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Item 1A. Risk Factors

The following risk factors should be considered in addition to the other information in this Annual Report on Form 10-K. The following risks could harm our business, financial condition, results of operations or reputation, which could cause our stock price to decline. Additional risks, trends and uncertainties not presently known to us or that we currently believe are immaterial may also harm our business, financial condition, results of operations or reputation.

Risk Factors Summary

Risks Related to Our Industry and Markets

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

Risks Related to Demand, Supply and Manufacturing

- 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.

Risks Related to Our Global Operating Business

- Adverse economic conditions may harm our business.

Risks Related to International Sales and Operations

- 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 end customers, and our revenue could be adversely affected 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.

Risks Related to Regulatory, Legal, Our Stock, and Other Matters

- We are subject to complex laws, rules, and regulations, and political and other actions, which may adversely impact our business.

- Increased scrutiny from shareholders, regulators, and others 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, affect product design, or result in legal or regulatory proceedings and liability.
- Our operating results may be adversely impacted by additional tax liabilities, higher than expected tax rates, changes in tax laws, and other tax-related factors.
- Our business is exposed to the risks associated with litigation, investigations, and regulatory proceedings.
- Our indebtedness could adversely affect our financial position and cash flows from operations and prevent us from implementing our strategy or fulfilling our contractual obligations.
- Delaware law, provisions in our governing documents, and our agreement with Microsoft could delay or prevent a change in control.

Risk Factors

Risks Related to Our Industry and Markets

Failure to meet the evolving needs of our industry and markets may adversely impact our financial results.

Our accelerated computing platforms experience rapid changes in technology, customer requirements, competitive products, and industry standards.

Our success depends on our ability to:

- timely identify industry changes, adapt our strategies, and develop new or enhance and maintain existing products and technologies that meet the evolving needs of these markets, including due to unexpected changes in industry standards or disruptive technological innovation that could render our products incompatible with products developed by other companies;

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develop or acquire new products and technologies through investments in research and development;

launch new offerings with new business models including software, services, and cloud solutions, as well as software-, infrastructure-, or platform-as-a-service solutions;

expand the ecosystem for our products and technologies;

meet evolving and prevailing customer and industry safety, security, reliability expectations, and compliance standards;

manage product and software lifecycles to maintain customer and end-user satisfaction;

develop, acquire, maintain, and secure access to the internal and external infrastructure needed to scale our business, including sufficient energy for powering data centers using our products, acquisition integrations, customer support, e-commerce, IP licensing capabilities and cloud service capacity; and

complete technical, financial, operational, compliance, sales and marketing investments for the above activities.

We have invested in research and development in markets where we have a limited operating history, which may not produce meaningful revenue for several years, if at all. If we fail to develop or monetize new products and technologies, or if they do not become widely adopted, our financial results could be adversely affected. Obtaining design wins may involve a lengthy process and depends on our ability to anticipate and provide features and functionality that customers will demand. They also do not guarantee revenue. Failure to obtain a design win may prevent us from obtaining future design wins in subsequent generations. We cannot ensure that the products and technologies we bring to market will provide value to our customers and partners. If we fail any of these key success criteria, our financial results may be harmed.

We have begun offering enterprise customers NVIDIA DGX Cloud services directly and through our network of partners, which include cloud-based infrastructure, software and services for training and deploying AI models, and NVIDIA AI Foundations for customizable pretrained AI models. We have partnered with CSPs to host such software and services in their data centers, and we entered and may continue to enter into multi-year cloud service agreements to support these offerings and our research and development activities. The timing and availability of these cloud services has changed and may continue to change, impacting our revenue, expenses, and development timelines. NVIDIA DGX Cloud services may not be successful and will take time, resources, and investment. We also offer or plan to offer standalone software solutions, including NVIDIA AI Enterprise, NVIDIA Omniverse, NVIDIA DRIVE, and several other software solutions. These new business models or strategies may not be successful, and we may fail to sell any meaningful standalone software or services. We may incur significant costs and may not achieve any significant revenue from these offerings.

Competition could adversely impact our market share and financial results.

Our target markets remain competitive, and competition may intensify with expanding and changing product and service offerings, industry standards, customer needs, new entrants and consolidations. Our competitors products, services and technologies, including those mentioned above in this Annual Report on Form 10-K, may be cheaper or provide better functionality or features than ours, which has resulted and may in the future result in lower-than-expected selling prices for our products. Some of our competitors operate their own fabrication facilities, and have longer operating histories, larger customer bases, more comprehensive IP portfolios and patent protections, more design wins, and greater financial, sales, marketing and distribution resources than we do. These competitors may be able to acquire market share and/or prevent us from doing so, more effectively identify and capitalize upon opportunities in new markets and end-user trends, more quickly transition their products, and impinge on our ability to procure sufficient foundry capacity and scarce input materials during a supply-constrained environment, which could harm our business. Some of our customers have in-house expertise and internal development capabilities similar to some of ours and can use or develop their own solutions to replace those we are providing. For example, others may offer cloud-based services that compete with our AI cloud service offerings, and we may not be able to establish market share sufficient to achieve the scale necessary to meet our business objectives. If we are unable to successfully compete in this environment, demand for our products, services and technologies could decrease and we may not establish meaningful revenue.

Risks Related to Demand, Supply and Manufacturing

Failure to estimate customer demand accurately has led and could lead to mismatches between supply and demand.

We use third parties to manufacture and assemble our products, and we have long manufacturing lead times. We are not provided guaranteed wafer, component and capacity supply, and our supply deliveries and production may be non-linear within a quarter or year. If our estimates of customer demand are inaccurate, as we have experienced in the past, there could be a significant mismatch between supply and demand. This mismatch has resulted in both product shortages and excess inventory, has varied across our market platforms, and has significantly harmed our financial results.

We build finished products and maintain inventory in advance of anticipated demand. While we have in the past entered and may in the future enter into long-term supply and capacity commitments, we may not be able to secure sufficient

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Commitments for capacity to address our business needs, or our long-term demand expectations may change. These risks may increase as we shorten our product development cycles, enter new lines of business, or integrate new suppliers or components into our supply chain, creating additional supply chain complexity. Additionally, our ability to sell certain products has been and could be impeded if components necessary for the finished products are not available from third parties. This risk may increase as a result of our platform strategy. In periods of shortages impacting the semiconductor industry and/or limited supply or capacity in our supply chain, the lead times on our orders may be extended. We have previously experienced and may continue to experience extended lead times of more than 12 months. We have paid premiums and provided deposits to secure future supply and capacity, which have increased our product costs and may continue to do so. If our existing suppliers are unable to scale their capabilities to meet our supply needs, we may require additional sources of capacity, which may require additional deposits. We may not have the ability to reduce our supply commitments at the same rate or at all if our revenue declines.

Many additional factors have caused and/or could in the future cause us to either underestimate or overestimate our customers' future demand for our products, or otherwise cause a mismatch between supply and demand for our products and impact the timing and volume of our revenue, including:

- changes in product development cycles and time to market;
- competing technologies and competitor product releases and announcements;
- changes in business and economic conditions resulting in decreased end demand;
- sudden or sustained government lockdowns or actions to control case spread of global or local health issues;
- rapidly changing technology or customer requirements;
- the availability of sufficient data center capacity and energy for customers to procure;
- new product introductions and transitions resulting in less demand for existing products;
- new or unexpected end-use cases;
- increase in demand for competitive products, including competitive actions;
- business decisions made by third parties;
- the demand for accelerated or AI-related cloud services, including our own software and NVIDIA DGX Cloud services;
- changes that impact the ecosystem for the architectures underlying our products and technologies;
- the demand for our products; or
- government actions or changes in governmental policies, such as export controls or increased restrictions on gaming usage.

Demand for our data center systems and products surged in fiscal year 2024. Entering fiscal year 2025, we are gathering customer demand indications across several product transitions. We have demand visibility for our new data center products ramping later in fiscal year 2025. We have increased our supply and capacity purchases with existing suppliers, added new vendors and entered into prepaid manufacturing and capacity agreements. These increased purchase volumes, the number of suppliers, and the integration of new vendors into our supply chain may create more complexity and execution risk. We may continue to enter into new supplier and capacity arrangements. Our purchase commitments and obligations for inventory and manufacturing capacity at the end of fiscal year 2024 were impacted by shortening lead times for certain components. Supply of Hopper architecture products is improving, and demand remains very strong. We expect our next-generation products to be supply-constrained based upon demand indications. We may incur inventory provisions or impairments if our inventory or supply or capacity commitments exceed demand for our products or demand declines.

Our customer orders and longer-term demand estimates may change or may not be correct, as we have experienced in the past. Product transitions are complex and can impact our revenue as we often ship both new and prior architecture products simultaneously and we and our channel partners prepare to ship and support new products. Due to our product introduction cycles, we are almost always in various stages of transitioning the architecture of our Data Center, Professional Visualization, and Gaming products. We will have a broader and faster Data Center product launch cadence to meet a growing and diverse set of AI opportunities. The increased frequency of these transitions may magnify the challenges associated with managing our supply and demand due to long manufacturing lead times. Qualification time for new products, customers anticipating product transitions and channel partners reducing channel inventory of prior architectures ahead of new product introductions can create reductions or volatility in our revenue. We have experienced and may in the future experience reduced demand for current generation architectures when customers anticipate

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transitions, and we may be unable to sell multiple product architectures at the same time for current and future architecture transitions. If we are unable to execute our architectural transitions as planned for any reason, our financial results may be negatively impacted. The increasing frequency and complexity of newly introduced products may result in unanticipated quality or production issues that could increase the magnitude of inventory provisions, warranty or other costs or result in product delays. Deployment of new products to customers creates additional challenges due to the complexity of our technologies, which has impacted and may in the future impact the timing of customer purchases or otherwise impact our demand. While we have managed prior product transitions and have previously 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 we may incur additional costs.

Many end customers often do not purchase directly from us but instead purchase indirectly through multiple OEMs, ODMs, system integrators, distributors, and other channel partners. As a result, the decisions made by our multiple OEMs, ODMs, system integrators, distributors, and other channel partners, and in response to changing market conditions and changes in end-user demand for our products, have impacted and could in the future continue to impact our ability to properly forecast demand, particularly as they are based on estimates provided by various downstream parties.

If we underestimate our customers' future demand for our products, our foundry partners may not have adequate lead-time or capacity to increase production and we may not be able to obtain sufficient inventory to fill orders on a timely basis. Even if we are able to increase supply to meet customer demand, we may not be able to do so in a timely manner, or our contract manufacturers may experience supply constraints. If we cannot procure sufficient supply to meet demand or otherwise fail to fulfill our customers orders on a timely basis, or at all, our customer relationships could be damaged, we could lose revenue and market share and our reputation could be harmed. Additionally, since some of our products are part of a complex data center buildout, supply constraints or availability issues with respect to any one component have had and may have a broader revenue impact.

If we overestimate our customers future demand for our products, or if customers cancel or defer orders or choose to purchase from our competitors, we may not be able to reduce our inventory or other contractual purchase commitments. In the past, we have experienced a reduction in average selling prices, including due to channel pricing programs that we have implemented and may continue to implement, as a result of our overestimation of future demand, and we may need to continue these reductions. We have had to increase prices for certain of our products as a result of our suppliers increase in prices, and we may need to continue to do so for other products in the future. We have also written down our inventory, incurred cancellation penalties, and recorded impairments and may have to do so in the future. These impacts were amplified by our placement of non-cancellable and non-returnable purchasing terms well in advance of our historical lead times and could be exacerbated if we need to make changes to the design of future products. The risk of these impacts has increased and may continue to increase as our purchase obligations and prepaids have grown and are expected to continue to grow and become a greater portion of our total supply. All of these factors may negatively impact our gross margins and financial results.

We build technology and introduce products for new and innovative use cases and applications, such as NVIDIA DGX Cloud services, NVIDIA AI Foundations, Omniverse platform, LLMs, and generative AI models. Our demand estimates for new use cases, applications, and services can be incorrect and create volatility in our revenue or supply levels, and we may not be able to generate significant revenue from these use cases, applications, and services. Recent technologies, such as generative AI models, have emerged, and while they have driven increased demand for Data Center, the long-term trajectory is unknown. Because our products may be used in multiple use cases and applications, it is difficult for us to estimate with any reasonable degree of precision the impact of generative AI models on our reported revenue or forecasted demand. Additionally, we started shipping our CPU product offerings, the Grace CPU and Grace Hopper Superchips, in the third quarter of fiscal year 2024. Our ability to adequately predict our CPU demand may create volatility in our revenue or supply levels.

Challenges in estimating demand could become more pronounced or volatile in the future on both a global and regional basis. Extended lead times may occur if we experience other supply constraints caused by natural disasters, pandemics or other events. In addition, geopolitical tensions, such as those involving Taiwan and China, which comprise a significant portion of our revenue and where we have suppliers, contract manufacturers, and assembly partners who are critical to our supply continuity, could have a material adverse impact on us.

The use of our GPUs other than that for which they were designed and marketed, including new and unexpected use cases, has impacted and can in the future impact demand for our products, including by leading to inconsistent spikes and drops in demand. For example, several years ago, our Gaming GPUs began to be used for mining digital currencies, such as Ethereum. It is difficult for us to estimate with any reasonable degree of precision the past or current impact of cryptocurrency mining, or forecast the future impact of cryptocurrency mining, on demand for our products. Volatility in the cryptocurrency market, including new compute technologies, price changes in cryptocurrencies, government cryptocurrency policies and regulations, new cryptocurrency standards and changes in the method of verifying blockchain transactions, has impacted and can in the future impact cryptocurrency mining and demand for our products and can further impact our ability to estimate demand for our products. Changes to cryptocurrency standards and processes including, but not limited to, the Ethereum 2.0 merge in 2022, have reduced and may in the future decrease the usage of GPUs for Ethereum mining. This has created and may in the future create increased aftermarket sales of our

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GPUs

GPUs, which could negatively impact retail prices for our GPUs and reduce demand for our new GPUs. In general, our new products or previously sold products may be resold online or on the unauthorized gray market, which also makes demand forecasting difficult. Gray market products and reseller marketplaces compete with our new products and distribution channels.

Accelerated Computing Applications

Additionally, we depend on developers, customers and other third parties to build, enhance, and maintain accelerated computing applications that leverage our platforms. We also rely on third-party content providers and publishers to make their content available on our platforms, such as GeForce NOW. Failure by developers, customers, and other third parties to build, enhance, and maintain applications that leverage our platforms, or failure by third-party content providers or publishers to make their content available on reasonable terms or at all for use by our customers or end users on our platforms, could adversely affect customer demand.

Dependency on Third-Party Suppliers

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.

Risks in Supply Chain

We depend on foundries to manufacture our semiconductor wafers using their fabrication equipment and techniques. We do not assemble, test, or package our products, but instead contract with independent subcontractors. These subcontractors assist with procuring components used in our systems, boards, and products. We face several risks which have adversely affected or could adversely affect our ability to meet customer demand and scale our supply chain, negatively impact longer-term demand for our products and services, and adversely affect our business operations, gross margin, revenue and/or financial results, including:

|Risks|Impacts|

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|lack of guaranteed supply of wafer, component and capacity or decommitment and potential higher wafer and component prices, from incorrectly estimating demand and failing to place orders with our suppliers with sufficient quantities or in a timely manner;| |

|failure by our foundries or contract manufacturers to procure raw materials or provide adequate levels of manufacturing or test capacity for our products;| |

|failure by our foundries to develop, obtain or successfully implement high quality process technologies, including transitions to smaller geometry process technologies such as advanced process node technologies and memory designs needed to manufacture our products;| |

|failure by our suppliers to comply with our policies and expectations and emerging regulatory requirements;| |

|limited number and geographic concentration of global suppliers, foundries, contract manufacturers, assembly and test providers and memory manufacturers;| |

|loss of a supplier and additional expense and/or production delays as a result of qualifying a new foundry or subcontractor and commencing volume production or testing in the event of a loss, addition or change of a supplier;| |

|lack of direct control over product quantity, quality and delivery schedules;| |

|suppliers or their suppliers failing to supply high quality products and/or making changes to their products without our qualification;| |

|delays in product shipments, shortages, a decrease in product quality and/or higher expenses in the event our subcontractors or foundries prioritize our competitors or other customers orders over ours;| |

|requirements to place orders that are not cancellable upon changes in demand or requirements to prepay for supply in advance;| |

|low manufacturing yields resulting from a failure in our product design or a foundrys proprietary process technology; and| |

|disruptions in manufacturing, assembly and other processes due to closures related to heat waves,

earthquakes, fires, or other natural disasters and electricity conservation efforts.| |

Product Defects

Defects in our products have caused and could cause us to incur significant expenses to remediate, which can damage our reputation and cause us to lose market share.

Complexity and Risks

Our hardware and software product and service offerings are complex. They have in the past and may in the future contain defects or security vulnerabilities or experience failures or unsatisfactory performance due to any number of issues in design, fabrication, packaging, materials, bugs and/or use within a system. These risks may increase as our products are introduced into new devices, markets, technologies and applications or as new versions are released. These risks further increase when we rely on partners to supply and manufacture components that are used in our products, as these arrangements reduce our direct control over production. AI software products we or our partners offer rely on

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Risks Related to Product Defects and Errors

Training data that may originate from third parties and new training methods, and the resulting products may contain unknown or undetected defects and errors, or reflect unintended bias. Although arrangements with component providers may contain provisions for product defect expense reimbursement, we generally remain responsible to the customer for warranty product defects that may occur from time to time. Some failures in our products or services have been in the past and may in the future be only discovered after a product or service has been shipped or used. Undiscovered vulnerabilities in our products or services could result in loss of data or intangible property, or expose our customers to unscrupulous third parties who develop and deploy malicious software programs that could attack our products or services. Defects or failure of our offerings to perform to specifications could lead to substantial damage to the products in which our offerings have been integrated by OEMs, ODMs, AIBs and automotive manufacturers and tier 1 automotive suppliers, and to the user of such end product. Any such defect may cause us to incur significant warranty, support and repair or replacement costs as part of a product recall or otherwise, write-off the value of related inventory, and divert the attention of our engineering and management personnel from our product development efforts to find and correct the issue. Our efforts to remedy these issues may not be timely or satisfactory to our customers. An error or defect in new products, releases or related software drivers after commencement of commercial shipments could result in failure to achieve market acceptance, loss of design wins, temporary or permanent withdrawal from a product or market and harm to our relationships with existing and prospective customers and partners and consumers perceptions of our brand, which would in turn negatively impact our business operations, gross margin, revenue and/or financial results. We may be required to reimburse our customers, partners or consumers, including for costs to repair or replace products in the field or in connection with indemnification obligations, or pay fines imposed by regulatory agencies.

Example of Defect Impact

For example, in fiscal year 2023, a defect was identified in a third-party component embedded in certain Data Center products. This defect has had, and other defects may in the future have, an adverse effect on our cost and supply of components and finished goods. These costs could be significant in future periods. We recorded a net warranty liability during fiscal year 2023 primarily in connection with this defect. While we believe we have accurately recorded for warranty obligations, we may need to record additional amounts in the future if our estimate proves to be incorrect. In general, if a product liability claim regarding any of our products is brought against us, even if the alleged damage is due to the actions or inactions of a third party, such as within our supply chain, the cost of defending the claim could be significant and would divert the efforts of our technical and management personnel and harm our business. Further, our business liability insurance may be inadequate or future coverage may be unavailable on acceptable terms, which could adversely impact our financial results.

Risks Related to Our Global Operating Business

Adverse economic conditions may harm our business. Economic and industry uncertainty or changes, including recession or slowing growth, inflation, changes or uncertainty in fiscal, monetary or trade policy, disruptions to capital markets and the banking system, currency fluctuations, higher interest rates, tighter credit, lower capital expenditures by businesses, including on IT infrastructure, increases in unemployment, labor shortages, and lower consumer confidence and spending, global supply chain constraints and global economic and geopolitical developments have in the past and/or could in the future have adverse, wide-ranging effects on our business and financial results, including:

Effects of Economic Conditions	Impact on Business
Increased costs for wafers, components, logistics, and other supply chain expenses	Negatively impacted gross margin in the past and may do so in the future
Increased supply, employee, facilities and infrastructure costs and volatility in the financial markets	Reduced and may in the future reduce margins
Decrease in demand for products, services, and technologies	Could lead to reduced profitability
Inability of suppliers to deliver on commitments	May disrupt supply chain
Insolvency of key suppliers, distributors, customers, or other third parties	Could impact business operations

|Increased credit and collectability risks, higher borrowing costs|Could lead to reduced liquidity and financial impacts|

Adverse developments affecting financial institutions, such as bank failures or instability, or concerns or speculation about similar events or risks, could lead to market-wide liquidity problems and other disruptions, which could impact our customers ability to fulfill their payment obligations to us, our vendors ability to fulfill their contractual obligations to us, or our ability to fulfill our own obligations.

Additionally, we maintain an investment portfolio of various holdings, types, and maturities. These investments are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by market downturns or events that affect global financial markets, as described above. A majority of our investment portfolio comprises USG securities. A decline in global financial markets for long periods or a downgrade of the USG credit rating due to an actual or threatened default on government debt could result in higher interest rates, a decline in the value of the U.S. dollar, reduced market liquidity or other adverse conditions. These factors could cause an unrealized or realized loss position in our investments or require us to record impairment charges.

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

We sell our products internationally, and we also have operations and conduct business internationally. Our semiconductor wafers are manufactured, assembled, tested and packaged by third parties located outside of the United States, and we generated 56% of our revenue in fiscal year 2024 from sales outside of the United States. Our sales to China decreased as a percentage of total Data Center revenue from 19% in fiscal year 2023 to 14% in fiscal year 2024. Although we have not received licenses from the USG to ship restricted products to China, we have started to ship alternatives to the China market in small volumes. China represented a mid-single digit percentage of our Data Center revenue in the fourth quarter of fiscal year 2024 due to USG licensing requirements and we expect China to be in a similar range in the first quarter of fiscal year 2025. The global nature of our business subjects us to a number of risks and uncertainties, which have had in the past and could in the future have a material adverse effect on our business, financial condition and results of operations. These include domestic and international economic and political conditions in countries in which we and our suppliers and manufacturers do business, government lockdowns to control case spread of global or local health issues, differing legal standards with respect to protection of IP and employment practices, different domestic and international business and cultural practices, disruptions to capital markets, counter-inflation policies, currency fluctuations, natural disasters, acts of war or other military actions, terrorism, public health issues and other catastrophic events.

Product, system security, and data protection breaches, as well as cyber-attacks, could disrupt our operations, reduce our expected revenue, increase our expenses, and significantly harm our business and reputation.

Security breaches, computer malware, social-engineering attacks, denial-of-service attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, and other cyber-attacks are becoming increasingly sophisticated, making it more difficult to successfully detect, defend against them or implement adequate preventative measures.

Cyber-attacks, including ransomware attacks by organized criminal threat actors, nation-states, and nation-state-supported actors, may become more prevalent and severe. Our ability to recover from ransomware attacks may be limited if our backups have been affected by the attack, or if restoring from backups is delayed or not feasible.

Individuals, groups of hackers and sophisticated organizations, including nation-states and nation-state-supported actors, and other threat actors have engaged and are expected to continue to engage in cyber-attacks. Additionally, some actors are using AI technology to launch more automated, targeted and coordinated attacks. Due to geopolitical conflicts and during times of war or other major conflicts, we and the third parties we rely upon may be vulnerable to a heightened risk of cyber-attacks that could materially disrupt our ability to provide services and products. We may also face cybersecurity threats due to error or intentional misconduct by employees, contractors or other third-party service providers. Certain aspects of effective cybersecurity are dependent upon our employees, contractors and/or other third-party service providers safeguarding our sensitive information and adhering to our security policies and access control mechanisms. We have in the past experienced, and may in the future experience, security incidents arising from a failure to properly handle sensitive information or adhere to our security policies and access control mechanisms and, although no such events have had a material adverse effect on our business, there can be no assurance that an insider threat will not result in an incident that is material to us. Furthermore, we rely on products and services provided by third-party suppliers to operate certain critical business systems, including without limitation, cloud-based infrastructure, encryption and authentication technology, employee email and other functions, which exposes us to supply-chain attacks or other business disruptions. We cannot guarantee that third parties and infrastructure in our supply chain or our partners supply chains have not been compromised or that they do not contain exploitable vulnerabilities, defects or bugs that could result in a breach of or disruption to our information technology systems, including our products and services, or the third-party information technology systems that support our services. We may also incorporate third-party data into our AI algorithms or use open-source datasets to train our algorithms. These datasets may be flawed, insufficient, or contain certain biased information, and may otherwise be vulnerable to security incidents. We may have limited insight into the data privacy or security practices of third-party suppliers, including for our AI algorithms. Our ability to monitor these third parties information security practices is limited, and they may not have adequate information security measures in place. In addition, if one of our third-party suppliers suffers a security incident (which has happened in the

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To defend against security incidents, we must continuously engineer more secure products and enhance security and reliability features, which is expected to result in increased expenses. We must also continue to develop our security measures, including training programs and security awareness initiatives, designed to ensure our suppliers have appropriate security measures in place, and continue to meet the evolving security requirements of our customers, applicable industry standards, and government regulations. While we invest in training programs and security awareness initiatives and take steps to detect and remediate certain vulnerabilities that we have identified, we may not always be able to prevent threats or detect and mitigate all vulnerabilities in our security controls, systems or software, including third-party software we have installed, as such threats and techniques change frequently and may not be detected until after a security incident has occurred. Further, we may experience delays in developing and deploying remedial measures designed to address identified vulnerabilities. These vulnerabilities could result in reputational and financial harm, and if exploited, these vulnerabilities could result in a security incident.

We hold confidential, sensitive, personal and proprietary information, including information from partners and customers. Breaches of our security measures, along with reported or perceived vulnerabilities or unapproved dissemination of proprietary information or sensitive or confidential data about us or third parties, could expose us and the parties affected to a risk of loss, or misuse of this information, potentially resulting in litigation and subsequent liability, regulatory inquiries or actions, damage to our brand and reputation or other harm, including financial, to our business. For example, we hold proprietary game source code from third-party partners in our GFN service. Breaches of our GFN security measures, which have happened in the past, could expose our partners to a risk of loss or misuse of this source code, damage both us and our partners, and expose NVIDIA to potential litigation and liability. If we or a third party we rely on experience a security incident, which has occurred in the past, or are perceived to have experienced a security incident, we may experience adverse consequences, including government enforcement actions, additional reporting requirements and/or oversight, restrictions on processing data, litigation, indemnification obligations, reputational harm, diversion of funds, diversion of management attention, financial loss, loss of data, material disruptions in our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services, and other similar harms. Inability to fulfill orders, delayed sales, lower margins or lost customers as a result of these disruptions could adversely affect our financial results, stock price and reputation. Applicable data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators and investors, of security incidents, and mandatory disclosure of such incidents could lead to negative publicity. In addition to experiencing a security incident, third parties may gather, collect or infer sensitive information about us from public sources, data brokers or other means that reveals competitively sensitive details about our organization and could be used to harm our business.

Business disruptions could harm our operations, lead to a decline in revenue and increase our costs.

Our worldwide operations could be disrupted by natural disasters and extreme weather conditions, power or water shortages, telecommunications failures, supplier disruptions, terrorist attacks, acts of violence, political and/or civil unrest, acts of war or other military actions, epidemics or pandemics, abrupt regulatory deterioration, and other natural or man-made disasters and catastrophic events. Our corporate headquarters, a large portion of our current data center capacity, and a portion of our research and development activities are located in California, and other critical business operations, finished goods inventory and some of our suppliers are located in Asia, making our operations vulnerable to natural disasters such as earthquakes, wildfires or other business disruptions occurring in these geographical areas. Catastrophic events can also have an impact on third-party vendors who provide us critical infrastructure services for IT and research and development systems and personnel. Our business continuity and disaster recovery planning may not be sufficient for all eventualities. Geopolitical and domestic political developments and other events beyond our control, can increase economic volatility globally. Political instability, changes in government or adverse political developments in or around any of the major countries in which we do business may harm our business, financial condition and results of operations. Worldwide geopolitical tensions and conflicts, including but not limited to China, Hong Kong, Israel, Korea and Taiwan where the manufacture of our product components and final assembly of our products are concentrated may result in changing regulatory requirements, and other disruptions that could impact our operations and operating strategies, product demand, access to global markets, hiring, and profitability. For example, other countries have restricted and may continue in the future to restrict business with the State of Israel, where we have engineering, sales support operations and manufacturing, and companies with Israeli operations, including by economic boycotts. Our operations could be harmed and our costs could increase if manufacturing, logistics or other operations are disrupted for any reason, including natural disasters, high heat events or water shortages, power shortages, information technology system failures or cyber-attacks, military actions or economic, business, labor, environmental, public health, or political issues. The ultimate impact on us, our third-party foundries and other suppliers of being located and consolidated in certain geographical areas is unknown. In the event a disaster, war or catastrophic event affects us, the third-party systems on which we rely, or our customers, our business could be harmed as a result of declines in revenue, increases in expenses, and substantial expenditures and time spent to fully resume operations. All of these risks and conditions could materially adversely affect our future sales and operating results.

We are monitoring the impact of the geopolitical conflict in and around Israel on our operations

including the health and safety of our approximately 3,700 employees in the region who primarily support the research and development, operations, and sales and marketing of our networking products. Our operating expenses in fiscal year 2024 include expenses for financial support to impacted employees and charitable activity. We believe our global supply chain for our networking products has not experienced any significant impact. Further, in connection with the conflict, a substantial number of our employees in the region have been called-up for active military duty in Israel. Accordingly, some of our employees in Israel have been absent for an extended period and they or others may continue to be absent, which may cause disruption to our product development or operations. We did not experience any significant impact or expense to our business; however, if the conflict is further extended, it could impact future product development, operations, and revenue or create other uncertainty for our business.

Interruptions or delays in services from CSPs, data center co-location partners, and other third parties

on which we rely, including due to the events described above or other events such as the insolvency of these parties, could impair our ability to provide our products and services and harm our business. As we increase our reliance on these third-party systems and services, our exposure to damage from service interruptions, defects, disruptions, outages, shortages and other performance and quality problems may increase. Data centers depend on access to clean water and predictable energy. Power or water shortages, or regulations that limit energy or water availability, could impair the ability of our customers to expand their data center capacity and consume our products and services.

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

Climate change may have an increasingly adverse impact on our business and on our customers, partners and vendors. Water and energy availability and reliability in the regions where we conduct business is critical, and certain of our facilities may be vulnerable to the impacts of extreme weather events. Extreme heat and wind coupled with dry conditions in Northern California may lead to power safety shut offs due to wildfire risk, which can have adverse implications for our Santa Clara, California headquarter offices and data centers, including impairing the ability of our employees to work effectively. Climate change, its impact on our supply chain and critical infrastructure worldwide and its potential to increase political instability in regions where we, our customers, partners and our vendors do business, may disrupt our business and cause us to experience higher attrition, losses and costs to maintain or resume operations. Although we maintain insurance coverage for a variety of property, casualty, and other risks, the types and amounts of insurance we obtain vary depending on availability and cost. Some of our policies have large deductibles and broad exclusions, and our insurance providers may be unable or unwilling to pay a claim. Losses not covered by insurance may be large, which could harm our results of operations and financial condition.

Our business and those of our suppliers and customers may also be subject to climate-related laws, regulations and lawsuits

New or proposed regulations relating to carbon taxes, fuel or energy taxes, pollution limits, sustainability-related disclosure and governance and supply chain governance could result in greater direct costs, including costs associated with changes to manufacturing processes or the procurement of raw materials used in manufacturing processes, increased capital expenditures to improve facilities and equipment, and higher compliance and energy costs to reduce emissions, other compliance costs, as well as greater indirect costs resulting from our customers and/or suppliers incurring additional compliance costs that are passed on to us. These costs and restrictions could harm our business and results of operations by increasing our expenses or requiring us to alter our operations and product design activities.

Stakeholder groups may find us insufficiently responsive to the implications of climate change

and therefore we may face legal action or reputational harm. We may not achieve our stated sustainability-related goals, which could harm our reputation, or we may incur additional, unexpected costs to achieve such goals. We may also experience contractual disputes due to supply chain delays arising from climate change-related disruptions, which could result in increased litigation and costs.

We also face risks related to business trends that may be influenced by climate change concerns

Our business could be negatively impacted by concerns around the high absolute energy requirements of our GPUs, despite their much more energy efficient design and operation relative to alternative computing platforms.

We may not be able to realize the potential benefits of business investments or acquisitions

and we may not be able to successfully integrate acquired companies, which could hurt our ability to grow our business, develop new products or sell our products.

We have acquired and invested and may continue to do so in businesses that offer products, services and technologies

that we believe will help expand or enhance our strategic objectives. Acquisitions or investments involve significant challenges and risks and could impair our ability to grow our business, develop new products or sell our products and ultimately could have a negative impact on our financial results. If we pursue a particular transaction, we may limit our ability to enter into other transactions that could help us achieve our other strategic objectives. If we are unable to timely complete acquisitions, including due to delays and challenges in obtaining regulatory approvals, we may be unable to pursue other transactions, we may not be able to retain critical talent from the target company, technology may evolve and make the acquisition less attractive, and other changes can take place, which could reduce the anticipated benefits of the transaction and negatively impact our business. Regulators could also impose conditions that reduce the ultimate value of our acquisitions. In addition, to the extent that our perceived ability to consummate acquisitions has been

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Additional Risks Related to Acquisitions

Additional risks related to acquisitions include, but are not limited to:difficulty in integrating the technology, systems, products, policies, processes, or operations and integrating and retaining the employees, including key personnel, of the acquired business;assumption of liabilities and incurring amortization expenses, impairment charges to goodwill or write-downs of acquired assets;integrating accounting, forecasting and controls, procedures and reporting cycles;coordinating and integrating operations, particularly in countries in which we do not currently operate;stock price impact, fines, fees or reputation harm if we are unable to obtain regulatory approval for an acquisition or are otherwise unable to close an acquisition;potential issuances of debt to finance our acquisitions, resulting in increased debt, increased interest expense, and compliance with debt covenants or other restrictions;the potential for our acquisitions to result in dilutive issuances of our equity securities;the potential variability of the amount and form of any performance-based consideration;negative changes in general economic conditions in the regions or the industries in which we or our target operate;exposure to additional cybersecurity risks and vulnerabilities; andimpairment of relationships with, or loss of our or our targets employees, vendors and customers.

For example, when integrating acquisition target systems into our own, we have experienced and may continue to experience challenges including lengthy and costly systems integration, delays in purchasing and shipping products, difficulties with system integration via electronic data interchange and other processes with our key suppliers and customers, and training and change management needs of integration personnel. These challenges have impacted our results of operations and may continue to do so in the future.

We receive a significant amount of our revenue from a limited number of partners and distributors and we have a concentration of sales to customers who purchase directly or indirectly from us, and our revenue could be adversely affected if we lose or are prevented from selling to any of these customers.

We receive a significant amount of our revenue from a limited number of customers within our distribution and partner network. Sales to one customer, Customer A, represented 13% of total revenue for fiscal year 2024, which was attributable to the Compute & Networking segment. With several of these channel partners, we are selling multiple products and systems in our portfolio through their channels. Our operating results depend on sales within our partner network, as well as the ability of these partners to sell products that incorporate our processors. In the future, these partners may decide to purchase fewer products, not to incorporate our products into their ecosystem, or to alter their purchasing patterns in some other way. Because most of our sales are made on a purchase order basis, our customers can generally cancel, change or delay product purchase commitments with little notice to us and without penalty. Our partners or customers may develop their own solutions; our customers may purchase products from our competitors; and our partners may discontinue sales or lose market share in the markets for which they purchase our products, all of which may alter partners or customers purchasing patterns. Many of our customers often do not purchase directly from us but purchase through multiple OEMs, ODMs, system integrators, distributors and other channel partners. One indirect customer which primarily purchases our products through system integrators and distributors, including through Customer A, is estimated to have represented approximately 19% of total revenue for fiscal year 2024, attributable to the

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Compute & Networking segment. If end demand increases or our finished goods supply availability is concentrated near a quarter end, the system integrators, distributors and channel partners may have limited ability to increase their credit, which could impact the timing and amount of our revenue. The loss of any of our large customers, a significant reduction in purchases by them, our inability to sell to a customer due to U.S. or other countries trade restrictions or any difficulties in collecting accounts receivable would likely harm our financial condition and results of operations.

If we are unable to attract, retain and motivate our executives and key employees, our business may be harmed.

To be competitive and execute our business strategy successfully, we must attract, retain and motivate our executives and key employees and recruit and develop capable and diverse talent. Labor is subject to external factors that are beyond our control, including our industrys highly competitive market for skilled workers and leaders, cost inflation and workforce participation rates. Changes in immigration and work permit regulations or in their administration or interpretation could impair our ability to attract and retain qualified employees. Competition for personnel results in increased costs in the form of cash and stock-based compensation, and in times of stock price volatility, as we have experienced in the past and may experience in the future, the retentive value of our stock-based compensation may decrease. Additionally, we are highly dependent on the services of our longstanding executive team. Failure to ensure effective succession planning, transfer of knowledge and smooth transitions involving executives and key employees could hinder our strategic planning and execution and long-term success.

Our business is dependent upon the proper functioning of our business processes and information systems and modification or interruption of such systems may disrupt our business, and internal controls.

We rely upon internal processes and information systems to support key business functions, including our assessment of internal controls over financial reporting as required by Section 404 of the Sarbanes-Oxley Act. The efficient operation and scalability of these processes and systems is critical to support our growth. We continue to design and implement updated accounting functionality related to a new enterprise resource planning, or ERP, system. Any ERP system implementation may introduce problems, such as quality issues or programming errors, that could have an impact on our continued ability to successfully operate our business or to timely and accurately report our financial results. These changes may be costly and disruptive to our operations and could impose substantial demands on management time. Failure to implement new or updated controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

Identification of material weaknesses in our internal controls, even if quickly remediated once disclosed, may cause investors to lose confidence in our financial statements and our stock price may decline. Remediation of any material weakness could require us to incur significant expenses, and if we fail to remediate any material weakness, our financial statements may be inaccurate, we may be required to restate our financial statements, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, our stock price may decline, and we may be subject to sanctions or investigation by regulatory authorities.

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.

Our operating results have in the past fluctuated and may continue to fluctuate due to numerous of these risk factors. Therefore, investors should not rely on our past results of operations as an indication of our future performance. Additional factors that could affect our results of operations include, but are not limited to:

- our ability to adjust spending due to the multi-year development cycle for some of our products and services;
- our ability to comply with our contractual obligations to customers;
- our extended payment term arrangements with certain customers, the inability of some customers to make required payments, our ability to obtain credit insurance for customers with extended payment terms, and customer bad debt write-offs;
- our vendors' payment requirements;
- unanticipated costs associated with environmental liabilities; and
- changes in financial accounting standards or interpretations of existing standards.

Any of the factors discussed above could prevent us from achieving our anticipated financial results. For example, we have granted and may continue to grant extended payment terms to some customers, particularly during macroeconomic downturns, which could impact our ability to collect payment. Our vendors have requested and may continue to ask for shorter payment terms, which may impact our cash flow generation. These arrangements reduce the cash we have available for general business operations. In addition, the pace of growth in our operating expenses and investments may lag our revenue growth, creating volatility or periods where profitability levels may not be sustainable. Failure to meet our expectations or the expectations of our investors or security analysts is likely to cause our stock price to decline, as it has in the past, or experience substantial price volatility.

Risks Related to Regulatory, Legal, Our Stock and Other Matters

Our operations could be affected by the complex laws, rules and regulations to which our business is subject, and political and other actions may adversely impact our business.

We are subject to laws and regulations domestically and worldwide, affecting our operations in areas including, but not limited to, IP ownership and infringement; taxes; import and export requirements and tariffs; anti-corruption, including the Foreign Corrupt Practices Act; business acquisitions; foreign exchange controls and cash repatriation restrictions; data privacy requirements; competition and antitrust; advertising; employment; product regulations; cybersecurity; environmental, health, and safety requirements; the responsible use of AI; sustainability; cryptocurrency; and consumer laws. Compliance with such requirements can be onerous and expensive, could impact our competitive position, and may negatively impact our business operations and ability to manufacture and ship our products. There can be no assurance that our employees, contractors, suppliers, customers or agents will not violate applicable laws or the policies, controls, and procedures that we have designed to help ensure compliance with such laws, and violations could result in fines, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business, and damage to our reputation. Changes to the laws, rules and regulations to which we are subject, or changes to their interpretation and enforcement, could lead to materially greater compliance and other costs and/or further restrictions on our ability to manufacture and supply our products and operate our business. For example, we may face increased compliance costs as a result of changes or increases in antitrust legislation, regulation, administrative rule making, increased focus from regulators on cybersecurity vulnerabilities and risks. Our position in markets relating to AI has led to increased interest in our business from regulators worldwide, including the European Union, the United States, the United Kingdom and China. For example, the French Competition Authority collected information from us regarding our business and competition in the graphics card and cloud service provider market as part of an ongoing inquiry into competition in those markets. We have also received requests for information from regulators in the European Union, the United Kingdom, and China regarding our sales of GPUs, our efforts to allocate supply, foundation models and our investments, partnerships and other agreements with companies developing foundation models, and we expect to receive additional requests for information in the future. Governments and regulators are considering imposing restrictions on the hardware, software, and systems used to develop frontier foundation models and generative AI. If implemented, such restrictions could increase the costs and burdens to us and our customers, delay or halt deployment of new systems using our products, and reduce the number of new entrants and customers, negatively impacting our business and financial results. Revisions to laws or regulations or their interpretation and enforcement could also result in increased taxation, trade sanctions, the imposition of or increase to import duties or tariffs, restrictions and controls on imports or exports, or other retaliatory actions, which could have an adverse effect on our business plans or impact the timing of our shipments. Additionally, changes in the public perception of governments in the regions where we operate or plan to operate could negatively impact our business and results of operations.

