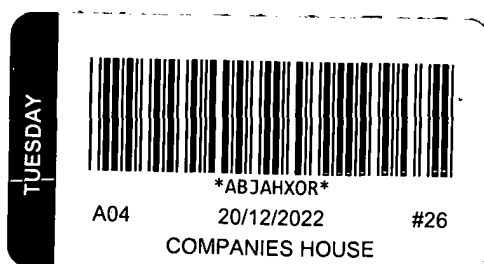


Registration number: 06910401

Simulity Labs Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2022



Simulity Labs Limited
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Simulity Labs Limited

Directors' Report for the Year Ended 31 March 2022

The directors present their annual report and the audited financial statements for the year ended 31 March 2022.

The directors have taken the small companies exemption contained in s414B of the Companies Act 2006 from the requirement to prepare a Strategic Report.

Directors of the company

The directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

V Korstanje (resigned 30 November 2021)

Z Rose (resigned 12 July 2022)

H Mukkamala (resigned 30 November 2021)

A Rajah

D Patel (resigned 18 March 2022)

The following director was appointed after the year end:

P Williamson (appointed 12 July 2022)

Principal activity

The principal activity of the Company is to act as a holding company for the Arm Limited Group (the "Arm Group"). The Company does not have any trading activities, the trading assets previously held by the Company were transferred to Arm Limited, the immediate parent undertaking, during the period ended 31 March 2018 and the remaining investments were transferred to Pelion IOT Limited during the period ended 31 March 2022. The directors intend for the Company to be liquidated.

Financial instruments

Financial risk management objectives and policies

The financial risk management objectives and policies of the Arm Group are detailed in the Annual Report for Arm Limited.

The Arm Group's guidelines on managing currency risk, interest rate risk, securities price risk, credit risk and liquidity risk are also detailed in the Annual Report for Arm Limited, which does not form part of this report.

Dividends

During the year the Company issued a dividend in specie of £2,451,570 (2021: £nil) to its immediate parent company. See note 10 for details.

Going concern

The Company has ceased trading and it is the intention of the directors that the Company be liquidated. Thus the directors have prepared the Company's financial statements on a basis other than going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Simulity Labs Limited

Directors' Report for the Year Ended 31 March 2022

Directors' indemnities

The Arm Group maintains liability insurance for its directors and officers. Following shareholder approval the Arm Group has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purpose of the Companies Act 2006. The third party indemnity provision was in force throughout the financial year and also up to the date of approval of the financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

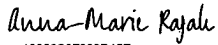
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Simulity Labs Limited

Directors' Report for the Year Ended 31 March 2022

13 December 2022

Approved by the Board of Directors on and signed on its behalf by:

DocuSigned by:

19956C8F398D45F.....

A Rajah
Director

Simulity Labs Limited

Independent Auditor's Report to the Members of Simulity Labs Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Simulity Labs Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Simulity Labs Limited

Independent Auditor's Report to the Members of Simulity Labs Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Simulity Labs Limited

Independent Auditor's Report to the Members of Simulity Labs Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

Simulity Labs Limited

Independent Auditor's Report to the Members of Simulity Labs Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

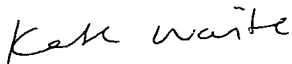
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kate Waite FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

St Albans, United Kingdom

Date: 13 December 2022

Simulity Labs Limited

Statement of Comprehensive Income for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Other income	6, 10	<u>4,701</u>	<u>19,585</u>
Profit before tax		4,701	19,585
Tax on profit	8	<u>-</u>	<u>-</u>
Profit for the financial year		<u>4,701</u>	<u>19,585</u>
Other Comprehensive Income			
Gain on disposal of subsidiary undertakings	10	<u>2,447,188</u>	<u>-</u>
Total comprehensive income for the year		<u><u>2,451,889</u></u>	<u><u>19,585</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

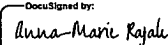
Simulity Labs Limited

(Registration number: 06910401)
Balance Sheet as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	9	-	-
Current assets			
Trade and other debtors	11	698,169	697,850
Total assets		<u>698,169</u>	<u>697,850</u>
Net assets		<u>698,169</u>	<u>697,850</u>
Capital and reserves			
Called up share capital	12	27,360	2,403,360
Share premium account	12	-	943,685
Profit and loss account	12	670,809	(2,649,195)
Total shareholders' funds		<u>698,169</u>	<u>697,850</u>

13 December 2022

The financial statements on page 8 to 16 were approved by the Board of Directors on and signed on its behalf by:

DocuSigned by:

 19958CBF38B045F.....

