ratification by the Audit Committee is required and (ii) if the value of the transaction is equal to or greater than \$1.5 million, review and approval or ratification by the Board is required.

Board or Audit Committee review, approval or ratification is not required for transactions or arrangements with SoftBank Group or its affiliates existing as of the date of the Shareholder Governance Agreement and disclosed in the IPO Prospectus; provided that extensions and material amendments thereof will require review and/or approval or ratification to the same extent as other related party transactions. Other ongoing transactions with SoftBank Group or its affiliates are subject to the following review and approval or ratification requirements:

- (i) If the value of the transaction is less than \$1.5 million and our Chief Legal Officer determines that the transaction is immaterial or (ii) the transaction was previously reviewed and approved or ratified in accordance with the related party transactions policy and the transaction has a remaining term of six months or less, the Audit Committee must review such transaction, together with all other such transactions with SoftBank and its affiliates, at its last meeting of our fiscal year, but there is no requirement for the Audit Committee to further approve or ratify such transaction;
- (i) If the value of the transaction is equal to or greater than \$1.5 million or (ii) our Chief Legal Officer determines that the transaction is material, the transaction will be subject to review and approval or ratification in accordance with the related party transactions policy and guidelines adopted by the Audit Committee.

C. *Interests of experts and counsel*

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information.

Legal Proceedings

From time to time, we are involved in various legal, administrative, and regulatory proceedings, claims, demands and investigations relating to our business, which may include claims with respect to commercial, product liability, IP, cybersecurity, privacy, data protection, antitrust, breach of contract, labor and employment, whistleblower, mergers and acquisitions and other matters. In addition, under our customer agreements, we agree in some cases to indemnify our customers if a third party files a claim in court or another venue asserting that our products infringe such third party's IP rights. Although we do not agree to indemnify our customers' end customers, such end customers may be subject to infringement claims and may initiate claims against us as a result. We are currently involved in pending litigation, including, but not limited to, litigation proceedings with Qualcomm and Nuvia. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—We are currently involved in pending litigation." In addition, our products are involved in pending litigation to which we are not a party. We cannot provide you any assurances regarding how any such litigation will be resolved, what benefits we will obtain or what losses we might incur. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—We may be sued by third parties for alleged infringement, misappropriation or other violation of their IP rights or proprietary rights and our defense against these claims can be costly."

Dividend Policy

We intend to retain any earnings for use in our business and do not currently intend to pay dividends on our ordinary shares or ADSs. The declaration and payment of any future dividends will be at the discretion of our Board of Directors and will depend upon our results of operations, cash requirements, financial condition, contractual restrictions, any future debt agreements or applicable laws and other factors that our Board of Directors may deem relevant. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Ownership of Our Securities—Because we do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future, capital appreciation, if any, will be your sole source of gains and you may never receive a return on your investment."

Under the laws of England and Wales, among other things, we may only pay dividends if we have sufficient distributable reserves (as determined on a non-consolidated basis), which are our accumulated realized profits that have not been previously distributed or capitalized less our accumulated realized losses, so far as such losses have not been previously written off in a reduction or reorganization of capital. In addition, as a public limited company in England, we will only be able to make a distribution if the amount of our net assets is not less than the aggregate of our called-up share capital and undistributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Arm Holdings plc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Arm Holdings plc and subsidiaries (the "Company") as of March 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended March 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 28, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition for Material Long-Term Revenue Contracts - Refer to Notes 1 and 4 to the Consolidated Financial Statements

Critical Audit Matter Description

The Company routinely enters into material long-term revenue contracts with customers that involve multiple performance obligations consisting of products and services such as intellectual property licenses, implicit rights to future products, early access rights, software licenses, support, training, professional and design services, and other non-standard performance obligations that may be contract or customer specific. Determining the appropriate revenue recognition for these material long-term revenue contracts may involve significant judgment by management, including the identification of performance obligations and the portion of the transaction price that should be allocated to those performance obligations, both of which impact the amount and timing of revenue recognition.

Specifically, judgments were required when identifying the performance obligations in a given contract. In material long-term revenue contracts with customers, this is due to the inclusion of complex terms and conditions that may entitle the customer to non-standard products and services, as well as products and services that may be available in future periods or are otherwise implied based on forward looking and historical information. Judgments were likewise required in determining the standalone selling price of certain performance obligations and allocating the transaction price thereto. This is due to a lack of observable standalone selling prices for many of the Company's products and services as well as the inclusion of non-standard offerings for which the standalone selling price must be estimated. Accordingly, performing audit procedures related to material long-term revenue contracts with customers required a high degree of auditor judgment and an increased extent of effort, including the need to involve professionals in our firm having expertise in revenue recognition.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's evaluation regarding identification of the performance obligation and the allocation of the transaction price included the following, among others:

For those material long-term revenue contracts with customers, we:

- Obtained and read the contract, including master agreements, amendments, purchase and sales order agreements, and related contracts
- Consulted with a revenue recognition specialist on complex technical accounting matters, as appropriate
- Obtained and evaluated the Company's technical accounting position for each such contract
- Evaluated management's identification of performance obligations by performing the following:
 - Comparing the products and services identified in the contract to the performance obligations identified by management.
 - Obtaining an understanding of the Company's products and services, including product roadmaps and other marketing materials.
 - For any purchase options, obtaining and evaluating management's material rights analysis.
 - Inquiring of personnel outside of the accounting function with sufficient authority and knowledge of the contract to understand the nature thereof, its business purpose, and the Company's performance obligations.
- We assessed the allocation of the transaction price to performance obligations by performing the following:
 - Evaluated the reasonableness of the Company's methodologies and inputs used to establish estimated standalone selling prices by obtaining an understanding of the nature of the products and services and testing the underlying data.
 - Compared the transaction price determined by management to the transaction price in the customer contracts.
 - Reperformed the allocation of the transaction price to each performance obligation to test the accuracy of management's allocation of transaction price to performance obligations by:
 - Tracing and agreeing observable standalone selling prices to the supporting analyses, and
 - Recalculating the allocation using a combination of methods when the residual approach is used.

/s/ Deloitte & Touche LLP

San Jose, California

May 28, 2025

We have served as the Company's auditor since 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Arm Holdings plc

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Arm Holdings plc and subsidiaries (the “Company”) as of March 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended March 31, 2025, of the Company and our report dated May 28, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP
San Jose, California
May 28, 2025

Arm Holdings plc
Consolidated Income Statements
(in millions, except per share amounts)

	Fiscal Year Ended March 31,		
	2025	2024	2023
Revenue:			
Revenue from external customers	\$ 3,184	\$ 2,509	\$ 2,025
Revenue from related parties	823	724	654
Total revenue	4,007	3,233	2,679
Cost of sales	(121)	(154)	(106)
Gross profit (loss)	3,886	3,079	2,573
Operating expenses:			
Research and development	(2,071)	(1,979)	(1,133)
Selling, general and administrative	(984)	(983)	(762)
Disposal, restructuring and other operating expenses, net	—	(6)	(7)
Total operating expense	(3,055)	(2,968)	(1,902)
Operating income (loss)	831	111	671
Income (loss) from equity investments, net	(237)	(20)	(45)
Interest income, net	116	110	42
Other non-operating income (loss), net	10	11	3
Income (loss) before income taxes	720	212	671
Income tax benefit (expense)	72	94	(147)
Net income (loss)	\$ 792	\$ 306	\$ 524
Net income (loss) per share attributable to ordinary shareholders			
Basic	\$ 0.75	\$ 0.30	\$ 0.51
Diluted	\$ 0.75	\$ 0.29	\$ 0.51
Weighted average ordinary shares outstanding			
Basic	1,050	1,027	1,025
Diluted	1,063	1,044	1,028

See accompanying notes to the consolidated financial statements.

Arm Holdings plc
Consolidated Statements of Comprehensive Income
(in millions)

	Fiscal Year Ended March 31,		
	2025	2024	2023
Net income (loss)	\$ 792	\$ 306	\$ 524
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(2)	3	(31)
Net change of the effective portion of designated cash flow hedges	3	(8)	8
Total comprehensive income (loss)	<u>\$ 793</u>	<u>\$ 301</u>	<u>\$ 501</u>

See accompanying notes to the consolidated financial statements.

Arm Holdings plc
Consolidated Balance Sheets
(in millions, except par value)

	As of	
	March 31, 2025	March 31, 2024
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,085	\$ 1,923
Short-term investments	740	1,000
Accounts receivable, net (including receivables from related parties of \$279 and \$182 as of March 31, 2025 and 2024, respectively)	1,107	781
Contract assets (including contract assets from related parties of \$152 and \$22 as of March 31, 2025 and 2024, respectively)	642	336
Prepaid expenses and other current assets	256	157
Total current assets	4,830	4,197
Non-current assets:		
Property and equipment, net	394	215
Operating lease right-of-use assets	320	205
Equity investments (including investments held at fair value of \$300 and \$573 as of March 31, 2025 and 2024, respectively)	565	741
Goodwill	1,620	1,625
Intangible assets, net	151	152
Deferred tax assets	401	282
Non-current portion of contract assets	346	240
Other non-current assets	305	270
Total non-current assets	4,102	3,730
Total assets	\$ 8,932	\$ 7,927
Liabilities:		
Current liabilities:		
Accrued compensation and benefits	\$ 140	\$ 298
Tax liabilities	124	147
Contract liabilities (including contract liabilities from related parties of \$105 and \$107 as of March 31, 2025 and 2024, respectively)	209	198
Operating lease liabilities	30	27
Other current liabilities (including payables to related parties of \$11 and \$7 as of March 31, 2025 and 2024, respectively)	426	835
Total current liabilities	929	1,505
Non-current liabilities:		
Non-current portion of accrued compensation	26	20
Deferred tax liabilities	41	135
Non-current portion of contract liabilities	702	717
Non-current portion of operating lease liabilities	316	194
Other non-current liabilities	79	61
Total non-current liabilities	1,164	1,127
Total liabilities	2,093	2,632
Commitments and contingencies (Note 18)		

Arm Holdings plc
Consolidated Balance Sheets
(in millions, except par value)

	As of March 31,	
	2025	2024
Shareholders' equity:		
Ordinary shares, \$0.001 par value; 1,088 shares authorized and 1,057 shares issued and outstanding as of March 31, 2025; and 1,088 shares authorized and 1,040 issued and outstanding as of March 31, 2024	2	2
Additional paid-in capital	2,922	2,171
Accumulated other comprehensive income (loss)	372	371
Retained earnings	3,543	2,751
Total shareholders' equity	6,839	5,295
Total liabilities and shareholders' equity	\$ 8,932	\$ 7,927

See accompanying notes to the consolidated financial statements.

Arm Holdings plc
Consolidated Statements of Shareholders' Equity
(in millions)

	Ordinary Shares					
	Number of Shares	Amount	Additional Paid- in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balance as of March 31, 2022	1,025	\$ 2	\$ 1,214	\$ 399	\$ 1,933	\$ 3,548
Net income (loss)	—	—	—	—	524	524
Other comprehensive income (loss), net of tax	—	—	—	(23)	—	(23)
Share-based compensation cost	—	—	2	—	—	2
Balance as of March 31, 2023	1,025	2	1,216	376	2,457	4,051
Net income (loss)	—	—	—	—	306	306
Other comprehensive income (loss), net of tax	—	—	—	(5)	—	(5)
Share-based compensation cost	—	—	825	—	—	825
Issuance of vested shares from share-based payment arrangements	18	—	—	—	—	—
Tax withholding on vested shares from share-based payment arrangements	(3)	—	(213)	—	—	(213)
Reclassification of RSU awards previously liability-classified ⁽¹⁾	—	—	343	—	—	343
Distribution to majority ordinary shareholder related to Pelion IOT Limited	—	—	—	—	(12)	(12)
Balance as of March 31, 2024	1,040	2	2,171	371	2,751	5,295
Net income (loss)	—	—	—	—	792	792
Other comprehensive income (loss), net of tax	—	—	—	1	—	1
Share-based compensation cost	—	—	820	—	—	820
Issuance of vested shares from share-based payment arrangements	17	—	—	—	—	—
Tax withholding on vested shares from share-based payment arrangements	—	—	(69)	—	—	(69)
Balance as of March 31, 2025	1,057	\$ 2	\$ 2,922	\$ 372	\$ 3,543	\$ 6,839

⁽¹⁾ Includes \$212 million of share-based compensation cost recognized in the fiscal year ended March 31, 2024 for RSU awards previously liability-classified.

See accompanying notes to the consolidated financial statements.

Arm Holdings plc
Consolidated Statements of Cash Flows
(in millions)

	Fiscal Year Ended March 31,		
	2025	2024	2023
Cash flows provided by (used for) operating activities:			
Net income (loss)	\$ 792	\$ 306	\$ 524
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	183	162	170
Deferred income taxes	(218)	(273)	(34)
(Income) loss from equity investments, net	237	20	45
Share-based compensation cost	820	1,037	79
Operating lease expense	40	35	34
Other non-cash operating activities, net	8	(2)	(6)
Changes in assets and liabilities:			
Accounts receivable, net (including receivables from related parties)	(331)	218	125
Contract assets, net (including contract assets from related parties)	(412)	(307)	(2)
Prepaid expenses and other assets	(140)	(61)	(1)
Accrued compensation and benefits	(152)	(292)	(138)
Contract liabilities (including contract liabilities from related parties)	(4)	(190)	(37)
Tax liabilities	(6)	(30)	35
Operating lease liabilities	(39)	(28)	(58)
Other liabilities (including payables to related parties)	(381)	495	3
Net cash provided by (used for) operating activities	\$ 397	\$ 1,090	\$ 739
Cash flows provided by (used for) investing activities			
Purchases of short-term investments	(680)	(765)	(1,111)
Proceeds from maturity of short-term investments	940	425	1,081
Purchases of equity investments	(57)	(32)	(15)
Purchases of intangible assets	(20)	(51)	(29)
Purchases of property and equipment	(219)	(92)	(64)
Other investing activities, net, including investments in convertible loans	1	(1)	—
Net cash provided by (used for) investing activities	\$ (35)	\$ (516)	\$ (138)
Cash flows provided by (used for) financing activities			
Payments of intangible asset obligations	(59)	(40)	(40)
Other financing activities, net	(23)	(10)	(2)
Payments of withholding tax on vested shares	(120)	(158)	—
Net cash provided by (used for) financing activities	\$ (202)	\$ (208)	\$ (42)
Effect of foreign exchange rate changes on cash and cash equivalents	2	3	(9)
Net increase (decrease) in cash and cash equivalents	162	369	550
Cash and cash equivalents at the beginning of the period	1,923	1,554	1,004
Cash and cash equivalents at the end of the period	\$ 2,085	\$ 1,923	\$ 1,554

Arm Holdings plc
Consolidated Statements of Cash Flows
(in millions)

	Fiscal Year Ended March 31,		
	2025	2024	2023
Supplemental disclosure of cash flow information:			
Cash paid for income taxes, net of refunds	\$ (149)	\$ (187)	\$ (157)
Non-cash investing and financing activities:			
Non-cash additions in property and equipment	\$ 60	\$ 15	\$ 11
Non-cash additions in intangible assets	\$ 51	\$ 53	\$ —
Non-cash additions in operating lease right-of-use assets	\$ 146	\$ 27	\$ 16
Non-cash additions of operating lease liabilities	\$ 149	\$ 27	\$ 16
Non-cash additions to equity investments from conversion of certain receivables	\$ 5	\$ 9	\$ 18
Non-cash distributions to shareholders	\$ —	\$ 12	\$ —
Non-cash withholding tax on vested shares	\$ 8	\$ 55	\$ —
Non-cash reclassification of share-based compensation costs	\$ —	\$ 343	\$ —

See accompanying notes to the consolidated financial statements.

Arm Holdings plc
Notes to Consolidated Financial Statements

1 - Description of Business and Summary of Significant Accounting Policies

Description of Business

Arm Holdings plc and its wholly owned subsidiaries (the “Company” and also referred to as “we,” “our” or “us”) are a global leader in the semiconductor industry. The Company’s principal operations and activities are the licensing, marketing, research and development of central processing unit (“CPU”) design intellectual property (“IP”), graphics processors, system IP, market optimized platform IP, and associated software, tools and other related services.

Corporate Reorganization

In September 2023, the Company completed a board approved corporate reorganization which involved (1) the shareholders of Arm Limited exchanging each of the ordinary shares held by them in Arm Limited for newly issued ordinary shares of Arm Holdings Limited; and (2) the re-registration of Arm Holdings Limited as a public limited company under the laws of England and Wales at which time its name was changed to Arm Holdings plc. This corporate reorganization was solely for the purpose of reorganizing the Company’s corporate structure, in which Arm Limited became a wholly owned subsidiary of the holding company, Arm Holdings plc. This transfer of equity resulted in the issuance of ordinary shares of Arm Holdings plc to shareholders in the same class and the same number of ordinary shares as their previous shareholding in Arm Limited. As a result of the corporate reorganization between entities under common control, the historical consolidated financial statements of the Company were retrospectively adjusted for the change in reporting entity. Therefore, the historical consolidated financial statements of Arm Limited became the historical consolidated financial statements of Arm Holdings plc as of the date of the corporate reorganization.

Initial Public Offering

The registration statement on Form F-1 relating to the Company’s initial public offering (the “IPO”) was declared effective on September 13, 2023 and the Company’s American depository shares (“ADSs”), each representing one ordinary share of the Company, began trading on the Nasdaq Global Select Market under the ticker symbol “ARM” on September 14, 2023. On September 18, 2023, the Company completed the closing of the IPO. The Company’s controlling shareholder sold an aggregate of 102,500,000 ADSs in the IPO at a price of \$51 per ADS, including the underwriters’ full exercise of their option to purchase up to an additional 7,000,000 ADSs to cover over-allotments. The Company did not receive any proceeds from the sale of the ADSs in the IPO.

Upon completion of the IPO, the Company recognized incremental and accelerated share-based compensation expense for which service-based vesting conditions were satisfied or partially satisfied as of September 13, 2023. See *Note 15 - Share-based Compensation* for further details.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the U.S. (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The Company’s fiscal year ends on March 31st of each year.

Principles of Consolidation

The accompanying financial statements include the accounts of the Company, its wholly owned subsidiaries and the Arm Employee Benefit Trust (the “EBT”). All intercompany balances and transactions have been eliminated in consolidation.

The financial statements consolidate all of the Company’s affiliates, and the entities where the Company holds a controlling financial interest, because the Company holds a majority voting interest. The Company reevaluates whether there is a controlling financial interest in all entities when rights and interests change.

Arm Holdings plc
Notes to Consolidated Financial Statements

Foreign Currency

The accompanying consolidated financial statements are presented in U.S. dollar (“USD”), which is the Company’s functional and reporting currency. For most of the Company’s international operations, the local currency has been determined to be the functional currency of the respective entity.

For transactions entered into in a currency other than its functional currency, monetary assets and liabilities are remeasured into the functional currency at end-of-period exchange rates. Non-monetary assets and liabilities, along with equity are remeasured at historical exchange rates. Income and expenses are remeasured at exchange rates in effect during each period, except for those expenses related to non-monetary balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency remeasurement are included in other non-operating income (loss), net in the Consolidated Income Statements.

The Company translates functional currency assets and liabilities to their USD equivalents at exchange rates in effect as of the balance sheet date and income and expense amounts at average exchange rates for the period. The USD effects that arise from changing translation rates are recorded in foreign currency translation adjustments in the Consolidated Statements of Comprehensive Income.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates include, but are not limited to, revenue recognition, allowance for expected credit losses, income taxes, share-based compensation, impairment considerations for long-lived assets, fair value estimates and impairment for investments. The Company evaluates these estimates on an ongoing basis and revises estimates as circumstances change. The Company bases its estimates on historical experience, anticipated results, trends, and other various assumptions that it believes are reasonable. Actual results could differ materially from the Company’s estimates.

Concentrations of Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third-party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, bank deposits, short-term investments, derivative financial instruments and accounts receivable. The Company’s maximum exposure to credit risk is limited to the carrying amount of these assets. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company further manages its credit risk on liquid funds and derivative financial instruments through diversification of investment type and credit exposures. For accounts receivable, the credit risk is managed through the use of mitigating controls, including the use of credit checks and credit limits on customers. For financial assets (other than accounts receivable), the Company holds positions with an approved list of investment-grade rated counterparties and monitors the exposures and counterparty credit risk on a regular basis. The Company establishes reserves for potential credit losses and such losses have been within Management’s expectations. Credit losses are monitored on a regular basis and have not been material in any year presented.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, short-term deposits and money market funds with original maturities of three months or less that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value. Cash and cash equivalents are stated at cost, which approximates fair value because the short-term maturity of those instruments.

Arm Holdings plc
Notes to Consolidated Financial Statements

Short-term Investments

Short-term investments represent term deposits with banks with a maturity between three and 12 months. These investments are classified as held-to-maturity as the Company has the intent and ability to hold the investments to maturity. These investments are recorded at amortized cost, net of expected credit losses. Amortization of premiums or accretion of discounts are included in interest income, net in the Consolidated Income Statements. Accrued interest receivable is included in prepaid and other current assets on the Consolidated Balance Sheets.

Equity Investments

The Company regularly invests in equity securities of public and private companies to promote business and strategic objectives. Equity investments are measured and recorded as follows:

- Non-marketable equity securities are equity securities without readily determinable fair values and for which the Company does not have the ability to exercise significant influence. Non-marketable equity securities are recorded on the income statement either at fair value on a recurring basis with changes in fair value, whether realized or unrealized; or by election, measured and recorded using a measurement alternative that measures the securities at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes.
- Equity method investments are equity securities in investees in which the Company does not control but has the ability to exercise significant influence. Investments in limited partnerships or certain limited liability companies that maintain a specific ownership account for each investor are also accounted for using the equity method when the Company has more than virtually no influence (i.e., at least 3% to 5% ownership). The Company has elected to account for certain equity method investments under the fair value option. These investments are recorded at fair value with changes in fair value recorded on the income statement. Where the Company has not elected the fair value option, equity method investments are recorded at cost minus impairment, if any, plus or minus the Company's share of the equity method investees' income or loss recorded on the income statement.
- Equity investment in a publicly listed company is classified as an equity security with a readily determinable fair value. It is measured and recorded at fair value on a recurring basis, with both realized and unrealized changes in fair value recognized in the Consolidated Income Statements. Fair value is determined based on quoted market prices.

For certain non-marketable equity securities and equity method investments, the Company has elected to apply the net asset value ("NAV") practical expedient, where NAV is the estimated fair value of the investments. For these securities, estimated fair values are determined based on the indicated market values of the underlying assets or investment portfolios. Income statement activity for all equity investments is recorded in Income (loss) from equity investments, net, on the Consolidated Income Statements.

The carrying values of non-marketable equity securities under the measurement alternative are adjusted for qualifying observable price changes resulting from the issuance of similar or identical securities in an orderly transaction by the same issuer. Determining whether an observed transaction is similar to a security within the Company's portfolio requires judgment based on the rights and preferences of the securities. Recording upward and downward adjustments to the carrying values of equity securities as a result of observable price changes requires quantitative assessments of the fair values of the Company's equity securities using various valuation methodologies and involves the use of estimates.

Non-marketable equity securities under the measurement alternative and equity method investments not measured under the fair value option (collectively referred to as "non-marketable equity securities") are also subject to periodic impairment analysis. The quarterly impairment analysis considers both qualitative and quantitative factors that may have a significant impact on the investee's fair value. Qualitative factors considered include the investee's financial condition and business outlook, industry and sector performance, market for technology, operational and financing cash flow activities, and other relevant events and factors affecting the investee. When indicators of impairment exist, the Company prepares quantitative assessments of the fair value of the non-marketable equity securities using both the market and income approaches, which require judgment and the use of estimates, including discount rates, investee revenue and costs, and comparable market data of private and public companies, among others.

Arm Holdings plc
Notes to Consolidated Financial Statements

Non-marketable equity securities under the measurement alternative are tested for impairment using a qualitative model similar to the model used to test goodwill and other long-lived assets for impairment. Upon determining an impairment may exist, the security's fair value is calculated and compared to its carrying value and an impairment is recognized immediately if the carrying value exceeds fair value.

Equity method investments not measured under the fair value option are subject to periodic impairment reviews using the other-than-temporary impairment model, which considers the severity and duration of a decline in fair value below cost and the Company's ability and intent to hold the investment for a sufficient period of time to allow for recovery.

Loans Receivable

Loans receivable consist of term loans to a related party and other entities. The term loans are recorded at amortized cost, net of allowances for loan losses. The Company maintains an allowance for current expected credit losses to reserve for potentially uncollectible loans receivable. The Company measures interest income for all loans receivable using the interest method, which is based on the effective yield of the loans rather than the stated coupon rate. The Company classifies loans receivable in other non-currents assets on the Consolidated Balance Sheets.

Convertible Loans Receivable

Convertible loans receivable consist of convertible loans to certain entities. The Company has elected to apply the fair value option to account for such convertible loans receivable. Under the fair value option, such convertible loans receivable are measured initially and subsequently at fair value with changes in fair value recorded in other non-operating income (loss), net in the Consolidated Income Statements. Convertible loans receivable are included in other non-current assets on the Consolidated Balance Sheets.

Fair Value Measurement

The Company measures certain assets and liabilities at fair value, either upon initial recognition or for subsequent accounting or reporting. Fair value is defined as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). When determining fair value, the Company considers the principal or most advantageous market in which the Company would transact, as well as assumptions that market participants would use when pricing the asset or liability. When estimating fair value, depending on the nature and complexity of the asset or liability, the Company may use one or all of the following techniques:

- Income approach, which is based on the present value of a future stream of net cash flows.
- Market approach, which is based on market prices and other information from market transactions involving identical or comparable assets or liabilities.
- Cost approach, which is based on the cost to acquire or construct comparable assets, less an allowance for functional and/or economic obsolescence.

Fair value disclosures are classified based on the fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data by correlation or other means.
- Level 3 - Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

Arm Holdings plc
Notes to Consolidated Financial Statements

Please refer to *Note 12 - Fair Value*, for further discussion on the Company's fair value measurements.

Business Combinations

The Company uses the acquisition method of accounting for business combinations, which requires separate recognition of assets acquired and liabilities assumed from goodwill, based on their estimated fair values at the time of acquisition. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the fair value of any non-controlling interests in the acquiree over the net of the estimated acquisition date fair values of the assets acquired and liabilities assumed. The estimates and assumptions used in valuing intangible assets include, but are not limited to, the amount and timing of projected future cash flows, discount rate used to determine the present value of these cash flows and the useful lives of the assets. Although the Company's fair value estimates are based upon assumptions believed to be reasonable, these estimates and assumptions are inherently uncertain and subject to refinement.

As a result, during the measurement period up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of fair values of the purchase price of an acquisition, whichever comes first, any subsequent adjustments are recorded in earnings in the Consolidated Income Statements. Acquisition-related expenses are recognized separately from the business combination and expensed as incurred.

Goodwill

Goodwill represents the excess of cost over the fair value of net assets acquired in a business combination. Goodwill is tested for impairment annually during the fourth fiscal quarter or during interim periods whenever events and circumstances indicate an impairment may have occurred. The identification and measurement of goodwill impairment involves the estimation of fair value at the Company's reporting unit level, which is the same or one level below the operating segment level. The Company determined it has one reporting unit.

The Company has the option to assess qualitative factors first to determine whether it is necessary to perform the two-step test. If the Company believes, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, the two-step quantitative impairment test is required. Otherwise, no further testing is required. In the qualitative assessment, the Company considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations.

