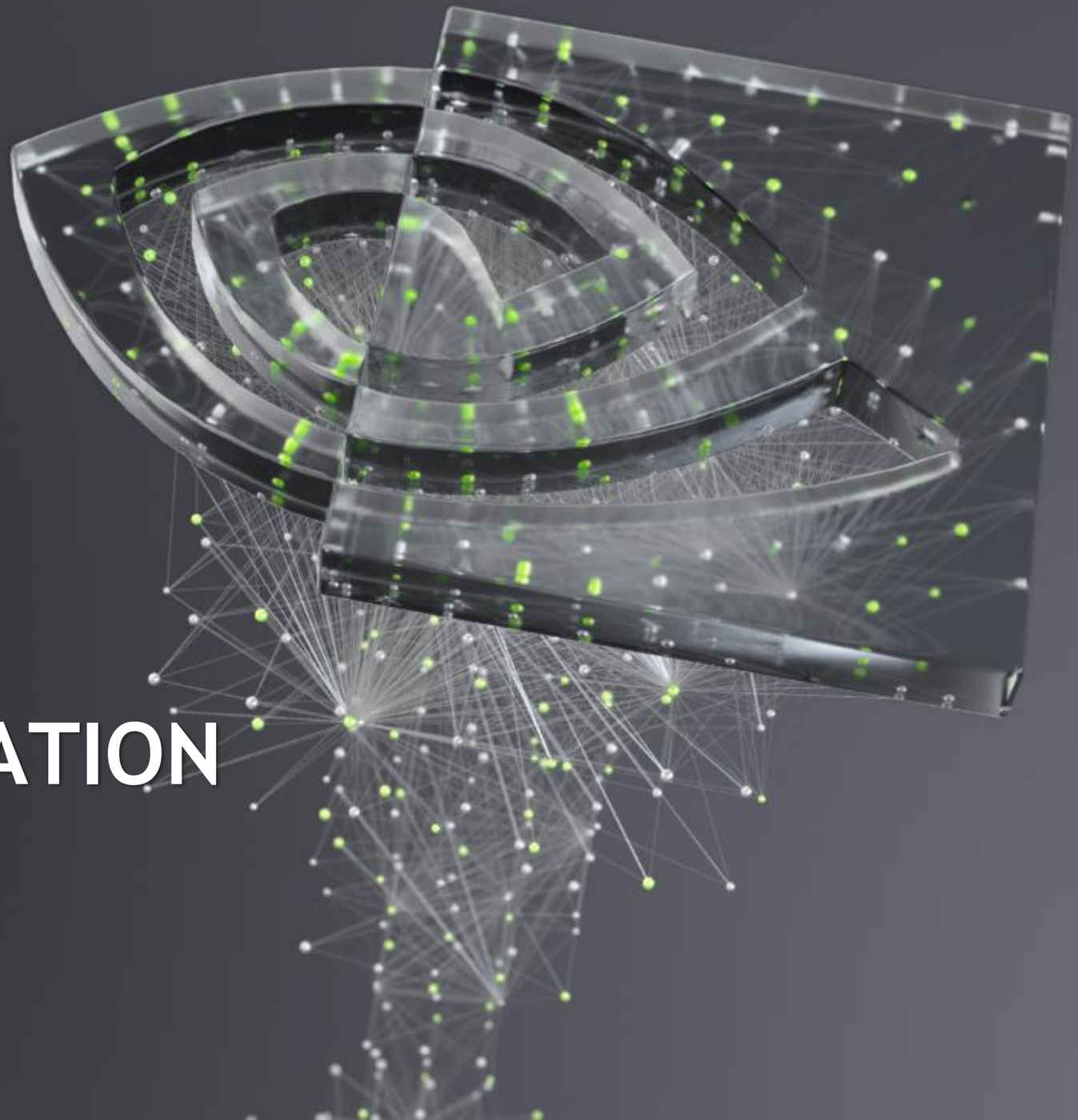


INVESTOR PRESENTATION
Q4 FY2021

March 2, 2021

Except for the historical information contained herein, certain matters in this presentation including, but not limited to, statements as to: our financial position; our markets; the performance, benefits, abilities and impact of our products and technology; the availability of our products and technology; our partnerships and customers; our use of cash; NVIDIA's financial outlook for the first quarter of fiscal 2022; our growth and growth drivers; our financial policy; future revenue growth; our opportunities in existing and new markets; the TAM for our products; our design win pipeline; and performance in our financial metrics 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 margin, non-GAAP net income, non-GAAP operating income, non-GAAP diluted earnings per share, non-GAAP operating expenses, non-GAAP other income (expense), net, free cash flow, and adjusted EBITDA. 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

Q4 FY21 Earnings Summary

Key Announcements This Quarter

NVIDIA Overview

Financials

Reconciliation of Non-GAAP to GAAP Financial Measures

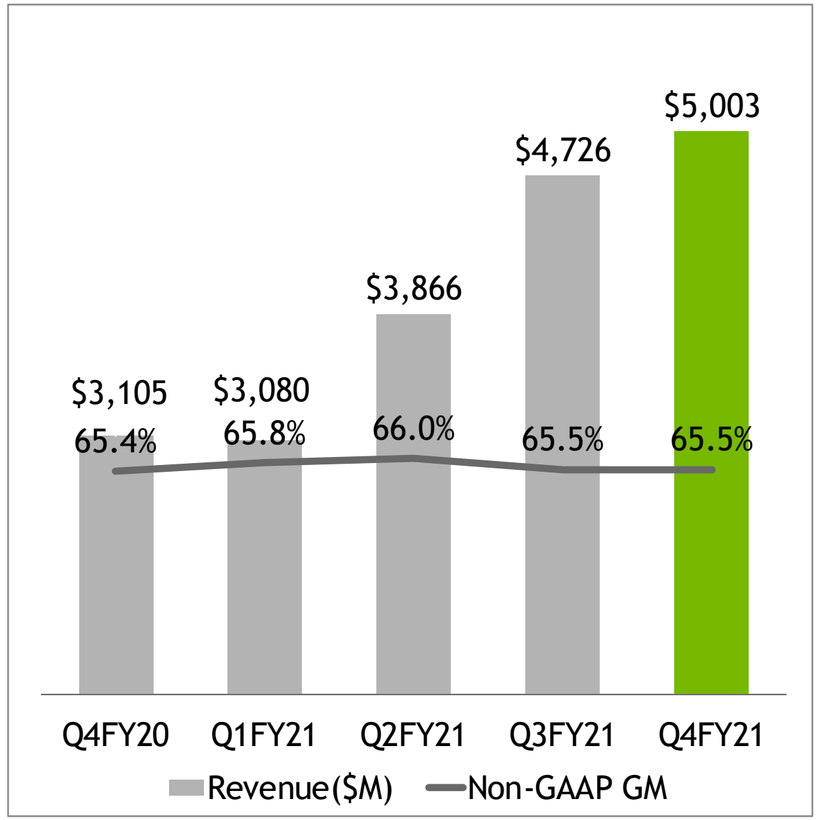


Q4 FY21
EARNINGS SUMMARY

HIGHLIGHTS

- **Record quarter for company, Gaming and Data Center revenue**
  - Total revenue up 61% y/y to $5.00B, ahead of outlook of $4.80B +/- 2%
  - Gaming up 67% y/y to a record $2.50B; Data Center up 97% y/y to a record $1.90B
- **Gaming fueled by strong RTX 30 Series launch, major upgrade cycle to NVIDIA RTX**
  - Incredible demand for GeForce RTX 30 Series GPUs based on the NVIDIA Ampere architecture
  - Early in upgrade cycle as only about 15% of the installed base of GeForce gamers is on RTX
  - Biggest-ever laptop launch powered by the GeForce RTX 3060, 3070 and 3080 GPUs
- **Data Center driven by adoption of A100 universal AI data center GPU**
  - Compute growth was led by Vertical Industries served through OEM partners and DGX systems, with continued hyperscale growth on adoption of the A100 for training and inference
  - Networking seeing continued strong traction, up over 30% from Mellanox's Q4 CY2019 revenue (when still a standalone company) and down sequentially as expected

Q4 FY2021 FINANCIAL SUMMARY

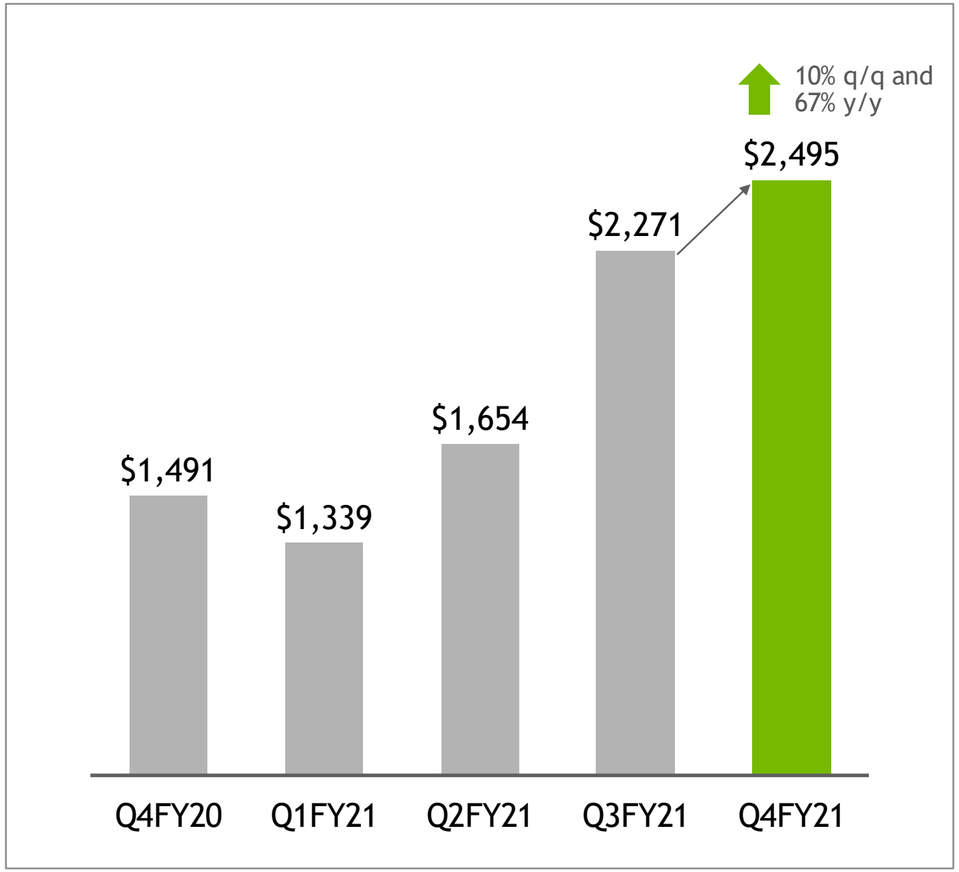


	GAAP			Non-GAAP		
	Q4 FY21	Y/Y	Q/Q	Q4 FY21	Y/Y	Q/Q
Revenue	$5,003	+61%	+6%	$5,003	+61%	+6%
Gross Margin	63.1%	-180 bps	+50 bps	65.5%	+10 bps	Flat
Operating Income	$1,507	+52%	+8%	$2,089	+71%	+5%
Net Income	$1,457	+53%	+9%	$1,957	+67%	+7%
Diluted EPS	$2.31	+51%	+9%	$3.10	+64%	+7%
Cash Flow from Ops	$2,067	+41%	+62%	$2,067	+41%	+62%

