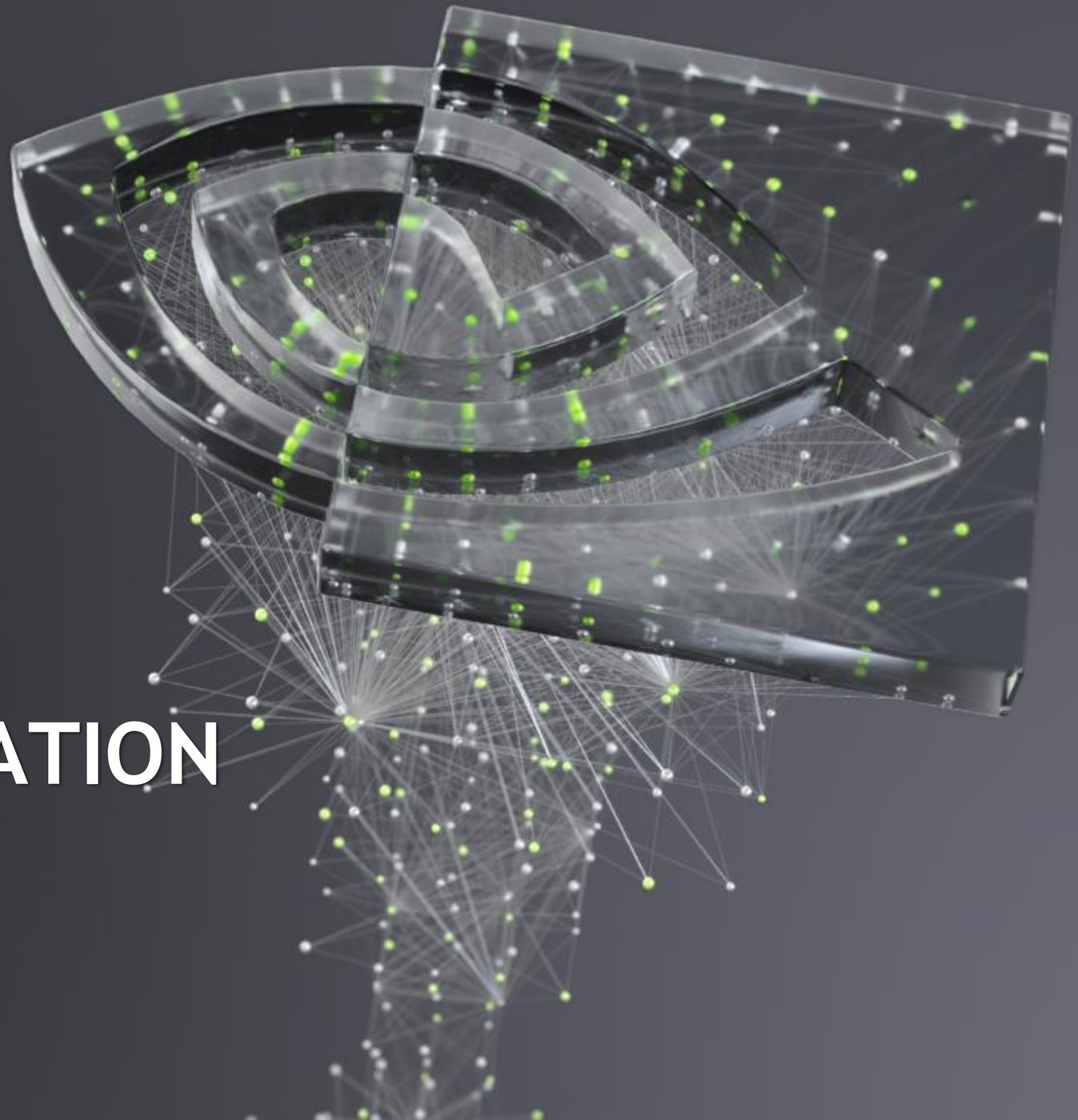


INVESTOR PRESENTATION
Q1 FY2022

June 1, 2021

RTX reinventing computer graphics; our expectations on supply; strengthening demand for Data Center in coming quarters; continuing to gain traction in inference; the fastest growing areas of AI; the impact of offices reopening; NVIDIA helping to revolutionize the transportation industry; our partnerships and customers; our financial outlook, our expected tax rates and our expected capital expenditures for the second quarter of fiscal 2022; our growth and growth drivers; our opportunities in existing and new markets; the TAM for our products; and our design win pipeline are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements and any other forward-looking statements that go beyond historical facts that are made in this presentation are subject to risks and uncertainties that may cause actual results to differ materially. Important factors that could cause actual results to differ materially include: global economic conditions; our reliance on third parties to manufacture, assemble, package and test our products; the impact of technological development and competition; development of new products and technologies or enhancements to our existing product and technologies; market acceptance of our products or our partners' products; design, manufacturing or software defects; changes in consumer preferences and demands; changes in industry standards and interfaces; unexpected loss of performance of our products or technologies when integrated into systems and other factors.

NVIDIA has based these forward-looking statements largely on its current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, and you should not rely upon the forward-looking statements as predictions of future events. The future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Although NVIDIA believes that the expectations reflected in the forward-looking statements are reasonable, the company cannot guarantee that future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. Except as required by law, NVIDIA disclaims any obligation to update these forward-looking statements to reflect future events or circumstances. For a complete discussion of factors that could materially affect our financial results and operations, please refer to the reports we file from time to time with the SEC, including our Annual Report on Form 10-K and quarterly reports on Form 10-Q. Copies of reports we file with the SEC are posted on our website and are available from NVIDIA without charge.

NVIDIA uses certain non-GAAP measures in this presentation including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP diluted earnings per share, and free cash flow. NVIDIA believes the presentation of its non-GAAP financial measures enhances investors' overall understanding of the company's historical financial performance. The presentation of the company's non-GAAP financial measures is not meant to be considered in isolation or as a substitute for the company's financial results prepared in accordance with GAAP, and the company's non-GAAP measures may be different from non-GAAP measures used by other companies. Further information relevant to the interpretation of non-GAAP financial measures, and reconciliations of these non-GAAP financial measures to the most comparable GAAP measures, may be found in the slide titled “Reconciliation of Non-GAAP to GAAP Financial Measures”.

CONTENT

Q1 FY22 Earnings Summary

Key Announcements This Quarter

NVIDIA Overview

Financials

Reconciliation of Non-GAAP to GAAP Financial Measures



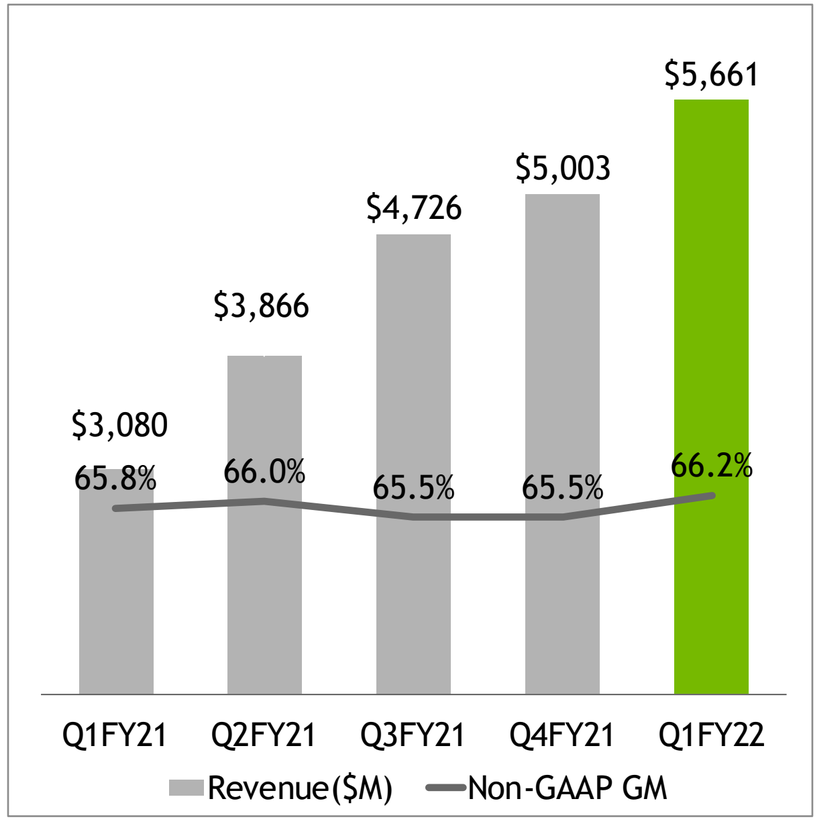
Q1 FY22
EARNINGS SUMMARY

HIGHLIGHTS

- **Record total, Gaming, Data Center and Professional Visualization revenue**
  - Total revenue up 84% y/y to $5.66B, ahead of our original outlook of $5.30B +/- two percent
  - Gaming up 106% y/y to a record $2.76B; Data Center up 79% y/y to a record $2.05B
- **Gaming driven by strong demand for GeForce RTX 30 Series GPUs**
  - Record desktop and laptop GPU sales, with the largest-ever wave of GeForce-powered laptops
  - RTX has reinvented computer graphics; vast majority of installed base has yet to upgrade to RTX GPUs
  - Crypto mining likely contributed to demand; expect to limit going forward with “Low Hash Rate” GPUs
- **Strong growth in Data Center across compute and networking products**
  - Growth was led by hyperscale customers, with strengthening demand for internal and cloud workloads
  - Vertical Industries also grew both q/q and y/y, led by consumer internet companies
  - Gaining traction in AI inference, with record combined shipments of T4, A10 and A30 GPUs

NVIDIA.

Q1 FY2022 FINANCIAL SUMMARY

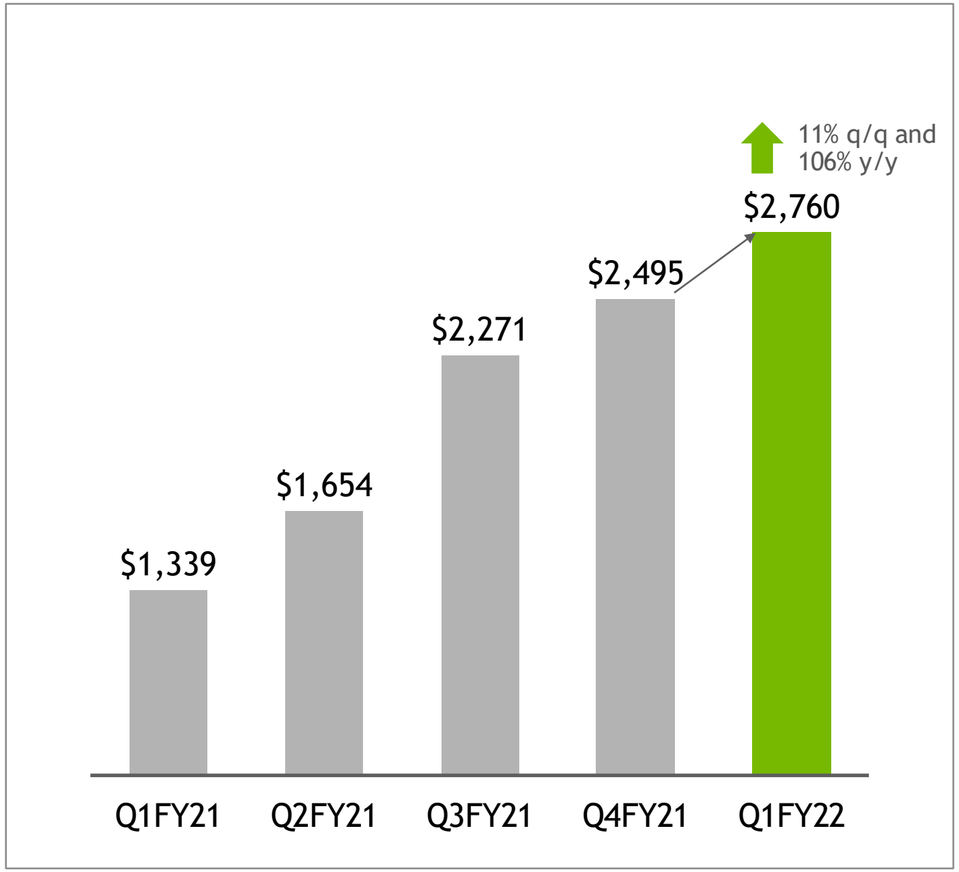


	GAAP			Non-GAAP		
	Q1 FY22	Y/Y	Q/Q	Q1 FY22	Y/Y	Q/Q
Revenue	$5,661	+84%	+13%	$5,661	+84%	+13%
Gross Margin	64.1%	-100 bps	+100 bps	66.2%	+40 bps	+70 bps
Operating Income	$1,956	+100%	+30%	$2,557	+112%	+22%
Net Income	$1,912	+109%	+31%	$2,313	+107%	+18%
Diluted EPS	$3.03	+106%	+31%	$3.66	+103%	+18%
Cash Flow from Ops	$1,874	+106%	-9%	$1,874	+106%	-9%

No difference between GAAP and Non-GAAP Cash Flow from Operations and Revenue. All dollar figures are in millions ($) other than EPS.