The Company completed its annual goodwill impairment test in the fourth fiscal quarter of the fiscal year ended March 31, 2025. After conducting a qualitative review, the Company concluded that it was more likely than not that the fair value was more than the carrying value of the Company's single reporting unit. Accordingly, there was no indication of impairment.

Intangible Assets, Net

Intangible assets primarily represent acquired intangible assets including those acquired separately, such as computer software and purchased patents and licenses to use technology, as well as those acquired through business combination such as developed technology and customer relationship assets.

The Company initially records intangible assets acquired in a business combination at their estimated fair value. Intangible assets are reported net of accumulated amortization and any accumulated impairment losses, and are amortized over their estimated useful lives at amortization rates that are proportionate to each asset's estimated economic benefit.

Amortization of intangible assets is recorded in either cost of sales, research & development or selling, general and administrative expenses in the Consolidated Income Statements depending on the nature of the underlying asset and uses by the Company.

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The cost of intangible assets is amortized and recorded on the income statement on a straight-line basis over the estimated useful lives of the underlying assets. Useful lives are reviewed each year and adjustments are made, where applicable, on a prospective basis. The estimated useful lives of the Company's intangible assets are as follows:

Patents and licenses	3 – 11 years
Computer software	3 – 5 years
Developed technology	1 – 8 years
Customer relationships	1 – 6 years

Software Development Costs and Acquired Intangible Software

The Company has not historically capitalized software development costs for software to be sold, leased or otherwise marketed as the time and cost incurred between technological feasibility and product release has been determined to be immaterial. As such, these development costs are generally recognized as incurred in research and development expenses in the Consolidated Income Statements.

The Company capitalizes certain development costs related to software acquired, developed or modified for internal use, along with certain costs incurred in connection with the implementation of internal use software. Costs related to certain application development activities are subject to capitalization. Costs related to preliminary project and post implementation activities are expensed as incurred. Amortization begins once the software is ready for its intended use, and amortization expense is generally recognized on a straight-line basis over the software's estimated useful life between three and five years.

Capitalized costs related to internal use software, net of accumulated amortization, are included in intangible assets, net on the Consolidated Balance Sheets and amortization expense is recognized in selling, general and administrative expenses in the Consolidated Income Statements.

Property and Equipment, Net

Property and equipment are stated at cost net of accumulated depreciation and impairment losses. Cost comprises expenditures directly attributable to the purchase of the asset. Assets are depreciated to their estimated residual value, on a straight-line basis, over the estimated useful life of the underlying asset. Estimated useful lives and residual values are reviewed at each reporting date. Depreciation on property and equipment is recorded in cost of sales, research and development or selling, general and administrative expenses in the Consolidated Income Statements depending on the nature of the underlying asset and uses by the Company.

Estimated useful lives of the Company's property and equipment are as follows:

Leasehold improvements	Shorter of 5 – 10 years or the remaining lease term
Equipment	3 – 6 years
Fixtures and vehicles	3 – 5 years

An item of property or equipment is written off either upon disposal or when there is no expected future economic benefit from its continued use. Gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Consolidated Income Statements in the year the asset is derecognized.

Impairment of Long-lived Assets Other than Goodwill

The Company reviews long-lived assets other than goodwill for impairment when facts or circumstances indicate the carrying amount of an asset or asset group may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the assets, the carrying values are reduced to the estimated fair value. Fair value is determined based on quoted market values, discounted cash flows, or external appraisals, as applicable. Impairment losses are recorded in impairment of long-lived assets in the Consolidated Income Statements.

Leases

The Company determines if an arrangement is a lease, or contains a lease, at the inception or modification date of the arrangement and evaluates whether the lease is an operating lease or a finance lease. An arrangement is or contains a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period in exchange for consideration. Control over the use of the identified assets means the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments over the lease term.

Operating lease right-of-use assets and lease liabilities are measured at the lease commencement date based on the present value of the remaining lease payments over the lease term, discounted using the Company's incremental borrowing rate, which approximates the interest rate at which the Company could borrow on a collateralized basis with similar terms and payments and in similar economic environments. Operating lease right-of-use assets also include initial direct costs incurred and prepaid lease payments, minus any lease incentives. Lease terms include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. All lease and non-lease components, principally common area maintenance costs, are combined in determining operating lease right-of-use assets and lease liabilities. Operating lease expense is recognized on a straight-line basis over the lease term. Operating leases are included in operating lease right-of-use assets, operating lease liabilities, and non-current portion of operating lease liabilities on the Company's Consolidated Balance Sheets. The Company recognizes operating right-of-use assets and operating lease liabilities for lessee operating leases other than those with a term of 12 months or less as the Company has elected to apply the short-term lease recognition exemption.

Asset Retirement Obligations

An asset retirement obligation ("ARO") is recorded as appropriate on assets for which the Company has a legal obligation to retire. The Company records a liability for an ARO and the associated asset retirement cost at the time the underlying asset is acquired and put into service. Subsequent to the initial measurement of the ARO, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation, if any. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset. The Company has recognized AROs for contractually mandated removal of leasehold improvements.

Derivative Financial Instruments and Hedge Activities

The Company uses derivative financial instruments, specifically foreign currency forward contracts, to mitigate exposure from certain foreign currency risk arising in operating expenses within research and development and selling, general and administrative expenses that are denominated in foreign currency, predominantly British Pound Sterling ("GBP"). These contracts are designated as cash flow hedges for hedge accounting treatment. Gains or losses on the contracts are recorded in accumulated other comprehensive income (loss) and reclassified to operating expenses when the related operating expenses are recognized in net income (loss) or ineffectiveness should occur.

No derivatives were designated hedges prior to July 2022. All derivatives are recorded at fair value as either an asset or liability. For derivatives not designated as hedges, adjustments to reflect changes in the fair value of the derivatives are included in earnings in other non-operating income (loss), net in the Consolidated Income Statements.

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In July 2022, all foreign currency forward contracts were designated as cash flow hedges in designated hedging relationships with the forecasted foreign denominated cash flows as the hedged transactions. The maximum length of time over which the Company is hedging its exposure to the variability in future foreign denominated cash flows is 18 months. For cash flow hedges that qualify and are designated for hedge accounting, the change in fair value of the derivative is recorded in the net change in fair value of the effective portion of designated cash flow hedges on the Consolidated Statements of Comprehensive Income, and subsequently recognized in research and development and selling, general and administrative expenses in the Consolidated Income Statements when the hedged transaction affects earnings.

The Company classifies all derivative assets and liabilities for designated and non-designated derivatives in prepaid expenses and other current assets and other current liabilities on the Consolidated Balance Sheets. The Company classifies cash flows from the settlement of effective cash flow hedges for designated and non-designated derivatives in the same category as the cash flows from the related hedged items in operating activities on the Consolidated Statements of Cash Flows. The foreign currency forward contracts are classified under Level 2 of the fair value hierarchy. See *Note 12 - Fair Value*.

Revenue Recognition

The Company recognizes revenues for the transfer of products or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those products or services. The principle is achieved through the following five-step approach:

- Identification of the contract with the customer
- Identification of the performance obligations
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Revenue for the Company's major product offerings consists of the following:

License and Other Revenue

- *Intellectual property license* — The Company generally licenses IP under non-exclusive license agreements that provide usage rights for specific applications for a finite or perpetual term. These licenses are made available electronically to address the customer-specific business requirements. These arrangements generally have distinct performance obligations that consist of transferring the licensed IPs, version extensions of architecture IP or releases of specified IPs, and support services. Support services consist of a stand-ready obligation to provide technical support, patches, and bug fixes over the support term. Revenue allocated to the IP license is recognized at a point in time upon the delivery or beginning of the license term, whichever is later. Revenue allocated to distinct version extensions of architecture IP or releases of specified IP, excluding when-and-if-available minor updates over the support term, are recognized at a point in time upon the delivery or beginning of license term, whichever is later.

Certain license agreements provide customers with the right to access a library of current and future IPs on an unlimited basis over the contractual period depending on the terms of the applicable contract. These licensing arrangements represent stand-ready obligations in that the timing of the delivery of the underlying IPs is within the control of the customer and the extent of use in any given period does not diminish the remaining performance obligation. The contract consideration related to these arrangements is recognized ratably over the term of the contract in line with when the control of the performance obligations is transferred.

Certain subscription license agreements include unspecified future IPs that are provided on a when-and-if-available basis, representing a stand-ready obligation. The contract consideration allocated to the stand-ready

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obligation is recognized on a ratable basis over the term of the contract, commencing upon the later of the effective date of the agreement and the transfer of the initial available IP license.

- *Software sales, including development systems* — Sales of software, including development systems, which are not specifically designed for a given license (such as off-the-shelf software), are recognized upon delivery when control has been transferred and customer can begin to use and benefit from the license.
- *Professional services* — Services (such as training, professional and design services) that the Company provides, which are not essential to the functionality of the IP, are separately stated and priced in the contract and accounted for separately. Training revenue is recognized as services are performed. Revenue from professional and design services is recognized over time using an input method based on engineering labor hours expended to date relative to the estimated total effort required. For such professional and design services, the Company has an enforceable right to payment for performance completed to date, which includes a reasonable profit margin and the performance of such services do not create an asset with an alternative use. In certain arrangements, the Company also provides customers with professional and design services, as a stand-ready obligation, that are recognized on a ratable basis over the term of the contract.
- *Support and maintenance* — Support and maintenance is a stand-ready obligation to the customer that is both provided and consumed simultaneously. Revenue is recognized on a straight-line basis over the period for which support and maintenance is contractually agreed pursuant to the license.

Royalty Revenue

For most IP license agreements, royalties are collected on products that incorporate the Company's IP. Royalties are recognized on an accrual basis in the quarter in which the customer ships their products, based on the Company's technology that it contains. This estimation process for the royalty revenue accrual is based on a combination of methodologies, including the use of historical sales trends and macroeconomic factors for predictive analysis, the analysis of customer royalty reports and their sales trends and forecasts, as well as data and forecasts from third-party industry research providers. Data considered includes revenue, unit shipments, average selling price, product mix, market share and market penetration. Adjustments to revenue are required in subsequent periods to reflect changes in estimates as new information becomes available, primarily resulting from actual amounts subsequently reported by the licensees in the period following the accrual, including royalty audit resolutions.

Significant Judgments

Identification of the Contract with the Customer

The Company accounts for a contract as a revenue contract when all of the following criteria are met:

- The contract has been approved in writing by the parties to the contract, and the parties are committed to perform their respective obligations.
- The Company can identify each party's rights regarding goods or services to be transferred.
- The Company can identify the payment terms for the goods or services to be transferred;
- Contracts have commercial substance; and
- It is probable that the Company will collect substantially all of the consideration to which it will be entitled, in exchange for the goods or services to be transferred to the customer.

The Company sometimes enters into multiple contracts with the same customer that are treated, for accounting purposes, as one contract if the contracts are entered into at, or near, the same time and are interrelated. Judgment is required in evaluating whether various contracts are interrelated, which includes considerations as to whether they were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of the other contract, or if some, or all, obligations in the contracts constitute a single performance obligation.

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New arrangements with existing customers can be based on either a new contract or the modification of prior contracts. The Company's judgment in making this determination considers whether there is a connection between the new arrangement and the pre-existing contracts, whether the services under the new arrangement are highly interrelated with the products and services provided under prior contracts, and how the products and services under the new arrangement are priced.

The Company sometimes enters into non-cancellable and non-refundable committed funds arrangements from customers, where the parties have ongoing negotiations. Judgment is required in evaluating whether all rights and obligations of the arrangement are determined and enforceable.

Judgment is also required in determining whether collectability of substantially all of the consideration is probable. The Company assesses this through credit checks, past payment history or based on outstanding payments.

Identification of the Performance Obligations

Customer contracts often include various products and services as outlined in the summary of major product groups above. Typically, these products and services qualify as separate performance obligations, and a portion of the contractual value is allocated to them. Judgment is required, however, in determining whether a good or service is considered a separate performance obligation.

When selling licenses or services, the Company frequently grants customers the choice to acquire additional rights, goods or services (for example, renewals of offerings, version extensions through term renewals, additional future products, or additional volumes of purchased license). The Company also utilizes forward looking information such as product roadmaps and other marketing materials in identifying performance obligations for IPs or version extensions of architecture IP under development or future products, and in determining if implicit promises or material right exist in certain long-term contracts.

In a typical licensing arrangement, the Company either licenses implementation IP or architecture IP. When implementation IP is licensed, the Company promises to provide all developed and undeveloped IP over the license term based on the terms of the contract entered into with the customer. Products are delivered to the customer based on the Company's product roadmap and each IP is generally identified as a separate performance obligation. In a subscription contract, the undeveloped IP in the contract also includes an implied promise to deliver implementation IP that will be developed and become available during the contract term but is not on the product roadmap at contract inception and undeveloped IPs are identified as a single performance obligation.

When architecture IP is licensed, the Company promises to provide the available architecture IPs as well as all future version extensions of the architecture IP over the contract term which could range from 3 to 20 years. These version extensions may take one of two forms:

- Specified version extensions that are expected to be released over the next 2-3 years and are identified in the Company's product roadmap, or;
- Implicit version extensions that the Company believes, based on historical data, will be developed in the period beyond the years covered by the product roadmap and will be delivered to the customer as and when released.

These version extensions represent promises to deliver distinct products and have a discernable release pattern, based on the Company's established practice every year over the license term. When version extensions of architecture IP are promised along with a license to available architecture IP, a portion of the overall transaction price is allocated to the available architecture license while the remaining portion relating to future extensions is deferred until those extensions are delivered and become available for use.

Amounts allocated to the IP license including version extensions of an architecture license or releases of an implementation license are each recognized at a point in time upon the delivery or beginning of license term, whichever is later.

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Determination of Transaction Price

The Company applies judgment when determining the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer. This includes estimates as to whether, and to what extent, subsequent concessions or payments may be granted to customers, which release customers from their obligations to pay contractual fees. In this judgment, historical trends are considered with respect to both the specific customer and broader Company trends. The Company estimates the transaction price based on the amount expected to be received for transferring the promised goods or services in the contract. Consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company. The transaction price also excludes amounts collected on behalf of third parties such as sales taxes. The Company's revenue arrangements may include variable consideration including royalties. Where minimum royalties are agreed with customers and there is no uncertainty of their receipt, the amount is allocated to performance obligations as a part of the transaction price.

The Company considers relevant facts and circumstances in assessing whether a contract contains a significant financing component. The Company has not identified significant financing components in its material revenue arrangements executed during the financial year.

Allocation of Transaction Price

Judgment is required when estimating standalone selling prices ("SSPs"). There is also judgment involved in determining whether the pricing of certain performance obligations is highly variable or uncertain.

Other than support and maintenance, SSPs are usually not directly observable for the Company's products and services because the Company generally does not sell its products or services on a standalone basis. When separately stated, contractual pricing is highly variable. The Company estimates the SSPs so that the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer. The Company allocates royalties entirely to the licenses that give rise to them. When estimating a SSP, the Company considers available information and maximizes the use of observable inputs such as renewal pricing history for the Company's standardized support and professional service offerings.

For offerings that have highly variable or uncertain pricing and lack substantial direct costs to estimate based on a cost-plus margin approach, the transaction price is allocated by applying a residual approach. This is on the basis that the Company has identified SSP for other performance obligations in the same arrangement. If two or more goods or services in a contract have highly variable or uncertain pricing, then the Company applies a combination of methods to allocate transaction price, including utilizing list prices, contract prices, and engineering effort estimates to develop future IPs, for initial allocation of residual amount of transaction price within such products.

For Arm Total Access arrangements, the Company establishes a separate performance obligation for implicit rights of future products upon contract execution and allocates the total transaction price to each performance obligation based on the price roadmap.

For customer agreements related to long-term licensing of architecture IP, the Company allocates the contract value to each of the performance obligations based on an estimate of the engineering efforts required to deliver the initial version of the IP as well as related future versions, including enhancements and upgrades.

The SSPs of material rights depend on the probability of option exercise. In estimating these probabilities, judgment is utilized when considering historical exercise patterns. The SSPs are reviewed annually or whenever facts and circumstances significantly change. These changes are applied prospectively.

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Revenue from Arm China

Arm Technology (China) Co. Limited (“Arm China”) acts as the Company’s exclusive IP distributor in the People’s Republic of China, which, for the purposes of these financial statements, includes the Hong Kong Special Administrative Region and the Macau Special Administrative Region, but excludes Taiwan (collectively referred to as the “PRC”), under the intellectual property licensing arrangement (“IPLA”) and subsequent amendments. Arm China directly contracts with end customers with discretion in establishing pricing to sublicense specified IP and Arm Total Access Packages. The Company’s responsibility under the IPLA is to facilitate delivery of a good or service to the end customer in accordance with detailed instructions and other specifications from Arm China. In these cases, Arm China is the customer for the Company. As such, revenue presented by the Company is the net amount calculated as a percentage of license and royalty fees earned by Arm China from sub-license arrangements entered into with end customers. The Company applies the royalty exception, under which revenue is recognized when the subsequent sale or usage occurs, assuming control of the license to which the royalty relates has transferred to the customer. Where the revenue is derived as a percentage of the license fee of Arm China, the Company categorizes that portion as license revenue while the other portion, which represents the Company’s share of Arm China’s royalties, is categorized as royalties.

Contract Balances and Receivables

The Company recognizes accounts receivable in full when it has the contractual right to invoice the customer and begins satisfying the performance obligations over the term of the contract. Judgment is required to determine whether a right to consideration is unconditional and thus qualifies as a receivable. Contract assets are recognized as the performance obligations are satisfied and the Company does not have the contractual right to invoice. Typically, the Company invoices a portion of the fees for IP licenses up front on the effective date of the contract and satisfies a considerable portion of performance obligations. Accrued royalties are included in accounts receivable, net on the Consolidated Balance Sheets. Contract liabilities primarily reflect invoices due, or payments received, in advance of revenue recognition. Periodic fixed fees for software support services, and other multi-period agreements are typically invoiced in advance.

Customer deposits primarily relate to payments received from customers which could be refundable pursuant to the terms of the contract and are in other current liabilities on the Consolidated Balance Sheets.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 60 days. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined that its contracts generally do not include a significant financing component. The primary purpose of the Company’s invoicing terms is to provide customers with simplified and predictable ways of purchasing products and services, such as invoicing at the beginning of a license term with revenue recognized over the contract period, and not to receive financing from customers. All potential financing fees were considered insignificant in the context of the Company’s contracts.

Allowance for Current Expected Credit Losses

Trade receivables are stated at their net realizable value. The allowance for credit losses reflects the Company’s best estimate of expected credit losses of the receivable portfolio determined on the basis of historical experience, current information, and forecasts of future economic conditions. In developing the estimate for expected credit losses, accounts receivable is segmented into pools of assets depending on market (China versus international) and delinquency status, and fixed reserve percentages are established for each pool of accounts receivables. To determine the reserve percentages for each pool of accounts receivables, the Company considers its historical experience with certain customers and customer types, regulatory and legal environments, country and political risk, and other relevant current and future forecasted macroeconomic factors. These credit risk indicators are monitored on a quarterly basis to determine whether there are any changes in the economic environment that would indicate the established reserve percentages should be adjusted and are considered on a regional basis to reflect more geographic-specific metrics. Please refer to *Note 4 - Revenue*, for the summary of the movement in the allowance for current expected credit losses.

Additionally, write-offs and recoveries of customer receivables are tracked against collections on a quarterly basis to determine whether the reserve percentages remain appropriate. When management becomes aware of certain customer-

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specific factors that impact credit risk, specific allowances for these known troubled accounts are recorded. Accounts receivables are written off after all reasonable means to collect the full amount (including litigation, where appropriate) are exhausted. For the fiscal years ended March 31, 2025, 2024, and 2023, write-offs and recoveries of customer receivables were immaterial to the consolidated financial statements.

The Company recognizes an allowance for losses on contract assets based on a similar approach used for receivables under the current expected credit loss model. As of March 31, 2025 and 2024, the loss allowance for contract assets was immaterial.

Share-based Compensation

Restricted share units (“RSU”) were granted to employees, certain of our executive officers, and non-executive directors of the Company and require continuous service through the vesting date. Phantom shares (“Phantom Shares”) were only granted to certain of our executive officers. In connection with the IPO on September 14, 2023, all RSUs previously issued under The Arm Holdings plc All-Employee Plan 2019 (“2019 AEP”), except for those 2019 AEP awards granted to employees of Arm Technology Israel Ltd., the Company’s Israeli subsidiary (“Arm Israel”), The Executive IPO Plan (“2019 EIP”), and Executive Awards previously issued under The Arm Holdings plc RSU Award Plan (“2022 RSU Plan”) were no longer expected to be settled in cash but rather expected to be settled in ordinary shares. This resulted in a change in classification of the RSUs from liability to equity which was accounted for as a modification. The number of RSUs that vest is determined by the achievement of market, performance and service conditions.

The Company expenses share-based compensation over the requisite service period of the awards, which is generally equivalent to the vesting term. Compensation cost is recorded only for those awards expected to vest.

The fair value of RSUs is determined on the date of grant for equity-classified awards, and at the end of each reporting period for liability-classified awards, using Monte Carlo simulations or the discounted cash flow approach. The fair value of Phantom Shares, which are subject to continuous service and vest upon meeting certain strategic performance conditions of the Company and are liability-classified, is determined on the date of grant and at the end of each reporting period based on the share price of the Company’s ultimate parent, SoftBank Group Corp. (“SoftBank Group”).

The Company classifies those awards in which the Company has the option, pursuant to the plan terms, and intends to settle in cash or equity, as liability-classified or equity-classified awards, respectively. Phantom Shares and certain RSUs are liability-classified and are remeasured at the end of each reporting period through the date of settlement so that the expense recognized for each award is equivalent to the amount to be paid in cash. Changes in the fair value of liability-classified RSUs are recorded in the Consolidated Income Statements over the vesting period of the award. Expense associated with equity-classified RSUs are recognized using the straight-line method over the service period adjusted for estimated forfeitures.

Prior to the IPO, an initial public offering was not considered probable until it has occurred. Accordingly, as of March 31, 2023, those RSUs that were subject to vesting on the earliest of (1) change of control, (2) initial public offering, or (3) passage of time, were expected to vest and be settled in cash upon the passage of time. For liability-classified awards, the weighted average fair value of the RSUs was measured at each reporting date using the Monte Carlo simulation model or a discounted cash flow approach. Similarly, the fair value for equity-classified awards was measured at the grant date using the discounted cash flow approach.

For the fiscal year ended March 31, 2023 and periods prior to the IPO in the fiscal year ended March 31, 2024, the Company used the Monte Carlo simulation model, the income approach and/or market-calibration approach based on comparable publicly traded companies in similar lines of businesses to measure the RSUs. The Monte Carlo simulation model simulates the Company’s equity value at an assumed listing exit event in order to determine the RSU vesting percentage. The model simulates the RSU vesting percentage over numerous iterations, and the average of all iterations is determined to be the fair value of an RSU. The model then discounts the future value of the RSU at the assumed listing exit event date back to the valuation date based on the relevant risk-free interest rate. The Monte Carlo simulation model incorporates various assumptions such as expected stock price volatility until a liquidity event, expected dividend yield, risk-free interest rate, and expected time to complete an initial public offering.

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Prior to the IPO, at the grant date of the RSUs, the Company was private and its ordinary shares were not listed on a public stock exchange. Therefore, the Company's Board of Directors exercised its reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of fair value of the Company's ordinary shares underlying share-based compensation awards, including:

- contemporaneous independent third-party valuations of ordinary shares;
- financial condition, results of operations, and capital resources;
- the likelihood and timing of achieving a liquidity event, such as an initial public offering or sale of the company, given prevailing market conditions;
- the lack of marketability of ordinary shares;
- estimates of future financial performance;
- market performance and valuations of comparable companies;
- the hiring or loss of key personnel;
- the status of the Company's development, product introduction, and sales efforts;
- industry outlook and other information, such as market growth and volume and macro-economic events; and
- additional objective and subjective factors relating to the Company's business.

To determine the fair value of ordinary shares, the Company first estimated the enterprise value and then allocated that enterprise value to ordinary shares and ordinary share equivalents. The Company's enterprise value was estimated using the income and market-calibration approaches.

The income approach estimates enterprise value based on the estimated present value of future cash flows the business is expected to generate over its remaining life. The estimated present value is calculated using a discount rate reflective of the risks associated with an investment in a similar company in a similar industry or having a similar history of revenue growth. For each valuation, the Company prepared a financial forecast to be used in the computation of the value of invested capital for both the income approach and market-calibration approach. The financial forecast considered the Company's past results and expected future financial performance. The risk associated with achieving this forecast was assessed in selecting the appropriate discount rate. There is inherent uncertainty in these estimates as the assumptions used are highly subjective and subject to changes as a result of new operating data and economic and other conditions that impact the business.

The market-calibration approach analyzes the percent change in the enterprise values of peer companies between the prior valuation date and the current valuation date. Based on the observed market movement in the enterprise values of peer companies, a market movement factor is selected to represent the potential shift in enterprise value between the prior valuation date and the current valuation date. The selected market movement factor is applied to the indicated value as of the prior valuation date.

Monte Carlo simulations incorporate highly subjective assumptions, such as stock price volatility and expected volatility until a liquidity event. Changes in highly subjective assumptions could significantly impact share-based compensation cost. Since the Company's ordinary shares were not publicly traded, the computation of expected volatility was based on the average of historical and implied volatilities over the expected term of the awards of a representative peer group of publicly traded entities. Other assumptions included expected term, risk-free interest rate and dividend yield. The risk-free interest rate was based on zero-coupon U.S. Treasury bond rates corresponding to the expected term of the awards. Dividend assumptions were based on historical experience.

The Company estimates forfeitures based on employee level, economic conditions, time remaining to vest and historical forfeiture experience.

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The Company estimates the fair value of shares to be issued under the Company's employee stock purchase plan (the "ESPP"), using the Black-Scholes model at the commencement of an offering period in March and September of each year. Stock-based compensation for the ESPP is expensed using a straight-line method over the requisite service period.

Cost of Sales

Cost of sales expenses consist primarily of employee-related expenses and project costs associated with professional services and the provision of support and maintenance to customers, along with expenses related to license development services revenue, amortization of developed technology, and allocated overhead. Employee-related expenses include salaries, bonuses, share-based compensation, associated benefits, and employer taxes.

Research and Development

Research and development expenses consist primarily of employee-related expenses, including salaries, bonuses, share-based compensation, associated benefits, and employer taxes associated with employees in research and development functions, along with project materials costs, third-party fees paid to consultants, depreciation and amortization, allocated overhead, and other development expenses.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of employee-related expenses, including salaries, bonuses, share-based compensation, associated benefits, and employer taxes associated with employees in sales and marketing, along with corporate and administrative functions, including accounting and legal professional services fees, depreciation and amortization, advertising expenses, allocated overhead, and other corporate-related expenses.

Disposal, Restructuring and Other Operating Expenses, Net

Disposal expenses consist primarily of transaction costs, such as legal and professional fees, relating to various disposal activities.

Restructuring and other operating expenses consist primarily of employee termination benefits. Recognition of costs for employee termination benefits depends on whether employees are required to render service beyond a minimum retention period in order to receive the termination benefits. If employees are required to render service beyond a minimum retention period in order to receive the termination benefits, costs are recognized ratably over the applicable future service period. Otherwise, costs are recognized when the Company has committed to a restructuring plan and has communicated those actions to employees. Employee termination benefits covered by existing benefit arrangements are recognized when the Company has committed to a restructuring plan and the termination benefits are probable and estimable.