Government actions, including trade protection and national and economic security policies of U.S. and foreign government bodies, such as tariffs, import or export regulations, including deemed export restrictions and restrictions on the activities of U.S. persons, trade and economic sanctions, decrees, quotas or other trade barriers and restrictions could affect our ability to ship products, provide services to our customers and employees, do business without an export license with entities on the U.S. Department of Commerces U.S. Entity List or other USG restricted parties lists (which is expected to change from time to time), and generally fulfill our contractual obligations and have a material adverse effect on our business. If we were ever found to have violated export control laws or sanctions of the U.S. or similar applicable non-U.S. laws, even if the violation occurred without our knowledge, we may be subject to various penalties available under the laws, any of which could have a material and adverse impact on our business, operating results and financial condition.

For example, in response to the war in Ukraine, the United States and other jurisdictions imposed economic sanctions and export control measures which blocked the passage of our products, services and support into Russia, Belarus, and certain regions of Ukraine. In fiscal year 2023, we stopped direct sales to Russia and closed business operations in Russia. Concurrently, the war in Ukraine has impacted sales in EMEA and may continue to do so in the future.

The increasing focus on the risks and strategic importance of AI technologies has resulted in regulatory restrictions that target products and services capable of enabling or facilitating AI and may in the future result in additional restrictions impacting some or all of our product and service offerings.

Concerns regarding third-party use of AI for purposes contrary to local governmental interests, including concerns relating to the misuse of AI applications, models, and solutions, has resulted in and could in the future result in unilateral or multilateral restrictions on products that can be used for training, modifying, tuning, and deploying LLMs. Such restrictions have limited and could in the future limit the ability of downstream customers and users worldwide to acquire, deploy and use systems that include our products, software, and services, and negatively impact our business and financial results.

Such restrictions could include additional unilateral or multilateral export controls on certain products or technology, including but not limited to AI technologies. As geopolitical tensions have increased, semiconductors associated with AI, including GPUs and associated products, are increasingly the focus of export control restrictions proposed by stakeholders in the U.S. and its allies. The United States has imposed unilateral controls restricting GPUs and associated

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products

and it is likely that additional unilateral or multilateral controls will be adopted. Such controls have been and may again be very broad in scope and application, prohibit us from exporting our products to any or all customers in one or more markets, including but not limited to China, and could negatively impact our manufacturing, testing and warehousing locations and options, or could impose other conditions that limit our ability to serve demand abroad and could negatively and materially impact our business, revenue and financial results. Export controls targeting GPUs and semiconductors associated with AI, which have been imposed and are increasingly likely to be further tightened, would further restrict our ability to export our technology, products, or services even though competitors may not be subject to similar restrictions, creating a competitive disadvantage for us and negatively impacting our business and financial results. Export controls targeting GPUs and semiconductors associated with AI have subjected and may in the future subject downstream users of our products to additional restrictions on the use, resale, repair, or transfer of our products, negatively impacting our business and financial results. Controls could negatively impact our cost and/or ability to provide services such as NVIDIA AI cloud services and could impact the cost and/or ability for our cloud service providers and customers to provide services to their end customers, even outside China.

Export controls could disrupt our supply chain and distribution channels, negatively impacting our ability to serve demand, including in markets outside China and for our gaming products. The possibility of additional export controls has negatively impacted and may in the future negatively impact demand for our products, benefiting competitors that offer alternatives less likely to be restricted by further controls. Repeated changes in the export control rules are likely to impose compliance burdens on our business and our customers, negatively and materially impacting our business.

Increasing use of economic sanctions and export controls has impacted and may in the future impact demand for our products or services, negatively impacting our business and financial results. Reduced demand due to export controls could also lead to excess inventory or cause us to incur related supply charges. Additional unilateral or multilateral controls are also likely to include deemed export control limitations that negatively impact the ability of our research and development teams to execute our roadmap or other objectives in a timely manner. Additional export restrictions may not only impact our ability to serve overseas markets, but also provoke responses from foreign governments, including China, that negatively impact our supply chain or our ability to provide our products and services to customers in all markets worldwide, which could also substantially reduce our revenue. Regulators in China have inquired about our sales and efforts to supply the China market and our fulfillment of the commitments we entered at the close of our Mellanox acquisition. If the regulators conclude that we have failed to fulfill such commitments or we have violated any applicable law in China, we could be subject to various penalties or restrictions on our ability to conduct our business, any of which could have a material and adverse impact on our business, operating results and financial condition.

During the third quarter of fiscal year 2023, the USG announced export restrictions and export licensing requirements targeting Chinas semiconductor and supercomputing industries. These restrictions impact exports of certain chips, as well as software, hardware, equipment and technology used to develop, produce and manufacture certain chips to China (including Hong Kong and Macau) and Russia, and specifically impact our A100 and H100 integrated circuits, DGX or any other systems or boards which incorporate A100 or H100 integrated circuits. The licensing requirements also apply to any future NVIDIA integrated circuit achieving certain peak performance and chip-to-chip I/O performance thresholds, as well as any system or board that includes those circuits. There are also now licensing requirements to export a wide array of products, including networking products, destined for certain end users and for certain end uses in China. During the second quarter of fiscal year 2024, the USG also 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 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. We have not received licenses to ship these restricted products to China.

Following these export controls, we transitioned some operations, including certain testing, validation, and supply and distribution operations out of China and Hong Kong. Any future transitions could be costly and time consuming, and adversely affect our research and development and supply and distribution operations, as well as our revenue, during any such transition period. We are working to expand 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. To the extent that a customer requires products covered by the licensing requirements, we may seek a license for the customer. However, the licensing process is time-consuming. We 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. Even if a license is offered, it may impose burdensome conditions that we or our customer or end users cannot or decide not to accept. The USG is evaluating license requests in a closed process that does not have clear standards or an opportunity for review. For example, the Notified Advanced Computing, or NAC, process has not resulted in approvals for exports of products to customers in China. The license process for exports to D1 and D4 countries has been time-consuming and resulted in license conditions for countries outside China. The requirements have a disproportionate impact on NVIDIA and already have disadvantaged and may in the future

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disadvantage NVIDIA against certain of our competitors who sell products that are not subject to the new restrictions or may be able to acquire licenses for their products.

Management of these new licenses and other requirements is complicated and time consuming. Our competitive position has been harmed, and our competitive position and future results may be further harmed, over the long-term, if there are further changes in the USGs export controls, including further expansion of the geographic, customer, or product scope of the controls, if customers purchase product from competitors, if customers develop their own internal solution, if we are unable to provide contractual warranty or other extended service obligations, if the USG does not grant licenses in a timely manner or denies licenses to significant customers or if we incur significant transition costs. Even if the USG grants any requested licenses, the licenses may be temporary or impose burdensome conditions that we or our customers or end users cannot or choose not to fulfill. The licensing requirements may benefit certain of our competitors, as the licensing process will make our pre-sale and post-sale technical support efforts more cumbersome and less certain and encourage customers in China to pursue alternatives to our products, including semiconductor suppliers based in China, Europe, and Israel.

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 impacted markets, including the Middle East. For example, the USG has already imposed conditions to limit the ability of foreign firms to create and offer as a service large-scale GPU clusters, for example by imposing license conditions on the use of products to be exported to certain countries, or by requiring chip tracking and throttling mechanisms that would disable or impair GPUs if certain system or use conditions are detected. The USG has already imposed export controls restricting certain gaming GPUs, and if the USG expands such controls to restrict additional gaming products, it may disrupt a significant portion of our supply and distribution chain and negatively impact sales of such products to markets outside China, including the U.S. and Europe. Export controls may disrupt our supply and distribution chain for a substantial portion of our products, which are warehoused in and distributed from Hong Kong. Export controls restricting our ability to sell datacenter GPUs may also negatively impact demand for our networking products used in servers containing our GPUs. The USG may also impose export controls on our networking products, such as high-speed network interconnects, to limit the ability of downstream parties to create large clusters for frontier model training. Any new control that impacts a wider range of our products would likely have a disproportionate impact on NVIDIA and may disadvantage us against certain of our competitors that sell chips that are outside the scope of such control. Excessive or shifting export controls have already and may in the future encourage customers outside China and other impacted regions to design-out certain U.S. semiconductors from their products to reduce the compliance burden and risk, and to ensure that they are able to serve markets worldwide. Excessive or shifting export controls have already encouraged and may in the future encourage overseas governments to request that our customers purchase from our competitors rather than NVIDIA or other U.S. firms, harming our business, market position, and financial results. As a result, excessive or shifting export controls may negatively impact demand for our products and services not only in China, but also in other markets, such as Europe, Latin America, and Southeast Asia. Excessive or shifting export controls increase the risk of investing in U.S. advanced semiconductor products, because by the time a new product is ready for market, it may be subject to new unilateral export controls restricting its sale. At the same time, such controls may increase investment in foreign competitors, which would be less likely to be restricted by U.S. controls.

Additionally, restrictions imposed by the Chinese government on the duration of gaming activities and access to games may adversely affect our Gaming revenue, and increased oversight of digital platform companies may adversely affect our Data Center revenue. The Chinese government may impose restrictions on the sale to certain customers of our products, or any products containing components made by our partners and suppliers. For example, the Chinese government announced restrictions relating to certain sales of products containing certain products made by Micron, a supplier of ours. Further restrictions on our products or the products of our suppliers could negatively impact our business and financial results.

Finally, our business depends on our ability to receive consistent and reliable supply from our overseas partners, especially in Taiwan. Any new restrictions that negatively impact our ability to receive supply of components, parts, or services from Taiwan, would negatively impact our business and financial results.

Increased scrutiny from shareholders, regulators and others regarding our corporate sustainability practices could result in additional costs or risks and adversely impact our reputation and willingness of customers and suppliers to do business with us.

Shareholder advocacy groups, certain investment funds, other market participants, shareholders, customers and government regulators have focused increasingly on corporate sustainability practices and disclosures, including those associated with climate change and human rights. Stakeholders may not be satisfied with our corporate sustainability practices and goals or the speed of their adoption. Further, there is an increasing number of state-level initiatives in the U.S. that may conflict with other regulatory requirements or our various stakeholders expectations. Additionally, our corporate sustainability practices, oversight of our practices or disclosure controls may not meet evolving shareholder.

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regulator or other industry stakeholder expectations, or we may fail to meet corporate sustainability disclosure or reporting standards. We could also incur additional costs and require additional resources to monitor, report, and comply with various corporate sustainability practices, choose not to conduct business with potential customers, or discontinue or not expand business with existing customers due to our policies. These factors may negatively harm our brand, reputation and business activities or expose us to liability.

Issues relating to the responsible use of our technologies, including AI in our offerings, may result in reputational or financial harm and liability. Concerns relating to the responsible use of new and evolving technologies, such as AI, in our products and services may result in reputational or financial harm and liability and may cause us to incur costs to resolve such issues. We are increasingly building AI capabilities and protections into many of our products and services, and we also offer stand-alone AI applications. AI poses emerging legal, social, and ethical issues and presents risks and challenges that could affect its adoption, and therefore our business. If we enable or offer solutions that draw controversy due to their perceived or actual impact on society, such as AI solutions that have unintended consequences, infringe copyright or rights of publicity, or are controversial because of their impact on human rights, privacy, employment or other social, economic or political issues, or if we are unable to develop effective internal policies and frameworks relating to the responsible development and use of AI models and systems offered through our sales channels, we may experience brand or reputational harm, competitive harm or legal liability. Complying with multiple regulations from different jurisdictions related to AI could increase our cost of doing business, may change the way that we operate in certain jurisdictions, or may impede our ability to offer certain products and services in certain jurisdictions if we are unable to comply with regulations. Compliance with existing and proposed government regulation of AI, including in jurisdictions such as the European Union as well as under any U.S. regulation adopted in response to the Biden administrations Executive Order on AI, may also increase the cost of related research and development, and create additional reporting and/or transparency requirements. For example, regulation adopted in response to the Executive Order on AI could require us to notify the USG of certain safety test results and other information. Furthermore, changes in AI-related regulation could disproportionately impact and disadvantage us and require us to change our business practices, which may negatively impact our financial results. Our failure to adequately address concerns and regulations relating to the responsible use of AI by us or others could undermine public confidence in AI and slow adoption of AI in our products and services or cause reputational or financial harm.

Actions to adequately protect our IP rights could result in substantial costs to us and our ability to compete could be harmed if we are unsuccessful or if we are prohibited from making or selling our products. From time to time, we are involved in lawsuits or other legal proceedings alleging patent infringement or other IP rights violations by us, our employees or parties that we have agreed to indemnify. An unfavorable ruling could include significant damages, invalidation of one or more patents, indemnification of third parties, payment of lost profits, or injunctive relief. Claims that our products or processes infringe the IP rights of others, regardless of their merit, could cause us to incur significant costs to respond to, defend, and resolve such claims, and they may also divert the efforts and attention of management and technical personnel. We may commence legal proceedings to protect our IP rights, which may increase our operating expenses. We could be subject to countersuits as a result. If infringement claims are made against us or our products are found to infringe a third partys IP, we or one of our indemnitees may have to seek a license to the third partys IP rights. If we or one of our indemnitees is unable to obtain such a license on acceptable terms or at all, we could be subject to substantial liabilities or have to suspend or discontinue the manufacture and sale of one or more of our products. We may also have to make royalty or other payments or cross license our technology. If these arrangements are not concluded on commercially reasonable terms, our business could be negatively impacted. Furthermore, the indemnification of a customer or other indemnitee may increase our operating expenses and negatively impact our operating results. We rely on patents, trademarks, trade secrets, employee and third-party nondisclosure agreements, licensing arrangements and the laws of the countries in which we operate to protect our IP. Foreign laws may not protect our products or IP rights to the same extent as United States law. This makes the possibility of piracy of our technology and products more likely. The theft or unauthorized use or publication of our trade secrets and other confidential information could harm our competitive position and reduce acceptance of our products; as a result, the value of our investment in research and development, product development and marketing could be reduced. We also may face risks to our IP if our employees are hired by competitors. We continuously assess whether and where to seek formal protection for existing and new innovations and technologies but cannot be certain whether our applications for such protections will be approved, and, if approved, whether they will be enforceable.

We are subject to stringent and changing data privacy and security laws, rules, regulations and other obligations. These areas could damage our reputation, deter current and potential customers, affect our product design, or result in legal or regulatory proceedings and liability. We process sensitive, confidential or personal data or information that is subject to privacy and security laws, regulations, industry standards, external and internal policies, contracts and other obligations that govern the processing of such data by us and on our behalf. Concerns about our practices or the ultimate use of our products and services with regard

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to the collection, use, retention, security or disclosure of personal information or other privacy-related matters, including for use in AI, even if unfounded, could damage our reputation and adversely affect our operating results. The theft, loss or misuse of personal data in our possession or by one of our partners could result in damage to our reputation, regulatory proceedings, disruption of our business activities or increased security costs and costs related to defending legal claims.

In the United States, federal, state and local authorities have enacted numerous data privacy and security laws, including for data breach notification, personal data privacy and consumer protection. In the past few years, numerous U.S. states have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020, or CPRA, or collectively the CCPA, gives California residents the right to access, delete and opt-out of certain sharing of their personal information, and to receive detailed information about how it is used and shared. The CCPA provides for fines of up to $7,500 per intentional violation and the law created a private right of action for certain data breaches. Similar laws are being considered in several other states, as well as at the federal and local levels. Additionally, several states and localities have enacted measures related to the use of artificial intelligence and machine learning in products and services. If we become subject to additional data privacy laws, the risk of enforcement action against us could increase.

Worldwide regulatory authorities are also considering and have approved various legislative proposals concerning data protection. The European Union adopted the General Data Protection Regulation, or GDPR, and the United Kingdom similarly adopted the U.K. GDPR, governing the strict handling of personal data of persons within the European Economic Area, or EEA, and the United Kingdom, respectively, including its use and protection and the ability of persons whose data is stored to access, correct, and delete such data about themselves. If we are found not to comply, we could be subject to penalties of up to 20 million or 4% of worldwide revenue, whichever is greater, and classes of individuals or consumer protection organizations may initiate litigation related to our processing of their personal data. Furthermore, the EU AI Act could impose onerous obligations that may disproportionately impact and disadvantage us and require us to change our business practices.

In the ordinary course of business, we may transfer personal data from Europe, China, and other jurisdictions to the United States or other countries. Certain jurisdictions have enacted data localization laws and cross-border personal data transfer laws. For example, the GDPR generally restricts the transfer of personal data to countries outside of the EEA. The European Commission released a set of Standard Contractual Clauses designed for entities to validly transfer personal data out of the EEA to jurisdictions that the European Commission has not found to provide an adequate level of protection, including the United States. Additionally, the U.K.s International Data Transfer Agreement / Addendum, as well as the EU-U.S. Data Privacy Framework and the U.K. extension thereto (which allows for transfers to relevant U.S.-based organizations who self-certify compliance and participate in the Framework) are mechanisms that may be used to transfer personal data from the EEA and U.K. to the United States. However, these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. Other jurisdictions have enacted or are considering similar cross-border personal data transfer laws and local personal data residency laws, any of which would increase the cost and complexity of doing business and could result in fines from regulators. For example, Chinas law imposes various requirements relating to data processing and data localization. Data broadly defined as important under Chinas law, including personal data, may not be transferable outside of China without prior assessment and approval by the Cyberspace Administration of China, or CAC. Compliance with these requirements, including CAC assessments and any deemed failures of such assessments, could cause us to incur liability, prevent us from using data collected in China or impact our ability to transfer data outside of China. The inability to import personal data to the United States could significantly and negatively impact our business operations, limit our ability to collaborate with parties that are subject to European, China and other data privacy and security laws, or require us to increase our personal data processing capabilities in Europe and/or elsewhere at significant expense. Some European regulators have prevented companies from transferring personal data out of Europe for allegedly violating the GDPRs cross-border data transfer limitations, which could negatively impact our business.

We may also be bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful or may be claimed to be non-compliant. For example, certain privacy laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. We sometimes host personal data in collaboration with our customers, and if a breach exposed or altered that personal data, it could harm those customer relationships and subject us to litigation, regulatory action, or fines. We publish privacy policies, marketing materials and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Data Protection and Privacy

Data protection laws around the world are quickly changing and may be interpreted and applied in an increasingly stringent fashion and in a manner that is inconsistent with our data practices. These obligations may affect our product design and necessitate changes to our information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. Despite our efforts, we or third parties we rely upon may fail to comply with such obligations. If we fail, or are perceived to have failed, to address or comply with data privacy and security obligations, we could face significant consequences, including but not limited to government enforcement actions, litigation, additional reporting requirements and/or oversight, bans on processing personal data, and orders to destroy or not use personal data. Any of these events could have a material adverse effect on our reputation, business, or financial condition.

Tax Liabilities

We may have exposure to additional tax liabilities and our operating results may be adversely impacted by changes in tax laws, higher than expected tax rates, and other tax-related factors. We are subject to complex income tax laws and regulations, as well as non-income-based taxes, in various jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. We are regularly under audit by tax authorities in different jurisdictions. Although we believe our tax estimates are reasonable, any adverse outcome could increase our worldwide effective tax rate, increase the amount of non-income taxes imposed on our business, and harm our financial position, results of operations, net income, and cash flows.

Future Tax Impacts

Changes in tax laws or their interpretation by tax authorities in the U.S. or foreign jurisdictions could increase our future tax liability or cause other adverse tax impacts, which may materially impact our results of operations, or the way we conduct our business. Most of our income is taxable in the United States, with a significant portion qualifying for preferential treatment as foreign-derived intangible income, or FDII. If U.S. tax rates increase or the FDII deduction is reduced, our provision for income taxes, results of operations, net income, and cash flows would be adversely affected. In addition, changes in the tax laws of foreign jurisdictions could arise as a result of global implementation of the Inclusive Framework on Base Erosion and Profit Shifting and Pillar Two Model Rules announced by The Organization for Economic Cooperation and Development, or OECD.

These and other changes in the foreign tax laws, as adopted by countries, may increase tax uncertainty and adversely affect our provision for income taxes, results of operations, and financial condition.

Factors Affecting Tax Rate

Our future effective tax rate may also be affected by a variety of factors, including changes in our business or statutory rates, the mix of earnings in countries with differing statutory tax rates, available tax incentives, credits and deductions, the expiration of statutes of limitations, changes in accounting principles, adjustments to income taxes upon finalization of tax returns, increases in expenses not deductible for tax purposes, the estimates of our deferred tax assets and liabilities and deferred tax asset valuation allowances, changing interpretation of existing laws or regulations, the impact of accounting for business combinations, as well as changes in the domestic or international organization of our business and structure. Furthermore, the tax effects of accounting for stock-based compensation and volatility in our stock price may significantly impact our effective tax rate in the period in which they occur. A decline in our stock price may result in reduced future tax benefits from stock-based compensation, increase our effective tax rate, and adversely affect our financial results.

Litigation and Regulatory Proceedings

Our business is exposed to the risks associated with litigation, investigations, and regulatory proceedings. We currently and will likely continue to face legal, administrative, and regulatory proceedings, claims, demands, and/or investigations involving shareholder, consumer, competition, and/or other issues relating to our business. Litigation and regulatory proceedings are inherently uncertain, and adverse rulings could occur, including monetary damages or fines, or an injunction stopping us from manufacturing or selling certain products, engaging in certain business practices, or requiring other remedies, such as compulsory licensing of patents. An unfavorable outcome or settlement may result in a material adverse impact. Regardless of the outcome, litigation can be costly, time-consuming, and disruptive to our operations.

Indebtedness Risks

Our indebtedness could adversely affect our financial position and cash flows from operations and prevent us from implementing our strategy or fulfilling our contractual obligations. As of January 28, 2024, we had net outstanding a total of $9.7 billion in notes due by 2060. Maintenance of our current and future indebtedness and contractual restrictions could cause us to dedicate a substantial portion of our cash flows from operations towards debt service obligations and principal repayments; increase our vulnerability to adverse changes in general economic, industry, and competitive conditions; limit our flexibility regarding changes in our business and our industry; impair our ability to obtain future financing; and restrict our ability to grant liens on property, enter into certain mergers, dispose of our assets, or materially change our business. Our ability to comply with the covenants in our indenture may be affected by events beyond our control. If we breach any of the covenants without a waiver from the note holders or lenders, then any outstanding indebtedness may be declared.

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immediately due and payable. Changes to our credit rating may negatively impact the value and liquidity of our securities, restrict our ability to obtain future financing and affect the terms of any such financing.

Delaware law and our certificate of incorporation, bylaws and agreement with Microsoft could delay or prevent a change in control.

The anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control. Provisions in our certificate of incorporation and bylaws could make it more difficult for a third party to acquire a majority of our outstanding stock. These provisions include the ability of our Board of Directors to create and issue preferred stock, change the number of directors, and to make, amend or repeal our bylaws without prior shareholder approval; the inability of our shareholders to act by written consent or call special meetings; advance notice requirements for director nominations and shareholder proposals; and a super-majority voting requirement to amend some provisions in our certificate of incorporation and bylaws. Under our agreement with Microsoft for the Xbox, if someone makes an offer to purchase at least 30% of our outstanding common stock, Microsoft may have first and last rights of refusal to purchase the stock. These provisions could delay or prevent a change in control of NVIDIA, discourage proxy contests, and make it more difficult for shareholders to elect directors of their choosing and to cause us to take other corporate actions they desire.# ITEM 1. BUSINESS

Our Company

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, artificial intelligence, or AI, data science, autonomous vehicles, or AV, robotics, metaverse and 3D internet applications.

The GPU was initially used to simulate human imagination, enabling the virtual worlds of video games and films. Today, it also simulates human intelligence, enabling a deeper understanding of the physical world. Its parallel processing capabilities, supported by thousands of computing cores, are essential to running deep learning algorithms. This form of AI, in which software writes itself by learning from large amounts of data, can serve as the brain of computers, robots and self-driving cars that can perceive and understand the world. GPU-powered deep learning is being adopted by thousands of enterprises to deliver services and products that would have been immensely difficult with traditional coding. Some of the most recent applications of GPU-powered deep learning include recommendation systems, which are AI algorithms trained to understand the preferences, previous decisions, and characteristics of people and products using data gathered about their interactions, large language models, which can recognize, summarize, translate, predict and generate text and other content based on knowledge gained from massive datasets, and generative AI, which uses algorithms that create new content, including audio, code, images, text, simulations, and videos, based on the data they have been trained on.

NVIDIA has a platform strategy, bringing together hardware, systems, software, algorithms, libraries, and services to create unique value for the markets we serve. While the computing requirements of these end markets are diverse, we address them with a unified underlying architecture leveraging our GPUs and software stacks. The programmable nature of our architecture allows us to support several multi-billion-dollar end markets with the same underlying technology by using a variety of software stacks developed either internally or by third-party developers and partners. The large and growing number of developers across our platforms strengthens our ecosystem and increases the value of our platform to our customers.

Innovation is at our core. We have invested over $37 billion in research and development since our inception, yielding inventions that are essential to modern computing. Our invention of the GPU in 1999 defined modern computer graphics and established NVIDIA as the leader in computer graphics. With our introduction of the CUDA programming model in 2006, we opened the parallel processing capabilities of our GPU for general purpose computing. This approach significantly accelerates the most demanding high-performance computing, or HPC, applications in fields such as aerospace, bio-science research, mechanical and fluid simulations, and energy exploration. Today, our GPUs and networking accelerate many of the fastest supercomputers across the world.

In addition, the massively parallel compute architecture of our GPUs and associated software are well suited for deep learning and machine learning, powering the era of AI. While traditional CPU-based approaches no longer deliver advances on the pace described by Moores Law, NVIDIA accelerated computing delivers performance improvements on a pace ahead of Moores Law, giving the industry a path forward.

Gamers choose NVIDIA GPUs to enjoy immersive, increasingly cinematic virtual worlds. GPUs also help underpin the worlds fastest growing spectator sport, eSports, which attracts hundreds of millions of viewers to watch top-quality live video gaming. In addition to serving the growing number of gamers, the market for gaming GPUs is expanding because of the burgeoning population of live streamers, broadcasters, artists and creators.

Researchers and developers use our GPUs to accelerate a wide range of important applications, from simulating molecular dynamics to climate forecasting. With support for more than 2,800 applications - including 23 of the top 25 HPC applications - NVIDIA GPUs enable some of the most promising areas of discovery, from climate prediction to materials science and from wind tunnel simulation to genomics. Including GPUs and networking, NVIDIA powers over 70% of the supercomputers on the global TOP500 list, including 23 of the top 30 systems on the Green500 list.

The worlds leading cloud service providers, or CSPs, and consumer internet companies use our GPUs and broader data center-scale accelerated computing platforms to enable, accelerate or enrich the services they deliver to billions of end-users, including search, recommendations, social networking, online shopping, live video, translation, AI assistants, navigation, and cloud computing.

A rapidly growing number of enterprises and startups across a broad range of industries use our GPUs and software to bring automation to the products and services they build. The transportation industry is turning to our platforms for autonomous driving; the healthcare industry is leveraging them for enhanced medical imaging and acceleration of drug discovery; and the financial services industry is using them for fraud detection.

Professional designers use our GPUs and software to create visual effects in movies and to design buildings and products ranging from cell phones to commercial aircraft.

Headquartered in Santa Clara, California, NVIDIA was incorporated in California in April 1993 and reincorporated in Delaware in April 1998.

Termination of the Arm Share Purchase Agreement

In February 2022, NVIDIA and SoftBank Group Corp., or SoftBank, announced the termination of the Share Purchase Agreement whereby NVIDIA would have acquired Arm Limited, or Arm, from SoftBank. The parties agreed to terminate because of significant regulatory challenges preventing the completion of the transaction. We recorded an acquisition termination cost of $1.35 billion in fiscal year 2023 reflecting the write-off of the prepayment provided at signing.

Our Businesses

We report our business results in two segments.

Compute & Networking segment	Graphics segment
Includes Data Center accelerated computing platform; networking; automotive AI Cockpit, autonomous driving development agreements, and autonomous vehicle solutions; electric vehicle computing platforms; Jetson for robotics and other embedded platforms; NVIDIA AI Enterprise and other software; and cryptocurrency mining processors, or CMP.	Includes GeForce GPUs for gaming

and PCs, the GeForce NOW game streaming service and related infrastructure, and solutions for gaming platforms; Quadro/NVIDIA RTX GPUs for enterprise workstation graphics; virtual GPU, or vGPU, software for cloud-based visual and virtual computing; automotive platforms for infotainment systems; and Omniverse Enterprise software for building and operating metaverse and 3D internet applications.|

Our Markets

We specialize in markets in which our computing platforms can provide tremendous acceleration for applications. These platforms incorporate processors, interconnects, software, algorithms, systems, and services to deliver unique value. Our platforms address four large markets where our expertise is critical: Data Center, Gaming, Professional Visualization, and Automotive.

Data Center

The NVIDIA computing platform is focused on accelerating the most compute-intensive workloads, such as AI, data analytics, graphics and scientific computing, across hyperscale, cloud, enterprise, public sector, and edge data centers. The platform consists of our energy efficient GPUs, data processing units, or DPUs, interconnects and systems, our CUDA programming model, and a growing body of software libraries, software development kits, or SDKs, application frameworks and services, which are either available as part of the platform or packaged and sold separately.

For both AI and HPC applications, the NVIDIA accelerated computing platform greatly increases computer and data center performance and power efficiency relative to conventional CPU-only approaches. In the field of AI, NVIDIAs platform accelerates both deep learning and machine learning workloads. Deep learning is a computer science approach where neural networks are trained to recognize patterns from massive amounts of data in the form of images, sounds and text -

in some instances better than humans - and in turn provide predictions in production use cases. Machine learning is a related approach that leverages algorithms as well.

As data to learn how to make determinations or predictions. HPC, which includes scientific computing, uses numerical computational approaches to solve large and complex problems.

We are engaged with thousands of organizations working on AI in a multitude of industries, from automating tasks such as consumer product and service recommendations, to chatbots for the automation of or assistance with live customer interactions, to enabling fraud detection in financial services, to optimizing oil exploration and drilling. These organizations include the worlds leading consumer internet and cloud services companies, enterprises and startups seeking to implement AI in transformative ways across multiple industries. We partner with industry leaders to help transform their applications or their computing platforms. We also have partnerships in transportation, retail, healthcare, and manufacturing, among others, to accelerate the adoption of AI.

At the foundation of the NVIDIA accelerated computing platform are our GPUs, which excel at parallel workloads such as the training and inferencing of neural networks. They are available in industry standard servers from every major computer maker and CSP, as well as in our DGX AI supercomputer, a purpose-built system for deep learning and GPU accelerated applications. To facilitate customer adoption, we have also built other ready-to-use system reference designs around our GPUs, including HGX for hyperscale and supercomputing data centers, EGX for enterprise and edge computing, IGX for high-precision edge AI, and AGX for autonomous machines.

In fiscal year 2023, we introduced the Hopper architecture of data center GPUs, and started shipping the first Hopper-based GPU the flagship H100. Hopper includes a Transformer Engine, designed to accelerate the training of AI transformer models by an order of magnitude over the prior generation. H100 is ideal for accelerating applications such as large language models, deep recommender systems, genomics and complex digital twins.

NVIDIA will offer enterprise customers NVIDIA AI cloud services directly and through our network of partners. Examples of these services include NVIDIA DGX Cloud, which is cloud-based infrastructure and software for training AI models, and customizable pretrained AI models. NVIDIA has partnered with leading cloud service providers to host these services in their data centers.

Our networking solutions include InfiniBand and Ethernet network adapters and switches, related software, and cables. This has enabled us to architect end-to-end data center-scale computing platforms that can interconnect thousands of compute nodes with high-performance networking. While historically the server was the unit of computing, as AI and HPC workloads have become extremely large spanning thousands of compute nodes, the data center has become the new unit of computing, with networking as an integral part.

Beyond GPUs, NVIDIA has expanded its data center processor portfolio to include DPUs, currently shipping in the market, and CPUs with samples planned to ship in the first half of fiscal year 2024. The NVIDIA Bluefield DPU is supported by foundational data-center-infrastructure-on-a-chip software, or DOCA, that lets developers build software-defined, hardware-accelerated networking, security, storage and management applications for BlueField DPUs. Partners supporting Bluefield include many of the top security, storage and networking companies. We can optimize across the entire computing, networking and storage stack to deliver data center-scale computing solutions. The Grace CPU is designed for AI infrastructure and high-performance computing, providing the highest performance and twice the memory bandwidth and energy-efficiency compared to todays leading server chips.

While our approach starts with powerful chips, what makes it a full-stack computing platform is our large body of software, including the CUDA parallel programming model, the CUDA-X collection of application acceleration libraries, Application Programming Interfaces, or APIs, SDKs and tools, and domain-specific application frameworks. We also offer the NVIDIA GPU Cloud registry, or NGC, a comprehensive catalog of easy-to-use, optimized software stacks across a range of domains including scientific computing, deep learning, and machine learning. With NGC, AI developers, researchers and data scientists can get started with the development of AI and HPC applications and deploy them on DGX systems, NVIDIA-Certified systems from our partners, or with NVIDIAs cloud partners.

In addition to software that is delivered to customers as an integral part of our data center computing platform, we offer paid licenses to NVIDIA AI Enterprise, a comprehensive suite of enterprise-grade AI software; and NVIDIA vGPU software for graphics-rich virtual desktops and workstations.

Gaming

Gaming is the largest entertainment industry, with PC gaming as the predominant platform. Many factors propel computer gamings growth, including new high production value games and franchises, the continued rise of competitive gaming or eSports, social connectivity and the increasing popularity of game streamers, modders, or gamers who create game modifications, and creators.

Our gaming platforms leverage our GPUs and sophisticated software to enhance the gaming experience with smoother, higher quality graphics. We developed NVIDIA RTX to bring next generation graphics and AI to games. NVIDIA RTX features ray tracing technology for real-time, cinematic-quality rendering. Ray tracing, which has long been used for special effects in the movie industry, is a computationally intensive technique that simulates the physical behavior of light to achieve greater realism in computer-generated scenes. NVIDIA RTX also features deep learning super sampling, or NVIDIA DLSS, our AI technology that boosts frame rates while generating beautiful, sharp images for games.

Our products for the gaming market include GeForce RTX and GeForce GTX GPUs for gaming desktop and laptop PCs, GeForce NOW cloud gaming for playing PC games on underpowered devices, SHIELD for high quality streaming on TV, as well as system-on-chips (SOCs) and development services for game consoles.

Professional Visualization

We serve the Professional Visualization market by working closely with independent software vendors, or ISVs, to optimize their offerings for NVIDIA GPUs. Our GPU computing platform enhances productivity and introduces new capabilities for critical workflows in many fields, such as design and manufacturing and digital content creation. Design and manufacturing encompass computer-aided design, architectural design, consumer-products manufacturing, medical instrumentation, and aerospace. Digital content creation includes professional video editing and post-production, special effects for films, and broadcast-television graphics.

The NVIDIA RTX platform makes it possible to render film-quality, photorealistic objects and environments with physically accurate shadows, reflections and refractions using ray tracing in real-time. Many leading 3D design and content creation applications developed by our ecosystem partners now support RTX, allowing professionals to accelerate and transform their workflows with NVIDIA RTX GPUs and software.

Automotive

NVIDIAs Automotive market is comprised of AV, AI cockpit, electric vehicle computing platforms, and infotainment platform solutions. Leveraging our technology leadership in AI and building on our long-standing automotive relationships, we are delivering a complete end-to-end solution for the AV market under the DRIVE Hyperion brand.

NVIDIA has demonstrated multiple applications of AI within the car: AI can drive the car itself as a pilot in fully autonomous mode or it can also be a co-pilot, assisting the human driver while creating a safer driving experience. NVIDIA is working with several hundred partners in the automotive ecosystem including automakers, truck makers, tier-one suppliers, sensor manufacturers, automotive research institutions, HD mapping companies, and startups to develop and deploy AI systems for self-driving vehicles. Our unified AI computing architecture starts with training deep neural networks using our GPUs, and then running a full perception, fusion, planning and control stack within the vehicle on the NVIDIA DRIVE Hyperion platform. The DRIVE Hyperion platform consists of the high-performance, energy efficient DRIVE AGX computing hardware, a reference sensor set that supports full self-driving capability as well as an open, modular DRIVE Software.

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platform

The DRIVE Software platform includes DRIVE Chauffeur for autonomous driving, mapping and parking services, Drive Concierge for intelligent in-vehicle experiences, and real-time conversational AI capability based on NVIDIA Omniverse Avatar software.

Business Strategies

NVIDIAs key strategies that shape our overall business approach include:

Advancing the NVIDIA accelerated computing platform

NVIDIAs accelerated computing platform can solve complex problems in significantly less time and with lower power consumption than alternative computational approaches. It can help solve problems that were previously deemed unsolvable. NVIDIA works to deliver continued performance leaps that outpace Moores Law by leveraging innovation across the architecture, chip design, system, interconnect, and software layers. This full-stack innovation approach allows NVIDIA to deliver order-of-magnitude performance advantages relative to legacy approaches in target markets such as Data Center, Gaming, Professional Visualization, and Automotive.

Extending our technology and platform leadership in AI

NVIDIA provides a complete, end-to-end accelerated computing platform for deep learning and machine learning, addressing both training and inferencing. This includes GPUs, interconnects, systems, the CUDA programming language, algorithms, libraries, and other software. NVIDIA's AI technology leadership is reinforced by a large and expanding ecosystem. The GPU platforms are available from major server makers and CSPs, as well as on NVIDIA's own AI supercomputer. NVIDIA evangelizes AI through partnerships with universities, startups, and the Deep Learning Institute.

Extending our technology and platform leadership in computer graphics

NVIDIA applies research and development resources to enhance the user experience for consumer entertainment and professional visualization applications, and create new virtual world and simulation capabilities. NVIDIA's computer graphics platforms leverage industry-leading GPUs and optimized software stacks to drive gaming forward and enhance creative applications.

Advancing the leading autonomous vehicle platform

NVIDIA believes AI is the key technology enabler for autonomous vehicles, providing a hardware and software solution for the AV market under the DRIVE brand. NVIDIA partners with automotive OEMs to bring this solution to market.

OEMs, tier-1 suppliers, and start-ups. Our AV solution also includes the GPU-based hardware required to train the neural networks before their in-vehicle deployment, as well as to re-simulate their operation prior to any over-the-air software updates. We believe our comprehensive, top-to-bottom and end-to-end approach will enable the transportation industry to solve the complex problems arising from the shift to autonomous driving.

Leveraging our intellectual property, or IP. We believe our IP is a valuable asset that can be accessed by our customers and partners through license and development agreements when they desire to build such capabilities directly into their own products, or have us do so through a custom development. Such license and development arrangements can further enhance the reach of our technology.

Sales and Marketing

Our worldwide sales and marketing strategy is key to achieving our objective of providing markets with our high-performance and efficient computing platforms and software. Our sales and marketing teams, located across our global markets, work closely with end customers and various industry ecosystems through our partner network. Our partner network incorporates each industry's respective OEMs, original device manufacturers, or ODMs, system builders, add-in board manufacturers, or AIBs, retailers/distributors, ISVs, internet and CSPs, automotive manufacturers and tier-1 automotive suppliers, mapping companies, start-ups, and other ecosystem participants.

Members of our sales team have technical expertise and product and industry knowledge. We also employ a team of application engineers and solution architects to assist our partner network in designing, testing, and qualifying system designs that incorporate our platforms. We believe that the depth and quality of our design support are key to improving our partner networks time-to-market, maintaining a high level of customer satisfaction, and fostering relationships that encourage our end customers and partner network to use the next generation of our products within each platform.

To encourage the development of applications optimized for our platforms and software, we seek to establish and maintain strong relationships in the software development community. Engineering and marketing personnel engage with key software developers to promote and discuss our platforms, as well as to ascertain individual product requirements and solve technical problems. Our developer program makes our products available to developers prior to launch in order to encourage the development of AI frameworks, SDKs, and APIs for software applications and game titles that are optimized for our platforms. Our Deep Learning Institute provides in-person and online training for developers in industries and organizations around the world to build AI and accelerated computing applications that leverage our platforms.

As NVIDIAs business has evolved from a focus primarily on gaming products to broader markets, and from chips to platforms, systems and software, so, too, have our avenues to market. Thus, in addition to sales to customers in our partner network, certain of our products are also sold direct to CSPs, enterprise customers, retail channels and consumers.

Seasonality

Our computing platforms serve a diverse set of markets such as consumer gaming, enterprise and cloud data centers, professional workstations, and automotive. Our consumer products typically see stronger revenue in the second half of our fiscal year. In addition, based on the production schedules of key customers, some of our products for notebooks and game consoles typically generate stronger revenue in the second and third quarters, and weaker revenue in the fourth and first quarters. In fiscal year 2023, our supply exceeded our demand in several areas, and our revenue did not follow historical seasonal patterns. Historical seasonality trends may not repeat.

Manufacturing

We do not manufacture semiconductors used for our products. Instead, we utilize a fabless manufacturing strategy, whereby we employ key suppliers for all phases of the manufacturing process, including wafer fabrication, assembly, testing, and packaging. This strategy uses the expertise of industry-leading suppliers that are certified by the International Organization for Standardization in such areas as fabrication, assembly, quality control and assurance, reliability, and testing. Additionally, we can avoid many of the significant costs and risks associated with owning and operating manufacturing operations. While we may directly procure certain raw materials used in the production of our products, such as memory, substrates and a variety of components, our suppliers are responsible for procurement of most of the raw materials used in the

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production of our products. As a result, we can focus our resources on product design, additional quality assurance, marketing, and customer support. We have placed non-cancellable inventory orders for certain product components in advance of our historical lead times, paid premiums and provided deposits to secure future supply and capacity and may need to continue to do so in the future.