GAMING

Revenue ($M)

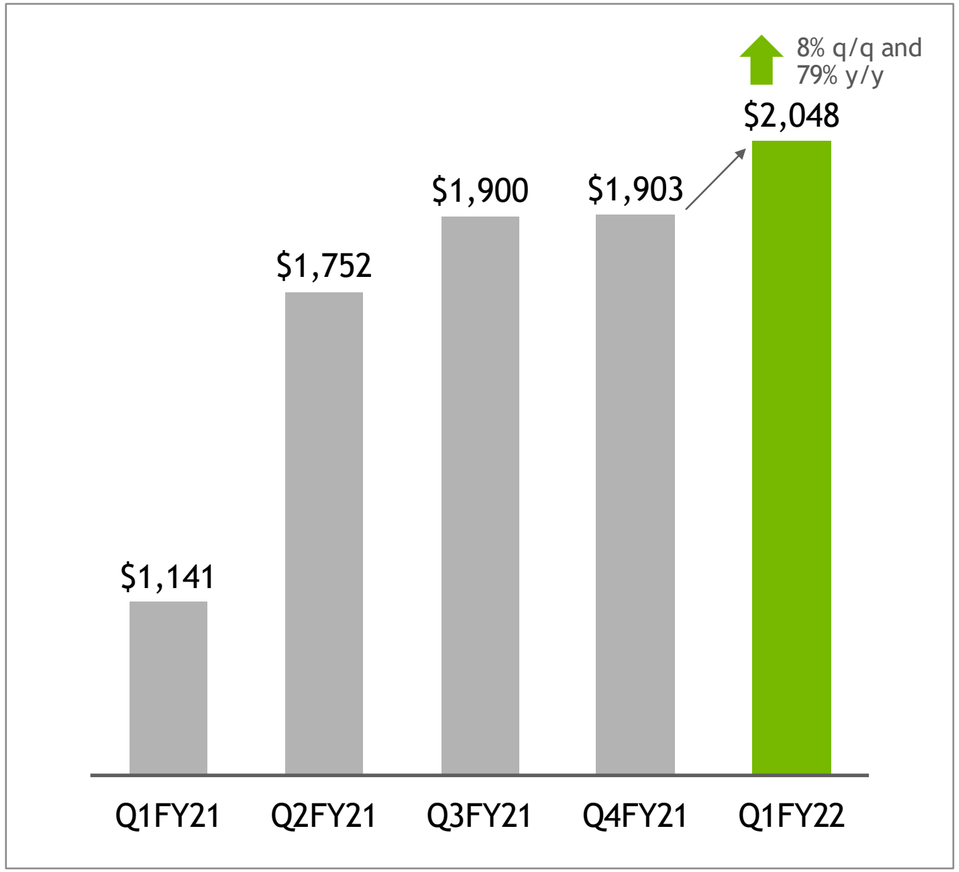


Highlights

- Record quarter driven by GeForce RTX 30 Series GPUs and game console SOCs
- Largest-ever wave of GeForce gaming laptops, over 140 at all major OEMs
- Over 60 RTX games; DLSS incorporated in game engines Unreal Engine 4 and Unity
- GeForce NOW has passed 10 million members and offers nearly 1,000 games, more than any other cloud gaming service
- We believe Gaming also benefited from crypto mining demand
- Channel inventories lean; Expect to remain supply constrained into 2H

DATA CENTER

Revenue ($M)

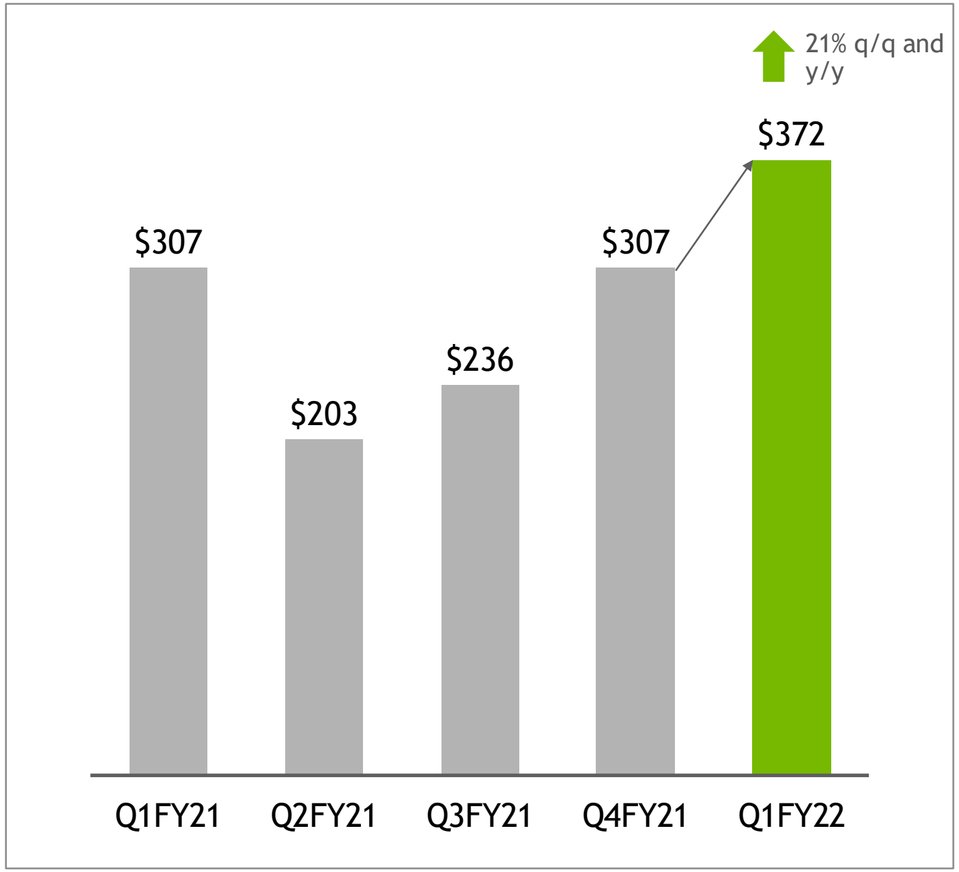


Highlights

- Topped $2B for the first time; Growth was led by hyperscale customers for internal and cloud workloads
- A100 deployed across all major hyper-scalers and CSPs globally; we see strengthening demand in coming quarters
- Continue to gain traction in inference with hyperscale and vertical industries
- Strong inference growth driven not just by T4 but also A100, new A10 and A30 GPUs
- Two of the fastest growing areas of AI - NLU and deep recommenders

PROFESSIONAL VISUALIZATION

Revenue ($M)

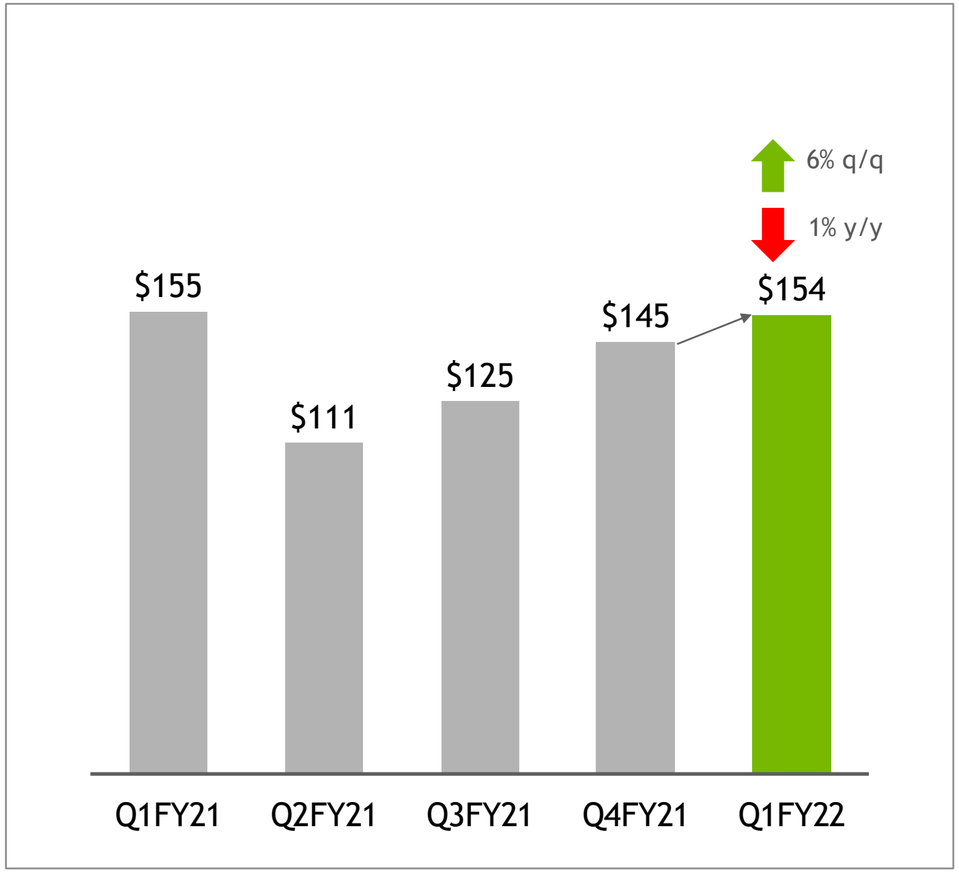


Highlights

- Strong notebook growth to new record driven by enterprises supporting remote workforce initiatives
- Desktop rebounded as enterprises resumed spending; likely to see continued growth as offices reopen
- Strength in manufacturing, healthcare, auto and media & entertainment
- Announced a number of powerful new NVIDIA Ampere architecture GPUs for next-generation desktop and notebook workstations

AUTOMOTIVE

Revenue ($M)

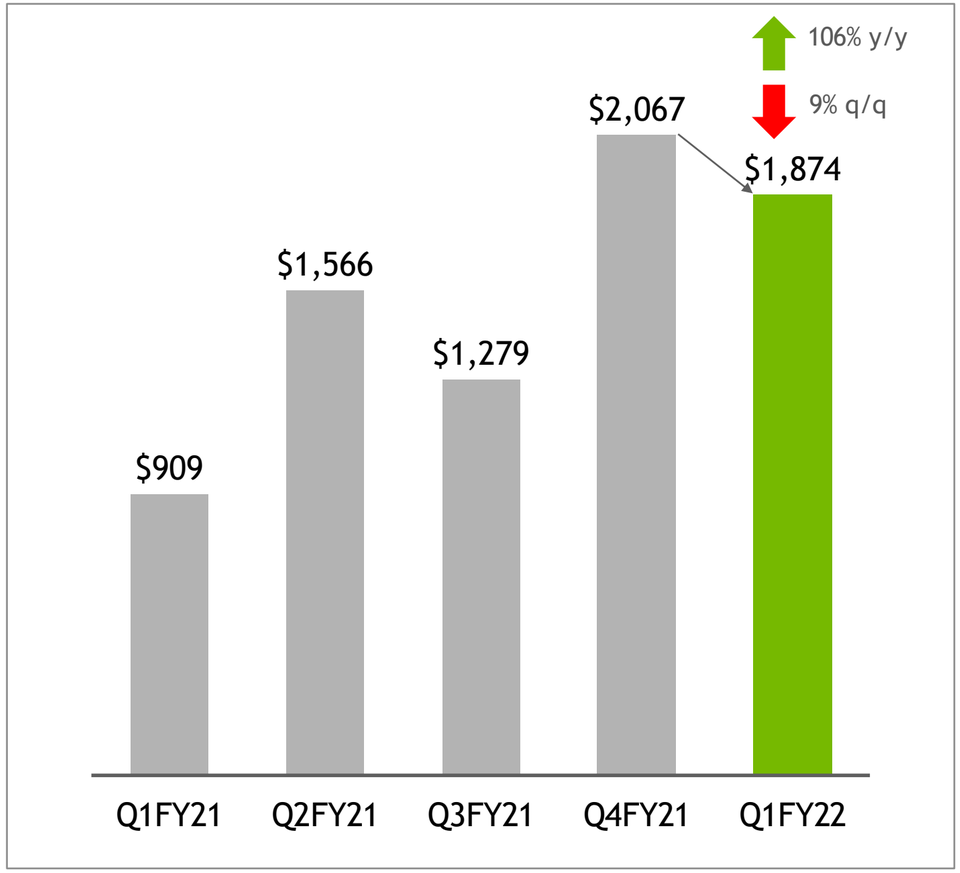


Highlights

- Sequential growth driven by growth in AI Cockpit partially offset by an expected decline in legacy infotainment
- New wins with Volvo, GM Cruise and NEVs including Faraday Future, R Auto, IM Motors and VinFast
- In trucking, Navistar is partnering with TuSimple in selecting NVIDIA DRIVE for autonomous driving
- Extended technology leadership with the announcement of the next-generation NVIDIA DRIVE Atlan SoC
- Our auto design win pipeline exceeds $8 billion through fiscal year 2027

SOURCES & USES OF CASH

Cash Flow from Operations ($M)



Highlights

- Returned $99M to shareholders in the form of dividends
- Invested $317M in capex
- Ended the quarter with $12.7B in gross cash and $7.0B in debt, $5.7B in net cash

Gross cash is defined as cash/cash equivalents & marketable securities.
Debt is defined as principal value of debt.
Net cash is defined as gross cash less debt.