A Rajah
Director

The notes on pages 11 to 16 form an integral part of these financial statements.

Simility Labs Limited

Statement of Changes in Equity for the Year Ended 31 March 2022

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total shareholders' funds £
At 1 April 2020	2,403,360	943,685	-	(2,668,780)	678,265
Profit for the year	-	-	-	19,585	19,585
Total comprehensive expense	-	-	-	19,585	19,585
At 31 March 2021	2,403,360	943,685	-	(2,649,195)	697,850
At 1 April 2021	2,403,360	943,685	-	(2,649,195)	697,850
Profit for the year	-	-	-	4,701	4,701
Other comprehensive income (Note 10)	-	-	2,447,188	-	2,447,188
Total comprehensive income	-	-	2,447,188	4,701	2,451,889
Dividend in Specie (Note 10)	-	-	(2,447,188)	(4,382)	(2,451,570)
Capital reduction (Note 12)	(2,376,000)	(943,685)	-	3,319,685	-
At 31 March 2022	27,360	-	-	670,809	698,169

The notes on pages 11 to 16 form an integral part of these financial statements.

Simulity Labs Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

The Company is a private company limited by share capital incorporated in the United Kingdom and registered in England and Wales. The registered office of the Company is 110 Fulbourn Road, Cambridge, CB1 9NJ.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Statement of compliance

The individual financial statements of Simulity Labs Limited have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102, and the Companies Act 2006.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention and have been prepared on a basis other than going concern basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has utilised the following exemptions:

(i) the requirement to prepare a statement of cash flows under section 7 of FRS 102 and para 3.17(d); the Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, SoftBank Group Corp., includes the Company's cash flows in its own consolidated statements.

(ii) the Company has taken advantage of the exemptions contained within FRS 102 paragraph 33.1A, not to disclose transactions with wholly owned Group undertakings, except where described in note 10.

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

Going concern

The Company has ceased trading and it is the intention of the directors that the Company be liquidated. Thus the directors have prepared the Company's financial statements on a basis other than going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

Simulity Labs Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

Investments

Investments in subsidiaries are stated at cost less accumulated impairment losses.

On disposal of investments in subsidiaries, gains and losses are recognised in the profit and loss where qualifying considerations are expected to be settled. To the extent that the associated consideration has no intention of being settled, gains and losses on disposal are unrealised and are recognised in other comprehensive income.

Financial instruments

The Company does not have any financial instruments, other than intercompany debtors. Due to the short-term nature of these balances, the Company considers the fair value of this item to equal the carrying value. Debtors are measured at amortised cost.

Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies have been translated at rates ruling at the balance sheet date. Exchange differences have been included in the profit for the financial year.

The Company's functional and presentational currency is the pound sterling.

3 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. There are no areas involving critical estimates that are significant to these financial statements.

Critical accounting judgements

The preparation of financial statements also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a significant degree of judgement that are significant to these financial statements.

4 Directors' remuneration

The directors did not receive any remuneration in respect of their duties as directors of the Company (2021: £nil).

5 Auditors' remuneration

Fees amounting to £16,000 (2021: £9,000) have been attributed to the audit of the Company's financial statements from the Group audit fee. All fees payable to the auditor are accounted for within, and paid by, Arm Limited, the parent company. No fee is recharged to the Company, and therefore this amount is not reflected in the Company's profit and loss account.

Simulity Labs Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

6 Other income

	2022	2021
	£	£
Foreign exchange gains	319	19,583
Reversal of impairment losses recognised against investments	4,382	-
Gain (loss) from disposals of investments	-	2
	<u>4,701</u>	<u>19,585</u>

7 Staff costs

The Company had no employees throughout the year (2021: no employees).