We have expanded our supplier relationships to build redundancy and resilience in our operations. We utilize suppliers, such as Taiwan Semiconductor Manufacturing Company Limited and Samsung Electronics Co. Ltd, to produce our semiconductor wafers. We then utilize independent subcontractors and contract manufacturers, such as Amkor Technology, BYD Auto Co. Ltd., or BYD Auto, Hon Hai Precision Industry Co., or Hon Hai, King Yuan Electronics Co., Ltd., Omni Logistics, LLC, Siliconware Precision Industries Company Ltd., and Wistron Corporation to perform assembly, testing, and packaging of most of our products and platforms. We use contract manufacturers such as Flex Ltd., Jabil Inc., and Universal Scientific Industrial Co., Ltd., to manufacture our standard and custom adapter card products and switch systems, and Fabrinet to manufacture our networking cables. We purchase substrates from Ibiden Co. Ltd., Kinsus Interconnect Technology Corporation, and Unimicron Technology Corporation, and memory from Micron Technology, Samsung Semiconductor, Inc., or Samsung, and SK Hynix. We often consign key components or materials such as the GPU, SoC, memory, and integrated circuit to the contract manufacturers.

We typically receive semiconductor products from our subcontractors, perform incoming quality assurance and configuration using test equipment purchased from industry-leading suppliers such as Advantest America Inc. and Chroma ATE Inc., and then ship the semiconductors to contract manufacturers, such as BYD Auto and Hon Hai, distributors, motherboard and add-in card, or AIC, customers from our third-party warehouses in Hong Kong, Israel, and the United States. Generally, these manufacturers assemble and test the boards based on our design kit and test specifications, and then ship our products to retailers, system builders, or OEMs as motherboard and AIC solutions.

Competition

The market for our products is intensely competitive and is characterized by rapid technological change and evolving industry standards. We believe that the principal competitive factors in this market are performance, breadth of product offerings, access to customers and partners and distribution channels, software support, conformity to industry standard APIs, manufacturing capabilities, processor pricing, and total system costs. We believe that our ability to remain competitive will depend on how well we are able to anticipate the features and functions that customers and partners will demand and whether we are able to deliver consistent volumes of our products at acceptable levels of quality and at competitive prices. We expect competition to increase from both existing competitors and new market entrants with products that may be lower priced than ours or may provide better performance or additional features not provided by our products. In addition, it is possible that new competitors or alliances among competitors could emerge and acquire significant market share.

A significant source of competition comes from companies that provide or intend to provide GPUs, CPUs, DPUs, embedded SoCs, and other accelerated, AI computing processor products, and providers of semiconductor-based high-performance interconnect products based on InfiniBand, Ethernet, Fibre Channel and proprietary technologies. Some of our competitors may have greater marketing, financial, distribution and manufacturing resources than we do and may be more able to adapt to customer or technological changes. We expect an increasingly competitive environment in the future.

Our current competitors include:

Competitorssuppliers and licensors of hardware and software for discrete and integrated GPUs, custom chips and other accelerated computing solutions, including solutions offered for AI, such as Advanced Micro Devices, Inc., or AMD, and Intel Corporation, or Intel;large cloud services companies with internal teams designing chips and software that incorporate accelerated or AI computing functionality as part of their internal solutions or platforms, such as Alibaba Group, Alphabet Inc., Amazon, Inc., and Baidu, Inc.;suppliers of Arm-based CPUs and companies that incorporate CPUs as part of their internal solutions or platforms;

Suppliers of SoC Products

Suppliers of SoC products that are used in servers or embedded into automobiles, autonomous machines, and gaming devices, such as Ambarella, Inc., AMD, Broadcom Inc., or Broadcom, Intel, Qualcomm Incorporated, Renesas Electronics Corporation, and Samsung, or companies with internal teams designing SoC products for internal use, such as Tesla, Inc.; and

Suppliers of Interconnect, Switch Cable Solutions, and DPUs

Suppliers of interconnect, switch cable solutions, and DPUs such as AMD, Applied Optoelectronics, Inc., Arista Networks, Broadcom, Cisco Systems, Inc., or Cisco, Hewlett Packard Enterprise Company, Intel, Juniper Networks, Inc., Lumentum Holdings, and Marvell Technology Group, as well as internal teams of system vendors and large cloud services companies.

Patents and Proprietary Rights

We rely primarily on a combination of patents, trademarks, trade secrets, employee and third-party nondisclosure agreements, and licensing arrangements to protect our IP in the United States and internationally. Our currently issued patents have expiration dates from March 2023 to June 2045. We have numerous patents issued, allowed, and pending in the United States and in foreign jurisdictions. Our patents and pending patent applications primarily relate to our products and the technology used in connection with our products. We also rely on international treaties, organizations, and foreign laws to protect our IP. The laws of certain foreign countries in which our products are or may be manufactured or sold, including various countries in Asia, may not protect our products or IP rights to the same extent as the laws of the United States. This decreased protection makes the possibility of piracy of our technology and products more likely. We continuously assess whether and where to seek formal protection for particular innovations and technologies based on such factors as:

- the location in which our products are manufactured;
- our strategic technology or product directions in different countries;

- the degree to which IP laws exist and are meaningfully enforced in different jurisdictions; and
- the commercial significance of our operations and our competitors' operations in particular countries and regions.

We have licensed technology from third parties and expect to continue to enter into such license agreements.

Government Regulations

Our worldwide business activities are subject to various laws, rules, and regulations of the United States as well as of foreign governments.

During the third quarter of fiscal year 2023, the U.S. government announced new license requirements that impact certain exports to China (including Hong Kong and Macau) and Russia of some of our data center products. The impact of the new license requirements is difficult to quantify, and it may be challenging for us to manage our operations and forecast our operating results due to these requirements. Refer to Item 1A. Risk Factors- Risks Related to Regulatory, Legal, Our Stock and Other Matters for a discussion of this potential impact.

Additionally, our acquisitions may be subject to government regulatory reviews, and the cost to comply with such regulations or costs incurred where regulatory challenges prevent the completion of an acquisition could have a material impact on our business. In February 2022, we announced the termination of the Share Purchase Agreement by which we would have acquired Arm due to significant regulatory challenges preventing the completion of the transaction. We recorded an acquisition termination cost of $1.35 billion in fiscal year 2023 reflecting the write-off of the prepayment provided at signing.

Compliance with laws, rules, and regulations has not otherwise had a material effect upon our capital expenditures, results of operations, or competitive position and we do not currently anticipate material capital expenditures for environmental control facilities. Compliance with existing or future governmental regulations, including, but not limited to, those pertaining to IP ownership and infringement, taxes, import and export requirements and tariffs, anti-corruption, business acquisitions, foreign exchange controls and cash repatriation restrictions, data privacy requirements, competition and antitrust, advertising, employment, product regulations, cybersecurity, environmental, health and safety requirements, the responsible use of AI.

Environmental, Social and Corporate Governance

NVIDIA invents computing technologies that improve lives and address global challenges. Our goal is to integrate sound environmental, social and corporate governance, or ESG, principles and practices into every aspect of the Company. The Nominating and Corporate Governance Committee of our Board of Directors is responsible for reviewing and discussing with management our practices related to ESG. We assess our programs annually in consideration of stakeholder expectations, market trends, and business risks and opportunities. These issues are important for our continued business success and reflect the topics of highest concern to NVIDIA and our stakeholders.

The following section and the Human Capital Management Section below provide an overview of our principles and practices. More information can be found on the Corporate Responsibility section of our website and in our annual Corporate Responsibility Report, or CR Report. Information contained on our website or in our annual CR Report is not incorporated by reference into this or any other report we file with the Securities and Exchange Commission, or the SEC. Refer to Item 1A. Risk Factors for a discussion of risks and uncertainties we face related to ESG.

Climate Change

In the area of sustainability, we address our climate impacts across our product lifecycle and assess risks, including current and emerging regulations and market impacts.

In our CR Report published in July 2022, we published metrics related to our environmental impact for fiscal year 2022. Fiscal year 2023 metrics are expected to be published in the first half of fiscal year 2024. There has been no material impact to our capital expenditures, results of operations or competitive position associated with global sustainability regulations, compliance, or costs from sourcing renewable energy. By the end of fiscal year 2025, our goal is to purchase or generate enough renewable energy to match 100% of our global electricity usage for our offices and data centers.

Whether it is creation of technology to power next-generation laptops or designs to support high-performance supercomputers, improving energy efficiency is important in our research, development, and design processes. GPUs are inherently more energy efficient than other forms of computing because they are optimized for throughput, performance per watt, and certain AI workloads. The energy efficiency of our products is evidenced by our continued strong presence on the Green500 list of the most energy-efficient systems. We powered 23 of the top 30 most energy efficient systems, including the top supercomputer, on the November 2022 Green500 list.

We plan to build Earth-2, a digital twin of the Earth on NVIDIA AI and NVIDIA Omniverse platforms. Earth-2 will enable scientists, companies, and policy makers to do ultra-high-resolution predictions of the impact of climate change and explore mitigation and adaptation strategies.

Human Capital Management

We believe that our employees are our greatest assets, and they play a key role in creating long-term value for our stakeholders. As of the end of fiscal year 2023, we had 26,196 employees in 35 countries, 19,532 were engaged in research and development and 6,664 were engaged in sales, marketing, operations, and administrative positions.

To be competitive and execute our business strategy successfully, we must recruit, develop, and retain talented employees, including qualified executives, scientists, engineers, and technical and non-technical staff.

Recruitment

As the demand for global technical talent continues to be competitive, we have grown our technical workforce and have been successful in attracting top talent to NVIDIA. We have attracted strong talent globally with our differentiated hiring strategies for university, professional, executive and diverse recruits. The COVID-19 pandemic created expanded hiring opportunities in new geographies and provided increased

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flexibility for employees to work from locations of their choice. Our workforce is about 80% technical and about 50% hold advanced degrees.

Earlier in fiscal year 2023, we slowed our hiring to focus on our current employees and manage costs. We maintain a connection for global talent from universities through on-campus collaborations with professors and student organizations, as well as engagement with technical organizations and participation at industry conferences. Our own employees help to surface top talent, with over 37% of our new hires in fiscal year 2023 coming from employee referrals.

Development and Retention

To support employee development, we provide opportunities to learn on-the-job through training programs, one on one coaching and ongoing feedback. We have a library of live and on-demand learning experiences that include workshops, panel discussions, and speaker forums. We curate learning paths focused on our most common development needs and constantly upgrade our offerings to ensure that our employees are exposed to the most current programs and technologies available. We offer tuition reimbursement programs to subsidize educational programs and advanced certifications. We encourage internal mobility through career coaching that advises employees on developmental activities and internal transfer opportunities. We have implemented specifically designed mentoring and development programs for women and employees from traditionally underrepresented groups to ensure widespread readiness for future advancement.

To evaluate employee sentiment and engagement, we use pulse surveys, a suggestion box, and an anonymous third-party platform. Pulse surveys help us gain insight into employee experience and provide ideas so that we can prioritize areas to take action. The suggestion box is an always-on, interactive tool where employees share their thoughts about making our company a better place to work. The anonymous third-party platform is designed to protect the identity of the reporter and provide a mechanism for reporters to follow an investigation and receive responses.

We want NVIDIA to be a place where people can build their careers over their lifetime. Our employees tend to come and stay. In fiscal year 2023, our overall turnover rate was 5.3%.

Compensation, Benefits, and Well-Being

Our compensation program rewards performance and is structured to encourage employees to invest in the Companys future. Employees receive equity, except where unavailable due to local regulations, that is tied to the value of our stock price and vests over time to retain employees while simultaneously aligning their interests with those of our shareholders.

We offer comprehensive benefits to support our employees and their families physical health, well-being and financial health, including 401(k) programs in the U.S., statutory pension programs outside the U.S., our employee stock purchase program, flexible work hours and time off, and programs to address mental health, stress, and time-management challenges. We evaluate our benefit offerings globally and aim to provide comparable support across the regions where we operate. We are committed to providing tailored benefits based on community needs, including assistance for military members, additional mental health benefits, and support for new birth parents, and those who wish to become parents.

Diversity and Inclusion

We believe that diverse teams fuel innovation, and we are committed to creating an inclusive culture that supports all employees.

When recruiting for new talent or managing current talent, we focus on recruiting, developing, and retaining a more diverse workforce with a focus on those historically underrepresented in the technology field, including women, Black/African American, and Hispanic/Latino candidates.

To this end, we have been:

Partnering with institutions and professional organizations serving historically underrepresented communities;Assigning dedicated recruiting teams to shepherd underrepresented candidates through the interview process;

Embedding inclusion recruiting partners throughout the business to help align candidates with internal opportunities;

Supporting the development of women employees through programs aimed at building a pipeline of future leaders;

Providing peer support and executive sponsors for nine internal community resource groups;

Providing training and education to managers and peers on fostering supportive environments and recruiting for diversity;

Ensuring we have and review a diverse pool of candidates for requisitions; and

Measuring year over year progress and providing leadership visibility on diversity efforts.

As of the end of fiscal year 2023, our global workforce was 80% male, 19% female, and 1% not declared, with 6% of our workforce in the United States composed of Black or African American and Hispanic or Latino employees.

Health and COVID-19

We supported our people and their families in making their health and safety a top priority during fiscal year 2023 and throughout the COVID-19 pandemic to keep our workforce safe.

Hybrid Working Environment

We support a hybrid work environment, understanding that many employees want the flexibility to work in the office or from home, and make that decision based on the conditions around them at any point in time.

Steps we took to support employees working from home include:

Home-focused health and well-being programs;

Learning and development resources on how to work, lead and manage remotely; and

Opportunities for employees to socially connect with one another virtually.

During fiscal year 2024, we will continue a flexible work environment and have instituted Company-wide rest days for employees to recharge.

Information About Our Executive Officers

Name	Age	Position
Jen-Hsun Huang	60	President and Chief Executive Officer
Colette M. Kress	55	Executive Vice President and Chief Financial Officer
Ajay K. Puri	68	Executive Vice President, Worldwide Field Operations
Debora Shoquist	68	Executive Vice President, Operations
Timothy S. Teter	56	Executive Vice President and General Counsel

Jen-Hsun Huang co-founded NVIDIA in 1993 and has served as our President, Chief Executive Officer and a member of the Board of Directors since our inception. From 1985 to 1993, Mr. Huang was employed at LSI Logic Corporation, a computer chip manufacturer, where he held a variety of positions including as Director of Coreware, the business unit responsible for LSI's SOC. From 1983 to 1985, Mr. Huang was a microprocessor designer for AMD, a semiconductor company. Mr. Huang holds a B.S.E.E. degree from Oregon State University and an M.S.E.E. degree from Stanford University.

Colette M. Kress joined NVIDIA in 2013 as Executive Vice President and Chief Financial Officer. Prior to NVIDIA, Ms. Kress most recently served as Senior Vice President and Chief Financial Officer of the Business Technology and Operations Finance organization at Cisco Systems, Inc., a networking equipment company, since 2010. At Cisco, Ms. Kress was responsible for financial strategy, planning, reporting and business

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Development Team at NVIDIA

Below are the key members of the development team at NVIDIA:

Name	Position	Background
Lori K. Kress	Chief Financial Officer	Ms. Kress held various positions at Microsoft Corporation and Texas Instruments Incorporated. She holds a B.S. degree in Finance from University of Arizona and an M.B.A. degree from Southern Methodist University.
Ajay K. Puri	Executive Vice President, Worldwide Field Operations	Mr. Puri joined NVIDIA in 2005 and has a background in sales, marketing, and general management at Sun Microsystems, Inc., Hewlett-Packard Company, Booz Allen Hamilton Inc., and Texas Instruments Incorporated. He holds a B.S.E.E. degree from the University of Minnesota, an M.S.E.E. degree from the California Institute of Technology, and an M.B.A. degree from Harvard Business School.
Debora Shoquist	Executive Vice President of Operations	Ms. Shoquist joined NVIDIA in 2007 and has experience at JDS Uniphase Corp., Coherent, Inc., Quantum Corp., and Hewlett-Packard Corp. She holds a B.S. degree in Electrical Engineering from Kansas State University and a B.S. degree in Biology from Santa Clara University.

|Timothy S. Teter|Executive Vice President, General Counsel and Secretary|Mr. Teter joined NVIDIA in 2017 and has a legal background from Cooley LLP. He also worked as an engineer at Lockheed Missiles and Space Company. He holds a B.S. degree in Mechanical Engineering from the University of California at Davis and a J.D. degree from Stanford Law School.|

Available Information:

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments are available on our website http://www.nvidia.com after filing with the SEC. Additional information can be found on the SEC's website http://www.sec.gov.

Our website and its content are not part of this Annual Report on Form 10-K.# ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the Nasdaq Global Select Market under the symbol NVDA. Public trading of our common stock began on January 22, 1999. Prior to that, there was no public market for our common stock. As of February 17, 2023, we had approximately 344 registered shareholders, not including those shares held in street or nominee name.

Issuer Purchases of Equity Securities

On May 23, 2022, our Board of Directors increased and extended our share repurchase program to repurchase additional common stock up to a total of $15 billion through December 2023. Since the inception of our share repurchase program, we have repurchased an aggregate of 1.10 billion shares for a total cost of $17.12 billion through January 29, 2023. During fiscal year 2023, we repurchased 63 million shares for $10.04 billion. As of January 29, 2023, we are authorized, subject to certain specifications, to repurchase shares of our common stock up to $7.23 billion through December 2023.

The repurchases can be made in the open market, in privately negotiated transactions, pursuant to a Rule 10b5-1 trading plan or in structured share repurchase programs, and can be made in one or more larger repurchases, in compliance with Rule 10b-18 of the Exchange Act, subject to market conditions, applicable legal requirements, and other factors. The program does not obligate NVIDIA to acquire any particular amount of common stock and the program may be suspended at any time at our discretion.

In fiscal year 2023, we paid $398 million in quarterly cash dividends. Our cash dividend program and the payment of future cash dividends under that program are subject to our Board of Directors' continuing determination that the dividend program and the declaration of dividends thereunder are in the best interests of our shareholders.

Share Repurchase Transactions - Fourth Quarter of Fiscal Year 2023

Period	Total Number of Shares Purchased (In millions)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (In millions)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (In billions)
October 31, 2022 - November 27, 2022	7	$148.11	7	$7.23
November 28, 2022 - December 25, 2022				$7.23
December 26, 2022 - January 29, 2023				$7.23
Total	7		7	

Restricted Stock Unit Share Withholding

We withhold common stock shares associated with net share settlements to cover tax withholding obligations upon the vesting of restricted stock unit awards under our employee equity incentive program. During fiscal year 2023, we withheld approximately 8 million shares for a total value of $1.48 billion.

Stock Performance Graphs

The following graph compares the cumulative total shareholder return for our common stock, the S&P 500 Index, and the Nasdaq 100 Index for the five years ended January 29, 2023. The graph assumes that $100 was invested on January 28, 2018 in our common stock and in each of the S&P 500 Index and the Nasdaq 100 Index. Our common stock is a component of each of the presented indices. Total return assumes reinvestment of dividends in each of the indices indicated. Total return is based on historical results and is not intended to indicate future performance.

*$100 invested on 1/28/18 in stock and in indices, including reinvestment of dividends.

Source: FactSet financial data and analytics.

	1/28/2018	1/27/2019	1/26/2020	1/31/2021	1/30/2022	1/29/2023
NVIDIA Corporation	$100.00	$66.00	$103.63	$215.33	$378.94	$338.18
S&P 500	$100.00	$94.60	$119.36	$137.01	$165.79	$154.80
Nasdaq 100	$100.00	$97.69	$133.01	$189.72	$213.63	$181.38

ITEM 7. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following 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, metaverse and 3D internet applications.

Our two operating segments are "Compute & Networking" and "Graphics." Refer to Note 17 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

Supply, Products Transitions, and New Products and Business Models

Our supply, which includes inventory on hand, purchase obligations and prepaid supply agreements, has grown significantly due to current supply chain conditions, complexity of our products, and recent reductions in demand. At the end of fiscal year 2023, purchase obligations and prepaid supply agreements represented more than half of our total supply. Inventory provisions for excess inventory and purchase obligations totaled $2.17 billion in fiscal year 2023. We may incur inventory provisions if our inventory or supply commitments are misaligned with demand for our products.

Product transitions are complex as we often ship both new and legacy architecture products simultaneously and we and our channel partners prepare to ship and support new products. We are currently transitioning the architecture of our Data Center, Professional Visualization, and Gaming products. Qualification time for new products, customers anticipating product transitions and channel partners reducing channel inventory of legacy architectures ahead of new product introductions can create reductions or volatility in our revenue. While we have managed prior product transitions and have previously sold multiple product architectures at the same time, these transitions are difficult and prior trends may not continue.

We build technology and products for use cases and applications that may be new or may not yet exist. Examples include our Omniverse platform and third-party large language models and generative models. Our demand estimates for these use cases and applications can be incorrect and create volatility in our revenue or supply levels, and we may not be able to generate any revenue from these use cases and applications.

NVIDIA AI Cloud Service Offerings

We will offer enterprise customers NVIDIA AI cloud services directly and through our network of partners. Examples of these services include NVIDIA DGX Cloud, which is cloud-based infrastructure and software for training AI models, and customizable pretrained AI models. NVIDIA has partnered with leading cloud service providers to host these services in their data centers.

We entered into multi-year cloud service agreements in the second half of fiscal year 2023 to these offerings and our research and development activities. NVIDIA AI cloud services may not be successful and will take time, resources and investment. We also offer or plan to offer standalone software solutions for AI including NVIDIA AI Enterprise, NVIDIA Omniverse, NVIDIA DRIVE for automotive, and several other software solutions. These new business models or strategies may not be successful and we may fail to sell any meaningful standalone software or as-a-service solutions. We may incur significant costs and may not achieve any significant revenue from these offerings.

Global Trade

During the third quarter of fiscal year 2023, the USG announced new license 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 and our A100X. We are required to transition certain operations out of China (including Hong Kong), including research and development and supply and distribution operations. We have engaged with customers in China to provide alternative products not subject to the new license requirements, such as our new A800 offering.

Management of these new license and other requirements is complicated and time consuming. Our results and competitive position may be harmed if customers in China do not want to purchase our alternative product offerings, if customers purchase product from competitors, or if customers develop their own internal solution, if the USG does not grant licenses in a timely manner or denies licenses to significant customers, or if we incur significant transition costs.

COVID-19

During fiscal year 2023, we reopened our offices worldwide. We incurred incremental expenses and related in-office costs as we ramped onsite services.

Restrictions may be imposed or reinstated as the pandemic resurfaces, such as lockdown measures due to COVID-19 containment efforts in China. During fiscal year 2023, end customer sales for our products in China have been negatively impacted by lockdowns and this impact may continue if lockdowns return. COVID-19-related disruptions have created and may continue to create supply chain and logistics constraints. Challenges in estimating demand could become more pronounced or volatile in the future on both a global and regional basis.

Russia

In fiscal year 2023, we stopped direct sales to Russia and later in the year, we closed business operations in Russia. Direct sales to Russia in fiscal year 2022 were immaterial. Our revenue to partners that sell into Russia may have been negatively impacted due to the war in Ukraine.

Termination of the Arm Share Purchase Agreement

In February 2022, NVIDIA and SoftBank announced the termination of the Share Purchase Agreement whereby NVIDIA would have acquired Arm from SoftBank due to significant regulatory challenges preventing the completion of the transaction. We recorded an acquisition termination cost of $1.35 billion in fiscal year 2023 reflecting the write-off of the prepayment provided at signing.

Fiscal Year 2023 Summary

| |Year Ended|January 29, 2023|January 30, 2022|Change|

|---|---|---|---|---|

|Revenue|$26,974|$26,914| |%|

|Gross margin| |56.9%|64.9%|Down 8.0 pts|

|Operating expenses|$11,132|$7,434| |Up 50%|

|Income from operations|$4,224|$10,041| |Down 58%|

|Net income|$4,368|$9,752| |Down 55%|

|Net income per diluted share|$1.74|$3.85| |Down 55%|

We specialize in markets where our computing platforms can provide tremendous acceleration for applications. These platforms incorporate processors, interconnects, software, algorithms, systems, and services to deliver unique value. Our platforms address four large markets where our expertise is critical: Data Center, Gaming, Professional Visualization, and Automotive.

Revenue for fiscal year 2023 revenue was $26.97 billion, flat compared with a year ago.

Data Center

Revenue was up 41% from a year ago led by strong growth from hyperscale customers and also reflects purchases made by several CSP partners to support multi-year cloud service agreements for new NVIDIA AI cloud service offerings and research and development activities.

Gaming

Revenue was down 27% from a year ago reflecting lower sell-in to partners to help reduce channel inventory levels due to global macro-economic conditions and COVID-19 related disruptions in China affecting gaming demand.

Professional Visualization

Revenue was down 27% from a year ago reflecting lower sell-in to partners to help reduce channel inventory levels.

Automotive

Revenue was up 60% from a year ago reflecting growth in sales of self-driving solutions, computing solutions for electric vehicle makers, and strength in sales of AI cockpit solutions. The increase also included growth in automotive development arrangements.

OEM and Other

Revenue was down 61% from a year ago driven by notebook OEM and CMP. CMP revenue was nominal in fiscal year 2023 and $550 million in fiscal year 2022.

Gross Margin

For fiscal year 2023 declined from a year ago, driven by $2.17 billion of inventory charges largely relating to excess supply of NVIDIA Ampere architecture Gaming and Data Center products compared to demand expectations, particularly in China. The inventory charges were comprised of $1.04 billion for inventory on hand and $1.13 billion for inventory purchase obligations in excess of demand expectations.

Operating Expenses

Up 50% from a year ago, which included a $1.35 billion acquisition termination charge related to the

Arm transaction. The increase also reflected compensation, data center infrastructure, and engineering development costs.

Cash and Securities

Cash, cash equivalents, and marketable securities were $13.30 billion.

Shareholder Returns

During fiscal year 2023, $10.44 billion was returned to shareholders in the form of share repurchases and cash dividends. As of the end of fiscal year 2023, $7.23 billion remained under the share repurchase authorization through December 2023.

Market Platform Highlights

Category	Revenue	Change
Data Center	$15.01 billion	41% increase
Gaming	$9.07 billion	27% decrease
Professional Visualization	$1.54 billion	27% decrease

Automotive Revenue

Automotive revenue for fiscal year 2023 grew 60% compared to fiscal year 2022 to $903 million. In Automotive, we started production of the NVIDIA DRIVE Orin autonomous vehicle SOC and introduced next-generation NVIDIA DRIVE Thor.

Critical Accounting Policies and Estimates

Managements discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, cost of revenue, expenses and related disclosure of contingencies. On an on-going basis, we evaluate our estimates, including those related to inventories, revenue recognition, and income taxes. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

We believe the following critical accounting policies affect our significant judgments and estimates used in the preparation of our consolidated financial statements. Our management has discussed the development and selection of these critical accounting policies and estimates with the Audit Committee of our Board of Directors. The Audit Committee has reviewed our disclosures relating to our critical accounting policies and estimates in this Annual Report on Form 10-K.

Inventories

Inventory cost is computed on an adjusted standard basis, which approximates actual cost on an average or first-in, first-out basis. We charge cost of sales for inventory provisions to write-down our inventory to the lower of cost or net realizable value or for obsolete or excess inventory, and for excess product purchase commitments. Most of our inventory provisions relate to excess quantities of products or components, based on our inventory levels and future product purchase commitments compared to assumptions about future demand and market conditions, which requires management judgment.

Situations that may result in excess or obsolete inventory or excess product purchase commitments include changes in business and economic conditions, changes in market conditions, sudden and significant decreases in demand for our products, inventory obsolescence because of changing technology and customer requirements, new product introductions resulting in less demand for existing products or inconsistent spikes in demand due to unexpected end use cases, failure to estimate customer demand properly, ordering in advance of historical lead-times and the impact of changes in future demand, or increase in demand for competitive products, including competitive actions. Cancellation or deferral of customer purchase orders could result in our holding excess inventory.

The overall net effect on our gross margin from inventory provisions and sales of items previously written down was an unfavorable impact of 7.5% in fiscal year 2023 and 0.9% in fiscal year 2022. As a fabless semiconductor company, we must make commitments to purchase inventory based on forecasts of future customer demand. In doing so, we must account for our third-party manufacturers' lead times and constraints. In the past, our manufacturing lead times have been long, and in some cases, extended beyond twelve months for some products. We place non-cancellable inventory orders for certain product components in advance of our historical lead times, pay premiums and provide deposits to secure future supply and capacity. We also adjust to other market factors, such as product offerings and pricing actions by our competitors, new product transitions, and macroeconomic conditions - all of which may impact demand for our products.

Refer to the Gross Profit and Gross Margin discussion below in this Management's Discussion and Analysis for further discussion.

Revenue Recognition

We derive our revenue from product sales, including hardware and systems, license and development arrangements, software licensing, and cloud services. We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract (where revenue is allocated on a relative standalone selling).

Product Sales Revenue

Revenue from product sales is recognized upon transfer of control of products to customers in an amount that reflects the consideration we expect to receive in exchange for those products. Certain products are sold with support or an extended warranty for the incorporated system, hardware, and/or software. Support and extended warranty revenue are recognized ratably over the service period, or as services are performed. Revenue is recognized net of allowances for returns, customer programs and any taxes collected from customers.

For products sold with a right of return, we record a reduction to revenue by establishing a sales return allowance for estimated product returns at the time revenue is recognized, based primarily on historical return rates. However, if product returns for a fiscal period are anticipated to exceed historical return rates, we may determine that additional sales return allowances are required to properly reflect our estimated exposure for product returns.

Customer Programs

Our customer programs involve rebates, which are designed to serve as sales incentives to resellers of our products in various target markets, and marketing development funds, or MDFs, which represent monies paid to our partners that are earmarked for market segment development and are designed to support our partners activities while also promoting NVIDIA products. We account for customer programs as a reduction to revenue and accrue for potential rebates and MDFs based on the amount we expect to be claimed by customers.

License and Development Arrangements

Our license and development arrangements with customers typically require significant customization of our IP components. As a result, we recognize the revenue from the license and the revenue from the development services as a single performance obligation over the period in which the development services are performed. We measure progress to completion based on actual cost incurred to date as a percentage of the estimated total cost required to complete each project. If a loss on an arrangement becomes probable during a period, we record a provision for such loss in that period.

Refer to Note 1 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Income Taxes

We recognize federal, state and foreign current tax liabilities or assets based on our estimate of taxes payable or refundable in the current fiscal year by tax jurisdiction. We recognize federal, state and foreign deferred tax assets or liabilities, as appropriate, for our estimate of future tax effects attributable to temporary differences and carryforwards; and we record a valuation allowance to reduce any deferred tax assets by the amount of any tax benefits that, based on available evidence and judgment, are not expected to be realized.

Our calculation of deferred tax assets and liabilities is based on certain estimates and judgments and involves dealing with uncertainties in the application of complex tax laws. Our estimates of deferred tax assets and liabilities may change based, in part, on added certainty or finality to an anticipated outcome, changes in accounting standards or tax laws in the United States, or foreign jurisdictions where we operate, or changes in other facts or circumstances. In addition, we recognize liabilities for potential United States and foreign income tax contingencies based on our estimate of whether, and the extent to which, additional taxes may be due. If we determine that payment of these amounts is unnecessary or if the recorded tax liability is less than our current assessment, we may be required to recognize an income tax benefit or additional income tax expense in our financial statements accordingly.

As of the end of fiscal years 2023 and 2022, we had a valuation allowance of $1.48 billion and $907 million, respectively, related to capital loss carryforwards, state, and certain other deferred tax assets that management determined not likely to be realized due, in part, to jurisdictional projections of future taxable income, including capital gains. To the extent realization of the deferred tax assets becomes more-likely-than-not, we would recognize such deferred tax assets as income tax benefits during the period.

We recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon

audit based solely on the technical merits of the tax position. Our policy is to include interest and penalties related to

unrecognized tax benefits as a component of income tax expense.

Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form

10-K for additional information.

Change in Accounting Estimate

In February 2023, we completed an assessment of the useful lives of our property, plant, and equipment. Based on advances in technology and usage rate, we increased the estimated useful life of a majority of the server, storage, and network equipment from three years to a range of four to five years, and assembly and test equipment from five years to seven years. This change in accounting estimate became effective at the beginning of fiscal year 2024. Based on the carrying amounts of a majority of our server, storage, network, and assembly and test equipment, net in use as of the end of fiscal year 2023, it is estimated this change will increase our fiscal year 2024 operating income by $133 million as a result of the reduction in depreciation expense.

Results of Operations

A discussion regarding our financial condition and results of operations for fiscal year 2023 compared to fiscal year 2022 is presented below. A discussion regarding our financial condition and results of operations for fiscal year 2022 compared to fiscal year 2021 can be found under Item 7 in our Annual Report on Form 10-K for the fiscal year ended January 30, 2022, filed with the SEC on March 18, 2022, which is available free of charge on the SECs website at http://www.sec.gov and at our investor relations website, http://investor.nvidia.com.

Consolidated Statements of Income

	Year Ended January 29, 2023	Year Ended January 30, 2022
Revenue	100.0%	100.0%
Cost of revenue	43.1	35.1
Gross profit	56.9	64.9
Research and development	27.2	19.6
Sales, general and administrative	9.1	8.0
Acquisition termination cost	5.0	
Total operating expenses	41.3	27.6
Income from operations	15.6	37.3
Interest income	1.0	0.1
Interest expense	(1.0)	(0.9)
Other, net	(0.1)	0.4
Other income (expense), net	(0.1)	(0.4)
Income before income tax	15.5	36.9
Income tax expense (benefit)	(0.7)	0.7
Net income	16.2%	36.2%

Revenue

Revenue by Reportable Segments	Year Ended	January 29, 2023	January 30, 2022	$ Change	% Change
				($ in millions)	

Compute & Networking	$15,068	$11,046	$4,022		36%
Graphics	$11,906	$15,868	($3,962)		(25)%
Total	$26,974	$26,914	$60		%

Compute & Networking - The year-on-year increase was led by growth from hyperscale customers and also reflects purchases made by several CSP partners to support multi-year cloud service agreements for our new NVIDIA AI cloud service offerings and our research and development activities. The increase was also related to the growth in Automotive. CMP contributed an insignificant amount in fiscal year 2023 compared to $550 million in fiscal year 2022.

Graphics - The year-on-year decrease primarily reflects lower sell-in to partners to help reduce channel inventory levels as global macro-economic conditions and COVID-19 related disruptions in China weighed on gaming demand.

Concentration of Revenue

Revenue from sales to customers outside of the United States accounted for 69% and 84% of total revenue for fiscal years 2023 and 2022, respectively. The decline in revenue outside the U.S. was primarily driven by China and Taiwan related to Data Center and Gaming. Revenue by geographic region is allocated to countries based on the billed location even if the revenue may be attributable to end customers in a different location.

No customer represented 10% or more of total revenue for fiscal years 2023 and 2022.

Gross Profit and Gross Margin

Gross profit consists of total revenue, net of allowances, less cost of revenue. Cost of revenue consists primarily of the cost of semiconductors, including wafer fabrication, assembly, testing and packaging, board and device costs, manufacturing support costs, including labor and overhead associated with such purchases, final test yield fallout, inventory and warranty provisions, memory and component costs, tariffs, and shipping costs. Cost of revenue also includes acquisition-related costs, development costs for license and service arrangements, IP-related costs, and stock-based compensation related to personnel associated with manufacturing operations.

Gross margin was 56.9% and 64.9% for fiscal years 2023 and 2022, respectively. The decrease in fiscal year 2023 was primarily due to $2.17 billion of inventory provisions in fiscal year 2023, which consists of approximately $1.04 billion for inventory on hand and approximately $1.13 billion for inventory purchase obligations in excess of our current demand projections.

Inventory provisions totaled $2.17 billion and $354 million for fiscal years 2023 and 2022, respectively. Sales of inventory that was previously written-off totaled $137 million and $111 million for fiscal years 2023 and 2022, respectively. As a result, the overall net effect on our gross margin was an unfavorable impact of 7.5% and 0.9% in fiscal years 2023 and 2022, respectively.

Compute & Networking - The gross margin of our Compute & Networking segment decreased during fiscal year 2023 when compared to fiscal year 2022, primarily due to inventory provisions.

Graphics - The gross margin of our Graphics segment decreased during fiscal year 2023 when compared to fiscal year 2022, primarily due to inventory and related provisions and lower margins of GeForce GPUs.

Operating Expenses

| |Year Ended| | | | |

	January 29, 2023	January 30, 2022	$	Change	% Change
Research and development expenses	$7,339	$5,268	$2,071		39%
% of revenue	27.2%	19.6%			
Sales, general and administrative expenses	$2,440	$2,166	$274		13%
% of revenue	9.1%	8.0%			
Acquisition termination cost	$1,353		$1,353		100%
% of revenue	5.0%	%			
Total operating expenses	$11,132	$7,434	$3,698		50%
% of revenue	41.3%	27.6%			

The increase in research and development expense for fiscal year 2023 was primarily driven by increased compensation, employee growth, engineering development costs, and data center infrastructure.

The increase in sales, general and administrative expense for fiscal year 2023 was primarily driven by increased compensation and employee growth.

We recorded an acquisition termination cost related to the Arm transaction of $1.35 billion in fiscal year 2023 reflecting the write-off of the prepayment provided at signing.

Other Income (Expense), Net

			Year Ended				
	January 29, 2023	January 30, 2022		$	Change	% Change	
Interest income	$267	$29	$238			821%	

Interest expense	($262)	($236)	($26)			11%	
Other, net	($48)	$107	($155)			(145)%	
Other income (expense), net	($43)	($100)	$57			(57)%	

Interest income consists of interest earned on cash, cash equivalents and marketable securities. The increase in interest income was primarily due to higher yields earned on our investments.

Interest expense is primarily comprised of coupon interest and debt discount amortization related to our notes. The increase in expense reflects interest on the $5.00 billion debt offering issued in June 2021.

Other, net, consists primarily of realized or unrealized gains and losses from investments in non-affiliated entities and the impact of changes in foreign currency rates. Change in other, net, compared to fiscal year 2022 was primarily driven by mark-to-market losses from publicly traded equity investments and changes in value from our non-affiliated private investments. Refer to Note 8 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information regarding our investments in non-affiliated entities.

Income Taxes

We recognized income tax benefit of $187 million for fiscal year 2023 and income tax expense of $189 million for fiscal year 2022. Income tax as a percentage of income before income tax was a benefit of 4.5% for fiscal year 2023 and an expense of 1.9% for fiscal year 2022.

Beginning in fiscal year 2023, the 2017 Tax Cuts and Jobs Act, or TCJA, requires taxpayers to capitalize research and development expenditures and to amortize domestic expenditures over five years and foreign expenditures over fifteen years.

The fiscal year 2023 effective tax rate includes the mandatory capitalization and amortization of research and development expenses beginning in fiscal year 2023, which resulted in a greater FDII deduction and significantly increased current taxes, with a corresponding deferred tax benefit at the relevant statutory tax rate.

The decrease in our effective tax rate in fiscal year 2023 as compared to fiscal year 2022 was primarily due to increased tax benefits of the FDII deduction, stock-based compensation, and the U.S. federal research tax credit, relative to lower profitability. This is partially offset by the impact of an increase in the proportion of earnings subject to U.S. tax in fiscal year 2023 and the one-time benefits of the domestication of a foreign subsidiary in fiscal year 2022, or the Domestication.

Our effective tax rate for fiscal year 2023 was lower than the U.S. federal statutory rate of 21% due primarily to tax benefits from the FDII deduction, tax benefits related to stock-based compensation and the U.S. federal research tax credit.

Our effective tax rate for fiscal year 2022 was lower than the U.S. federal statutory rate of 21% due to tax benefits from the FDII deduction, income earned in jurisdictions that are subject to taxes lower than the U.S. federal statutory tax rate, excess tax benefits related to stock-based compensation, recognition of U.S. federal research tax credit and the one-time benefits of the Domestication.

Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Liquidity and Capital Resources

	January 29, 2023	January 30, 2022

Cash and cash equivalents	$3,389	$1,990
Marketable securities	$9,907	$19,218
Cash, cash equivalents, and marketable securities	$13,296	$21,208

		Year Ended	January 29, 2023	January 30, 2022
Net cash provided by operating activities	$5,641	$9,108		
Net cash provided by (used in) investing activities	$7,375	$(9,830)		
Net cash provided by (used in) financing activities	$(11,617)	$1,865		

As of January 29, 2023, we had $13.30 billion in cash, cash equivalents and marketable securities, a decrease of $7.91 billion from the end of fiscal year 2022. Our investment policy requires the purchase of highly rated fixed income securities, the diversification of investment types and credit exposures, and certain maturity limits on our portfolio.

Cash provided by operating activities decreased in fiscal year 2023 compared to fiscal year 2022, primarily due to a decrease in net income adjusted for certain non-cash items, such as the Arm acquisition termination cost of $1.35 billion, and higher tax payments, partially offset by changes in working capital. Changes in working capital were primarily driven by lower accounts receivable due to strong collections partially offset by timing of supplier payments and inventory deliveries.

Cash provided by investing activities increased in fiscal year 2023 compared to fiscal year 2022, primarily driven by lower purchases and higher sales and maturities of marketable securities, offset by higher capital expenditures.

Cash used in financing activities increased in fiscal year 2023 compared to fiscal year 2022, due to share repurchases and the absence of debt issuance proceeds in fiscal year 2023, offset by absence of debt repayment.

Liquidity

Our primary sources of liquidity are our cash and cash equivalents, our marketable securities, and cash generated by our operations. At the end of fiscal year 2023, we had $13.30 billion in cash, cash equivalents and marketable securities. We believe that we have sufficient liquidity to meet our operating requirements for at least the next twelve months, and for the foreseeable future, including our future supply obligations and $1.25 billion of debt repayment due in fiscal year 2024. We continuously evaluate our liquidity and capital resources, including our access to external capital, to ensure we can finance future capital requirements.

Our marketable securities consist of debt securities issued by the U.S. government and its agencies, highly rated corporations and financial institutions, and foreign government entities, as well as certificates of deposit issued by highly rated financial institutions. These marketable securities are primarily denominated in U.S. dollars. Refer to Note 8 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

During fiscal year 2024, we expect to use our existing cash and cash equivalents, our marketable securities, and the cash generated by our operations to fund our capital investments of approximately $1.10 billion to $1.30 billion related to property and equipment.