Government Grants

The Company receives government grants to compensate for its research activities. GAAP does not contain authoritative guidance for incentives and grants provided by governmental entities to a for-profit entity. Absent authoritative guidance, interpretative guidance issued and commonly applied by financial statement preparers allows for the selection of accounting policies amongst acceptable alternatives. Based on facts and circumstances, the Company determined it most appropriate to account for the government grants received by analogy to International Accounting Standards 20, *Accounting for Government Grants and Disclosure of Government Assistance* ("IAS 20").

Under the provisions of IAS 20, a government grant is recognized when there is reasonable assurance the Company will meet the terms for receiving and realizing the benefit of the grant. IAS 20 does not define "reasonable assurance," however, based on certain interpretations, it is analogous to "probable" as defined under GAAP, which is the definition the Company has applied to its government grants received. Under IAS 20, government grants are recognized in earnings on a systematic basis over the periods in which the Company recognizes costs for which the grant is intended to compensate (i.e. qualified expenses). Further, IAS 20 permits for the recognition in earnings either separately under a general heading such as other income, or as a reduction of the related expenses. The Company has elected to recognize the benefit as a reduction of the

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Notes to Consolidated Financial Statements

related expenses included in either research and development expenses or income tax expense in the Consolidated Income Statements. For the fiscal years ended March 31, 2025, 2024 and 2023, the government grant benefit recognized was \$146.5 million, \$138.2 million, and \$83.0 million, respectively.

The Company benefits in the U.K. from His Majesty's Revenue & Customs ("HMRC") research and development expenditure credit ("RDEC"), which provides relief against U.K. corporation tax. Based on criteria established by HMRC a portion of the Company's expenditures incurred on research and development activities are eligible for RDEC relief. For the fiscal years ended March 31, 2025, 2024 and 2023, the Company recorded a relief of \$127.9 million, \$121.2 million, and \$64.0 million, respectively.

The government grant benefit recognized includes a grant from Innovate U.K. which expired as of March 31, 2024. No benefit from this grant was available in the fiscal year ended March 31, 2025. For the fiscal years ended March 31, 2024 and 2023, the Company recorded a reduction to research and development expenses from this grant of \$0.0 million and \$2.6 million, respectively.

Income Taxes

The Company computes the provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled.

If the Company determines it is more likely than not that it will not generate sufficient taxable income to realize the value of some or all deferred tax assets (net of deferred tax liabilities), the Company will establish a valuation allowance offsetting the amount it does not expect to realize. The Company performs this analysis each reporting period and reduces the measurement of deferred taxes if the likelihood the Company will realize them becomes uncertain.

Deferred tax assets the Company records each period depend primarily on the ability to generate future taxable income. Each period, the Company evaluates the need for a valuation allowance against the deferred tax assets and, if necessary, adjusts the valuation allowance so that net deferred tax assets are recorded only to the extent the Company concludes it is more likely than not that these deferred tax assets will be realized. If the outlook for future taxable income changes significantly, the Company's assessment of the need for, and the amount of, a valuation allowance may also change.

The Company is also required to evaluate and quantify other sources of taxable income, such as the possible reversal of future deferred tax liabilities and the implementation of tax planning strategies. Evaluating and quantifying these amounts is difficult and involves significant judgment, based on all of the available evidence and assumptions about future activities.

Tax benefits from uncertain tax positions are recognized only if (based on the technical merits of the position) it is more likely than not that the tax positions will be sustained on examination by the tax authority. The tax benefits recognized in the financial statements from such positions are measured based on the largest amount that is more than 50% likely to be realized upon ultimate settlement. Interest and penalties related to unrecognized tax benefits are recognized within income tax (expense) benefit in the Consolidated Income Statements.

Net Income (Loss) Per Share Attributable to Ordinary Shareholders

Basic income (loss) per ordinary share is computed by dividing net income (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by dividing net income (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares and potentially dilutive ordinary shares outstanding during the period. Potentially dilutive ordinary shares whose effect would have been antidilutive are excluded from the computation of diluted earnings per ordinary share.

2 - Recent Accounting and Disclosure Pronouncements

Recently adopted accounting pronouncements

Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures: In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, which requires incremental reportable segment disclosures. The new standard requires that a public entity disclose significant segment expenses, the title and position of the chief operating decision maker (“CODM”), and how the CODM uses the reported measures in assessing performance and deciding how to allocate resources. The Company adopted ASU 2023-07 in the annual financial statements for the fiscal year ended March 31, 2025. See *Note 21 - Segment and Geographic Information* for further details.

Recently issued accounting pronouncements not yet adopted

Income Taxes (Topic 740), Improvements to Income Tax Disclosures: In December 2023, the FASB issued ASU 2023-09, which requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU will likely result in additional required disclosures being included in our consolidated financial statements when adopted. The Company will adopt this standard for the fiscal year beginning April 1, 2025.

Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40), Disaggregation of Income Statement Expenses: In November 2024, the FASB issued ASU 2024-03, which requires incremental disclosures to disaggregate income statement expense items. In January 2025, the FASB issued ASU No. 2025-01, *Clarifying the Effective Date*, which revised the effective date of ASU No. 2024-03 for interim periods. ASU 2024-03 and ASU 2025-01 is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2024-03 and ASU 2025-01 on its consolidated financial statements and disclosures.

Recently issued Securities and Exchange Commission (“SEC”) final rules not yet adopted

In March 2024, the SEC adopted final rules under SEC Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, which requires a registrant to disclose climate-related risks that are reasonably likely to have a material impact on its business strategy, results of operations and financial condition. The rules include disclosures relating to climate-related risks and risk management, a registrant's governance of such risks, the financial impact on the audited financial statements, and greenhouse gas emissions. In April 2024, the SEC issued an order to voluntarily stay the final rules pending certain legal challenges. In March 2025, the SEC voted to end its defense of the rules. As a result, it is uncertain if or when the rules will become effective. The Company is currently evaluating the impact of the adoption of these final rules on its consolidated financial statements and disclosures.

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Notes to Consolidated Financial Statements

3 - Balance Sheet Components

Certain balance sheet components are as follows:

Prepaid expenses and other current assets consist of:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Research and development tax credit receivables	\$ 103	\$ 68
Prepayments	107	49
Other receivables	46	40
Total prepaid expenses and other current assets	\$ 256	\$ 157

Accrued compensation and benefits consist of:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Accrued bonus, commissions, and cash awards	\$ 24	\$ 190
Accrued vacation and sabbatical	99	83
Accrued salaries and fringe benefits	12	25
Employee stock purchase plan liability	5	—
Total accrued compensation and benefits	\$ 140	\$ 298

Other current liabilities consist of:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Employee related payroll taxes and payables ⁽¹⁾	\$ 200	\$ 674
Accrued expenses and fees	99	83
Electronic design automation liabilities	47	40
Trade payables (including payables to related parties of \$11 and \$7 as of March 31, 2025 and 2024, respectively)	63	26
Customer deposits	7	7
Finance lease liabilities	10	5
Total other current liabilities	\$ 426	\$ 835

⁽¹⁾ Employee related payroll taxes and payables are primarily related to vested RSUs during the three months ended March 31, 2025 and 2024, respectively, which will be or were, as applicable, paid in the subsequent quarter.

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Notes to Consolidated Financial Statements

4 - Revenue

Disaggregation of Revenue

A summary of the Company's disaggregated revenue is as follows:

(in millions)	Fiscal Year Ended March 31,								
	External Customers			Related Parties			Total		
	2025	2024	2023	2025	2024	2023	2025	2024	2023
License and Other Revenue ⁽¹⁾	\$ 1,421	\$ 1,051	\$ 569	\$ 418	\$ 380	\$ 435	\$ 1,839	\$ 1,431	\$ 1,004
Royalty Revenue	1,763	1,458	1,456	405	344	219	2,168	1,802	1,675
	<u>\$ 3,184</u>	<u>\$ 2,509</u>	<u>\$ 2,025</u>	<u>\$ 823</u>	<u>\$ 724</u>	<u>\$ 654</u>	<u>\$ 4,007</u>	<u>\$ 3,233</u>	<u>\$ 2,679</u>

⁽¹⁾ Includes over-time revenue of \$467 million, \$121 million, and \$100 million and point-in-time revenue of \$1,372 million, \$1,310 million, and \$904 million for the fiscal years ended March 31, 2025, 2024, and 2023, respectively.

Revenue by geographic region is allocated to individual countries based on the principal headquarters of the customers. The geographical locations are not necessarily indicative of the country in which the customer sells products containing the Company's technology IP. The following table summarizes information pertaining to revenue from customers based on the principal headquarters address by geographic regions:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
United States	\$ 1,716	\$ 1,413	\$ 1,088
PRC ⁽¹⁾	749	697	657
Taiwan	629	522	359
Republic of Korea	324	308	241
Other countries	589	293	334
Total	<u>\$ 4,007</u>	<u>\$ 3,233</u>	<u>\$ 2,679</u>

⁽¹⁾ "PRC" means the People's Republic of China, including the Hong Kong Special Administrative Region and the Macau Special Administrative Region, but excluding Taiwan.

For the fiscal year ended March 31, 2025, the Company had four customers that collectively represented 49% of total revenue, with the single largest customer accounting for 17% of total revenue, the second largest customer accounting for 11% of total revenue, the third largest customer accounting for 11% of total revenue and the fourth largest customer accounting for 10% of total revenue. For the fiscal year ended March 31, 2024, the Company had three customers that collectively represented 42% of total revenue, with the single largest customer accounting for 21% of total revenue, the second largest customer accounting for 11% of total revenue and the third largest customer accounting for 10% of total revenue. For the fiscal year ended March 31, 2023, the Company had three customers that collectively represented 44% of total revenue, with the single largest customer accounting for 24% of total revenue, the second largest customer accounting for 11% of total revenue and the third largest customer accounting for 9% of total revenue. No other customer represented 10% or more of total revenue for the fiscal years ended March 31, 2025, 2024, and 2023.

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Notes to Consolidated Financial Statements

Receivables

A summary of the components of accounts receivable, net is as follows:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Accounts receivable	\$ 1,127	\$ 784
Allowance for current expected credit losses	(20)	(3)
Total accounts receivable, net	\$ 1,107	\$ 781

As of March 31, 2025, the customer with the largest total receivables balance represented 26% of total receivables, the customer with the second largest total receivables balance represented 19% of total receivables, and the customer with the third largest total receivables balance represented 12% of total receivables. As of March 31, 2024, the customer with the largest total receivables balance represented 23% of total receivables, the customer with the second largest total receivables balance represented 13% of total receivables, the customer with the third largest total receivables balance represented 11% of total receivables, and the customer with the fourth largest total receivables balance represented 10% of total receivables. No other customer represented 10% or more of receivables as of March 31, 2025 or 2024.

A summary of the movement in the allowance for current expected credit losses is as follows:

(in millions)	Total
Balance as of March 31, 2022	\$ 40
Reversal of provision	(34)
Amounts written off during the year as uncollectible	(3)
Balance as of March 31, 2023	\$ 3
Additional provision	—
Balance as of March 31, 2024	\$ 3
Additional provision	17
Balance as of March 31, 2025	\$ 20

Contract Assets

The timing of revenue recognition may differ from the timing of invoicing to customers. When revenue recognized exceeds the amount billed to the customer, the Company records a contract asset. Contract assets are transferred to accounts receivable when the right to invoice becomes unconditional. Contract assets increased by \$1,121.7 million and \$663.9 million due to the timing of billings to customers, which fell into subsequent periods, as of March 31, 2025 and 2024, respectively, offset by \$709.8 million and \$357.4 million of contract assets transferred to accounts receivable, as of March 31, 2025 and 2024, respectively. The balance and activity for loss allowances related to contract assets was immaterial for all periods presented.

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Notes to Consolidated Financial Statements

Contract Liabilities

A reconciliation of the movement in contract liabilities is as follows:

(in millions)	Total
Balance as of March 31, 2023	\$ 1,100
Customer prepayment and billing in advance of performance	198
Revenue recognized in the period that was included in the contract liability balance at the beginning of the period	(226)
Revenue recognized in the period that was included in the contract liability balance during the period	(157)
Balance as of March 31, 2024	\$ 915
Customer prepayment and billing in advance of performance	371
Revenue recognized in the period that was included in the contract liability balance at the beginning of the period	(131)
Revenue recognized in the period that was included in the contract liability balance during the period	(244)
Balance as of March 31, 2025	\$ 911

Satisfied Performance Obligations

For the fiscal years ended March 31, 2025, 2024, and 2023, revenue recognized from previously satisfied performance obligations in prior reporting periods was \$2,179.4 million, \$1,866.6 million, and \$1,705.0 million, respectively. These amounts primarily represent royalties earned during the period.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to performance obligations that are unsatisfied, or partially unsatisfied, which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods.

The Company has elected to exclude potential future royalty receipts from the disclosure of remaining performance obligations. In certain arrangements, the Company's right to consideration may not correspond directly with the performance of obligations.

In the absence of sufficient information, where the timing of satisfaction of the remaining performance obligations is dependent on a customer's action, the transaction price allocated to such performance obligation is included in the more than 2 years category unless the contract or option expiration aligns with an earlier period or category.

As of March 31, 2025, the aggregate transaction price allocated to remaining performance obligations was \$2,225.5 million and there were no non-cancellable or non-refundable committed funds received from certain customers, where the parties are in negotiations regarding the enforceable rights and obligations of the arrangement.

The Company expects to recognize approximately 25% of remaining performance obligations as revenue over the next 12 months, 19% over the subsequent 13-to 24-month period, and the remainder thereafter.

5 - Goodwill

As of March 31, 2025 and 2024, the Company had a goodwill balance of \$1,620 million and \$1,625 million, respectively. The period-over-period changes in goodwill for the fiscal years ended March 31, 2025 and 2024 were due to foreign currency translation adjustments. The Company did not record any goodwill impairment for the fiscal years ended March 31, 2025, 2024, and 2023.

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Notes to Consolidated Financial Statements

6 - Intangible Assets, Net

Information related to intangible assets is as follows:

(in millions except for years)	As of March 31,							
	Gross Carrying Amount		Accumulated Amortization		Net Carrying Value		Weighted Average Remaining Life	
	2025	2024	2025	2024	2025	2024	2025	2024
Patents & licenses	\$ 146	\$ 179	\$ 117	\$ 144	\$ 29	\$ 35	5.0	5.6
Developed technology	139	157	139	156	—	1	—	0.1
Customer relationships	—	2	—	2	—	—	—	—
Computer software	356	329	234	214	122	115	2.1	2.8
Intangible assets subject to amortization	641	667	490	516	151	151		
Intangible assets under development	—	1	—	—	—	1	—	—
Total intangible assets	\$ 641	\$ 668	\$ 490	\$ 516	\$ 151	\$ 152		

Information regarding amortization expense for intangible assets is as follows:

(in millions)	Fiscal Years Ended March 31,		
	2025	2024	2023
Cost of sales	\$ 2	\$ 6	\$ 4
Research and development	64	57	53
Selling, general and administrative	21	23	36
Total amortization expense	\$ 87	\$ 86	\$ 93

The Company capitalized \$16.8 million, \$0.0 million and \$35.1 million, and amortized \$21.2 million, \$14.5 million, and \$22.5 million in development costs associated with internal use software in the fiscal years ended March 31, 2025, 2024, and 2023, respectively. There was no impairment of intangible assets for the fiscal years ended March 31, 2025, 2024 and 2023. The balance of capitalized costs related to internal use software, net of accumulated amortization was \$28.0 million and \$32.3 million, as of March 31, 2025 and 2024, respectively.

Estimated future amortization of intangible assets subject to amortization is as follows:

(in millions)	As of March 31, 2025
2026	\$ 65
2027	58
2028	16
2029	5
2030 and thereafter	7
Total future amortization expense	\$ 151

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7 - Property and Equipment, Net

Information regarding property and equipment, net is as follows:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Leasehold improvements	\$ 167	\$ 159
Equipment	603	388
Fixtures and vehicles	47	43
Construction in progress	41	16
Total property and equipment, gross	858	606
Less: Accumulated depreciation	(464)	(391)
Total property and equipment, net	\$ 394	\$ 215

Depreciation expense for the fiscal years ended March 31, 2025, 2024, and 2023, was \$95.9 million, \$76.0 million, and \$77.2 million, respectively. There was no impairment of property and equipment for the fiscal years ended March 31, 2025, 2024, and 2023.

As of March 31, 2025 and 2024, the Company had ARO liabilities of \$12.8 million and \$10.3 million related to leasehold improvements, recorded in other current and other non-current liabilities on the Consolidated Balance Sheets. During the fiscal year ended March 31, 2025, ARO liabilities increased by \$2.5 million, which consisted of \$2.4 million for liabilities incurred and revision of certain obligation estimates, \$0.3 million related to foreign currency translation adjustments, \$0.2 million related to accretion, and partially offset by \$0.3 million related to settlement. There were immaterial changes in ARO liabilities in the fiscal years ended March 31, 2024 and 2023.

As of March 31, 2025 and 2024, the Company had \$7.1 million and \$5.2 million, respectively, of retirement assets recorded in property and equipment, net on the Consolidated Balance Sheets.

8 - Leases

The Company's lease obligations primarily consist of operating leases for property, IT and automobiles with lease terms expiring between calendar years 2025 and 2044. The Company's lease agreements do not contain residual value guarantees, material variable payment provisions or material restrictive covenants.

The Company did not have material finance or short-term leases and did not incur any material variable lease expenses for all periods presented. For the fiscal years ended March 31, 2025, 2024, and 2023, operating lease expense was \$39.5 million, \$33.7 million, and \$34.3 million, respectively. No material gains or losses were recognized on lease terminations during the fiscal years ended March 31, 2025 and 2024. For the fiscal year ended March 31, 2023, the Company recognized a loss on early termination of certain operating leases of \$4.4 million.

Supplemental disclosures of cash flow information related to operating leases are as follows:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Cash flows used for operating leases	\$ (37)	\$ (35)	\$ (47)
Operating lease right-of-use assets obtained in exchange for lease obligations	\$ 146	\$ 28	\$ 16

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The Company’s weighted average remaining lease term and discount rate for operating leases are as follows:

	As of March 31,		
	2025	2024	2023
Weighted average discount rate	4.23 %	2.85 %	2.58 %
Weighted average remaining lease term (in years)	13.76	14.24	15.21

Maturity of total operating lease liabilities as of March 31, 2025 is as follows (in millions):

Fiscal Year	Total
2026	\$ 38
2027	37
2028	40
2029	37
2030	32
Thereafter	268
Total minimum lease payments	452
Less imputed interest	(106)
Total operating lease liabilities	346
Less: current portion of operating lease liabilities	30
Non-current portion of operating lease liabilities	<u>\$ 316</u>

As of March 31, 2025, the Company had seven leases signed but not yet commenced, with an aggregate lease value of approximately \$49 million and lease terms expiring through 2036.

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9 - Equity Investments

A summary of the components of equity investments is as follows:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Equity method investments under fair value option	\$ 300	\$ 573
Equity investment in publicly listed company	98	—
Equity method investments under equity method	16	11
Non-marketable equity securities	151	157
Total equity investments	\$ 565	\$ 741

Income (loss) from equity investments, net is as follows:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Equity investment in publicly listed company	\$ 43	\$ —	\$ —
Equity method investments ⁽¹⁾	(274)	(17)	(41)
Non-marketable equity securities (includes NAV)	(6)	(3)	(4)
Total income (loss) from equity investments, net	\$ (237)	\$ (20)	\$ (45)

⁽¹⁾ Includes equity method investments where the Company elected the fair value option, including those under the net asset value (“NAV”) practical expedient, along with investments accounted for under the equity method.

Equity Method Investments

Details of the Company’s equity method investments as of March 31, 2025 are as follows:

Investments under equity method of accounting:

Name	Ownership Interest %
Arm IOT Fund LP (Taiwan)	25.8%
Accelerator Advisory Limited ⁽¹⁾	16.1%
HOPU-ARM Holding Company Limited ⁽²⁾	10.0%
DeepTech Labs Fund 1 LP	37.5%
Socratic Partners I LP	7.3%
Maverick Silicon Fund, L.P.	3.0%

⁽¹⁾ The Company’s investment in Accelerator Advisory Limited entitles the Company representation on the board of directors by virtue of the right to appoint one of four members of the board of directors. Accordingly, the Company has the ability to exercise significant influence over the operating and financial policies of Accelerator Advisory Limited.

⁽²⁾ The Company’s investment in HOPU-ARM Holding Company Limited entitles the Company to a 10% equity interest in HOPU-ARM Holding Company Limited and representation on the board of directors by virtue of the right to appoint one of three members of the board of directors. Accordingly, the Company has the ability to exercise significant influence over the operating and financial policies of HOPU-ARM Holding Company Limited.

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Investments in a limited liability company that maintains a specific ownership or limited partnerships which the Company has more than virtually no influence (i.e., at least 3% to 5% ownership) over the investee are accounted for using the equity method.

Investments where fair value option elected (including those under the NAV practical expedient):

Name	Ownership Interest %
Acetone Limited	10.0%
Ampere Computing Holdings LLC (“Ampere”)	6.5%
China Walden Ventures Investments II, L.P. —NAV	7.5%
China Walden Ventures Investments III, L.P. —NAV	8.1%
HOPU-ARM Innovation Fund, L.P. —NAV	5.1%
Catapult Ventures I, L.P. —NAV	18.1%

The Company elected the fair value option to account for certain equity method investments in Acetone Limited and Ampere. See discussion below, along with *Note 12 - Fair Value*, for further information.

For the fiscal years ended March 31, 2025, 2024, and 2023, income (loss) from equity method investments not accounted under the fair value option or the NAV practical expedient was immaterial.

The Company holds equity method investments in funds accounted for under the fair value option that apply the NAV practical expedient. The estimated fair values of the Company’s equity securities at fair value that qualify for the NAV practical expedient were provided by the funds based on the indicated market values of the underlying assets or investment portfolios. As of March 31, 2025 and 2024, the carrying value of equity method investments under the fair value option measured at NAV was \$100.3 million and \$106.2 million, respectively.

For the fiscal years ended March 31, 2025, 2024, and 2023, the Company recognized losses from changes in fair value of \$6.0 million, \$2.8 million, and \$1.7 million, respectively, for equity method investments accounted for under the NAV practical expedient. Changes in fair value are recorded through income (loss) from equity investments, net in the Consolidated Income Statements.

Acetone Limited

As of March 31, 2025 and 2024, the carrying value of the Company’s equity method investment in Acetone Limited was \$56.5 million and \$76.5 million, respectively. For the fiscal years ended March 31, 2025, 2024, and 2023, the Company recognized fair value losses with respect to its investment in Acetone Limited of \$20.0 million, \$15.9 million and \$16.0 million, respectively, in income (loss) from equity investments, net in the Consolidated Income Statements.

Ampere

On March 19, 2025, SoftBank Group announced that it entered into an agreement to acquire all of the outstanding equity interests of Ampere. SoftBank Group expects the transaction to close in the second half of 2025, subject to customary closing conditions and regulatory approvals. In connection with SoftBank Group’s acquisition of Ampere, the Company, as a minority shareholder of Ampere, entered into an amendment to the Ampere LLC Agreement and provided a consent to the transaction. The Company expects to receive approximately \$140 million in gross proceeds for its equity interest in Ampere, which resulted in a \$246.4 million fair value loss, and full repayment of the outstanding balance of the convertible promissory note with Ampere.

As of March 31, 2025 and 2024, the carrying value of the Company’s equity method investment in Ampere was \$143.4 million and \$389.8 million, respectively. For the fiscal years ended March 31, 2025, 2024, and 2023, the Company recognized fair value losses with respect to its investment in Ampere of \$246.4 million, \$0.0 million and \$26.3 million, respectively, in income (loss) from equity investments, net in the Consolidated Income Statements.

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As of March 31, 2025 and 2024, the outstanding balance of the convertible promissory note with Ampere was \$33.8 million and \$32.4 million, respectively, in other non-current assets on the Consolidated Balance Sheets. The Company's maximum exposure to loss is the amounts invested in, and advanced to, Ampere as of March 31, 2025.

Equity investment in publicly listed company

In June 2024, the Company purchased \$35.3 million of Raspberry Pi Holdings plc's ("Raspberry Pi") ordinary shares in the initial public offering of Raspberry Pi, which is now a publicly listed company. As of March 31, 2025, the carrying value for this equity investment was \$97.9 million, which included a pre-initial public offering investment carrying value of \$20.0 million classified as non-marketable equity securities as of March 31, 2024. For the fiscal year ended March 31, 2025, the Company recognized fair value gains with respect to its investment in Raspberry Pi of \$42.6 million in income (loss) from equity investments, net in the Consolidated Income Statements.

Non-marketable Equity Securities

Non-marketable securities are those for which the Company does not have significant influence or control. These represent either direct or indirect, through a capital fund, investments in unlisted early-stage development enterprises which are generating value for shareholders through research and development activities. The Company holds equity interests in certain funds which are accounted for under the NAV practical expedient. As of March 31, 2025 and 2024, the carrying value of assets measured at NAV was \$15.7 million and \$17.8 million, respectively. For the fiscal years ended March 31, 2025, 2024 and 2023, the Company recognized gains and (losses) of \$(2.2) million, \$0.5 million, and \$(10.5) million, respectively, from changes in fair value for non-marketable securities accounted for under the NAV practical expedient.

Historically, the Company had an unrecognized trade receivable with a customer given the collectability of substantially all of the consideration was not probable. In the fiscal year ended March 31, 2024, the Company invested in non-marketable preferred stock from the customer in exchange for the conversion of the trade receivables for \$4.6 million. Currently, the Company does not recognize any revenue and receivables due to not meeting the collectability criterion under ASC 606, Revenue from Contracts with Customers. The Company does not have significant influence or control over the customer and elected to apply the measurement alternative for this investment.

In June 2023, the Company entered into a subscription letter with a subsidiary of SoftBank Vision Fund L.P. ("SoftBank Vision Fund") and Kigen (UK) Limited ("Kigen"), an entity of which SoftBank Vision Fund indirectly owned 85% of the share capital on a fully diluted basis with the remainder comprising management incentives. Pursuant to the subscription letter, the Company and this subsidiary of SoftBank Vision Fund each invested \$10.0 million paid in cash in exchange for preference shares of Kigen. During the fiscal year ended March 31, 2025, the Company invested another \$5.0 million in cash in exchange for preference shares of Kigen. As of March 31, 2025, the carrying value of the Company's preference shares of Kigen was \$15.0 million. The preference shares are convertible into common shares of Kigen and are entitled to full dividends, distribution and voting rights. The Company does not have significant influence or control over Kigen and elected to apply the measurement alternative for this investment.

The Company elected to apply the measurement alternative to all other non-marketable equity securities. Under the measurement alternative, these equity securities are recorded at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes in orderly transactions.

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The components of gains and (losses), which primarily include unrealized gains and losses on non-marketable securities inclusive of those measured under the NAV practical expedient, are as follows:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Observable price adjustments on non-marketable equity securities (includes NAV)	\$ (2)	\$ —	\$ 4
Impairment of non-marketable equity securities	(4)	(3)	(8)
Total income (loss) from equity investments in non-marketable securities, net	\$ (6)	\$ (3)	\$ (4)

All equity method investments held by the Company are considered long-term to enable ecosystem growth and are non-current assets. For the fiscal years ended March 31, 2025, 2024 and 2023, the Company recognized \$7.5 million, \$5.2 million, and \$1.0 million, respectively, in dividends from equity investments measured using the NAV practical expedient. The total amount of financial commitments to existing investees of the Company not provided for in the consolidated financial statements was \$28.1 million and \$19.9 million as of March 31, 2025 and 2024, respectively.