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)

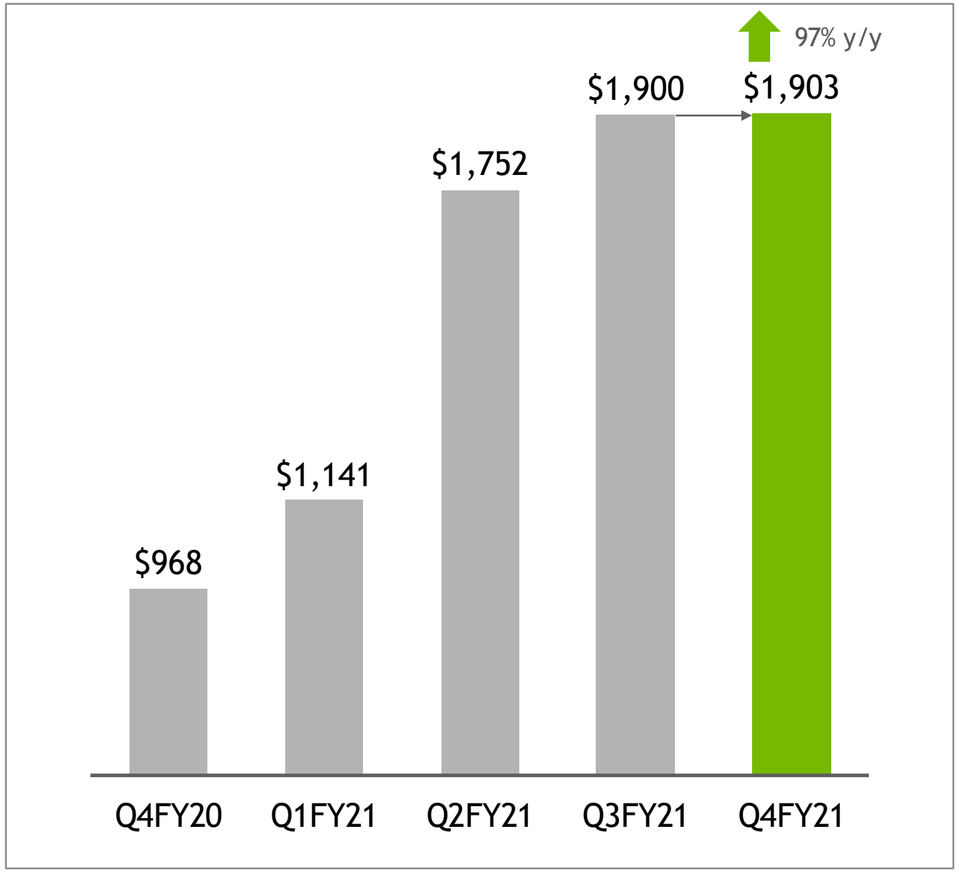


Highlights

- Record quarter driven by incredible demand for RTX 30-Series GPUs
- Major upgrade cycle to NVIDIA RTX under way; RTX just ~15% of installed base
- Three dozen games now support RTX, including Fortnite, Cyberpunk 2077, World of Warcraft and Minecraft
- RTX 30 laptop launch was the biggest in history; 70+ laptop models
- GeForce Now has over 6 million members and offers 800 PC games, the most of any cloud gaming platform
- Channel inventories very low

DATA CENTER

Revenue ($M)

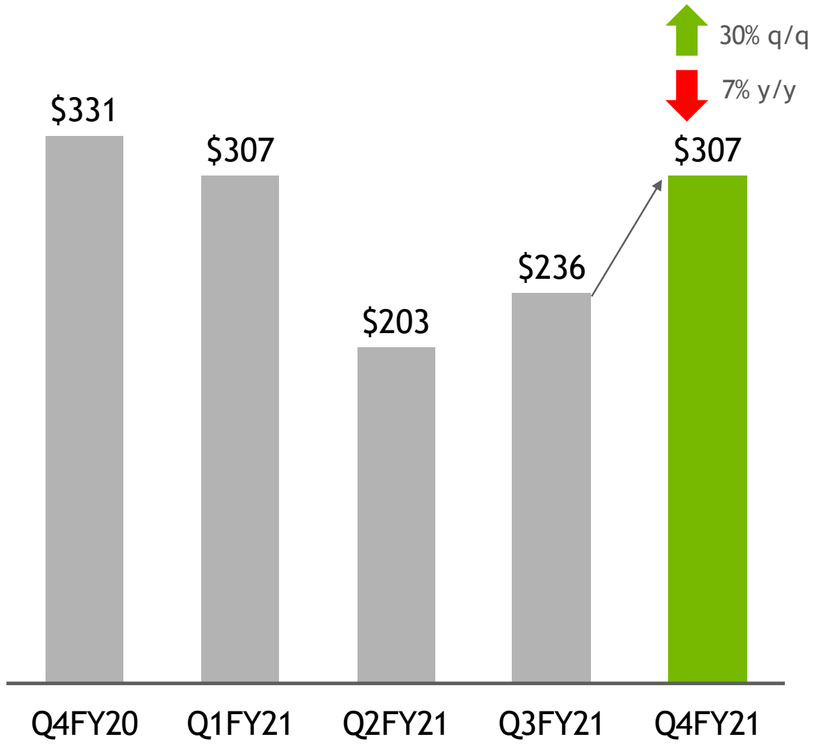


Highlights

- Continued strong ramp of the A100 universal AI data center GPU across cloud/hyperscale customers and vertical industries, for AI training and inference
- Data Center compute posted double-digit sequential growth and grew 45% y/y
- Mellanox declined as expected but grew over 30% y/y and seeing strong traction
- Vertical industries were over 50% of Data Center revenues, with strength in Supercomputing, Financial Services, Higher Education and Consumer Internet
- Hyperscale customers also drove growth

PROFESSIONAL VISUALIZATION

Revenue ($M)

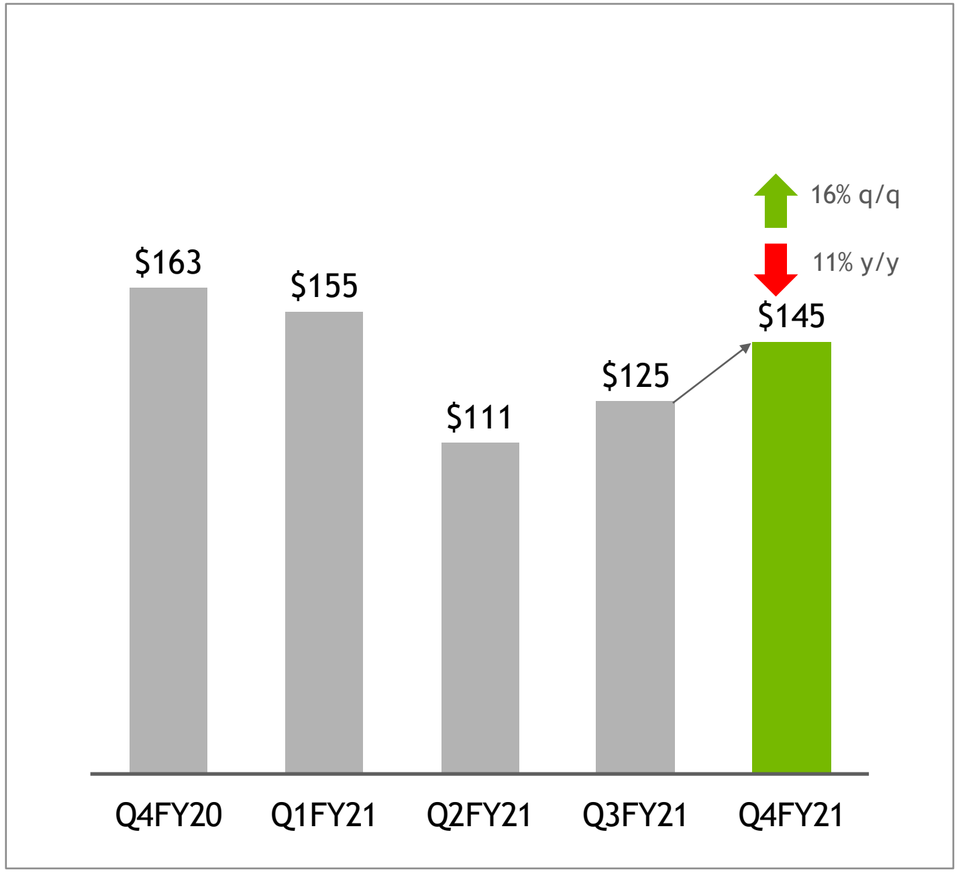


Highlights

- Sequential growth was driven primarily by a recovery in desktop workstations
- Notebook GPUs grew sequentially to a record as enterprises continued to support remote workforce initiatives
- Healthcare was a standout vertical with significant orders from GE, Siemens, and Oxford Nanopore Technologies; Strength in Public Sector and Auto as well
- Omniverse now in open beta with over 500 creators and professionals testing through our early access program

AUTOMOTIVE

Revenue ($M)

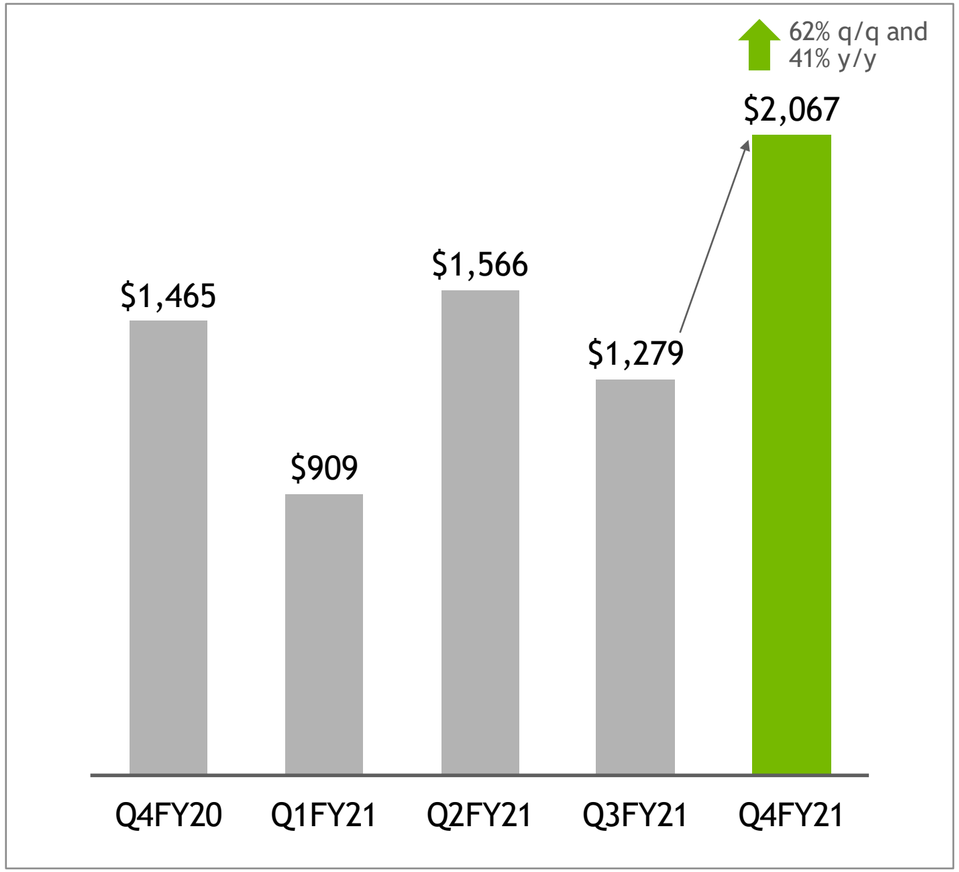


Highlights

- Sequential growth was driven by continued recovery in global automotive production volumes and growth in AI Cockpit
- Great momentum, with an expanding list of electric vehicle OEMs, including NIO, SAIC, Li Auto, and Xpeng – all using the NVIDIA DRIVE platform
- Zoox recently unveiled its level 5 bidirectional robotaxi powered by NVIDIA
- Einride launched its next-gen cabless autonomous truck using NVIDIA DRIVE Orin
- Multi-billion design win pipeline

SOURCES & USES OF CASH

Cash Flow from Operations ($M)



Highlights

- Q4 cash flow from operations was a record
- Returned $99M to shareholders in the form of dividends
- Invested $300M in capex
- Ended the quarter with $11.6B in gross cash and $7.0B in debt, $4.6B 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.