Except for approximately $1.38 billion of cash, cash equivalents, and marketable securities held outside the U.S. for which we have not accrued any related foreign or state taxes if we repatriate these amounts to the U.S., substantially all of our cash, cash equivalents and marketable securities held outside of the U.S. at the end of fiscal year 2023 are available for use in the U.S. without incurring additional U.S. federal income taxes.

Beginning in fiscal year 2023, the TCJA requires taxpayers to capitalize research and development expenditures and to amortize domestic expenditures over five years and foreign expenditures over fifteen years. The adverse cash flow impact of mandatory capitalization will be reduced in future years as capitalized research and development expenditures continue to amortize. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Capital Return to Shareholders

During fiscal year 2023, we returned $10.04 billion in share repurchases and $398 million in quarterly cash dividends. Our cash dividend program and the payment of future cash dividends under that program are subject to our Board of Directors' continuing determination that the dividend program and the declaration of dividends thereunder are in the best interests of our shareholders.

As of January 29, 2023, we were authorized, subject to certain specifications, to repurchase additional shares of our common stock up to $7.23 billion through December 2023.

Outstanding Indebtedness and Commercial Paper Program

Our aggregate debt maturities as of January 29, 2023, by year payable, are as follows:

	January 29, 2023
Due in one year	$1,250
Due in one to five years	$2,250

Due in five to ten years	$4,000
Due in greater than ten years	$3,500
Unamortized debt discount and issuance costs	($47)
Net carrying amount	$10,953
Less short-term portion	($1,250)
Total long-term portion	$9,703

We have a $575 million commercial paper program to support general corporate purposes. As of the end of fiscal year 2023, we had not issued any commercial paper.

Refer to Note 12 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further discussion.

Material Cash Requirements and Other Obligations

For a description of our long-term debt, purchase obligations, and operating lease obligations, refer to Note 12, Note 13, and Note 3 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K, respectively.

We have unrecognized tax benefits of $1.02 billion, which includes related interest and penalties of $95 million, recorded in non-current income tax payable at the end of fiscal year 2023. We are unable to reasonably estimate the timing of any potential tax liability, interest payments, or penalties in individual years due to uncertainties in the underlying income tax positions and the timing of the effective settlement of such tax positions. We are currently under examination by the Internal Revenue Service for our fiscal years 2018 and 2019. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further information.

Climate Change

To date, there has been no material impact to our results of operations associated with global sustainability regulations, compliance, costs from sourcing renewable energy or climate-related business trends.

Adoption of New and Recently Issued Accounting Pronouncements

Refer to Note 1 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for a discussion of adoption of new and recently issued accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Investment and Interest Rate Risk

We are exposed to interest rate risk related to our fixed-rate investment portfolio and outstanding debt. The investment portfolio is managed consistent with our overall liquidity strategy in support of both working capital needs and strategic growth of our businesses.

As of the end of fiscal year 2023, we performed a sensitivity analysis on our investment portfolio. According to our analysis, parallel shifts in the yield curve of both plus or minus 0.5% would result in changes in fair values for these investments of $17 million.

As of the end of fiscal year 2023, we had $11.00 billion of senior Notes outstanding. We carry the Notes at face value less unamortized discount on our Consolidated Balance Sheets. As the Notes bear interest at a fixed rate, we have no financial statement risk associated with changes in interest rates. Refer to Note 12 of

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Foreign Exchange Rate Risk

We consider our direct exposure to foreign exchange rate fluctuations to be minimal as our sales are in United States dollars and foreign currency forward contracts are used to offset movements of foreign currency exchange rate movements. Gains or losses from foreign currency remeasurement are included in other income or expense. The impact of foreign currency transaction gain or loss included in determining net income was not significant for fiscal years 2023 and 2022.

Sales and arrangements with third-party manufacturers provide for pricing and payment in United States dollars, and, therefore, are not subject to exchange rate fluctuations. Increases in the value of the United States dollar relative to other currencies would make our products more expensive, which could negatively impact our ability to compete. Conversely, decreases in the value of the United States dollar relative to other currencies could result in our suppliers raising their prices in order to continue doing business with us. Additionally, we have international operations and incur expenditures in currencies other than U.S. dollars. Our operating expenses benefit from a stronger dollar and are adversely affected by a weaker dollar. The primary currency we hedge is Israeli Shekel.

We use foreign currency forward contracts to mitigate the impact of foreign currency exchange rate movements on our operating expenses. We designate these contracts as cash flow hedges and assess the effectiveness of the hedge relationships on a spot to spot basis. Gains or losses on the contracts are recorded in accumulated other comprehensive income or loss, and then reclassified to operating expense when the related operating expenses are recognized in earnings or ineffectiveness should occur.

We also use foreign currency forward contracts to mitigate the impact of foreign currency movements on monetary assets and liabilities that are denominated in currencies other than U.S. dollar. These forward contracts were not designated for hedge accounting treatment. Therefore, the change in fair value of these contracts is recorded in other income or expense and offsets the change in fair value of the hedged foreign currency denominated monetary assets and liabilities, which is also recorded in other income or expense.

If the U.S. dollar strengthened by 10% as of January 29, 2023 and January 30, 2022, the amount recorded in accumulated other comprehensive income (loss) related to our foreign exchange contracts before tax effect would have been approximately $112 million and $103 million lower, respectively. Change in value recorded in accumulated other comprehensive income (loss) would be expected to offset a corresponding change in hedged forecasted foreign currency expenses when recognized.

If an adverse 10% foreign exchange rate change was applied to our balance sheet hedging contracts, it would have resulted in an adverse impact on income before taxes of approximately $36 million and $41 million as of January 29, 2023 and January 30, 2022, respectively. These changes in fair values would be offset in other income (expense), net by corresponding change in fair values of the foreign currency denominated monetary assets and liabilities, assuming the hedge contracts fully cover the foreign currency denominated monetary assets and liabilities balances.

Refer to Note 11 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.# ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a) 1.	Financial Statements	Page

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of NVIDIA Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of NVIDIA Corporation and its subsidiaries (the

Company) as of January 29, 2023 and January 30, 2022, and the related consolidated statements of income,

comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended January 29,

2023, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2)

(collectively referred to as the consolidated financial statements). We also have audited the Company's internal control

over financial reporting as of January 29, 2023, based on criteria established in Internal Control - Integrated Framework

(2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial

position of the Company as of January 29, 2023 and January 30, 2022, and the results of its operations and its cash

flows for each of the three years in the period ended January 29, 2023 in conformity with accounting principles generally

accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective

internal control over financial reporting as of January 29, 2023, based on criteria established in Internal Control -

Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Managements Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Companys consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and

disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used

and significant estimates made by management, as well as evaluating the overall presentation of the consolidated

financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal

control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design

and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such

other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable

basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A companys internal control over financial reporting is a process designed to provide reasonable assurance regarding

the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

generally accepted accounting principles. A companys internal control over financial reporting includes those policies

and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting

principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of

management and

Directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the companys assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Inventories - Provisions for Excess or Obsolete Inventories and Excess Product Purchase Commitments

As described in Notes 1, 10 and 13 to the consolidated financial statements, the Company charges cost of sales for inventory provisions to write-down inventory for excess or obsolete inventory and for excess product purchase commitments. Most of the Companys inventory provisions relate to excess quantities of products, based on the Companys inventory levels and future product purchase commitments compared to assumptions about future demand and market conditions. As of January 29, 2023, the Companys consolidated inventories balance was $5,159 million and the Companys consolidated outstanding inventory purchase and long-term supply obligations balance was $4,920 million, of which a significant portion relates to inventory purchase obligations.

The principal considerations for our determination that performing procedures relating to the valuation of inventories, specifically the provisions for excess or obsolete inventories and excess product purchase commitments, is a critical audit matter are the significant judgment by management when developing provisions for excess or obsolete inventories and excess product purchase commitments, including developing assumptions related to future demand and market conditions. This in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating managements assumptions related to future demand and market conditions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to managements provisions for excess or obsolete inventories and excess product purchase commitments, including controls over managements assumptions related to future demand and market conditions. These procedures also included, among others, testing managements process for developing the provisions for excess or obsolete inventories and excess product purchase commitments; evaluating the appropriateness of managements approach; testing the completeness and accuracy of underlying data used in the approach; and evaluating the reasonableness of managements assumptions related to future demand and market conditions. Evaluating managements assumptions related to future demand and market conditions involved evaluating whether the assumptions used by management were reasonable considering (i) current and past results, including historical product life cycle, (ii) the consistency with external market and industry data, and (iii) changes in technology.

/s/ PricewaterhouseCoopers LLP San Jose, California February 24, 2023

We have served as the Companys auditor since 2004.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
Revenue	$26,974	$26,914	$16,675	
Cost of revenue	$11,618	$9,439	$6,279	
Gross profit	$15,356	$17,475	$10,396	
Operating expenses				
	Research and development	$7,339	$5,268	$3,924
	Sales, general and administrative	$2,440	$2,166	$1,940
	Acquisition termination cost	$1,353	$	$

| |Total operating expenses|$11,132|$7,434|$5,864|

|Income from operations|$4,224|$10,041|$4,532| |

|Interest income|$267|$29|$57| |

|Interest expense|($262)|($236)|($184)| |

|Other, net|($48)|$107|$4| |

| |Other income (expense), net|($43)|($100)|($123)|

|Income before income tax|$4,181|$9,941|$4,409| |

|Income tax expense (benefit)|($187)|$189|$77| |

|Net income|$4,368|$9,752|$4,332| |

Net income per share:

	Basic	Diluted
Basic	$1.76	$3.91
Diluted	$1.74	$3.85

Weighted average shares used in per share computation:

	Basic	Diluted
Basic	2,487	2,496
Diluted	2,507	2,535

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
Net income		$4,368	$9,752	$4,332
Other comprehensive income (loss), net of tax				
Available-for-sale debt securities:				
Net unrealized gain (loss)		(31)	(16)	2
Reclassification adjustments for net realized gain (loss) included in net income		1		(2)
Net change in unrealized loss		(30)	(16)	
Cash flow hedges:				
Net unrealized gain (loss)		47	(43)	9
Reclassification adjustments for net realized gain (loss) included in net income		(49)	29	9
Net change in unrealized gain (loss)		(2)	(14)	18
Other comprehensive income (loss), net of tax		(32)	(30)	18
Total comprehensive income		$4,336	$9,722	$4,350

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	January 29, 2023	January 30, 2022
ASSETS		

Cash and cash equivalents	$3,389	$1,990
Marketable securities	$9,907	$19,218
Accounts receivable, net	$3,827	$4,650
Inventories	$5,159	$2,605
Prepaid expenses and other current assets	$791	$366
Total current assets	$23,073	$28,829
Property and equipment, net	$3,807	$2,778
Operating lease assets	$1,038	$829
Goodwill	$4,372	$4,349
Intangible assets, net	$1,676	$2,339
Deferred income tax assets	$3,396	$1,222
Other assets	$3,820	$3,841
Total assets	$41,182	$44,187
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$1,193	$1,783
Accrued and other current liabilities	$4,120	$2,552
Short-term debt	$1,250	$
Total current liabilities	$6,563	$4,335
Long-term debt	$9,703	$10,946
Long-term operating lease liabilities	$902	$741
Other long-term liabilities	$1,913	$1,553
Total liabilities	$19,081	$17,575
Shareholders equity:		
Preferred stock, $0.001 par value; 2 shares authorized; none issued	$	$
Common stock, $0.001 par value; 8,000 shares authorized; 2,466 shares issued and outstanding as of January 29, 2023; 2,506 shares issued and outstanding as of January 30, 2022	$2	$3

|Additional paid-in capital|$11,971|$10,385|

|Accumulated other comprehensive loss|($43)|($11)|

|Retained earnings|$10,171|$16,235|

|Total shareholders' equity|$22,101|$26,612|

|Total liabilities and shareholders' equity|$41,182|$44,187|

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

| |Common Stock Outstanding| | | | | | |

|---|---|---|---|---|---|---|---|

| |Accumulated Additional Paid-in Capital|Treasury Stock|Comprehensive Income (Loss)|Retained Earnings|Total Shareholders' Equity| | |

|(In millions, except per share data)|Shares|Amount| | | | | |

|Balances, January 26, 2020|2,450|$3|$7,043|$(9,814)|$1|$14,971|$12,204|

|Net income|||||$4,332|$4,332|

|Other comprehensive income||||$18||$18|

| |Issuance of common stock from stock plans| | | | |Total|

|---|---|---|---|---|---|---|---|

| |40| |194| | | |194|

| |Tax withholding related to vesting of restricted stock units| | | | |Total|

| |(11)| | |(942)| | |(942)|

| |Cash dividends declared and paid ($0.16 per common share)| | | | | |Total|

| | | | | |(395)| |(395)|

| |Fair value of partially vested equity awards assumed in connection with acquisitions| | | | | |Total|

| | | |86| | | |86|

| |Stock-based compensation| | | | | |Total|

| | | |1,396| | | |1,396|

							Total
	2,479	3	8,719	(10,756)	19	18,908	16,893
					9,752		9,752
						(30)	(30)

	Issuance of common stock from stock plans						Total
	35		281				281
	Tax withholding related to vesting of restricted stock units						Total
	(8)		(614)	(1,290)			(1,904)
	Cash dividends declared and paid ($0.16 per common share)						Total
					(399)		(399)
	Fair value of partially vested equity awards assumed in connection with acquisitions						Total
			18				18
	Stock-based compensation						Total
			2,001				2,001

| | | | | | | |Total|

|---|---|---|---|---|---|---|---|

| |2,506|3|10,385| |(11)|16,235|26,612|

| | | | | |4,368| |4,368|

| | | | | | | |(32)|(32)|

| |Issuance of common stock from stock plans| | | | | |Total|

|---|---|---|---|---|---|---|---|

| |31| |355| | | |355|

| |Tax withholding related to vesting of restricted stock units| | | | | |Total|

| |(8)| |(1,475)| | | |(1,475)|

| |Shares repurchased| | | | | |Total|

| |(63)|(1)|(4)| | |(10,034)|(10,039)|

| |Cash dividends declared and paid ($0.16 per common share)| | | | | |Total|

| | | | | |(398)| |(398)|

| |Stock-based compensation| | | | | |Total|

| | | |2,710| | | |2,710|

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

| |Year Ended January 29, 2023|Year Ended January 30, 2022|Year Ended January 31, 2021|

|---|---|---|---|

|Cash flows from operating activities:| | | |

|Net income|$4,368|$9,752|$4,332|

|Adjustments to reconcile net income to net cash provided by operating activities:| | | |

|Stock-based compensation expense|2,709|2,004|1,397|

Depreciation and amortization	1,544	1,174	1,098
Acquisition termination cost	1,353		
Losses (gains) on investments in non-affiliates, net	45	(100)	
Deferred income taxes	(2,164)	(406)	(282)
Other	(7)	47	(20)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	822	(2,215)	(550)
Inventories	(2,554)	(774)	(524)
Prepaid expenses and other assets	(1,517)	(1,715)	(394)
Accounts payable	(551)	568	312
Accrued and other current liabilities	1,341	581	290
Other long-term liabilities	252	192	163
Net cash provided by operating activities	5,641	9,108	5,822
Cash flows from investing activities:			
Proceeds from maturities of marketable securities	19,425	15,197	8,792
Proceeds from sales of marketable securities	1,806	1,023	527
Purchases of marketable securities	(11,897)	(24,787)	(19,308)
Purchases related to property and equipment and intangible assets	(1,833)	(976)	(1,128)
Acquisitions, net of cash acquired	(49)	(263)	(8,524)
Investments and other, net	(77)	(24)	(34)
Net cash provided by (used in) investing activities	7,375	(9,830)	(19,675)
Cash flows from financing activities:			
Proceeds related to employee stock plans	355	281	194
Payments related to repurchases of common stock	(10,039)		
Payments related to tax on restricted stock units	(1,475)	(1,904)	(942)
Dividends paid	(398)	(399)	(395)
Principal payments on property and equipment	(58)	(83)	(17)

|Issuance of debt, net of issuance costs| |4,977|4,968|

|Repayment of debt| |(1,000)| |

|Other|(2)|(7)|(4)|

| |Net cash provided by (used in) financing activities|(11,617)|1,865|3,804|

|---|---|---|---|---|

|Change in cash and cash equivalents| |1,399|1,143|(10,049)|

|Cash and cash equivalents at beginning of period| |1,990|847|10,896|

|Cash and cash equivalents at end of period|$ 3,389|$ 1,990|$ 847| |

Supplemental disclosures of cash flow information:

Cash paid for income taxes, net	$ 1,404	$ 396	$ 249
Cash paid for interest	$ 254	$ 246	$ 138

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Summary of Significant Accounting Policies

Our Company

Headquartered in Santa Clara, California, NVIDIA was incorporated in California in April 1993 and reincorporated in Delaware in April 1998.

All references to NVIDIA, we, us, our or the Company mean NVIDIA Corporation and its subsidiaries.

Fiscal Year

We operate on a 52- or 53-week year, ending on the last Sunday in January. Fiscal years 2023 and 2022 were both 52-week years. Fiscal year 2021 was a 53-week year.

Reclassifications

Certain prior fiscal year balances have been reclassified to conform to the current fiscal year presentation.

Prior period intangible asset gross carrying amount and accumulated amortization in Note 7 have been adjusted to write off immaterial fully amortized intangible assets as of January 30, 2022.

Principles of Consolidation

Our consolidated financial statements include the accounts of NVIDIA Corporation and our wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from our estimates. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, cash equivalents and marketable securities, accounts receivable, inventories, income taxes, goodwill, stock-based compensation, litigation, investigation and settlement costs, restructuring and other charges, and other contingencies. The inputs into our judgments and estimates consider the economic implications of COVID-19. These estimates are based on historical facts and various other assumptions that we believe are reasonable.

In February 2023, we completed an assessment of the useful lives of our property, plant, and equipment. Based on advances in technology and usage rate, we increased the estimated useful life of a majority of the server, storage, and network equipment from three to a range of four to five years, and assembly and test equipment from five to seven years. This change in accounting estimate became effective at the beginning of fiscal year 2024. Based on the carrying amounts of a majority of our server, storage, network, and assembly and test equipment, net in use as of the end of fiscal year 2023, it is estimated this change will increase our fiscal year 2024 operating income by $133 million as a result of the reduction in depreciation expense.

Revenue Recognition

We derive our revenue from product sales, including hardware and systems, license and development arrangements, software licensing, and cloud services. We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract (where revenue is allocated on a relative standalone selling price basis by maximizing the use of observable inputs to determine the standalone selling price for each performance obligation); and (5) recognition of revenue when, or as, we satisfy a performance obligation.

Product Sales Revenue

Revenue from product sales is recognized upon transfer of control of products to customers in an amount that reflects the consideration we expect to receive in exchange for those products. Certain products are

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NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Sold with support or an extended warranty for the incorporated system, hardware, and/or software. Support and extended warranty revenue are recognized ratably over the service period, or as services are performed. Revenue is recognized net of allowances for returns, customer programs and any taxes collected from customers.

For products sold with a right of return, we record a reduction to revenue by establishing a sales return allowance for estimated product returns at the time revenue is recognized, based primarily on historical return rates. However, if product returns for a fiscal period are anticipated to exceed historical return rates, we may determine that additional sales return allowances are required to properly reflect our estimated exposure for product returns.

Our customer programs involve rebates, which are designed to serve as sales incentives to resellers of our products in various target markets, and marketing development funds, or MDFs, which represent monies paid to our partners that are earmarked for market segment development and are designed to support our partners activities while also promoting NVIDIA products. We account for customer programs as a reduction to revenue and accrue for potential rebates and MDFs based on the amount we expect to be claimed by customers.

License and Development Arrangements

Our license and development arrangements with customers typically require significant customization of our IP components. As a result, we recognize the revenue from the license and the revenue from the development services as a single performance obligation over the period in which the development services are performed. We measure progress to completion based on actual cost incurred to date as a percentage of the estimated total cost required to complete each project. If a loss on an arrangement becomes probable during a period, we record a provision for such loss in that period.

Software Licensing

Our software licenses provide our customers with a right to use the software when it is made available to the customer. Customers may purchase either perpetual licenses or subscriptions to licenses, which differ mainly in the duration over which the customer benefits from the software. Software licenses are frequently sold along with the right to receive, on a when-and-if available basis, future unspecified software updates and upgrades. Revenue from software licenses is recognized up front when the software is made available to the customer. Software support revenue is recognized ratably over the service period, or as services are performed.

Cloud Services

Cloud services, which allow customers to use hosted software and hardware infrastructure without taking possession of the software or hardware, are provided on a subscription basis or a combination of subscription plus usage. Revenue related to subscription-based cloud services is recognized ratably over the contract period. Revenue related to cloud services based on usage is recognized as usage occurs.

Product Warranties

We generally offer a limited warranty to end-users that ranges from one to three years for products in order to repair or replace products for any manufacturing defects or hardware component failures. Cost of revenue includes the estimated cost of product warranties that are calculated at the point of revenue recognition. Under limited circumstances, we may offer an extended limited warranty to customers for certain products. We also accrue for known warranty and indemnification issues if a loss is probable and can be reasonably estimated.

Stock-based Compensation

We use the closing trading price of our common stock on the date of grant, minus a dividend yield discount, as the fair value of awards of restricted stock units, or RSUs, and performance stock units that are based on our corporate financial performance targets, or PSUs. We use a Monte Carlo simulation on the date of grant to estimate the fair value of performance stock units that are based on market conditions, or market-based PSUs. The compensation expense for RSUs and market-based PSUs is recognized using a straight-line

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NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Attribution method over the requisite employee service period while compensation expense for PSUs is recognized using an accelerated amortization model. We estimate the fair value of shares to be issued under our employee stock purchase plan, or ESPP, using the Black-Scholes model at the commencement of an offering period in March and September of each year. Stock-based compensation for our ESPP is expensed using an accelerated amortization model. Additionally, we estimate forfeitures at least annually based on historical experience and revise the estimates of forfeiture in subsequent periods if actual forfeitures differ from those estimates.

Litigation, Investigation and Settlement Costs

We currently, are, and will likely continue to be subject to claims, litigation, and other actions, including potential regulatory proceedings, involving patent and other intellectual property matters, taxes, labor and employment, competition and antitrust, commercial disputes, goods and services offered by us and by third parties, and other matters. There are many uncertainties associated with any litigation or investigation, and we cannot be certain that these actions or other third-party claims against us will be resolved without litigation, fines and/or substantial settlement payments or judgments. If information becomes available that causes us to determine that a loss in any of our pending litigation, investigations or settlements is probable, and we can reasonably estimate the loss associated with such events, we will record the loss in accordance with U.S. GAAP. However, the actual liability in any such litigation or investigation may be materially different from our estimates, which could require us to record additional costs.

Foreign Currency Remeasurement

We use the United States dollar as our functional currency for our subsidiaries. Foreign currency monetary assets and liabilities are remeasured into United States dollars at end-of-period exchange rates. Non-monetary assets and liabilities such as property and equipment and equity are remeasured at historical exchange rates. Revenue and expenses are remeasured at exchange rates in effect during each period, except for those expenses related to non-monetary balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency remeasurement are included in earnings in our Consolidated Statements of Income and to date have not been significant.

Income Taxes

We recognize federal, state and foreign current tax liabilities or assets based on our estimate of taxes payable or refundable in the current fiscal year by tax jurisdiction. We recognize federal, state and foreign deferred tax assets or liabilities, as appropriate, for our estimate of future tax effects attributable to temporary differences and carryforwards; and we record a valuation allowance to reduce any deferred tax assets by the amount of any tax benefits that, based on available evidence and judgment, are not expected to be realized.

Our calculation of deferred tax assets and liabilities is based on certain estimates and judgments and involves dealing with uncertainties in the application of complex tax laws. Our estimates of deferred tax assets and liabilities may change based, in part, on added certainty or finality to an anticipated outcome, changes in accounting standards or tax laws in the United States, or foreign jurisdictions where we operate, or changes in other facts or circumstances. In addition, we recognize liabilities for potential United States and foreign income tax contingencies based on our estimate of whether, and the extent to which, additional taxes may be due. If we determine that payment of these amounts is unnecessary or if the recorded tax liability is less than our current assessment, we may be required to recognize an income tax benefit or additional income tax expense in our financial statements accordingly.

As of January 29, 2023, we had a valuation allowance of $1.48 billion related to capital loss carryforwards, state, and certain other deferred tax assets that management determined are not likely to be realized due to jurisdictional projections of future taxable income, including capital gains, tax attributes usage limitation by certain jurisdictions, and potential utilization limitations of tax attributes acquired as a result of stock ownership changes. To the extent realization of the deferred tax assets becomes more-likely-than-not, we would recognize such deferred tax assets as an income tax benefit during the period.

We recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon

audit based solely on the technical merits of the tax position. Our policy is to include interest and penalties related to

unrecognized tax benefits as a component of income tax expense.

Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted average number of common and potentially dilutive shares outstanding during the period, using the treasury stock method. Under the treasury stock method, the effect of equity awards outstanding is not included in the computation of diluted net income per share for periods when their effect is anti-dilutive.

Cash and Cash Equivalents and Marketable Securities

We consider all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less at the time of purchase to be cash equivalents. Marketable securities consist of highly liquid debt investments with maturities of greater than three months when purchased. We currently classify our investments as current based on the nature of the investments and their availability for use in current operations.

We classify our cash equivalents and marketable securities related to debt securities at the date of acquisition as available-for-sale. These available-for-sale debt securities are reported at fair value with the related unrealized gains and losses included in accumulated other comprehensive income or loss, a component of shareholders equity, net of tax.

The fair value of interest-bearing debt securities includes accrued interest. Realized gains and losses on the sale of

marketable securities are determined using the specific-identification method and recorded in the other income

(expense), net, section of our Consolidated Statements of Income.

Available-for-sale debt investments are subject to a periodic impairment review. If the estimated fair value of

available-for-sale debt securities is less than its amortized cost basis, we determine if the difference, if any, is caused by

expected credit losses and write-down the amortized cost basis of the securities if it is more likely than not we will be

required or we intend to sell the securities before recovery of its amortized cost basis. Allowances for credit losses and

write-downs are recognized in the other income (expense), net section of our Consolidated Statements of Income.

Fair Value of Financial Instruments

The carrying value of cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their

fair values due to their relatively short maturities as of January 29, 2023 and January 30, 2022. Marketable securities are

comprised of available-for-sale securities that are reported at fair value with the related unrealized gains or losses

included in accumulated other comprehensive income or loss, a component of shareholders equity, net of tax. Fair value

of the marketable securities is determined based on quoted market prices. Derivative instruments

are recognized as
either assets or liabilities and are measured at fair value. The accounting for changes in the fair value of a derivative
depends on the intended use of the derivative and the resulting designation. For derivative instruments designated as fair
value hedges, the gains or losses are recognized in earnings in the periods of change together with the offsetting losses
or gains on the hedged items attributed to the risk being hedged. For derivative instruments designated as cash-flow
hedges, the effective portion of the gains or losses on the derivatives is initially reported as a component of other
comprehensive income or loss and is subsequently recognized in earnings when the hedged exposure is recognized in
earnings. For derivative instruments not designated for hedge accounting, changes in fair value are recognized in
earnings.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents,
marketable securities, and accounts receivable. Our investment policy requires the purchase of highly-rated fixed income
securities, the diversification of investment type and credit exposures, and includes certain limits on our portfolio duration.
We perform ongoing credit evaluations of our customers financial condition and maintain an allowance for potential credit

losses. This allowance consists of an amount

Identified for specific customers and an amount based on overall estimated exposure. Our overall estimated exposure excludes amounts covered by credit insurance and letters of credit.

Inventories

Inventory cost is computed on an adjusted standard basis, which approximates actual cost on an average or first-in, first-out basis. Inventory costs consist primarily of the cost of semiconductors, including wafer fabrication, assembly, testing and packaging, manufacturing support costs, including labor and overhead associated with such purchases, final test yield fallout, and shipping costs, as well as the cost of purchased memory products and other component parts. We charge cost of sales for inventory provisions to write-down our inventory to the lower of cost or net realizable value or for obsolete or excess inventory, and for excess product purchase commitments. Most of our inventory provisions relate to excess quantities of products, based on our inventory levels and future product purchase commitments compared to assumptions about future demand and market conditions. Once inventory has been written-off or written-down, it creates a new cost basis for the inventory that is not subsequently written-up. We record a liability for noncancelable purchase commitments with suppliers for quantities in excess of our future demand forecasts consistent with our valuation of obsolete or excess inventory.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is computed using the straight-line method based on the estimated useful lives of the assets, generally three to five years. Once an asset is identified for retirement or disposition, the related cost and accumulated depreciation or amortization are removed, and a gain or loss is recorded. The estimated useful lives of our buildings are up to thirty years. Depreciation expense includes the amortization of assets recorded under finance leases. Leasehold improvements and assets recorded under finance leases are amortized over the shorter of the expected lease term or the estimated useful life of the asset.

Leases

We determine if an arrangement is or contains a lease at inception. Operating leases with lease terms of more than 12 months are included in operating lease assets, accrued and other current liabilities, and long-term operating lease liabilities on our consolidated balance sheet. Operating lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments over the lease term.

Operating lease assets and liabilities are recognized based on the present value of the remaining lease payments discounted using our incremental borrowing rate. Operating lease assets also include initial direct costs incurred and prepaid lease payments, minus any lease incentives. Our lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term. We combine the lease and non-lease components in determining the operating lease assets and liabilities.

Goodwill

Goodwill is subject to our annual impairment test during the fourth quarter of our fiscal year, or earlier if indicators of potential impairment exist. For the purposes of completing our impairment test, we perform either a qualitative or a quantitative analysis on a reporting unit basis. Qualitative factors include industry and market considerations, overall financial performance, and other relevant events and factors affecting the reporting units.

The quantitative impairment test considers both the income approach and the market approach to estimate a reporting units fair value. The income and market valuation approaches consider factors that include, but are not limited to, prospective financial information, growth rates, residual values, discount rates and comparable multiples from publicly traded companies in our industry and require us to make certain assumptions and estimates regarding industry economic factors and the future profitability of our business.

Intangible Assets and Other Long-Lived Assets

Intangible assets primarily represent acquired intangible assets including developed technology, in-process research and development, or IPR&D, and customer relationships, as well as rights acquired under technology licenses, patents, and acquired IP. We currently amortize our intangible assets with finite lives over periods ranging from one to twenty years using a method that reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up or, if that pattern cannot be reliably determined, using a straight-line amortization method. We initially capitalize the fair value of IPR&D as an intangible asset with an indefinite life. When IPR&D projects are completed, we reclassify the IPR&D as an amortizable purchased intangible asset and amortize over the assets estimated useful life.

Long-lived assets, such as property and equipment and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds the estimated fair value of the asset or asset group. Fair value is determined based on the estimated discounted future cash flows expected to be generated by the asset or asset group. Assets and liabilities to be disposed of would be separately presented in the Consolidated Balance Sheet and the assets would be reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated.

Business Combination

We allocate the fair value of the purchase price of an acquisition to the tangible assets acquired, liabilities assumed, and intangible assets acquired, including IPR&D, based on their estimated fair values. The excess of the fair value of the purchase price over the fair values of these net tangible and intangible assets acquired is recorded as goodwill.

Managements estimates of fair value are based upon assumptions believed to be reasonable, but our estimates and assumptions are inherently uncertain and subject to refinement. The estimates and assumptions used in valuing intangible assets include, but are not limited to, the amount and timing of projected future cash flows, discount rate used to determine the present value of these cash flows and asset lives. These estimates are inherently uncertain and, therefore, actual results may differ from the estimates made. As a result, during the measurement period of up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of the purchase price of an acquisition, whichever comes first, any subsequent adjustments are recorded to our Consolidated Statements of Income.

Acquisition-related expenses are recognized separately from the business combination and expensed as incurred.

Investment in Non-Affiliated Entities

Non-marketable equity investments in privately-held companies are recorded at fair value on a non-recurring basis only if an impairment or observable price adjustment occurs in the period with changes in fair value recorded through net income. These investments are valued using observable and unobservable inputs or data in an inactive market and the valuation requires our judgment due to the absence of market prices and inherent lack of liquidity. The estimated fair value is based on quantitative and qualitative factors including subsequent financing activities by the investee.

Marketable equity investments in publicly-held companies are recorded at fair value with the related unrealized and realized gains and losses recognized in other income (expense), net.

Note 2 - Business Combination

Termination of the Arm Share Purchase Agreement

In February 2022, NVIDIA and SoftBank announced the termination of the Share Purchase Agreement whereby NVIDIA would have acquired Arm from SoftBank. The parties agreed to terminate due to significant

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Regulatory challenges preventing the completion of the transaction. We recorded an acquisition termination cost of $1.35 billion in fiscal year 2023 reflecting the write-off of the prepayment provided at signing.

Acquisition of Mellanox Technologies, Ltd.

In April 2020, we completed the acquisition of all outstanding shares of Mellanox for a total purchase consideration of $7.13 billion.

Purchase Price Allocation

The aggregate purchase consideration has been allocated as follows (in millions):

|Allocation|Amount|

Cash and cash equivalents	$115
Marketable securities	$699
Accounts receivable, net	$216
Inventories	$320
Prepaid expenses and other assets	$179
Property and equipment, net	$144
Goodwill	$3,431
Intangible assets	$2,970
Accounts payable	($136)
Accrued and other current liabilities	($236)
Income tax liability	($191)
Deferred income tax liability	($258)
Other long-term liabilities	($119)

(1) Represents the cash consideration of $125.00 per share paid to Mellanox shareholders for approximately 56 million shares of outstanding Mellanox ordinary shares.

(2) Represents the cash consideration for the settlement of approximately 249 thousand Mellanox stock options held by employees and non-employee directors of Mellanox.

(3) Represents the fair value of Mellanoxs stock-based compensation awards attributable to pre-combination services.

We allocated the purchase price to tangible and identified intangible assets acquired and liabilities assumed based on the estimated fair values.

The goodwill is primarily attributable to the planned growth in the combined business of NVIDIA and Mellanox. Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any interim indicators of impairment. Goodwill recognized in the acquisition is not expected to be deductible for foreign tax purposes. Goodwill arising from the Mellanox acquisition has been allocated to the Compute and Networking segment. Refer to Note 17 Segment Information for further details on segments.

The operating results of Mellanox have been included in our consolidated financial statements for fiscal year 2021 since the acquisition date of April 27, 2020. Revenue attributable to Mellanox was approximately 10% for fiscal year 2021. There is not a practical way to determine net income attributable to Mellanox due to

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Integration. Acquisition-related costs attributable to Mellanox of $28 million were included in selling, general and administrative expense for fiscal year 2021.

Intangible Assets

The estimated fair value and useful life of the acquired intangible assets at the time of the acquisition are as follows:

	Fair Value (In millions)	Useful Lives

Developed technology (1)	$1,640	5 years
Customer relationships (2)	$440	3 years
Order backlog (3)	$190	Based on actual shipments
Trade names (4)	$70	5 years

Total identified finite-lived intangible assets: $2,340

IPR&D (5): $630 (N/A)

Total identified intangible assets: $2,970

(1) The fair value of developed technology was identified using the Multi-Period Excess Earnings Method.

(2) Customer relationships represent the fair value of the existing relationships using the With and Without Method.

(3) Order backlog represents primarily the fair value of purchase arrangements with customers using the Multi-Period Excess Earnings Method. The intangible asset was fully amortized as of January 31, 2021.

(4) Trade names primarily relate to Mellanox trade names and fair value was determined by applying the Relief-from-Royalty Method under the income approach.

(5) The fair value of IPR&D was determined using the Multi-Period Excess Earnings Method.

The fair value of the finite-lived intangible assets will be amortized over the estimated useful lives based on the pattern in which the economic benefits are expected to be received to cost of revenue and operating expenses.

Mellanox had an IPR&D project associated with the next generation interconnect product that had not yet reached technological feasibility as of the acquisition date. Accordingly, we recorded an indefinite-lived intangible asset of $630 million for the fair value of this project, which was initially not amortized. In fiscal year 2023, we commenced amortization of the IPR&D intangible asset.

Supplemental Unaudited Pro Forma Information

The following unaudited pro forma financial information summarizes the combined results of operations for NVIDIA and Mellanox as if the companies were combined as of the beginning of fiscal year 2020:

	Pro Forma Year Ended January 31, 2021 (In millions)
Revenue	$17,104
Net income	$4,757

The unaudited pro forma information presented above includes adjustments related to amortization of acquired intangible assets, adjustments to stock-based compensation expense, fair value of acquired inventory, and transaction costs. The unaudited pro forma information is for informational purposes only and is not necessarily indicative of our consolidated results of operations of the combined business had the acquisition actually occurred at the beginning of fiscal year 2020 or of the results of our future operations of the combined businesses.

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The pro forma results for fiscal year 2021 excluded the inventory step-up expense of $161 million. There were no other material nonrecurring adjustments.

Note 3 - Leases

Our lease obligations primarily consist of operating leases for our headquarters complex, domestic and international office facilities, and data center space, with lease periods expiring between fiscal years 2024 and 2035.

Future minimum lease payments under our non-cancelable operating leases as of January 29, 2023, are as follows:

Fiscal Year	Operating Lease Obligations (In millions)
2024	$220
2025	$198
2026	$180
2027	$166
2028	$144

|2029 and thereafter|$323|
|Total|$1,231|

Less imputed interest: $153

Present value of net future minimum lease payments: $1,078

Less short-term operating lease liabilities: $176

Long-term operating lease liabilities: $902

In addition to above, we have operating leases, primarily for our data centers, that are expected to commence within fiscal years 2024 and 2025 with lease terms of 2 to 8 years for $463 million.

Operating lease expense for fiscal years 2023, 2022, and 2021 was $193 million, $168 million, $145 million, respectively. Short-term and variable lease expenses for fiscal years 2023, 2022, and 2021 were not significant.

Other information related to leases was as follows:

	Year Ended		January 29, 2023	January 30, 2022	January 31, 2021
Supplemental cash flows information					(In millions)
	Operating cash flows used for operating leases	$184	$154	$141	
Operating lease assets obtained in exchange for lease obligations	$358	$266	$200		

As of January 29, 2023, our operating leases had a weighted average remaining lease term of 6.8

years and a weighted average discount rate of 3.21%. As of January 30, 2022, our operating leases had a weighted average remaining lease term of 7.1 years and a weighted average discount rate of 2.51%.

Note 4 - Stock-Based Compensation

Our stock-based compensation expense is associated with restricted stock units, or RSUs, performance stock units that are based on our corporate financial performance targets, or PSUs, performance stock units that are based on market conditions, or market-based PSUs, and our ESPP.

Our Consolidated Statements of Income include stock-based compensation expense, net of amounts allocated to inventory, as follows:

	Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
Cost of revenue		$138	$141	$88
Research and development		$1,892	$1,298	$860
Sales, general and administrative		$680	$565	$449
Total		$2,710	$2,004	$1,397

Stock-based compensation capitalized in inventories was not significant during fiscal years 2023, 2022, and 2021.

The following is a summary of equity awards granted under our equity incentive plans:

	Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
RSUs, PSUs and Market-based PSUs		25	18	36
Estimated total grant-date fair value		$4,505	$3,492	$2,764
Weighted average grant-date fair value per share		$183.72	$190.69	$76.81

	Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
ESPP				
Shares purchased		3	5	4
Weighted average price per share		$122.54	$56.36	$34.80
Weighted average grant-date fair value per share		$51.87	$23.24	$16.91

As of January 29, 2023, there was $6.56 billion of aggregate unearned stock-based compensation expense. This amount is expected to be recognized over a weighted average period of 2.6 years for RSUs, PSUs, and market-based PSUs, and 1.0 year for ESPP.

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	Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
ESPP		(Using the Black-Scholes model)		

Weighted average expected life (in years)		0.1-2.0	0.1-2.0	0.1-2.0
Risk-free interest rate		%-4.6%	%-0.5%	0.1%-1.6%
Volatility		43%-72%	20%-58%	26%-89%
Dividend yield		0.1%	0.1%	0.1%-0.3%

For ESPP shares, the expected term represents the average term from the first day of the offering period to the purchase date. The risk-free interest rate assumption used to value ESPP shares is based upon observed interest rates on Treasury bills appropriate for the expected term. Our expected stock price volatility assumption for ESPP is estimated using historical volatility. For awards granted, we use the dividend yield at grant date. Our RSU, PSU, and market-based PSU awards are not eligible for cash dividends prior to vesting; therefore, the fair values of RSUs, PSUs, and market-based PSUs are discounted for the dividend yield.

Additionally, for RSU, PSU, and market-based PSU awards, we estimate forfeitures semi-annually and revise the estimates of forfeiture in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based on historical experience.

Equity Incentive Program

We grant or have granted stock options, RSUs, PSUs, market-based PSUs, and stock purchase rights under the following equity incentive plans. In addition, in connection with our acquisitions of various companies, we have assumed certain stock-based awards granted under their stock incentive plans and converted them into our RSUs.

Amended and Restated 2007 Equity Incentive Plan

In 2007, our shareholders approved the NVIDIA Corporation 2007 Equity Incentive Plan, as most recently amended and restated, or the 2007 Plan.

The 2007 Plan authorizes the issuance of incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance stock awards, performance cash awards, and other stock-based awards to employees, directors and consultants. Only our employees may receive incentive stock options. As of January 29, 2023, up to 47 million shares of our common stock could be issued pursuant to stock awards granted under the 2007 Plan, of which 2 million shares were issuable upon the exercise of outstanding stock options. All options are fully vested, the last of which will expire by December 2023 if not exercised. Currently, we grant RSUs, PSUs and market-based PSUs under the 2007 Plan, under which, as of January 29, 2023, there were 160 million shares available for future grants.