10 - Financial Instruments

Loans and Other Receivables

Loans and other receivables carried at amortized cost is as follows:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Loans and other receivables carried at amortized cost		
Loans receivable	\$ 27	\$ 26
Other receivables	11	12
Allowance for current expected credit losses	(20)	(19)
Loans and other receivables carried at amortized cost, net	\$ 18	\$ 19

The allowance for current expected credit losses reflects the Company's best estimate of expected credit losses of the receivables portfolio determined on the basis of historical experience, current information, and forecasts of future economic conditions.

Loans receivable

As of March 31, 2025 and 2024, the Company had a loan receivable of \$16.6 million and \$16.2 million, respectively, from Arduino SA ("Arduino"), a related party, that was fully impaired for the periods presented.

As of March 31, 2025 and 2024, the Company had a four-year loan of \$3.2 million and \$3.1 million, respectively, issued to Cerfe Labs, Inc, a related party, that was fully impaired for the periods presented.

The remaining balance of loans receivables as of March 31, 2025 and 2024 comprised two five-year loans totaling \$7.1 million and \$6.9 million, respectively, issued to Allia Limited.

Other receivables

As of March 31, 2025 and 2024, balances included in other receivables pertain to lease deposits and other receivables.

Convertible Loans Receivable

In December 2021, the Company acquired a \$29.0 million principal balance convertible loan in Ampere, which is included in other non-current assets on the Consolidated Balance Sheets. The Company elected the fair value option to measure this convertible loan receivable for which changes in fair value are recorded in other non-operating income (loss), net in the Consolidated Income Statements. For the fiscal years ended March 31, 2025, 2024, and 2023, the Company recognized gains on this convertible loan receivable of \$1.8 million, \$1.0 million, and \$2.0 million, respectively.

11 - Derivatives

As of March 31, 2025, the notional value of outstanding foreign currency forward contracts designated as cash flow hedges was £335.0 million and the fair value was \$4.7 million. As of March 31, 2025, the notional value of outstanding foreign currency contracts held without a hedge designation was €5.0 million and the fair value was \$0.0 million.

As of March 31, 2024, the notional value of outstanding foreign currency forward contracts designated as cash flow hedges was £728.0 million and the fair value was \$0.1 million. As of March 31, 2024, the Company did not have any foreign currency contracts held without a hedge designation.

The following table presents the notional amounts of the Company’s outstanding derivative instruments:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Designated as cash flow hedges		
Foreign currency forward contracts	\$ 428	\$ 919
Non-designated hedges		
Foreign currency forward contracts	\$ 5	\$ —

The following table presents the fair value of the Company’s outstanding derivative instruments:

(in millions)	Derivative Assets		Derivative Liabilities	
	As of March 31,		As of March 31,	
	2025	2024	2025	2024
Designated as cash flow hedges				
Foreign currency forward contracts	\$ 7	\$ 4	\$ 2	\$ 4

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Cash Flow Hedge Gains (Losses)

The following table presents net gains (losses) on foreign currency forward contracts designated as cash flow hedges:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Consolidated Statements of Comprehensive Income:			
Change in gains (losses) recognized in accumulated other comprehensive income on cash flow hedge derivatives	\$ 9	\$ 8	\$ 5
(Gains) losses reclassified from accumulated other comprehensive income into income	(4)	(18)	5
Income tax benefit (expense) on cash flow hedges	(2)	2	(2)
Net change in fair value of the effective portion of designated cash flow hedges, net of tax ⁽¹⁾	\$ 3	\$ (8)	\$ 8
Consolidated Income Statements, before tax:			
Research and development	\$ 2	\$ 10	\$ (3)
Selling, general and administrative expenses	\$ 2	\$ 8	\$ (2)

⁽¹⁾ All amounts reported in accumulated other comprehensive income at the reporting date are expected to be reclassified into earnings within the next 18 months.

For the fiscal years ended March 31, 2025, 2024, and 2023, the Company's cash flow hedges were highly effective with immaterial amounts of ineffectiveness recorded in the Consolidated Income Statements for these designated cash flow hedges and all components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

Non-designated Hedging Instrument Gains (Losses)

The following table presents net gains (losses) on derivatives not designated as hedging instruments recorded in other non-operating income (loss), net in the Consolidated Income Statements:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Foreign currency forward contracts	\$ —	\$ (1)	\$ (30)

The Company classifies foreign currency forward contracts as Level 2 fair value measurements pursuant to the fair value hierarchy. See *Note 12 - Fair Value*, for further details.

12 - Fair Value

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its fair value financial instruments into the three levels prescribed under GAAP. An explanation of each level follows the tables and qualitative disclosures below. There were no transfers between fair value measurement levels for any periods presented.

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The following table presents the Company's fair value hierarchy for assets and liabilities measured and recognized at fair value, excluding investments where the NAV practical expedient has been elected, on a recurring basis:

(in millions)	As of March 31, 2025				As of March 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Money market funds	\$ 1,914	\$ —	\$ —	\$ 1,914	\$ 1,744	\$ —	\$ —	\$ 1,744
Short-term investments ⁽¹⁾	740	—	—	740	1,000	—	—	1,000
Equity investments ⁽²⁾	98	—	200	298	—	—	466	466
Convertible loans receivable	—	—	34	34	—	—	32	32
Foreign currency forward contracts	—	7	—	7	—	4	—	4
Total financial assets	<u>\$ 2,752</u>	<u>\$ 7</u>	<u>\$ 234</u>	<u>\$ 2,993</u>	<u>\$ 2,744</u>	<u>\$ 4</u>	<u>\$ 498</u>	<u>\$ 3,246</u>
Financial liabilities								
Foreign currency forward contracts	\$ —	\$ 2	\$ —	\$ 2	\$ —	\$ 4	\$ —	\$ 4
Total financial liabilities	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ 4</u>

⁽¹⁾ Short-term investments represent term deposits with banks with a maturity between 3 and 12 months.

⁽²⁾ In accordance with ASC Subtopic 820-10, *Fair Value Measurements*, investments that are measured at fair value using the NAV practical expedient are not classified in the fair value hierarchy.

In June 2024, Raspberry Pi, a company in which the Company has an equity investment, listed its shares publicly and became actively traded in the market. Given the investment now has a published price quotation in an active market, the investment no longer qualifies for the measurement alternative and the equity investment is now measured at fair value (Level 1) prospectively in accordance with ASC 820, *Fair Value Measurements*, as of the date of the remeasurement event, the initial public offering of Raspberry Pi.

The following tables summarize changes in the fair value, along with other activity associated with the Company's Level 3 financial assets and liabilities:

Equity Method Investments

(in millions)	As of	
	March 31, 2025	March 31, 2024
Fair value of financial assets at the beginning of the period	\$ 466	\$ 482
Fair value losses recognized in the Consolidated Income Statements	(266)	(16)
Fair value at the end of the period	<u>\$ 200</u>	<u>\$ 466</u>

Convertible Loans Receivable

(in millions)	As of	
	March 31, 2025	March 31, 2024
Fair value of financial assets at the beginning of the period	\$ 32	\$ 31
Fair value gains recognized in the Consolidated Income Statements	2	1
Fair value at the end of the period	<u>\$ 34</u>	<u>\$ 32</u>

See below for a description of the valuation techniques and inputs used in the fair value measurement of Level 3 investments including equity method investments, convertible loans receivable, and currency exchange contracts.

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Equity Method Investments

The Company elected the fair value option in accordance with the guidance in ASC 825, *Financial Instruments* (“ASC 825”) for its investments in Acetone Limited and Ampere. The Company initially computed the fair value for its investments consistent with the methodology and assumptions that market participants would use in their estimates of fair value with the assistance of a third-party valuation specialist or based on inputs from the investee. The fair value computation is updated on a quarterly basis. The investments are classified within Level 3 in the fair value hierarchy because the Company estimates the fair value of the investments using the (i) the market-calibration approach based on the guideline public company method, (ii) subject to availability of sufficient information, the income approach based on the discounted cash flow method, or (iii) the probability-weighted, expected return (“PWER”) approach.

The market-calibration approach considers valuation multiples that are calibrated to the valuation as of the prior valuation date (i.e., quarterly) based on: (a) changes in the broader market or industry; (b) changes in the guideline public companies; and (c) changes in the company’s operating and financial performance. The fair value computation under this approach includes a key assumption for the range of valuation multiples (i.e., enterprise value or revenue), which requires significant professional judgment by the valuation specialist and is based on observable inputs (e.g., market data) and unobservable inputs (e.g., market participant assumptions).

The PWER approach is based on discrete future exit scenarios to determine the value of various equity securities. Under the PWER approach, the share value today is based on the probability-weighted, present value of expected future distributions, taking into account the rights and preferences of each debt and equity class. The Company considers an initial public offering scenario, a sale scenario, and a scenario assuming continued operation as a private entity for future exit scenarios. The fair value computation under this approach includes key assumptions for time to liquidity outcomes, discounted rate, and present value factors.

The following tables provide quantitative information related to certain key assumptions utilized in the valuation of equity method investments accounted for under the fair value option:

As of March 31, 2025				
(in millions)	Fair Value	Valuation Technique	Unobservable Inputs	Range of Estimates
Equity Method Investments	\$200	Acetone Limited – Market-Calibration or discounted cash flow	LTM Revenue Multiple	1.1x - 1.3x
		Ampere – PWER	Probability of exit event	100%
			Time to future exit scenario	0.8 years
As of March 31, 2024				
(in millions)	Fair Value	Valuation Technique	Unobservable Inputs	Range of Estimates
Equity Method Investments	\$466	Acetone Limited – Market-Calibration or discounted cash flow	LTM Revenue Multiple	1.3x - 1.5x
		Ampere – PWER	Probability of exit event	100%
			Time to future exit scenario	1.5 years
			Discount rate	17.6%

Convertible Loans Receivable—Ampere

In December 2021, the Company acquired a \$29.0 million convertible promissory note in Ampere, which is included in other non-current assets on the Consolidated Balance Sheets. As of March 31, 2025 and 2024, the Company’s maximum

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exposure to loss is the amounts invested in, and advanced to, Ampere. As of March 31, 2025 and 2024, the Company has not converted any of its convertible promissory note into equity.

The fair value of the Ampere convertible loan is based upon significant unobservable inputs, including the use of a probability weighted discounted cash flows model, requiring the Company to develop its own assumptions. Therefore, the Company has categorized this asset as a Level 3 financial asset.

Some of the more significant unobservable inputs used in the fair value measurement of the convertible loan include applicable discount rates, the likelihood and projected timing of repayment or conversion, and projected cash flows in support of the estimated enterprise value of Ampere. Changes in these assumptions, while holding other inputs constant, could result in a significant change in the fair value of the convertible loan.

If the amortized cost of the convertible loan exceeds its estimated fair value, the security is deemed to be impaired, and must be evaluated for the recognition of credit losses. Impairment resulting from credit losses is recognized within earnings, while impairment resulting from other factors is recognized in other comprehensive income (loss). As of March 31, 2025 and 2024, the Company has not recognized any credit losses related to this convertible loan.

The fair value calculated using significant unobservable inputs did not differ materially from the amortized cost basis as of March 31, 2025 and 2024.

Currency Exchange Contracts

For currency exchange contracts, these contracts are valued at the present value of future cash flows based on forward exchange rates at the balance sheet date.

13 - Shareholders' Equity

Employee Benefit Trust

In September 2023, the Company established the EBT, constituted by a trust deed entered into by the Company and a professional trustee, with the principal purpose to facilitate the efficient and flexible settlement of share-based compensation arrangements with employees. The Company has the power to appoint and remove the trustee and therefore, consolidates the trust. The EBT may acquire newly issued ordinary shares or ADSs at a nominal value or the trustee of the EBT has the power to acquire ordinary shares or ADSs of the Company in the open market, which purchases may be funded by one or more loans from the Company to the EBT or non-repayable gifts made by the Company to the EBT. As of March 31, 2025 and 2024, the EBT held a nominal number of ADSs and 1 million ADSs, respectively, which were purchased from the Company at par value. The market value of ADSs held by the EBT as of March 31, 2025 and 2024 was \$0.2 million and \$75.4 million, respectively. The ADSs held by the EBT as of March 31, 2024 were, and the ADSs held by the EBT as of March 31, 2025 are expected to be, transferred out of the EBT in order to settle vesting of share-based compensation for employees. As the EBT is consolidated by the Company, ordinary shares or ADSs held by the EBT are considered authorized and issued but not outstanding for the computation of earnings per share.

14 - Restructuring and Other

Restructuring

In March 2022, the Company announced a restructuring plan to align its workforce with strategic business activities and to improve efficiencies in its operations. For the fiscal year ended March 31, 2023, the Company recognized restructuring expenses of \$1.5 million in restructuring and related costs in the Consolidated Income Statements in connection with these activities. Restructuring activities were completed and the restructuring liability was settled in the fiscal year ended March 31, 2023.

15 - Share-based Compensation

The Company had the following share-based payment arrangements during the periods presented:

Restricted Share Units—2019 AEP

In December 2019, an RSU plan was established for all employees of the Company. Vesting of these RSUs under the 2019 AEP requires the continuous service of the employees through the vesting date, is subject to the achievement of a market condition target, and vesting occurs on the earliest of the following: (1) the occurrence of one of various events comprising a change in control of the Company, (2) an initial public offering, or (3) the passage of time with the date being March 9, 2026. The Company also maintains a subplan for employees of its subsidiary, Arm Israel, in which RSUs will be settled in cash at the vesting. Employees may elect not to participate in the 2019 AEP. For all periods presented prior to the IPO, a change in control or an initial public offering is generally not considered probable until it has occurred. These awards were expected to be cash settled and therefore were liability-classified. Post-IPO, the 2019 AEP vested on the occurrence of an “exit event” to the extent that the relevant vesting hurdle was met or exceeded. As of October 25, 2023, the Company had determined that the market condition for the 2019 AEP had been met and, therefore, all awards under the 2019 AEP vested at 100% in March 2024. The equity-classified awards were settled in ordinary shares of the Company at the vesting date and neither carry rights to dividends nor voting rights. The liability-classified awards for Arm Israel were settled in cash. The awards were forfeited if an employee left the Company before the RSUs vested. For all periods presented, the aggregate nominal amount of shares over which the Remuneration Committee of the Company’s Board of Directors (the “Remuneration Committee”) was able to grant awards under the 2019 AEP was limited so that awards did not exceed, at any time, an amount equal to 2.2 percent of the aggregate nominal amount of the Company’s fully diluted equity share capital. The Company did not grant further awards under the 2019 AEP after the IPO. As of March 31, 2025 and 2024, all RSUs under the 2019 AEP were vested and settled. As of March 31, 2023, 11,601,185 RSUs were outstanding.

For the fiscal year ended March 31, 2024, the Company had \$18.2 million payments arising from normal course vesting events for liability-classified share-based awards, representing the fair value of the vested RSUs. For the fiscal year ended March 31, 2023, liability-classified share-based awards paid were \$15.9 million related to the RSUs that had vesting conditions accelerated pursuant to restructuring activities, of which \$11.8 million of share-based compensation cost was recognized in the fiscal year ended March 31, 2023. The Company did not have any payments arising from normal course vesting events for liability-classified share-based awards for the fiscal year ended March 31, 2023. The fair value of RSUs vested for the fiscal year ended March 31, 2023 was \$16.2 million.

In connection with the IPO, all RSUs previously issued under the 2019 AEP were modified to be settled in ordinary shares of the Company except for those awards granted to employees of Arm Israel. For those RSUs to be settled in ordinary shares, the Company accounted for this change as a modification in accordance with ASC 718, *Compensation—Stock Compensation* (“ASC 718”) and changed the classification of the awards from liability-classified to equity-classified. During the fiscal year ended March 31, 2024, as a result of the modification, the Company reclassified \$306.6 million from the non-current portion of accrued compensation and share-based compensation to additional paid-in capital on the Consolidated Balance Sheets. The modification resulted in the incremental and accelerated share-based compensation cost of \$217.2 million at the modification date which affected 5,251 employees. For the remaining RSUs granted to employees of Arm Israel, these awards remain liability-classified and the Company remeasured the RSUs at fair value at each reporting period through the date of settlement.

During the period starting from May 2022 through June 2022, the Remuneration Committee modified the terms of the 2019 AEP to accelerate the vesting for approximately 435 employees affected by restructuring activities initiated in the fiscal year ended March 31, 2022. The affected participants of the plan were provided the option to i) settle all unvested RSUs for a cash payment equivalent to the product of (a) a fixed amount as determined by the Remuneration Committee (b) 50% of the number of RSUs held by the participant, or ii) retain the RSUs until they become vested pursuant to the original vesting terms. The Company accounted for this acceleration as a modification of vesting in connection with a settlement which resulted in the recognition of incremental share-based compensation cost. For the fiscal year ended March 31, 2023, the Company recognized incremental share-based compensation cost of \$11.8 million related to the cash receipt option and \$2.2 million related to the RSUs retention option.

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For the periods prior to the IPO, the weighted average fair value of the RSUs was measured using the Monte Carlo simulation model. The Monte Carlo methodology incorporates into the valuation all possible outcomes that could result in the vesting of the awards. Where relevant, the expected term used in the model has been adjusted based on the Company's best estimate for the effects of non-transferability and exercise restrictions (including the probability of meeting market conditions attached to the RSUs).

The following table presents the assumptions used for the RSUs under the 2019 AEP for the relevant periods:

	Fiscal Year Ended March 31,	
	2024	2023
Weighted average share price	\$ 56.10	\$ 41.51
Expected volatility until liquidity event	40 %	40 %
Time to liquidity event	0.5	0.5
Dividend yield	0.00 %	0.00 %
Risk free interest rate	5.52 %	4.94 %

Restricted Share Units—2019 EIP

In April 2020, a RSU plan was put in place for certain of our executive officers. The vesting of these RSUs under the 2019 EIP requires the continuous service of the employees through the vesting date, was originally subjected to the achievement of a market-condition target, and vesting occurs on the earliest of the following: (1) the occurrence of one of various events comprising a change in control of the Company, (2) an initial public offering, or (3) the passage of time with the date being March 9, 2026. At inception of the plan, the market condition target was tied to the valuation of the Company upon vesting. In September 2022, the Company modified the 2019 EIP to remove the market conditions. Employees may elect not to participate in the 2019 EIP. For all periods presented prior to the IPO, a change in control or an initial public offering is generally not considered probable until it has occurred. These awards were expected to be cash settled and therefore were liability-classified. In connection with the IPO, the 2019 EIP awards vested and were settled in ordinary shares of the Company and neither carry rights to dividends nor voting rights. The awards were forfeited if an employee left the Company before the RSUs vested. For all periods presented, the aggregate nominal amount of shares over which the Remuneration Committee was able to grant awards under the 2019 EIP was limited so that awards did not exceed, at any time, an amount equal to 0.3 percent of the aggregate nominal amount of the Company's fully diluted equity share capital. The Company did not grant further awards under the 2019 EIP after the IPO. As of March 31, 2025 and March 31, 2024, all RSUs under the 2019 EIP were vested and settled. As of March 31, 2023, 192,999 RSUs were outstanding.

As of March 31, 2023, \$3.6 million was recognized as a liability for the liability-classified RSUs under the 2019 EIP in the non-current portion of accrued compensation and share-based compensation on the Consolidated Balance Sheets related to awards that were liability-classified pre-IPO. The Company did not have any payments for liability-classified share-based awards under the 2019 EIP Plan for the fiscal years ended March 31, 2025, 2024 and 2023.

In September 2022, the Company modified the 2019 EIP to remove the market conditions which were tied to the valuation of the Company upon the vesting of the RSUs. All other terms under the 2019 EIP remained unchanged as a result of this modification and the RSUs remained as liability-classified awards. The incremental share-based compensation cost was measured as the excess of the fair value of the modified RSUs over the fair value of the original RSUs immediately before their terms were modified at modification. As of the modification date, incremental share-based compensation cost recognized was \$4.5 million.

In December 2022, the Remuneration Committee approved the cancellation of 355,463 outstanding RSUs issued to an executive participant under the 2019 EIP in exchange for a fixed monetary \$20.0 million special RSU award ("Special RSU Award") issued under the 2022 RSU Plan. The incremental compensation cost of both the 2019 EIP and the Special RSU Award combined was measured by comparing the fair value of the award immediately before and after the modification. The Company accounted for this acceleration for the modification as a cumulative adjustment to the liability. As of the modification date, the net incremental compensation cost for the modified award was \$4.1 million.

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In connection with the IPO, all RSUs previously issued under the 2019 EIP were modified to be settled in ordinary shares of the Company. The Company accounted for this change as a modification in accordance with ASC 718 and changed the classification of the awards from liability-classified to equity-classified. During the fiscal year ended March 31, 2024, as a result of the modification, the Company reclassified \$5.7 million from non-current portion of accrued compensation and share-based compensation to additional paid-in capital on the Consolidated Balance Sheets. Upon the IPO, the awards under the 2019 EIP vested and the Company recognized accelerated share-based compensation cost of \$4.1 million for awards outstanding prior to the IPO.

For the fiscal year ended March 31, 2023 and prior to the IPO in fiscal year ended March 31, 2024, the Company used the income approach and market-calibration approach based on comparable publicly traded companies in similar lines of businesses. Cash flow assumptions used in income approach considers historical and forecasted revenue, earnings before interest, taxes, depreciation and amortization (EBITDA) and other relevant factors.

The following table presents the assumptions used for the RSUs under the 2019 EIP for the fiscal year ended March 31, 2023:

Average share price	\$	41.51
Transaction costs		2.50 %
Time to liquidity event (in years)		0.5
Discount for lack of marketability		7.50 %

Phantom Share Scheme (Cash-Settled)

In April 2017, a cash-settled share-based payment plan was put in place for certain of our executive officers. Under this plan, the employees are granted a cash award annually on April 1, which vests over a three-year service period subject to continuous service and satisfaction of certain Company performance conditions. The cash amount which the employee is entitled to receive if employed at the end of the three-year period is directly linked to the share price of the Company's ultimate parent, SoftBank Group. The number of Phantom Shares that vest is also linked to certain Company strategic performance conditions. The strategic performance conditions are non-market based vesting conditions and, as a result, the conditions do not affect the fair value of Phantom Shares at each reporting date.

The strategic performance conditions are operational in nature and measure performance in areas such as product development, customer design wins and market share across different technologies and markets. The conditions are linked directly to the Company's strategic objectives, rather than any financial or other measures.

As of March 31, 2025 and 2024, there were no Phantom Shares outstanding.

The Phantom Shares are required to be settled in cash and therefore are recorded on the Consolidated Balance Sheets as a liability until settled. For the fiscal year ended March 31, 2023, liability-classified share-based awards paid totaled \$1.5 million. For the fiscal year ended March 31, 2023, the total number of Phantom Shares vested were 27,503. The fair value of Phantom Shares measured as of March 31, 2023 was \$38.84 per share. The fair value of the Phantom Shares vested was \$1.1 million for the fiscal year ended March 31, 2023. As of March 31, 2023, \$1.1 million was recognized as a liability for the Phantom Shares in accrued compensation and benefits and share-based compensation on the Consolidated Balance Sheets. For the fiscal year ended March 31, 2024, the Company paid \$0.9 million for vested Phantom Shares. The variance between the amount paid and accrued as of March 31, 2023 was driven by foreign exchange differences as participants were paid in foreign denominated currencies. As of March 31, 2025, the Company did not have any unpaid amounts in relation to vested Phantom Share awards.

Restricted Share Units—2022 RSU Plan

In June 2022, the 2022 RSU Plan was established to grant RSUs to all employees of the Company ("All Employee Awards") and to grant two types of executive awards to certain of the Company's executive officers (such awards, the "Annual Awards" and "Launch Awards" and collectively, the "Executive Awards"). The All Employee Awards and

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Executive Awards were historically disclosed separately due to pre-IPO presentation differences related to classification, but are now disclosed together as post-IPO all are equity-classified, as discussed in more detail below. The All Employee Awards vest in tranches, require continuous service through the vesting date, and are subject to graded vesting over time. At the time of issuance, the Company intended to settle the All Employee Awards in ordinary shares at the vesting date, and such RSU awards were accounted for as equity-classified awards. Launch Awards vest in tranches and require continuous service through the vesting dates and are subject to graded vesting over a period of three years. Annual Awards include a portion that vests over a three-year continuous service period and another portion that is subject to continuous service and satisfaction of certain Company performance conditions. The time-based portion of the Annual Awards vest over a three-year period. The Annual Awards that are subject to continuous service and satisfaction of certain Company performance conditions vest upon the satisfaction of performance metrics as established for each one-year performance period and have the potential to vest between 0% and 200% of the original fixed monetary amount of the award depending on the achievement of annual performance metrics. The 2022 RSU Plan allows for either cash or share settlement of the RSU awards by tranche at the discretion of the Remuneration Committee. For all periods presented, the aggregate nominal amount of shares over which the Remuneration Committee was able to grant awards under the 2022 RSU Plan was limited so that awards did not exceed, at any time, an amount equal to 4.0 percent of the aggregate nominal amount of the Company's fully diluted equity share capital. The Company did not grant further awards under the 2022 RSU Plan after the IPO.

In November 2022, the Company issued Executive Awards under the 2022 RSU Plan. These entitled participants to a fixed amount of cash or, upon the occurrence of a change in control or an initial public offering, a variable number of ordinary shares of the Company equal to a fixed amount of cash, at the discretion of the Remuneration Committee. Executive Awards granted were originally accounted for as liability-classified awards and upon the IPO, each Executive Award was converted into a variable number of shares based on the closing ADS price of the Company at the IPO date. The table below shows the Company's commitment for potential payments and the liability recognized as of March 31, 2023:

Type of Executive Award (in millions)	As of March 31, 2023	
	Potential Fixed Monetary Amount	Accrued Liability ⁽¹⁾
Launch Awards	\$ 80	\$ 23
Annual Awards	15	9
Total	\$ 95	\$ 32

⁽¹⁾ Includes the amount recorded for performance-based awards that were probable of achievement.

In November 2022, the Company determined that it would settle the first tranche of the All Employee Awards outstanding that vested in March and May 2023 by paying cash instead of issuing shares. Other than the change in intent regarding form of settlement, no other terms or conditions regarding the RSUs were changed. The Company accounted for this change as a modification in accordance with ASC 718 and reclassified the affected portion of the award from equity to liability and remeasured the award at fair value at each reporting period through the date of settlement with consideration that total compensation cost cannot be less than the grant-date fair-value-based measure of the original award. As a result of the modification, the Company recognized \$2.1 million of incremental share-based compensation cost at the time of the modification and recorded \$31.7 million as a reclassification from equity to liability upon modification. 5,539 of employees were affected by this modification.

The 2022 RSU Plan provides vesting schedules applicable prior to and after an initial public offering. Upon the IPO, the All Employee Awards under the 2022 RSU Plan were accounted for using the vesting schedules applicable after an initial public offering which resulted in an acceleration of compensation cost. The Company accounted for the changes as a modification in accordance with ASC 718 and recorded \$17.7 million of accelerated share-based compensation cost at the modification date which affected 5,041 employees.