Q1 FY2022 OUTLOOK

- **Revenue** –$5.30 billion, plus or minus two percent
  - Most of the sequential growth driven by Gaming; all other platforms also expected to grow
- **Gross Margin** – 63.8% GAAP and 66.0% non-GAAP, plus or minus 50 basis points
- **Operating Expense** – Approximately $1.67 billion GAAP and $1.20 billion non-GAAP
  - We expect to grow full year non-GAAP opex in the mid-20 percent range*
- **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

**A reconciliation to the equivalent GAAP measure is not practicable at this time due to the timing and impact of adjustments that are dependent on future events which are typically uncertain or outside of our control.*

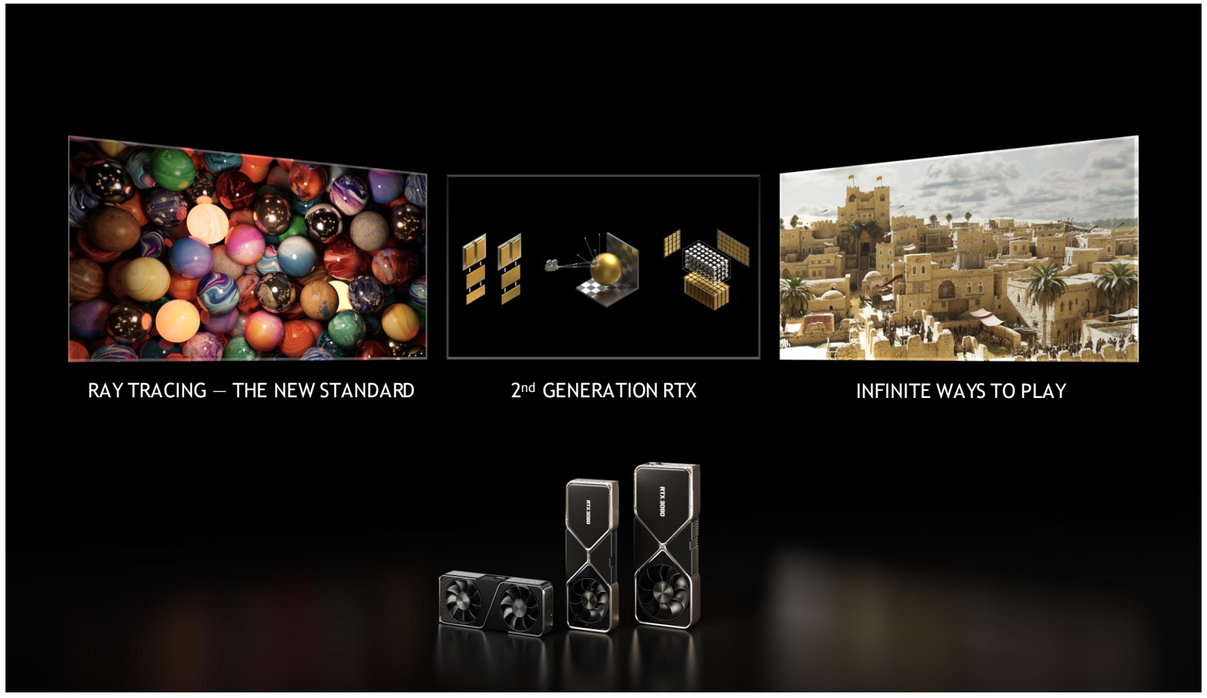


KEY ANNOUNCEMENTS THIS QUARTER

GEFORCE RTX 30 SERIES OF GPUS FOR GAMING

Based on the New NVIDIA Ampere Architecture

- Greatest-Ever Generational Leap
  up to 2x the performance of prior generation
- 2nd Generation of NVIDIA RTX
  for real-time ray tracing and AI gaming
- NVIDIA Reflex for faster game reaction time through lower system latency
- NVIDIA Broadcast for live streamers to improve quality of microphones, speakers, and webcams
- GeForce RTX lineup of desktop GPUs:
  3090 $1,499 | 3080 $699 | 3070 $499 | 3060 Ti $399 | 3060 $329



RTX 30 SERIES LAPTOP GPUs — NVIDIA'S BIGGEST-EVER LAPTOP LAUNCH

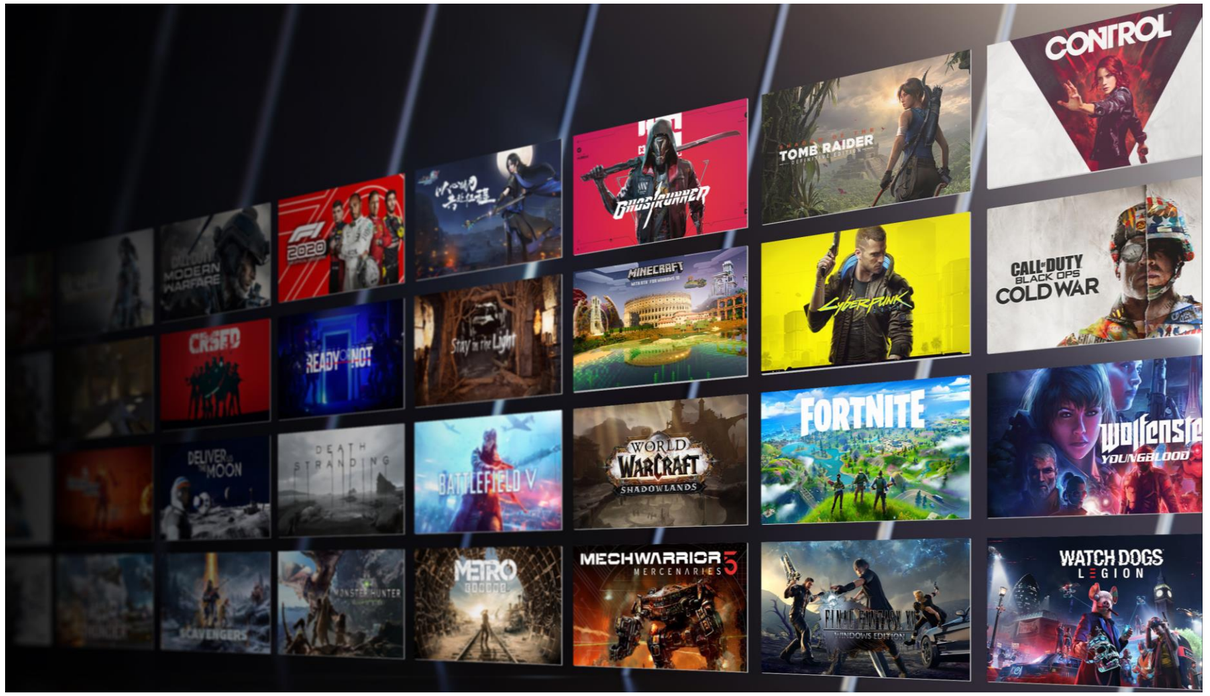
- **Leap in Performance**
  - 2x performance and efficiency from prior generation
  - 3rd generation Max-Q for thin and lightweight
- **Strong and Growing Demand**
  - GeForce laptop sales grew 7x over the past 7 years
  - Record 70+ laptop models based on RTX 30 Series
- **GeForce RTX**
  - 3060 $999 | 3070 $1,299 | 3080 $1,999



RTX — THE NEW STANDARD

- 36 RTX Games
- #1 Battle Royale – Fortnite
- #1 Role-Playing Game – Cyberpunk 2077
- #1 Massively Multiplayer Online – World of Warcraft
- #1 Best-selling Game – Minecraft

Cyberpunk 2077 and Minecraft with RTX met with strong reception



CELEBRATING ONE YEAR OF GEFORCE NOW

- 800 Games
- 6 Million Users
- 1 Billion Devices
- Over 200 hours streamed
- The most games of any cloud gaming platform
- Wide range of support from Windows PCs, Macs, and Android devices, to Chromebooks, iPhones, and iPads

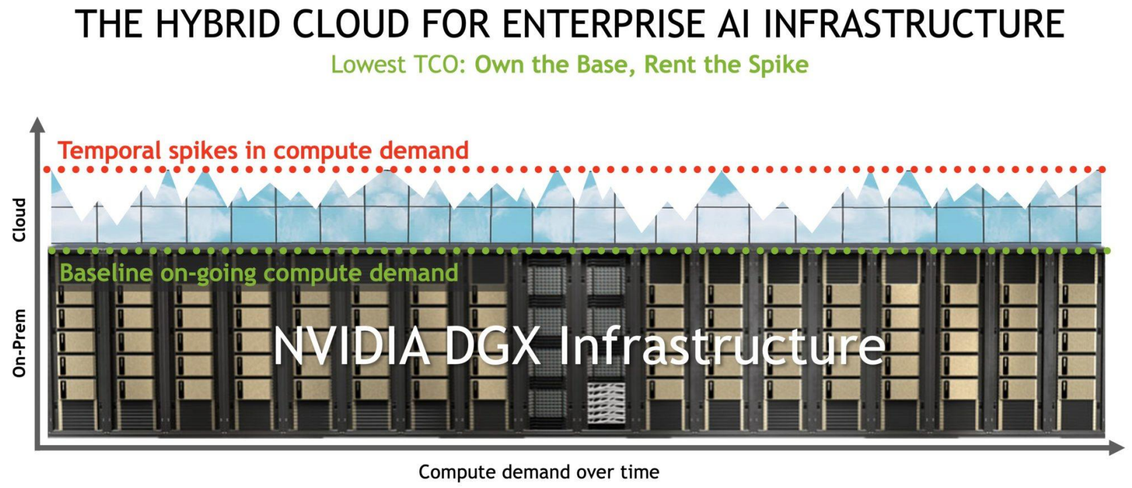


ADVANCING NVIDIA AI IN CLOUD COMPUTING

Making AI Deployment Easier with Leading Cloud Providers

Introduced support for Google Cloud's Anthos on bare metal for NVIDIA DGX™ A100 systems

For customers using Kubernetes to straddle cloud GPU compute instances and on-prem DGX infrastructure, Anthos on bare metal enables a consistent development and operational experience across deployments, while reducing overhead and improving developer productivity.