Subject to certain exceptions, RSUs granted to employees vest (A) over a four-year period, subject to continued service, with 25% vesting on a pre-determined date that is close to the anniversary of the date of grant and 6.25% vesting quarterly thereafter, (B) over a three-year period, subject to continued service, with 40% vesting on a pre-determined date that is close to the anniversary of the date of grant and 7.5% vesting quarterly thereafter, or (C) over a four-year period, subject to continued service, with 6.25% vesting quarterly. PSUs vest over a four-year period, subject to continued service, with 25% vesting on a pre-determined date that is close to the anniversary of the date of grant and 6.25% vesting quarterly thereafter. Market-based PSUs vest 100% on approximately the three-year anniversary of the date of grant. However, the number of shares subject to both PSUs and market-based PSUs that are eligible to vest is generally determined by the Compensation Committee based on achievement of pre-determined criteria.

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Amended and Restated 2012 Employee Stock Purchase Plan

In 2012, our shareholders approved the NVIDIA Corporation 2012 Employee Stock Purchase Plan, as most recently
amended and restated, or the 2012 Plan.

Employees who participate in the 2012 Plan may have up to 15% of their earnings withheld to purchase shares of
common stock. The Board may decrease this percentage at its discretion. Each offering period is approximately 24
months, which is generally divided into four purchase periods of six months. The price of common stock purchased under
our 2012 Plan will be equal to 85% of the lower of the fair market value of the common stock on the commencement date
of each offering period or the fair market value of the common stock on each purchase date within the offering. As of
January 29, 2023, we had 230 million shares reserved for future issuance under the 2012 Plan.

Equity Award Activity

The following is a summary of our equity award transactions under our equity incentive plans:

	RSUs, PSUs and Market-based PSUs Outstanding	
	Number of Shares	Weighted Average Grant-Date Fair Value
(In millions, except per share data)		
Balances, January 30, 2022	46	$114.19
Granted	25	$183.72
Vested restricted stock	(24)	$100.06
Canceled and forfeited	(2)	$141.17
Balances, January 29, 2023	45	$158.45
Vested and expected to vest after January 29, 2023	45	$158.35

As of January 29, 2023 and January 30, 2022, there were 160 million and 131 million shares, respectively, of common stock available for future grants under our equity incentive plans.

As of January 29, 2023, the total intrinsic value of options currently exercisable and outstanding was $410 million, with an average exercise price of $3.79 per share and an average remaining term of 0.5 years. The total intrinsic value of options exercised was $642 million, $741 million, and $521 million for fiscal years 2023, 2022, and 2021, respectively. Upon the exercise of an option, we issue a new share of stock.

The total fair value of RSUs and PSUs, as of their respective vesting dates, during the years ended January 29, 2023, January 30, 2022, and January 31, 2021, was $4.27 billion, $5.56 billion, and $2.67 billion, respectively.

Note 5 - Net Income Per Share

The following is a reconciliation of the denominator of the basic and diluted net income per share computations for the periods presented:

	Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
Numerator:				
Net income		$4,368	$9,752	$4,332
Denominator:				
Basic weighted average shares		2,487	2,496	2,467
Dilutive impact of outstanding equity awards		20	39	43
Diluted weighted average shares		2,507	2,535	2,510
Net income per share:				
Basic (1)		$1.76	$3.91	$1.76
Diluted (2)		$1.74	$3.85	$1.73

Equity awards excluded from diluted net income per share because their effect would have been anti-dilutive: 40, 21, 12

(1) Calculated as net income divided by basic weighted average shares.

(2) Calculated as net income divided by diluted weighted average shares.

Note 6 - Goodwill

As of January 29, 2023, the total carrying amount of goodwill was $4.37 billion, consisting of goodwill balances allocated to our Compute & Networking and Graphics reporting units of $4.00 billion and $370 million, respectively. As of January 30, 2022, the total carrying amount of goodwill was $4.35 billion, consisting of goodwill balances allocated to our Compute & Networking and Graphics reporting units of $3.99 billion and $361 million, respectively. Goodwill increased by $23 million in fiscal year 2023 from acquisitions. We assigned $14 million of the increase in goodwill to our Compute & Networking segment and assigned $9 million of the increase to our Graphics segment. During the fourth quarters of fiscal years 2023, 2022, and 2021, we completed our annual qualitative impairment tests and concluded that goodwill was not impaired in any of these years.

Note 7 - Amortizable Intangible Assets

The components of our amortizable intangible assets are as follows:

	January 29, 2023		January 30, 2022	
	Gross Carrying Amount	Net Amount	Gross Carrying Amount	Net Amount
Acquisition-related intangible assets (1)	$3,093	$1,479	$3,061	$2,114
Patents and licensed technology	$446	$197	$446	$225
Total intangible assets	$3,539	$1,676	$3,507	$2,339

During the first quarter of fiscal year 2023, we commenced amortization of a $630 million in-process research and development intangible asset related to our acquisition of Mellanox.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Amortization expense associated with intangible assets for fiscal years 2023, 2022, and 2021 was $699 million, $563 million, and $612 million, respectively. Future amortization expense related to the net carrying amount of intangible assets as of January 29, 2023 is estimated to be $602 million in fiscal year 2024, $541 million in fiscal year 2025, $247 million in fiscal year 2026, $142 million in fiscal year 2027, $35 million in fiscal year 2028, and $109 million in fiscal year 2029 and thereafter.

Note 8 - Cash Equivalents and Marketable Securities

Our cash equivalents and marketable securities related to debt securities are classified as available-for-sale debt securities.

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Cash Equivalents	Reported as Marketable Securities
Corporate debt securities	$4,809	$	($12)	$4,797	$1,087	$3,710
Debt securities issued by the United States Treasury	$4,185	$1	($44)	$4,142	$	$4,142
Debt securities issued by United States government agencies	$1,836	$	($2)	$1,834	$50	$1,784
Money market funds	$1,777	$	$	$1,777	$1,777	$
Certificates of deposit	$365	$	$	$365	$134	$231
Foreign government bonds	$140	$	$	$140	$100	$40
Total	$13,112	$1	($58)	$13,055	$3,148	$9,907

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Cash Equivalents	Reported as Marketable Securities

Corporate debt securities	$9,977	$	($3)	$9,974	$1,102	$8,872
Debt securities issued by the United States Treasury	$7,314	$	($14)	$7,300	$	$7,300
Debt securities issued by United States government agencies	$1,612	$	$	$1,612	$256	$1,356
Certificates of deposit	$1,561	$	$	$1,561	$21	$1,540
Money market funds	$316	$	$	$316	$316	$
Foreign government bonds	$150	$	$	$150	$	$150
Total	$20,930	$	($17)	$20,913	$1,695	$19,218

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The following tables provide the breakdown of unrealized losses as of January 29, 2023 and January 30, 2022, aggregated by investment category and length of time that individual securities have been in a continuous loss position:

	Less than 12 Months	Less than 12 Months	12 Months or Greater	12 Months or Greater	Total	Total
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss
Debt securities issued by the United States Treasury	$2,444	(21)	$1,172	(23)	$3,616	(44)
Corporate debt securities	$1,188	(7)	$696	(5)	$1,884	(12)
Debt securities issued by United States government agencies	$1,307	(2)	$		$1,307	(2)
Total	$4,939	(30)	$1,868	(28)	$6,807	(58)

January 30, 2022

	Less than 12 Months	Less than 12 Months	12 Months or Greater	12 Months or Greater	Total	Total
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss
Debt securities issued by the United States Treasury	$5,292	(14)	$		$5,292	(14)
Corporate debt securities	$2,445	(3)	$19		$2,464	(3)
Total	$7,737	(17)	$19		$7,756	(17)

The gross unrealized losses are related to fixed income securities, driven primarily by changes in interest rates. Net realized gains and losses were not significant for all periods presented.

The amortized cost and estimated fair value of cash equivalents and marketable securities as of January 29, 2023 and January 30, 2022 are shown below by contractual maturity:

	January 29, 2023	January 29, 2023	January 30, 2022	January 30, 2022
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Less than one year	$9,738	$9,708	$16,346	$16,343
Due in 1 - 5 years	$3,374	$3,347	$4,584	$4,570
Total	$13,112	$13,055	$20,930	$20,913

Note 9 - Fair Value of Financial Assets and Liabilities

The fair values of our financial assets and liabilities are determined using quoted market prices of identical assets or quoted market prices of similar assets from active markets. We review fair value hierarchy classification on a quarterly basis.

NVIDIA CORPORATION AND SUBSIDIARIES

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Fair Value at

	Pricing Category	January 29, 2023		January 30, 2022
Assets				
Cash equivalents and marketable securities:				
Money market funds	Level 1	$1,777	$316	
Corporate debt securities	Level 2	$4,797	$9,974	
Debt securities issued by the United States Treasury	Level 2	$4,142	$7,300	
Debt securities issued by United States government agencies	Level 2	$1,834	$1,612	
Certificates of deposit	Level 2	$365	$1,561	
Foreign government bonds	Level 2	$140	$150	
Other assets (Investment in non-affiliated entities):				
Publicly-held equity securities (1)	Level 1	$11	$58	
Privately-held equity securities	Level 3	$288	$208	
Liabilities (2)				
0.309% Notes Due 2023	Level 2	$1,230	$1,236	
0.584% Notes Due 2024	Level 2	$1,185	$1,224	
3.20% Notes Due 2026	Level 2	$966	$1,055	
1.55% Notes Due 2028	Level 2	$1,099	$1,200	
2.85% Notes Due 2030	Level 2	$1,364	$1,542	

2.00% Notes Due 2031	Level 2	$1,044	$1,200	
3.50% Notes Due 2040	Level 2	$870	$1,066	
3.50% Notes Due 2050	Level 2	$1,637	$2,147	
3.70% Notes Due 2060	Level 2	$410	$551	

(1) Unrealized losses of $61 million from investments in publicly-traded equity securities were recorded in other income (expense), net, in fiscal year 2023. Unrealized gains of $48 million from an investment in a publicly-traded equity security were recorded in other income (expense), net, in fiscal year 2022.

(2) These liabilities are carried on our Consolidated Balance Sheets at their original issuance value, net of unamortized debt discount and issuance costs.

Note 10 - Balance Sheet Components

Certain balance sheet components are as follows:

	January 29, 2023	January 30, 2022
Inventories (1):		
Raw materials	$2,430	$791
Work in-process	$466	$692
Finished goods	2,263	1,122
Total inventories	$5,159	$2,605

(1) In fiscal years 2023 and 2022, we recorded an inventory reserve expense of approximately $1.04 billion and $173 million in cost of revenue, respectively.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	January 29, 2023	January 30, 2022	Estimated Useful Life
Property and Equipment:			
Land	$218	$218	(A)
Buildings, leasehold improvements, and furniture	$1,598	$874	(B)
Equipment, compute hardware, and software	$4,303	$2,852	3-5
Construction in process	$382	$737	(C)
Total property and equipment, gross	$6,501	$4,681	
Accumulated depreciation and amortization	($2,694)	($1,903)	
Total property and equipment, net	$3,807	$2,778	

(A) Land is a non-depreciable asset.

(B) The estimated useful lives of our buildings are up to thirty years. Leasehold improvements and finance leases are amortized based on the lesser of either the assets estimated useful life or the expected lease term.

(C) Construction in process represents assets that are not available for their intended use as of the balance sheet date.

Depreciation expense for fiscal years 2023, 2022, and 2021 was $844 million, $611 million, and $486 million, respectively.

Accumulated amortization of leasehold improvements and finance leases was $327 million and $265 million as of January 29, 2023 and January 30, 2022, respectively.

Property, equipment and intangible assets acquired by assuming related liabilities during fiscal years 2023, 2022, and 2021 were $374 million, $258 million, and $157 million, respectively.

	January 29, 2023	January 30, 2022
Other assets:		
Prepaid supply agreements	$2,989	$1,747
Prepaid royalties	$387	$409
Investment in non-affiliated entities	$299	$266
Advanced consideration for acquisition (1)		$1,353
Other	$145	$66
Total other assets	$3,820	$3,841

(1) Refer to Note 2 - Business Combination for further details on the Arm acquisition.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	January 29, 2023	January 30, 2022
Accrued and Other Current Liabilities:		
Customer program accruals	$1,196	$1,000
Excess inventory purchase obligations (1)	$954	$196
Accrued payroll and related expenses	$530	$409
Taxes payable	$467	$132
Deferred revenue (2)	$354	$300
Operating leases	$176	$144
Other	$443	$371
Total accrued and other current liabilities	$4,120	$2,552

(1) In fiscal years 2023 and 2022, we recorded an expense of approximately $1.13 billion and $181 million, respectively, in cost of revenue for inventory purchase obligations in excess of our current demand projections, and cancellation and underutilization penalties.

(2) Deferred revenue primarily includes customer advances and deferrals related to license and development arrangements, support for hardware and software, and cloud services.

	January 29, 2023	January 30, 2022
Other Long-Term Liabilities:		
Income tax payable (1)	$1,204	$980

Deferred income tax	$247	$245
Deferred revenue (2)	$218	$202
Licenses payable	$181	$77
Other	$63	$49
Total other long-term liabilities	$1,913	$1,553

(1) Income tax payable is comprised of the long-term portion of the one-time transition tax payable, unrecognized tax benefits, and related interest and penalties.

(2) Deferred revenue primarily includes deferrals related to support for hardware and software.

Deferred Revenue

The following table shows the changes in deferred revenue during fiscal years 2023 and 2022.

January 29, 2023

January 30, 2022

Balance Sheet

		In millions
Balance at beginning of period	$502	$451
Deferred revenue added during the period	$830	$821
Addition due to business combinations	$0	$8
Revenue recognized during the period	($760)	($778)
Balance at end of period	$572	$502

Revenue related to remaining performance obligations represents the contracted license and development arrangements and support for hardware and software. This includes deferred revenue currently recorded and amounts that will be invoiced in future periods. As of January 29, 2023, $652 million of revenue related to 76.

NVIDIA CORPORATION AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Performance obligations had not been recognized, of which we expect to recognize approximately 47% over the next twelve months and the remainder thereafter. This excludes revenue related to performance obligations for contracts with a length of one year or less.

Note 11 - Derivative Financial Instruments

We enter into foreign currency forward contracts to mitigate the impact of foreign currency exchange rate movements on our operating expenses. These contracts are designated as cash flow hedges for hedge accounting treatment. Gains or losses on the contracts are recorded in accumulated other comprehensive income or loss and reclassified to operating expense when the related operating expenses are recognized in earnings or ineffectiveness should occur. The fair value of the contracts was not significant as of January 29, 2023 and January 30, 2022.

We enter into foreign currency forward contracts to mitigate the impact of foreign currency movements on monetary assets and liabilities that are denominated in currencies other than U.S. dollar. These forward contracts were not designated for hedge accounting treatment. Therefore, the change in fair value of these contracts is recorded in other income or expense and offsets the change in fair value of the hedged foreign currency denominated monetary assets and liabilities, which is also recorded in other income or expense.

	January 29, 2023	January 30, 2022
Designated as cash flow hedges	$1,128	$1,023
Non-designated hedges	$366	$408

As of January 29, 2023, all designated foreign currency forward contracts mature within eighteen months. The expected realized gains and losses deferred into accumulated other comprehensive income (loss) related to foreign currency forward contracts within the next twelve months was not significant. During fiscal years 2023 and 2022, the impact of derivative financial instruments designated for hedge accounting treatment on other comprehensive income or loss was not significant and all such instruments were determined to be highly effective.

Note 12 - Debt

Long-Term Debt

In June 2021, March 2020, and September 2016, we issued a total of $5.00 billion, $5.00 billion, and $2.00 billion aggregate principal of senior notes, respectively. The net proceeds from these offerings were $4.98 billion, $4.97 billion, and $1.98 billion, respectively, after deducting debt discount and issuance costs. In fiscal year 2022, we repaid the $1.00 billion of 2.20% Notes Due 2021.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	Expected Remaining Term (years)	Effective Interest Rate	January 29, 2023 (In millions)	January 30, 2022 (In millions)
0.309% Notes Due 2023	0.4	0.41%	$1,250	$1,250
0.584% Notes Due 2024	1.4	0.66%	$1,250	$1,250
3.20% Notes Due 2026	3.6	3.31%	$1,000	$1,000
1.55% Notes Due 2028	5.4	1.64%	$1,250	$1,250
2.85% Notes Due 2030	7.2	2.93%	$1,500	$1,500
2.00% Notes Due 2031	8.4	2.09%	$1,250	$1,250
3.50% Notes Due 2040	17.2	3.54%	$1,000	$1,000
3.50% Notes Due 2050	27.2	3.54%	$2,000	$2,000
3.70% Notes Due 2060	37.2	3.73%	$500	$500
Unamortized debt discount and issuance costs			($47)	($54)
Net carrying amount	$10,953	$10,953	$10,953	$10,953
Less short-term portion	($1,250)	($1,250)	($1,250)	($1,250)
Total long-term portion	$9,703	$9,703	$9,703	$9,703

All our notes are unsecured senior obligations. All existing and future liabilities of our subsidiaries will be effectively senior to the notes. Our notes pay interest semi-annually. We may redeem each of our notes prior to maturity, subject to a make-whole premium as defined in the applicable form of note.

As of January 29, 2023, we were in compliance with the required covenants, which are non-financial in nature, under the Notes.

Commercial Paper

We have a $575 million commercial paper program to support general corporate purposes. As of January 29, 2023, we had not issued any commercial paper.

Note 13 - Commitments and Contingencies

Purchase Obligations

Our purchase obligations reflect our commitments to purchase components used to manufacture our products, including long-term supply agreements, certain software and technology licenses, other goods and services and long-lived assets.

We have entered into several long-term supply agreements, under which we have made advance payments and have $810 million remaining unpaid. As of January 29, 2023, we had outstanding inventory purchase and long-term supply obligations totaling $4.92 billion, inclusive of the $810 million. Under our manufacturing relationships with our foundry suppliers, subcontractors and contract manufacturers, cancellation of outstanding purchase commitments is generally allowed but may result in the payment of costs incurred through the date of cancellation. Other non-inventory purchase obligations of $3.14 billion include $2.23 billion of multi-year cloud service agreements.

(Continued)

Fiscal Year:	Commitments (In millions)
2024	$5,230
2025	$983
2026	$679
2027	$622
2028	$296
2029 and thereafter	$253
Total	$8,063

Accrual for Product Warranty Liabilities

The estimated amount of product warranty liabilities was $82 million and $46 million as of January 29, 2023 and January 30, 2022, respectively. The estimated product returns and estimated product warranty activity consisted of the following:

	January 29, 2023	January 30, 2022	January 31, 2021
Balance at beginning of period	$46	$22	$15
Additions	$145	$40	$28
Utilization	$109	$16	$21
Balance at end of period	$82	$46	$22

In the second quarter of fiscal year 2023, we recorded $122 million in product warranty liabilities primarily related to a defect identified in a third-party component embedded in certain Data Center products. In the third quarter of fiscal year 2023, we recognized a warranty-related benefit of approximately $70 million in cost of revenue due to favorable product recovery.

In connection with certain agreements that we have entered in the past, we have provided indemnities for matters such as tax, product, and employee liabilities. We have included intellectual property indemnification provisions in our technology-related agreements with third parties. Maximum potential future payments cannot be estimated because many of these agreements do not have a maximum stated liability. We have not recorded any liability in our Consolidated Financial Statements for such indemnifications.

Litigation

Securities Class Action and Derivative Lawsuits

The plaintiffs in the putative securities class action lawsuit, captioned 4:18-cv-07669-HSG, initially filed on December 21, 2018 in the United States District Court for the Northern District of California, and titled In Re NVIDIA Corporation Securities Litigation, filed an amended complaint on May 13, 2020. The amended complaint asserted that NVIDIA and certain NVIDIA executives violated Section 10(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and SEC Rule 10b-5, by making materially false or misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand between May 10, 2017 and November 14, 2018. Plaintiffs also alleged that the NVIDIA executives who they named as defendants violated Section 20(a) of the Exchange Act. Plaintiffs sought class certification, an award of unspecified compensatory damages, an award of reasonable costs and expenses.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

including attorneys fees and expert fees, and further relief as the Court may deem just and proper. On March 2, 2021, the district court granted NVIDIAs motion to dismiss the complaint without leave to amend, entered judgment in favor of NVIDIA and closed the case. On March 30, 2021, plaintiffs filed an appeal from judgment in the United States Court of Appeals for the Ninth Circuit, case number 21-15604. Oral argument on the appeal was held on May 10, 2022.

The putative derivative lawsuit pending in the United States District Court for the Northern District of California, captioned 4:19-cv-00341-HSG, initially filed January 18, 2019 and titled In re NVIDIA Corporation Consolidated Derivative Litigation, was stayed pending resolution of the plaintiffs appeal in the In Re NVIDIA Corporation Securities Litigation action. On February 22, 2022, the court administratively closed the case, but stated that it would reopen the case once the appeal in the In Re NVIDIA Corporation Securities Litigation action is resolved. The lawsuit asserts claims, purportedly on behalf of us, against certain officers and directors of the Company for breach of fiduciary duty, unjust enrichment, waste of corporate assets, and violations of Sections 14(a), 10(b), and 20(a) of the Exchange Act based on the dissemination of allegedly false and misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand. The plaintiffs are seeking unspecified damages and other relief, including reforms and improvements to NVIDIAs corporate governance and internal procedures.

The putative derivative actions initially filed September 24, 2019 and pending in the United States District Court for the District of Delaware, Lipchitz v. Huang, et al. (Case No. 1:19-cv-01795-UNA) and Nelson v. Huang, et. al. (Case No. 1:19-cv-01798- UNA), remain stayed pending resolution of the plaintiffs appeal in the In Re NVIDIA Corporation Securities Litigation action. The lawsuits assert claims, purportedly on behalf of us, against certain officers and directors of the Company for breach of fiduciary duty, unjust enrichment, insider trading, misappropriation of information, corporate waste and violations of Sections 14(a), 10(b), and 20(a) of the Exchange Act based on the dissemination of allegedly false, and misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand. The plaintiffs seek unspecified damages and other relief, including disgorgement of profits from the sale of NVIDIA stock and unspecified corporate governance measures.

Accounting for Loss Contingencies

As of January 29, 2023, we have not recorded any accrual for contingent liabilities associated with the legal proceedings described above based on our belief that liabilities, while possible, are not probable. Further, except as specifically described above, any possible loss or range of loss in these matters cannot be reasonably estimated at this time. We are engaged in legal actions not described above arising in the ordinary course of business and, while there can be no assurance of favorable outcomes, we believe that the ultimate outcome of these actions will not have a material adverse effect on our operating results, liquidity or financial position.

Note 14 - Income Taxes

The income tax expense (benefit) applicable to income before income taxes consists of the following:

		Year Ended	January 29, 2023	January 30, 2022	January 31, 2021

Current income taxes:					
Federal	$1,703	$482	$197		
State	$46	$42	$1		
Foreign	$228	$71	$161		
Total current	$1,977	$595	$359		
Deferred taxes:					
Federal	($2,165)	($420)	($246)		
Foreign	$1	$14	($36)		
Total deferred	($2,164)	($406)	($282)		
Income tax expense (benefit)	($187)	$189	$77		

Income before income tax consists of the following:

		Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
U.S.	$3,477	$8,446	$1,437		
Foreign	$704	$1,495	$2,972		
Income before income tax	$4,181	$9,941	$4,409		

The income tax expense (benefit) differs from the amount computed by applying the U.S. federal statutory rate of 21% to income before income taxes as follows:

				Year Ended	January 29, 2023	January 30, 2022	January 31, 2021
Tax expense computed at federal statutory rate	$878 (21.0%)	$2,088 (21.0%)	$926 (21.0%)				
Expense (benefit) resulting from:							
Acquisition termination cost	$261 (6.2%)	(%)	(%)				

|State income taxes, net of federal tax effect|$50 (1.2%)|$42 (0.4%)|$10 (0.2%)| | | | |

|Foreign-derived intangible income|($739) (17.7%)|($520) (5.2%)| (%)| | | | |

|Stock-based compensation|($309) (7.4%)|($337) (3.4%)|($136) (3.1%)| | | | |

|U.S. federal research and development tax credit|($278) (6.6%)|($289) (2.9%)|($173) (3.9%)| | | | |

|Foreign tax rate differential|($83) (2.0%)|($497) (5.0%)|($561) (12.7%)| | | | |

	IP domestication					
				(244)	(2.5)%	
Other	33	0.8%	(54)	(0.5)%	11	0.2%
Income tax expense (benefit)	$ (187)	(4.5) $%	189	1.9 $%	77	1.7%
	81					

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	January 29, 2023	January 30, 2022
Deferred tax assets:		
Capitalized research and development expenditure (1)	$1,859	$508
Research and other tax credit carryforwards	951	798
GILTI deferred tax assets	800	378
Accruals and reserves, not currently deductible for tax purposes	686	258
Net operating loss and capital loss carryforwards	409	118

Operating lease liabilities	193	125
Stock-based compensation	99	86
Property, equipment and intangible assets	66	22
Other deferred tax assets	91	22
Gross deferred tax assets	5,154	2,315
Less valuation allowance	(1,484)	(907)
Total deferred tax assets	3,670	1,408
Deferred tax liabilities:		
Unremitted earnings of foreign subsidiaries	(228)	(150)
Operating lease assets	(179)	(113)
Acquired intangibles	(115)	(169)
Gross deferred tax liabilities	(522)	(432)
Net deferred tax asset (2)	$3,148	$976

(1) Capitalized research and development deferred tax assets were previously included in Property, equipment and intangible assets.

(2) Net deferred tax asset includes long-term deferred tax assets of $3.40 billion and $1.22 billion and long-term deferred tax liabilities of $247 million and $245 million for fiscal years 2023 and 2022, respectively. Long-term deferred tax liabilities are included in other long-term liabilities on our Consolidated Balance Sheets.

As of January 29, 2023, we intend to indefinitely reinvest approximately $1.05 billion and $245 million of cumulative undistributed earnings held by certain subsidiaries in Israel and the United Kingdom, respectively. We have not provided the amount of unrecognized deferred tax liabilities for temporary differences related to these investments as the determination of such amount is not practicable.

As of January 29, 2023 and January 30, 2022, we had a valuation allowance of $1.48 billion and $907 million, respectively, related to capital loss carryforwards, state, and certain other deferred tax assets that management determined not likely to be realized due, in part, to jurisdictional projections of future taxable income, including capital gains. To the extent realization of the deferred tax assets becomes more-likely-than-not, we would recognize such deferred tax assets as income tax benefits during the period.

As of January 29, 2023, we had U.S. federal, state and foreign net operating loss carryforwards of $363 million, $329 million and $329 million, respectively. The federal and state carryforwards will begin to expire in fiscal years 2026 and 2024, respectively. The foreign net operating loss carryforwards of $329 million may be carried forward indefinitely. As of January 29, 2023, we had federal research tax credit carryforwards of $26 million, before the impact of uncertain tax positions, that will begin to expire in fiscal year 2024. We have state research tax credit carryforwards of $1.49 billion, before the impact of uncertain tax positions. $1.41 billion is attributable to the State of California and may be carried over indefinitely and $83 million is attributable to various other states and will begin to expire in fiscal year 2024. As of January 29, 2023, we had federal capital loss carryforwards of $1.38 billion that will begin to expire in fiscal year 2024.

Our tax attributes remain subject to audit and may be adjusted for changes or modification in tax laws, other authoritative interpretations thereof, or other facts and circumstances. Utilization of tax attributes may also

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

be subject to limitations due to ownership changes and other limitations provided by the Internal Revenue Code and similar state and foreign tax provisions. If any such limitations apply, the tax attributes may expire or be denied before utilization.

A reconciliation of gross unrecognized tax benefits is as follows:

	January 29, 2023	January 30, 2022	January 31, 2021
Balance at beginning of period	$1,013	$776	$583
Increases in tax positions for current year	268	246	158
Increases in tax positions for prior years	1	14	60
Decreases in tax positions for prior years	(15)	(4)	(11)
Settlements	(9)	(8)	(5)
Lapse in statute of limitations	(20)	(11)	(9)
Balance at end of period	$1,238	$1,013	$776

Included in the balance of unrecognized tax benefits as of January 29, 2023 are $770 million of tax benefits that would affect our effective tax rate if recognized.

We classify an unrecognized tax benefit as a current liability, or amount refundable, to the extent

that we anticipate
payment or receipt of cash for income taxes within one year. The amount is classified as a long-term liability, or reduction
of long-term amount refundable, if we anticipate payment or receipt of cash for income taxes during a period beyond a
year.

We include interest and penalties related to unrecognized tax benefits as a component of income tax expense. We
recognized net interest and penalties related to unrecognized tax benefits in income tax expense line of our consolidated
statements of income of $33 million, $14 million, and $7 million during fiscal years 2023, 2022 and 2021, respectively. As
of January 29, 2023 and January 30, 2022, we have accrued $95 million and $59 million, respectively, for the payment of
interest and penalties related to unrecognized tax benefits, which is not included as a component of our gross
unrecognized tax benefits.

While we believe that we have adequately provided for all tax positions, amounts asserted by tax authorities could be
greater or less than our accrued position. Accordingly, our provisions on federal, state and foreign tax-related matters to
be recorded in the future may change as revised estimates are made or the underlying matters are settled or otherwise
resolved. As of January 29, 2023, we have not identified any positions for which it is reasonably possible that the total

amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

We are subject to taxation by taxing authorities both in the United States and other countries. As of January 29, 2023, the

significant tax jurisdictions that may be subject to examination include China, Germany, Hong Kong, India, Israel, Taiwan,

United Kingdom, and the United States for fiscal years 2005 through 2022. As of January 29, 2023, the significant tax

jurisdictions for which we are currently under examination include Germany, India, Israel, and the United States for fiscal

years 2005 through 2022.

Note 15 - Shareholders Equity

Capital Return Program

During fiscal year 2023, we repurchased 63 million shares for $10.04 billion. Since the inception of our share repurchase

program through January 29, 2023, we have repurchased an aggregate of 1.10 billion shares under our share

repurchase program for a total cost of $17.12 billion. As of January 29, 2023, we were authorized, subject to certain

specifications, to repurchase an additional $7.23 billion of shares through December 2023.

NVIDIA CORPORATION AND SUBSIDIARIES

During fiscal years 2023, 2022, and 2021, we paid $398 million, $399 million, and $395 million in cash dividends to our shareholders, respectively. Our cash dividend program and the payment of future cash dividends under that program are subject to our Board of Directors' continuing determination that the dividend program and the declaration of dividends thereunder are in the best interests of our shareholders.

In fiscal year 2022, we retired our existing 349 million treasury shares. These shares assumed the status of authorized and unissued shares upon retirement. The excess of repurchase price over par value was allocated between additional paid-in capital and retained earnings, resulting in a reduction in additional paid-in capital by $20 million and retained earnings by $12.0 billion. Any future repurchased shares will assume the status of authorized and unissued shares.

Note 16 - Employee Retirement Plans

We provide tax-qualified defined contribution plans to eligible employees in the U.S. and certain other countries. Our contribution expense for fiscal years 2023, 2022, and 2021 was $227 million, $168 million, and $120 million, respectively.

Note 17 - Segment Information

Our Chief Executive Officer, who is considered to be our chief operating decision maker, or CODM, reviews financial information presented on an operating segment basis for purposes of making decisions and assessing financial performance.

The Compute & Networking segment includes our Data Center accelerated computing platform; networking; automotive AI Cockpit, autonomous driving development agreements, and autonomous vehicle solutions; electric vehicle computing platforms; Jetson for robotics and other embedded platforms; and NVIDIA AI Enterprise and other software; and CMP.

The Graphics segment includes GeForce GPUs for gaming and PCs, the GeForce NOW game streaming service and related infrastructure, and solutions for gaming platforms; Quadro/NVIDIA RTX GPUs for enterprise workstation graphics; vGPU software for cloud-based visual and virtual computing; automotive platforms for infotainment systems; and Omniverse Enterprise software for building and operating metaverse and 3D internet applications.

Operating results by segment include costs or expenses that are directly attributable to each segment, and costs or expenses that are leveraged across our unified architecture and therefore allocated between our two segments.

The All Other category includes the expenses that our CODM does not assign to either Compute & Networking or Graphics for purposes of making operating decisions or assessing financial performance. The expenses include stock-based compensation expense, acquisition-related and other costs, corporate infrastructure and support costs, restructuring costs, acquisition termination cost, IP-related and legal settlement costs, contributions, and other non-recurring charges and benefits that our CODM deems to be enterprise in nature.

Our CODM does not review any information regarding total assets on a reportable segment basis. Depreciation and amortization expense directly attributable to each reportable segment is included in operating results for each segment. However, the CODM does not evaluate depreciation and amortization expense by operating segment and, therefore, it is not separately presented. There is no intersegment revenue. The accounting policies for segment reporting are the same as for our consolidated financial statements. The table below presents details of our reportable segments and the All Other category.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	Compute & Networking	Graphics	All Other	Consolidated
Year Ended January 29, 2023:	$15,068	$11,906	$	$26,974
Operating income (loss)	$5,083	$4,552	$(5,411)	$4,224
Year Ended January 30, 2022:	$11,046	$15,868	$	$26,914
Operating income (loss)	$4,598	$8,492	$(3,049)	$10,041
Year Ended January 31, 2021:	$6,841	$9,834	$	$16,675
Operating income (loss)	$2,548	$4,612	$(2,628)	$4,532

	January 29, 2023	January 30, 2022	January 31, 2021
Reconciling items included in "All Other" category:	$(2,710)	$(2,004)	$(1,397)
Acquisition termination cost	$(1,353)	$	$
Acquisition-related and other costs	$(674)	$(636)	$(836)
Unallocated cost of revenue and operating expenses	$(595)	$(399)	$(357)
Restructuring costs and other	$(54)	$	$
IP-related and legal settlement costs	$(23)	$(10)	$(38)

Contributions	$(2)	$	$
Total	$(5,411)	$(3,049)	$(2,628)

Revenue by geographic region is allocated to individual countries based on the billing location of the customer. End customer location may be different than our customers billing location. The following table summarizes information pertaining to our revenue from customers based on the invoicing address by geographic regions:

	January 29, 2023	January 30, 2022	January 31, 2021
Revenue:	$8,292	$4,349	$3,214
Taiwan	$6,986	$8,544	$4,531
China (including Hong Kong)	$5,785	$7,111	$3,886
Other countries	5,911	6,910	5,044
Total revenue	$26,974	$26,914	$16,675

No customer represented 10% or more of total revenue for fiscal years 2023, 2022 and 2021.

Two customers accounted for 14% and 11% of our accounts receivable balance as of January 29, 2023. Two customers each accounted for 11% of our accounts receivable balance as of January 30, 2022.

Revenue by Specialized Markets

	January 29, 2023	January 30, 2022	January 31, 2021
Data Center	$15,005	$10,613	$6,696
Gaming	$9,067	$12,462	$7,759
Professional Visualization	$1,544	$2,111	$1,053
Automotive	$903	$566	$536
OEM & Other	$455	$1,162	$631
Total revenue	$26,974	$26,914	$16,675

Long-Lived Assets by Country

	January 29, 2023	January 30, 2022
United States	$2,587	$2,023
Taiwan	$702	$379
Israel	$283	$185
Other countries	$235	$191
Total long-lived assets	$3,807	$2,778

NVIDIA CORPORATION AND SUBSIDIARIES

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions	Deductions	End of Period
Allowance for doubtful accounts	$4	$ (1)	$ (1)	$4
Sales return allowance	$13	$104 (2)	$(91) (4)	$26
Deferred tax valuation allowance	$907	$577 (3)	$	$1,484

Description	Balance at Beginning of Period	Additions	Deductions	End of Period
Allowance for doubtful accounts	$4	$ (1)	$ (1)	$4
Sales return allowance	$17	$19 (2)	$23 (4)	$13
Deferred tax valuation allowance	$728	$179 (3)	$	$907

Description	Balance at Beginning of Period	Additions	Deductions	End of Period
Allowance for doubtful accounts	$2	$2 (1)	$ (1)	$4
Sales return allowance	$9	$30 (2)	$22 (4)	$17
Deferred tax valuation allowance	$621	$107 (3)	$	$728

(1) Additions represent either expense or acquired balances and deductions represent write-offs.

(2) Additions represent estimated product returns charged as a reduction to revenue or an acquired balance.

(3) Additional valuation allowance on deferred tax assets not likely to be realized. Fiscal year 2023 includes additional valuation allowance on capital loss carryforwards, state, and certain other deferred tax assets. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part

IV, Item 15 of this Annual Report on Form 10-K for additional information.

(4) Represents sales returns.

Exhibit No.	Exhibit Description	Schedule/Form	Number	Exhibit Filing Date
2.1	Agreement and Plan of Merger, dated March 10, 2019, by and among NVIDIA Corporation, NVIDIA International Holdings Inc., Mellanox Technologies Ltd. and Teal Barvaz Ltd.	8-K	0-23985	2.1
2.2^	Share Purchase Agreement, dated September 13, 2020, by and among NVIDIA, NVIDIA Holdings, Arm, SoftBank, and Vision Fund	8-K	0-23985	2.1
3.1	Restated Certificate of Incorporation	10-K	0-23985	3.1
3.2	Amendment to Restated Certificate of Incorporation of NVIDIA Corporation	8-K	0-23985	3.1
3.3	Bylaws of NVIDIA Corporation, Amended and Restated as of March 3, 2022	8-K	0-23985	3.1
4.1	Reference is made to Exhibits 3.1, 3.2 and 3.3			
4.2	Specimen Stock Certificate	S-1/A	333-47495	4.2
4.3	Indenture, dated as of September 16, 2016, by and between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as Trustee	8-K	0-23985	4.1
4.4	Officers Certificate, dated as of September 16, 2016	8-K	0-23985	4.2
4.5	Form of 2026 Note	8-K	0-23985	Annex B-1 to Exhibit 4.2
4.6*	Description of Securities			
4.7	Officers Certificate, dated as of March 31, 2020	8-K	0-23985	4.2
4.8	Form of 2030 Note	8-K	0-23985	Annex A-1 to Exhibit 4.2
4.9	Form of 2040 Note	8-K	0-23985	Annex B-1 to Exhibit 4.2
4.10	Form of 2050 Note	8-K	0-23985	Annex C-1 to Exhibit 4.2
4.11	Form of 2060 Note	8-K	0-23985	Annex D-1 to Exhibit 4.2

|4.12|Officers' Certificate, dated as of June 16, 2021|8-K|0-23985|4.2|

|4.13|Form of 2023 Note|8-K|0-23985|Annex A-1 to Exhibit 4.2|

|4.14|Form of 2024 Note|8-K|0-23985|Annex B-1 to Exhibit 4.2|

|4.15|Form of 2028 Note|8-K|0-23985|Annex C-1 to Exhibit 4.2|

|4.16|Form of 2031 Note|8-K|0-23985|Annex D-1 to Exhibit 4.2|

|10.1|Form of Indemnity Agreement between NVIDIA Corporation and each of its directors and officers|8-K|0-23985|10.1|

|10.2+*|Amended and Restated 2007 Equity Incentive Plan| | | |

|10.3+|Amended and Restated 2007 Equity Incentive Plan - Non-Employee Director Stock Option Grant (2012 Annual Board Retainer)|10-Q|0-23985|10.4|

Amended and Restated 2007 Equity Incentive Plan

Non-Statutory Stock Option

10-Q 0-23985 10.1 8/22/2012

Incentive Stock Option

10-Q 0-23985 10.2 8/22/2012

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Amended and Restated 2007 Equity Incentive Plan

|Document|Filing|SEC|Date|

|---|---|---|---|

|Non-Employee Director Deferred Restricted Stock Unit Grant Notice and Deferred Restricted Stock Unit Agreement (2016)|10-K|0-23985|3/12/2015|

|Non-Employee Director Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (2016)|10-K|0-23985|3/12/2015|

|Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement & Performance-Based Restricted Stock Unit Grant Notice and Performance-Based Restricted Stock Unit Agreement (2018)|10-Q|0-23985|5/22/2018|

|Global Restricted Stock Unit Grant Notice and Global Restricted Stock Unit Agreement (2019)|10-K|0-23985|2/21/2019|

|Global Performance-Based Restricted Stock Unit Grant Notice and Performance-Based Restricted Stock Unit Agreement (2019)|8-K|0-23985|3/11/2019|

|Global Restricted Stock Unit Grant Notice and Global Restricted Stock Unit Agreement (2020)|10-Q|0-23985|5/21/2020|

|Global Restricted Stock Unit Grant Notice and Global Restricted Stock Unit Agreement (2021)|10-Q|0-23985|5/26/2021|

|Global Restricted Stock Unit Grant Notice and Global Restricted Stock Unit Agreement (2022)|10-K|0-23985|3/18/2022|

|Global Restricted Stock Unit Grant Notice and Global Restricted Stock Unit Agreement (2023)| | | |

Amended and Restated 2012 Employee Stock Purchase Plan

Document	Filing	SEC	Date
Amended and Restated 2012 Employee Stock Purchase Plan	10-Q	0-23985	8/20/2021

Fiscal Year 2022 Variable Compensation Plan

Document	Filing	SEC	Date

Fiscal Year 2022 Variable Compensation Plan	8-K	0-23985	3/19/2021

Fiscal Year 2023 Variable Compensation Plan

Document	Filing	SEC	Date
Fiscal Year 2023 Variable Compensation Plan	8-K	0-23985	3/9/2022

Offer Letters

Employee	Document	Filing	Date	
Colette Kress	Offer Letter between NVIDIA Corporation and Colette Kress, dated September 13, 2013	8-K	0-23985	9/16/2013
Tim Teter	Offer Letter between NVIDIA Corporation and Tim Teter, dated December 16, 2016	8-K	0-23985	1/19/2017
Donald Robertson	Offer Letter between NVIDIA Corporation and Donald Robertson, dated May 21, 2019	8-K	0-23985	6/17/2019

Form of Commercial Paper Dealer Agreement

Document	Filing	SEC	Date
Form of Commercial Paper Dealer Agreement between NVIDIA Corporation, as Issuer, and the Dealer party thereto	8-K	0-23985	12/15/2017

List of Registrant's Subsidiaries

Document	Filing	SEC	Date
List of Registrant's Subsidiaries			

Consent of PricewaterhouseCoopers LLP

Power of Attorney (included in signature page)

Certification of Chief Executive Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934

Certification of Chief Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934

Certification of Chief Executive Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934

Certification of Chief Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document

|101.PRE|XBRL Taxonomy Extension Presentation Linkbase Document|

104 Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed herewith.