Q2 FY2022 OUTLOOK

- Revenue – $6.30 billion, plus or minus two percent
  - We expect broad-based sequential and year-on-year revenue growth in all our market platforms. Our outlook includes $400 million in CMP. Aside from CMP, the sequential revenue increase is driven largely by Data Center and Gaming.
- Gross Margin – 64.6% GAAP and 66.5% non-GAAP, plus or minus 50 basis points
- Operating Expense – Approximately $1.76 billion GAAP and $1.26 billion non-GAAP
- Other Income & Expense – Net expense of $50 million for both GAAP and non-GAAP
- Tax Rate – GAAP and non-GAAP both 10 percent, plus or minus one percent, excluding discrete items
- Capital Expenditure – Approximately $300 million to $325 million

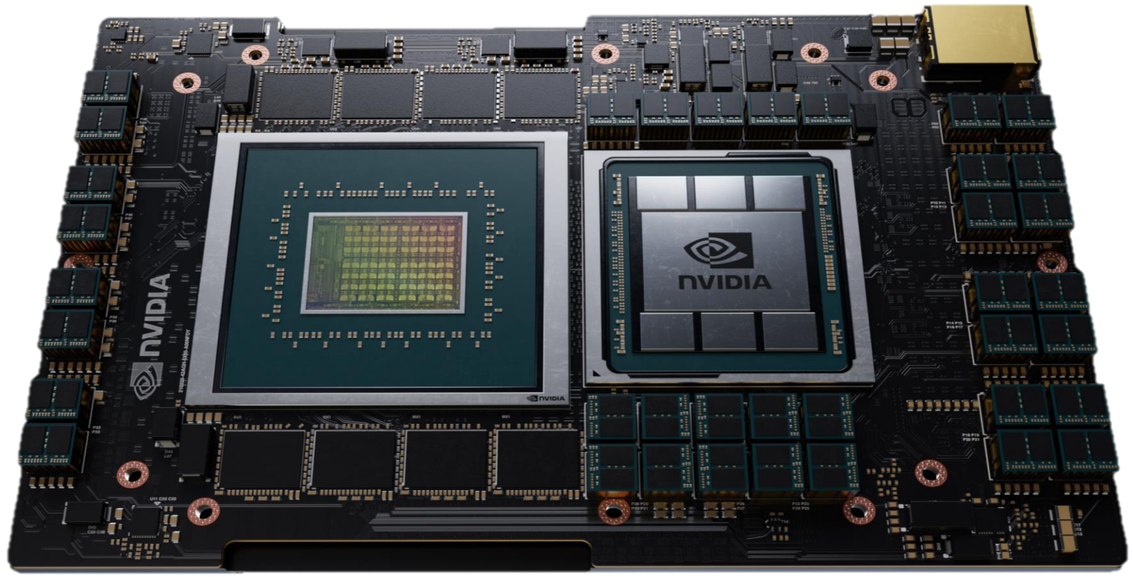


KEY ANNOUNCEMENTS THIS QUARTER

NVIDIA GRACE

CPU Designed for Giant-Scale AI and HPC Accelerated Computing

- NVIDIA's first data center Arm-based CPU
- Designed to address the computing requirements for the world's most advanced applications
- Combines energy-efficient Arm CPU cores with low-power, high bandwidth memory subsystem to deliver high performance with great efficiency
- 10x faster performance versus today's state-of-the-art NVIDIA DGX-based systems, running on x86 CPUs
- Sampling in 2022; Shipping 2023



ALPS

Expected to be The World's Fastest Supercomputer for AI

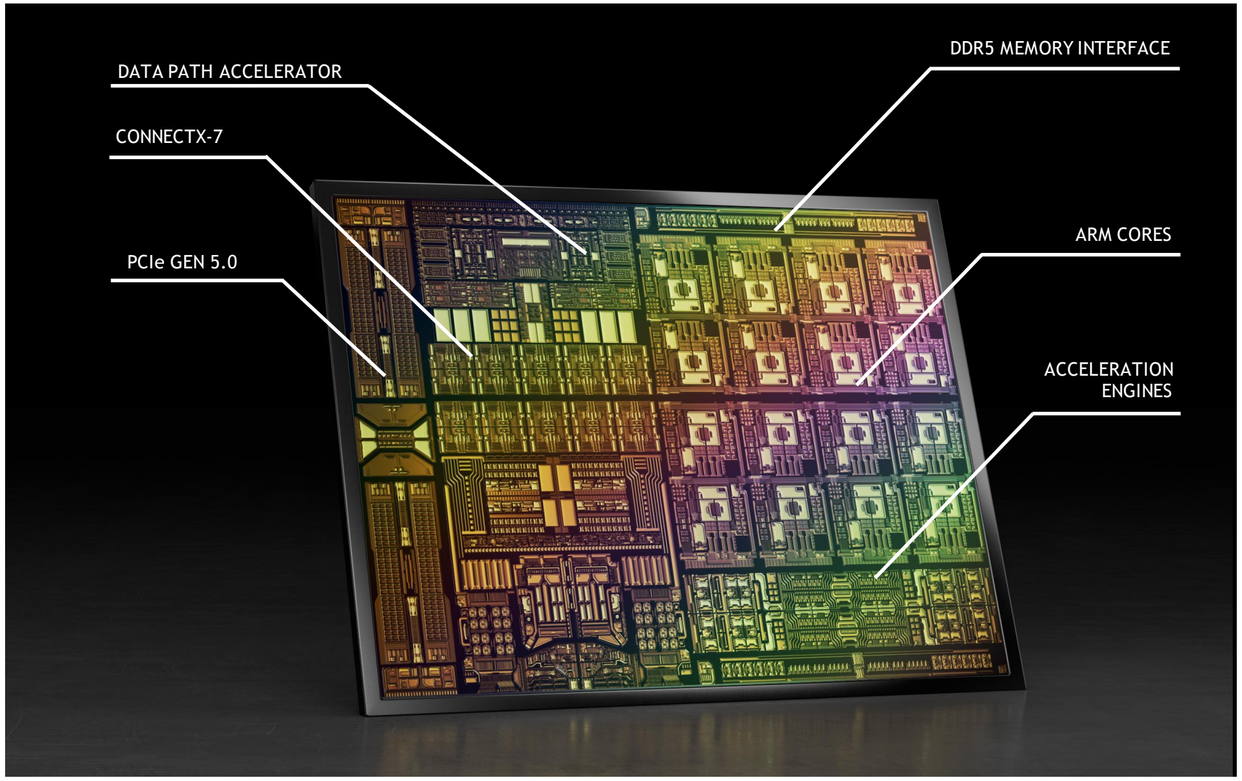
- 20 Exaflops of AI
- Powered by NVIDIA Grace CPU and Next Generation NVIDIA GPU
- Can train GPT-3 7x faster than NVIDIA Selene, currently recognized as the world's leading supercomputer for AI
- HPC and AI for Scientific and Commercial Apps
- Advance Weather, Climate, and Materials Science
- Coming online in 2023



NVIDIA BLUEFIELD-3

400Gbps Data Center Infrastructure Processor

- Offloads and Accelerates Data Center Infrastructure
- Isolates Application from Control and Management Plane
- Each BlueField-3 DPU delivers the equivalent data center services of up to 300 CPU cores
- Powerful CPU – 16x Arm A78 Cores
- Process Networking, Storage, and Security at 400 Gbps
- 22 Billion Transistors
- Expected to sample in Q1 2022



NVIDIA AI ENTERPRISE

Delivering NVIDIA AI and Accelerated Computing to the World's Largest Industries

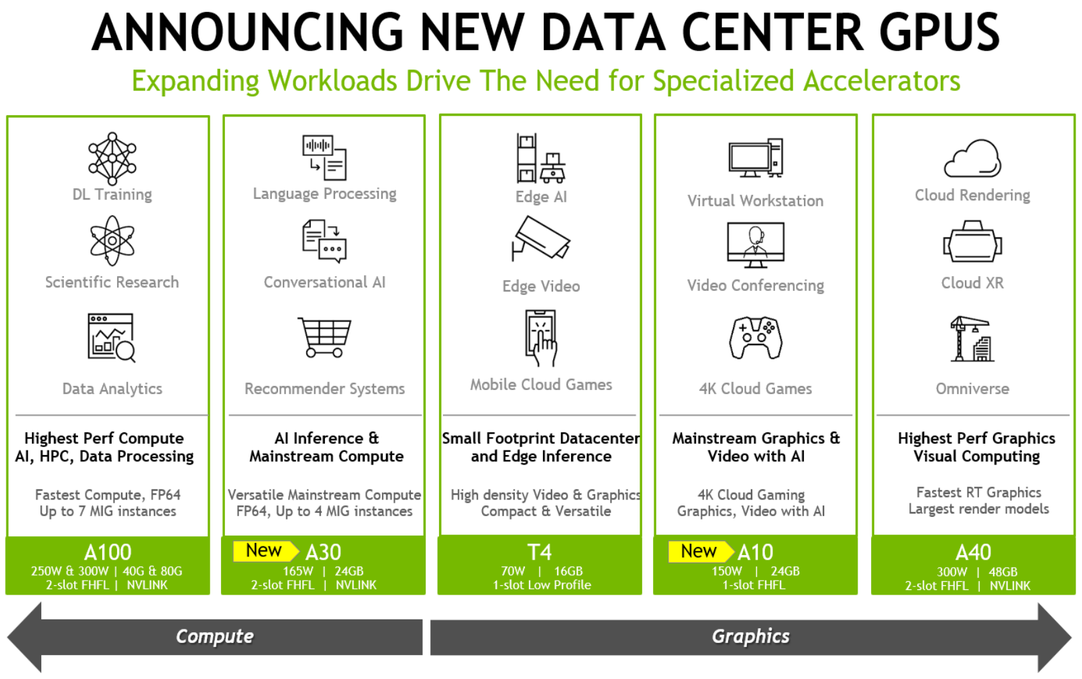
- Comprehensive suite of enterprise-grade AI software that speeds deployment of AI workloads and simplifies management of enterprise AI infrastructure
- Multi-billion-dollar opportunity
  - Hundreds of thousands of vSphere customers now able to purchase NVIDIA AI Enterprise with same pricing model that IT managers use to procure VMware infrastructure software
  - 8M enterprise server CPUs per year
- Offered as a perpetual license at $3,595 per CPU socket with annual maintenance of $899 per license; Also available as a subscription
- Partner ecosystem includes VMWare, Dell Technologies, HPE, Lenovo and Supermicro



NEW A10 AND A30 GPUS

Add to the NVIDIA-Certified Portfolio of Industry-Standard Servers Based on the NVIDIA EGX Platform

- Enabling enterprises to run AI workloads on the same infrastructure used for traditional business applications
- New wave of systems featuring the NVIDIA A30 GPU for mainstream AI and data analytics and the NVIDIA A10 GPU for AI-enabled graphics, virtual workstations and mixed compute and graphics workloads
- Lockheed Martin and Mass General Brigham are among the first to incorporate these systems into their data centers
- More than 20 NVIDIA-Certified Systems are now available from worldwide computer makers
- Systems featuring NVIDIA A30 and NVIDIA A10 GPUs will be available later in 2021



NVIDIA AI-ON-5G

Enabling High-Performance 5G RAN and AI Applications to Manage Hundreds of Transformational Projects

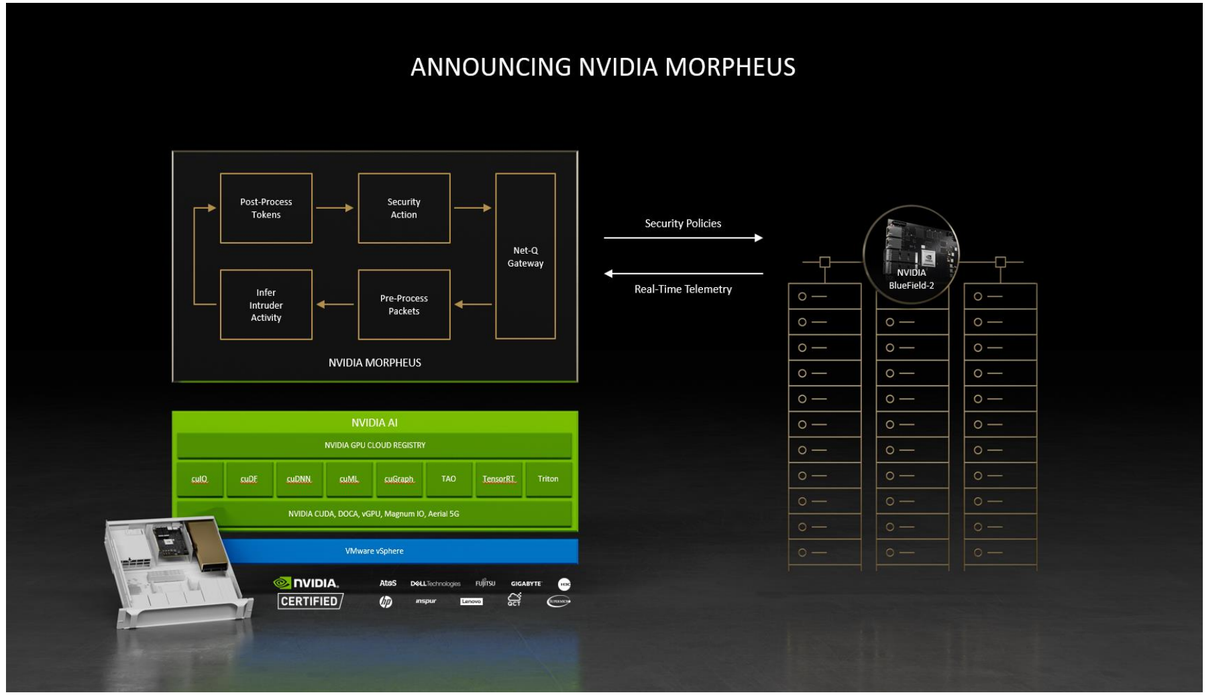
- Leverages the NVIDIA Aerial SDK with the NVIDIA BlueField-2 A100 — a converged card that combines GPUs and DPUs including NVIDIA's "5T for 5G" solution
- Enterprises, mobile network operators and CSPs that deploy the platform will be able to handle both 5G and edge AI computing in a single, converged platform
- Help speed the creation of smart cities and factories, advanced hospitals and intelligent stores
- Teaming with Ericsson, Fujitsu, Mavenir, Radisys and Wind River to develop solutions for NVIDIA's AI-on-5G platform
- Google Cloud and NVIDIA partner to deliver AI-on-5G, extending Google Cloud's managed services and AI solutions to the edge on NVIDIA GPU-accelerated servers



NVIDIA MORPHEUS

Enabling Cybersecurity Providers to Develop AI Solutions That Can Instantly Detect Cyber Breaches