Amazon Web Services to bring the NVIDIA NGC™ software hub to AWS Marketplace

AWS is the first cloud service provider to offer the NGC catalog on their marketplace. NGC is a catalog of software that is optimized to run on NVIDIA GPU cloud instances. AWS customers can deploy this software free of charge to accelerate their AI deployments.



INTRODUCING NVIDIA-CERTIFIED SYSTEMS

The industry's Only Servers Tested for Modern Workloads

Leading OEMs unveiled the first wave of NVIDIA-Certified Systems™ with NVIDIA A100 Tensor Core GPUs — the industry's only accelerated servers tested for machine learning and data analytics workloads

Powered by NVIDIA A100 GPUs and NVIDIA Mellanox high-speed networking to accelerate AI and data analytics

NVIDIA is collaborating with top OEMs around the world to drive AI forward across every industry

Dell Technologies, GIGABYTE, Hewlett Packard Enterprise, Inspur, and Supermicro are all now shipping NVIDIA-Certified servers



NVIDIA CLARA FOR HEALTHCARE

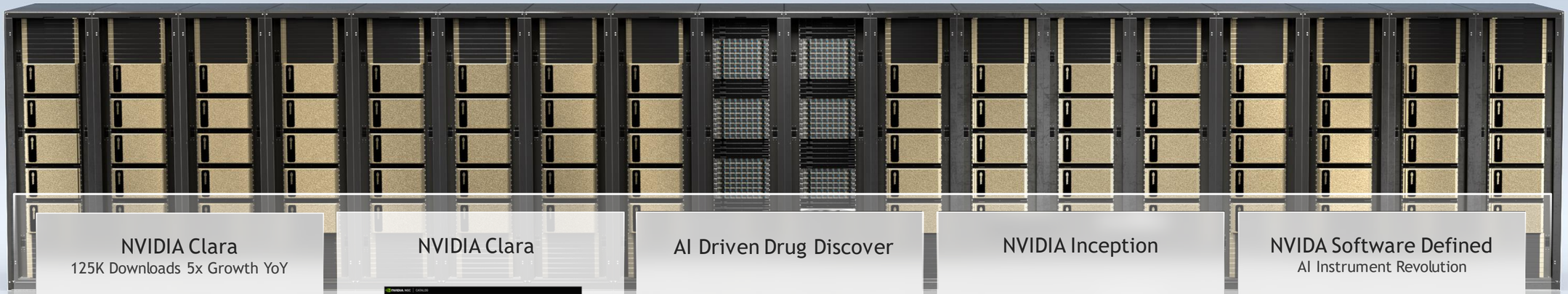
AstraZeneca

NHS Guy's and St Thomas' NHS Foundation Trust

gsk

King's College London

Oxford Nanopore Technologies

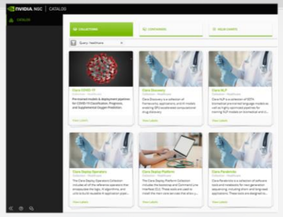


NVIDIA Clara
125K Downloads 5x Growth YoY

MONAI

MONAI Open-Source Framework In Production

NVIDIA Clara



Federated Learning and COVID-19 Pre-Trained Models Available in NGC

AI Driven Drug Discover

Atomwise · Recursion · Regeneron Genetics Center · Relay Therapeutics · Schrödinger · Structura Biotechnology · Vyasa

Pioneers of NVIDA GPU AI Drug Discovery

NVIDIA Inception

NVIDIA INCEPTION PROGRAM

NVIDA AI Startup Program Reaches 1000 Healthcare Members

NVIDA Software Defined
AI Instrument Revolution



Oxford Nanopore Selects NVIDIA DGX Station for High Throughput Sequencing

NVIDIA OMNIVERSE OPEN BETA NOW AVAILABLE

Real-time 3D collaboration and simulation platform

- Over 500 creators and professionals have tested Omniverse through our early access program
- Broad range of offerings
  - Omniverse Apps: Machinima, View, Create, Isaac Sim & Audio2Face
  - Omniverse Connectors: UE4, Maya, 3DSMax, Revit, Blender & Substance
  - Video tutorials, sample assets & documentation online



AUTOMOTIVE

NVIDIA has emerged as the leading end-to-end, full stack AV technology provider

NVIDIA DRIVE™ autonomous driving technology is powering a range of next-gen electric vehicles from carmakers SAIC and Nio; robotaxi-maker Zoox; and cabless truck-maker Einride

NVIDIA is powering the new Mercedes-Benz AI cockpit, featuring the MBUX Hyperscreen, which will debut in the all-electric Mercedes-Benz EQS in the first half of 2021

Expanded the NVIDIA DRIVE sensor ecosystem with new solutions from lidar makers Baraja, Hesai, Innoviz, Magna and Ouster

Robust and growing multi-billion-dollar design win pipeline





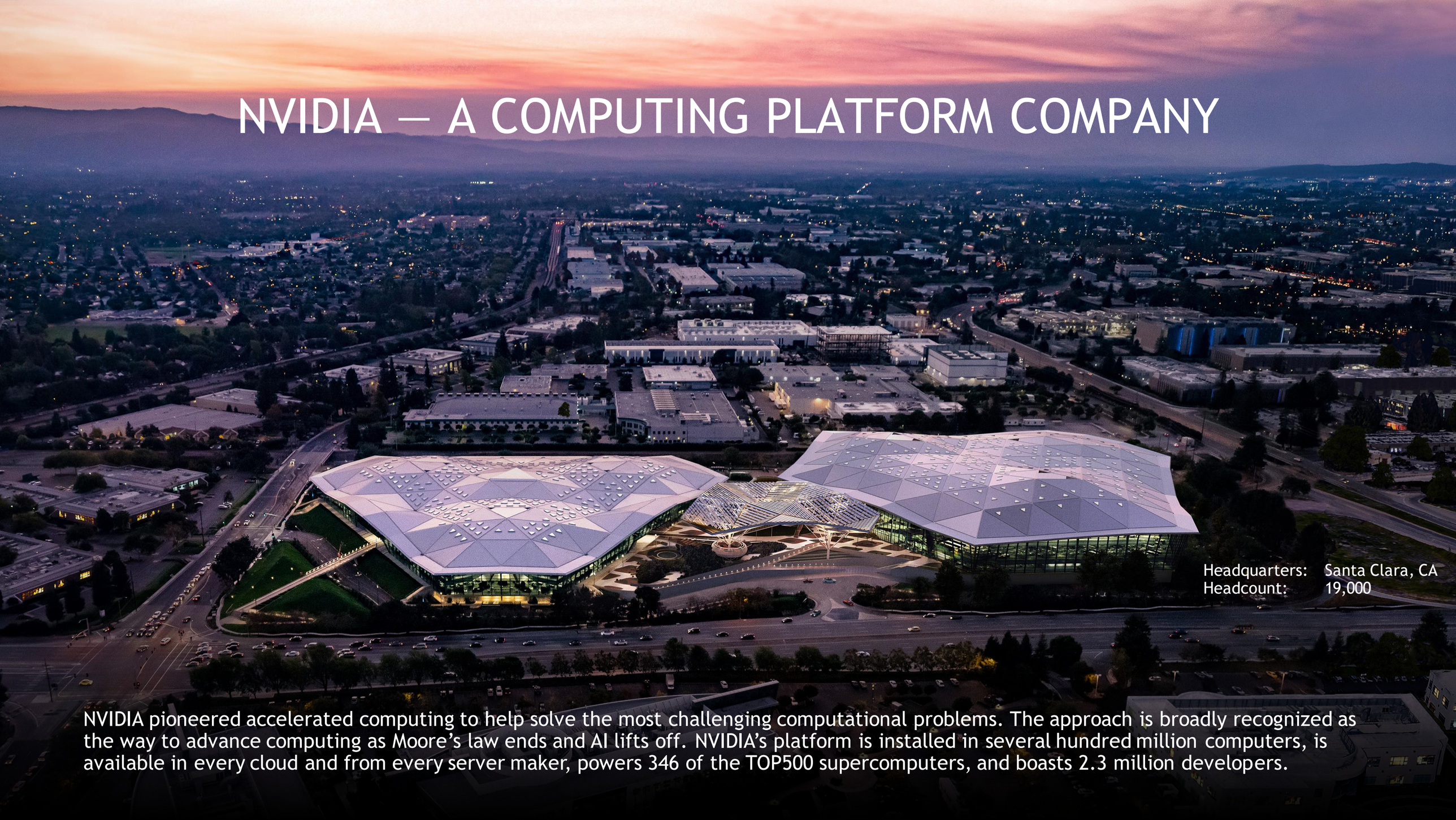






NVIDIA OVERVIEW

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 2.3 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)

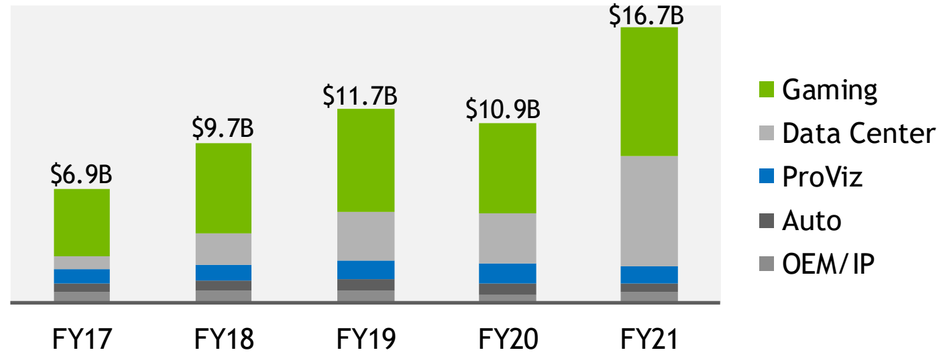
2001: Xbox win; fastest semiconductor company to reach $1B in sales

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**

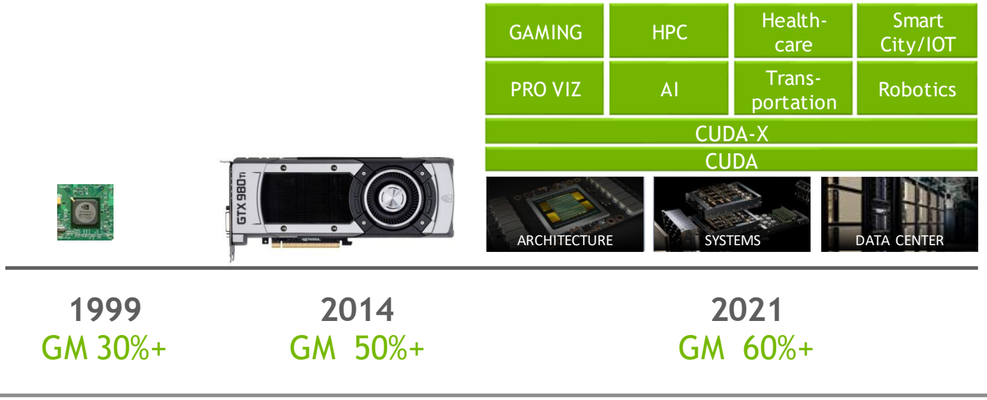
MIT Tech Review's **50 Smartest Companies**