+ Management contract or compensatory plan or arrangement.

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed filed for purpose of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

^ Certain exhibits and schedules have been omitted in accordance with Regulation S-K Item 601(a)(5).

Copies of above exhibits not contained herein are available to any shareholder upon written request to: Investor Relations: NVIDIA Corporation, 2788 San Tomas Expressway, Santa Clara, CA 95051

ITEM 16. FORM 10-K SUMMARY

Not Applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 24, 2023.

NVIDIA Corporation

By: /s/ Jen-Hsun Huang

Jen-Hsun Huang

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jen-Hsun Huang and Colette M. Kress, and each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-facts and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature

Signature	Title	Date
Jen-Hsun Huang	President, Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2023
Colette M. Kress	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2023
Donald Robertson	Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 24, 2023
Robert Burgess	Director	February 24, 2023
Tench Coxe	Director	February 24, 2023
John O. Dabiri	Director	February 24, 2023
Persis Drell	Director	February 24, 2023
Dawn Hudson	Director	February 24, 2023
Harvey C. Jones	Director	February 24, 2023
Michael McCaffery	Director	February 24, 2023
Stephen C. Neal	Director	February 24, 2023
Mark L. Perry	Director	February 24, 2023
A. Brooke Seawell	Director	February 24, 2023
Aarti Shah	Director	February 24, 2023
Mark Stevens	Director	February 24, 2023

ITEM 1. BUSINESS

Our Company

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, artificial intelligence, or AI, data science, autonomous vehicles, or AV, robotics, and augmented and virtual reality, or AR and VR.

The GPU was initially used to simulate human imagination, enabling the virtual worlds of video games and films. Today, it also simulates human intelligence, enabling a deeper understanding of the physical world. Its parallel processing capabilities, supported by thousands of computing cores, are essential to running deep learning algorithms. This form of AI, in which software writes itself by learning from large amounts of data, can serve as the brain of computers, robots and self-driving cars that can perceive and understand the world. GPU-powered deep learning is being adopted by thousands of enterprises to deliver services and products that would have been impossible with traditional coding.

NVIDIA has a platform strategy, bringing together hardware and systems, software, algorithms and libraries, and services to create unique value for the markets we serve. While the computing requirements of these end markets are diverse, we address them with a unified underlying architecture leveraging our GPUs and software stacks. The programmable nature of our architecture allows us to support several multi-billion-dollar end markets with the same underlying technology by using a variety of software stacks developed either internally or by third party developers and partners. The large and growing number of developers across our platforms strengthens our ecosystem and increases the value of our platform to our customers.

Innovation is at our core. We have invested over $29 billion in research and development since our inception, yielding inventions that are essential to modern computing. Our invention of the GPU in 1999 defined modern computer graphics and established NVIDIA as the leader in computer graphics. With our introduction of the CUDA programming model in 2006, we opened the parallel processing capabilities of our GPU for general purpose computing. This approach significantly accelerates the most demanding high-performance computing, or HPC, applications in fields such as aerospace, bio-science research, mechanical and fluid simulations, and energy exploration. Today, our GPUs and networking accelerate many of the fastest supercomputers across the world. In addition, the massively parallel compute architecture of our GPUs and associated software are well suited for deep learning and machine learning, powering the era of AI. While traditional CPU-based approaches no longer deliver advances on the pace described by Moores Law, we deliver GPU performance improvements on a pace ahead of Moores Law, giving the industry a path forward.

Gamers choose NVIDIA GPUs to enjoy immersive, increasingly cinematic virtual worlds. GPUs also help underpin the worlds fastest growing spectator sport, eSports, which attracts hundreds of millions of viewers to watch top-quality gaming. In addition to serving the growing number of gamers, the market for gaming GPUs is expanding as a result of the burgeoning population of live streamers, broadcasters, artists and creators.

Researchers use our GPUs to accelerate a wide range of important applications, from simulating molecular dynamics to climate forecasting. With support for more than 2,500 applications - including the top 15 HPC applications - NVIDIA GPUs enable some of the most promising areas of discovery, from climate prediction to materials science and from wind tunnel simulation to genomics. Including GPUs and networking, NVIDIA powers over 70%, and 8 of the top 10, supercomputers on the global TOP500 list.

The worlds leading cloud service providers and consumer internet companies use our GPUs to enable, accelerate or enrich the services they deliver to billions of end-users, including search, recommendations, social networking, online shopping, live video, translation, AI assistants, navigation, and cloud computing.

A rapidly growing number of enterprises and startups across a broad range of industries use our GPUs and AI software to bring automation to the products and services they build. The transportation industry is turning to our platforms for autonomous driving; the healthcare industry is leveraging them for enhanced medical imaging and accelerated drug discovery; and the financial services industry is using them for fraud detection.

Professional designers use our GPUs and software to create visual effects in movies, and design buildings and products ranging from cell phones to commercial aircraft.

Headquartered

Headquartered in Santa Clara, California, NVIDIA was incorporated in California in April 1993 and reincorporated in Delaware in April 1998.

Termination of the Arm Share Purchase Agreement

On February 8, 2022, NVIDIA and SoftBank Group Corp., or SoftBank, announced the termination of the Share Purchase Agreement whereby NVIDIA would have acquired Arm Limited, or Arm, from SoftBank. The parties agreed to terminate because of significant regulatory challenges preventing the completion of the transaction. We intend to record in operating expenses a $1.36 billion charge in the first quarter of fiscal year 2023 reflecting the write-off of the prepayment provided at signing in September 2020.

Our Businesses

We report our business results in two segments.

Graphics Segment

Includes:

- GeForce GPUs for gaming and PCs
- GeForce NOW game streaming service and related infrastructure
- Solutions for gaming platforms
- Quadro/NVIDIA RTX GPUs for enterprise workstation graphics
- Virtual GPU, or vGPU, software for cloud-based visual and virtual computing
- Automotive platforms for infotainment systems
- Omniverse software for building 3D designs and virtual worlds

Compute & Networking Segment

Includes:

- Data Center platforms and systems for AI, HPC, and accelerated computing
- Mellanox networking and interconnect solutions
- Automotive AI Cockpit, autonomous driving development agreements, and autonomous vehicle solutions
- Cryptocurrency mining processors, or CMP
- Jetson for robotics and other embedded platforms
- NVIDIA AI Enterprise and other software

Our Markets

We specialize in markets in which our computing platforms can provide tremendous acceleration for applications. These platforms incorporate processors, interconnects, software, algorithms, systems, and services to deliver unique value. Our platforms address four large markets where our expertise is critical: Gaming, Data Center, Professional Visualization, and Automotive.

Gaming

Gaming is the largest entertainment industry, with PC gaming as the most predominant platform. Many factors propel computer gamings growth, including new high production value games and franchises, the continued rise of competitive gaming or eSports, social connectivity and the demand for more content from game streamers, modders and creators.

Data Center

The NVIDIA computing platform is focused on accelerating the most compute-intensive workloads, such as AI, data analytics, graphics and scientific computing, across hyperscale, cloud, enterprise, public sector, and edge data centers. The platform consists of our energy efficient GPUs, data processing units, or DPUs, interconnects and systems, our CUDA programming model, and a growing body of software libraries, software development kits, or SDKs, which are both integrated and sold standalone, application frameworks and services.

NVIDIA accelerated computing platform greatly increases the performance and power efficiency of high-performance computers and data centers.

We are engaged with thousands of organizations working on AI in a multitude of industries, from automating tasks such as consumer product and service recommendations, to chatbots for the automation of or assistance with live customer interactions, to enabling fraud detection in financial services, to optimizing oil exploration and drilling. These organizations include the worlds leading consumer internet and cloud services companies, enterprises and startups seeking to implement AI in transformative ways across multiple industries. We partnered with industry leaders such as Amazon, Inc., or Amazon, Alphabet Inc., or Alphabet, International Business Machines Corporation, or IBM, Microsoft Corporation, or Microsoft, Oracle Corporation, or Oracle, SAP SE, and VMware Inc. to bring AI to enterprise users. We also have partnerships in transportation, retail, healthcare, and manufacturing, among others, to accelerate the adoption of AI.

At the foundation of the NVIDIA accelerated computing platform are our GPUs, which excel at parallel workloads such as the training and inferencing of neural networks. They are available in industry standard servers from every major computer maker, including Cisco Systems, Inc., or Cisco, Dell Technologies Inc., Hewlett Packard Enterprise Company, or HP, Hitachi Vantara, Inspur Group, and Lenovo Group Limited; from every major cloud service provider such as Alicloud, Amazon Web Services, Baidu Cloud, Google Cloud, IBM Cloud, Microsoft Azure, Oracle Cloud, and Tencent Cloud; as well as in our DGX AI supercomputer, a purpose-built system for deep learning and GPU accelerated applications. To facilitate customer adoption, we have also built other ready-to-use system reference designs around our GPUs, including HGX for hyperscale and supercomputing data centers, EGX for enterprise and edge computing, and AGX for autonomous machines.

Beyond GPUs, NVIDIA has expanded its data center processor portfolio to include DPUs, introduced in fiscal year 2021, and CPUs planned to ship in early fiscal year 2024. NVIDIA Bluefield DPU is supported by foundational data-center-infrastructure-on-a-chip software, or DOCA, that lets developers build software-defined, hardware-accelerated networking, security, storage and management applications for BlueField DPUs. Partners supporting Bluefield include many of the top security, storage and networking companies. We can optimize across the entire computing, networking and storage stack to deliver data center-scale computing solutions.

While our approach starts with powerful chips, what makes it a full-stack computing platform is our large body of software, including the CUDA parallel programming model, the CUDA-X collection of application acceleration libraries, Application Programming Interfaces, or APIs, SDKs and tools, and domain-specific application frameworks. We also offer the NVIDIA GPU Cloud registry, or NGC, a comprehensive catalog of easy-to-use, optimized software stacks across a range of domains including scientific computing, deep learning, and machine learning. With NGC, AI developers, researchers and data scientists can get started with the development of AI and HPC applications and deploy them on DGX systems, NVIDIA-Certified systems from our partners, or with NVIDIAs cloud partners.

In addition to software that is delivered to customers as an integral part of our data center computing platform, we offer enterprise software products on a standalone basis as a perpetual license or subscription. Our enterprise software offerings include NVIDIA AI Enterprise, a comprehensive suite of enterprise-grade AI software; NVIDIA Fleet Command software-as-a-service for securely deploying and managing AI applications across distributed edge infrastructure; NVIDIA Base Command software-as-a-service for managing large-scale, multi-user and multi-team AI development workflows; and NVIDIA vGPU software products that enable powerful GPU performance for workloads ranging from graphics-rich virtual desktops and workstations to data science and AI.

Professional Visualization

We serve the Professional Visualization market by working closely with independent software vendors, or ISVs, to optimize their offerings for NVIDIA GPUs. Our GPU computing solutions enhance productivity and introduce new capabilities for critical workflows in many fields, such as design and manufacturing and digital content creation. Design and manufacturing encompass computer-aided design, architectural design, consumer-products manufacturing, medical instrumentation, and aerospace. Digital content creation includes professional video editing and post-production, special effects for films, and broadcast-television graphics.

The NVIDIA RTX platform makes it possible to render film-quality, photorealistic objects and environments with physically accurate shadows, reflections and refractions using ray tracing in real-time. Many leading 3D design and content creation applications developed by our ecosystem partners now support RTX, allowing professionals to accelerate and transform their workflows with NVIDIA RTX GPUs and software.

Designers who build the products we use every day need the images that they view digitally to mirror reality. This requires simulating the physical behavior of light and materials, or physically-based rendering. NVIDIA Omniverse is a virtual world simulation and collaboration platform for 3D workflows that is available as a software subscription for enterprise use and free for individual use. Omniverse, VR and AR are being incorporated in a growing number of enterprise applications. Virtual car showrooms, surgical training, architectural walkthroughs, and bringing historical scenes to life all deploy these technologies, powered by our GPUs.

Automotive

NVIDIAs Automotive market is comprised of cockpit AV platforms, AI cockpit and infotainment solutions, and associated development agreements. Leveraging our technology leadership in AI and building on our long-standing automotive relationships, we are delivering a complete end-to-end solution for the AV market under the DRIVE brand. NVIDIA has demonstrated multiple applications of AI within the car: AI can drive the car itself as a pilot in fully autonomous mode or it can also be a co-pilot, assisting the human driver while creating a safer driving experience.

NVIDIA is working with several hundred partners in the automotive ecosystem including automakers, truck makers, tier-one suppliers, sensor manufacturers, automotive research institutions, HD mapping companies, and startups to develop and deploy AI systems for self-driving vehicles. Our unified AI computing architecture starts with training deep neural networks using our GPUs, and then running a full perception, planning and control stack within the vehicle on the NVIDIA DRIVE Hyperion platform. The DRIVE Hyperion platform consists of the high-performance, energy efficient DRIVE AGX computing hardware, a reference sensor set that supports full self-driving capability as well as an open, modular DRIVE Software platform. We recently announced for future release the DRIVE Software platform that includes DRIVE Chauffeur based on NVIDIA DRIVE AV software to enable autonomous driving, mapping and parking services; and Drive Concierge based on NVIDIA DRIVE IX software for intelligent in-vehicle experiences and NVIDIA Omniverse Avatar software for real time conversational AI capability.

NVIDIA DRIVE can perceive and understand in real-time what is happening around the vehicle, precisely locate itself on an HD map, and plan a safe path forward. This advanced self-driving car platform combines deep learning, sensor fusion, and surround vision to change the driving experience. Our DRIVE platform scales from a palm-sized, energy-efficient module for automated highway-driving capabilities to a configuration with multiple systems aimed at enabling driverless cars. Our newest system-on-a-chip, or SoC, Orin, which started shipping in fiscal year 2022, enables vehicles to use deep neural networks to process data from multiple cameras and sensors. It powers the DRIVE AutoPilot, NVIDIAs automated driving solution, combining the DRIVE AV self-driving solution with the DRIVE IX cockpit software, including a visualization system for allowing the driver to see what the car sees and plans to do.

In addition, we offer a scalable data center-based simulation solution, NVIDIA DRIVE Constellation running DRIVE Sim software, for testing and validating a self-driving platform before commercial deployment. NVIDIA's unique end-to-end, software-defined approach is designed for continuous innovation and continuous development, enabling cars to receive over-the-air updates to add new features and capabilities throughout the life of a vehicle.

Business Strategies

NVIDIAs key strategies that shape our overall business approach include:

Advancing the NVIDIA accelerated computing platform. NVIDIAs accelerated computing platform can solve complex problems in significantly less time and with lower power consumption than alternative computational approaches. Indeed, it can help solve problems that were previously deemed unsolvable. We work to deliver continued performance leaps that outpace Moores Law by leveraging innovation across the architecture, chip design, system, and software layers. With our acquisition of Mellanox, we strengthened our end-to-end expertise in data center architectures, positioning us for a future when the data center is the new unit of computing. This full-stack innovation approach allows us to deliver order-of-magnitude performance advantages relative to legacy approaches in our target markets, which include Gaming, Data Center, Professional Visualization, and Automotive. While the computing requirements of these end markets are diverse, we address them with a unified underlying architecture leveraging our GPUs and CUDA as the fundamental building blocks. The programmable nature of our architecture allows us to make leveraged investments in R&D: we can support several multi-billion-dollar end markets with the same underlying technology by using a variety of software stacks developed either internally or by third party developers and partners. We utilize this platform approach in each of our target markets.

Extending our technology and platform leadership in AI. We provide a complete, end-to-end accelerated computing platform for deep learning and machine learning, addressing both training and inferencing. This includes GPUs, interconnects, systems, our CUDA programming language, algorithms, libraries, and other software. GPUs are uniquely suited to AI, and we will continue to add AI-specific features to our GPU architecture to further extend our leadership.

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position

Our AI technology leadership is reinforced by our large and expanding ecosystem in a virtuous cycle. Our GPU platforms are available from virtually every major server maker and cloud service provider, as well as on our own AI supercomputer. There are almost 3 million developers worldwide using CUDA and our other software tools to help deploy our technology in our target markets. We evangelize AI through partnerships with hundreds of universities and almost 10,000 startups through our Inception program. Additionally, our Deep Learning Institute provides instruction on the latest techniques on how to design, train, and deploy neural networks in applications using our accelerated computing platform.

Extending our technology and platform leadership in computer graphics

We believe that computer graphics is fundamental to the continued expansion and evolution of computing. We apply our research and development resources to enhance the user experience for consumer entertainment and professional visualization applications, and create new virtual world and simulation capabilities. Our technologies are instrumental in driving gaming forward, as developers leverage our libraries and algorithms to deliver an optimized gaming experience on our GeForce platform. Our computer graphics platforms leverage not only our industry-leading GeForce and NVIDIA RTX GPUs, but also optimized software stacks. For example, GeForce Experience enhances each gamers experience by optimizing their PCs settings, as well as enabling the recording and sharing of gameplay. Our Studio drivers enhance and accelerate a number of popular creative applications. Omniverse is real-time 3D design collaboration and virtual world simulation software that empowers artists, designers, and creators to connect and collaborate in leading design applications. We also enable interactive graphics applications - such as games, movie and photo editing and design software - to be accessed by almost any device, almost anywhere, through our cloud platforms such as vGPU for enterprise and GeForce NOW for gaming.

Advancing the leading autonomous vehicle platform

We believe the advent of AV will soon revolutionize the transportation industry. In our view, AI is the key technology enabler of this opportunity, as the algorithms required for autonomous driving - such as perception, localization, and planning - are too complex for legacy hand-coded approaches and will run on multiple trained neural networks instead. Therefore, we provide a full functionally safe AI-based hardware and software solution for the AV market under the DRIVE brand, which we are bringing to market through our partnerships with automotive original equipment manufacturers, or OEMs, tier-1 suppliers, and start-ups. Our AV solution also includes the GPU-based hardware required to train the neural networks before their in-vehicle deployment, as well as to re-simulate their operation prior to any over-the-air software updates. We believe our comprehensive, top-to-bottom and end-to-end approach will enable the transportation industry to solve the complex problems arising from the shift to autonomous driving.

Leveraging our intellectual property, or IP

We believe our IP is a valuable asset that can be accessed by our customers and partners through license and development agreements when they desire to build such capabilities directly into their own products, or have us do so through custom development. Such license and development arrangements can further enhance the reach of our technology.

Sales and Marketing

Our worldwide sales and marketing strategy is key to achieving our objective of providing markets with our high-performance and efficient computing platforms and software. Our sales and marketing teams, located across our global markets, work closely with end customers and various industry ecosystems through our partner network. Our partner network incorporates each industry's respective OEMs, original device manufacturers, or ODMs, system builders, add-in board manufacturers, or AIBs, retailers/distributors, ISVs, internet and cloud service providers, automotive manufacturers and tier-1 automotive suppliers, mapping companies, start-ups, and other ecosystem participants. Members of our sales team have technical expertise and product and industry knowledge. We also employ a team of application engineers and solution architects to assist our partner network in designing, testing, and qualifying system designs that incorporate our platforms. We believe that the depth and quality of our design support are key to improving our partner networks time-to-market, maintaining a high level of customer satisfaction, and fostering relationships that encourage our end customers and partner network to use the next generation of our products within each platform.

To encourage the development of applications optimized for our platforms and software, we seek to establish and maintain strong relationships in the software development community. Engineering and marketing personnel engage with key software developers to promote and discuss our platforms, as well as to ascertain individual product requirements and solve technical problems. Our developer program makes our products available to developers prior to launch in order to encourage the development of AI frameworks, SDKs, and APIs for software applications and game titles that are optimized for our platforms. Our Deep Learning Institute provides in-person and online training for developers in industries and organizations around the world to build AI and accelerated computing applications that leverage our platforms.

As NVIDIAs business has evolved from a focus primarily on gaming products to broader markets, and from chips to platforms and complete systems to software, so, too, have our avenues to market. Thus, in addition to sales to customers in our partner network, certain of our platforms are also sold through e-tail channels, or direct to cloud service providers and enterprise customers.

Seasonality

Our computing platforms serve a diverse set of markets such as consumer gaming, enterprise and cloud data centers, professional workstations, and automotive. Our consumer products typically see stronger revenue in the second half of our fiscal year. In addition, based on the production schedules of key customers, some of our products for notebooks and game consoles typically generate stronger revenue in the second and third quarters, and weaker revenue in the fourth and first quarters. In fiscal year 2022, our demand exceeded our supply in several areas, and our revenue did not follow historical seasonal patterns. However, there can be no assurance that these trends will continue. Our fiscal year 2022 supply-constrained environment or historical seasonality trends may not repeat.

Manufacturing

We do not manufacture semiconductors used for our products. Instead, we utilize a fabless manufacturing strategy, whereby we employ world-class suppliers for all phases of the manufacturing process, including wafer fabrication, assembly, testing, and packaging. This strategy uses the expertise of industry-leading suppliers that are certified by the International Organization for Standardization in such areas as fabrication, assembly, quality control and assurance, reliability, and testing. Additionally, we can avoid many of the significant costs and risks associated with owning and operating manufacturing operations. While we may directly procure certain raw materials used in the production of our products, such as substrates and a variety of components, our suppliers are responsible for procurement of most of the raw materials used in the production of our products. As a result, we can focus our resources on product design, additional quality assurance, marketing, and customer support. We have placed non-cancellable inventory orders for certain products in advance of our historical lead times, paid premiums and provided deposits to secure future supply and capacity and may need to continue to do so in the future.

Suppliers:	Taiwan Semiconductor Manufacturing Company Limited
	Samsung Electronics Co. Ltd
Subcontractors:	Amkor Technology
	King Yuan Electronics Co., Ltd.
	Omni Logistics, LLC
	Siliconware Precision Industries Company Ltd.
	Wistron Corporation
Contract Manufacturers:	Flex Ltd.
	Jabil Inc.
	Universal Scientific Industrial Co., Ltd.
	Fabrinet
Purchased from:	Ibiden Co. Ltd.
	Kinsus Interconnect Technology Corporation
	Unimicron Technology Corporation
Memory from:	Micron Technology
	Samsung Semiconductor, Inc. or Samsung
	SK Hynix

We often consign key components or materials such as the GPU, SoC, memory, and integrated circuit to the contract manufacturers. We typically receive semiconductor products from our subcontractors, perform incoming quality assurance and configuration using test equipment purchased from industry-leading suppliers such as Advantest America Inc., and then ship the semiconductors to contract manufacturers, distributors, motherboard and add-in card, or AIC, customers from our third-party warehouses in Hong Kong, Israel, and the United States. Generally, these manufacturers assemble and test the boards based on our design kit and test specifications, and then ship our products to retailers, system builders, or OEMs as motherboard and AIC solutions.

Competition

The market for our products is intensely competitive and is characterized by rapid technological change and evolving industry standards. We believe that the principal competitive factors in this market are performance, breadth of product offerings, access to customers and partners and distribution channels, software support, conformity to industry standard APIs, manufacturing capabilities, processor pricing, and total system costs. We believe that our ability to remain competitive will depend on how well we are able to anticipate the features and functions that customers and partners will demand and whether we are able to deliver consistent volumes of our products at acceptable levels of quality and at competitive prices. We expect competition to increase from both existing competitors and new market entrants with products that may be lower priced than ours or may provide better performance or additional features not provided by our products. In addition, it is possible that new competitors or alliances among competitors could emerge and acquire significant market share.

A significant source of competition comes from companies that provide or intend to provide GPUs, embedded SoCs, and other accelerated, AI computing processor products, and providers of semiconductor-based high-performance interconnect products based on InfiniBand, Ethernet, Fibre Channel and proprietary technologies.

Competitors

Competitors may have greater marketing, financial, distribution, and manufacturing resources than we do and may be more able to adapt to customer or technological changes. We expect an increasingly competitive environment in the future.

Our current competitors include:

Suppliers and licensors designing discrete and integrated GPUs, custom chips and other accelerated computing solutions	Advanced Micro Devices (AMD)
	Intel Corporation
Large internet services companies with internal teams designing chips that incorporate accelerated computing functionality	Alibaba Group
	Alphabet
	Amazon
Suppliers of SoC products embedded into automobiles, autonomous machines, and gaming devices	Ambarella, Inc.
	AMD
	Broadcom Inc.
	Intel
	Qualcomm Incorporated
	Renesas Electronics Corporation
	Samsung
	Tesla Motors
Suppliers of interconnect, switch, and cable solutions	AMD
	Applied Optoelectronics, Inc.
	Arista Networks
	Broadcom
	Cisco

| |HP|

| |Intel|

| |Juniper Networks, Inc.|

| |Lumentum Holdings|

| |Marvell Technology Group|

Patents and Proprietary Rights

We rely primarily on a combination of patents, trademarks, trade secrets, employee and third-party nondisclosure agreements, and licensing arrangements to protect our IP in the United States and internationally. Our currently issued patents have expiration dates from February 2022 to June 2045. We have numerous patents issued, allowed, and pending in the United States and in foreign jurisdictions. Our patents and pending patent applications primarily relate to our products and the technology used in connection with our products. We also rely on international treaties, organizations, and foreign laws to protect our IP. The laws of certain foreign countries in which our products are or may be manufactured or sold, including various countries in Asia, may not protect our products or IP rights to the same extent as the laws of the United States. This decreased protection makes the possibility of piracy of our technology and products more likely. We continuously assess whether and where to seek formal protection for particular innovations and technologies based on such factors as:

- the location in which our products are manufactured;
- our strategic technology or product directions in different countries;
- the degree to which IP laws exist and are meaningfully enforced in different jurisdictions;
- the commercial significance of our operations and our competitors' operations in particular countries and regions.

We have licensed technology from third parties and expect to continue to enter into such license agreements.

Government Regulations

Our worldwide business activities are subject to various laws, rules, and regulations of the United States as well as of foreign governments. Our acquisitions may be subject to government regulatory reviews, and the cost to comply with such regulations or costs incurred where regulatory challenges prevent the completion of an acquisition could have a material impact on our business. On February 8, 2022, we announced the termination of the Share Purchase Agreement by which we would have acquired Arm due to significant regulatory challenges preventing the completion of the transaction and expect to incur a $1.36 billion charge in the first quarter of fiscal year 2023. Compliance with laws, rules, and regulations has not otherwise had a material effect upon our capital expenditures, results of operations, or competitive position and we do not currently anticipate material capital expenditures for environmental control facilities. Compliance with existing or future governmental regulations, including, but not limited to, those pertaining to IP ownership and infringement, taxes, import and export requirements and tariffs, anti-corruption, business acquisitions, foreign exchange controls and cash repatriation restrictions, data privacy requirements, competition and antitrust, advertising, employment, product regulations, cybersecurity, environmental, health and safety requirements, the responsible use of AI, climate change, cryptocurrency, and consumer laws, could increase our costs, impact our competitive position, and otherwise may have a material adverse impact on our business, financial condition, and results of operations in subsequent periods. Refer to Item 1A. Risk Factors for a discussion of these potential impacts.

Environmental, Social and Corporate Governance

NVIDIA invents computing technologies that improve lives and address global challenges. We integrate sound environmental, social and corporate governance, or ESG, principles and practices into every aspect of the Company. The Nominating and Corporate Governance Committee of our Board of Directors is responsible for reviewing and discussing with management our practices concerning ESG. We undertake an annual analysis to ensure that our ESG priorities remain aligned with stakeholder expectations, market trends, and business risks and opportunities. These issues are important for our continued business success and reflect the topics of highest concern to NVIDIA and our stakeholders. The following section provides an overview of some of these principles and practices. More information can be found on the Corporate Social Responsibility section of our website and in our annual Corporate Social Responsibility Report, or CSR Report. Information contained on our website or in our annual CSR Report is not incorporated by reference into this or any other report we file with the Securities and Exchange Commission, or the SEC. Refer to Item 1A. Risk Factors for a discussion of risks and uncertainties we face related to ESG.

Climate Change

In the area of sustainability, we address our climate impacts across our product lifecycle and assess risks, including current and emerging regulations and market impacts.

In our CSR Report, we report several metrics related to our environmental impact, our most recent full reporting year being fiscal year 2021, with our fiscal year 2022 metrics expected to be published in May 2022. There has been no material impact to capital expenditures, our results of operations or competitive position associated with global sustainability regulations, compliance, or costs from sourcing renewable energy. By the end of fiscal year 2025, our goal is to purchase or generate enough renewable energy to match 100% of our global electricity usage for our offices and data centers.

Whether it is creation of technology to power next-generation laptops or designs to support high-performance supercomputers, improving energy efficiency is important in our research, development, and design processes. GPUs are inherently more energy efficient than other forms of computing because they are optimized for throughput and performance per watt rather than absolute performance. GPU servers are approximately 40x more energy efficient than traditional CPU servers for AI workloads. The power efficiency of our products is evidenced by our continued strong presence on the Green500 list of the most energy-efficient systems. We powered 23 of the top 25 systems on the November 2021 Green500 list.

We plan to build Earth-2, an AI supercomputer dedicated to predicting the impacts of climate change. The system will build a digital twin of the Earth on our Omniverse platform, enable scientists to do ultra-high-resolution climate modeling, and put mitigation and adaptation tools into the hands of cities and nations so they can act with more urgency.

Human Capital Management

We believe that our employees are our greatest assets, and they play a key role in creating long-term value for our stakeholders. As of January 30, 2022, we had 22,473 employees in 32 countries. 16,242 were engaged in research and development and 6,231 were engaged in sales, marketing, operations, and administrative positions.

To be competitive and execute our business strategy successfully, we must recruit, develop, and retain talented employees, including qualified executives, scientists, engineers, and technical and non-technical staff.

Recruitment

The demand for talent in new markets such as AI and deep learning, is increasingly competitive.

With differentiated hiring strategies for university, professional, executive, and for diversity, we have been successful in attracting top talent to NVIDIA. We attract global talent from universities, collaborations with college programs, professional organization affiliations, industry conferences, community resource group participation, direct sourcing and outreach. Our employees play an important part in recruiting, with over 39% of our new hires coming from employee referrals.

Development and Retention

To support employee advancement, we provide opportunities to learn on-the-job through training programs, one on one coaching and ongoing feedback. We have a rich library of live and on-demand learning experiences that include workshops, panel discussions, and speaker forums. We curate learning paths focused on our most common

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Development and Career Growth

We prioritize development needs and constantly upgrade our offerings to ensure employees have access to current programs and technologies. We provide tuition reimbursement programs for educational programs and certifications. Internal mobility is encouraged through career coaching for developmental activities and pursuing internal transfer opportunities. Specifically designed mentoring and development programs are implemented for women and employees from underrepresented groups to prepare for future advancement.

Employee Sentiment and Engagement

To evaluate employee sentiment and engagement, we use pulse surveys, a suggestion box, and an anonymous third-party platform. Pulse surveys provide insight into the employee experience and ideas for action prioritization. The suggestion box allows employees to share thoughts on improving the workplace. The anonymous third-party platform protects the reporter's identity and offers a mechanism to follow investigations and receive responses.

In fiscal year 2022, the overall turnover rate was 4.9%.

Compensation, Benefits, and Well-Being

Our compensation program rewards performance and encourages employees to invest in the company's future. Equity is provided, tied to the stock price and vesting over time. Comprehensive benefits support physical health, well-being, and financial health of employees and their families. Benefits include 401(k) programs, pension programs, employee stock purchase program, flexible work hours, mental health programs, and support for new parents.

Diversity and Inclusion

We believe diverse teams drive innovation and are committed to creating an inclusive culture. Efforts include recruiting, developing, and retaining a diverse workforce, focusing on underrepresented groups in the technology field. Initiatives include expanded recruiting, supporting women employees, internal community resource groups, training on fostering a supportive environment, and measuring progress.

As of January 30, 2022, the global workforce was 80% male, 19% female, and 1% not declared. In the U.S., 6% of the workforce was composed of Black or African American and Hispanic or Latino employees.

Health and COVID-19

During fiscal year 2022 and the COVID-19 pandemic, we prioritized health and safety. Global protocols were maintained to keep the workforce safe, with essential labs and offices following safety protocols and social distancing guidelines. Work from home support was provided, including reimbursement for home office equipment and expenses.

Enhanced health coverage

COVID-19 testing, vaccine costs and support, expanded mental health resources and virtual care offerings, and care for those with COVID-19;

Learning and development resources

on how to lead and manage remotely; and

Opportunities for employees

to socially connect with one another virtually.

We will continue a flexible work environment and have instituted Company-wide rest days for employees to recharge.

Information About Our Executive Officers

Name	Age	Position
Jen-Hsun Huang	59	President and Chief Executive Officer
Colette M. Kress	54	Executive Vice President and Chief Financial Officer

Ajay K. Puri	67	Executive Vice President, Worldwide Field Operations
Debora Shoquist	67	Executive Vice President, Operations
Timothy S. Teter	55	Executive Vice President and General Counsel

Jen-Hsun Huang co-founded NVIDIA in 1993 and has served as our President, Chief Executive Officer and a member of the Board of Directors since our inception. From 1985 to 1993, Mr. Huang was employed at LSI Logic Corporation, a computer chip manufacturer, where he held a variety of positions including as Director of Coreware, the business unit responsible for LSI's SOC. From 1983 to 1985, Mr. Huang was a microprocessor designer for Advanced Micro Devices, Inc., a semiconductor company. Mr. Huang holds a B.S.E.E. degree from Oregon State University and an M.S.E.E. degree from Stanford University.

Colette M. Kress joined NVIDIA in 2013 as Executive Vice President and Chief Financial Officer. Prior to NVIDIA, Ms. Kress most recently served as Senior Vice President and Chief Financial Officer of the Business Technology and Operations Finance organization at Cisco Systems, Inc., a networking equipment company, since 2010. At Cisco, Ms. Kress was responsible for financial strategy, planning, reporting and business development for all business segments, engineering and operations. From 1997 to 2010 Ms. Kress held a variety of positions at Microsoft Corporation, a software company, including, beginning in 2006, Chief Financial Officer of the Server and Tools division, where Ms. Kress was responsible for financial strategy, planning, reporting and business development for the division. Prior to joining Microsoft, Ms. Kress spent eight years at Texas Instruments Incorporated, a semiconductor company, where she held a variety of finance positions. Ms. Kress holds a B.S. degree in Finance from University of Arizona and an M.B.A. degree from Southern Methodist University.

Ajay K. Puri joined NVIDIA in 2005 as Senior Vice President, Worldwide Sales and became Executive Vice President, Worldwide Field Operations in 2009. Prior to NVIDIA, he held positions in sales, marketing, and general management over a 22-year career at Sun Microsystems, Inc., a computing systems company. Mr. Puri previously held marketing, management consulting, and product development positions at Hewlett-Packard Company, an information technology company, Booz Allen Hamilton Inc., a management and technology consulting company, and Texas Instruments Incorporated. Mr. Puri holds a B.S.E.E. degree from the University of Minnesota, an M.S.E.E. degree from the California Institute of Technology and an M.B.A. degree from Harvard Business School.

Debora Shoquist joined NVIDIA in 2007 as Senior Vice President of Operations and in 2009 became Executive Vice President of Operations. Prior to NVIDIA, Ms. Shoquist served from 2004 to 2007 as Executive Vice President of Operations at JDS Uniphase Corp., a provider of communications test and measurement solutions and optical products for the telecommunications industry. She served from 2002 to 2004 as Senior Vice President and General Manager of the Electro-Optics business at Coherent, Inc., a manufacturer of commercial and scientific laser equipment. Previously, she worked at Quantum Corp., a data protection company, as President of the Personal Computer Hard Disk Drive Division, and at Hewlett-Packard Corp. Ms. Shoquist holds a B.S. degree in Electrical Engineering from Kansas State University and a B.S. degree in Biology from Santa Clara University.

Timothy S. Teter joined NVIDIA in 2017 as Senior Vice President, General Counsel and Secretary and became Executive Vice President, General Counsel and Secretary in February 2018. Prior to NVIDIA, Mr. Teter spent more than two decades at the law firm of Cooley LLP, where he focused on litigating patent and technology related matters. Prior to attending law school, he worked as an engineer at Lockheed Missiles and Space Company. Mr. Teter holds a B.S. degree in Mechanical Engineering from the University of California at Davis and a J.D. degree from Stanford Law School.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended, are available free of charge on or through our website, http://www.nvidia.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission, or the SEC. The SECs website, http://www.sec.gov, contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our web site and the information on it or connected to it are not a part of this Annual Report on Form 10-K.# ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the Nasdaq Global Select Market under the symbol NVDA. Public trading of our common stock began on January 22, 1999. Prior to that, there was no public market for our common stock. As of March 11, 2022, we had approximately 313 registered shareholders, not including those shares held in street or nominee name.

On July 19, 2021, we executed a four-for-one stock split of our common stock, such that each stockholder of record at the close of business on June 21, 2021 received a dividend of three additional shares of common stock for every share held on the record date, or the Stock Split. All share, equity award, and per share amounts and related shareholders' equity balances presented herein have been retroactively adjusted to reflect the Stock Split.

Issuer Purchases of Equity Securities

Beginning August 2004, our Board of Directors authorized us to repurchase our stock.

Since the inception of our share repurchase program, we have repurchased an aggregate of 1.04 billion shares for a total cost of $7.08 billion through January 30, 2022.

The repurchases can be made in the open market, in privately negotiated transactions, or in structured share repurchase programs, and can be made in one or more larger repurchases, in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended, subject to market conditions, applicable legal requirements, and other factors. The program does not obligate NVIDIA to acquire any particular amount of common stock and the program may be suspended at any time at our discretion.

We did not repurchase any shares during fiscal year 2022. As of January 30, 2022, we are authorized, subject to certain specifications, to repurchase shares of our common stock up to $7.24 billion through December 2022.

In fiscal year 2022, we paid $399 million in quarterly cash dividends. Our cash dividend program and the payment of future cash dividends under that program are subject to our Board's continuing determination that the dividend program and the declaration of dividends thereunder are in the best interests of our shareholders.

During the fourth quarter of fiscal year 2022, our Board of Directors approved the retirement of all existing 349 million treasury shares. Refer to Note 15 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further discussion regarding the retirement of our treasury shares.

Restricted Stock Unit Share Withholding

We withhold common stock shares associated with net share settlements to cover tax withholding obligations upon the vesting of restricted stock unit awards under our employee equity incentive program. During fiscal year 2022, we withheld approximately 8 million shares for a total value of $1.90 billion through net share settlements. Beginning with the fourth quarter of fiscal year 2022, the tax withholding is recorded as a reduction to additional paid-in capital, with withheld shares assuming the status of authorized and unissued shares. Refer to Note 4 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further discussion regarding our equity incentive plans.

Recent Sales of Unregistered Securities and Use of Proceeds

During fiscal year 2022, we issued a total of 175,333 shares of our common stock as consideration in connection with acquisitions, all in private transactions exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2), Regulation D, or Regulation S.

Stock Performance Graphs

The following graph compares the cumulative total shareholder return for our common stock, the S&P 500 Index, and the Nasdaq 100 Index for the five years ended January 30, 2022. The graph assumes that $100 was invested on January 29, 2017 in our common stock and in each of the S&P 500 Index and the Nasdaq 100 Index. Our common stock is a component of each of the presented indices. Total return assumes reinvestment of dividends in each of the indices indicated. Total return is based on historical results and is not intended to indicate future performance.

*$100 invested on 1/29/17 in stock and in indices, including reinvestment of dividends.

Source: FactSet financial data and analytics.

	1/29/2017	1/28/2018	1/27/2019	1/26/2020	1/31/2021	1/30/2022
NVIDIA Corporation	$100.00	$218.55	$144.24	$226.48	$470.59	$828.15
S&P 500	$100.00	$125.54	$122.64	$149.23	$174.97	$215.72
Nasdaq 100	$100.00	$136.00	$136.62	$179.79	$260.70	$303.21

ITEM 6. (RESERVED)# ITEM 7. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following 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, AR and VR.

Our two operating segments are "Graphics" and "Compute & Networking." Refer to Note 17 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

Termination of the Arm Share Purchase Agreement

On February 8, 2022, NVIDIA and SoftBank announced the termination of the Share Purchase Agreement whereby NVIDIA would have acquired Arm from SoftBank. The parties agreed to terminate because of significant regulatory challenges preventing the completion of the transaction. We intend to record in operating expenses a $1.36 billion charge in the first quarter of fiscal year 2023 reflecting the write-off of the prepayment provided at signing in September 2020.

Demand

Demand for our products is based on many factors, including our product introductions, time to market, transitions, competitor product releases and announcements, and competing technologies, all of which can impact the timing and volume of our revenue. GPUs have use cases in addition to their designed and marketed use case, such as for digital currency mining, including blockchain-based platforms such as Ethereum. It is difficult for us to estimate with any reasonable degree of precision the past or current impact of cryptocurrency mining, or forecast the future impact of cryptocurrency mining, on demand for our products. Volatility in the cryptocurrency market, including new compute technologies, price changes in cryptocurrencies, government cryptocurrency policies and regulations, and new cryptocurrency standards can impact and have impacted in the past cryptocurrency demand, and further impact demand for our products and our ability to estimate demand for our products. Changes to cryptocurrency standards and processes including, but not limited to, the pending Ethereum 2.0 standard may decrease the usage of GPUs for Ethereum mining and may also create increased aftermarket resale of our GPUs, impact retail prices for our GPUs, increase returns of our products in the distribution channel, and may reduce demand for our new GPUs. We have introduced LHR GeForce GPUs with limited Ethereum mining capability and increased the supply of CMP in an effort to address demand from gamers and direct miners to CMP. Beginning in the second quarter of fiscal year 2022, nearly all our desktop NVIDIA Ampere architecture GeForce GPU shipments were LHR in our effort to direct GeForce to gamers. If attempts in the aftermarket to improve the hash rate capabilities of our LHR cards are successful, our gaming cards may become more attractive to miners, and therefore limit our ability to supply our cards to non-mining customers. We cannot predict whether our strategy of using LHR cards and CMP will achieve our desired outcome. Additionally, consumer and enterprise behavior during the COVID-19 pandemic has made it more difficult for us to estimate future demand and may have changed pre-pandemic behaviors, and these challenges may be more pronounced or volatile in the future on both a global and regional basis. In estimating demand and evaluating trends, we make multiple assumptions, any of which may prove to be incorrect.

