NVIDIA CORPORATION Annual Report 2025

CIK: 0001045810

Fiscal Year End: 2025-01-26

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Financials

- **Total Revenue:** $130,497,000,000.00
- **Net Income:** $72,880,000,000.00
- **Total Assets:** $111,601,000,000.00
- **Total Liabilities:** $32,274,000,000.00
- **Operating Cash Flow:** $64,089,000,000.00
- **Cash & Equivalents:** $8,589,000,000.00
- **Number of Employees:** 36000
- **Auditor:** PricewaterhouseCoopers LLP

Business Description

NVIDIA pioneered accelerated computing to help solve the most challenging computational problems. NVIDIA is now a full-stack computing infrastructure company with data-center-scale of ferings that are reshaping industry . Our full-stac k includes the foundational CUDA programming model that runs on all NVIDIA GPUs, as well as hundreds of domain-specific software libraries, software development kits, or SDKs, and Applic ation Programming Interfaces, or APIs. This deep and broad software stack accelerates the performance and eases the deployment of NVIDIA accelerated computing for computationally intensive workl oads such as artificial intelligence, or AI, model training and inference, data analytics , scientific computing, and 3D graphics, with vertical-specific optimization s to address industries ranging from healthcare and telecom to automotive and manufacturing. Our data-center-scale offerings are comprised of compute and networking solutions that can scale to tens of thousands of GPU-accelerated servers interconnected to function as a single giant computer; this type of data center architecture and scale is needed for the development and deployment of modern AI applications.

Risk Factors

- Failure to meet the evolving needs of our industry and markets may adversely impact our financial results.
- Competition could adversely impact our market share and financial results.

- Long manufacturing lead times and uncertain supply and component availability , combined with a failure to estimate customer demand accurately has led and could lead to mismatches between supply and demand.

- Dependency on third-party suppliers and their technology to manufacture, assemble, test, or package our products reduces our control over product quantity and quality , manufacturing yields, and product delivery schedules and could harm our business.

- Defects in our products have caused and could cause us to incur significant expenses to remediate and could damage our business.

- Adverse economic conditions may harm our business.

- International sales and operations are a significant part of our business, which exposes us to risks that could harm our business.

- Product, system security and data breaches and cyber-attacks could disrupt our operations and adversely affect our financial condition, stock price and reputation.

- Business disruptions could harm our operations and financial results.

- Climate change may have a long-term impact on our business.

- We may not be able to realize the potential benefits of business investments or acquisitions, nor successfully integrate acquisition targets.

- A significant amount of our revenue stems from a limited number of partners and distributors and we have a concentration of sales to customers, and our revenue could be adversely af fected if we lose or are prevented from selling to any of these end customers.

- We may be unable to attract, retain, and motivate our executives and key employees.

- Modification or interruption of our business processes and information systems may disrupt our business and internal controls.

- Our operating results have in the past fluctuated and may in the future fluctuate, and if our operating results are below the expectations of securities analysts or investors, our stock price could decline.

- We are subject to complex laws, rules, regulations, and political and other actions, including restrictions on the export of our products, which may adversely impact our business.

- Increased scrutiny regarding our corporate sustainability practices could result in financial, reputational, or operational harm and liability .

- Issues relating to the responsible use of our technologies, including AI, may result in reputational or financial harm and liability .

- Adequately protecting our IP rights could be costly, and our ability to compete could be harmed if we are unsuccessful or if we are prohibited from making or selling our products.

- We are subject to stringent and changing data privacy and security laws, rules, regulations, and other obligations. These areas could damage our reputation, deter customers, af fect product design, or result in legal or regulatory proceedings and liability .

- Our operatin g results may be adversely impacte d by additional tax liabilities, higher than expected tax rates, changes in tax laws, and other tax-related factors.

- Our business is exposed to the burden and risks associated with litigation, investigations, and regulatory proceedings.

- Delaware law , provisions in our governing documents and our agreement with Microsoft could delay or prevent a change in control.