In connection with the IPO, all Executive Awards previously issued under the 2022 RSU Plan were modified to be settled in ordinary shares of the Company. Given the awards were no longer expected to be settled in cash but rather expected to be settled in ordinary shares based on the IPO price of \$51.00 per ADS, the modification resulted in a change to the

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classification of the Executive Awards from liability-classified to equity-classified. The Company accounted for this change as a modification in accordance with ASC 718. As a result of the modification, the Company reclassified \$9.1 million and \$20.2 million in current portion of accrued compensation and benefits and share-based compensation and non-current portion of accrued compensation and share-based compensation, respectively, to additional paid-in capital on the Consolidated Balance Sheets. The modification resulted in an issuance of 1,875,202 RSUs equal to the fixed monetary amount of all Executive Awards outstanding under the 2022 RSU Plan. Upon the occurrence of the IPO, the Company recognized accelerated share-based compensation cost of \$9.8 million, for which the service-based vesting condition was satisfied or partially satisfied, at the modification date which affected 14 employees. As of March 31, 2025 and 2024, all the 2022 RSU Plan awards were expected to be settled in ordinary shares at the vesting date.

The table below identifies the award activity under the 2022 RSU Plan:

(in millions, except per award amount)	Awards ⁽¹⁾	Weighted Average Grant Date Fair Value Per Award ⁽¹⁾
Outstanding as of March 31, 2024	23	\$ 42.30
Granted	1	\$ 91.43
Vested	(16)	\$ 41.71
Cancelled and forfeited	(1)	\$ 41.65
Outstanding and expected to vest as of March 31, 2025	<u>7</u>	<u>\$ 47.34</u>

⁽¹⁾ Awards and weighted average grant date per share exclude shares related to certain executive awards that currently have no grant date as the future performance objectives have not yet been defined and/or communicated to participants of the plan.

As of March 31, 2025, there was \$264.7 million total unrecognized compensation expense related to all awards issued under the 2022 RSU Plan expected to be recognized over a weighted-average period of 0.6 years and there were no liability-classified RSUs under the 2022 RSU Plan.

For the fiscal year ended March 31, 2023 and prior to the IPO in fiscal year ended March 31, 2024, the Company used the income approach and market-calibration approach based on comparable publicly traded companies in similar lines of businesses. Cash flow assumptions used in the income approach considers historical and forecasted revenue, earnings before interest, taxes, depreciation and amortization (EBITDA) and other relevant factors.

The following table presents the assumptions used for the RSUs under the 2022 RSU Plan for the relevant periods:

	Fiscal Year Ended March 31,	
	2024	2023
Average share price	\$44.52 - \$48.18	\$35.16 - \$39.67
Transaction costs	2.50 %	2.50 %
Present value per RSU	\$43.40 - \$46.98	\$33.13 - \$39.67
Time to liquidity event (in years)	0.5 - 1.0	0.5 - 0.9
Discount for lack of marketability	0.00% - 7.50%	0.00% - 7.50%

The Arm Non-Executive Directors RSU Award Plan (“NED Plan”)

In September 2022, the Company established the NED Plan for non-executive directors. The RSU awards issued under the NED Plan (the “NED Awards”) are subject to time-based vesting and continued service of the non-executive directors. The NED Plan allows for either cash or share settlement of the awards at the discretion of the Remuneration Committee. As of March 31, 2025, all RSUs under the NED Plan were vested and settled. As of March 31, 2024, the Company accounted for the NED Awards as equity-classified awards.

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Notes to Consolidated Financial Statements

The number of RSUs granted and outstanding for the fiscal years ended March 31, 2024 and 2023 was 31,806 and 13,340, respectively.

Omnibus Incentive Plan

In August 2023, the Company's Board of Directors adopted the Arm Holdings plc 2023 Omnibus Incentive Plan (the "Omnibus Incentive Plan"), which became effective in September 2023. The Omnibus Incentive Plan allows for the grant of incentive awards to employees, executive directors, and non-employees, including non-employee directors and consultants of the Company and its subsidiaries. Participants may elect not to participate in the plan. The types of incentive awards granted under the Omnibus Incentive Plan is determined by the Company's Board of Directors and the Remuneration Committee, and the Omnibus Incentive Plan allows for the grant of stock options, share appreciation rights ("SARs"), restricted shares, RSUs, performance stock units ("PSUs"), other awards of cash, shares or other property (which may include a specified cash amount that is payable in cash or shares, or awards tied to the appreciation in the value of shares), dividends and dividend equivalents. Vesting conditions applicable to awards may be based on continued service, achievement of company, business unit or other performance objectives, or such other criteria as the Remuneration Committee may establish. The maximum number of ordinary shares that may be issued under the Omnibus Incentive Plan as approved at the time of adoption of the Omnibus Incentive Plan was equal to the sum of (i) 20,500,000 ordinary shares and (ii) an annual increase on April 1 of each year beginning on April 1, 2024 and ending on April 1, 2028, equal to the lesser of (A) 2% of the aggregate number of ordinary shares outstanding on March 31 of the immediately preceding fiscal year and (B) such smaller number of ordinary shares as determined by our Board of Directors or our Remuneration Committee. No more than 20,500,000 ordinary shares may be issued under the Omnibus Incentive Plan upon the exercise of incentive stock options.

In October 2023, the Company started to grant RSUs and PSUs under the Omnibus Incentive Plan to employees, including executives of the Company. The RSUs and PSUs granted neither carry rights to dividends nor voting rights until the shares are issued or transferred to the recipient. The Omnibus Incentive Plan allows for either cash or share settlement of the awards by tranche, if applicable, at the discretion of the Remuneration Committee. At the time of issuance, the Company intended to settle the RSUs and PSUs in shares at the vesting date and such awards are accounted for as equity-classified awards. The RSUs were granted to existing employees and new hires of the Company and its subsidiaries, Arm Israel and Arm France SAS and vest in tranches, require continuous service through the vesting date and are subject to graded vesting over a period of three years. RSUs granted to employees and new hires of subsidiaries in Israel and France substantially share the same terms as the existing RSUs under the 2022 RSU Plan with differences limited to the vesting schedules. PSUs were awarded to executives of the Company and include a portion that vests over a three-year continuous service period and another portion that is subject to continuous service and satisfaction of certain Company performance conditions. The time-based portion of the PSUs vest over a three-year period. The PSUs that are subject to continuous service and satisfaction of certain Company performance conditions vest upon the satisfaction of performance metrics as established for each one-year performance period and have the potential to vest between 0% and 200% of the original award amount depending on the achievement of annual performance metrics.

Except for performance awards with specific performance criteria, the Company recognizes share based compensation cost using the straight-line method over the requisite service period of the award, net of estimated forfeitures. Awards are forfeited if an employee leaves the Company before the awards vest. For all periods presented, the maximum number of ordinary shares that may be issued under the Omnibus Incentive Plan is equal to the sum of (i) 20,500,000 ordinary shares and (ii) an annual increase on April 1 of each year beginning on April 1, 2024 and ending on April 1, 2028, equal to the lesser of (A) 2% of the aggregate number of ordinary shares outstanding on March 31 of the immediately preceding fiscal year and (B) such smaller number of ordinary shares as determined by the Company's board of directors or the Remuneration Committee. No more than 20,500,000 ordinary shares may be issued under the Omnibus Incentive Plan upon the exercise of incentive stock options.

During the fiscal year ended March 31, 2025, the Company granted PSUs for the first time, with relative total shareholder return ("Relative TSR") as the performance measure under the Omnibus Incentive Plan. PSUs granted with Relative TSR as the performance measure are measured over a three-year performance period relative to the S&P 500 IT Sector Index and have the potential to vest between 0% and 200% of the original award amount depending on the Relative TSR achievement. To determine the grant date fair value of the market conditions component of the awards with Relative TSR-

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based performance measures, a Monte Carlo simulation model is used. The Company recognizes compensation expense for the Relative TSR awards over the requisite service period based on the grant date fair value.

The table below identifies all award activity under the Omnibus Incentive Plan:

(in millions, except per award amount)	Awards ⁽¹⁾	Weighted Average Grant Date Fair Value Per Award ⁽¹⁾
Outstanding as of March 31, 2024	2	\$ 68.13
Granted	11	\$ 121.63
Vested	(1)	\$ 70.97
Cancelled and forfeited	(1)	\$ 112.13
Outstanding and expected to vest as of March 31, 2025	11	\$ 118.24

⁽¹⁾ Awards and weighted average grant date per share exclude shares related to PSUs that currently have no grant date as the future performance objectives have not yet been defined and/or communicated to participants of the plan.

Other than PSUs with Relative TSR-based performance measures, the Company uses the closing ADS price of the Company on the date of grant as the fair value of awards. As of March 31, 2025, there was \$989.8 million of total unrecognized compensation cost expected to be recognized over a weighted-average period of 1.2 years.

Employee Stock Purchase Plan

In August 2024 and September 2024, the Company's Board of Directors adopted and the Company's shareholders approved, respectively, the ESPP. The maximum number of shares that may be granted under the ESPP is equal to the number of shares available for issuance under the Omnibus Incentive Plan, and each share granted under the ESPP reduces the number of shares available for issuance under the Omnibus Incentive Plan and its sub-plans by one share.

The ESPP provides for one or more offering periods, and each offering will be for any period of between six and 24 calendar months as determined by the Remuneration Committee. Subject to any limitations contained therein, the ESPP allows eligible employees to purchase the Company's ordinary shares or ADSs through payroll deductions of up to 10% of eligible compensation, subject to a cap of \$25,000 per year (as calculated based on applicable tax rules). Eligible employees may be granted ESPP options to acquire ordinary shares or ADSs at a fixed price, which may be set at a discount of up to 15% of the lesser of (1) the fair market value of the ordinary shares or ADSs on the day before the offering period start date or (2) the fair market value of the ordinary shares or ADSs on the day before the purchase date at the end of the offering period. Employees may withdraw from the ESPP during specified periods and receive a full refund of accumulated payroll contributions. Employees who cease working at the Company during an offering period are treated as withdrawing from the ESPP.

The first purchase period under the ESPP commenced during the fiscal year ended March 31, 2025. The assessed fair value at grant date of shares that may be granted, for the six month offering period commencing March 1, 2025, was \$42.64 per share.

The Company used the Black-Scholes valuation model for the fiscal year ended March 31, 2025 to estimate the grant date fair value of shares granted to employees under the ESPP. The following table presents the assumptions used to estimate fair value:

Expected holding period (in years)	0.5
Risk-free interest rate	4.25%
Expected stock price volatility	60.00%
Dividend yield	—%

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As of March 31, 2025, there was \$10.6 million of total unrecognized compensation cost related to the ESPP expected to be recognized over the remaining term of the offering period beginning on April 1, 2025. As of March 31, 2025, no ordinary shares or ADSs have been purchased under the ESPP.

Share-based Compensation Cost

A summary of share-based compensation cost recognized in the Consolidated Income Statements is as follows:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Cost of sales	\$ 26	\$ 41	\$ 12
Research and development	576	728	212
Selling, general and administrative	218	301	102
Pre-tax share-based compensation cost	\$ 820	\$ 1,070	\$ 326
Less: income tax effect	144	210	48
Net share-based compensation cost	\$ 676	\$ 860	\$ 278

No share-based compensation cost was capitalized for the fiscal years ended March 31, 2025, 2024 and 2023.

16 - Income Taxes

The components of income before provision for income taxes are as follows:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
United Kingdom	\$ 526	\$ 139	\$ 427
Foreign	194	73	244
Income from continuing operations before income taxes	\$ 720	\$ 212	\$ 671

The benefit (expense) for income taxes consists of the following:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Current:			
United Kingdom	\$ (1)	\$ 2	\$ (87)
Foreign	(145)	(178)	(94)
Total current tax benefit (expense)	\$ (146)	\$ (176)	\$ (181)
Deferred:			
United Kingdom	\$ 97	\$ 114	\$ 25
Foreign	121	156	9
Total deferred tax benefit (expense)	\$ 218	\$ 270	\$ 34
Total income tax benefit (expense)	\$ 72	\$ 94	\$ (147)

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Notes to Consolidated Financial Statements

A reconciliation of the tax benefit (expense) at the United Kingdom statutory income tax rate to the actual tax benefit (expense) is as follows:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Income tax benefit (expense) at statutory rate	\$ (180)	\$ (53)	\$ (127)
Foreign tax rate differential	(10)	(14)	(2)
Research and development tax credits	85	94	37
Change in valuation allowance	—	(4)	(5)
Non-deductible/non-taxable items	(10)	(3)	(3)
Patent box benefit	38	(4)	25
Contingency reserve	19	—	—
Impact of U.K. rate change	(22)	(3)	(2)
Withholding tax	(97)	(122)	(72)
Gains exempt from U.K. tax	(2)	(3)	2
Windfall tax benefit associated with share-based compensation	251	206	—
Income tax benefit (expense)	\$ 72	\$ 94	\$ (147)

For the fiscal years ended March 31, 2025, 2024, and 2023, income tax benefit (expense) was \$72.0 million, \$93.8 million, and \$(146.8) million, respectively. For the fiscal years ended March 31, 2025, 2024, and 2023, the income tax benefit (expense) as a percentage of income before taxes was 10%, 44%, and (22)%, respectively.

The effective rate decreased compared to the same period last year primarily due to the tax benefit of windfall gains and research tax credits, which arose due to an increase in share price, on profits of \$720.0 million during the fiscal year ended March 31, 2025 compared to profits of \$212.0 million in the fiscal year ended March 31, 2024.

For the fiscal years ended March 31, 2025, 2024 and 2023, the effective rate differed from the U.K. statutory rate of 25%, 25%, and 19%, respectively, primarily due to withholding taxes, research and development tax credits and for the fiscal years ended March 31, 2025 and 2024, share-based compensation windfall tax benefits.

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The significant components of deferred tax assets and liabilities are as follows:

(in millions)	As of	
	March 31, 2025	March 31, 2024
Lease liability	\$ 25	\$ 19
Fixed assets	21	27
Tax losses and research and development tax credits	549	408
Equity investments	11	9
Share-based compensation	41	28
Reserves and other liabilities	27	23
Total gross deferred tax assets	674	514
Less: Valuation allowance	(26)	(25)
Total deferred tax assets, net of valuation allowance	648	489
Right of use assets	(23)	(18)
Acquired intangibles	(6)	(5)
Outside basis differences	(52)	(106)
Hedging reserve	(1)	—
Contract liabilities	(206)	(213)
Total deferred tax liabilities	(288)	(342)
Net deferred tax assets (liabilities)	\$ 360	\$ 147

As of March 31, 2025, the Company had a United Kingdom corporate tax loss carryforward of \$388.9 million (\$97.2 million tax effected) and U.K. R&D Expenditure Credits of \$101.3 million. These have no expiration date. The Company has U.S. federal net operating loss carryforwards of approximately \$527.3 million (\$110.7 million tax effected), of which \$518.6 million has no expiration date and \$8.7 million (\$1.8 million tax effected) will expire between the fiscal years ending March 31, 2033 and 2038 if not utilized. The Company also has a tax asset in respect of state net operating losses of \$281.8 million (\$16.9 million net of federal benefit) which will expire by the fiscal year ending March 31, 2048 if not utilized. The Company has U.S. federal tax credit carryforwards of \$171.8 million which will expire between the fiscal years ending March 31, 2033 and 2045. In addition, the Company has state research tax credits of \$83.1 million (\$65.7 million net of federal benefit), of which \$31.8 million has no expiration date and \$51.3 million will expire between the fiscal years ending March 31, 2033 and 2045.

As of March 31, 2025, the Company has provided a valuation allowance against certain U.S. state research tax credits, and certain U.K. tax losses. This is based on an analysis of historical taxable income, the projected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies.

Utilization of the U.S. federal net operating loss and research tax credit carryforwards may be subject to annual limitations due to the ownership change limitations provided by the U.S. Internal Revenue Code of 1986, as amended, and similar state provisions. Such annual limitations could result in the expiration of the net operating loss and research tax credit carryforwards before their utilization. The events that may cause ownership changes include, but are not limited to, a cumulative stock ownership change of greater than 50% over a three-year period.

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The following table reflects changes in gross unrecognized tax benefits:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
Gross unrecognized tax benefits—April 1	\$ 83	\$ 62	\$ 54
Gross increases—tax positions in prior period	—	5	6
Gross decreases—tax positions in prior period	(11)	(1)	—
Gross increases—tax positions in current period	31	19	7
Settlements	(2)	—	(1)
Lapse of statute of limitations	—	(1)	(1)
Foreign exchange	—	(1)	(3)
Gross unrecognized tax benefits— March 31	\$ 101	\$ 83	\$ 62

Included in the balance of unrecognized tax benefits as of March 31, 2025, 2024 and 2023, are \$76.0 million, \$71.9 million, and \$56.3 million, respectively, of tax benefits that, if recognized, would affect the effective tax rate.

The Company recognizes interest accrued related to unrecognized tax benefits and penalties as income tax expense. The Company recognized (benefit) expense of \$(13.8) million, \$1.8 million, and \$0.8 million for interest and penalties associated with income tax liabilities as of March 31, 2025, 2024 and 2023, respectively. As of March 31, 2025, 2024 and 2023, the Company had total accrued interest and penalties of \$1.6 million, \$15.5 million, and \$14.2 million, respectively, which is included in other non-current liabilities on the Consolidated Balance Sheets.

While the Company believes it has adequately provided for all tax positions, amounts asserted by tax authorities could be greater or less than the position. Accordingly, provisions on federal, state and foreign tax-related matters to be recorded in the future may change as revised estimates are made or the underlying matters are settled or otherwise resolved. As of March 31, 2025, the Company has not identified any positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

The Company is subject to taxation in the United Kingdom and various states and foreign jurisdictions. As of March 31, 2025, the Company is no longer subject to examination by the United Kingdom tax authorities for the fiscal years ended March 31, 2018 or earlier. U.S. Federal returns for the calendar year ended December 31, 2003 and later periods are subject to audit with the exception of the calendar years ended December 31, 2010 to December 31, 2012, December 31, 2015 and December 31, 2016.

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Notes to Consolidated Financial Statements

17 - Net Income (Loss) Per Share

The following table presents a reconciliation of basic and diluted earnings per share computations:

(in millions, except per share amounts)	Fiscal Year Ended March 31,		
	2025	2024	2023
Numerator:			
Income (loss) attributable to ordinary shareholders — basic and diluted			
Net income (loss)	\$ 792	\$ 306	\$ 524
Denominator:			
Weighted average ordinary shares used to calculate income (loss) per share — basic ⁽¹⁾	1,050	1,027	1,025
Equity-classified share-based awards	13	17	3
Weighted average ordinary shares used to calculate income (loss) per share — diluted	1,063	1,044	1,028
Income (loss) per share attributable to ordinary shareholders — basic			
Net income (loss) per ordinary share - basic	\$ 0.75	\$ 0.30	\$ 0.51
Income (loss) per share attributable to ordinary shareholders — diluted			
Net income (loss) per ordinary share - diluted	\$ 0.75	\$ 0.29	\$ 0.51
Securities excluded from diluted net income (loss) per ordinary share because their effect would have been anti-dilutive:			
Restricted share units ⁽²⁾	—	—	17
Performance share units ⁽³⁾	—	—	—
Total	—	—	17

⁽¹⁾ For the fiscal year ended March 31, 2024, includes weighted average ordinary shares for vested securities without restrictions that were not issued and outstanding as of the end of the reporting period.

⁽²⁾ For the fiscal year ended March 31, 2024, RSUs exclude certain awards which require cash settlement and do not allow for share settlement.

⁽³⁾ Prior to the IPO, certain executive awards entitled participants to fixed monetary amounts where the quantity of securities was calculated based on the total fixed monetary amount divided by the closing average market price of ordinary shares. Upon the IPO, these awards entitled participants to a fixed number of ordinary shares calculated based on the total fixed monetary amount divided by the IPO price.

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18 - Commitments and Contingencies

Litigation

From time to time, the Company is party to litigation and other legal proceedings in the ordinary course of business. Because the results of any litigation or other legal proceedings are uncertain, our financial position, results of operations or cash flows could be materially affected by an unfavorable resolution of one or more of these proceedings, claims, or demands. However, management does not currently believe the ultimate resolution of any pending legal matters is reasonably possible to have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company accrues for loss contingencies when it is both probable that it will incur the loss and when the Company can reasonably estimate the amount of the loss or range of loss. In the fiscal year ended March 31, 2023, the Company recorded a loss contingency related to an offer made by the Company to pay \$40.0 million in respect of ongoing contractual disputes between the Company and a non-top five customer. That particular customer's claims arose from a contract dating to a very early period in the Company's history and that contract is both non-standard and significantly dissimilar from other customers' contracts. On September 15, 2023, the Company reached an agreement, in which both parties resolved all contractual disputes and reached a mutual understanding of the contractual rights and obligations under the licensing arrangement. As a result, no amount of cash was paid by the Company to the customer with such agreement. The settlement agreement provided alignment of the rights and obligations which were previously agreed with the non-top five customer. In the fiscal year ended March 31, 2024, the liability for litigation was reversed resulting in a reduction of selling, general and administrative expenses by \$40.0 million.

No other material amounts related to litigation settlements were recognized in the fiscal years ended March 31, 2025, 2024 and 2023.

Purchase Obligations

In the normal course of business, we contract with various third-party service providers for systems and services to perform certain day-to-day business activities. The Company enters into non-cancelable purchase commitments for cloud computing web services, data centers, software, license and services. As of March 31, 2025, the Company had outstanding non-cancelable purchase obligations of approximately \$912 million with a remaining term of 12 months or longer for periods through 2035.

Arduino Guarantee

As of March 31, 2025 and 2024, the Company is guarantor for a \$5.4 million and \$5.4 million, respectively, credit facility available to Arduino and no claims have been made against the guaranty. The guaranty expires in February 2026.

19 - Retirement Benefits Plans

The Company contributes to defined contribution plans substantially covering all employees in Europe and the United States, and to government pension plans for employees in Japan, South Korea, Taiwan, Peoples Republic of China, Israel and India. The Company contributes to these plans based upon various fixed percentages of employee compensation, and such contributions are expensed as incurred.

For the fiscal years ended March 31, 2025, 2024, and 2023, \$125.7 million, \$96.7 million, and \$78.4 million, respectively, was recorded in the Consolidated Income Statements related to contributions payable to these plans by the Company at rates specified in the rules of the plans. As of March 31, 2025 and 2024, \$15.1 million and \$11.8 million, respectively, of contributions due had not been paid over to the plans and was recorded in accrued compensation and benefits and share-based compensation on the Consolidated Balance Sheets.

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20 - Related Party Transactions

Arm China and Acetone Limited

Following the restructuring of its direct investment in Arm China in the fiscal year ended March 31, 2022, the Company has a 10% non-voting ownership interest in Acetone Limited, whose primary asset is a 48.2% interest in Arm China. The Company has no direct material transactions with Acetone Limited.

For the fiscal years ended March 31, 2025, 2024, and 2023, the Company recognized revenue of \$670.4 million, \$670.8 million, and \$649.0 million, respectively, under the terms of the IPLA, and recognized expenses of \$59.4 million, \$74.1 million, and \$64.1 million, respectively, under a service share arrangement with Arm China. In the fiscal year ended March 31, 2024, the Company recognized \$5.5 million of contract termination costs in disposal, restructuring and other operating expenses, net in the Consolidated Income Statements due to a terminated agreement with Arm China for certain software engineering-related services, which was brought in-house. For the fiscal year ended March 31, 2025, the Company did not recognize any contract termination costs in disposal, restructuring, and other operating expenses, net in the Consolidated Income Statements related to Arm China. The Company leases certain assets to Arm China. For the fiscal years ended March 31, 2025, 2024, and 2023, the Company recognized rental income of \$1.2 million, \$1.7 million, and \$2.0 million, respectively, from this lease arrangement.

As of March 31, 2025, the Company had a net receivable of \$284.6 million (\$294.5 million receivable less \$9.9 million payable) from Arm China. As of March 31, 2025, the Company had contract liabilities of \$104.2 million relating to Arm China. As of March 31, 2024, the Company had a net receivable of \$175.8 million (\$181.1 million receivable less \$5.3 million payable) from Arm China. As of March 31, 2024, the Company had contract liabilities of \$105.7 million relating to Arm China.

For the fiscal year ended March 31, 2025, the Company recognized \$16.0 million for expected credit losses against earnings relating to Arm China. For the fiscal year ended March 31, 2024, the Company did not recognize any expected credit losses against earnings relating to Arm China. As of March 31, 2025, the Company's allowance for current expected credit losses related to Arm China was \$16.0 million, which is reflected in accounts receivable, net on the Consolidated Balance Sheets. As of March 31, 2024, the Company did not have an allowance for current expected credit losses related to Arm China.

See *Note 9 - Equity Investments*, for further details of the impact of Acetone Limited on the Company's results.

Other Entities Related by Virtue of Common Control by SoftBank Group

During the fiscal year ended March 31, 2025, the Company entered into related party transactions with an affiliate of SoftBank Group relating to a licensing and service arrangement in connection with the consulting agreement with SoftBank Group. For the fiscal year ended March 31, 2025, revenue from the licensing and servicing arrangement was \$145.5 million. As of March 31, 2025, the Company had contract assets of \$145.5 million and did not have any accounts receivable or contract liabilities from the affiliate of SoftBank Group. As of March 31, 2024, the Company did not have any accounts receivable, contract assets or contract liabilities related to the licensing and servicing arrangement.

The Company had revenue transactions, along with accounts receivable and contract liabilities balances, with other entities by virtue of common control by SoftBank Group. For the fiscal years ended March 31, 2025, 2024, and 2023, the Company recognized revenue of \$0.0 million, \$4.4 million, and \$1.3 million, respectively, from other entities controlled by SoftBank Group. As of March 31, 2025, the Company had no accounts receivable, contract assets, or contract liabilities related to other entities controlled by SoftBank Group. As of March 31, 2024, the Company had accounts receivable of \$0.8 million, contract assets of \$3.1 million, and contract liabilities of \$1.6 million related to other entities controlled by SoftBank Group. In the fiscal year ended March 31, 2024, the Company distributed its receivable related to the Company's sale of IoTP to SoftBank Group, the majority shareholder of the Company, which represented a non-cash distribution of \$12.0 million. The Company also had an immaterial lease with a related party by virtue of common control by SoftBank Group, which ended December 31, 2023.

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Other Equity Investments

The Company has revenue transactions, along with receivable, contract asset and contract liability balances for certain other equity investees, for which the Company has significant influence or, for investments in limited partnerships or certain limited liability companies that maintain a specific ownership account for each investor, for which the Company has more than virtually no influence (i.e., at least 3% to 5% ownership) (such investees, “Significant Influence Investees”). For the fiscal years ended March 31, 2025, 2024, and 2023, the Company recognized revenue of \$3.5 million, \$49.3 million, and \$3.5 million, respectively, from Significant Influence Investees. The increased revenue during fiscal year ended March 31, 2024 was due to recognition of amounts associated with a large licensing contract that were previously required to be deferred.

As of March 31, 2025, the Company had accounts receivable of \$0.7 million, contract assets of \$6.3 million, and contract liabilities of \$0.7 million related to contracts with Significant Influence Investees. As of March 31, 2024, the Company had accounts receivable and contract assets of \$0.2 million and \$18.7 million, respectively, related to contracts with Significant Influence Investees. As of March 31, 2024, the Company did not have contract liabilities related to contracts with Significant Influence Investees.

For the fiscal years ended March 31, 2025 and 2024, the Company recognized aggregate distributions, dividends and returns of capital from certain equity investments of \$8.2 million and \$6.9 million, respectively. For fiscal year ended March 31, 2023, the Company did not recognize any aggregate distributions, dividends and returns of capital from certain equity investments.

Linaro Limited

Linaro Limited (“Linaro”) is a not-for-profit entity for which the Company is a member and has significant influence. For the fiscal years ended March 31, 2025, 2024, and 2023, the Company incurred subscription and other costs of \$10.4 million, \$10.6 million, and \$8.9 million, respectively, from Linaro. As of March 31, 2025 and 2024, \$0.7 million and \$1.3 million, respectively, was recorded in other current liabilities on the Consolidated Balance Sheets.