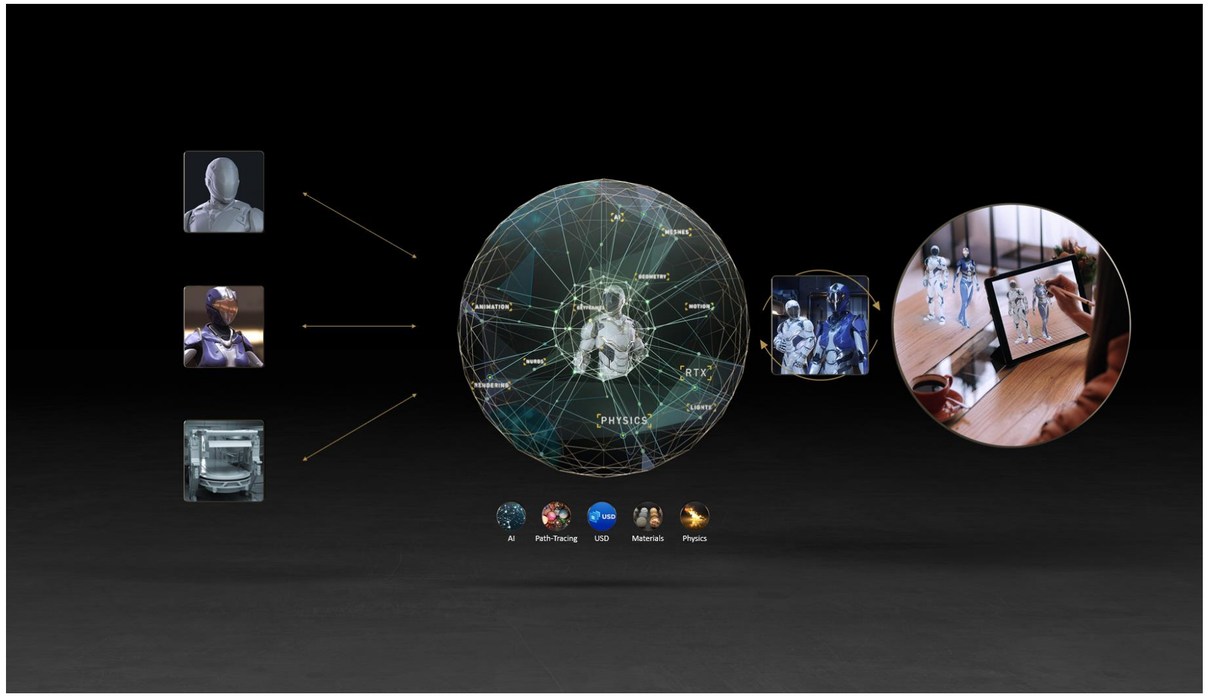
- Morpheus is a cloud-native cybersecurity framework which uses machine learning to identify, capture and act on threats that were previously impossible to identify
- Enables zero-trust security models that demand monitoring every transaction in the data center in real time
- Deploying Morpheus with security applications takes advantage of NVIDIA AI computing and NVIDIA BlueField-3 DPUs to provide users the ability to protect their data center from its core to the edge
- Ecosystem includes ARIA Cybersecurity Solutions, Cloudflare, F5, Fortinet and Guardicore, as well as hybrid-cloud platform providers Canonical, Red Hat and VMware



NVIDIA OMNIVERSE ENTERPRISE

Design Collaboration and Simulation Platform for Enterprises

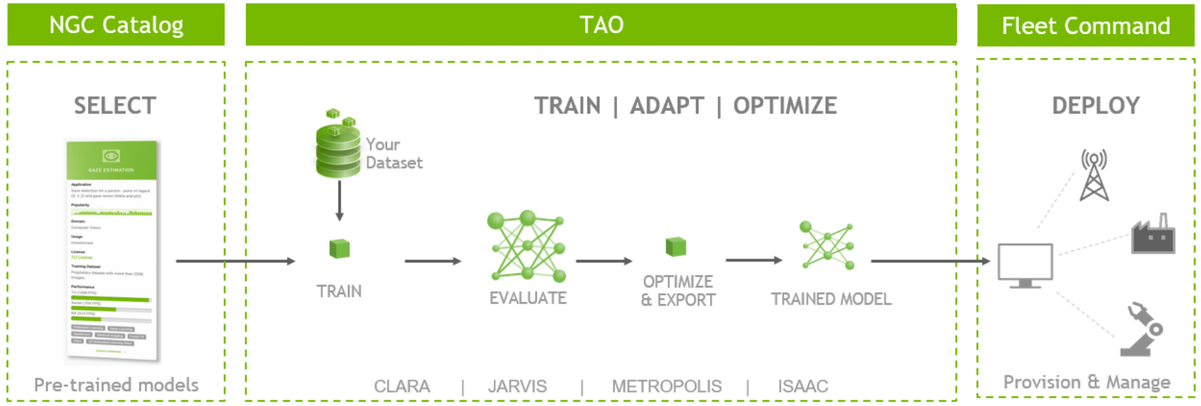
- World's first technology platform that enables global 3D design teams working across multiple software suites to collaborate in real time in a shared virtual space
- NVIDIA Omniverse Enterprise software is available on a subscription basis
- Over 400 companies have been evaluating Omniverse with BMW Group, Ericsson, Foster + Partners, and WPP among early adopters
- Ecosystem includes Bentley Systems, Adobe, Autodesk, Epic Games, ESRI, Graphisoft, Trimble, McNeel & Associates, Blender, Marvelous Designer, Reallusion and wrnch Inc
- Partners include ASUS, BOXX Technologies, Cisco, Dell Technologies, HP, Lenovo and Supermicro
- Available Summer 2021



NVIDIA PRE-TRAINED MODELS

NVIDIA TAO to Adapt | NVIDIA Fleet Command to Orchestrate

- Credentialed, production quality AI models
  - Trained by experts for enterprise deployment
  - Continuously updated to be state-of-the-art
  - Available on NVIDIA GPU Cloud (NGC) registry
- Train faster, adapt easier and optimize efficiently with NVIDIA TAO
  - Finetune pre-trained models for a specific task, industry or system
  - Transfer learning to custom-fit a model with users' small data sets
  - Federated learning to maintain data privacy and learn from distributed diversity
- Deploy, orchestrate and monitor with NVIDIA Fleet Command
  - Control and manage millions of AI-powered devices from any cloud
  - Secure from boot, attestation, uplink and downlink, to confidential AI enclave
  - Centrally monitor health and remotely fix edge systems



NVIDIA DRIVE SOFTWARE-DEFINED PLATFORM

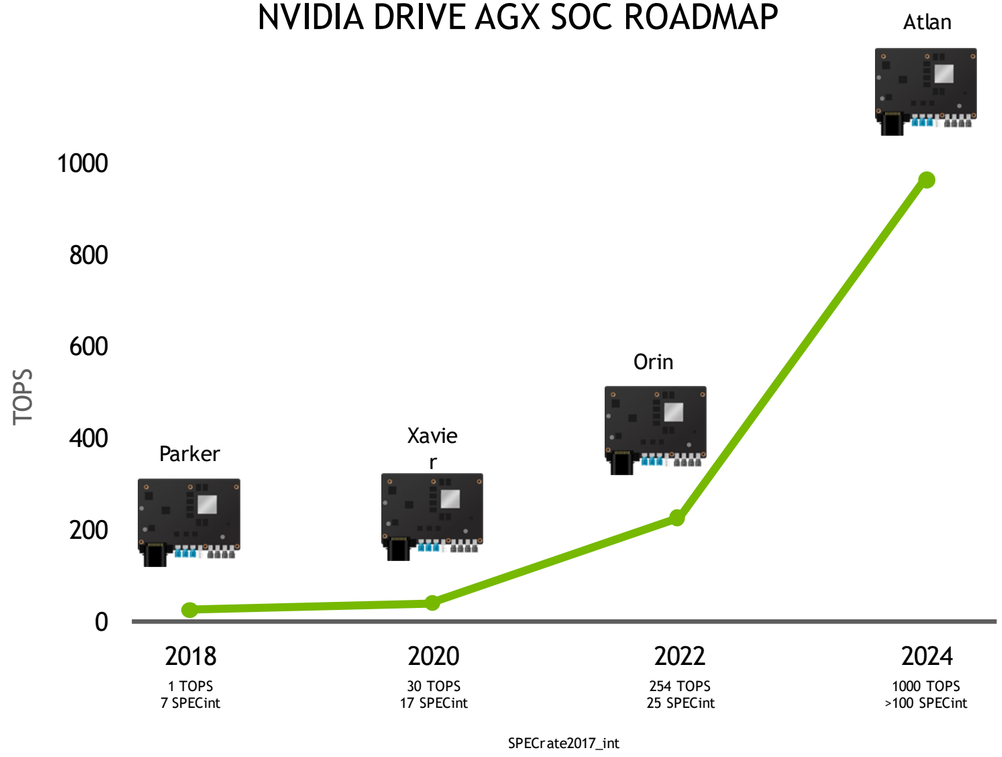
For Autonomous Driving

NVIDIA END-TO-END AV PLATFORM



- A “data-center-on-wheels”, allowing automakers to build software-defined vehicles that are programmable and perpetually upgradeable through secure, over-the-air updates
- Integration of BlueField offers full data-center-infrastructure-on-a-chip programmability and safe security to prevent data breaches/cyber attacks
- ASIL-D – Highest systematic safety standard

NVIDIA DRIVE AGX SOC ROADMAP



- Industry’s first 1,000 TOPS SoC
- Targeting automakers’ 2025 models

OVER $8B AUTOMOTIVE DESIGN WIN PIPELINE

Autonomous Driving and AI Cockpit Platform

NEW ENERGY VEHICLES

NIO · Li Auto · XPENG · IM 智己汽车 (NEW) · Faraday Future (NEW) · VINFAST (NEW) · CANOO

ESTABLISHED OEM

Mercedes-Benz · VOLVO (NEW) · HYUNDAI MOTOR GROUP · Audi · SAIC

ROBOTAXI

cruise (NEW) · ZOOX · DiDi · pony.ai · oxbotica · autoX

TRUCKING

VOLVO · NAVISTAR (NEW) · tusimple · Plus · einride · FAW · LOCOMATION

NVIDIA DRIVE SOFTWARE

Landmark Partnership



Business Model

Shared revenue for AutoPilot and AI Cockpit software per car

Opportunity

2-2.5M cars/year sold by MB
100M cars/year sold globally

Platform

NVIDIA DRIVE AGX

Design win pipeline 6-years through FY 2027.

NVIDIA WINS BENCHMARK FOR AI INFERENCE

Further Extending Lead in Latest MLPerf Inference v1.0 Benchmark

What is MLPerf?

- The industry's first and only objective standard for measuring machine learning performance
- Consortium of over 70 universities and companies, including Google, Intel, Baidu and NVIDIA, founded in 2018
- NVIDIA won all prior MLPerf benchmarks

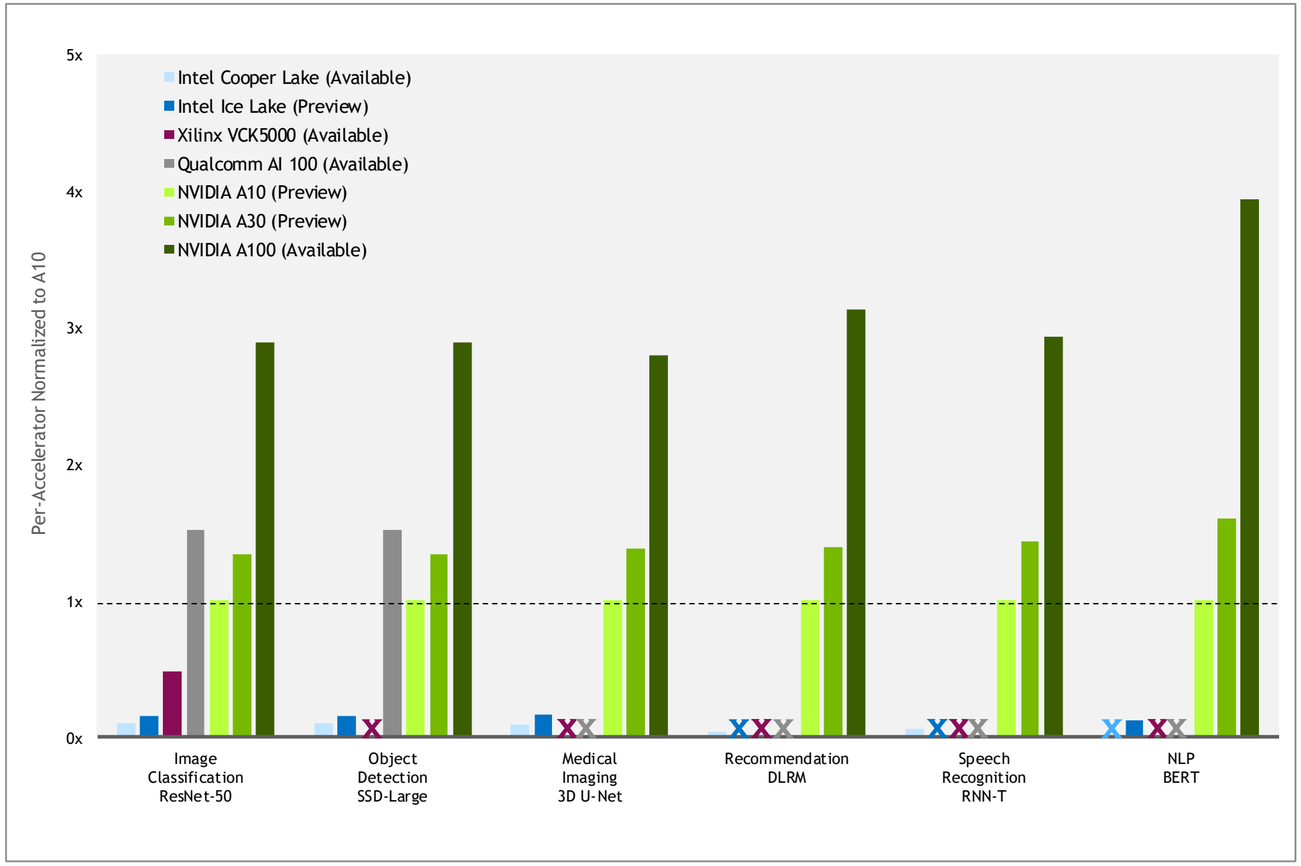
MLPerf April 2021 — AI Inference

- NVIDIA achieved top performance results in all scenarios (data center server and offline, as well as edge single-stream, multi-stream, and offline)
- NVIDIA delivered the best per-accelerator performance among all products tested across all benchmark tests
- Up to 45% increased performance in six months
- Triton Inference Server is the best deployment solution for inference – GPU or CPU
- Running all 7 MLPerf offline tests on a single GPU using 7 MIG instances showed nearly identical performance compared with a single MIG instance running alone