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

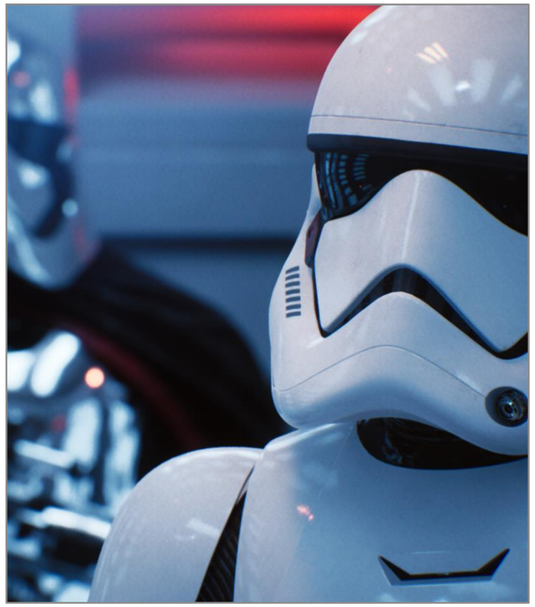
Forbes **JUST 100 Best Corporate Citizens**

Dow Jones **Sustainability Index**

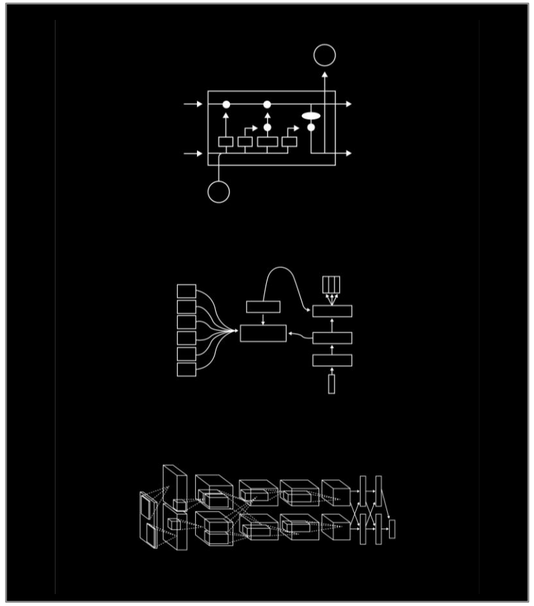
From Chip Vendor to Computing Platform



GROWTH DRIVERS



Gaming



AI

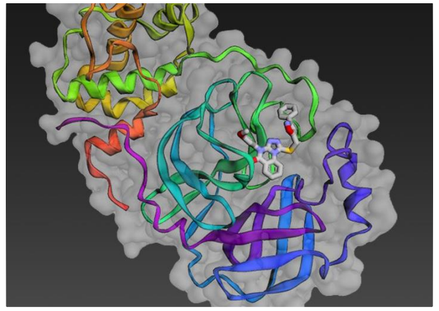
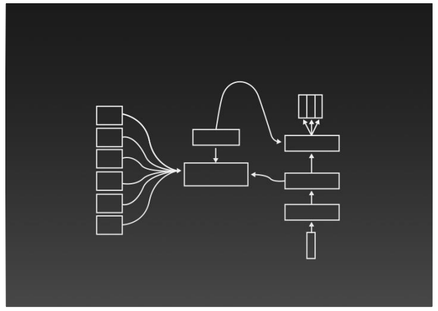


AR/VR



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

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 prosumer 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

Large secular growth opportunity: autonomous vehicles estimated to drive a $25B TAM for the AV computing stack by 2025

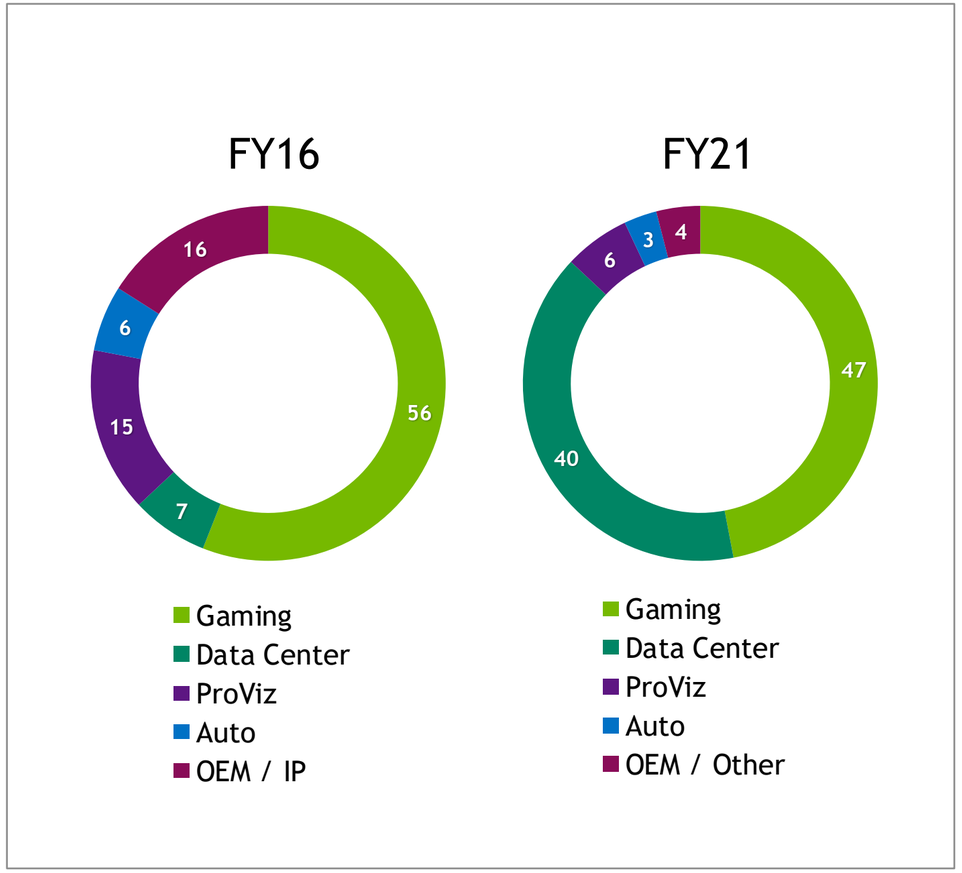
Automotive
3% of FY21 Rev

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.

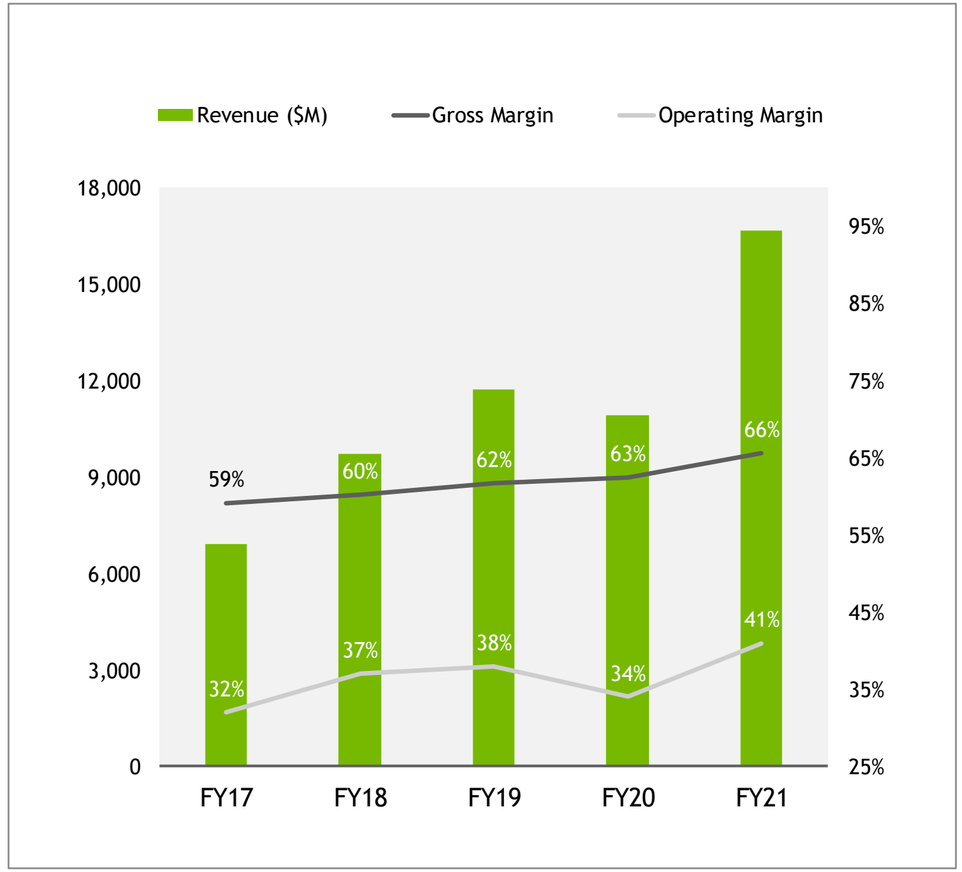
STRONG, PROFITABLE GROWTH

Business Mix (%)



Sustained Profitability

(showing non-GAAP margins)



Refer to Appendix for reconciliation of Non-GAAP measures

NVIDIA

WHY ACCELERATED COMPUTING?