In February 2023, the Company entered into an agreement with Linaro to sell certain net assets of the Company that meets the definition of a business in exchange for cash consideration of \$4.0 million to be paid in equal annual installments over five years. As of March 31, 2025 and 2024, \$2.4 million and \$3.2 million total purchase consideration, respectively, remained unpaid and was recorded in prepaid expenses and other current assets and other non-current assets on the Consolidated Balance Sheets. As a result of the transaction, in the year ended March 31, 2023, the Company derecognized associated net assets and recognized a gain of \$3.7 million in other non-operating income (loss), net in the Consolidated Income Statements.

Loans to Related Parties

As of March 31, 2025 and 2024, the Company had a loan receivable of \$16.6 million and \$16.2 million, respectively, with Arduino, a related party, and a loan receivable of \$3.2 million and \$3.1 million, respectively, with Cerfe Labs, Inc, a related party, both of which remain fully impaired. See *Note 10 - Financial Instruments*, for further details regarding this loan.

As of March 31, 2025 and 2024, the outstanding balance of the convertible promissory note with Ampere, a related party, was \$33.8 million and \$32.4 million, respectively. The Company’s maximum exposure to loss are the amounts invested in, and advanced to, Ampere as of March 31, 2025. See *Note 9 - Equity Investments*, for further details on Ampere.

Other relationships

The Company engaged Raine Securities LLC, a related party, for certain advisory services in connection with the IPO. For the fiscal year ended March 31, 2025, the Company did not incur any advisory fees payable to Raine Securities LLC. For the fiscal year ended March 31, 2024, the Company incurred \$10.7 million in advisory fees, of which \$5.2 million was reimbursed by the underwriters for the IPO. For the fiscal year ended March 31, 2023, under a separate agreement with

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Notes to Consolidated Financial Statements

Raine Securities LLC, the Company incurred \$2.5 million in advisory fees. As of March 31, 2025 and 2024, the Company has settled all liabilities with this related party.

21 - Segment and Geographic Information

The Company operates as a single operating segment. The Company's CODM is its Chief Executive Officer, who reviews financial information presented on a consolidated basis. The CODM regularly reviews income and expense items at the consolidated company (reporting segment) level and uses both operating income and net income to evaluate income generated to conclude whether and how to reinvest profits into the entity's operations, shareholder return, acquisitions or otherwise. Both operating income and net income are also used to monitor budget versus actual results, forecasted information and in competitive analysis.

The following table presents selected financial information with respect to the Company's single operating segment for the fiscal years ended March 31, 2025, 2024 and 2023:

(in millions)	Fiscal Year Ended March 31,		
	2025	2024	2023
License and Other Revenue	\$ 1,839	\$ 1,431	\$ 1,004
Royalty Revenue	2,168	1,802	1,675
	4,007	3,233	2,679
Less Operating Costs and Expenses:			
Staff costs: Salaries, bonuses and benefits	(1,320)	(1,300)	(1,369)
Staff costs: Share-based compensation cost (equity settled)	(820)	(1,037)	(60)
Staff costs: Employer taxes related to SBC	(224)	(176)	—
Non-staff costs:			
Project materials costs, third-party fees paid to consultants, information technology, R&D expenses (excluding employee-related expense), accounting and legal professional services fees, advertising expenses, and other corporate-related expenses	(634)	(367)	(360)
Amortization	(87)	(86)	(93)
Depreciation	(96)	(76)	(77)
Other non-staff costs	5	(80)	(49)
Operating income (loss)	831	111	671
Operating margin	21 %	3 %	25 %
Income (loss) from equity investments, net	(237)	(20)	(45)
Interest income, net	116	110	42
Other non-operating income (loss), net	10	11	3
Income (loss) from continuing operations before income taxes	720	212	671
Income tax benefit (expense)	72	94	(147)
Net income (loss)	\$ 792	\$ 306	\$ 524

Refer to *Note 4 - Revenue* for revenue by geographic region.

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Notes to Consolidated Financial Statements

Long-lived assets by geographic area are as follows:

(in millions)	As of	
	March 31, 2025	March 31, 2024
United Kingdom	\$ 444	\$ 287
United States	197	90
Other countries	73	43
Total	\$ 714	\$ 420

22 - Subsequent Events

In accordance with the terms of the Omnibus Incentive Plan, the total number of ordinary shares available for issuance under the Omnibus Incentive Plan and the ESPP increased by an aggregate of 8,452,110 ordinary shares, or 0.8% of the aggregate number of ordinary shares outstanding as of March 31, 2025 as determined by the Remuneration Committee.

In April 2025, the Company entered into a definitive agreement with Cadence Design Systems, Inc. (“Cadence”) to sell its Artisan foundation IP business, consisting of standard cell libraries, memory compilers, and general-purpose I/Os for total gross consideration of approximately \$150.0 million, subject to purchase price adjustments. The transaction is expected to close in the second quarter of the fiscal year ending March 31, 2026, subject to customary closing conditions and receipt of regulatory approvals.

In April 2025, the Company entered into a Tax Sharing Agreement with SoftBank Group (the “Tax Sharing Agreement”) in relation to the U.K. enacting legislation implementing the OECD framework for Pillar Two, which implements a top-up tax to ensure multinational entities in the United Kingdom pay a minimum 15% effective tax rate (the “UK Top-up Tax”). The Tax Sharing Agreement sets forth the framework for determining the amount of UK Top-up Tax payable by SoftBank Group to compensate the Company for any additional costs incurred in relation to the UK Top-up Tax as a result of SoftBank Group’s ownership interest in the Company.

B. *Significant Changes*

No significant changes have occurred since March 31, 2025, except as otherwise disclosed in this Annual Report.

Item 9. The Offer and Listing

A. *Offer and listing details*

Our ADSs have been traded on the Nasdaq Global Select Market under the ticker symbol “ARM” since September 14, 2023. Our ordinary shares are not listed on any exchange.

B. *Plan of distribution*

Not applicable.

C. *Markets*

See “Item 9. The Offer and Listing—A. Offer and Listing Details”, above.

D. *Selling shareholders*

Not applicable.

E. *Dilution*

Not applicable.

F. *Expenses of the issue*

Not applicable.

Item 10. Additional Information

A. *Share capital*

Not applicable.

B. *Memorandum and articles of association*

A copy of our Articles of Association, as amended (the “Articles”) is attached to this Annual Report as Exhibit 1.1. The information required by Item 10.B of Form 20-F is set forth in Exhibit 2.3 to this Annual Report and is incorporated herein by reference.

C. *Material Contracts*

For the two years immediately preceding the date of this Annual Report, the Company has not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 7. Major Shareholders and Related Party Transactions” or elsewhere in this Annual Report.

D. *Exchange controls*

There are no governmental laws, decrees, regulations or other legislation in the U.K. that may affect the import or export of capital, including the availability of cash and cash equivalents for use by us, or that may affect the remittance of dividends, interest, or other payments by us to non-resident holders of our ordinary shares or ADSs, other than withholding tax requirements. There is no limitation imposed by the laws of England and Wales or in the Articles on the right of non-residents to hold or vote shares.

E. Taxation

Material U.S. Federal Income Tax Considerations for U.S. Holders

The following is a description of the material U.S. federal income tax consequences to U.S. Holders (as defined below) of owning and disposing of our ordinary shares or ADSs. This discussion is not a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire, hold, or dispose of our ordinary shares or ADSs. The discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury Regulations and the income tax treaty between the U.K. and the U.S. (the "Treaty"), all as of the date hereof, changes to any of which may affect the tax consequences described herein—possibly with retroactive effect. The following discussion is not binding on the IRS or any court. Thus, we cannot provide any assurance that the U.S. federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS.

This discussion applies only to a U.S. Holder that will hold our ordinary shares or ADSs as a capital asset for tax purposes (generally, property held for investment). In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including state, local and non-U.S. tax consequences, estate and gift tax consequences, alternative minimum tax consequences, special accounting rules under Section 451(b) of the Code, the potential application of the Medicare contribution tax, and tax consequences applicable to U.S. Holders subject to special rules, such as:

- banks, insurance companies and certain other financial institutions;
- pension plans;
- U.S. expatriates and certain former citizens or long-term residents of the U.S.;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding ordinary shares or ADSs as part of a hedging transaction, "straddle," wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to ordinary shares or ADSs;
- persons whose "functional currency" for U.S. federal income tax purposes is not the U.S. dollar;
- brokers, dealers or traders in securities, commodities or currencies;
- tax-exempt entities (including private foundations) or government organizations;
- S corporations, partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes (and investors therein);
- regulated investment companies or real estate investment trusts;
- persons who acquired our ordinary shares or ADSs pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons that own or are deemed to own 10% or more of our shares (by vote or value); and
- persons holding our ordinary shares or ADSs in connection with a trade or business, permanent establishment or fixed base outside the U.S.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds ordinary shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding ordinary shares or ADSs and partners in such partnerships are encouraged to consult their tax advisors as to the particular U.S. federal income tax consequences of holding and disposing of ordinary shares or ADSs.

A "U.S. Holder" is a holder who, for U.S. federal income tax purposes, is a beneficial owner of ordinary shares or ADSs who is:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S., any state therein or the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (2) the trust has a valid election to be treated as a U.S. person under applicable U.S. Treasury Regulations.

You should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the ownership and disposition of our ADSs or ordinary shares in light of your own particular circumstances, as well as the consequences to you arising under other U.S. federal, state and local tax laws and the laws of any other taxing jurisdiction.

ADSs

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. Generally, a holder of an ADS is treated for U.S. federal income tax purposes as holding the ordinary shares represented by the ADS. Accordingly, no gain or loss will generally be recognized upon an exchange of ADSs for ordinary shares.

Taxation of Distributions

Subject to the discussion below under “—Passive Foreign Investment Company Rules,” non-liquidating distributions paid to U.S. Holders on ordinary shares or ADSs, other than certain distributions of ordinary shares or ADSs, will generally be treated as foreign-source dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we may not calculate our earnings and profits under U.S. federal income tax principles, we expect that distributions generally will be reported to U.S. Holders as dividends. U.S. Holders should consult their tax advisors regarding the creditability or deductibility of any non-U.S. tax generally and in their particular circumstances. Subject to applicable limitations, including conditions relating to holding period and the absence of certain risk reduction transactions, dividends paid to certain non-corporate U.S. Holders may be taxable at the same preferential rates as long-term capital gain on any “qualified dividend income” received from a “qualified foreign corporation.” A non-U.S. corporation will generally be considered a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the U.S. which the Secretary of Treasury of the United States determines is satisfactory for purposes of these rules and which includes an exchange of information provision (which includes the Treaty) or (ii) with respect to any dividend it pays on ordinary shares or ADSs which are readily tradable on an established securities market in the U.S. Our ADSs (but not ordinary shares) are listed on Nasdaq, which is a qualified exchange for these purposes. Consequently, if our ADSs continue to be listed on Nasdaq and are regularly traded, we expect to be a qualified foreign corporation for purposes of dividends paid by us with respect to our ADSs constituting qualified dividend income. However, the qualified dividend income treatment will not apply if we are treated as a PFIC with respect to the U.S. Holder for our taxable year of the distribution or the preceding taxable year. The amount of the dividend will be treated as foreign-source dividend income to U.S. Holders and will not be eligible for the dividends received deduction generally available to U.S. corporations under the Code. Dividends will generally be included in a U.S. Holder’s income on the date of the U.S. Holder’s actual or constructive receipt of the dividend. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into USD. If the dividend is converted into USD on the date of receipt, a U.S. Holder would generally not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into USD after the date of receipt. Such gain or loss would generally be treated as U.S.-source ordinary income or loss. The amount of any distribution of property other than cash (and other than certain pro rata distributions of ordinary shares or ADSs or rights to acquire ordinary shares or ADSs) will be the fair market value of such property on the date of distribution. For foreign tax credit purposes, our dividends will generally be treated as passive category income.

Sale or Other Taxable Disposition of Ordinary Shares and ADSs

Subject to the discussion below under “—Passive Foreign Investment Company Rules,” gain or loss realized on the sale or other taxable disposition of our ordinary shares or ADSs will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder held the ordinary shares or ADSs for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder’s tax basis in the ordinary shares or ADSs disposed of and the amount realized on the disposition, in each case as determined in USD. Such gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

If the consideration received by a U.S. Holder is not paid in USD, the amount realized will be the U.S. dollar value of the payment received determined by reference to the spot rate of exchange on the date of the sale or other disposition. However, if the ordinary shares or ADSs are treated as traded on an “established securities market” and the U.S. Holder is either a cash basis taxpayer or an accrual basis taxpayer that has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), the U.S. Holder will determine the U.S. dollar value of the amount realized in a non-U.S. dollar currency by translating the amount received at the spot rate of exchange on the settlement date of the sale. If the U.S. Holder is an accrual basis taxpayer that is not eligible to or does not elect to determine the amount realized using the spot rate on the settlement date, the U.S. Holder will recognize foreign currency gain or loss to the extent of any difference between the U.S. dollar amount realized on the date of sale or disposition and the U.S. dollar value of the currency received at the spot rate on the settlement date. Gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of our ordinary shares generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes.

Passive Foreign Investment Company Rules

We will be a PFIC for any taxable year in which (1) 75% or more of our gross income consists of passive income or (2) 50% or more of the value of our assets (generally determined on the basis of a weighted quarterly average) consists of assets that produce, or are held for the production of, passive income. For purposes of these tests, passive income generally includes dividends, interest, certain gains from the sale or exchange of investment property and certain rents and royalties, and cash and cash-equivalents. In addition, for purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as holding and receiving directly its proportionate share of assets and income, respectively, of such other corporation. If we are a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares or ADSs, the U.S. Holder may be subject to adverse tax consequences regardless of whether we continue to qualify as a PFIC, including ineligibility for any preferential tax rates on capital gains or on actual or deemed dividends, interest charges on certain taxes treated as deferred and additional reporting requirements.

Based upon the value of our assets and the nature and composition of our income and assets, we do not believe that we were a PFIC for the taxable year ended March 31, 2025, and we do not expect to become a PFIC in the foreseeable future. However, the determination of whether we are a PFIC is a fact-intensive determination made on an annual basis by applying principles and methodologies that in some circumstances are unclear and subject to varying interpretation. For instance, for our current and future taxable years, the total value of our assets for PFIC testing purposes (including goodwill) may be determined in part by reference to the market price of our ordinary shares or ADSs from time to time, which may fluctuate considerably. If our market capitalization declines while we hold a substantial amount of cash and cash-equivalents for any taxable year, we may be a PFIC for that taxable year. Furthermore, under the income test, our status as a PFIC depends on the composition of our income for the relevant taxable year, which will depend on the transactions we enter into in the future and our corporate structure. The composition of our income and assets is also affected by how we spend the cash we raise in any offering. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the IRS will agree with our conclusion and that the IRS would not successfully challenge our position. Accordingly, we cannot provide any assurances that we will not be a PFIC for the current or any future taxable year, and our U.S. counsel expresses no opinion with respect to our PFIC status.

If we are classified as a PFIC in any taxable year with respect to which a U.S. Holder owns our ordinary shares or ADSs, we will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding taxable years during which such U.S. Holder owns our ordinary shares or ADSs, regardless of whether we continue to meet the tests described above, unless we cease to be a PFIC and such U.S. Holder has made a “deemed sale” election under the PFIC rules. If such an election is made, a U.S. Holder will be deemed to have sold the ordinary shares or ADSs the U.S. Holder holds at their fair market value and any gain from such deemed sale would be subject to the rules described below. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the U.S. Holder’s ordinary shares or ADSs with respect to which such election was made will not be treated as shares in a PFIC and the U.S. Holder will not be subject to the rules described below with respect to any “excess distribution” the U.S. Holder receives from us or any gain from an actual sale or other disposition of our ordinary shares or ADSs. U.S. Holders should consult their tax advisors as to the possibility and consequences of making a deemed sale election if we are a PFIC and cease to be a PFIC and such election becomes available.

For each taxable year that we are treated as a PFIC with respect to a U.S. Holder, such U.S. Holder will be subject to special tax rules with respect to any “excess distribution” such U.S. Holder receives from us and any gain such U.S. Holder recognizes from a sale or other disposition (including a pledge) of our ordinary shares or ADSs, unless (i) such U.S. Holder

makes a “qualified electing fund” election (a “QEF Election”), as discussed below, with respect to all taxable years during such U.S. Holder’s holding period in which we are a PFIC or (ii) our ordinary shares or ADSs constitute “marketable stock” and such U.S. Holder makes a mark-to-market election (as discussed below). Distributions a U.S. Holder receives in a taxable year that are greater than 125% of the average annual distributions a U.S. Holder received during the shorter of the three preceding taxable years or the U.S. Holder’s holding period for the ordinary shares or ADSs will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over a U.S. Holder’s holding period for the ordinary shares or ADSs;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the taxable year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ordinary shares or ADSs cannot be treated as capital gains, even if a U.S. Holder holds the ordinary shares or ADSs as capital assets.

If we are a PFIC, a U.S. Holder will generally be subject to similar rules with respect to distributions we receive from, and our dispositions of the stock of, any of our direct or indirect subsidiaries or any other entities in which we hold equity interests that also are PFICs (“lower-tier PFICs”) as if such distributions were indirectly received by, and/or dispositions were indirectly carried out by, such U.S. Holder. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to lower-tier PFICs.

We do not currently expect to provide information that would allow a U.S. Holder to make a QEF Election in the event that we or any of our subsidiaries are classified as a PFIC and, therefore, U.S. Holders should assume such election will not be available if we or any of our subsidiaries are a PFIC.

U.S. Holders can avoid the interest charge on excess distributions or gain relating to the ordinary shares or ADSs by making a mark-to-market election with respect to the ordinary shares or ADSs, provided that the ordinary shares or ADSs are “marketable stock.” Ordinary shares or ADSs will be marketable stock if they are “regularly traded” on certain U.S. stock exchanges or on a non-U.S. stock exchange that meets certain conditions. For these purposes, the ordinary shares or ADSs will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as one of their principal purposes meeting this requirement will be disregarded. Our ADSs (but not ordinary shares) are listed on Nasdaq, which is a qualified exchange for these purposes. Consequently, if our ADSs continue to be listed on Nasdaq and are regularly traded, we expect the mark-to-market election would be available to U.S. Holders of our ADSs if we are a PFIC. However, a mark-to-market election may not be made with respect to our ordinary shares as they are not marketable stock.

A U.S. Holder that makes a mark-to-market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the ADSs at the close of the taxable year over the U.S. Holder’s adjusted tax basis in the ADSs. An electing U.S. Holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder’s adjusted basis in the ADSs over the fair market value of the ADSs at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains for prior years. Gains from an actual sale or other disposition of the ADSs in any year in which we are a PFIC will be treated as ordinary income, and any losses incurred on a sale or other disposition of the ADSs will be treated as an ordinary loss to the extent of any net mark-to-market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS unless the ordinary shares or ADSs cease to be marketable stock. Each U.S. Holder should consult its tax advisor as to whether a mark-to-market election is available or advisable with respect to our ADSs.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the general PFIC rules described above with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

Unless otherwise provided by the U.S. Treasury, each U.S. shareholder of a PFIC is required to file an annual report containing such information as the U.S. Treasury may require. A U.S. Holder's failure to file the annual report may result in substantial penalties and extend the statute of limitations with respect to the U.S. Holder's U.S. federal income tax return. U.S. Holders should consult their tax advisors regarding the requirements of filing such information returns under these rules.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the U.S. or through certain U.S.-related financial intermediaries generally are subject to information reporting and may be subject to backup withholding (currently at a rate of 24%), unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals (and, under U.S. Treasury Regulations, certain entities) may be required to report information relating to our ordinary shares or ADSs, subject to certain exceptions (including an exception for ordinary shares or ADSs held in accounts maintained by certain U.S. financial institutions), by filing IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their federal income tax return. Such U.S. Holders who fail to timely furnish the required information may be subject to a penalty. Additionally, if a U.S. Holder does not file the required information, the statute of limitations with respect to tax returns of the U.S. Holder to which the information relates may not close until three years after such information is filed. U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their ownership and disposition of our ordinary shares or ADSs and with respect to their possible obligation to file IRS Forms 926 and/or 8938.

U.K. Taxation

The following section contains a description of certain U.K. tax consequences of the acquisition, ownership and disposal of ADSs (and/or ADRs) and ordinary shares. It is intended only as a general guide to current U.K. tax law and the published practice of HMRC (which is not a statement of law and which may not be binding on HMRC), applying as at the date of this Annual Report (both of which are subject to change at any time, possibly with retrospective effect). It does not constitute legal or tax advice and does not purport to be a complete analysis of all U.K. tax considerations relating to the acquisition, ownership or disposal of ADSs (and/or ADRs) and ordinary shares, or all of the circumstances in which holders of ADSs (and/or ADRs) and ordinary shares may benefit from an exemption or relief from U.K. taxation. It is written on the basis that the Company does not (and will not) directly or indirectly derive 75% or more of its qualifying asset value from U.K. land, and that the Company is and remains solely resident in the U.K. for tax purposes and will therefore be subject to the U.K. tax regime and not the U.S. tax regime except as set out above under "Material U.S. Federal Income Tax Considerations for U.S. Holders."

This section does not cover:

- your chargeable gains position if you are resident in the U.K. for U.K. tax purposes, you are an individual and hold the ADSs and/or ADRs for the purposes of a trade, profession or vocation that you carry on in the U.K. through a branch or agency, or you are a corporation and hold the ADSs and/or ADRs for the purposes of a trade carried on in the U.K. through a permanent establishment in the U.K.; and
- your inheritance tax position if you are domiciled in the U.K. for inheritance tax purposes.

The section below may not relate to certain classes of persons, such as (but not limited to):

- persons who are connected with the Company;
- financial institutions;
- insurance companies;

- charities or tax-exempt organizations;
- collective investment schemes;
- pension schemes;
- market makers, intermediaries, brokers or dealers in securities or persons who hold ADSs and/or ADRs otherwise than as an investment;
- persons who have (or are deemed to have) acquired their ADSs and/or ADRs by virtue of an office or employment or who are or have been officers or employees of the Company or any of its affiliates; and
- individuals who are subject to U.K. taxation on a remittance basis.

Based on published HMRC guidance, we would expect that HMRC will regard a holder of ADSs as holding the beneficial interest in the underlying shares and therefore these paragraphs assume that a holder of ADSs and/or ADRs is the beneficial owner of the underlying ordinary shares and any dividends paid in respect of the underlying ordinary shares (where the dividends are regarded for U.K. purposes as that person's own income) for U.K. direct tax purposes.

THESE PARAGRAPHS ARE A SUMMARY OF CERTAIN U.K. TAX CONSIDERATIONS AND ARE INTENDED AS A GENERAL GUIDE ONLY. IT IS RECOMMENDED THAT ALL HOLDERS OF ADSs AND/OR ADRs OBTAIN ADVICE AS TO THE CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE ADSs AND/OR ADRs IN THEIR OWN SPECIFIC CIRCUMSTANCES FROM THEIR OWN TAX ADVISORS. IN PARTICULAR, NON-U.K. RESIDENT OR DOMICILED PERSONS ARE ADVISED TO CONSIDER THE POTENTIAL IMPACT OF ANY RELEVANT DOUBLE TAXATION AGREEMENTS.

Taxation of Dividends

Dividends paid by the Company in respect of our ordinary shares will not be subject to any withholding or deduction at source for or on account of U.K. tax.

Taxation of Chargeable Gains

A holder of ADSs and/or ADRs which is not resident for tax purposes in the U.K. should not normally be liable to U.K. capital gains tax or corporation tax on chargeable gains on a disposal (or deemed disposal) of ADSs and/or ADRs unless the person is carrying on (whether solely or in partnership) a trade, profession or vocation in the U.K. through a branch or agency (or, in the case of a corporate holder of ADSs and/or ADRs, through a permanent establishment) to which the ADSs and/or ADRs are attributable. However, an individual holder of ADSs and/or ADRs who has ceased to be resident for tax purposes in the U.K. for a period of less than five years and who disposes of ADSs and/or ADRs during that period may be liable on his or her return to the U.K. to U.K. tax on any capital gain realized (subject to any available exemption or relief).

Inheritance Tax

Subject to certain provisions relating to trusts or settlements, an ADS and/or ADR held by an individual shareholder who is domiciled in the U.S. for the purposes of the convention between the U.S. and the U.K. relating to estate and gift taxes (the "Convention") and who is neither domiciled in the U.K. nor (where certain conditions are met) a U.K. national (as defined in the Convention), will generally not be subject to U.K. inheritance tax on the individual's death (whether held on the date of death or gifted during the individual's lifetime) except where the ADS and/or ADR is part of the business property of a U.K. permanent establishment of the individual or pertains to a U.K. fixed base of an individual who performs independent personal services. In a case where an ADS and/or ADR is subject both to U.K. inheritance tax and to U.S. federal gift or estate tax, the Convention generally provides for inheritance tax paid in the U.K. to be credited against federal gift or estate tax payable in the U.S., or for federal gift or estate tax paid in the U.S. to be credited against any inheritance tax payable in the U.K., based on priority rules set forth in the Convention.

Stamp Duty and Stamp Duty Reserve Tax

The discussion below is intended as a general and non-exhaustive guide to the current U.K. stamp duty and SDRT position and applies to the holders and acquirers of ADSs and/or ADRs (representing our ordinary shares) wherever resident; however, it should be noted that special rules may apply to certain persons such as market makers, brokers, dealers or intermediaries, and persons connected with clearance services and depositary receipt systems. Such persons

may not be liable to U.K. stamp duty or SDRT or may be so liable at a higher rate. Furthermore, such persons may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Acquisitions and Subsequent Transfers of ADSs and/or ADRs

Based on HMRC's published practice, no U.K. stamp duty will be payable on the acquisition or transfer of ADSs and/or ADRs. Furthermore, an agreement to transfer ADSs and/or ADRs will not give rise to a liability to SDRT.

Withdrawals and Subsequent Transfers of ordinary shares

A transfer of ordinary shares (as opposed to ADSs and/or ADRs) will generally be subject to U.K. stamp duty (if the ordinary shares are held in certificated form) or SDRT (if the ordinary shares are held in uncertificated form), in either case at the rate of 0.5% (or potentially 1.5% in certain circumstances) of the amount or value of the consideration paid for the ordinary shares (for example in respect of transfer of ordinary shares or a redeposit of ordinary shares into the ADR program).

Further, SDRT will generally be payable on an unconditional agreement to transfer ordinary shares in certificated form at 0.5% (or potentially 1.5% in certain circumstances) of the amount or value of the consideration for the transfer, but is repayable if, within six years of the date of the agreement, an instrument transferring the ordinary shares is executed.

Therefore, you are strongly encouraged to hold your ADSs (representing ordinary shares) in book-entry form through the facilities of the Depositary Trust Company.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on display

The SEC maintains a website at www.sec.gov that contains information regarding issuers that file electronically with the SEC, including the Company. We also maintain a corporate website at www.arm.com and make available our annual reports on Form 20-F and current reports on Form 6-K, and any amendments to those reports, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Information contained on, or that can be accessed through, our website is not incorporated by reference in this Annual Report. We have included our website address in this Annual Report solely as an inactive textual reference.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

We will file an annual report to security holders under U.K. law and promptly thereafter will furnish such report on Form 6-K via EDGAR.

Item 11. Qualitative and Quantitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in foreign currency exchange rates, interest rates and the value of our equity investments. See “*Item 8. Financial Information—Note 1 - Description of Business and Summary of Significant Accounting Policies*”, “*Item 8. Financial Information—Note 11 - Derivatives*” and “*Item 8. Financial Information—Note 9 - Equity Investments*” in the Notes to the Consolidated Financial Statements included in this Annual Report.