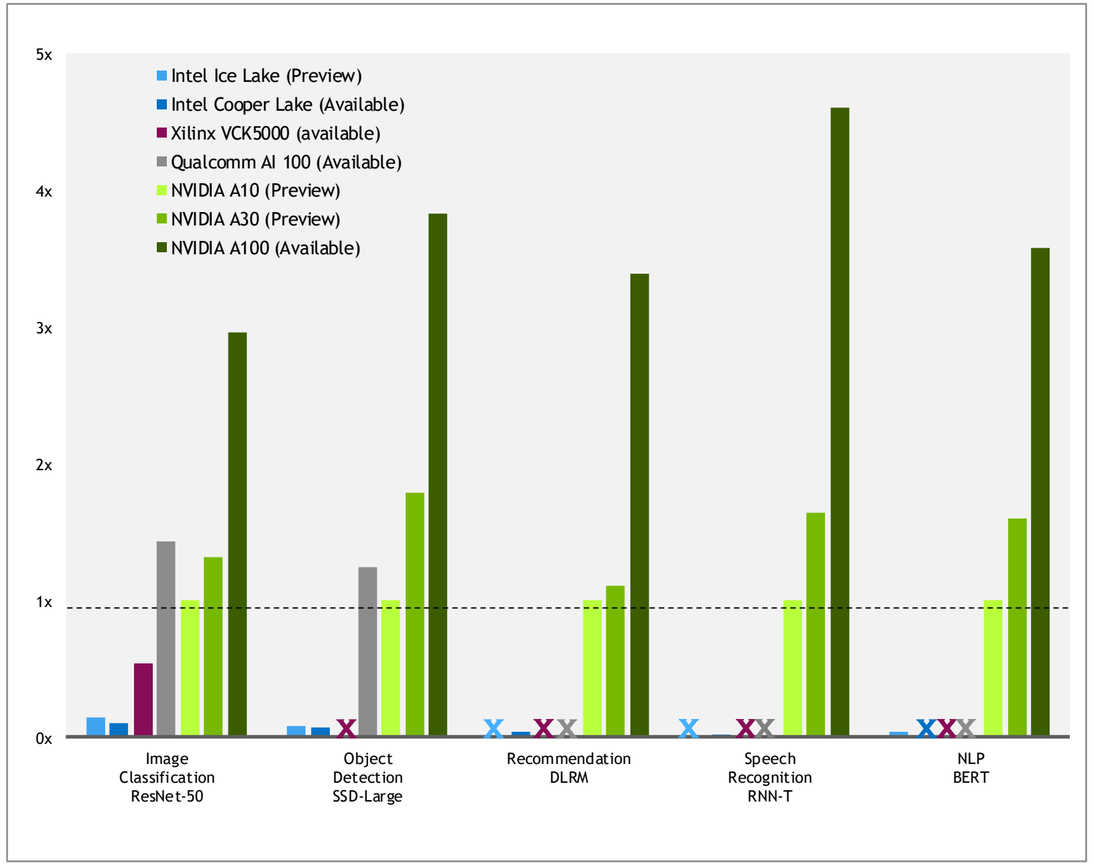
NVIDIA TOPS MLPERF DATA CENTER BENCHMARKS

A100 Between 17x to 314x Faster Than CPU

OFFLINE (No latency target) Per Accelerator



SERVER (w/ latency target) Per Accelerator



MLPerf v1.0 Inference Closed; Per-accelerator performance derived from the best MLPerf results for respective submissions using reported accelerator count in Data Center Offline and Server. 3D U-Net 99%,: 1.0-18, 1.0-52, 1.0-54, 1.0-56, 1.0-29 ResNet-50: 1.0-17, 1.0-52, 1.0-40, 1.0-34, 1.0-54, 1.0-56, 1.0-29, RNN-T: 1.0-19, 1.0-54, 1.0-56, 1.0-29, SSD-Large: 1.0-17, 1.0-52, 1.0-34, 1.0-54, 1.0-56, 1.0-29 DLRM 99%: 1.0-19, 1.0-54, 1.0-56, 1.0-29, BERT 99%: 1.0-51, 1.0-54, 1.0-56, 1.0-29. MLPerf name and logo are trademarks. See www.mlcommons.org for more information.

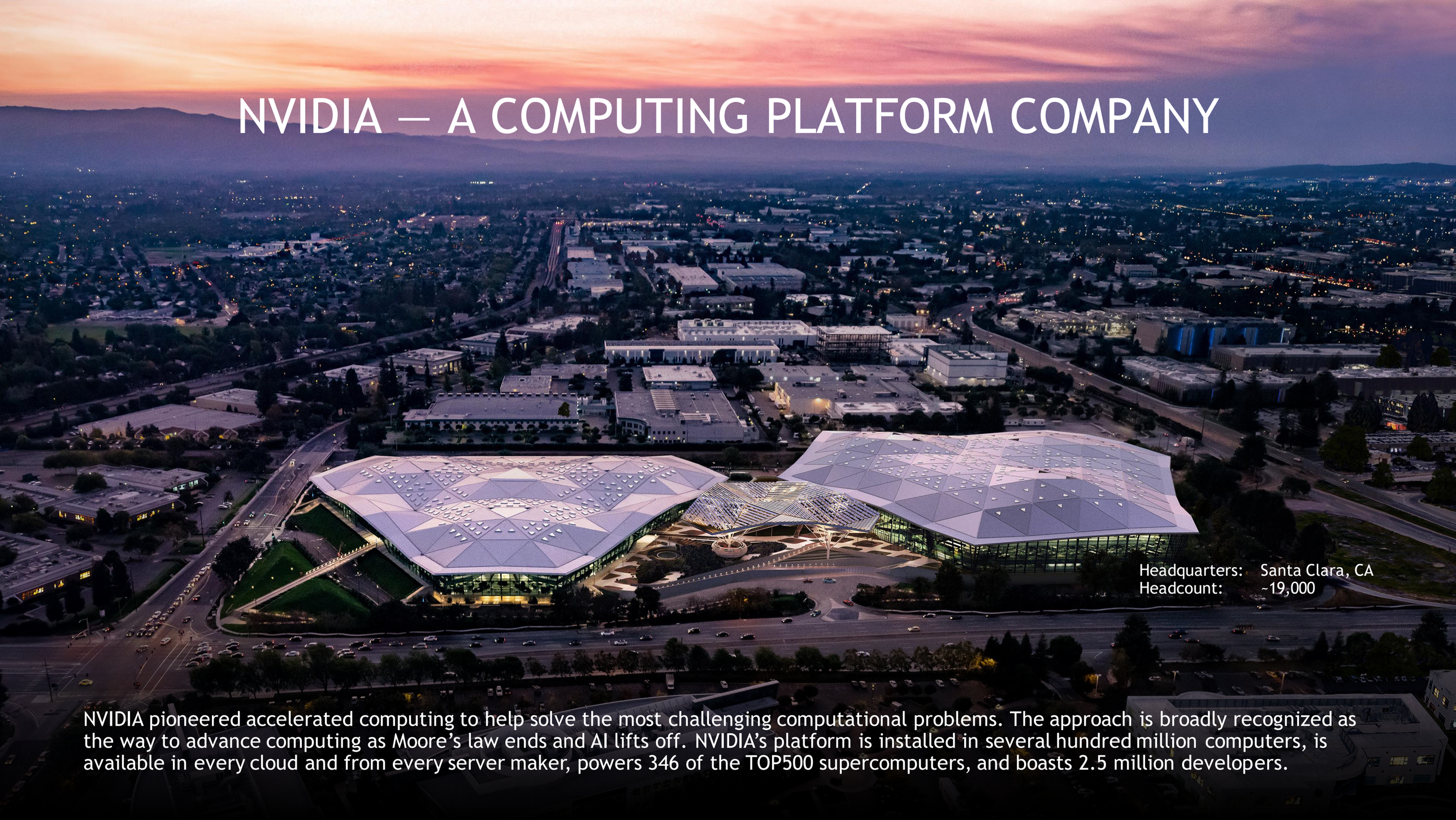
X = No result submitted

NVIDIA



NVIDIA OVERVIEW

NVIDIA — A COMPUTING PLATFORM COMPANY



Headquarters: Santa Clara, CA
Headcount: ~19,000

NVIDIA pioneered accelerated computing to help solve the most challenging computational problems. The approach is broadly recognized as the way to advance computing as Moore's law ends and AI lifts off. NVIDIA's platform is installed in several hundred million computers, is available in every cloud and from every server maker, powers 346 of the TOP500 supercomputers, and boasts 2.5 million developers.

NVIDIA AT A GLANCE

Accelerated Computing Pioneer

Brief History

1993: Founded by Jensen Huang, Chris Malachowsky, and Curtis Priem

1999: IPO on NASDAQ at $12 (prior to 4 stock splits, now 12:1)

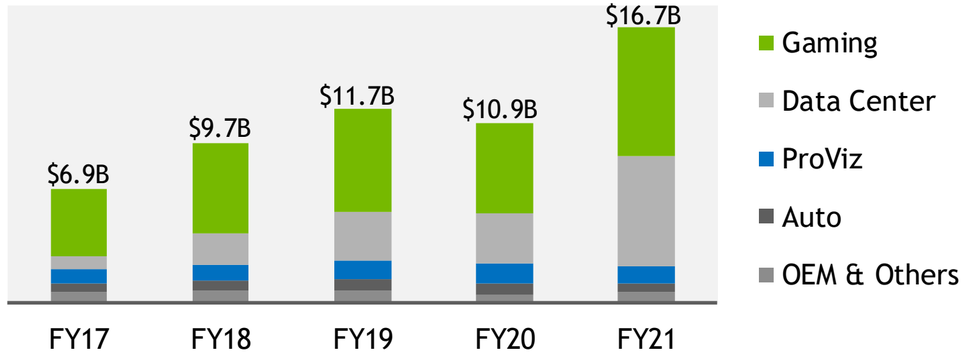
2001: Xbox win; fastest semiconductor company to reach $1B in sales

2006: Unveils CUDA architecture, expanding to scientific computing

2009: Inaugural GPU Technology Conference (GTC)

2016: Introduces first products for AI and autonomous driving

Revenue by Market Platform



Recognitions

Harvard Business Review's **The CEO 100**

Fortune's **Best Places to Work**

MIT Tech Review's **50 Smartest Companies**

Fortune's **World's Most Admired Companies**

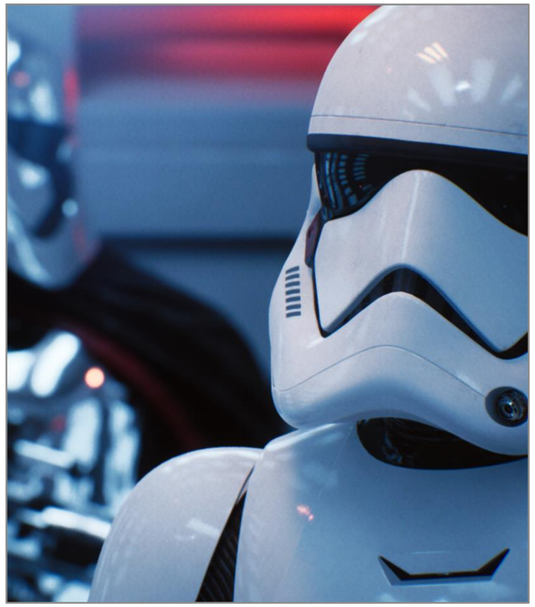
Forbes **JUST 100 Best Corporate Citizens**

Dow Jones **Sustainability Index**

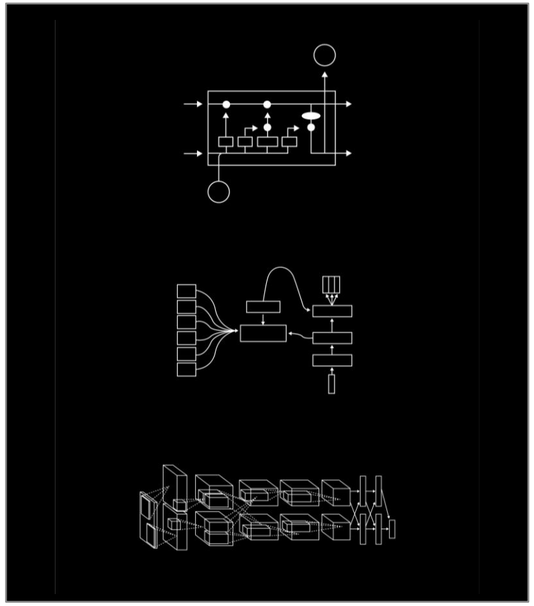
From Chip Vendor to Computing Platform



GROWTH DRIVERS



GAMING



AI

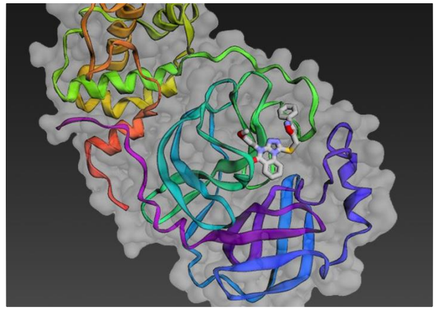
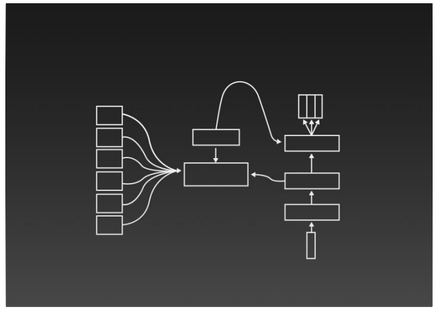


AR/VR



SELF-DRIVING CARS

COMPUTING FOR THE AGE OF AI

NVIDIA RTX	NVIDIA HPC	NVIDIA HYPERSCALE AI	NVIDIA ENTERPRISE AI	NVIDIA EDGE AI
				
$9B	**$10B**	**$45B**	**$30B**	**$15B**
FY 2021 Revenue* 20% 5-year CAGR	Data Center Total Addressable Market by 2024			

* *Gaming and Professional Visualization market platforms revenues*

NVIDIA Hyperscale AI includes estimated Total Addressable Market for accelerated computing platforms used in Hyperscale/Cloud.
Source: NVIDIA estimates, incorporating data from Counterpoint, Dell'Oro, Gartner, IDC, IHS, Hyperion and Strategy Analytics

NVIDIA

OUR CORE BUSINESSES

FY21 Revenue $7.76B, 5-year CAGR of 22%

Strong market position and technology leadership

Compounded long-term unit and ASP growth

200M+ gamers on our platform

Strong Gaming ecosystem

Multiple secular growth drivers: expanding population of gamers, eSports, VR, rising production value of games, gaming and creator laptops

Gaming
47% of FY21 Rev

FY21 Revenue of $6.70B, 5-year CAGR of 82%

Leader in deep learning/AI – used by all major cloud computing providers and thousands of enterprises

Leader in HPC - in 8 of the top 10 and 2/3rds of the top 500 fastest supercomputers

Multiple secular growth drivers: fast growing adoption of AI in every major industry; rising compute needs unmet by conventional approaches such as x86 CPUs; Mellanox networking