8 Tax on profit

Tax charged in the profit and loss account:

	2022	2021
	£	£
Tax charge in the profit and loss account	<u>-</u>	<u>-</u>

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	£	£
Profit before tax	<u>4,701</u>	<u>19,585</u>
Corporation tax at standard rate	893	3,721
Tax decrease arising from group relief	<u>(893)</u>	<u>(3,721)</u>
Total tax charge	<u>-</u>	<u>-</u>

Simulity Labs Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

9 Investments

	£
Cost	
At 1 April 2021	18,556
Disposals	<u>(18,556)</u>
At 31 March 2022	<u>-</u>
Impairment	
At 1 April 2021	18,556
Reversal of impairment	(4,382)
Eliminated on disposals	<u>(14,174)</u>
At 31 March 2022	<u>-</u>
Carrying amount	
At 31 March 2022	<u>-</u>
At 31 March 2021	<u>-</u>

The Company sold its direct investments in its subsidiary undertakings, Kigen Denmark ApS and Kigen (South Africa) Proprietary Limited, during the year. Refer to Note 10 for further details.

10 Disposal of subsidiaries

On 30 November 2021, the Company sold its 100% owned subsidiary investments in Kigen Denmark ApS and Kigen South Africa Proprietary Limited to Pelion IOT Limited at a fair value of £2,451,570. On the same date, the Company distributed the consideration receivable of £2,451,570 from Pelion IOT Limited to Arm Limited, the immediate parent company ("dividend in specie"). As a result of these transactions £4,382 has been recognised in other income, reflecting the reversal of impairment charges, and £2,447,188 has been recognised in other comprehensive income, reflecting the unrealised gain on disposal of the subsidiary undertakings.

11 Debtors

	2022 £	2021 £
Amounts owed by Group undertakings	<u>698,169</u>	<u>697,850</u>

Amounts owed by Group undertakings are unsecured, interest-free and can be recalled on demand.

Simulity Labs Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

12 Called up share capital and reserves

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
A Ordinary of £0.01 each	86,600	866	86,600	866
B Ordinary of £0.01 each	249,400	2,494	249,400	2,494
Preferred Ordinary of £0.01 (2021 - £1) each	2,400,000	24,000	2,400,000	2,400,000
	<u>2,736,000</u>	<u>27,360</u>	<u>2,736,000</u>	<u>2,403,360</u>

Rights, preferences and restrictions

A Ordinary shares have the following rights, preferences and restrictions:

One vote per share. Shares do not automatically have rights to a dividend. Each share gives its holder a right to participate in capital.

B Ordinary shares have the following rights, preferences and restrictions:

One vote per share. Shares do not automatically have rights to a dividend. Each share gives its holder a right to participate in capital.

Preferred Ordinary shares have the following rights, preferences and restrictions:

One vote per share. Shares have rights to dividends. Each share gives its holder a right to participate in capital.

Share capital

Called up share capital represents the nominal value of shares that have been issued.

Share premium

The share premium account includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Reserves

The profit and loss account includes all current and prior period retained profits and losses, net of dividends paid.

On 29 September 2021, the Company approved a reduction of share capital and a cancellation of share premium by way of a solvency statement under the Companies Act 2006. The capital reduction resulted in £2,376,000 of share capital and £943,685 of share premium being cancelled and recorded as retained earnings, all of which are realised profits.

Other reserves

The other reserves account includes gains made on the disposal of subsidiaries recognised in Other Comprehensive Income, net of any dividends paid. See note 10 for details.

Simulity Labs Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

13 Related party transactions

The Company has taken advantage of the exemptions contained within FRS 102 paragraph 33.1A not to disclose transactions with wholly owned Group undertakings, except where described in note 10. There are no other related party transactions to note.

14 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Arm Limited, a company registered in England and Wales. The Company's ultimate parent undertaking and controlling party is considered to be SoftBank Group Corp., a company registered in Japan.

SoftBank Group Corp. heads the largest group of undertakings, including Simulity Labs Limited, for which consolidated financial statements are prepared. The registered office of the ultimate parent is 1-9-1 Higashishimbashi, Minato-ku, Tokyo 105-7303, Japan. Copies of the ultimate parent's consolidated financial statements are available from this address.

Arm Limited heads the smallest group of undertakings for which consolidated financial statements are prepared. The registered office of the immediate parent is 110 Fulbourn Road, Cambridge, CB1 9NJ, United Kingdom. Copies of the immediate parent's financial statements are available from this address.