Interest Rate Risk

We are exposed to interest rate risk arising on interest-bearing assets that we hold, including cash and cash equivalents, short-term investments, and loans receivable. As of March 31, 2025, a hypothetical 1% increase or decrease in interest rates would have an approximate \$20 million (positive or negative, as applicable) impact on our operating results in the consolidated financial statements for the fiscal year ended March 31, 2025.

Foreign Currency Exchange Risk

We are exposed to foreign exchange risk in respect of our revenue and expenses where our revenue and expenses are denominated in a currency other than the functional currency of the transacting entity. Our expenses benefit from a stronger U.S. dollar and are adversely affected by a weaker U.S. dollar. To help mitigate a proportion of this risk, we enter into foreign currency forward contracts. To provide an assessment of the foreign currency exchange risk associated with our foreign currency exposures within operating expenses, we performed a sensitivity analysis to determine the hypothetical impact that an adverse change in exchange rates would have on our operating expenses. If the U.S. dollar weakened by 10%, our operating expenses could increase by as much as 4%.

Additionally, translational impact of monetary assets and liabilities exposure arises on the revaluation of net investments in the consolidated financial statements, where these are not denominated in USD and on loans to subsidiaries in currencies other than our functional currency. As of March 31, 2025, a hypothetical 10% increase or decrease in the relative value of USD to British pound sterling, the Eurozone Euros, and the Chinese Yuan Renminbi would have an approximate \$6 million, \$5 million, and \$8 million, respectively, (positive or negative, as applicable) effect in other non-operating income (loss), net in the Consolidated Income Statements for the fiscal year ended March 31, 2025.

Equity Price Risk

We are exposed to equity price risk arising in respect to our equity investment portfolio that includes marketable equity securities and non-marketable equity securities. Our investments include privately-held companies, which generally have a higher inherent risk. This could result in a loss of all or part of our investment. These investments could be impaired if the carrying value exceeds the fair value and is not expected to recover. The evaluation of our non-marketable equity investments is based on the timing and accuracy of information provided by these companies, which is not subject to the same disclosure requirements of publicly traded companies. As of March 31, 2025, the amount of marketable equity securities and non-marketable equity securities totaled \$565 million.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Information regarding the fees and charges that a holder of our American Depositary Receipts may have to pay, either directly or indirectly, and the fees and other direct and indirect payments made by the depositary to the Company, is set forth below.

Fees and Charges

As an ADS holder, you will be required to pay the following fees (some of which may be cumulative) under the terms of the deposit agreement:

<u>Service</u>	<u>Fee</u>
Issuance of ADSs (e.g., an issuance of ADS upon a deposit of ordinary shares or upon a change in the ADS(s)-to-ordinary shares ratio or for any other reason), excluding ADS issuances as a result of distributions of ordinary shares	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) issued.
Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property or upon a change in the ADS(s)-to-ordinary shares ratio, or for any other reason)	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) cancelled.
Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.
Distribution of ADSs pursuant to (i) share dividends or other free share distributions, or (ii) an exercise of rights to purchase additional ADSs	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.
Distribution of financial instruments, including, without limitation, securities, other than ADSs or rights to purchase additional ADSs (e.g., spin-off shares and contingent value rights)	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.
ADS Services	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the depositary.
Registration of ADS Transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) transferred.

Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the deposit agreement) into freely transferable ADSs, and vice versa) or conversion of ADSs for unsponsored American Depositary Shares (e.g., upon termination of the deposit agreement)

Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) converted.

As an ADS holder, you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares on the register of members and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary, the custodian or any nominee in connection with the servicing of the ADR program.

ADS fees and charges for (i) the issuance of ADSs and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Certain of the depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes.

Fees and Other Payments Made by the Depositary to Us

The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time. During the fiscal year ended March 31, 2025, we received approximately \$2.9 million from the depositary.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

A. Disclosure Controls and Procedures

Our management, with the participation of our CEO and chief financial officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of March 31, 2025 and concluded that, as of such date, our disclosure controls and procedures were effective as of March 31, 2025. The purpose of these controls and procedures is to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules, and that such information is accumulated and communicated to our management, including our CEO and our CFO, to allow timely decisions regarding required disclosures.

B. Management’s Annual Report on Internal Control over Financial Reporting

Our management, including our CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of March 31, 2025. In assessing the effectiveness of our internal control over financial reporting, our management used the framework established in Internal Control Integrated Framework (2013) issued by The Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation as of March 31, 2025, our management concluded that our internal control over financial reporting was effective as of March 31, 2025.

C. Attestation Report of Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Deloitte & Touche LLP, has issued an auditors’ report on the effectiveness of our internal control over financial reporting, which is included herein. See “*Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM*”

D. Changes in Internal Control over Financial Reporting

In connection with the audit of our financial statements for the fiscal years ended March 31, 2022 and 2021, we identified a material weakness in our internal control over financial reporting which related to information technology general controls that are necessary for preparation of our financial statements, specifically (i) insufficient controls over user access rights and segregation of duties within our information systems, (ii) insufficient controls over change management of our information systems and (iii) insufficient controls over monitoring of batch processes. To address the material weakness, in 2023 we implemented a remediation plan which was completed during the fiscal year ended March 31, 2025. The plan included:

- Enhancing controls over privileged access, particularly for our key financial system.
- Identifying and mitigating role- and user-level segregation of duties conflicts in our key financial system through Governance, Risk and Compliance (GRC).
- Standardizing and improving change management controls across all applications.
- Strengthening controls to ensure completeness, accuracy, and consistency in operations.

- Monitoring batch job failures through incident tickets and automating email notifications with respect to failures.

Given the changes in the design and operations of controls noted above, testing of information technology general controls and the determination that controls are designed and operating effectively, management has concluded that the material weakness previously identified has been remediated. There were no other changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the fiscal year ended March 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16A. Audit committee financial expert

Our Board of Directors has determined that Karen E. Dykstra, the chair of our Audit Committee, qualifies as an "Audit Committee financial expert" within the meaning of SEC regulations, and that Ms. Dykstra is "independent" as that term is defined by the listing standards of Nasdaq and the additional independence standards applicable to audit committee members established pursuant to Rule 10A-3 of the Exchange Act.

Item 16B. Code of Ethics

We maintain a Code of Conduct applicable to our and our subsidiaries' employees, independent contractors, senior management and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Board of Directors monitors compliance with our Code of Conduct, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance. Our Code of Conduct is intended to meet the definition of "code of ethics" under Item 16B of Form 20-F under the Exchange Act. We will disclose on our website any amendment to, or waiver from, a provision of our Code of Conduct that applies to our Board of Directors or Senior Management to the extent required under the rules of the SEC or Nasdaq. A current copy of the Code of Conduct is posted on the Investor Relations section of our website at <https://www.arm.com/company/code-of-conduct>. The information contained on our website is not incorporated by reference in this Annual Report.

Item 16C. Principal Accountant Fees and Services

Deloitte & Touche LLP has served as our principal independent registered public accounting firm for the fiscal years ended March 31, 2025 and 2024.

(in millions)	Fiscal Year Ended March 31,	
	2025	2024
Audit fees ⁽¹⁾	\$ 13	\$ 11
All other fees	—	1
Total	<u>\$ 13</u>	<u>\$ 12</u>

⁽¹⁾ Audit fees are the aggregate fees billed or expected to be billed for the audit of our financial statements for the fiscal years ended March 31, 2025 and 2024. This category also includes services that are normally provided by an auditor for statutory or regulatory filings, such as consents and review of documents filed with the SEC.

Pre-Approval Policies and Procedures

Our Audit Committee is responsible for, among other things, approving (or, as permitted, pre-approving) all audit and all permissible non-audit services to be performed by the independent registered public accounting firm and U.K. statutory auditors.

Rule 2-01(c)(7)(i) of Regulation S-X permits the Audit Committee pre-approval requirement to be waived with respect to engagements for non-audit services aggregating to no more than five percent of the total amount of fees paid by the Company to its principal accountants, if such engagements were not recognized by the Company at the time of engagement and were promptly brought to the attention of the Audit Committee or a designated member thereof and approved prior to

the completion of the audit. In the fiscal years ended March 31, 2025 and 2024, the percentage of the total amount of fees paid by the Company to its principal accountant for non-audit services in each category that was subject to such a waiver was less than five per cent for each year.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Until September 12, 2024, Mr. Fisher served on the Audit Committee pursuant to the exemption provided in Rule 10A-3(b)(iv)(A) of the Exchange Act and the phase-in provisions in the listing standards of Nasdaq applicable to new public companies, which permitted Mr. Fisher to serve on the Audit Committee until September 13, 2024, one year from the date of effectiveness of the Registration Statement on Form F-1 relating to our IPO (File No. 333-274120). We no longer rely on the exemption. Our Board of Directors has affirmatively determined that Mses. Dykstra and Schooler, and Mr. Sohn meet the requirements for independence under the listing standards of Nasdaq and the additional independence standards applicable to audit committee members established pursuant to Rule 10A-3 of the Exchange Act.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Foreign Private Issuer Exemption

We are a “foreign private issuer,” as defined by the SEC. As a result, in accordance with SEC and Nasdaq rules, we rely on and comply with certain home country governance requirements and exemptions thereunder rather than complying with Nasdaq corporate governance standards. While we voluntarily follow most Nasdaq corporate governance rules, we take advantage of certain exemptions, including, but not limited to, exemptions from:

- the requirement to obtain shareholder approval for certain issuances of securities, including shareholder approval of share option plans;
- the requirement that the audit committee have review and oversight responsibilities over all “related party transactions”;
- the requirement that there be regularly scheduled meetings of only the independent directors at least twice a year; and
- the requirement to solicit proxies and provide proxy statements for all meetings of shareholders.

We follow the practices of England and Wales, our country of incorporation, in lieu of the foregoing requirements. Although we may rely on home country corporate governance practices in lieu of certain of the rules in the Nasdaq Rule 5600 Series and Rule 5250(d), we must comply with Nasdaq's Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640), and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii).

Accordingly, our shareholders do not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of Nasdaq. We may utilize these exemptions for as long as we continue to qualify as a foreign private issuer.

Controlled Company Status

SoftBank Group beneficially own approximately 87.1% of our outstanding ordinary shares as of May 20, 2025. As a result of SoftBank Group's ownership, we are a “controlled company” within the meaning of the corporate governance rules of Nasdaq. Under these rules, a listed company of which a majority of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements. As a controlled company, certain exemptions under the rules will mean that we are not required to comply with certain corporate governance requirements, including that (1) a majority of our Board of Directors consists of

independent directors, as defined under Nasdaq listing rules, (2) a majority of the independent directors select or recommend its director nominees, (3) the Remuneration Committee be responsible for determining or recommending the compensation of executive officers other than our CEO, and (4) we have a Remuneration Committee that consists entirely of independent directors. We take advantage of the foregoing exemptions. Accordingly, shareholders do not have the same protections afforded to shareholders of companies that are subject to all of these corporate governance requirements. In the event that we cease to be a “controlled company” and our ADSs continue to be listed on Nasdaq, we will be required to comply with these provisions within the applicable transition periods. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Status as a Controlled Company and Foreign Private Issuer—We will be a “controlled company” within the meaning of the Nasdaq corporate governance rules and, as a result, be eligible to rely on exemptions from certain corporate governance requirements that provide protection to stockholders of companies that are not controlled companies.”

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

We have adopted an Insider Trading Policy that governs purchases and sales of and other transactions in our securities and securities of our partners and customers by our and our subsidiaries’ officers, members of our Board of Directors and all of our and our subsidiaries’ employees, contractors and consultants. We believe the Insider Trading Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the exchange listing standards applicable to us. A copy of our Insider Trading Policy is filed as Exhibit 11.1 to this Annual Report.

Item 16K. Cybersecurity

Cybersecurity represents a critical component of the Company’s overall approach to risk management. The Company’s cybersecurity policies, standards and practices are fully integrated into the Company’s enterprise risk management (“ERM”) approach, and cybersecurity risks are among the core enterprise risks that are subject to oversight by the Board of Directors, the Audit Committee, and management’s Risk Review Committee. The Company’s cybersecurity policies, standards and incident response practices generally follow recognized frameworks established by National Institute of Standards and Technology (“NIST”). The Company approaches cybersecurity threats, as such term is defined in Form 20-F, Part II, Item 16K(a), through a cross-functional, multilayered approach, with the specific goals of: (i) identifying, preventing and mitigating actual or potential cybersecurity threats to the Company; (ii) preserving the confidentiality, integrity and availability of the information that we collect and store to use in our business; (iii) protecting the Company’s intellectual property; (iv) maintaining the confidence of our customers, clients and business partners; and (v) providing appropriate public disclosure of cybersecurity risks and incidents when required.

Risk Management and Strategy

Consistent with overall ERM policies and practices, the Company’s cybersecurity program focuses on the following areas:

- ***Vigilance:*** The Company maintains a global presence, with 24/7 cyber defense operations focusing on identifying, preventing and mitigating cybersecurity threats and responding to cybersecurity incidents and vulnerabilities in accordance with our established security incident response plan.
- ***Systems Safeguards:*** The Company deploys system safeguards where feasible that are designed to protect the Company’s information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through ongoing vulnerability assessments and cybersecurity threat intelligence.
- ***Incident Response and Recovery Planning:*** The Company has established comprehensive security incident response plans that fully address the Company’s response to a cybersecurity threat, including the recovery from a cybersecurity incident, which is tested outside of real incident response at least annually.

- **Collaboration:** The Company's security incident response plan contains mechanisms to collaborate with public and private entities, including intelligence and enforcement agencies, industry groups and third-party service providers, to identify, assess and respond to cybersecurity threats.
- **Third-Party Risk Management:** The Company maintains a comprehensive, risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of the Company's systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity threat affecting those third-party systems.
- **Training:** The Company provides annual mandatory training for personnel regarding cybersecurity threats, which reinforces the Company's information security policies, standards and practices, and such training is scaled to reflect the roles, responsibilities and information systems access of such personnel.
- **Communication, Coordination and Disclosure:** The Company has established a cross-functional approach to address the risk from cybersecurity threats, involving management personnel from the Company's enterprise security, technology, operations, legal, business continuity management, internal audit and other key business functions, as well as the members of the Board of Directors and the Audit Committee in an ongoing dialogue regarding cybersecurity threats and incidents, while also implementing controls and procedures for the escalation of cybersecurity incidents pursuant to established thresholds so that decisions regarding the disclosure and reporting of such incidents can be made by management in a timely manner.
- **Governance:** The Board of Directors' oversight of cybersecurity risk management is supported by the Audit Committee, which regularly interacts with the Company's VP of Audit and Risk, the Chief Information Security Officer, and other members of management involved in overseeing risks from cybersecurity threats.

A key part of the Company's strategy for managing risks from cybersecurity threats is the ongoing assessment and testing of the Company's processes and practices through auditing, assessments, tabletop exercises, threat modeling, vulnerability testing and other exercises focused on evaluating the effectiveness of our cybersecurity measures. The Company regularly engages third parties to perform assessments on our cybersecurity measures, including information security maturity assessments, penetration testing, audits and independent reviews of our information security control environment and operating effectiveness. The results of such assessments, audits and reviews are reported to the Audit Committee and the Board of Directors, and the Company adjusts its cybersecurity policies, standards, processes and practices as necessary based on the information provided by the assessments, audits and reviews.

Governance

The Board of Directors, in coordination with the Audit Committee, oversees the management of risks from cybersecurity threats, including the policies, standards, processes and practices that the Company's management implements to address risks from cybersecurity threats. The Audit Committee receives regular presentations and reports on cybersecurity risks, which address a wide range of topics including, for example, recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to the Company's peers and third parties. The Audit Committee timely oversees any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed. Risks of cybersecurity threats are also discussed with the Board of Directors in connection with other relevant matters such as enterprise risk management, operational budgeting, strategic planning, business continuity planning, mergers and acquisitions, and brand management.

The Company's Chief Information Security Officer is the member of the Company's management that is principally responsible for overseeing the Company's security incident response plan and cybersecurity risk management program. The Chief Information Security Officer works in partnership with members of the Company's Risk Review Committee and other business leaders across the Company, including the Chief Information Officer, Chief Accounting Officer, VP and Deputy General Counsel, Litigation, and the Chief Compliance Officer.

The Company's Chief Information Security Officer reports to the Chief Information Officer who reports to the CFO. This group has industry experience building and leading security teams and is responsible for overseeing data security and Company-wide preparedness. The Chief Information Security Officer is a qualified holder of CISSP and CISM certifications and has served in various roles in information technology and information security for over 10 years. Prior experience includes security leadership roles in financial services.

The Company's Chief Information Security Officer manages a dedicated enterprise security team who provide information assurance governance and consultation across all regions of our business. This team works with a managed security service provider to deliver some of its security services, particularly work that is highly manual, repetitive or that can be automated.

The enterprise security team works collaboratively across the Company to implement the Company's security strategy, which includes evaluating and considering the relevance of specific cyber security capabilities to the Company's business model and external threats. To facilitate the success of this strategy, multidisciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents in accordance with the Company's security incident response plan designed to monitor the prevention, detection, mitigation and remediation of cybersecurity incidents in real time, and report such incidents to executive management, and to the Audit Committee when appropriate.

At the time of filing this Annual Report, cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company, including its business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, could have a material adverse effect on us including an adverse effect on our business, financial condition and results of operations. See "*Item 3. Key Information—D. Risk Factors—Actual or perceived security vulnerabilities in our information technology systems, including cyberattacks, security breaches or other similar incidents with respect to our or our third-party partners' information technology systems, or any unauthorized access to our data or our third-party partners' and our customers' data, could harm our reputation, business and operating results.*"

PART III

Item 17. Financial Statements

The Company has responded to Item 18 in lieu of this item.

Item 18. Financial Statements

See "*Item 8. Financial Information*" of this Annual Report.

Item 19. Exhibits

Exhibit Number	Description of Exhibit	Form	File No.	Exhibit	Filing Date	Filed Herewith
1.1	Articles of Association, as amended.	20-F	001-41800	1.1	05/29/2024	
2.1	Deposit Agreement, dated as of September 13, 2023, by and between Arm Holdings plc and Citibank, N.A.	20-F	001-41800	2.1	05/29/2024	
2.2	Form of American Depositary Receipt (included in exhibit 2.1).	20-F	001-41800	2.1	05/29/2024	
2.3	Description of Securities.	20-F	001-41800	2.3	05/29/2024	
4.1	Arm IP License Agreement, dated April 24, 2018, by and between Arm Limited and Arm Technology (China) Co. Ltd.	F-1	333-274120	10.1	08/21/2023	
4.2	Arm Holdings plc 2023 Omnibus Incentive Plan with the Non-Employee Sub-Plan, the France Sub-Plan, as amended, and the Israel Sub-Plan.	S-8 POS	333-274544	4.4	09/12/2024	
4.3	Shareholder Governance Agreement, dated September 18, 2023, by and between SoftBank Group Corp. and Arm Holdings plc.	20-F	001-41800	4.3	05/29/2024	
4.4	Consulting Agreement, dated August 21, 2023, by and between Arm Limited and SoftBank Group Corp.	F-1	333-274120	10.4	09/01/2023	
4.5	Form of Deed of Indemnity between the Company and each of its directors.	F-1	333-274120	10.5	09/05/2023	
4.6	Form of Deed of Indemnity between the Company and each of its executive officers.	F-1	333-274120	10.6	09/05/2023	
4.7	Arm Annual Bonus Plan Rules.	20-F	001-41800	4.11	05/29/2024	
4.8	Amended and Restated Employment Agreement, dated as of November 17, 2022, by and between Rene Anthony Andrada Haas and Arm, Inc.	20-F	001-41800	4.12	05/29/2024	
4.9	Arm Holdings plc 2024 Employee Stock Purchase Plan	S-8 POS	333-274544	4.9	09/12/2024	
8.1	Subsidiaries of the Company.					X
11.1	Insider Trading Policy.					X
12.1	Certification by Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.					X
12.2	Certification by Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.					X
13.1	* Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					
15.1	Consent of Independent Registered Public Accounting Firm.					X
97.1	Clawback Policy.	20-F	001-41800	11.1	05/29/2024	

101	The following materials from the Company's Annual Report on Form 20-F for the year ended March 31, 2025, were formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Shareholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X
104	Cover page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL.	X

* Furnished herewith.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

ARM HOLDINGS PLC

Date: May 28, 2025

By:

/s/ Laura Bartels

Name:

Laura Bartels

Title:

Chief Accounting Officer
(Principal Accounting Officer)

Subsidiaries of Arm Holdings plc

The following is a list of subsidiaries of Arm Holdings plc as of March 31, 2025, omitting subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

Name of Subsidiary	Jurisdiction of Incorporation	Ownership by Arm Holdings plc
Arm Embedded Technologies Private Limited	India	100%
Arm France SAS	France	100%
Arm Hungary Szolgáltató Korlátolt Tőrség	Hungary	100%
Arm, Inc.	Delaware	100%
Arm Limited	England and Wales	100%
Arm Norway AS	Norway	100%
Arm Sweden AB	Sweden	100%
Arm Taiwan Limited	Taiwan	100%
Arm Technologies Israel Ltd.	Israel	100%
Arm Technology Investments Limited	England and Wales	100%
Arm Technology Investments 2 Limited	England and Wales	100%

Arm Holdings plc Insider Trading Policy

Introduction

Engaging in transactions involving the securities of a company while in possession of material nonpublic information is referred to as insider trading. Material nonpublic information is information that could reasonably be expected to affect the price of a company's securities, whether it is positive or negative, and is generally not known or has not been made available to the investing public. At Arm, a variety of roles throughout the organization have access to material nonpublic information, either from time-to-time or on a more continuous basis. It is therefore critical that all officers of Arm and its subsidiaries, all members of Arm's Board of Directors, all employees and all contractors and consultants of Arm and its subsidiaries read and understand this policy.

Arm's Insider Trading Policy is designed to help you understand your obligations when it comes to trading in securities of Arm, and securities of Arm's ecosystem partners and customers that in many cases have listed securities (collectively, the "Relevant Entities," and the securities of the Relevant Entities, the "Relevant Securities").

Notwithstanding anything to the contrary in this policy, this policy, including its relevant policies and procedures, does not apply to trading activities by SoftBank Group Corp. or its affiliates subject to the oversight of SoftBank Group Corp. (except that this policy will apply to (i) Arm and its subsidiaries and (ii) trading activities in Relevant Securities, by affiliates of SoftBank Group Corp. who are also directors, officers, employees, contractors or consultants of Arm or its subsidiaries).

This policy will help you protect yourself and Arm against the potentially serious consequences of insider trading. Directors, officers, employees, contractors and consultants of Arm should always consult Arm's Ethics Compliance Team at insidertrading@arm.com with any questions concerning this policy.

Purpose

This Insider Trading Policy provides guidelines for transactions involving the Relevant Securities and the handling of material nonpublic information about the Relevant Entities.

Arm's business focuses and relies on the safeguarding of proprietary information. Arm has established its reputation for integrity and ethical conduct, and it is critical that the company maintains this reputation and it conducts its business in accordance with the highest ethical standards.

Arm's Board of Directors has adopted this policy to promote compliance with any laws applicable to transactions involving the Relevant Securities and avoid the appearance of impropriety. All persons subject to this policy must comply globally with all insider trading laws and regulations that apply to them (which may be subject to amendment from time to time), in addition to complying with this policy.

Consequences of Violations

It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences of non-compliance, which can be severe. Engaging in transactions involving securities while aware of material nonpublic information relating to such securities is illegal and prohibited by insider trading laws. It is also illegal to pass along material nonpublic information to others who then trade based on that information.

The recipient of the material nonpublic information is referred to as the "tippee" and the person who transmitted the material nonpublic information is referred to as the "tipper." Both the tippee and tipper may be subject to liability for insider trading where the tippee trades, even if the tipper does not.

All persons subject to this policy must comply with all applicable insider trading laws and regulations globally. Law enforcement authorities vigorously pursue parties globally who violate the insider trading laws and punish offenders severely. Punishment for insider trading violations is serious and could include significant fines and imprisonment.

In addition, a person's failure to comply with this policy may subject them to company-imposed sanctions, including dismissal for cause, whether or not the person's failure to comply results in a violation of law.

Persons Subject to the Policy

This policy applies to all officers¹ of Arm and its subsidiaries, all members of Arm's Board of Directors, all employees and all contractors and consultants of Arm and its subsidiaries. Arm may also determine that other persons who have access to material nonpublic information should be subject to this policy. The restrictions of this policy also apply to transactions involving the Relevant Securities by any of the following individuals and entities:

- any family members whose transactions involving the Relevant Securities are directed by, or are subject to, your influence or control, as further described under the heading "Transactions by Family Members and Others";
- anyone who lives in your household, as further described under the heading "Transactions by Family Members and Others";
- any corporation or other entity controlled or managed by you, as further described under the heading "Transactions by Entities that You Influence or Control";
- trusts for which you are the trustee or with respect to which you have the ability to vote, transfer or sell Relevant Securities in the trust, as further described under the heading "Transactions by Entities that You Influence or Control";
- anyone acting as your agent, nominee or person acting at your direction; and
- anyone who execute trades on your behalf.

These restrictions apply to any Relevant Securities over which you have voting power or power to transfer or sell, as well as Relevant Securities that you own. Regulators and prosecutors may presume that trading by your family members is based on information you supplied and may treat any such transactions as if you had traded yourself.

Transactions Subject to the Policy

This policy applies to transactions involving the Relevant Securities, including in Arm ordinary shares, options to purchase ordinary shares, American depositary shares, or any other type of securities that Arm may issue, as well as derivative securities that are not issued by Arm, such as exchange-traded put or call options or swaps relating to Arm securities. Transactions subject to this policy include purchases, sales and gifts of Arm securities made by the persons subject to this policy.

Individual Responsibility

Persons subject to this policy have ethical and legal obligations to maintain the confidentiality of information about the Relevant Entities and to not engage in transactions involving the Relevant Securities while in possession of material nonpublic information. They must not engage in illegal trading and must avoid the appearance of improper trading to preserve Arm's reputation for adhering to the highest standards of conduct. Each person subject to this policy is responsible for ensuring compliance with this policy, and that any family member, household member or entity whose transactions are subject to this policy, as discussed below, also comply with this policy.

In all cases, the responsibility for determining whether a person is in possession of material nonpublic information rests with that person. Any action on the part of Arm, the Chief Legal Officer, the Compliance Officer, any approval

¹ The term officer includes Arm's Chief Executive Officer, Chief Financial Officer, any vice president in charge of a principal business unit, division or function, any other person who performs a policy making function for the company.

party, any director or any other employee in accordance with this policy does not in any way constitute legal advice or insulate a person from liability under applicable global securities laws.

Administration of the Policy

Arm's Chief Legal Officer designates the Managing Counsel – Security, Privacy and Compliance to serve as the Compliance Officer for the purposes of this policy. The Compliance Officer, and in their absence, the Chief Legal Officer or another employee designated by the Compliance Officer or Chief Legal Officer shall be responsible for administration of this policy and oversight of the pre-clearance process, subject to any reviews, determinations and interpretations by the Chief Legal Officer. All determinations and interpretations by the Chief Legal Officer or the Compliance Officer shall be final and not subject to further review.