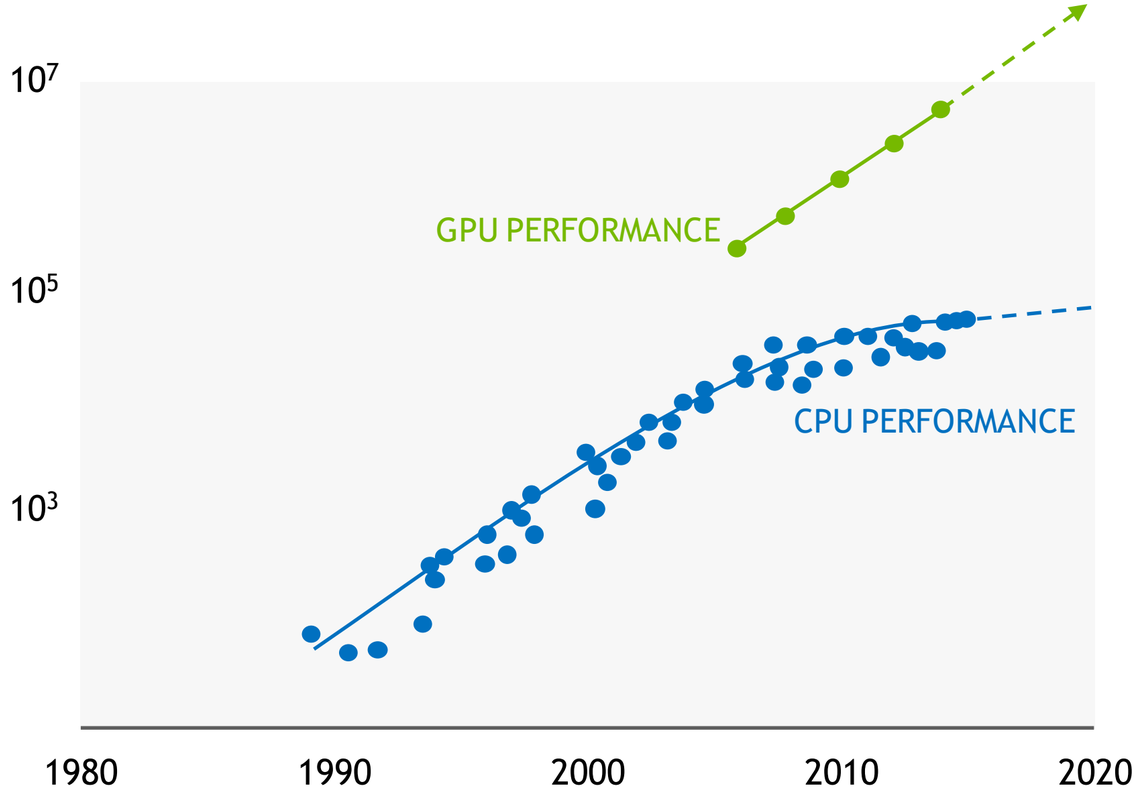
Advancing Computing in the Post-Moore's Law Era

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).

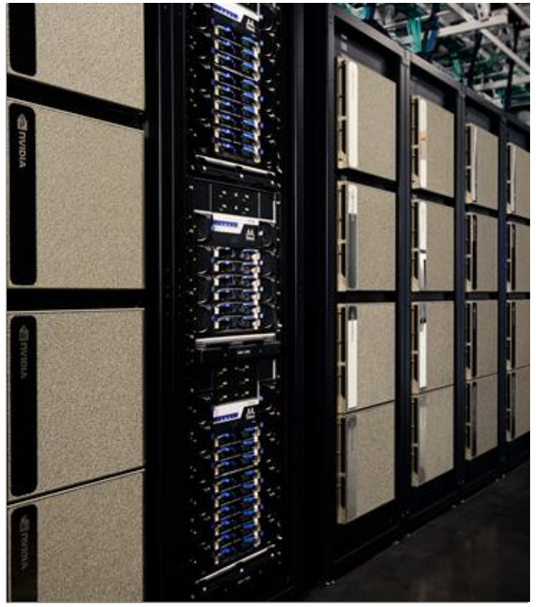


WORLD LEADER IN ACCELERATED COMPUTING

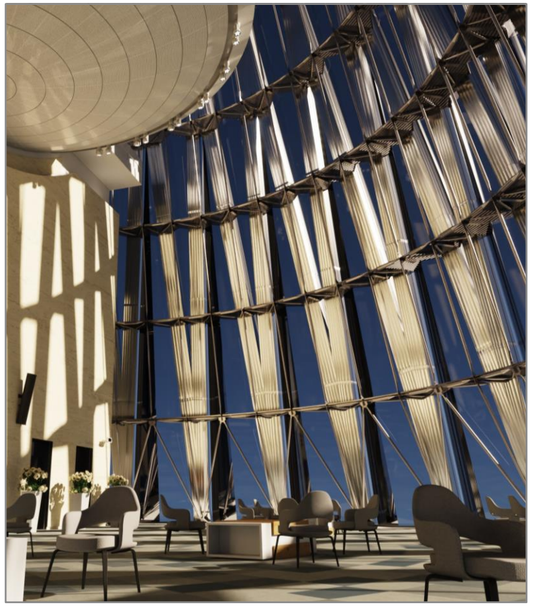
Our Four Market Platforms & Key Brands



Gaming
GeForce GPUs for PC Gamers



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



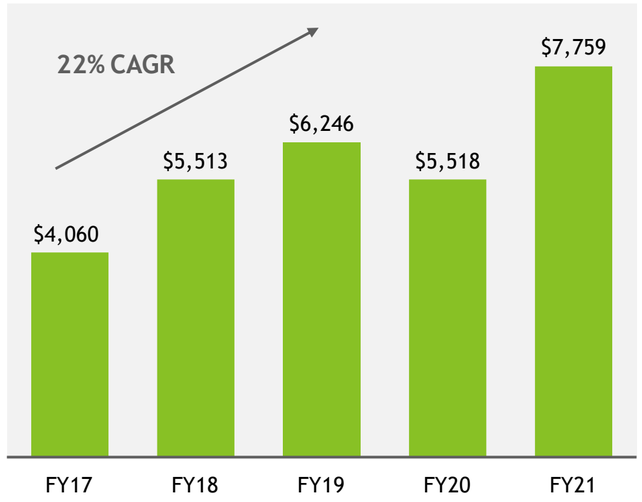
Professional Visualization
Quadro/NVIDIA RTX for Workstations



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

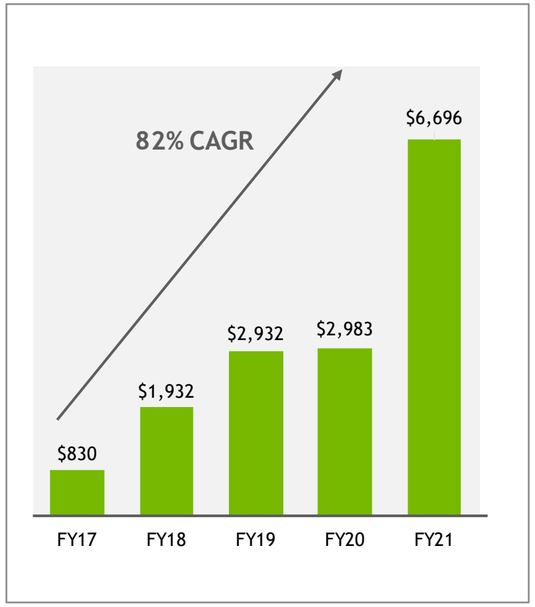
Highlights



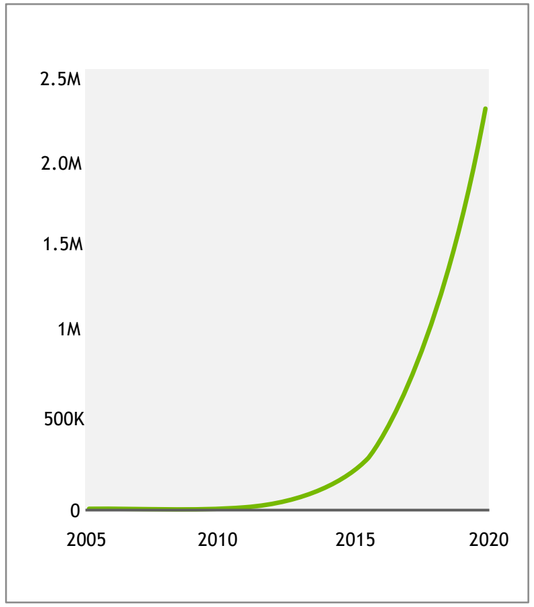
200M+ Gamers on GeForce

DATA CENTER

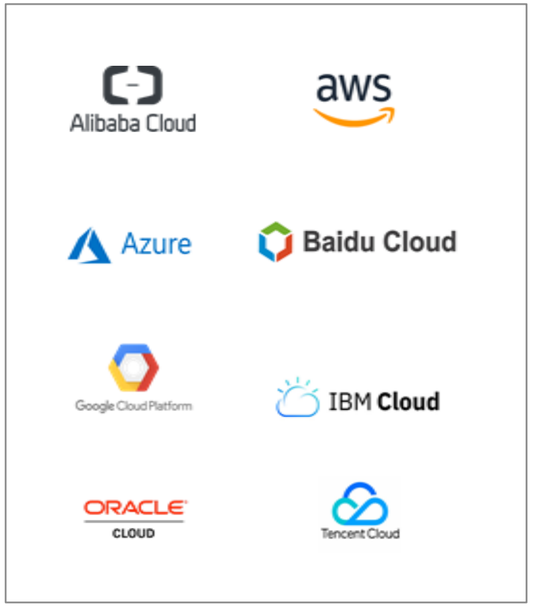
High Performance Computing (HPC) and AI



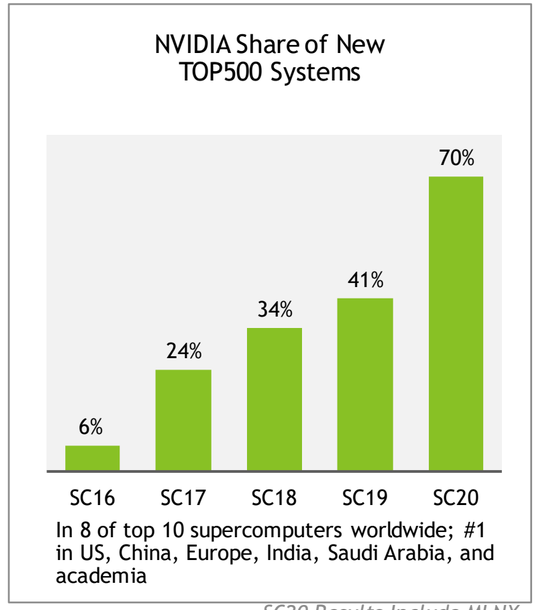
Revenue ($M)



Registered NVIDIA Developers



Every Major Cloud Provider

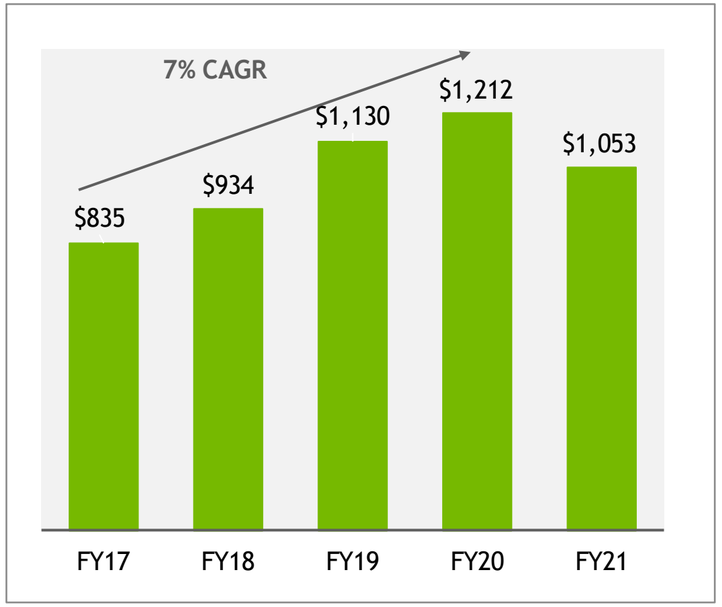


SC20 Results Include MLNX

90%+ Share of Accelerators in Supercomputing

PROFESSIONAL VISUALIZATION

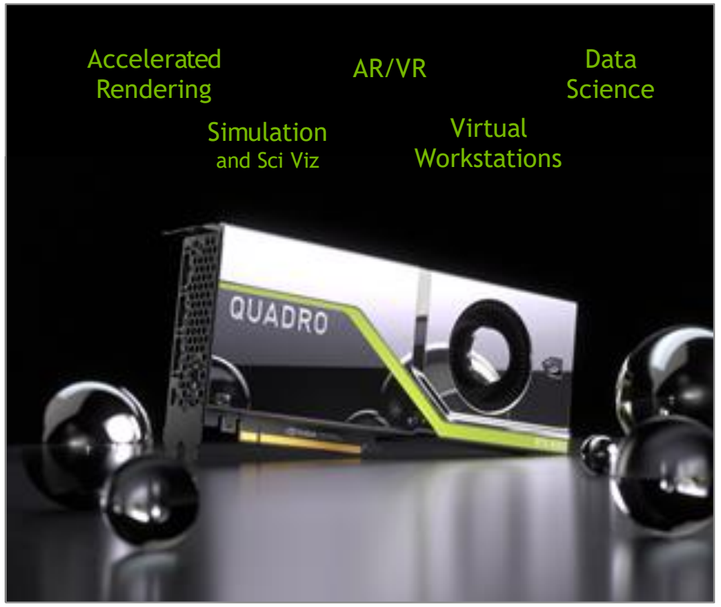
Workstation Graphics



Revenue ($M)