Management Discussion & Analysis

The followin g discussion and analysis of our financial condition and results of operations should be read in conjunction with “Item 1A. Risk Factors,” our Consolidated Financial Statements and related Notes thereto, as well as other cautionary statements and risks described elsewhere in this Annual Report on Form 10-K, before deciding to purchase, hold, or sell shares of our common stock. Overview Our Company and Our Businesses NVIDIA pioneered accelerated computing to help solve the most challenging computational problems. Since our original focus on PC graphics, we have expanded to several other large and important computationally intensive fields. Fueled by the sustained demand for exceptional 3D graphics and the scale of the gaming market, NVIDIA has leveraged its GPU architecture to create platforms for scientific computing, AI, data science, AV, robotics, and digital twin applications. Our two operating segments are "Compute & Networking" and "Graphics." Refer to Note 16 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information. Headquartered in Santa Clara, California, NVIDIA was incorporated in California in April 1993 and reincorporated in Delaware in April 1998. Recent Developments, Future Objectives and Challenges Demand and Supply Revenue growth in fiscal year 2025 was driven by data center compute and networking platforms for accelerated computing and AI solutions. Demand for our Hopper architecture drove our significant growth for the full year. We began shipping productio n systems of the Blackwell architecture in the fourth quarter of fiscal year 2025. Demand estimates for our products, applications, and services can be incorrect and create volatility in our revenue or supply levels. We may not be able to generate significant revenue from them. Advan cements in accelerated computing and generative AI models, along with the growth in model complexity and scale, have driven increased demand for our Data Center systems. We continue to increase our supply and capacity purchases with existing and new suppliers to support our demand projections and increasing complexity of our data center products. With these additions, we have also entered and may continue to enter into prepaid manufacturing and capacity agreements to supply both current and future products. The increased purchase volumes and integration of new suppliers and contract manufacturers into our supply chain creates more complexity in managing multiple suppliers with variations in production planning, execution and logistics. Our expanding product portfolio and varying component compatibility and quality may lead to increased inventory levels. We have incurred and may in the future incur inventory provisions or impairments if our inventory or supply or capacity commitments exceed demand for our products or demand declines. Product T ransitions and New Product Introductions Product transitions are complex and we often ship both new and prior architecture products simultaneously as our channel partners prepare to ship and support new products. We are generally in various stages of transitioning the architectures of our Data Center , Gaming, Professional Visualization, and Automotive products. The computing industry is experiencing a broader and faster launch cadence of accelerated computing platforms to meet a growing and diverse set of AI opportuni ties. We have introduced a new product and architecture cadence of our Data Cente r solutions where we seek to complete new computing solutions each year and provide a greater variety of Data Center offerings. The increased frequency of these transitions and the larger number of products and product configurations may magnify the challenges asso ciated with managing our supply and demand which may further create volatility in our revenue. The increased frequency and complexity of newly introduced products could result in quality or production issues that