Statement of Policy

Persons subject to this policy, who are aware of material nonpublic information relating to the Relevant Entities, may not, directly, or indirectly through family members or other persons or entities:

1. Engage in transactions involving Arm securities, except as otherwise specified in this policy under the headings "Exceptions to Insider Trading Policy and Trading Restrictions" and "Rule 10b5-1 Plans;"
2. Recommend, encourage or induce another person to engage in the purchase, sale or gift of any of Arm securities;
3. Disclose (either directly or via an intermediary) material nonpublic information of the Relevant Entities to persons within Arm whose jobs do not require them to have that information, or outside of the company to any other persons, unless any such disclosure is made in accordance with the company's policies regarding the protection or authorized external disclosure of information regarding the company; or
4. Assist anyone engaged in the above activities.

In addition, it is the policy of the company that no director, officer or other employee of Arm (or any other person designated as subject to this policy) who, in the course of working for Arm, learns of material nonpublic information about another company (1) with which Arm does business, such as Arm's partners, distributors, customers, vendors and suppliers, or (2) that is involved in a potential transaction or business relationship with Arm, may engage in transactions involving that other company's securities until the information becomes public or is no longer material.

It is also the policy of Arm that it will not engage in transactions involving its securities while aware of material nonpublic information relating to the company or company securities, including share repurchase programs, other than in compliance with applicable law.

There are no exceptions to this policy, except as specifically noted herein. Small transactions or the existence of a personal financial emergency do not excuse you from compliance with this policy and is not a basis for an exception to this policy. Insider trading laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve Arm's reputation for adhering to the highest standards of conduct.

Definition of Material Nonpublic Information

Insider trading laws define the concept of material nonpublic information in a variety of ways, all of which focus on factors such as the nature of the information, the significance of the information to investors and whether the information has been adequately disseminated to the public. All persons subject to this policy must comply globally

with all applicable laws and regulations regarding insider trading and the handling of material nonpublic information.

Material Information

Information is considered “material” if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities. Any information that could reasonably be expected to affect the price of a company’s securities, whether it is positive or negative, should be considered material. Information can be considered material even before a specific corporate action is taken by a board of directors or a company’s management, depending on the specific circumstances and an evaluation of the likelihood of the occurrence of a specific event, action or development. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight.

While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- Financial forecasts of any kind, industry projections of future earnings or losses, or other earnings guidance;
- A change (or anticipated change) to previously announced earnings guidance, or the decision to suspend earnings guidance;
- Any anticipated or planned restatements of financial results, or material impairments, write-offs or restructurings;
- Unpublished financial or operational reports or projections;
- Significant related party transactions;
- Arm’s business plans, budgets, models or strategies, or any changes or anticipated changes thereto;
- Significant developments in research and development of a significant new technology, product, process, service or other intellectual property;
- Information about major contracts, including the gain or loss (or the probable gain or loss) of a significant customer, business partner or supplier;
- The institution of, or developments in, major litigation, investigations, or regulatory actions or proceedings;
- A pending or proposed merger, acquisition, investment, tender offer, changes in control or ownership, divestiture, joint venture, restructuring, repurchase, financing transactions, or similar transaction;
- A change (or anticipated change) in dividend policy (if any), the declaration of a share split or subdivision, or the issuance, redemption or repurchase of securities (e.g., share repurchase programs);
- Financing transactions;
- Repurchases of Arm securities;
- A change (or anticipated change) in Arm’s pricing or cost structure;
- A change (or anticipated change) in senior management, board of directors or auditors, or notification that the auditor’s reports may no longer be relied upon;

- A significant cybersecurity incident or identified significant cybersecurity vulnerability involving Arm or a significant customer or business partner of Arm, such as a data breach, or any other significant disruption in the company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure;
- Bankruptcies, receiverships, potential defaults under any credit agreements or indentures, or the existence of material liquidity deficiencies;
- The imposition of an event-specific restriction on trading in Arm securities or the securities of any other company or the extension or termination of such restriction; or
- News of the sale or acquisition of significant assets or a subsidiary.

This list is for illustrative purposes only and is not an exhaustive list of all types of material information. Investigators and / or relevant law enforcement agencies will scrutinize a questionable trade after the fact with the benefit of hindsight, so if information is not clearly immaterial or already public you should always err on the side of deciding that information is material nonpublic information and not trade. If you have questions regarding specific information or transactions, please contact the Compliance Team at insidertrading@arm.com.

When Information is Considered Public

Information that is generally not known or that has not been made available to the investing public is generally considered to be nonpublic information, even if the information is widely known within the company. In order to establish that the information has been made available to the investing public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be considered widely disseminated if it has been disclosed through a widely disseminated press release distributed through the newswire services, a broadcast on widely-available radio or television programs, or publication in a widely-available newspaper, magazine or news website or public disclosure document filed with, or furnished to, the SEC that is available on the SEC's website.

By contrast, information likely would not be considered widely disseminated if it is available only to Arm's employees, or if it is only available to a select group of analysts, brokers and institutional investors. The circulation of market rumors, even if accurate and reported in the media, does not constitute effective public dissemination; therefore, information should not be considered to be public if it has become known through the circulation of market rumors.

Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb and evaluate the information. As a general rule, information should not be considered fully absorbed by the marketplace until at least two full trading days have passed following release of the information to the marketplace, where trading days are days on which Nasdaq is open for trading. If, for example, Arm were to make an announcement on a Monday, you should not trade in Arm securities until Thursday. Depending on the particular circumstances, Arm may determine that a longer or shorter period should apply to the release of specific material nonpublic information. Any changes to the time period will be detailed at that time.

Transactions by Entities that You Influence or Control

This policy applies to any entities that you influence or control, including any corporations, partnerships, investment funds, retirement plans, trusts, or any other types of entities over which you have the ability to influence or direct management, policies or investment decisions, in each case other than SoftBank Group Corp. or its affiliates subject to the oversight of SoftBank Group Corp., and other than in compliance with applicable law. Transactions by these controlled entities will be treated for the purposes of this policy and applicable securities laws as if they were made by you for your own account.

Transactions by Family Members and Others

This policy applies to your family members who reside with you (including a spouse or domestic partner, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), your children or your spouse's children who are financially dependent on you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions involving Relevant Securities are directed by you or are subject to your influence or control, such as individuals who consult with you before they trade in Relevant Securities. You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Relevant Securities, and you should treat all such transactions for the purposes of this policy and applicable securities laws as if the transactions were for your own account. This policy does not, however, apply to personal securities transactions of family members where the purchase or sale decision is made by a third party who is not controlled by, influenced by or related to you or your family members.

Exceptions to Insider Trading Policy and Trading Restrictions

This policy does not apply in the case of the following transactions, except as specifically noted:

Share Option Exercises

This policy does not apply to the exercise of an employee share option acquired under the company's plans, or to the exercise of a tax withholding right to which a person has elected to have Arm withhold Arm securities subject to an option to satisfy tax withholding requirements. This policy does apply, however, to any sale of Arm securities as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Restricted Share Awards or Restricted Stock Units

This policy does not apply to the vesting of restricted share awards or restricted stock units, or the exercise of a tax withholding right to which you elect to have the company withhold shares to satisfy tax withholding requirements upon the vesting of any restricted share awards or restricted stock units. The policy does apply, however, to any market sale of restricted shares.

401(k)/Pension Plan, Annual Bonus Plan and All-Employee Plan

This policy does not apply to purchases of Arm securities in the company's 401(k)/Pension plan, the Annual Bonus Plan or the All-Employee Plan resulting from your periodic contribution of money to the plan, provided that such purchases are the result of a payroll deduction election that you made at a time when you were not aware of material nonpublic information and that was not a restricted trading period, subject to the pre-clearance process. This policy does apply, however, to certain elections you may make under such plans, including: (a) beginning or terminating investing in the Arm securities fund of the 401(k) plan; (b) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Arm securities fund; (c) an election to make an intra-plan transfer of an existing account balance into or out of the Arm securities fund; (d) an election to borrow money, to the extent otherwise permitted, against your plan accounts if the loan will result in a liquidation of some or all of your Arm securities fund balance; and (e) an election to pre-pay any plan loan if the pre-payment will result in allocation of loan proceeds to the Arm securities fund.

It should be noted that sales of Arm securities from a 401(k) account are also subject to Rule 144 under the Securities Act of 1933 (or any other applicable exemption under securities laws), and therefore directors and executive officers may be deemed to be an "affiliate" of the company. If this is the case, Rule 144 places limits on the number of shares you may be able to sell and provides that certain procedures must be followed before selling company securities. Contact Arm's legal team for more information on Rule 144 and when you should ensure that a Form 144 is filed with the SEC.

Employee Share Purchase Plan

This policy does not apply to purchases of Arm securities in an employee share purchase plan resulting from your periodic contribution of money to the plan pursuant to a payroll deduction election that you made at a time when you were not aware of material nonpublic information and that was not a restricted trading period, subject to the pre-clearance process. This policy also does not apply to purchases of Arm securities resulting from lump sum

contributions to the employee share purchase plan, if you elected to participate by lump sum payment at the beginning of the applicable enrollment period. This policy does apply, however, to certain elections you may make under such plan, including: (a) your election to participate in the employee share purchase plan for any enrollment period; (b) an election to increase or decrease your level of participation in the plan; and (c) to your sales of Arm securities purchased pursuant to the employee share purchase plan.

Dividend Reinvestment Plan

This policy does not apply to purchases of Arm securities under any company-sponsored dividend reinvestment plan resulting from an election to reinvest dividends paid on Arm securities that you made when you were not aware of material nonpublic information at the time of the election and that was not a restricted trading period, subject to the pre-clearance process. This policy does apply, however, to any (a) voluntary purchase of Arm securities resulting from additional contributions you choose to make to the dividend reinvestment plan, (b) election to participate in the plan or increase your level of participation in the dividend reinvestment plan, and (c) sale of any Arm securities purchased pursuant to the dividend reinvestment plan.

Other Similar Transactions. Any other purchase of Arm securities directly from the company or sales of Arm securities directly to the company are not subject to this policy.

Special and Prohibited Transactions

Arm has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this policy engage in certain types of transactions. It therefore is the company's policy that any persons covered by this policy, regardless of whether in possession of material nonpublic information, may not engage in any of the following transactions, or should otherwise consider the company's preferences as described below:

Short-Term Trading. Short-term trading of Arm securities may be distracting to the person and may unduly focus the person on the short-term appreciation in the value of Arm securities rather than Arm's long-term business objectives. For these reasons, pursuant to the company's policy, any director or officer of the company who *purchases* Arm securities in the open market may not sell any Arm securities of the same class during the six months following the purchase. Similarly, such persons who *sell* Arm securities in the open market may not purchase any Arm securities of the same class during the six months following the sale.

No Short Sales. Short sales of Arm securities (*i.e.*, the sale of a security that the seller does not own at the time of the transaction), including 'sales against the box' (*i.e.*, the short sale of a security that the seller owns at the time of the transaction) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the company's prospects. In particular, short sales create misalignment with the company and may reduce a seller's incentive (or create a disincentive) to seek to improve the company's performance. For these reasons, short sales of Arm securities are prohibited under the company's policy.

Derivative Securities Transactions. Derivative securities, such as call options or put options, which give the holder a right to buy or sell, respectively, a security at a specific price before a set date, are typically transacted over a relatively short time period. As a consequence, transactions involving derivative securities may create the appearance that a director, officer or employee is trading based on material nonpublic information and could focus a director's, officer's or other employee's attention on short-term performance at the expense of the company's long-term objectives. Accordingly, transactions involving put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this policy.

Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including without limitation through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit a person subject to this policy to continue to own Arm securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the director, officer or employee may no longer have the same objectives as, or

alignment with, the company's other shareholders. Therefore, directors, officers and employees are prohibited from engaging in any such transactions under this policy.

Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to satisfy a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the person is aware of material nonpublic information or otherwise is not permitted to trade in Arm securities, persons subject to this policy are prohibited from holding Arm securities in a margin account or otherwise pledging Arm securities as collateral for a loan, unless all Arm securities held in such account are blocked from being margined.

Standing and Limit Orders. Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 plans, as described below) create heightened risks for insider trading violations. Because there is no control over the timing of purchases or sales that result from standing instructions to a broker, a broker could execute a transaction when a person subject to this policy is in possession of material nonpublic information. The company therefore discourages placing standing or limit orders on Arm securities. If a person subject to this policy determines that they must use a standing order or limit order, the order should be limited to a period generally no more than five trading days and should otherwise comply with the restrictions and procedures outlined below under the headings "Special Trading Restrictions" and "Pre-Clearance Procedures."

Shadow Trading. Shadow trading, sometimes referred to as "shadow investment," relies on the concept that the value of related securities can be influenced by non-public information about a particular company or asset. For instance, if an individual has confidential information about a forthcoming significant event concerning Company A, they might trade in the securities of Company B, which has a close business or market relationship with Company A. The expectation is that the event will impact the stock price of Company B in a predictable manner.

Special Trading Restrictions

Arm has established special trading restrictions to assist the company in the administration of this policy, to facilitate compliance with laws prohibiting insider trading while in possession of material nonpublic information, and to avoid the appearance of any impropriety. These special trading restrictions are applicable to all persons subject to this policy.

Quarterly Trading Restricted Period. All persons subject to this policy, as well as their family members and/or controlled entities, may not conduct any transactions involving Arm securities (other than as specified by this policy), during a restricted period beginning ten trading days prior to the end of each fiscal quarter and ending upon the completion of the second full trading day following the date of the public release of the company's earnings results for that quarter. For example, if Arm publicly releases its earnings results on a Monday, the first time you can buy or sell Arm securities is the opening of the market on Thursday (assuming you are not aware of other material nonpublic information at that time).

Event-Specific Restricted Periods. Occasionally, an event may occur (or be probable to occur) that is material to Arm and is known by only a limited number of directors, officers, employees, contractors or consultants. So long as the event remains material and nonpublic, the persons designated by the Chief Legal Officer, as communicated by the Compliance Team, may not trade Arm securities. In addition, Arm's financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Chief Legal Officer, as communicated by the Compliance Team, designated persons must refrain from trading in Arm securities during a period that commences even earlier than the commencement of the quarterly trading restricted period or ends even later than the expiration of the quarterly trading restricted period. In that situation, the Compliance Team may notify these persons that they may not trade in Arm securities until the Compliance Team subsequently notifies such person that the event-specific restricted period has ended, but shall not disclose the reason for the event-specific restriction on trading. The existence of an event-specific restricted period, including the extension of a quarterly trading restricted period, will not be announced to the company as a whole and should not be communicated to any other person. Even if the Chief Legal Officer, as communicated by the Compliance Team, has not designated you as a person who should not trade

during an event-specific restricted period, you should not trade while aware of material nonpublic information. Exceptions to this policy will not be granted during an event-specific restricted period.

Exceptions. The quarterly trading restrictions and event-specific trading restrictions do not apply to those transactions to which this policy does not apply, as described above under the heading “Exceptions to Insider Trading Policy and Trading Restrictions.” Further, the requirement for pre-clearance, the quarterly trading restrictions and event-specific trading restrictions do not apply to transactions conducted pursuant to pre-approved Rule 10b5-1 plans, described under the heading “Rule 10b5-1 Plans,” below.

Pre-Clearance Procedures

No person identified in the table below may engage in transactions involving Arm securities without obtaining pre-clearance from the appropriate approval party in accordance with this policy. It is important to note that compliance with these additional procedures, including obtaining pre-clearance, does not insulate such party from insider trading liability. If a person subject to this policy obtains pre-clearance, such party must still make the determination that such person is not in possession of material nonpublic information when the trade is made, that the trade does not have the appearance of impropriety, and that the trade is not in violation of the insider trading and other applicable laws.

Approval Parties. The persons subject to this policy that are identified in the following table may not engage in any transaction in Arm securities without first obtaining pre-clearance of the transaction in accordance with the following:

Person or Entity Subject to Pre-Clearance	Approval Party
Members of the Board (other than the Audit Committee Chairperson) and the Chief Executive Officer	Audit Committee Chairperson
Audit Committee Chairperson	Chief Legal Officer
Officers and Executive Committee (other than the Chief Executive Officer) and Employees at or above Grade 9	Compliance Officer
Compliance Officer	Chief Legal Officer
Designated persons on insider lists	Compliance Officer

Request Form. A request for pre-clearance, which shall be submitted in the company’s approved form of pre-clearance request attached to this policy as Exhibit A, including a certification that such person is not in possession of material nonpublic information, should be submitted to the applicable approval party noted above at least 48 hours in advance of the proposed transaction. The applicable approval party is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction in the approval party’s discretion. If a person that seeks pre-clearance and permission to engage in the transaction is denied, then such person must refrain from initiating any transaction in Arm securities and should not inform any other person of the fact that the pre-clearance request was denied.

Pre-Cleared Transactions. Pre-cleared transactions must be completed within five trading days following receipt of the pre-clearance (unless a specific exception has been granted by the applicable approval party). A pre-cleared transaction, or any portion of a pre-cleared transaction that has not been completed during such period, must be pre-cleared again prior to execution. All pre-cleared transactions will be reported to and overseen by the Compliance Officer.

Other Restrictions. Notwithstanding receipt of pre-clearance, if, before the transaction is completed, the person who received the pre-clearance becomes aware of material nonpublic information or becomes subject to a restricted period described above in “Special Trading Restrictions,” then the transaction cannot be completed.

Rule 10b5-1 Plans

Rule 10b5-1 under the Securities Exchange Act of 1934 provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this policy must enter into a Rule 10b5-1 plan for transactions involving Arm securities that meets certain conditions specified in Rule 10b5-1. Transactions involving Arm securities that are effected pursuant to a Rule 10b5-1 plan may occur even when the person who has entered into the plan is aware of material nonpublic information. To comply with this policy, a pre-approved Rule 10b5-1 plan must be approved by the Chief Legal Officer and satisfy the requirements of Rule 10b5-1 and the company's "Guidelines for Rule 10b5-1 Plans," attached to this policy as Exhibit B.

Post-Termination Transactions

This policy continues to apply to transactions involving Arm securities even after termination of service to, or a relationship with the company. If a person is in possession of material nonpublic information when such person's service or relationship terminates, that person may not trade in Arm securities until that information has become public or is no longer material. If a person subject to a quarterly trading restricted period or an event-specific restricted period leaves the company during that restricted period, they will continue to be subject to the applicable restricted period for the remainder of that restricted period.

Company Assistance

Any person who has a question about this policy or its application to any proposed transaction may obtain additional guidance from the Compliance Team.

If you have any questions, please send them by email to insidertrading@arm.com.

Reporting a breach

If you believe that there has or might have been a breach of Arm's Insider Trading Policy or any applicable insider trading laws, you should immediately report your concerns to Arm's Raise a Concern Helpline. Reports are kept confidential and can be made anonymously, where permitted by local law.

There are two options:

1. Make a report online
2. Make a report verbally:
 - United Kingdom: 0-808-189-1053
 - United States: 1-800-461-9330
 - France: 0805.080339
 - Other countries, please [click here](#) for local numbers

Arm takes every concern raised seriously and each report will be assessed fully, promptly, and fairly. Arm actively encourages people to raise concerns in a transparent and open way, so that issues can be resolved quickly and effectively. Reports may be made anonymously where the concern relates to financial accounting or fraud, and where local law and regulations allow. Subject to the requirements of applicable law and to the greatest extent possible, all reports and investigations will be treated as confidential.

Certification

All persons subject to this policy must certify their understanding of, and intent to comply with, this policy.

CERTIFICATION

I certify that:

1. I have read and understand the Arm Holdings plc Insider Trading Policy. I understand that the Compliance Team is available to answer any questions I have regarding the policy.
2. Since 13 September 2023, or such shorter period of time that I have been an officer, director, employee, contractor, or consultant of the company, I have complied with the policy.
3. I will continue to comply with the policy for as long as I am subject to the policy.

Print name: _____

Signature: _____

Date: _____

Exhibit A

Form of Pre-Clearance Request and Certification

The pre-clearance approval process normally takes two trading days, although individual circumstances may require additional time and you may not receive approval to trade at the time or price that you wanted. Arm will not indemnify you for any changes in the stock price as a result of the timing of your pre-clearance. If your trade is pre-cleared, the pre-clearance approval will be valid for five trading days. If you do not execute your trade within that five trading-day window, you will have to obtain a new pre-clearance approval prior to execution.

ARM HOLDINGS PLC
PRE-CLEARANCE REQUEST AND CERTIFICATION FORM

PLEASE COMPLETE THE FOLLOWING INFORMATION:	
NAME	
EMPLOYEE ID (if applicable)	
NATURE OF TRANSACTION [INDICATE PURCHASE OR SALE]	
NUMBER OF SHARES OR DOLLAR AMOUNT IN THIS TRANSACTION	
IF THIS IS A SALE: WHAT DATE(S) WERE THESE SHARES ACQUIRED? HAVE YOU PURCHASED ANY RELEVANT SECURITIES WITHIN THE PAST SIX MONTHS?	
IF THIS IS A PURCHASE: HAVE YOU SOLD ANY RELEVANT SECURITIES?	
ESTIMATED NUMBER OF SHARE HOLDINGS AFTER THIS TRANSACTION	

BY E-SIGNING THIS FORM, I AM CONFIRMING:

1. I AM NOT IN POSSESSION OF MATERIAL NON-PUBLIC INFORMATION AT THIS TIME.
2. I WILL NOT ENTER INTO THE TRANSACTION DESCRIBED ABOVE IF I COME INTO POSSESSION OF MATERIAL NON-PUBLIC INFORMATION.
3. THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT AS OF THE DATE HEREOF.
4. I ACKNOWLEDGE THAT ANY PRE-CLEARANCE GIVEN WILL BE VALID FOR FIVE (5) TRADING DAYS ONLY, AND I WILL NEED TO SUBMIT A NEW PRE-CLEARANCE REQUEST AND CERTIFICATION PRIOR TO EXECUTING THE TRADE IF I DO NOT TRADE WITHIN THE FIVE (5) TRADING-DAY PERIOD.

Print name: _____

Signature: _____

Date: _____

ONCE YOU SUBMIT THIS REQUEST, IT WILL BE ROUTED TO THE OFFICE OF ETHICS AND COMPLIANCE FOR REVIEW AND FORWARDED TO ANY FURTHER APPROVING PARTIES REQUIRED BY THIS POLICY. PLEASE EXPECT TO RECEIVE A RESPONSE WITHIN TWO (2) TRADING DAYS. IF YOU HAVE ANY QUESTIONS REGARDING THIS REQUEST AND WOULD LIKE TO SPEAK WITH SOMEONE FIRST, PLEASE REACH OUT TO insidertrading@arm.com.

Exhibit B

Guidelines for Rule 10b5-1 Plans

Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended, provides for an affirmative defense against insider trading liability if a trade occurs pursuant to a pre-arranged “trading plan” that meets specified conditions. Specifically, if a purchase or sale is made pursuant to a trading plan that complies with the conditions in Rule 10b5-1(c), as described below, the trade will not be deemed to be made on the basis of material nonpublic information, and therefore will not violate insider trading laws. Trading plans can be established for a single trade or a series of trades. Because Rule 10b5-1(c) is complex, Arm recommends that you work with a broker and fully understand the limitations and conditions of the rule before establishing a plan.

Arm Holdings plc has adopted a written Insider Trading Policy, to which these guidelines for Rule 10b5-1 plans are an attachment, containing certain basic principles and policies concerning the trading by officers, directors and employees of Arm in the securities of the company. These guidelines set forth Arm’s policy concerning Rule 10b5-1 pre-planned trading programs by its directors, officers and employees. All capitalized terms used but not defined in these guidelines have the same meanings provided for in the Insider Trading Policy.

As specified in the Insider Trading Policy, a Rule 10b5-1 plan must be approved by the Chief Legal Officer and meet the requirements of Rule 10b5-1 and these guidelines. Any Rule 10b5-1 plan (or the modification or termination of any existing Rule 10b5-1 plan) must be well documented and submitted for approval ten trading days prior to the entry into the Rule 10b5-1 plan. Arm reserves the right not to approve any proposed Rule 10b5-1 plan (or the modification of any existing Rule 10b5-1 plan) unless it meets the requirements of Rule 10b5-1 and these guidelines, as well as such additional terms and conditions as the company may require from time to time. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 plan will be required.

The following guidelines apply to all Rule 10b5-1 plans:

- You may not enter into, modify or terminate a Rule 10b5-1 plan during a restricted period or otherwise while you are aware of material nonpublic information.
- All Rule 10b5-1 plans must: (1) specify the amount, price and date of the transactions; (2) include a written formula, algorithm or computer program for determining amounts, prices and dates for the transactions; or (3) not permit the person to exercise any subsequent influence over how, when or whether to make purchases or sales (and any other person exercising such influence under the Rule 10b5-1 plan must not be aware of material nonpublic information when doing so).
- For officers and directors, no transaction may take place under a Rule 10b5-1 plan until the later of (a) 90 days after adoption or modification of the Rule 10b5-1 plan or (b) two trading days following the disclosure of Arm’s financial results in a current report for the fiscal quarter (or annual report on Form 20-F for the fourth fiscal quarter) in which the Rule 10b5-1 plan was adopted or modified (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption or modification of the Rule 10b5-1 plan).

For persons other than officers and directors, no transaction may take place under a Rule 10b5-1 plan until 30 days following the adoption or modification of a Rule 10b5-1 plan.

- Subject to certain limited exceptions specified in Rule 10b5-1, you may not enter into more than one Rule 10b5-1 plan at the same time.
- Subject to certain limited exceptions specified in Rule 10b5-1, you are limited to only one Rule 10b5-1 plan designed to effect an open market purchase or sale of the total amount of securities subject to the Rule 10b5-1 plan as a single transaction in any 12-month period.

- You must act in good faith with respect to a Rule 10b5-1 plan. A Rule 10b5-1 plan cannot be entered into as part of a plan or scheme to evade the prohibition of Rule 10b-5. Therefore, although modifications to an existing Rule 10b5-1 plan are not prohibited, a Rule 10b5-1 plan should be adopted with the intention that it will not be amended or terminated prior to its expiration.
- Officers and directors must include a representation in the Rule 10b5-1 plan certifying that, on the date of adoption or modification of the plan (i) the person is not aware of material nonpublic information about Arm or its securities and (ii) the person is adopting the trading plan in good faith and not as part of plan or scheme to evade the prohibitions of Rule 10b-5.

Arm and its officers and directors must make certain disclosures in SEC filings concerning Rule 10b5-1 plans and certain material terms. Officers and directors of Arm must undertake to provide any information requested by the company regarding Rule 10b5-1 plans for the purpose of providing the required disclosures or any other disclosures that the company deems to be appropriate under the circumstances.

If any questions arise, such person should consult with their own counsel in implementing a Rule 10b5-1 plan.

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rene Haas, certify that:

1. I have reviewed this annual report on Form 20-F of Arm Holdings plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 28, 2025

By: /s/ Rene Haas

Rene Haas
Chief Executive Officer

**CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jason Child, certify that:

1. I have reviewed this annual report on Form 20-F of Arm Holdings plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 28, 2025

By: /s/ Jason Child

Jason Child
Chief Financial Officer

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Arm Holdings plc (the “Company”) on Form 20-F for the fiscal year ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in their capacity as officers of the Company that, to their knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 28, 2025

By: /s/ Rene Haas

Rene Haas
Chief Executive Officer

By: /s/ Jason Child

Jason Child
Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement No. 333-274544 on Form S-8 of our reports dated May 28, 2025, relating to the financial statements of Arm Holdings plc and the effectiveness of Arm Holdings plc's internal control over financial reporting appearing in this Annual Report on Form 20-F for the fiscal year ended March 31, 2025.

/s/ DELOITTE & TOUCHE LLP
San Jose, California
May 28, 2025