Supply

Our manufacturing lead times are very long and in some cases, extend to be twelve months or longer, which requires us to make estimates of customers future demand. These conditions could lead to a significant mismatch between supply and demand, giving rise to product shortages or excess inventory, and make our demand forecast more uncertain. To

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Fiscal Year 2022 Summary

	Year Ended	January 30, 2022	January 31, 2021	Change

|---|---|---|---|---|

|Revenue|$26,914|$16,675| |Up 61%|

|Gross margin| |64.9%|62.3%|Up 260 bps|

|Operating expenses|$7,434|$5,864| |Up 27%|

|Income from operations|$10,041|$4,532| |Up 122%|

|Net income|$9,752|$4,332| |Up 125%|

|Net income per diluted share|$3.85|$1.73| |Up 123%|

We specialize in markets where our computing platforms can provide tremendous acceleration for applications. These platforms incorporate processors, interconnects, software, algorithms, systems, and services to deliver unique value. Our platforms address four large markets where our expertise is critical: Gaming, Data Center, Professional Visualization, and Automotive.

Revenue for fiscal year 2022 was $26.91 billion, up 61% from a year ago.

Gaming revenue was up 61% from a year ago reflecting higher sales of GeForce GPUs. We continue to benefit from strong demand for NVIDIA Ampere architecture products, and believe the increase in Gaming revenue during fiscal year 2022 resulted from a combination of factors, including: the ramp of new RTX 30 Series GPUs; the release of new games supporting ray tracing; the rising popularity of gaming, esports, content creation and streaming; the demand for new and upgraded systems to support the increase in remote work; and the ability of end users to engage in cryptocurrency mining.

Although nearly all desktop NVIDIA Ampere architecture GeForce GPU shipments are LHR to help direct GeForce GPUs to gamers, our GPUs are capable of cryptocurrency mining. Gamers and others are therefore able to mine cryptocurrency using our GPUs, although we have limited visibility into how much this impacts our overall GPU demand. Volatility in the cryptocurrency market,

including changes in the prices of cryptocurrencies or method of verifying transactions, such as proof of work or proof of stake, can impact demand for our products and degrade our ability to accurately estimate it. We are unable to estimate with any degree of precision the impact this volatility is likely to have in the future.

Data Center revenue was up 58% from a year ago primarily driven by sales of NVIDIA Ampere architecture GPUs across both training and inference for cloud computing and AI workloads such as natural language processing and deep recommender models.

Professional Visualization revenue was up 100% from a year ago driven by the ramp of NVIDIA Ampere architecture products and strong demand for workstations as enterprises support hybrid work environments, as well as growth in workloads such as 3D design, AI and rendering.

Automotive revenue was up 6% from a year ago due to self-driving and AI cockpit solutions offset by a decline in legacy cockpit revenue.

OEM and Other revenue was up 84% from a year ago primarily driven by CMP sales. CMP revenue was $550 million for the fiscal year and was nominal in the prior year.

Revenue for our CMP products declined significantly in the fourth quarter of fiscal year 2022. We are unable to estimate with any degree of precision the impact that volatility in the cryptocurrency market, as discussed above, is likely to have on future CMP sales.

Gross margin for fiscal year 2022 was up 260 basis points from a year ago driven by lower Mellanox acquisition-related charges, including a non-recurring inventory step-up charge of $161 million in fiscal year 2021. Margins also benefited from a higher-end mix within Gaming, partially offset by a mix shift within Data Center.

Operating expenses for fiscal year 2022 were up 27% from a year ago primarily driven by stock-based compensation, compensation-related costs associated with employee growth and higher infrastructure costs.

Income from operations was $10.04 billion, up 122% from a year ago. Net income and net income per diluted share were $9.75 billion and $3.85, up 125% and 123%, respectively, from a year ago.

Cash, cash equivalents and marketable securities were $21.21 billion, up from $11.56 billion a year earlier. The increase reflects operating cash flow generation and $5.00 billion of debt issuance proceeds.

We paid $399 million in quarterly cash dividends in fiscal year 2022.

Market Platform Highlights

HighlightsAt our November 2021 GPU Technology Conference, we announced general availability of NVIDIA Omniverse Enterprise; 65 new and updated software development kits, including NVIDIA Riva, Modulus, ReOpt, Morpheus, cuNumeric, and Clara Holoscan; NVIDIA Quantum-2 400Gbps switch and end-to-end networking platform; and NVIDIA Jetson AGX Orin for edge AI and autonomous machines.In our Gaming platform during fiscal year 2022, we further expanded our desktop and laptop GeForce RTX 30 Series GPU line-ups; expanded the RTX ecosystem of games and applications to over 240; announced plans to integrate NVIDIA DLSS into the Unity game engine; and introduced a new high-performance membership tier to GeForce NOW.In our Data Center platform, we launched new NVIDIA A30 and A10 GPUs for mainstream AI, data analytics and graphics; debuted a new class of NVIDIA-Certified Systems with leading server OEMs; unveiled NVIDIA Grace, our first Arm-based data center CPU; launched the NVIDIA AI Enterprise software suite; unveiled the NVIDIA Base Command and Fleet Command AI software offerings; and announced plans to build Earth-2, an AI supercomputer dedicated to addressing the global climate change crisis.In our Professional Visualization platform, we unveiled NVIDIA RTX GPUs for next-generation notebook and desktop workstations; and launched NVIDIA Omniverse Enterprise for collaborative 3D design, digital twins and virtual worlds and NVIDIA Omniverse for Creators.

In our Automotive Platform

We unveiled the NVIDIA DRIVE Atlan next-generation SOC; announced design wins with Mercedes-Benz for the AI cockpit in its new EQS sedan; with Volvo Cars for the autonomous driving computer in its next-generation cars, beginning with the XC90 in 2022; with energy vehicles from R-Auto, IM Motors, NIO, Faraday Future, VinFast and Xpeng; with robotaxis including Cruise, Amazon Zoox, Pony.ai and AutoX; with autonomous trucking companies Embark, Kodiak Robotics and Plus; formed a multi-year partnership with Jaguar Land Rover to jointly develop and deliver next-generation automated driving systems, plus AI-enabled services and experiences; and announced that Desay, Flex, Quanta, Valeo and ZF are using the NVIDIA DRIVE Hyperion platform to manufacture safe and secure AV systems for vehicle makers.

Critical Accounting Policies and Estimates

Managements discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, cost of revenue, expenses and related disclosure of contingencies. On an on-going basis, we evaluate our estimates, including those related to inventories, revenue recognition, income taxes, and goodwill. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Inventories

Inventory cost is computed on an adjusted standard basis, which approximates actual cost on an average or first-in, first-out basis. We charge cost of sales for inventory provisions to write-down our inventory to the lower of cost or net realizable value or for obsolete or excess inventory. Most of our inventory provisions relate to excess quantities of products or components, based on our inventory levels and future product purchase commitments compared to assumptions about future demand and market conditions.

Situations that may result in excess or obsolete inventory include changes in business and economic conditions, changes in market conditions, sudden and significant decreases in demand for our products, inventory obsolescence because of changing technology and customer requirements, new product introductions resulting in less demand for existing products or inconsistent spikes in demand due to unexpected end use cases, failure to estimate customer demand properly, ordering in advance of historical lead-times and the impact of changes in future demand, or increase in demand for competitive products, including competitive actions. Cancellation or deferral of customer purchase orders could result in our holding excess inventory.

The overall net effect on our gross margin from inventory provisions and sales of items previously written down was an unfavorable impact of 0.9% in fiscal year 2022 and insignificant in fiscal year 2021. As a fabless semiconductor company, we must make commitments to purchase inventory based on forecasts of future customer demand. In doing so, we must account for our third-party manufacturers' lead times and constraints. Our manufacturing lead times are very long and in some cases, extend on to be twelve months or longer, which requires us to make estimates of customers future demand. We place non-cancellable inventory orders for certain products in advance of our historical lead times, pay premiums and provide deposits to secure future supply and capacity. We also adjust to other market factors, such as product offerings and pricing actions by our competitors, new product transitions, and macroeconomic conditions - all of which may impact demand for our products.

Revenue Recognition

We derive our revenue from product sales, including hardware and systems, license and development arrangements, software licensing, and cloud services. We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract (where revenue is

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Product Sales Revenue

Revenue from product sales is recognized upon transfer of control of products to customers in an amount that reflects the consideration we expect to receive in exchange for those products. Certain products are sold with support or an extended warranty for the incorporated system, hardware, and/or software. Support and extended warranty revenue are recognized ratably over the service period, or as services are performed. Revenue is recognized net of allowances for returns, customer programs and any taxes collected from customers.

For products sold with a right of return, we record a reduction to revenue by establishing a sales return allowance for estimated product returns at the time revenue is recognized, based primarily on historical return rates. However, if product returns for a fiscal period are anticipated to exceed historical return rates, we may determine that additional sales return allowances are required to properly reflect our estimated exposure for product returns.

Our customer programs involve rebates, which are designed to serve as sales incentives to resellers of our products in various target markets, and marketing development funds, or MDFs, which represent monies paid to our partners that are earmarked for market segment development and are designed to support our partners activities while also promoting NVIDIA products. We account for customer programs as a reduction to revenue and accrue for potential rebates and MDFs based on the amount we expect to be claimed by customers.

License and Development Arrangements

Our license and development arrangements with customers typically require significant customization of our IP components. As a result, we recognize the revenue from the license and the revenue from the development services as a single performance obligation over the period in which the development services are performed. We measure progress to completion based on actual cost incurred to date as a percentage of the estimated total cost required to complete each project. If a loss on an arrangement becomes probable during a period, we record a provision for such loss in that period. Refer to Note 1 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Income Taxes

We recognize federal, state and foreign current tax liabilities or assets based on our estimate of taxes payable or refundable in the current fiscal year by tax jurisdiction. We recognize federal, state and foreign deferred tax assets or liabilities, as appropriate, for our estimate of future tax effects attributable to temporary differences and carryforwards; and we record a valuation allowance to reduce any deferred tax assets by the amount of any tax benefits that, based on available evidence and judgment, are not expected to be realized.

Our calculation of deferred tax assets and liabilities is based on certain estimates and judgments and involves dealing with uncertainties in the application of complex tax laws. Our estimates of deferred tax assets and liabilities may change based, in part, on added certainty or finality to an anticipated outcome, changes in accounting standards or tax laws in the United States, or foreign jurisdictions where we operate, or changes in other facts or circumstances. In addition, we recognize liabilities for potential United States and foreign income tax contingencies based on our estimate of whether, and the extent to which, additional taxes may be due. If we determine that payment of these amounts is unnecessary or if the recorded tax liability is less than our current assessment, we may be required to recognize an income tax benefit or additional income tax expense in our financial statements accordingly.

As of January 30, 2022, we had a valuation allowance of $907 million related to state and certain other deferred tax assets that management determined are not likely to be realized due to jurisdictional projections of future taxable income, tax attributes usage limitation by certain jurisdictions, and potential utilization limitations of tax attributes acquired as a result of stock ownership changes. To the extent realization of the deferred tax assets becomes more-likely-than-not, we would recognize such deferred tax assets as an income tax benefit during the period.

We recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. Our policy is to include interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Goodwill

Goodwill is subject to our annual impairment test during the fourth quarter of our fiscal year, or earlier, if indicators of potential impairment exist, using either a qualitative or a quantitative assessment. Our impairment review process compares the fair value of the reporting unit in which the goodwill resides to its carrying value. As of January 30, 2022, the total carrying amount of goodwill was $4.35 billion and the amount of goodwill allocated to our Graphics and Compute & Networking reporting units was $361 million and $3.99 billion, respectively. Determining the fair value of a reporting unit requires us to make judgments and involves the use of significant estimates and assumptions. We also make judgments and assumptions in allocating assets and liabilities to each of our reporting units. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. We performed our annual goodwill assessment during the fourth quarter of fiscal year 2022 using a qualitative assessment and concluded there was no goodwill impairment.

Results of Operations

A discussion regarding our financial condition and results of operations for fiscal year 2022 compared to fiscal year 2021 is presented below. A discussion regarding our financial condition and results of operations for fiscal year 2021 compared to fiscal year 2020 can be found under Item 7 in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021, filed with the SEC on February 26, 2021, which is available free of charge on the SECs website at http://www.sec.gov and at our investor relations website, http://investor.nvidia.com.

	Year Ended January 30, 2022	Year Ended January 31, 2021

Revenue	100.0%	100.0%
Cost of revenue	35.1	37.7
Gross profit	64.9	62.3
Research and development	19.6	23.5
Sales, general and administrative	8.0	11.6
Total operating expenses	27.6	35.1
Income from operations	37.3	27.2
Interest income	0.1	0.3
Interest expense	(0.9)	(1.1)
Other, net	0.4	0.1
Other income (expense), net	(0.4)	(0.7)
Income before income tax expense	36.9	26.5
Income tax expense	0.7	0.5
Net income	36.2%	26.0%

Revenue

Revenue by Reportable Segments	Year Ended	January 30, 2022	January 31, 2021	$ Change	% Change
				($ in millions)	
Graphics	$15,868	$9,834	$6,034	61%	
Compute & Networking	$11,046	$6,841	$4,205	61%	
Total	$26,914	$16,675	$10,239	61%	

Graphics - Graphics segment revenue increased by 61% in fiscal year 2022 compared to fiscal year 2021. We continue to benefit from strong demand for NVIDIA Ampere architecture products, and believe the increase in Gaming revenue during fiscal year 2022 resulted from a combination of factors, including: the ramp of new RTX 30 Series GPUs; the release of new games supporting ray tracing; the rising popularity of gaming, esports, content creation and streaming; the demand for new and upgraded systems to support the increase in remote work; and the ability of end users to engage in cryptocurrency mining.

Compute & Networking - Compute & Networking segment revenue increased by 61% in fiscal year 2022 compared to fiscal year 2021, driven primarily by sales of NVIDIA Ampere architecture products to hyperscale customers for cloud computing and workloads such as natural language processing and deep recommender models, as well as to vertical industries. The increase compared to fiscal year 2021 also reflects the strong sales of networking products and that fiscal year 2022 includes a full year of networking revenue as Mellanox was acquired in April 2020. CMP contributed $550 million in fiscal year 2022 compared to an insignificant amount in the prior year.

Concentration of Revenue

Revenue from sales to customers outside of the United States accounted for 84% and 81% of total revenue for fiscal years 2022 and 2021, respectively. Revenue by geographic region is allocated to individual countries based on the location to which the products are initially billed even if the revenue is attributable to end customers in a different location.

No customer represented 10% or more of total revenue for fiscal years 2022 and 2021.

Gross Profit and Gross Margin

Gross profit consists of total revenue, net of allowances, less cost of revenue. Cost of revenue consists primarily of the cost of semiconductors, including wafer fabrication, assembly, testing and packaging, board and device costs, manufacturing support costs, including labor and overhead associated with such purchases, final test yield fallout, inventory and warranty provisions, memory and component costs, tariffs, and shipping costs. Cost of revenue also includes acquisition-related costs, development costs for license and service arrangements, IP-related costs, and stock-based compensation related to personnel associated with manufacturing.

Our overall gross margin was 64.9% and 62.3% for fiscal years 2022 and 2021, respectively. The increase in fiscal year 2022 was primarily due to lower Mellanox acquisition-related charges, including a non-recurring inventory step-up charge of $161 million in fiscal year 2021. The increase also benefited from a higher-end mix within Graphics, partially offset by a mix shift within Compute & Networking.

Inventory provisions totaled $354 million and $116 million for fiscal years 2022 and 2021, respectively. Sales of inventory that was previously written-off or written-down totaled $111 million and $145 million for fiscal years 2022 and 2021, respectively. As a result, the overall net effect on our gross margin was an unfavorable impact of 0.9% in fiscal year 2022 and insignificant in fiscal year 2021.

The gross margin of our Graphics segment increased during fiscal year 2022 when compared to fiscal year 2021, primarily due to higher-end mix within GeForce GPUs.

The gross margin of our Compute & Networking segment decreased during fiscal year 2022 when compared to fiscal year 2021, primarily due to a shift in product mix and partially offset by a reduced contribution from Automotive solutions.

Operating Expenses

	Year Ended				
	January 30, 2022	January 31, 2021	$	Change	% Change
	2022	2021			
				($ in millions)	
Research and development expenses	$5,268	$3,924		1,344	34%
% of net revenue	19.6%	23.5%			
Sales, general and administrative expenses	2,166	1,940		226	12%
% of net revenue	8.0%	11.6%			
Total operating expenses	$7,434	$5,864		1,570	27%

Research and Development

Research and development expenses increased by 34% in fiscal year 2022 compared to fiscal year 2021, primarily driven by stock-based compensation, compensation-related costs associated with employee growth and higher infrastructure costs.

Sales, General and Administrative

Sales, general and administrative expenses increased by 12% in fiscal year 2022 compared to fiscal year 2021, primarily driven by stock-based compensation, compensation-related costs associated with employee growth, partially offset by lower amortization of intangibles.

Other Income (Expense), Net

Interest income consists of interest earned on cash, cash equivalents and marketable securities. Interest income was $29 million and $57 million in fiscal years 2022 and 2021, respectively. The decrease in interest income was primarily due to lower interest rates earned on our investments.

Interest expense is primarily comprised of coupon interest and debt discount amortization related to our notes. Interest expense was $236 million and $184 million in fiscal years 2022 and 2021, respectively. The increase in expense reflects interest on the $5.00 billion note issued in June 2021.

Other, net, consists primarily of realized or unrealized gains and losses from investments in non-affiliated entities and the impact of changes in foreign currency rates. Other, net, was an income of $107 million during fiscal year 2022 and not significant during fiscal year 2021. The increase was primarily due to unrealized gains from our investments in non-affiliated entities. Refer to Note 9 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information regarding our investments in non-affiliated entities.

Income Taxes

We recognized income tax expense of $189 million and $77 million for fiscal years 2022 and 2021, respectively. Our annual effective tax rate was 1.9% and 1.7% for fiscal years 2022 and 2021, respectively.

The increase in our effective tax rate in fiscal year 2022 as compared to fiscal year 2021 was primarily due to an increase in the amount of earnings subject to U.S. tax, and a decreased impact of tax benefits from the U.S. federal research tax credit, partially offset by the benefit of the foreign-derived intangible income deduction, and the discrete benefit of the domestication of a foreign subsidiary, or the Domestication.

Our effective tax rate for fiscal year 2022 was lower than the U.S. federal statutory rate of 21% due to tax benefits from the foreign-derived intangible income deduction, income earned in jurisdictions, including the British Virgin Islands and Israel, that are subject to taxes lower than the U.S. federal statutory tax rate, excess tax benefits related to stock-based compensation, recognition of U.S. federal research tax credit and the one-time benefits of the Domestication.

Our effective tax rate for fiscal year 2021 was lower than the U.S. federal statutory rate of 21% due primarily to income earned in jurisdictions, including the British Virgin Islands, Israel, and Hong Kong, where the tax rate was lower than the U.S. federal statutory tax rate, recognition of U.S. federal research tax credits, and excess tax benefits related to stock-based compensation.

Liquidity and Capital Resources

	January 30, 2022	January 31, 2021
Cash and cash equivalents	$1,990	$847
Marketable securities	$19,218	$10,714
Cash, cash equivalents, and marketable securities	$21,208	$11,561

		Year Ended
	January 30, 2022	January 31, 2021
Net cash provided by operating activities	$9,108	$5,822
Net cash provided by (used in) investing activities	$(9,830)	$(19,675)
Net cash provided by financing activities	$1,865	$3,804

As of January 30, 2022, we had $21.21 billion in cash, cash equivalents and marketable securities, an increase of $9.65 billion from the end of fiscal year 2021. Our investment policy requires the purchase of highly rated fixed income securities, the diversification of investment types and credit exposures, and certain maturity limits on our portfolio. Cash provided by operating activities increased in fiscal year 2022 compared to fiscal year 2021, due to higher net income, partially offset by changes in working capital. Changes in working capital were primarily driven by prepayments of $1.87 billion for long-term supply agreements and increases in trade receivables due to higher revenue. Cash used in investing activities decreased in fiscal year 2022 compared to cash provided in fiscal year 2021, reflecting lower payments in acquiring businesses as compared to the acquisition of Mellanox in fiscal year 2021, and higher marketable securities sales and maturities, partially offset by higher purchases of marketable securities. Cash provided by financing activities decreased in fiscal year 2022 compared to cash provided in fiscal year 2021, which primarily reflects a debt repayment in the fiscal year 2022 and higher tax payments on restricted stock units.

Liquidity

Our primary sources of liquidity are our cash and cash equivalents, our marketable securities, and the cash generated by our operations. As of January 30, 2022, we had $21.21 billion in cash, cash equivalents and marketable securities. We believe that we have sufficient liquidity to meet our operating requirements for at least the next twelve months, and for the foreseeable future, including our future supply obligations and additional supply. We continuously evaluate our liquidity and capital resources, including our access to external capital, to ensure we can finance our future capital requirements.

Our marketable securities consist of certificates of deposits and debt securities issued by the U.S. government and its agencies, highly rated corporations and financial institutions, and foreign government entities. These marketable securities are primarily denominated in U.S. dollars. Refer to Note 8 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

During fiscal year 2023, we expect to use our existing cash and cash equivalents, our marketable securities, and the cash generated by our operations to fund our capital investments of approximately $1.4 billion related to property and equipment.

We have approximately $1.4 billion of cash, cash equivalents, and marketable securities held outside the U.S. for which we have not accrued any related foreign or state taxes if we repatriate these amounts to the U.S. Other than that, substantially all of our cash, cash equivalents and marketable securities held outside of the U.S. as of January 30, 2022 are available for use in the U.S. without incurring additional U.S. federal income taxes. Following the Domestication, we

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have utilized almost all of our accumulated U.S. federal research tax credits during fiscal year 2022, resulting in higher cash tax payments starting in fiscal year 2023. In addition, beginning in fiscal year 2023, the TCJA requires taxpayers to capitalize research and development expenditures and to amortize domestic expenditures over five years and foreign expenditures over fifteen years. This will impact cash flows from operations and result in significantly higher cash tax payments starting in fiscal year 2023. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Capital Return to Shareholders

In fiscal year 2022, we paid $399 million in quarterly cash dividends. Our cash dividend program and the payment of future cash dividends under that program are subject to our Board's continuing determination that the dividend program and the declaration of dividends thereunder are in the best interests of our shareholders.

As of January 30, 2022, we were authorized, subject to certain specifications, to repurchase additional shares of our common stock up to $7.24 billion through December 2022. We did not repurchase any shares during fiscal year 2022.

Outstanding Indebtedness and Commercial Paper Program

As of January 30, 2022, we had outstanding:

$1.25 billion of Notes Due 2023$1.25 billion of Notes Due 2024$1.00 billion of Notes Due 2026$1.25 billion of Notes Due 2028$1.50 billion of Notes Due 2030$1.25 billion of Notes Due 2031$1.00 billion of Notes Due 2040$2.00 billion of Notes Due 2050$500 million of Notes Due 2060

We have a $575 million commercial paper program to support general corporate purposes. As of January 30, 2022, we had not issued any commercial paper.

Refer to Note 12 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further discussion.

Contractual Obligations

We have unrecognized tax benefits of $729 million, which includes related interest and penalties of $59 million recorded in non-current income tax payable as of January 30, 2022. We are unable to reasonably estimate the timing of any potential tax liability, interest payments, or penalties in individual years due to uncertainties in the underlying income tax positions and the timing of the effective settlement of such tax positions. We are currently under examination by the Internal Revenue Service for our fiscal years 2018 and 2019. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further information.

For a description of our long-term debt, purchase obligations, and operating lease obligations, refer to Note 12, Note 13, and Note 3 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K, respectively.

Climate Change

Refer to Part I, Item 1 of this Annual Report on Form 10-K for a description of Environmental, Social and Corporate Governance activities. To date, there has been no material impact to our results of operations associated with global sustainability regulations, compliance, costs from sourcing renewable energy or climate-related business trends. There are no material current climate change regulations impacting us, however, we are monitoring potential regulation changes in California, the United States, the United Kingdom, the European Union and other jurisdictions. We believe that climate change has not had a material impact to our revenue to date. We have not experienced any significant physical effects of climate change to date on our operations and results, nor any significant impacts on the cost or availability of insurance. In fiscal year 2023, we plan to build Earth-2, an AI supercomputer dedicated to predicting the impacts of climate change and increase our purchases of Renewable Energy Credits.

Adoption of New and Recently Issued Accounting Pronouncements

Refer to Note 1 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for a discussion of adoption of new and recently issued accounting pronouncements.# ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Investment and Interest Rate Risk

We are exposed to interest rate risk related to our fixed-rate investment portfolio and outstanding debt. The investment portfolio is managed consistent with our overall liquidity strategy in support of both working capital needs and strategic growth of our businesses.

As of January 30, 2022, we performed a sensitivity analysis on our investment portfolio. According to our analysis, parallel shifts in the yield curve of both plus or minus 0.5%, taking into account a zero percent yield floor, would result in a decrease in fair value for these investments of $33 million, or an increase in fair value for these investments of $22 million, respectively.

At January 30, 2022, we had $11.00 billion of senior Notes outstanding. We carry the Notes at face value less unamortized discount on our Consolidated Balance Sheets. As the Notes bear interest at a fixed rate, we have no financial statement risk associated with changes in interest rates. Refer to Note 12 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Foreign Exchange Rate Risk

We consider our direct exposure to foreign exchange rate fluctuations to be minimal. Gains or losses from foreign currency remeasurement are included in other income or expense and to date have not been significant. The impact of foreign currency transaction gain or loss included in determining net income was not significant for fiscal years 2022 and 2021.

Sales and arrangements with third-party manufacturers provide for pricing and payment in United States dollars, and, therefore, are not subject to exchange rate fluctuations. Increases in the value of the United States dollar relative to other currencies would make our products more expensive, which could negatively impact our ability to compete. Conversely, decreases in the value of the

United States dollar relative to other currencies could result in our suppliers raising their prices in order to continue doing business with us. Additionally, we have international operations and incur expenditures in currencies other than U.S. dollars. Our operating expenses benefit from a stronger dollar and are adversely affected by a weaker dollar.

We use foreign currency forward contracts to mitigate the impact of foreign currency exchange rate movements on our operating expenses. We designate these contracts as cash flow hedges and assess the effectiveness of the hedge relationships on a spot to spot basis. Gains or losses on the contracts are recorded in accumulated other comprehensive income or loss, and then reclassified to operating expense when the related operating expenses are recognized in earnings or ineffectiveness should occur.

We also use foreign currency forward contracts to mitigate the impact of foreign currency movements on monetary assets and liabilities that are denominated in currencies other than U.S. dollar. These forward contracts were not designated for hedge accounting treatment. Therefore, the change in fair value of these contracts is recorded in other income or expense and offsets the change in fair value of the hedged foreign currency denominated monetary assets and liabilities, which is also recorded in other income or expense.

If the U.S. dollar strengthened by 10% as of January 30, 2022 and January 31, 2021, the amount recorded in accumulated other comprehensive income (loss) related to our foreign exchange contracts before tax effect would have been approximately $103 million and $84 million lower as of January 30, 2022 and January 31, 2021, respectively. Change in value recorded in accumulated other comprehensive income (loss) would be expected to offset a corresponding change in hedged forecasted foreign currency expenses when recognized.

If an adverse 10% foreign exchange rate change was applied to our balance sheet hedging contracts, it would have resulted in an adverse impact on income before taxes of approximately $41 million and $44 million as of January 30, 2022 and January 31, 2021, respectively. These changes in fair values would be offset in other income (expense), net by corresponding change in fair values of the foreign currency denominated monetary assets and liabilities, assuming the hedge contracts fully cover the foreign currency denominated monetary assets and liabilities balances.

Refer to Note 11 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.# ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

2021, and January 26, 2020|80|

3. Exhibits	
The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as a part of this Annual Report on Form 10-K.	81

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of NVIDIA Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of NVIDIA Corporation and its subsidiaries (the
Company) as of January 30, 2022 and January 31, 2021, and the related consolidated statements of income, of
comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended January
30, 2022, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2)
(collectively referred to as the consolidated financial statements). We also have audited the Company's internal control
over financial reporting as of January 30, 2022, based on criteria established in Internal Control - Integrated Framework
(2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial

position of the Company as of January 30, 2022 and January 31, 2021, and the results of its operations and its cash

flows for each of the three years in the period ended January 30, 2022 in conformity with accounting principles generally

accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective

internal control over financial reporting as of January 30, 2022, based on criteria established in Internal Control -

Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal

control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting,

included in Managements Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our

responsibility is to express opinions on the Companys consolidated financial statements and on the Company's internal

control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company

Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company

in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and
Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and
perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of
material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was
maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material
misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that
respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and
disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used
and significant estimates made by management, as well as evaluating the overall presentation of the consolidated
financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal
control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design
and operating effectiveness of internal control based on the assessed risk. Our audits also included

performing such
other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable
basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A companys internal control over financial reporting is a process designed to provide reasonable assurance regarding
the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with
generally accepted accounting principles. A companys internal control over financial reporting includes those policies
and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the
transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are
recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting
principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of
management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely
detection of unauthorized acquisition, use, or disposition of the companys assets that could have a material effect on the
financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Inventories - Provisions for Excess or Obsolete Inventories

As described in Note 1 to the consolidated financial statements, the Company charges cost of sales for inventory provisions to write-down inventory to the lower of cost or net realizable value or for obsolete or excess inventory. Most of the Companys inventory provisions relate to excess quantities of products, based on the Companys inventory levels and future product purchase commitments compared to assumptions about future demand and market conditions. As of January 30, 2022, the Companys consolidated inventories balance was $2,605 million.

The principal considerations for our determination that performing procedures relating to the valuation of inventories, specifically the provisions for excess or obsolete inventories, is a critical audit matter are the significant judgment by management when developing provisions for excess or obsolete inventories, including developing assumptions related to future demand and market conditions. This in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating managements assumptions related to future demand and market conditions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to managements provisions for excess or obsolete inventories, including controls over managements assumptions related to future demand and market conditions. These procedures also included, among others, testing managements process for developing the provisions for excess or obsolete inventories; evaluating the appropriateness of managements approach; testing the completeness and accuracy of underlying data used in the approach; and evaluating the reasonableness of managements assumptions related to future demand and market conditions. Evaluating managements assumptions related to future demand and market conditions involved evaluating whether the assumptions used by management were reasonable considering (i) current and past results, including historical product life cycle, (ii) the consistency with external market and industry data, (iii) changes in technology, and (iv) comparing prior period estimates to actual results of the same period.

/s/ PricewaterhouseCoopers LLP

San Jose, California

March 17, 2022

We have served as the Companys auditor since 2004.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

		Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
Revenue	$26,914	$16,675	$10,918		
Cost of revenue	$9,439	$6,279	$4,150		
Gross profit	$17,475	$10,396	$6,768		
Operating expenses					
Research and development		$5,268	$3,924	$2,829	
Sales, general and administrative		$2,166	$1,940	$1,093	
Total operating expenses		$7,434	$5,864	$3,922	
Income from operations		$10,041	$4,532	$2,846	
Interest income		$29	$57	$178	
Interest expense		($236)	($184)	($52)	
Other, net		$107	$4	($2)	
Other income (expense), net		($100)	($123)	$124	
Income before income tax		$9,941	$4,409	$2,970	
Income tax expense		$189	$77	$174	
Net income	$9,752	$4,332	$2,796		

Net income per share:

Basic	$3.91	$1.76	$1.15

|Diluted|$3.85|$1.73|$1.13|

Weighted average shares used in per share computation:

Basic	2,496	2,467	2,439
Diluted	2,535	2,510	2,472

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
Net income		$9,752	$4,332	$2,796
Other comprehensive income (loss), net of tax				
Available-for-sale debt securities:	Net unrealized gain (loss)	(16)	2	8
	Reclassification adjustments for net realized gain (loss) included in net income		(2)	
	Net change in unrealized gain (loss)	(16)		8
Cash flow hedges:	Net unrealized gain (loss)	(43)	9	10
	Reclassification adjustments for net realized gain (loss) included in net income	29	9	(5)
	Net change in unrealized gain (loss)	(14)	18	5
Other comprehensive income (loss), net of tax		(30)	18	13
Total comprehensive income		$9,722	$4,350	$2,809

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions, except par value)

	January 30, 2022	January 31, 2021
ASSETS		
Cash and cash equivalents	$1,990	$847
Marketable securities	19,218	10,714
Accounts receivable, net	4,650	2,429
Inventories	2,605	1,826
Prepaid expenses and other current assets	366	239
Total current assets	28,829	16,055
Property and equipment, net	2,778	2,149
Operating lease assets	829	707
Goodwill	4,349	4,193
Intangible assets, net	2,339	2,737
Deferred income tax assets	1,222	806
Other assets	3,841	2,144
Total assets	$44,187	$28,791
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$1,783	$1,149

Accrued and other current liabilities	2,552	1,777
Short-term debt	$	$999
Total current liabilities	4,335	3,925
Long-term debt	10,946	5,964
Long-term operating lease liabilities	741	634
Other long-term liabilities	1,553	1,375
Total liabilities	17,575	11,898
Commitments and contingencies - see Note 13		
Shareholders equity:		
Preferred stock, $0.001 par value; 2 shares authorized; none issued	$	$
Common stock, $0.001 par value; 4,000 shares authorized; 2,506 shares issued and outstanding as of January 30, 2022; 3,859 shares issued and 2,479 outstanding as of January 31, 2021	3	3
Additional paid-in capital	10,385	8,719
Treasury stock, at cost (None as of January 30, 2022 and 1,380 shares as of January 31, 2021)	$	$(10,756)
Accumulated other comprehensive income (loss)	$(11)	$19
Retained earnings	16,235	18,908
Total shareholders' equity	26,612	16,893
Total liabilities and shareholders' equity	$44,187	$28,791

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

|Common Stock Outstanding| | | | | | | |

|---|---|---|---|---|---|---|---|

| |Accumulated Other Comprehensive Income (Loss)| | | | | |Total Shareholders' Equity|

|Additional Paid-in Capital|Treasury Stock|Retained Earnings| | | | | |

|(In millions, except per share data)|Shares|Amount| | | | | |

|Balances, January 27, 2019|2,423|$3|$6,049|$(9,263)|$(12)|$12,565|$9,342|

|Net income|||||$2,796|$2,796|

|Other comprehensive income||||$13||$13|

|Issuance of common stock from stock plans|39||$149||||$149|

|Tax withholding related to vesting of restricted stock units|(12)|||$(551)|||$(551)|

|Cash dividends declared and paid ($0.16 per common share)||||||$(390)|$(390)|

|Stock-based compensation|||$845||||$845|

|Balances, January 26, 2020|2,450|3|7,043|(9,814)|1|14,971|12,204|

|---|---|---|---|---|---|---|---|

|Net income|||||4,332|4,332|

|Other comprehensive income||||18||18|

|Issuance of common stock from stock plans|40||194||||194|

|Tax withholding related to vesting of restricted stock units|(11)|||(942)|||(942)|

|Cash dividends declared and paid ($0.16 per common share)||||||(395)|(395)|

|Fair value of partially vested equity awards assumed in connection with acquisitions|||86||||86|

|Stock-based compensation|||1,396||||1,396|

|Balances, January 31, 2021|2,479|3|8,719|(10,756)|19|18,908|16,893|

|Net income|||||9,752|9,752|

|Other comprehensive loss||||(30)||(30)|

|Issuance of common stock from stock plans|35||281||||281|

Tax withholding related to vesting of restricted stock units	(8)		(614)	(1,290)			(1,904)
Cash dividends declared and paid ($0.16 per common share)						(399)	(399)
Fair value of partially vested equity awards assumed in connection with acquisitions			18				18
Stock-based compensation			2,001				2,001
Retirement of Treasury Stock			(20)	12,046		(12,026)	
Balances, January 30, 2022	2,506	3	10,385		(11)	16,235	26,612

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
Cash flows from operating activities:					
Net income	$ 9,752	$ 4,332	$ 2,796		
Adjustments to reconcile net income to net cash provided by operating activities:					
Stock-based compensation expense	2,004	1,397	844		
Depreciation and amortization	1,174	1,098	381		
Deferred income taxes	(406)	(282)	18		
(Gains) losses on investments in non-affiliates, net	(100)		1		
Other	47	(20)	4		
Changes in operating assets and liabilities, net of acquisitions:					
Accounts receivable	(2,215)	(550)	(233)		
Inventories	(774)	(524)	597		
Prepaid expenses and other assets	(1,715)	(394)	77		

|Accounts payable|568|312|194| | |

|Accrued and other current liabilities|581|290|54| | |

|Other long-term liabilities|192|163|28| | |

|Net cash provided by operating activities|9,108|5,822|4,761| | |

|Cash flows from investing activities:| | | | | |

|Proceeds from maturities of marketable securities|15,197|8,792|4,744| | |

|Proceeds from sales of marketable securities|1,023|527|3,365| | |

|Purchases of marketable securities|(24,787)|(19,308)|(1,461)| | |

|Purchases related to property and equipment and intangible assets|(976)|(1,128)|(489)| | |

|Acquisitions, net of cash acquired|(263)|(8,524)|(4)| | |

|Investments and other, net|(24)|(34)|(10)| | |

|Net cash provided by (used in) investing activities|(9,830)|(19,675)|6,145| | |

|Cash flows from financing activities:| | | | | |

|Issuance of debt, net of issuance costs|4,977|4,968| | | |

|Proceeds related to employee stock plans|281|194|149| | |

|Payments related to tax on restricted stock units|(1,904)|(942)|(551)| | |

|Repayment of debt|(1,000)| | | | |

|Dividends paid|(399)|(395)|(390)| | |

|Principal payments on property and equipment|(83)|(17)| | | |

|Other|(7)|(4)| | | |

|Net cash provided by (used in) financing activities|1,865|3,804|(792)| | |

| |Change in cash and cash equivalents| | | |

|---|---|---|---|---|

| | | |1,143|(10,049)|

|Cash and cash equivalents at beginning of period| | |847|10,896|

|Cash and cash equivalents at end of period|$ 1,990|$ 847|$ 10,896| |

Supplemental disclosures of cash flow information:			
Cash paid for income taxes, net	$ 396	$ 249	$ 176
Cash paid for interest	$ 246	$ 138	$ 54

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Summary of Significant Accounting Policies

Our Company

Headquartered in Santa Clara, California, NVIDIA was incorporated in California in April 1993 and reincorporated in Delaware in April 1998.

All references to NVIDIA, we, us, our or the Company mean NVIDIA Corporation and its subsidiaries.

On July 19, 2021, we executed a four-for-one stock split of our common stock. All share, equity award, and per share amounts and related shareholders' equity balances presented herein have been retroactively adjusted to reflect the Stock Split.

Fiscal Year

We operate on a 52- or 53-week year, ending on the last Sunday in January. Fiscal years 2022 and 2020 were both 52-week years. Fiscal year 2021 was a 53-week year.

Reclassifications

Certain prior fiscal year balances have been reclassified to conform to the current fiscal year presentation.

Principles of Consolidation

Our consolidated financial statements include the accounts of NVIDIA Corporation and our wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from our estimates. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, cash equivalents and marketable securities, accounts receivable, inventories, income taxes, goodwill, stock-based compensation, litigation, investigation and settlement costs, restructuring and other charges, and other contingencies. The inputs into our judgments and estimates consider the economic implications of COVID-19. These estimates are based on historical facts and various other assumptions that we believe are reasonable.

Revenue Recognition

We derive our revenue from product sales, including hardware and systems, license and development arrangements, software licensing, and cloud services. We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract (where revenue is allocated on a relative standalone selling price basis by maximizing the use of observable inputs to determine the standalone selling price for each performance obligation); and (5) recognition of revenue when, or as, we satisfy a performance obligation.

Product Sales Revenue

Revenue from product sales is recognized upon transfer of control of products to customers in an amount that reflects the consideration we expect to receive in exchange for those products. Certain products are sold with support or an extended warranty for the incorporated system, hardware, and/or software. Support and extended warranty revenue are recognized ratably over the service period, or as services are performed. Revenue is recognized net of allowances for returns, customer programs and any taxes collected from customers.

For products sold with a right of return, we record a reduction to revenue by establishing a sales return allowance for estimated product returns at the time revenue is recognized, based primarily on historical return rates. However, if product returns for a fiscal period are anticipated to exceed historical return rates, we may determine that additional sales return allowances are required to properly reflect our estimated exposure for product returns.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Our customer programs involve rebates, which are designed to serve as sales incentives to resellers of our products in various target markets, and marketing development funds, or MDFs, which represent monies paid to our partners that are earmarked for market segment development and are designed to support our partners activities while also promoting NVIDIA products. We account for customer programs as a reduction to revenue and accrue for potential rebates and MDFs based on the amount we expect to be claimed by customers.

License and Development Arrangements

Our license and development arrangements with customers typically require significant customization of our IP components. As a result, we recognize the revenue from the license and the revenue from the development services as a single performance obligation over the period in which the development services are performed. We measure progress to completion based on actual cost incurred to date as a percentage of the estimated total cost required to complete each project. If a loss on an arrangement becomes probable during a period, we record a provision for such loss in that period.