Data Center
40% of FY21 Rev

FY21 Revenue of $1.05B, 5-year CAGR of 7%

90%+ market share in graphics for workstations

Diversified end markets, e.g. media & entertainment, architecture, engineering & construction, public sector

Strong software ecosystem

Multiple secular growth drivers: expanding creative & design workflows, mobile workstations, rising adoption of AR/VR across industries

Professional Visualization
6% of FY21 Rev

FY21 Revenue of $536M, 5-year CAGR of 11%

Current revenue driven largely by infotainment

Future growth expected to be driven largely by Autonomous Vehicle (AV) solution offering full hardware & software stack

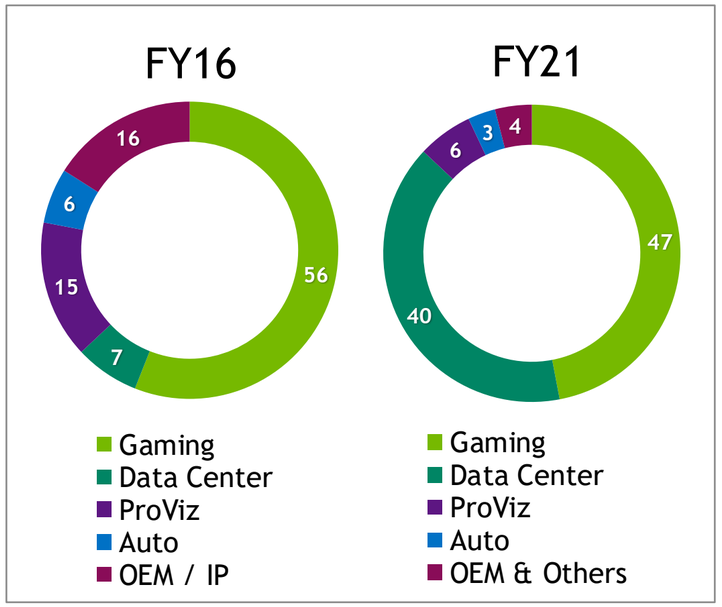
Multiple secular growth drivers: transition to self-driving, software-defined cars and AI cockpits, with new software and services business models

Automotive
3% of FY21 Rev

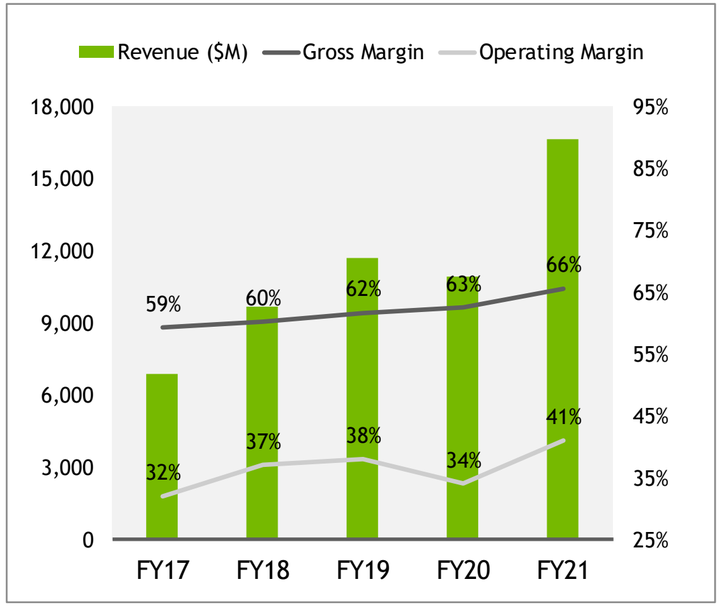
ASP = Average Selling Price. Gamers are defined as consumers who purchase our GPUs to play video games. 200M+ gamers on our platform as of August 2020. FY21 ended 1/31/2021.

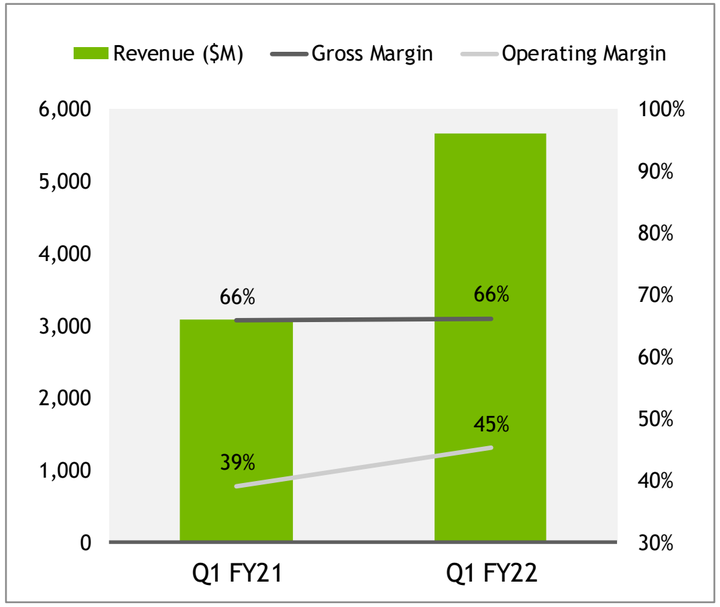
NVIDIA.

STRONG, PROFITABLE GROWTH



Business Mix (%)





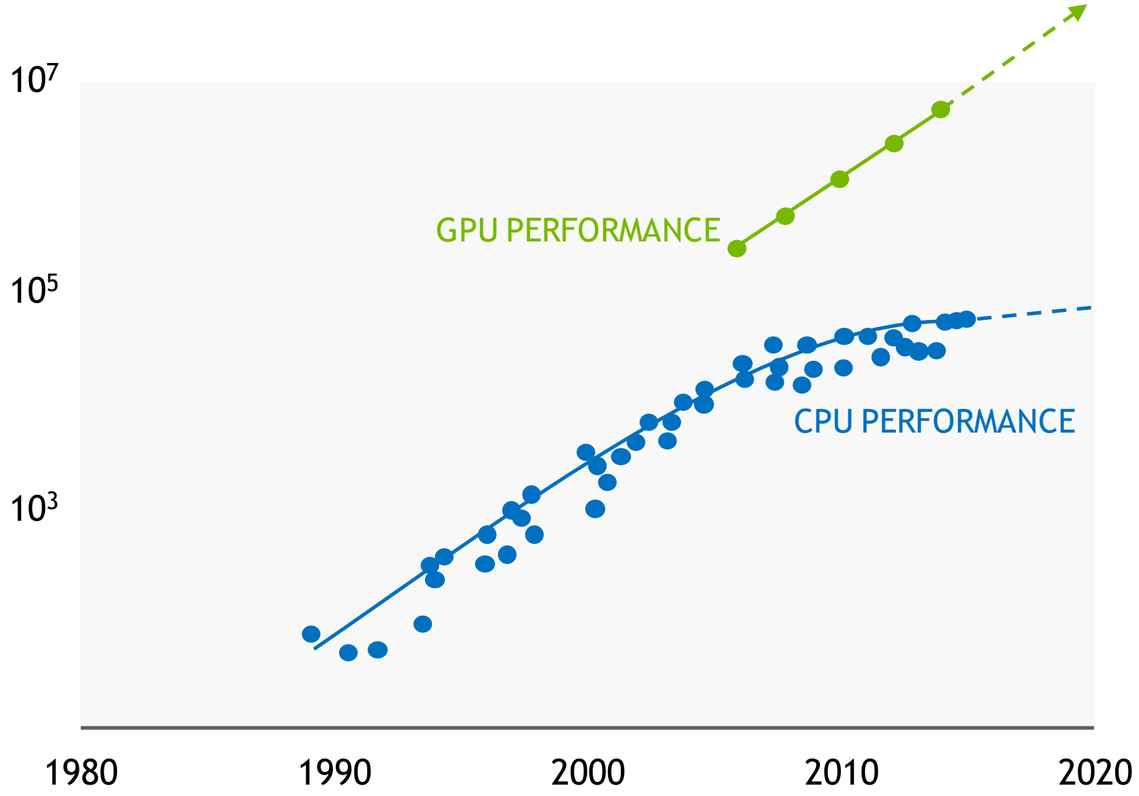
Sustained Profitability
(showing non-GAAP margins)

Refer to Appendix for reconciliation of Non-GAAP measures. Gross margin and operating margin are rounded to the nearest percent in the charts above

WHY ACCELERATED COMPUTING?

Advancing Computing in the Post-Moore's Law Era

- The world's demand for computing power continues to grow exponentially, yet CPUs are no longer keeping up as Moore's law has ended.
- NVIDIA pioneered GPU-accelerated computing to solve this challenge.
- Optimizing across the entire stack — from silicon to software — allows NVIDIA to advance computing in the post-Moore's law era for large and important markets:
- Gaming, Pro Viz, High Performance Computing (HPC), AI, Cloud, Transportation, Healthcare, Robotics, and the Internet of Things (IOT).



WORLD LEADER IN ACCELERATED COMPUTING

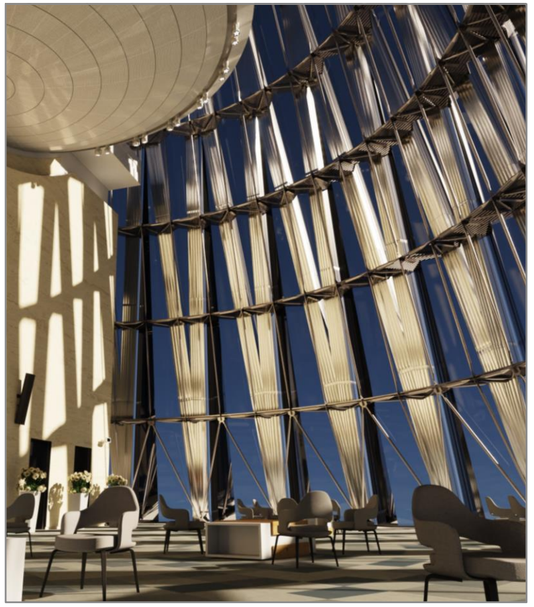
Our Four Market Platforms & Key Brands



Gaming
GeForce GPUs for PC Gamers



Data Center
DGX/HGX/EGX for HPC/AI Compute
Mellanox for Networking



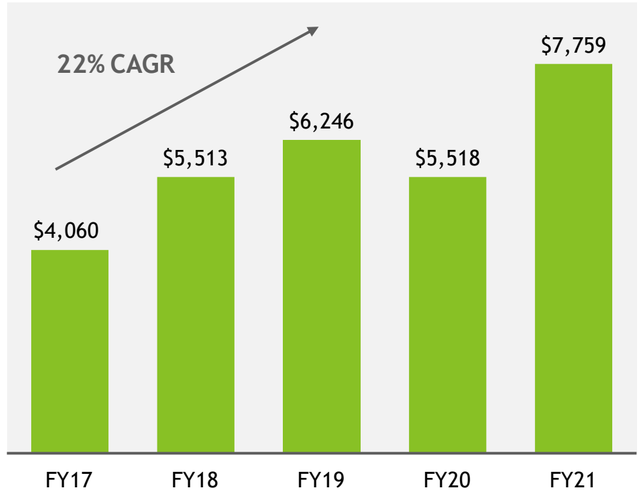
Professional Visualization
Quadro/NVIDIA RTX
for Workstations



Auto
DRIVE for Autonomous Vehicles

GAMING

GeForce — The World's Largest Gaming Platform



Revenue ($M)

- #1 in PC gaming with more than 3X the revenue of the other major GPU vendor
- Expanding the market with gaming laptops and cloud gaming
- Powering the Nintendo Switch console

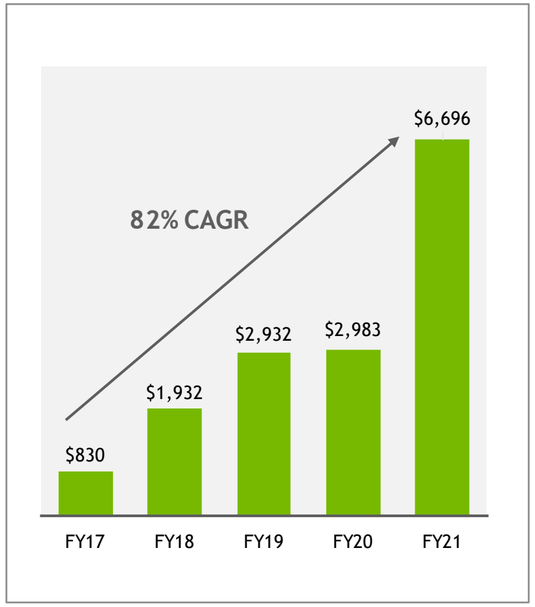
Highlights



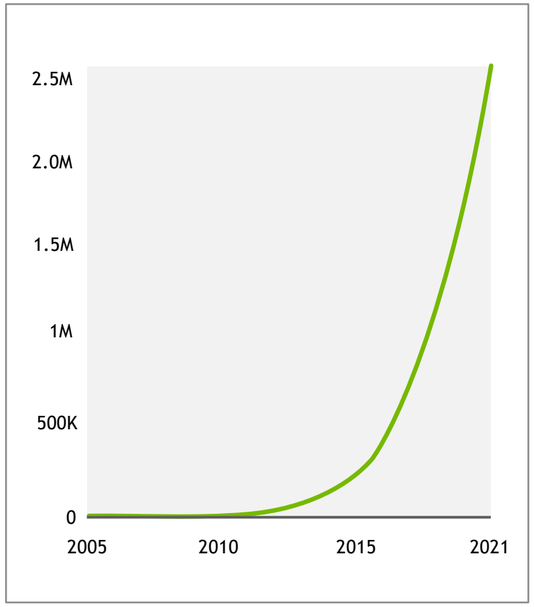
200M+ Gamers on GeForce

DATA CENTER

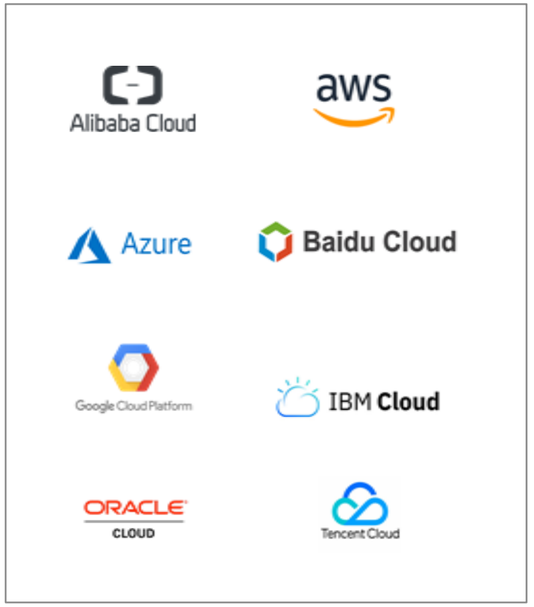
High Performance Computing (HPC) and AI



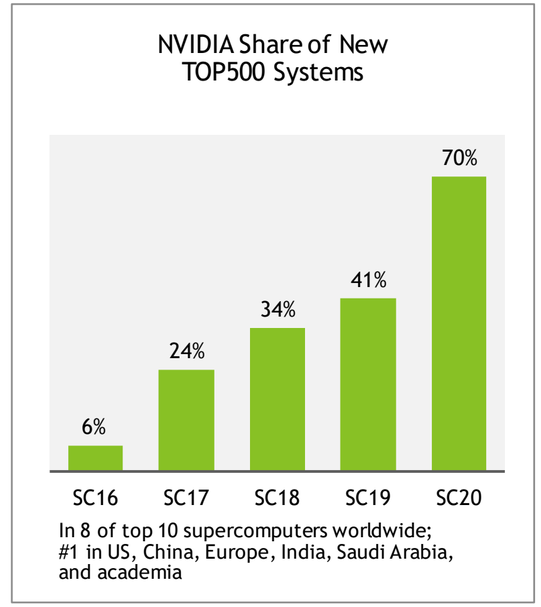
Revenue ($M)