50+ Applications
Unlocking New Markets

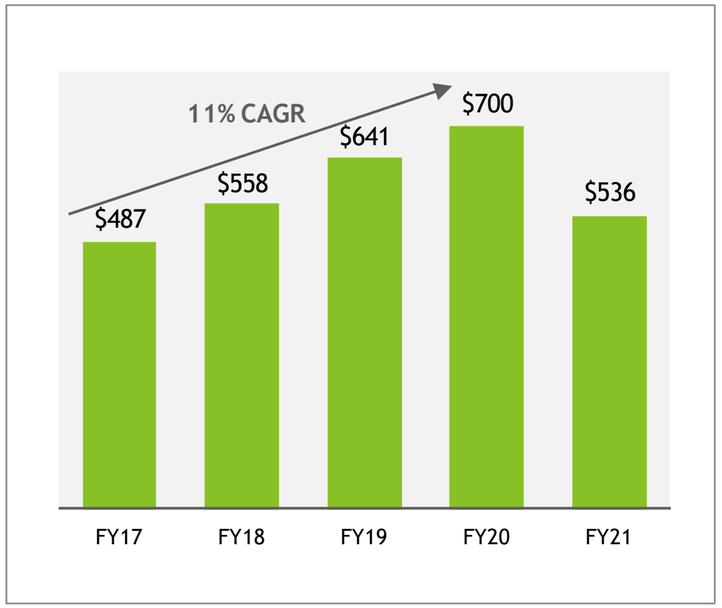


45M Designers and Creatives

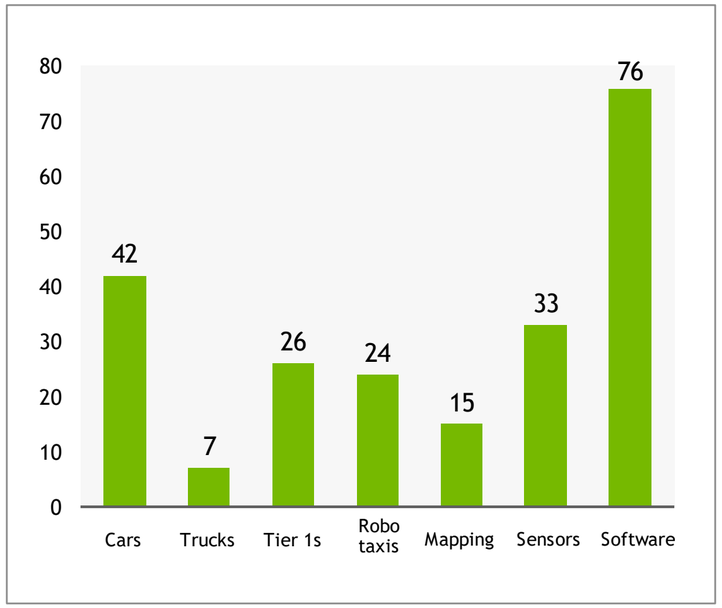
NVIDIA

AUTO

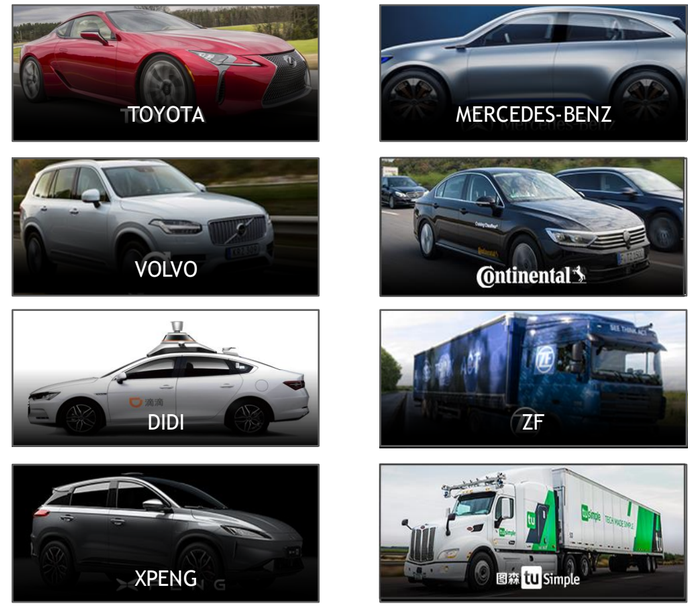
Infotainment and Autonomous Vehicles



Revenue ($M)