could increase inventory provisions, warranty , or other costs or result in product delays. We incur significant engineering development resources for new products, and changes to our product roadmap may impact our ability to develop other products or adequa tely manage our supply chain cost. Customers may delay purchasing existing products as we increase the frequency of new products or may not be able to adopt our new products as fast as forecasted, both impacting the timing of our revenue and supply chain cost. While we have managed prior product transition s and have sold multiple product architectures at the same time, these transitions are difficult, may impair our ability to predict demand and impact our supply mix, and may cause us to incur additional costs. Global T rade In August 2022, the USG announced licensing requirements that, with certain exceptions, impact exports to China (including Hong Kong and Macau) and Russia of our A100 and H100 integrated circuits, DGX or any other systems or boards which incorporate A100 or H100 integrated circuits. In July 2023, the USG informed us of an additional licensing requirement for a subset of A100 and H100 products destined to certain customers and other regions, including some countries in the Middle East. In October 2023, the USG announced new and updated licensing requirements that became effective in our fourth quarter of fiscal year 2024 for exports to China and Country Groups D1, D4, and D5 (including but not limited to Saudi Arabia, the United Arab Emirates, and Vietnam, but excluding Israel) of our products exceeding certain performance thresholds, including, but not limited to, the A100, A800, H100, H800, L4, L40, L40S and RTX 4090. The licensing requirements also apply to the export of products exceeding certain performance thresholds to a party headquartered in, or with an ultimate parent headquartered in, Country Group D5, including China. On October 23, 2023, the USG informed us that the licensing requirements were effective immediately for shipments of our A100, A800, H100, H800, and L40S products (removing the grace period grant ed by the official rule). Blackwell systems, such as GB200 NVL 72 and NVL 36 as well as B200 are also subje ct to these requirements and therefore require a license for any shipment to certain entities and to China and Country Groups D1, D4 and D5, excluding Israel. To date, we have not received licenses to ship these restricted products to China. Additionally , we understand that partners and customers have also not received a license to ship these restricted products. We expanded our Data Center product portfolio to offer new solutions, including those for which the USG does not require a license or advance notice before each shipment. We ramp ed new products design ed specifically for China that do not require an export control license. Our Data Center revenue in China grew in fiscal year 2025. As a percentage of total Data Center revenue, it remains well below levels seen prior to the onset of export controls in October 2023. The market in China for datacenter solutions remains competitive. We will continue to comply with export controls while serving our customers. To the extent that a customer requires products covered by the licensing requirements, we may seek a license for the customer but have no assurance that the USG will grant such a license, or that the USG will act on the license application in a timely manner or at all. On January 15, 2025, the USG published the “AI Diffusion” IFR in the Federal Register . After a 120-day delayed compliance period, the IFR will, unless modified, impose a worldwide licensing requirement on all products classified under Export Contro l Classification Numbers, or ECCNs, 3A090.a, 4A090.a, or corresponding .z ECCNs, including all related software and technology . Any system that incorporates one or more of the covered integrated circuits, or ICs, (including but not limited to NVIDIA DGX, HGX, and MGX systems) will be covered by the new licensing requirement. The licensing requirement will include future NVIDI A ICs, boards, or systems classified with ECCN 3A090.a or 4A090.a, correspon ding .z ECCNs, achieving certain total processing performance and/or performance density . Unless a license exception is available, the worldwide licensing requirements will apply to the following NVIDIA products, and any others we develop that meet the characteristics of 3A090.a or 4A090.a, including but not limited to: A100, A800, H100, H200, H800, B100, B200, GB200, L4, L40S, and R TX 6000 Ada. Our competitive position has been harmed by the existing export controls, and our competitive position and future results may be further harmed, over the long term, if there are furthe r changes in the USG’ s export controls. Given the increasing strategic importance of AI and rising geopolitical tensions, the USG has changed and may again change the export control rules at any time and further subject a wider range of our products to export restrictions and licensing

requirements, negatively impacting our business and financial results. In the event of such change, we may be unable to sell our inventory of such products and may be unable to develop replacement products not subject to the licensing requirements, effectively excluding us from all or part of the China market, as well as other impact ed markets, including the Middle East and countries designated “Tier 2” by the AI Diffusion IFR. In addition to export controls, the USG may impose restrictions on the import and sale of products that incorporate technologies developed or manu factured in whole or in part in China. For example, the USG is considering restrictions on the import and sale of certain automotive products in the United States, which if adopted and interpreted broadly , could impact our ability to develop and supply solutions for our automotive customers. While we work to enhan ce the resiliency and redundancy of our supply chain, which is currently concentrated in the Asia-Pacific region, new and existing export controls or changes to existing export controls could limit alternative manufacturing locations and negatively impact our business. Refer to “Item 1A. Risk Factors – Risks Related to Regulatory , Legal, Our Stock and Other Matters” for a discussion of this potential impact. Macroeconomic Factors Macroeconomic factors, including inflation, interest rate changes, capital market volatility , global supply chain constraints, tariffs, and global economic and geopolitical developmen ts, may have direct and indirect impacts on our results of operations, particularly demand for our products. While difficult to isolate and quantify , these macroeconomic factors impact our supply chain and manufacturing costs, employee wages, costs for capital equipment and value of our investments. Our product and solution pricing generally does not fluctuate with short-term changes in our costs. Within our supply chain, we continuously manage product availability and costs with our vendors. Israel and Regional Conflicts We are monitoring the impact of the geopolitical conflict in and around Israel on our operations, including the health and safety of our approximately 4,700 employees in the region who primarily support the research and development, operations, and sales and marketing of our networking products. Our global supply chain for our networking products has not experienced any significant impact. Some of our employees in the region have been on active military duty for an extended period and may continue to be abse nt, which may cause disruption to our product development or operations. We have not experienced significant impact or expense to our business; however , if the conflict is further extended or expanded, it could impact future product development, operations, and revenue or create other uncertainty for our business.