Registered NVIDIA Developers



Every Major Cloud Provider

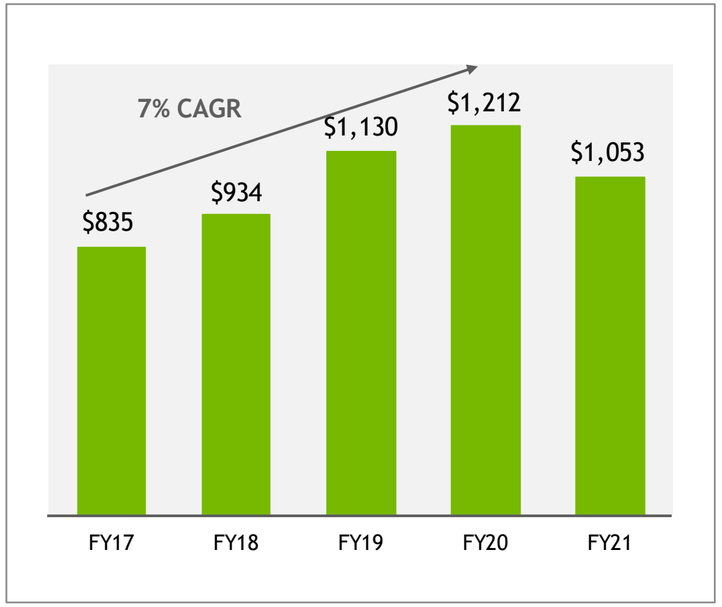


SC20 Results Include MLNX

90%+ Share of Accelerators in Supercomputing

PROFESSIONAL VISUALIZATION

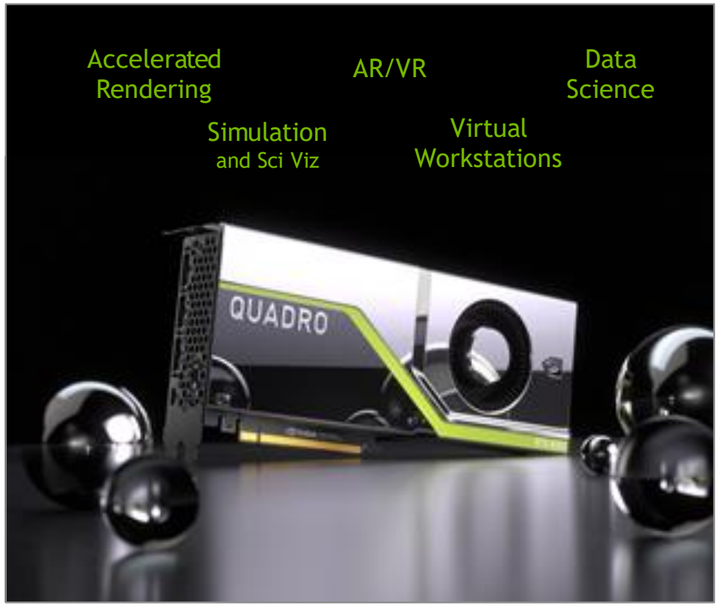
Workstation Graphics



Revenue ($M)



50+ Applications
Unlocking New Markets

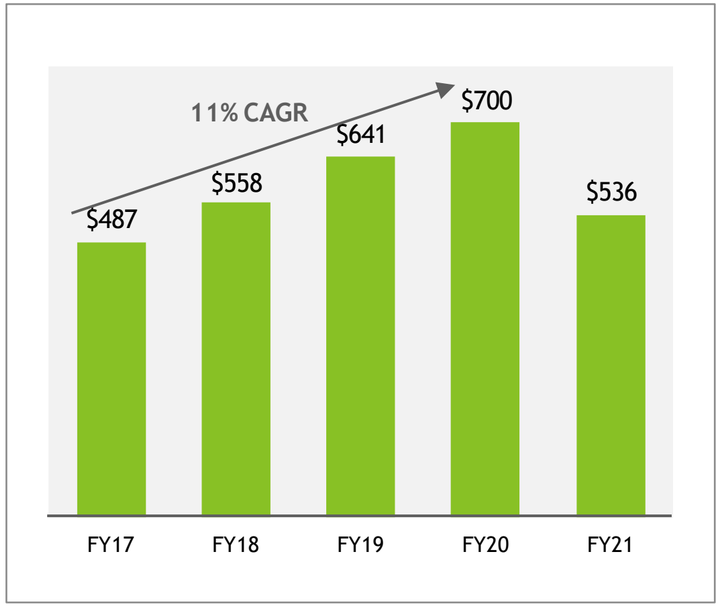


45M Designers and Creatives

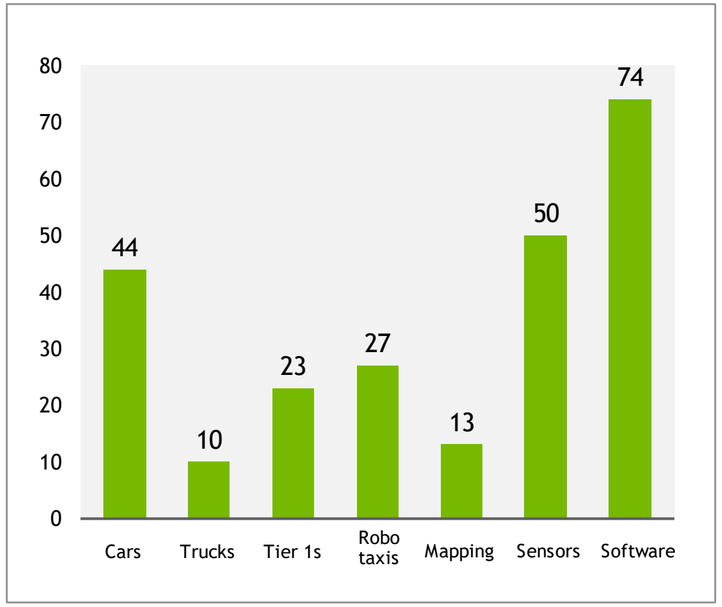
NVIDIA.

AUTO

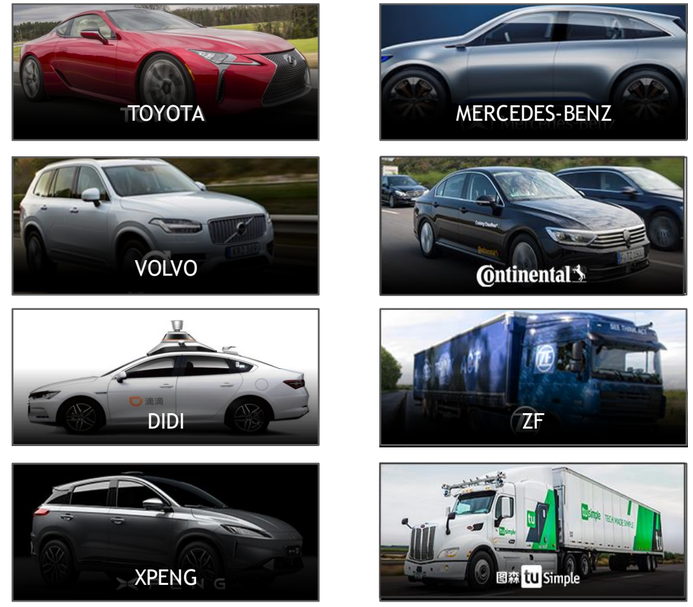
Infotainment and Autonomous Vehicles



Revenue ($M)