NVIDIA DRIVE Partners



Strong Partnership / Ecosystem

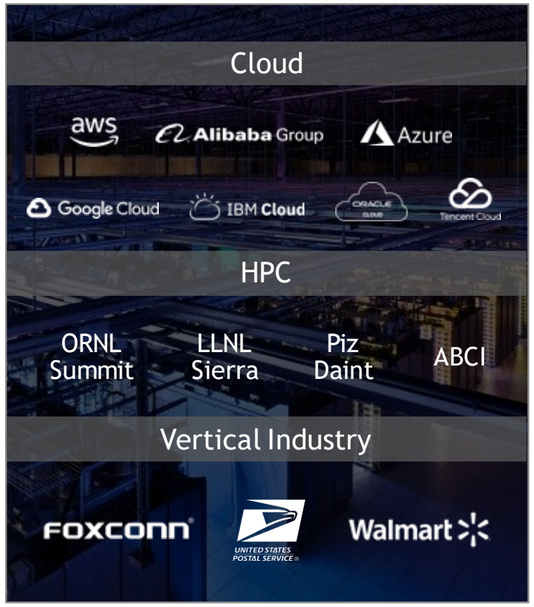
NVIDIA

LARGE AND DIVERSE CUSTOMER BASE

Reaching Hundreds of Millions of End Users Through Hundreds of Customers



Gaming

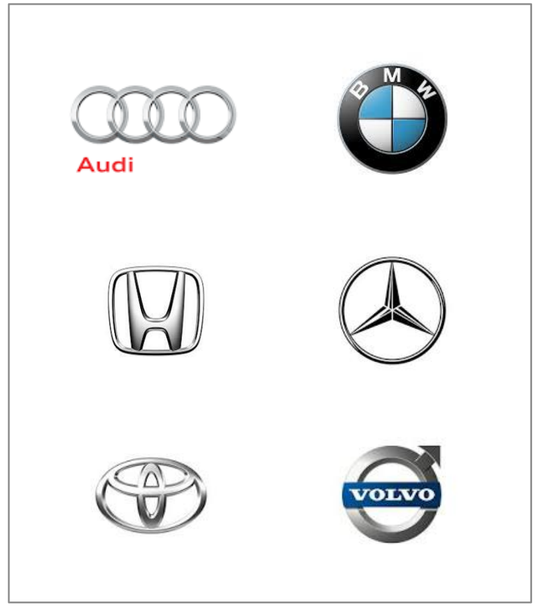


Data Center





Pro Visualization



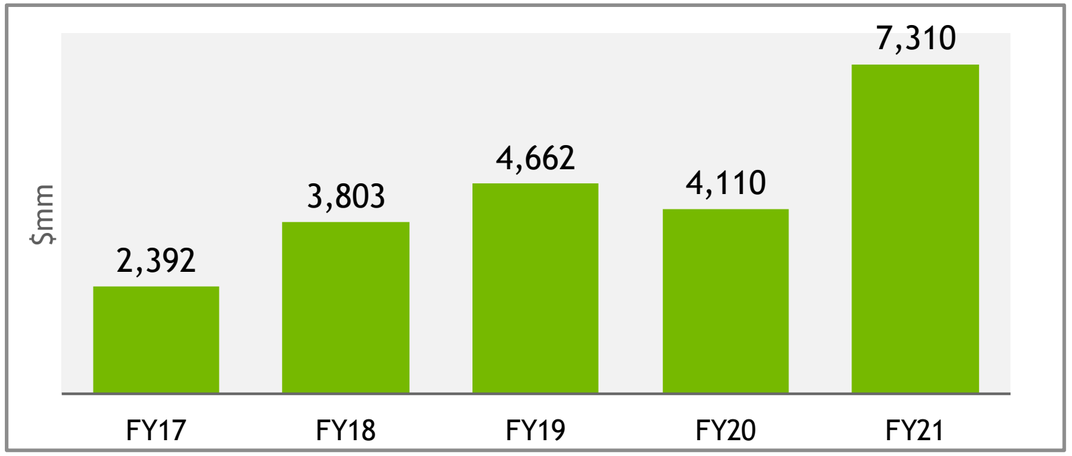
Auto

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

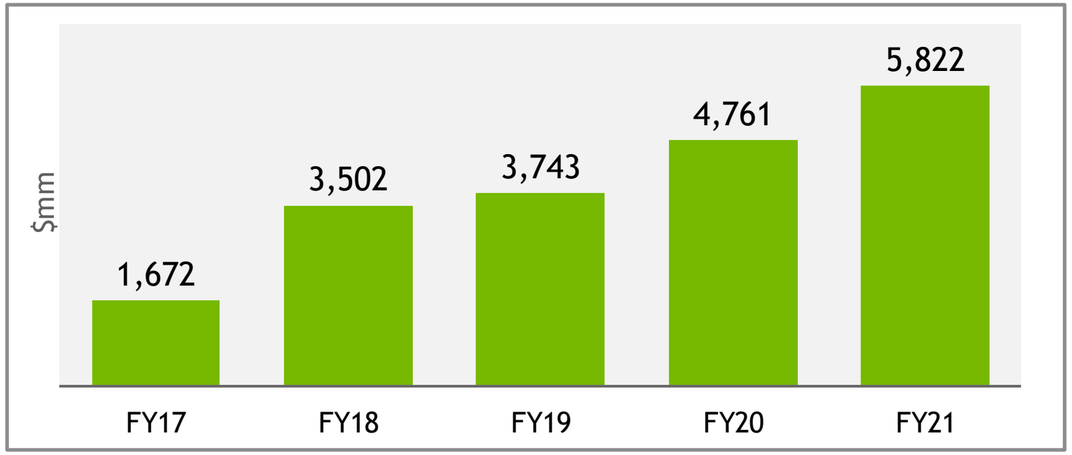
FINANCIALS

ANNUAL CASH & CASH FLOW METRICS

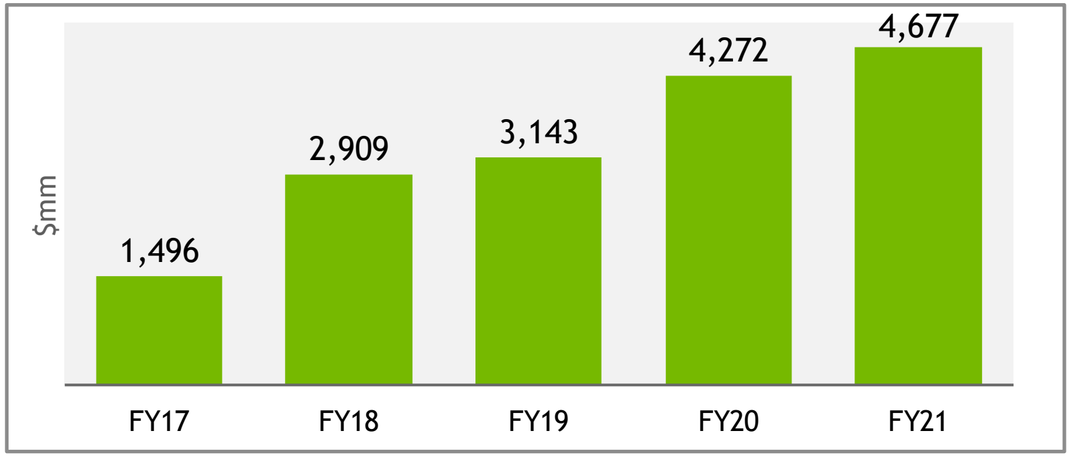
ADJUSTED EBITDA (NON-GAAP)



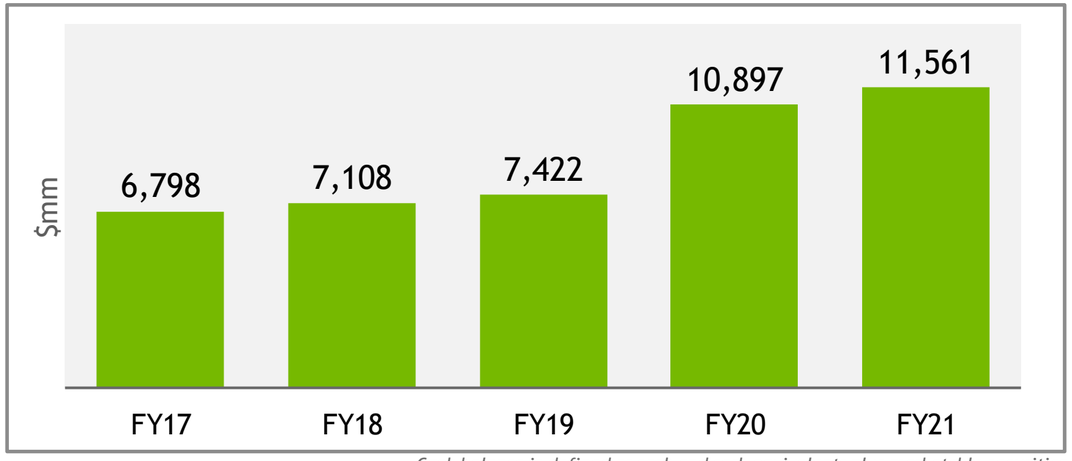
OPERATING CASH FLOW



FREE CASH FLOW



CASH BALANCE



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

CONSERVATIVE FINANCIAL POLICY

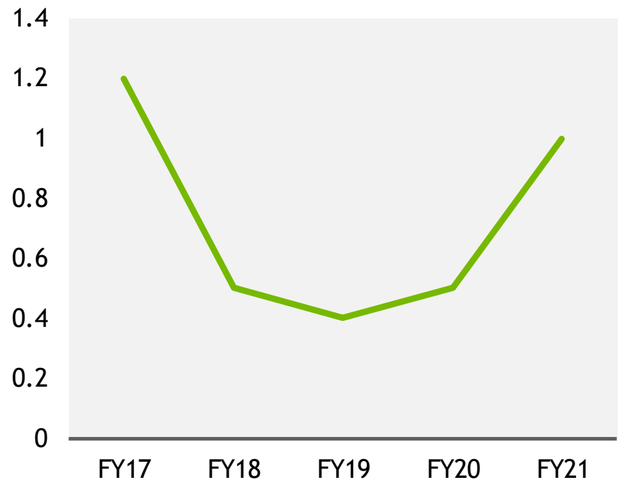
Key Credit Metrics

	FY21
Revenue	$16.68B
Adjusted EBITDA	$7.31B
Free Cash Flow	$4.68B
Cash & Cash Equivalents and Marketable Securities	$11.56B
Principal Value of Debt	$7.00B
Net Cash	$4.60B
Principal Value of Debt / Adjusted EBITDA	0.96x

Financial Policy Highlights

- Commitment to maintain our historically modest leverage, consistent with investment-grade credit ratings
- Disciplined capital return policy
- Solid balance sheet with substantial liquidity, and positive net cash position
- Disciplined approach to M&A

Historical Debt / Adjusted EBITDA



Source: SEC filings and public disclosures

1 Adjusted EBITDA and Free Cash Flow are Non-GAAP measures. Refer to Appendix for reconciliation of Non-GAAP measures
2 Net Cash is defined as Cash & Cash Equivalents and Marketable Securities less principal value of debt

NVIDIA'S COMMITMENT TO ESG

Create a Leading Workplace

glassdoor 2020 BEST PLACES TO WORK
Best Places to Work: Employee's Choice
GLASSDOOR

#1 FOR WORKERS IN SEMICONDUCTORS & EQUIPMENT Forbes 2020
Forbes JUST100 List
FORBES

Dow Jones Sustainability Indexes
Member
DOW JONES SUSTAINABILITY INDEX

FAST COMPANY
Most Innovative Companies in AI/Machine Learning
FAST COMPANY

BEST PLACES TO WORK 2020 for LGBTQ Equality
Best Places to Work for LGBT equality
HUMAN RIGHTS CAMPAIGN

CRO
100 Best Corporate Citizens
CRO MAGAZINE

"Nvidia Stock Wows Wall Street and ESG Investors Too as Best ESG Company"

INVESTOR'S BUSINESS DAILY
2020 BEST ESG COMPANIES
ENVIRONMENTAL, SOCIAL & GOVERNANCE
SEMICONDUCTORS & COMPUTER HARDWARE

Investor's Business Daily
Oct. 26, 2020

Tackle Climate Change

65%

global electricity use from renewable energy by FY25

The GREEN 500

#1 on the Green500 list, 26/30 supercomputers NVIDIA GPU powered.

NVIDIA GPUs POWER 26 OUT OF THE 30 MOST ENERGY-EFFICIENT MACHINES ON THE TOP500

Accelerated computing is the way forward for powerful & efficient supercomputers

NVIDIA GPUs and/or InfiniBand power 8 of top 10 systems on latest TOP500 list

Fastest systems in US, China, Europe, India, Saudi Arabia, and academia



RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES

($ IN MILLIONS)	NON-GAAP OPERATING INCOME (A)	GAAP DEPRECIATION & AMORTIZATION	AMORTIZATION OF ACQUISITION-RELATED INTANGIBLES	ADJUSTED EBITDA
FY 2017	$2,221	187	(16)	$2,392
FY 2018	$3,617	199	(13)	$3,803
FY 2019	$4,407	262	(7)	$4,662
FY 2020	$3,735	381	(6)	$4,110
FY 2021	$6,803	1,098	(591)	$7,310

A. Refer to Appendix herein for reconciliation of Non-GAAP operating income to GAAP operating income

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

($ IN MILLIONS)	NON-GAAP OPERATING INCOME	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED AND OTHER COSTS (B)	OTHER (C)	GAAP OPERATING INCOME
FY 2017	$2,221	(248)	(16)	(23)	$1,934
FY 2018	$3,617	(391)	(13)	(3)	$3,210
FY 2019	$4,407	(557)	(2)	(44)	$3,804
FY 2020	$3,735	(844)	(31)	(14)	$2,846
FY 2021	$6,803	(1,397)	(836)	(38)	$4,532

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

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

($ IN MILLIONS)	NON-GAAP	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED AND OTHER COSTS (B)	OTHER (C)	TAX IMPACT OF ADJUSTMENTS	GAAP
Q4 FY2021						
Operating income	$2,089	(417)	(164)	(1)	—	$1,507
Net income	$1,957	(417)	(164)	7	74	$1,457
Diluted EPS	$3.10	(0.66)	(0.26)	0.01	0.12	$2.31

A. Stock-based compensation charge was allocated to cost of goods sold, research and development expense, and sales, general and administrative expense.
B. Acquisition-related and other costs consist of amortization of intangible assets, inventory step-up, transaction costs, and certain compensation charges.
C. Other comprises of IP-related costs, gains from non-affiliated investments, and interest expense related to amortization of debt discount.

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

	NON-GAAP GROSS MARGIN	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED AND OTHER COSTS (B)	OTHER (C)	GAAP GROSS MARGIN
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%	(0.5)	(2.6)	(0.2)	62.3%

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

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

	NON-GAAP GROSS MARGIN	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED AND OTHER COSTS (B)	OTHER (C)	GAAP GROSS MARGIN
Q4 FY2020	65.4%	(0.4)	—	(0.1)	64.9%
Q1 FY2021	65.8%	(0.7)	—	—	65.1%
Q2 FY2021	66.0%	(0.4)	(6.3)	(0.5)	58.8%
Q3 FY2021	65.5%	(0.6)	(1.8)	(0.5)	62.6%
Q4 FY2021	65.5%	(0.5)	(1.9)	—	63.1%

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

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

	NON-GAAP OPERATING MARGIN	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED AND OTHER COSTS (B)	OTHER (C)	GAAP OPERATING MARGIN
FY 2017	32.1%	(3.6)	(0.2)	(0.3)	28.0%
FY 2018	37.2%	(4.0)	(0.2)	—	33.0%
FY 2019	37.6%	(4.7)	—	(0.4)	32.5%
FY 2020	34.2%	(7.7)	(0.3)	(0.1)	26.1%
FY 2021	40.8%	(8.4)	(5.0)	(0.2)	27.2%

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

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

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

RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

($ in millions)	Q1 FY2022 Outlook
GAAP gross margin	63.8%
Impact of stock-based compensation expense, acquisition-related costs, and other costs	2.2%
Non-GAAP gross margin	66.0%
GAAP operating expenses	$1,670
Stock-based compensation expense, acquisition-related costs, and other costs	(470)
Non-GAAP operating expenses	$1,200