NVIDIA DRIVE Partners



Strong Partnership / Ecosystem

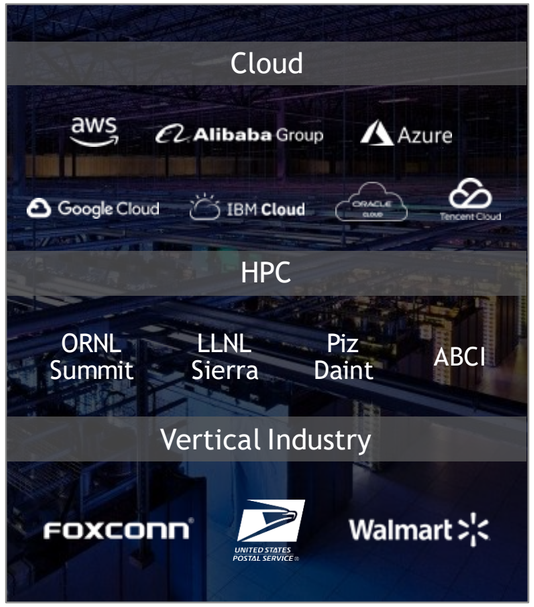
NVIDIA

LARGE AND DIVERSE CUSTOMER BASE

Reaching Hundreds of Millions of End Users Through Hundreds of Customers



Gaming

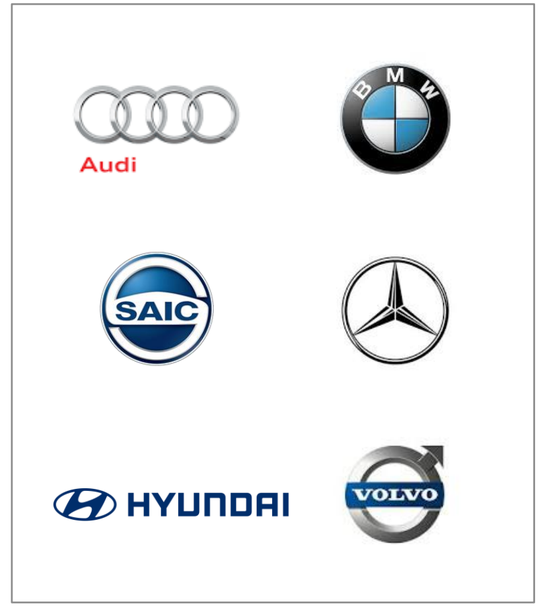


Data Center





Pro Visualization



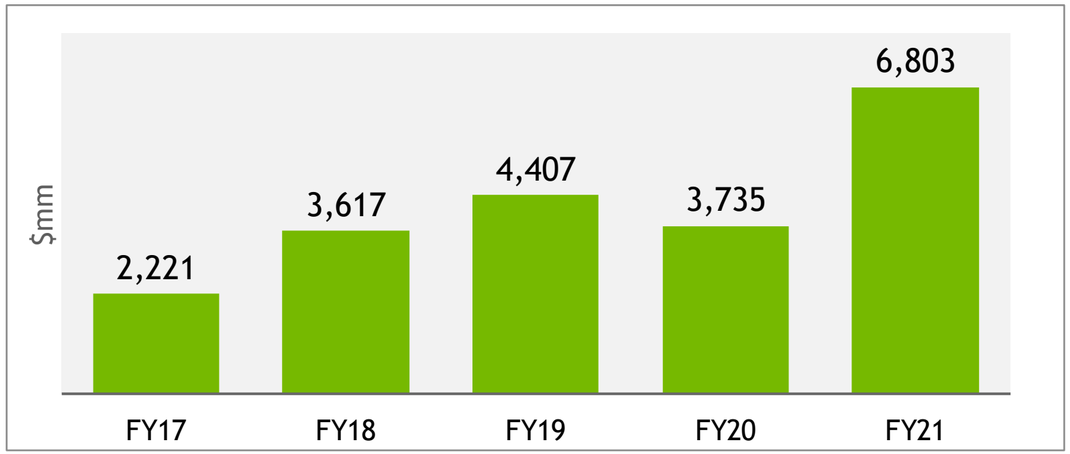
Auto

No Customer Larger Than 11% of Total Revenues in Any of the Past 3 Fiscal Years

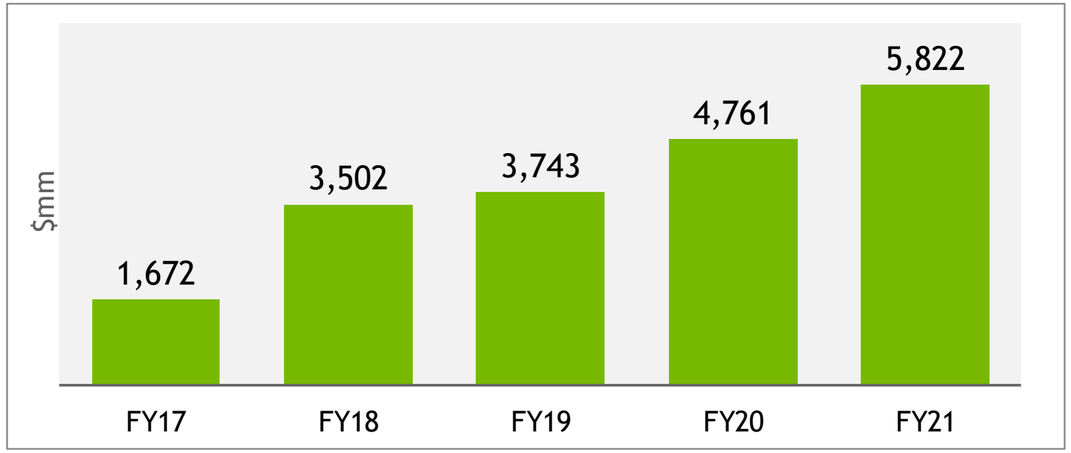
FINANCIALS

ANNUAL CASH & CASH FLOW METRICS

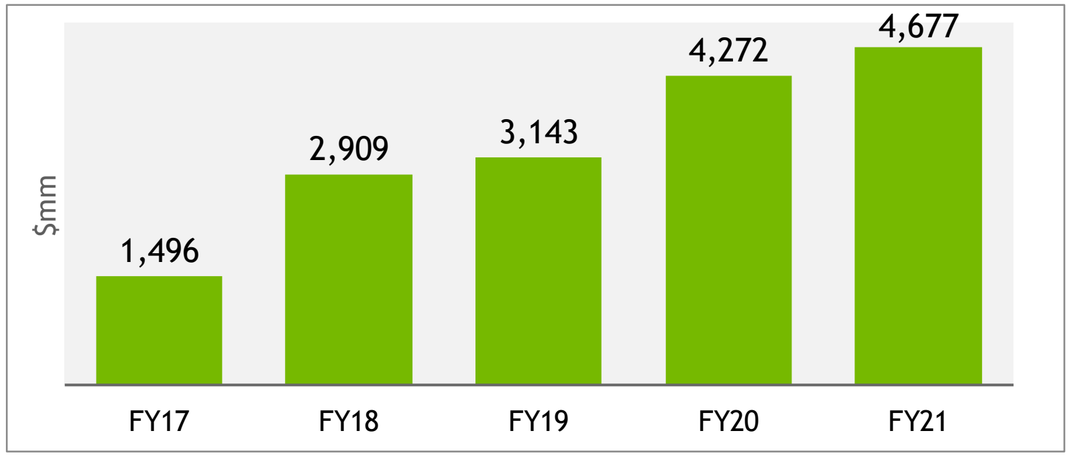
OPERATING INCOME (NON-GAAP)



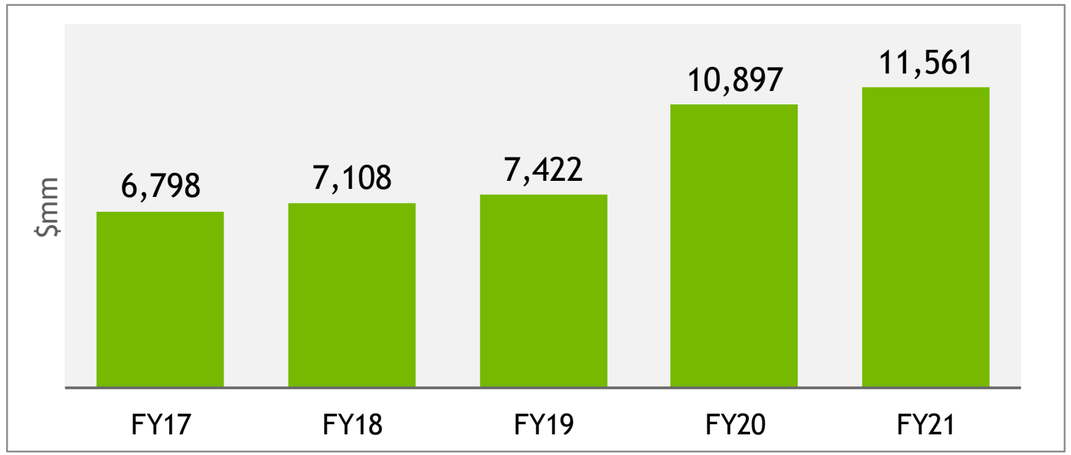
OPERATING CASH FLOW



FREE CASH FLOW (NON-GAAP)



CASH BALANCE



Cash balance is defined as cash and cash equivalents plus marketable securities

COMMITMENT TO ESG

Building One of the World's Great Companies Through People, Innovation, and Energy Efficient Technology

PEOPLE FIRST

"America's Most Just Companies"
#1 in Semiconductors & Equipment
#1 – Worker Treatment

FORBES 2021

"100 Best Companies to Work For"

FORTUNE

"2021 Best Places to Work"

"Best Places to Work. Employee's Choice"

GLASSDOOR

"100 Best Corporate Citizens"

CRO MAGAZINE

"Best Places to Work for LGBT Equality"

HUMAN RIGHTS CAMPAIGN

SOCIETAL INNOVATION

Helping healthcare institutions harness the power of AI and high-performance computing to define the future of medicine.



ENERGY EFFICIENCY

The GREEN 500

NVIDIA powers 26 of the 30 most energy efficient supercomputers
(as of Nov 2020)

NVIDIA GPUs are up to 42 times more efficient than CPUs for AI workloads

65%

of our global electricity use from renewable energy by FY25

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES

GROSS MARGIN	NON-GAAP	ACQUISITION-RELATED AND OTHER COSTS (A)	STOCK-BASED COMPENSATION (B)	IP-RELATED COSTS	GAAP
Q1 FY2021	65.8%	—	(0.7)	—	65.1%
Q2 FY2021	66.0%	(6.3)	(0.4)	(0.5)	58.8%
Q3 FY2021	65.5%	(1.8)	(0.6)	(0.5)	62.6%
Q4 FY2021	65.5%	(1.9)	(0.5)	—	63.1%
Q1 FY2022	66.2%	(1.6)	(0.4)	(0.1)	64.1%

A. Consists of amortization of intangible assets and inventory step-up
B. Stock-based compensation charge was allocated to cost of goods sold

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES (CONTD.)

GROSS MARGIN	NON-GAAP	ACQUISITION-RELATED AND OTHER COSTS (A)	STOCK-BASED COMPENSATION (B)	IP-RELATED COSTS	GAAP
FY 2017	59.2%	—	(0.2)	(0.2)	58.8%
FY 2018	60.2%	—	(0.3)	—	59.9%
FY 2019	61.7%	—	(0.2)	(0.3)	61.2%
FY 2020	62.5%	—	(0.4)	(0.1)	62.0%
FY 2021	65.6%	(2.6)	(0.5)	(0.2)	62.3%

A. Consists of amortization of intangible assets and inventory step-up
B. Stock-based compensation charge was allocated to cost of goods sold

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES (CONTD.)

OPERATING MARGIN ($ IN MILLIONS & MARGIN PERCENTAGE)	NON-GAAP	ACQUISITION-RELATED AND OTHER COSTS (A)	STOCK-BASED COMPENSATION (B)	IP-RELATED COSTS	GAAP
Q1 FY2021	$1,205	(5)	(224)	—	$976
	39.1%	(0.1)	(7.3)	—	31.7%
Q1 FY2022	$2,557	(167)	(429)	(5)	$1,956
	45.2%	(3.0)	(7.6)	—	34.6%

A. Consists of amortization of intangible assets, transaction costs, and certain compensation charges
B. Stock-based compensation charge was allocated to cost of goods sold, research and development expense, and sales, general and administrative expense

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES (CONTD.)

OPERATING MARGIN ($ IN MILLIONS & MARGIN PERCENTAGE)	NON-GAAP	ACQUISITION-RELATED AND OTHER COSTS (A)	STOCK-BASED COMPENSATION (B)	OTHER (C)	GAAP
FY 2017	$2,221	(16)	(248)	(23)	$1,934
	32.1%	(0.2)	(3.6)	(0.3)	28.0%
FY 2018	$3,617	(13)	(391)	(3)	$3,210
	37.2%	(0.2)	(4.0)	—	33.0%
FY 2019	$4,407	(2)	(557)	(44)	$3,804
	37.6%	—	(4.7)	(0.4)	32.5%
FY 2020	$3,735	(31)	(844)	(14)	$2,846
	34.2%	(0.3)	(7.7)	(0.1)	26.1%
FY 2021	$6,803	(836)	(1,397)	(38)	$4,532
	40.8%	(5.0)	(8.4)	(0.2)	27.2%

A. Consists of amortization of acquisition-related intangible assets, inventory step-up, transaction costs, compensation charges, and other costs
B. Stock-based compensation charge was allocated to cost of goods sold, research and development expense, and sales, general and administrative expense
C. Comprises of IP-related costs, legal settlement costs, contributions, and restructuring and other charges

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES (CONTD.)

	NON-GAAP	ACQUISITION-RELATED AND OTHER COSTS (A)	STOCK-BASED COMPENSATION (B)	OTHER (C)	TAX IMPACT OF ADJUSTMENTS	GAAP
Q1 FY2022						
Net income ($ in million)	$2,313	(167)	(429)	128	67	$1,912
Shares used in diluted per share calculation (millions)	632	—	—	—	—	632
Diluted EPS	$3.66	—	—	—	—	$3.03

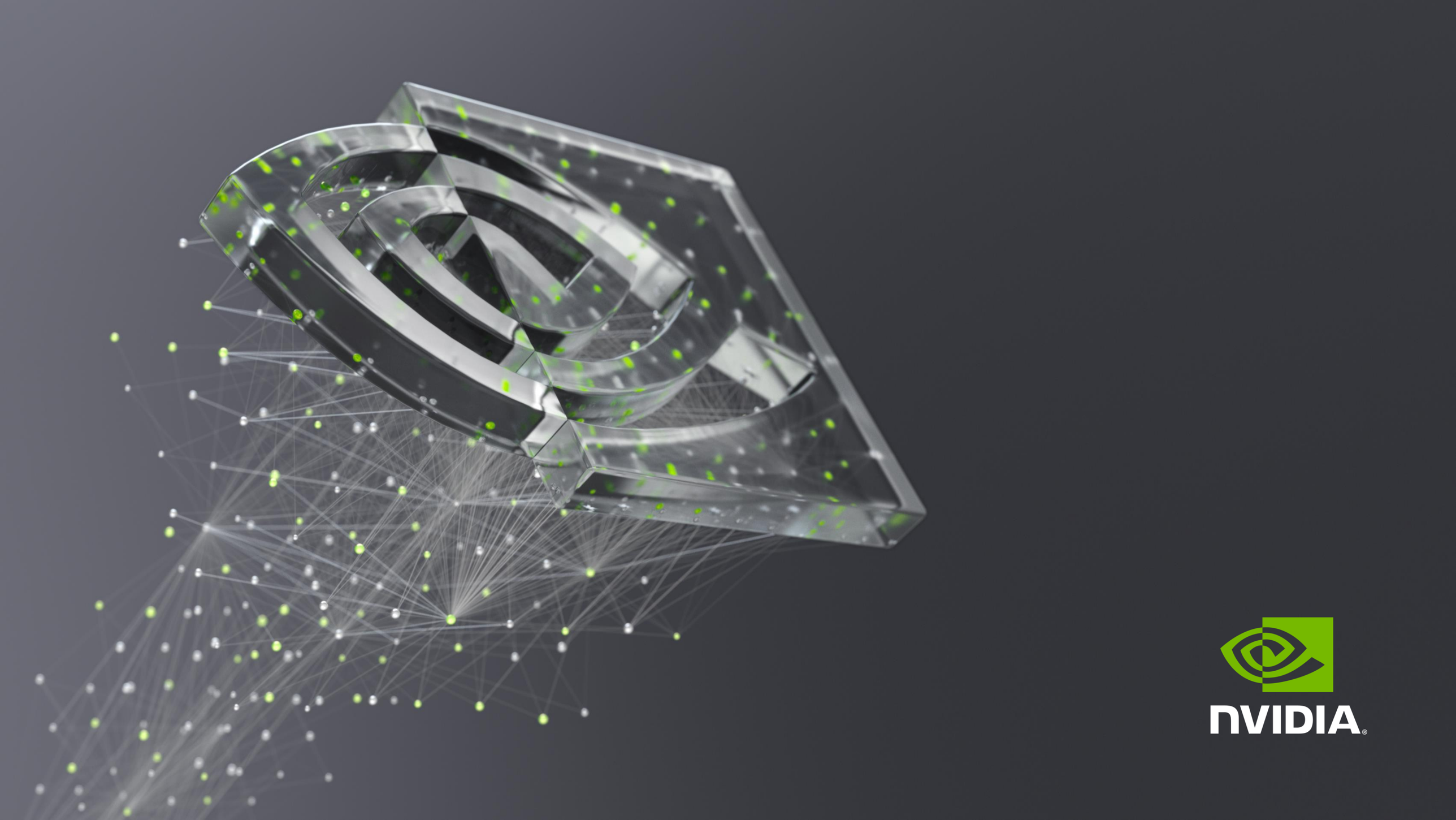
A. Consists of amortization of intangible assets, transaction costs, and certain compensation charges.
B. Stock-based compensation charge was allocated to cost of goods sold, research and development expense, and sales, general and administrative expense.
C. Other comprises of IP-related costs, gains from non-affiliated investments, mark to market adjustment of our publicly-traded equity security investment, and interest expense related to amortization of debt discount.

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES (CONTD.)

($ IN MILLIONS)	FREE CASH FLOW	PURCHASES RELATED TO PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	PRINCIPAL PAYMENTS ON PROPERTY AND EQUIPMENT	NET CASH PROVIDED BY OPERATING ACTIVITIES
FY 2017	$1,496	176	—	$1,672
FY 2018	$2,909	593	—	$3,502
FY 2019	$3,143	600	—	$3,743
FY 2020	$4,272	489	—	$4,761
FY 2021	$4,677	1,128	17	$5,822

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES

($ IN MILLIONS)	Q2 FY2022 OUTLOOK
Non-GAAP gross margin	66.5%
Impact of stock-based compensation expense, acquisition-related costs, and other costs	(1.9%)
GAAP gross margin	64.6%
Non-GAAP operating expenses	$1,260
Stock-based compensation expense, acquisition-related costs, and other costs	500
GAAP operating expenses	$1,760


NVIDIA