Software Licensing

Our software licenses provide our customers with a right to use the software when it is made available to the customer. Customers may purchase either perpetual licenses or subscriptions to licenses, which differ mainly in the duration over which the customer benefits from the software. Software licenses are frequently sold along with the right to receive, on a when-and-if available basis, future unspecified software updates and upgrades. Revenue from software licenses is recognized up front when the software is made available to the customer. Software support revenue is recognized ratably over the service period, or as services are performed.

Cloud Services

Cloud services, which allow customers to use hosted software over the contract period without taking possession of the software, are provided on a subscription basis or a combination of subscription plus usage. Revenue related to subscription-based cloud services is recognized ratably over the contract period. Revenue related to cloud services based on usage is recognized as usage occurs.

Product Warranties

We generally offer a limited warranty to end-users that ranges from one to three years for products in order to repair or replace products for any manufacturing defects or hardware component failures. Cost of revenue includes the estimated cost of product warranties that are calculated at the point of revenue recognition. Under limited circumstances, we may offer an extended limited warranty to customers for certain products. We also accrue for known warranty and indemnification issues if a loss is probable and can be reasonably estimated.

Stock-based Compensation

We use the closing trading price of our common stock on the date of grant, minus a dividend yield discount, as the fair value of awards of restricted stock units, or RSUs, and performance stock units that are based on our corporate financial performance targets, or PSUs. We use a Monte Carlo simulation on the date of grant to estimate the fair value of performance stock units that are based on market conditions, or market-based PSUs. The compensation expense for RSUs and market-based PSUs is recognized using a straight-line attribution method over the requisite employee service period while compensation expense for PSUs is recognized using an accelerated amortization model. We estimate the fair value of shares to be issued under our employee stock purchase plan, or ESPP, using the Black-Scholes model at the commencement of an offering period in March and September of each year. Stock-based compensation for our ESPP is expensed using an accelerated amortization model. Additionally, we estimate forfeitures at least annually based on historical experience and revise the estimates of forfeiture in subsequent periods if actual forfeitures differ from those estimates.

Litigation, Investigation and Settlement Costs

We currently, are, and will likely continue to be subject to claims, litigation, and other actions, including potential regulatory proceedings, involving patent and other intellectual property matters, taxes, labor and employment, competition and antitrust, commercial disputes, goods and services offered by us and by third parties, and other matters. There are many uncertainties associated with any litigation or investigation, and we cannot be certain that these actions or other third-party claims against us will be resolved without litigation, fines and/or substantial

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Settlement payments or judgments. If information becomes available that causes us to determine that a loss in any of our pending litigation, investigations or settlements is probable, and we can reasonably estimate the loss associated with such events, we will record the loss in accordance with U.S. GAAP. However, the actual liability in any such litigation or investigation may be materially different from our estimates, which could require us to record additional costs.

Foreign Currency Remeasurement

We use the United States dollar as our functional currency for all of our subsidiaries. Foreign currency monetary assets and liabilities are remeasured into United States dollars at end-of-period exchange rates. Non-monetary assets and liabilities such as property and equipment and equity are remeasured at historical exchange rates. Revenue and expenses are remeasured at exchange rates in effect during each period, except for those expenses related to non-monetary balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency remeasurement are included in earnings in our Consolidated Statements of Income and to date have not been significant.

Income Taxes

We recognize federal, state and foreign current tax liabilities or assets based on our estimate of taxes payable or refundable in the current fiscal year by tax jurisdiction. We recognize federal, state and foreign deferred tax assets or liabilities, as appropriate, for our estimate of future tax effects attributable to temporary differences and carryforwards; and we record a valuation allowance to reduce any deferred tax assets by the amount of any tax benefits that, based on available evidence and judgment, are not expected to be realized.

Our calculation of deferred tax assets and liabilities is based on certain estimates and judgments and involves dealing with uncertainties in the application of complex tax laws. Our estimates of deferred tax assets and liabilities may change based, in part, on added certainty or finality to an anticipated outcome, changes in accounting standards or tax laws in the United States, or foreign jurisdictions where we operate, or changes in other facts or circumstances. In addition, we recognize liabilities for potential United States and foreign income tax contingencies based on our estimate of whether, and the extent to which, additional taxes may be due. If we determine that payment of these amounts is unnecessary or if the recorded tax liability is less than our current assessment, we may be required to recognize an income tax benefit or additional income tax expense in our financial statements accordingly.

As of January 30, 2022, we had a valuation allowance of $907 million related to state and certain other deferred tax assets that management determined are not likely to be realized due to jurisdictional projections of future taxable income, tax attributes usage limitation by certain jurisdictions, and potential utilization limitations of tax attributes acquired as a result of stock ownership changes. To the extent realization of the deferred tax assets becomes more-likely-than-not, we would recognize such deferred tax assets as an income tax benefit during the period.

We recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. Our policy is to include interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted average number of common and potentially dilutive shares outstanding during the period, using the treasury stock method. Under the treasury stock method, the effect of equity awards outstanding is not included in the computation of diluted net income per share for periods when their effect is anti-dilutive.

Cash and Cash Equivalents and Marketable Securities

We consider all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less at the time of purchase to be cash equivalents. Marketable securities consist of highly liquid debt investments with maturities of greater than three months when purchased. We currently classify our investments as current based on the nature of the investments and their availability for use in current operations.

We classify our cash equivalents and marketable securities related to debt securities at the date of acquisition as available-for-sale. These available-for-sale debt securities are reported at fair value with the related unrealized gains and losses included in accumulated other comprehensive income or loss, a component of shareholders equity, net of

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tax. The fair value of interest-bearing debt securities includes accrued interest. Realized gains and losses on the sale of

marketable securities are determined using the specific-identification method and recorded in the other income

(expense), net, section of our Consolidated Statements of Income.

All of our available-for-sale debt investments are subject to a periodic impairment review. If the estimated fair value of

available-for-sale debt securities is less than its amortized cost basis, we determine if the difference, if any, is caused by

expected credit losses and write-down the amortized cost basis of the securities if it is more likely than not we will be

required or we intend to sell the securities before recovery of its amortized cost basis. Allowances for credit losses and

write-downs are recognized in the other income (expense), net section of our Consolidated Statements of Income.

Fair Value of Financial Instruments

The carrying value of cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their

fair values due to their relatively short maturities as of January 30, 2022 and January 31, 2021. Marketable securities are

comprised of available-for-sale securities that are reported at fair value with the related unrealized gains or losses

included in accumulated other comprehensive income or loss, a component of shareholders equity, net of tax. Fair value

of the marketable securities is determined based on quoted market prices. Derivative instruments are recognized as

either assets or liabilities and are measured at fair value. The accounting for changes in the fair value of a derivative

depends on the intended use of the derivative and the resulting designation. For derivative instruments designated as fair

value hedges, the gains or losses are recognized in earnings in the periods of change together with the offsetting losses

or gains on the hedged items attributed to the risk being hedged. For derivative instruments designated as cash-flow

hedges, the effective portion of the gains or losses on the derivatives is initially reported as a component of other

comprehensive income or loss and is subsequently recognized in earnings when the hedged exposure is recognized in

earnings. For derivative instruments not designated for hedge accounting, changes in fair value are recognized in

earnings.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents,

marketable securities, and accounts receivable. Our investment policy requires the purchase of highly-rated fixed income

securities, the diversification of investment type and credit exposures, and includes certain limits on our portfolio duration.

We perform ongoing credit evaluations of our customers financial condition and maintain an allowance for potential credit

losses. This allowance consists of an amount identified for specific customers and an amount based on overall estimated exposure. Our overall estimated exposure excludes amounts covered by credit insurance and letters of credit.

Inventories

Inventory cost is computed on an adjusted standard basis, which approximates actual cost on an average or first-in,
first-out basis. Inventory costs consist primarily of the cost of semiconductors, including wafer fabrication, assembly,
testing and packaging, manufacturing support costs, including labor and overhead associated with such purchases, final
test yield fallout, and shipping costs, as well as the cost of purchased memory products and other component parts. We
charge cost of sales for inventory provisions to write-down our inventory to the lower of cost or net realizable value or for
obsolete or excess inventory. Most of our inventory provisions relate to excess quantities of products, based on our
inventory levels and future product purchase commitments compared to assumptions about future demand and market
conditions. Once inventory has been written-off or written-down, it creates a new cost basis for the inventory that is not
subsequently written-up. We record a liability for noncancelable purchase commitments with suppliers for quantities in
excess of our future demand forecasts consistent with our valuation of obsolete or excess inventory.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is computed using the straight-line

method based on the estimated useful lives of the assets, generally three to five years. Once an asset is identified for

retirement or disposition, the related cost and accumulated depreciation or amortization are removed, and a gain or loss

is recorded. The estimated useful lives of our buildings are up to thirty years. Depreciation expense includes the

amortization of assets recorded under finance leases. Leasehold improvements and assets recorded under finance

leases are amortized over the shorter of the expected lease term or the estimated useful life of the asset.

NVIDIA CORPORATION AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Leases

We determine if an arrangement is or contains a lease at inception. Operating leases with lease terms of more than 12 months are included in operating lease assets, accrued and other current liabilities, and long-term operating lease liabilities on our consolidated balance sheet. Operating lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments over the lease term.

Operating lease assets and liabilities are recognized based on the present value of the remaining lease payments discounted using our incremental borrowing rate. Operating lease assets also include initial direct costs incurred and prepaid lease payments, minus any lease incentives. Our lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

We combine the lease and non-lease components in determining the operating lease assets and liabilities.

Goodwill

Goodwill is subject to our annual impairment test during the fourth quarter of our fiscal year, or earlier if indicators of potential impairment exist. For the purposes of completing our impairment test, we perform either a qualitative or a quantitative analysis on a reporting unit basis.

Qualitative factors include industry and market considerations, overall financial performance, and other relevant events and factors affecting the reporting units.

Our quantitative impairment test considers both the income approach and the market approach to estimate a reporting units fair value. The income and market valuation approaches consider a number of factors that include, but are not limited to, prospective financial information, growth rates, residual values, discount rates and comparable multiples from publicly traded companies in our industry and require us to make certain assumptions and estimates regarding industry economic factors and the future profitability of our business.

Intangible Assets and Other Long-Lived Assets

Intangible assets primarily represent acquired intangible assets including developed technology, in-process research and development, or IPR&D, and customer relationships, as well as rights acquired under technology licenses, patents, and acquired IP. We currently amortize our intangible assets with finite lives over periods ranging from one to twenty years using a method that reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up or, if that pattern cannot be reliably determined, using a straight-line amortization method. We initially capitalize the fair value of IPR&D as an intangible asset with an indefinite life. When IPR&D projects are completed, we reclassify the IPR&D as an amortizable purchased intangible asset and amortize over the assets estimated useful life.

Long-lived assets, such as property and equipment and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds the estimated fair value of the asset or asset group. Fair value is determined based on the estimated discounted future cash flows expected to be generated by the asset or asset group. Assets and liabilities to be disposed of would be separately presented in the Consolidated Balance Sheet and the assets would be reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated.

Business Combination

We allocate the fair value of the purchase price of an acquisition to the tangible assets acquired, liabilities assumed, and intangible assets acquired, including IPR&D, based on their estimated fair values. The excess of the fair value of the purchase price over the fair values of these net tangible and intangible assets acquired is recorded as goodwill.

Managements estimates of fair value are based upon assumptions believed to be reasonable, but our estimates and assumptions are inherently uncertain and subject to refinement. The estimates and assumptions used in valuing intangible assets include, but are not limited to, the amount and timing of projected future cash flows, discount rate used

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To determine the present value of these cash flows and asset lives. These estimates are inherently uncertain and, therefore, actual results may differ from the estimates made. As a result, during the measurement period of up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of the purchase price of an acquisition, whichever comes first, any subsequent adjustments are recorded to our Consolidated Statements of Income.

Acquisition-related expenses are recognized separately from the business combination and expensed as incurred.

Investment in Non-Affiliated Entities

Non-marketable equity investments in privately-held companies are recorded at fair value on a non-recurring basis only if an impairment or observable price adjustment occurs in the period with changes in fair value recorded through net income. These investments are valued using observable and unobservable inputs or data in an inactive market and the valuation requires our judgment due to the absence of market prices and inherent lack of liquidity. The estimated fair value is based on quantitative and qualitative factors including subsequent financing activities by the investee.

Marketable equity investments in publicly-held companies are recorded at fair value with the related unrealized and realized gains and losses recognized in other income (expense), net.

Adoption of New and Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncement

In October 2021, the Financial Accounting Standards Board issued a new accounting standard to require that an acquirer recognize and measure contract assets and liabilities acquired in a business combination in accordance with Accounting Standards Codification 606, Revenue from Contracts with Customers. We early adopted this accounting standard in the third quarter of fiscal year 2022 and the impact was immaterial.

Note 2 - Business Combination

Termination of the Arm Share Purchase Agreement

On February 8, 2022, NVIDIA and SoftBank announced the termination of the Share Purchase Agreement whereby NVIDIA would have acquired Arm from SoftBank. The parties agreed to terminate because of significant regulatory challenges preventing the completion of the transaction. We intend to record in operating expenses a $1.36 billion charge in the first quarter of fiscal year 2023 reflecting the write-off of the prepayment provided at signing in September 2020.

Acquisition of Mellanox Technologies, Ltd.

In April 2020, we completed the acquisition of all outstanding shares of Mellanox for a total purchase consideration of $7.13 billion. Mellanox is a supplier of high-performance interconnect products for computing, storage and communications applications. We acquired Mellanox to optimize data center workloads to scale across the entire computing, networking, and storage stack.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Allocation	Amount ($ in millions)
Cash and cash equivalents	$115
Marketable securities	$699
Accounts receivable, net	$216
Inventories	$320
Prepaid expenses and other assets	$179
Property and equipment, net	$144
Goodwill	$3,431
Intangible assets	$2,970
Accounts payable	($136)
Accrued and other current liabilities	($236)
Income tax liability	($191)
Deferred income tax liability	($258)

|Other long-term liabilities|($119)|

(1) Represents the cash consideration of $125.00 per share paid to Mellanox shareholders for approximately 56 million shares of outstanding Mellanox ordinary shares.

(2) Represents the cash consideration for the settlement of approximately 249 thousand Mellanox stock options held by employees and non-employee directors of Mellanox.

(3) Represents the fair value of Mellanoxs stock-based compensation awards attributable to pre-combination services.

We allocated the purchase price to tangible and identified intangible assets acquired and liabilities assumed based on the estimated fair values.

The goodwill is primarily attributable to the planned growth in the combined business of NVIDIA and Mellanox. Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any interim indicators of impairment. Goodwill recognized in the acquisition is not expected to be deductible for foreign tax purposes. Goodwill arising from the Mellanox acquisition has been allocated to the Compute and Networking segment. Refer to Note 17 Segment Information for further details on segments.

The operating results of Mellanox have been included in our consolidated financial statements for fiscal year 2021 since the acquisition date of April 27, 2020. Revenue attributable to Mellanox was approximately 10% for fiscal year 2021. There is not a practical way to determine net income attributable to Mellanox due to integration. Acquisition-related costs attributable to Mellanox of $28 million were included in selling, general and administrative expense for fiscal year 2021.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Intangible Assets

The estimated fair value and useful life of the acquired intangible assets at the time of the acquisition are as follows:

	Fair Value (In millions)	Useful Lives
Developed technology (1)	$1,640	5 years
Customer relationships (2)	$440	3 years
Order backlog (3)	$190	Based on actual shipments
Trade names (4)	$70	5 years

Total identified finite-lived intangible assets: $2,340

IPR&D (5): $630 (N/A)

Total identified intangible assets: $2,970

(1) The fair value of developed technology was identified using the Multi-Period Excess Earnings Method.

(2) Customer relationships represent the fair value of the existing relationships using the With and Without Method.

(3) Order backlog represents primarily the fair value of purchase arrangements with customers using the Multi-Period Excess Earnings Method. The intangible asset was fully amortized as of January 31, 2021.

(4) Trade names primarily relate to Mellanox trade names and fair value was determined by applying the Relief-from-Royalty Method under the income approach.

(5) The fair value of IPR&D was determined using the Multi-Period Excess Earnings Method.

The fair value of the finite-lived intangible assets will be amortized over the estimated useful lives based on the pattern in which the economic benefits are expected to be received to cost of revenue and operating expenses.

Mellanox has an IPR&D project associated with the next generation interconnect product that had not yet reached technological feasibility as of the acquisition date. Accordingly, we recorded an indefinite-lived intangible asset of $630 million for the fair value of this project, which was initially not amortized. Instead, the project is tested for impairment annually and whenever events or changes in circumstances indicate that the project may be impaired or may have reached technological feasibility. Once and if the project reaches technological feasibility, we will begin to amortize the intangible asset over its estimated useful life.

Supplemental Unaudited Pro Forma Information

The following unaudited pro forma financial information summarizes the combined results of operations for NVIDIA and Mellanox as if the companies were combined as of the beginning of fiscal year 2020:

	Pro Forma Year Ended	January 31, 2021 (In millions)	January 26, 2020 (In millions)		
Revenue	$17,104	$12,250			
Net income	$4,757	$2,114			

The unaudited pro forma information includes adjustments related to amortization of acquired intangible assets, adjustments to stock-based compensation expense, fair value of acquired inventory, and transaction costs. The unaudited pro forma information presented above is for informational purposes only and is not necessarily indicative of our consolidated results of operations of the combined business had the acquisition actually occurred at the beginning of fiscal year 2020 or of the results of our future operations of the combined businesses.

The pro forma results reflect the inventory step-up expense of $161 million in the fiscal year 2020 and were excluded from the pro forma results for fiscal year 2021. There were no other material nonrecurring adjustments.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Note 3 - Leases

Our lease obligations primarily consist of operating leases for our headquarters complex, domestic and international office facilities, and data center space, with lease periods expiring between fiscal years 2023 and 2035.

Future minimum lease payments under our non-cancelable operating leases as of January 30, 2022, are as follows:

Fiscal Year	Operating Lease Obligations (In millions)
2023	$176
2024	$162
2025	$136
2026	$124
2027	$114
2028 and thereafter	$288
Total	$1,000

Less imputed interest: $115

Present value of net future minimum lease payments: $885

Less short-term operating lease liabilities: $144

Long-term operating lease liabilities: $741

In addition to our existing operating lease obligations, we have operating leases that are expected to commence within fiscal year 2023 with lease terms of 7 years for $169 million.

Operating lease expense for fiscal years 2022, 2021, and 2020 was $168 million, $145 million, $114 million, respectively. Short-term and variable lease expenses for fiscal years 2022, 2021, and 2020 were not significant.

Other information related to leases was as follows:

	Year Ended January 30, 2022	Year Ended January 31, 2021	Year Ended January 26, 2020
Supplemental cash flows information	$154	$141	$103
Operating lease assets obtained in exchange for lease obligations (1)	$266	$200	$238

(1) Fiscal year 2021 includes $80 million of operating lease assets addition due to Mellanox.

As of January 30, 2022, our operating leases had a weighted average remaining lease term of 7.1 years and a weighted average discount rate of 2.51%. As of January 31, 2021, our operating leases had a weighted average remaining lease term of 7.6 years and a weighted average discount rate of 2.87%.

Note 4 - Stock-Based Compensation

Our stock-based compensation expense is associated with restricted stock units, or RSUs, performance stock units that are based on our corporate financial performance targets, or PSUs, performance stock units that are based on market conditions, or market-based PSUs, and our ESPP.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Our Consolidated Statements of Income include stock-based compensation expense, net of amounts allocated to inventory, as follows:

	Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
Cost of revenue		$141	$88	$39
Research and development		1,298	860	540
Sales, general and administrative		565	449	265
Total		$2,004	$1,397	$844

Stock-based compensation capitalized in inventories was not significant during fiscal years 2022, 2021, and 2020.

The following is a summary of equity awards granted under our equity incentive plans:

	Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
RSUs, PSUs and Market-based PSUs		18	36	28
Estimated total grant-date fair value		$3,492	$2,764	$1,282
Weighted average grant-date fair value per share		$190.69	$76.81	$46.12

	Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
ESPP		5	4	4
Weighted average price per share		$56.36	$34.80	$37.19
Weighted average grant-date fair value per share		$23.24	$16.91	$16.22

As of January 30, 2022, there was $4.87 billion of aggregate unearned stock-based compensation expense, net of forfeitures. This amount is expected to be recognized over a weighted average period of 2.4 years for RSUs, PSUs, and market-based PSUs, and 0.9 years for ESPP.

The fair value of shares issued under our ESPP have been estimated with the following assumptions:

	Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
ESPP				
Weighted average expected life (in years)	0.1-2.0	0.1-2.0	0.1-2.0	0.1-2.0
Risk-free interest rate	%-0.5%	0.1%-1.6%	1.5%-2.6%	
Volatility	20%-58%	26%-89%	30%-82%	
Dividend yield	0.1%	0.1%-0.3%	0.3%-0.4%	

For ESPP shares, the expected term represents the average term from the first day of the offering period to the purchase date. The risk-free interest rate assumption used to value ESPP shares is based upon observed interest rates on Treasury bills appropriate for the expected term. Our expected stock price volatility assumption for ESPP is estimated using historical volatility. For awards granted, we use the dividend yield at grant date. Our RSU, PSU, and market-based PSU awards are not eligible for cash dividends prior to vesting; therefore, the fair values of RSUs, PSUs, and market-based PSUs are discounted for the dividend yield.

Additionally, for RSU, PSU, and market-based PSU awards, we estimate forfeitures semi-annually and revise the estimates of forfeiture in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based on historical experience.

Equity Incentive Program

We grant or have granted stock options, RSUs, PSUs, market-based PSUs, and stock purchase rights under the following equity incentive plans. In addition, in connection with our acquisitions of various companies, we have assumed certain stock-based awards granted under their stock incentive plans and converted them into our RSUs.

Amended and Restated 2007 Equity Incentive Plan

In 2007, our shareholders approved the NVIDIA Corporation 2007 Equity Incentive Plan, as most recently amended and restated, or the 2007 Plan.

The 2007 Plan authorizes the issuance of incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance stock awards, performance cash awards, and other stock-based awards to employees, directors and consultants. Only our employees may receive incentive stock options. As of January 30, 2022, up to 50 million shares of our common stock could be issued pursuant to stock awards granted under the 2007 Plan, of which 6 million shares were issuable upon the exercise of outstanding stock options. All options are fully vested, the last of which will expire by December 2023 if not exercised. Currently, we grant RSUs, PSUs and market-based PSUs under the 2007 Plan, under which, as of January 30, 2022, there were 131 million shares available for future grants.

Subject to certain exceptions, RSUs granted to employees either vest (A) over a four-year period, subject to continued service, with 25% vesting on a pre-determined date that is close to the anniversary of the date of grant and 6.25% vesting quarterly thereafter, or (B) over a three-year period, subject to continued service, with 40% vesting on a pre-determined date that is close to the anniversary of the date of grant and 7.5% vesting quarterly thereafter. PSUs vest over a four-year period, subject to continued service, with 25% vesting on a pre-determined date that is close to the anniversary of the date of grant and 6.25% vesting quarterly thereafter. Market-based PSUs vest 100% on approximately the three-year anniversary of the date of grant. However, the number of shares subject to both PSUs and market-based PSUs that are eligible to vest is generally determined by the Compensation Committee based on achievement of pre-determined criteria.

Amended and Restated 2012 Employee Stock Purchase Plan

In 2012, our shareholders approved the NVIDIA Corporation 2012 Employee Stock Purchase Plan, as most recently amended and restated, or the 2012 Plan.

Employees who participate in the 2012 Plan may have up to 15% of their earnings withheld to purchase shares of common stock. The Board may decrease this percentage at its discretion. Each offering period is approximately 24 months, which is generally divided into four purchase periods of six months. The price of common stock purchased under our 2012 Plan will be equal to 85% of the lower of the fair market value of the common stock on the commencement date of each offering period or the fair market value of the common stock on each purchase date within the offering. As of January 30, 2022, we had 233 million shares reserved for future issuance under the 2012 Plan.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Equity Award Activity

The following is a summary of our equity award transactions under our equity incentive plans:

	RSUs, PSUs and Market-based PSUs Outstanding			
	Number of Shares		Weighted Average Grant-Date Fair Value	
	(In millions, except per share data)			
Balances, January 31, 2021	59	$66.17		
Granted	18	$190.69		
Vested restricted stock	(29)	$66.67		
Canceled and forfeited	(2)	$86.47		
Balances, January 30, 2022	46	$114.19		
Vested and expected to vest after January 30, 2022	46	$113.84		

As of January 30, 2022 and January 31, 2021, there were 131 million and 148 million shares, respectively, of common stock available for future grants under our equity incentive plans.

As of January 30, 2022, the total intrinsic value of options currently exercisable and outstanding was $1.38 billion, with an average exercise price of $3.55 per share and an average remaining term of 1.1 years. The total intrinsic value of options exercised was $741 million, $521 million, and $84 million for fiscal years 2022, 2021, and 2020, respectively. Upon the exercise of an option, we issue new shares of stock.

The total fair value of RSUs and PSUs, as of their respective vesting dates, during the years ended January 30, 2022, January 31, 2021, and January 26, 2020, was $5.56 billion, $2.67 billion, and $1.45 billion, respectively.

Note 5 - Net Income Per Share

The following is a reconciliation of the denominator of the basic and diluted net income per share computations for the periods presented:

	Year Ended			
	January 30, 2022	January 31, 2021	January 26, 2020	
	(In millions, except per share data)			
Numerator:	Net income	$9,752	$4,332	$2,796
Denominator:	Basic weighted average shares	2,496	2,467	2,439
	Dilutive impact of outstanding equity awards	39	43	33
	Diluted weighted average shares	2,535	2,510	2,472

|Net income per share:|Basic (1)|$3.91|$1.76|$1.15|

| |Diluted (2)|$3.85|$1.73|$1.13|

|Equity awards excluded from diluted net income per share because their effect would have been anti-dilutive|21|12|44| |

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(2) Calculated as net income divided by diluted weighted average shares.63

Note 6 - Goodwill

As of January 30, 2022, the total carrying amount of goodwill was $4.35 billion, consisting of goodwill balances allocated to our Graphics and Compute & Networking reporting units of $361 million and $3.99 billion, respectively. As of January 31, 2021, the total carrying amount of goodwill was $4.19 billion, consisting of goodwill balances allocated to our Graphics and Compute & Networking reporting units of $347 million and $3.85 billion, respectively. Goodwill increased by $156 million in fiscal year 2022 from acquisitions. We assigned $143 million of the increase in goodwill to our Compute & Networking segment and assigned $13 million of the increase to our Graphics segment. During the fourth quarters of fiscal years 2022, 2021, and 2020, we completed our annual impairment tests and concluded that goodwill was not impaired in any of these years.

Note 7 - Amortizable Intangible Assets

The components of our amortizable intangible assets are as follows:

| |January 30, 2022|January 30, 2022|January 30, 2022|January 31, 2021|January 31, 2021|January 31, 2021|

|---|---|---|

| |Gross Carrying Amount|Accumulated Amortization|Net Amount|Gross Carrying

Amount|Accumulated Amortization|Net Amount|

Acquisition-related intangible assets (1)	$3,418	$(1,304)	$2,114	$3,280	$(774)	$2,506
Patents and licensed technology	717	$(492)	225	706	$(475)	231
Total intangible assets	$4,135	$(1,796)	$2,339	$3,986	$(1,249)	$2,737

(1) As of January 30, 2022, acquisition-related intangible assets include the fair value of a Mellanox in-process research and development project of $630 million, which has not yet commenced amortization.

Amortization expense associated with intangible assets for fiscal years 2022, 2021, and 2020 was $563 million, $612 million, and $25 million, respectively. Future amortization expense related to the net carrying amount of intangible assets, excluding in-process research and development, as of January 30, 2022 is estimated to be $585 million in fiscal year 2023, $461 million in fiscal year 2024, $405 million in fiscal year 2025, $121 million in fiscal year 2026, $16 million in fiscal year 2027, and $121 million in fiscal year 2028 and thereafter.

Note 8 - Cash Equivalents and Marketable Securities

Our cash equivalents and marketable securities related to debt securities are classified as available-for-sale debt securities.

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Cash Equivalents	Reported as Marketable Securities
Corporate debt securities	$9,977	$	($3)	$9,974	$1,102	$8,872
Debt securities issued by the United States Treasury	$7,314	$	($14)	$7,300	$	$7,300
Debt securities issued by United States government agencies	$1,612	$	$	$1,612	$256	$1,356
Certificates of deposit	$1,561	$	$	$1,561	$21	$1,540
Money market funds	$316	$	$	$316	$316	$
Foreign government bonds	$150	$	$	$150	$	$150

Total

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Cash Equivalents	Reported as Marketable Securities
	$20,930	$	($17)	$20,913	$1,695	$19,218

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Cash Equivalents	Reported as Marketable Securities
Corporate debt securities	$4,442	$2	$	$4,444	$234	$4,210
Debt securities issued by United States government agencies	$2,975	$1	$	$2,976	$28	$2,948
Debt securities issued by the United States Treasury	$2,846	$	$	$2,846	$25	$2,821
Certificates of deposit	$705	$	$	$705	$37	$668
Money market funds	$313	$	$	$313	$313	$
Foreign government bonds	$67	$	$	$67	$	$67

Total

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Cash Equivalents	Reported as Marketable Securities
	$11,348	$3	$	$11,351	$637	$10,714

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	Less than 12 Months	Less than 12 Months	12 Months or Greater	12 Months or Greater
	Gross		Gross	
	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
Corporate debt securities	$2,445	($3)	$19	
Debt securities issued by the United States Treasury	$5,292	($14)	$	
Total	$7,737	($17)	$19	

Net realized gains and unrealized gains and losses were not significant for all periods presented.

The amortized cost and estimated fair value of cash equivalents and marketable securities as of January 30, 2022, and January 31, 2021 are shown below by contractual maturity.

| |January 30, 2022| |January 31, 2021| |

|---|---|---|---|---|
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Less than one year	$16,346	$16,343	$10,782	$10,783
Due in 1 - 5 years	$4,584	$4,570	$566	$568
Total	$20,930	$20,913	$11,348	$11,351

Note 9 - Fair Value of Financial Assets and Liabilities

The fair values of our financial assets and liabilities are determined using quoted market prices of identical assets or quoted market prices of similar assets from active markets. We review fair value hierarchy classification on a quarterly basis.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	Pricing Category	January 30, 2022		January 31, 2021
Assets				
Cash equivalents and marketable securities:				
Money market funds	Level 1	$316	$313	
Corporate debt securities	Level 2	$9,974	$4,444	
Debt securities issued by the United States Treasury	Level 2	$7,300	$2,846	
Debt securities issued by United States government agencies	Level 2	$1,612	$2,976	
Certificates of deposit	Level 2	$1,561	$705	

|Foreign government bonds|Level 2|$150|$67| |

|Other assets (Investment in non-affiliated entities):| | | | |

|Publicly-held equity securities (1)|Level 1|$58| ||

|Privately-held equity securities|Level 3|$208|$144| |

Liabilities (2)				
2.20% Notes Due 2021	Level 2	$	$1,011	
0.309% Notes Due 2023	Level 2	$1,236		
0.584% Notes Due 2024	Level 2	$1,224		
3.20% Notes Due 2026	Level 2	$1,055	$1,124	
1.55% Notes Due 2028	Level 2	$1,200		
2.85% Notes Due 2030	Level 2	$1,542	$1,654	
2.00% Notes Due 2031	Level 2	$1,200		
3.50% Notes Due 2040	Level 2	$1,066	$1,152	
3.50% Notes Due 2050	Level 2	$2,147	$2,308	
3.70% Notes Due 2060	Level 2	$551	$602	

(1) Unrealized gains of $48 million from an investment in a publicly-traded equity security were recorded in other income (expense), net, in fiscal year 2022.

(2) These liabilities are carried on our Consolidated Balance Sheets at their original issuance value, net of unamortized debt discount and issuance costs.

Note 10 - Balance Sheet Components

Certain balance sheet components are as follows:

	January 30, 2022	January 31, 2021
Inventories:		
Raw materials	$791	$632
Work in-process	$692	$457
Finished goods	$1,122	$737
Total inventories	$2,605	$1,826

	January 30, 2022	January 31, 2021	Estimated Useful Life
Property and Equipment:			
Land	$218	$218	(A)
Buildings, leasehold improvements, and furniture	$874	$796	(B)
Equipment, compute hardware, and software	$2,852	$1,985	3-5
Construction in process	$737	$558	(C)
Total property and equipment, gross	$4,681	$3,557	
Accumulated depreciation and amortization	($1,903)	($1,408)	
Total property and equipment, net	$2,778	$2,149	

(A) Land is a non-depreciable asset.

(B) The estimated useful lives of our buildings are up to thirty years. Leasehold improvements and finance leases are amortized based on the lesser of either the assets estimated useful life or the expected lease term.

(C) Construction in process represents assets that are not available for their intended use as of the balance sheet date.

Depreciation expense for fiscal years 2022, 2021, and 2020 was $611 million, $486 million, and $355 million, respectively.

Accumulated amortization of leasehold improvements and finance leases was $265 million and $223 million as of January 30, 2022 and January 31, 2021, respectively.

Property, equipment and intangible assets acquired by assuming related liabilities during fiscal years 2022, 2021, and 2020 were $258 million, $157 million, and $212 million, respectively.

	January 30, 2022	January 31, 2021
Other assets:		
Prepaid supply agreements	$1,747	
Advanced consideration for acquisition (1)	$1,357	$1,357
Prepaid royalties	$409	$440
Investment in non-affiliated entities	$266	$144
Other	$62	$203
Total other assets	$ 3,841	$ 2,144

(1)Refer to Note 2 - Business Combination for further details on the Arm acquisition.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	January 30, 2022	January 31, 2021
Accrued and Other Current Liabilities:		
Customer program accruals	$1,000	$630
Accrued payroll and related expenses	409	297
Deferred revenue (1)	300	288
Excess inventory purchase obligations	196	52
Other	647	510
Total accrued and other current liabilities	$2,552	$1,777

(1) Deferred revenue primarily includes customer advances and deferrals related to license and development arrangements, support for hardware and software, and cloud services.

	January 30, 2022	January 31, 2021
Other Long-Term Liabilities:		
Income tax payable (1)	$980	$836
Deferred income tax	245	241
Deferred revenue (2)	202	163
Other	126	135
Total other long-term liabilities	$1,553	$1,375

(1) As of January 30, 2022, income tax payable represents the long-term portion of the one-time

transition tax payable of $251 million, long-term portion of the unrecognized tax benefits of $670 million, and related interest and penalties of $59 million.

(2) Deferred revenue primarily includes deferrals related to support for hardware and software.

Deferred Revenue

The following table shows the changes in deferred revenue during fiscal years 2022 and 2021.

	January 30, 2022	January 31, 2021
Balance at beginning of period	$451	$201

	Deferred revenue added during the period	821	536
	Addition due to business combinations	8	75
	Revenue recognized during the period	(778)	(361)
	Balance at end of period	$502	$451

Revenue related to remaining performance obligations represents the contracted license and development arrangements and support for hardware and software. This includes deferred revenue currently recorded and amounts that will be invoiced in future periods. As of January 30, 2022, $624 million of revenue related to performance obligations had not been recognized, of which we expect to recognize approximately 49% over the next twelve months and the remainder thereafter. This excludes revenue related to performance obligations for contracts with a length of one year or less.

Note 11 - Derivative Financial Instruments

We enter into foreign currency forward contracts to mitigate the impact of foreign currency exchange rate movements on our operating expenses. These contracts are designated as cash flow hedges for hedge accounting treatment. Gains or losses on the contracts are recorded in accumulated other comprehensive income or loss and reclassified to operating expense when the related operating expenses are recognized in earnings or ineffectiveness should occur. The fair value of the contracts was not significant as of January 30, 2022 and January 31, 2021.

We enter into foreign currency forward contracts to mitigate the impact of foreign currency movements on monetary assets and liabilities that are denominated in currencies other than U.S. dollar. These forward contracts were not designated for hedge accounting treatment. Therefore, the change in fair value of these contracts is recorded in other income or expense and offsets the change in fair value of the hedged foreign currency denominated monetary assets and liabilities, which is also recorded in other income or expense.

The table below presents the notional value of our foreign currency forward contracts outstanding as of January 30, 2022 and January 31, 2021:

	January 30, 2022	January 31, 2021
Designated as cash flow hedges	$1,023	$840
Non-designated hedges	$408	$441

As of January 30, 2022, all designated foreign currency forward contracts mature within eighteen months. The expected realized gains and losses deferred into accumulated other comprehensive income (loss) related to foreign currency forward contracts within the next twelve months was not significant.

During fiscal years 2022 and 2021, the impact of derivative financial instruments designated for hedge accounting treatment on other comprehensive income or loss was not significant and all such instruments were determined to be highly effective.

Note 12 - Debt

Long-Term Debt

In June 2021, March 2020, and September 2016, we issued a total of $5.00 billion, $5.00 billion, and $2.00 billion aggregate principal of senior notes, respectively. The net proceeds from these offerings were $4.98 billion, $4.97 billion, and $1.98 billion, respectively, after deducting debt discount and issuance costs.

On August 16, 2021, we repaid the $1.00 billion of 2.20% Notes Due 2021.

All of our notes are unsecured senior obligations. All existing and future liabilities of our subsidiaries will be effectively senior to the notes. Our notes pay interest semi-annually. We may redeem each of our notes prior to maturity, subject to a make-whole premium as defined in the applicable form of note.

	Expected Remaining Term (years)	Effective Interest Rate	January 30, 2022 (In millions)	January 31, 2021 (In millions)
2.20% Notes Due 2021		2.38%	$	$1,000
0.309% Notes Due 2023	1.4	0.41%	$1,250	$
0.584% Notes Due 2024	2.4	0.66%	$1,250	$
3.20% Notes Due 2026	4.6	3.31%	$1,000	$1,000
1.55% Notes Due 2028	6.4	1.64%	$1,250	$
2.85% Notes Due 2030	8.2	2.93%	$1,500	$1,500
2.00% Notes Due 2031	9.4	2.09%	$1,250	$
3.50% Notes Due 2040	18.2	3.54%	$1,000	$1,000
3.50% Notes Due 2050	28.2	3.54%	$2,000	$2,000
3.70% Notes Due 2060	38.2	3.73%	$500	$500
Unamortized debt discount and issuance costs			($54)	($37)
Net carrying amount	$10,946	$10,946	$10,946	$10,946
Less short-term portion	$999	$999	$999	$999
Total long-term portion	$10,946	$10,946	$10,946	$10,946

As of January 30, 2022, we were in compliance with the required covenants under the Notes.

Commercial Paper

We have a $575 million commercial paper program to support general corporate purposes. As of January 30, 2022, we had not issued any commercial paper.

Note 13 - Commitments and Contingencies

Purchase Obligations

Our purchase obligations primarily include our commitments to purchase components used to manufacture our products, including long-term supply agreements, certain software and technology licenses, other goods and services and long-lived assets.

We have entered into several long-term supply agreements, under which we have made advance payments and have $1.58 billion remaining unpaid. As of January 30, 2022, we had outstanding inventory purchase and long-term supply obligations totaling $9.00 billion, inclusive of the $1.58 billion, and other purchase obligations totaling $1.30 billion.

Total future unconditional purchase commitments as of January 30, 2022, are as follows:

Fiscal Year:	Commitments (In millions)
2023	$9,302
2024	$765
2025	$201
2026	$28
Total	$10,296

(Continued)

In March 2022, we entered into a supply agreement with payments of $670 million to be paid over nine years.

Accrual for Product Warranty Liabilities

The estimated amount of product warranty liabilities was $46 million and $22 million as of January 30, 2022 and January 31, 2021, respectively.

In connection with certain agreements that we have entered in the past, we have provided indemnities for matters such as tax, product, and employee liabilities. We have included IP indemnification provisions in our technology related agreements with third parties. Maximum potential future payments cannot be estimated because many of these agreements do not have a maximum stated liability. We have not recorded any liability for such indemnifications.

Litigation

Securities Class Action and Derivative Lawsuits

The plaintiffs in the putative securities class action lawsuit, captioned 4:18-cv-07669-HSG, initially filed on December 21, 2018 in the United States District Court for the Northern District of California, and titled In Re NVIDIA Corporation Securities Litigation, filed an amended complaint on May 13, 2020. The amended complaint asserted that NVIDIA and certain NVIDIA executives violated Section 10(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and SEC Rule 10b-5, by making materially false or misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand between May 10, 2017 and November 14, 2018.

Plaintiffs also alleged that the NVIDIA executives who they named as defendants violated Section 20(a) of the Exchange Act. Plaintiffs sought class certification, an award of unspecified compensatory damages, an award of reasonable costs and expenses, including attorneys fees and expert fees, and further relief as the Court may deem just and proper. On March 2, 2021, the district court granted NVIDIAs motion to dismiss the complaint without leave to amend, entered judgment in favor of NVIDIA and closed the case. On March 30, 2021, plaintiffs filed an appeal from judgment in the United States Court of Appeals for the Ninth Circuit, case number 21-15604. Oral argument is scheduled for May 10, 2022.

The putative derivative lawsuit pending in the United States District Court for the Northern District of California, captioned 4:19-cv-00341-HSG, initially filed January 18, 2019 and titled In re NVIDIA Corporation Consolidated Derivative Litigation, was stayed pending resolution of the plaintiffs appeal in the In Re NVIDIA Corporation Securities Litigation action. On February 22, 2022, the court administratively closed the case, but stated that it would reopen the case once the appeal in the In Re NVIDIA Corporation Securities Litigation action is resolved. The lawsuit asserts claims, purportedly on behalf of us, against certain officers and directors of the Company for breach of fiduciary duty, unjust enrichment, waste of corporate assets, and violations of Sections 14(a), 10(b), and 20(a) of the Exchange Act based on the dissemination of allegedly false and misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand. The plaintiffs are seeking unspecified damages and other relief, including reforms and improvements to NVIDIAs corporate governance and internal procedures.

The putative derivative actions initially filed September 24, 2019 and pending in the United States District Court for the District of Delaware, Lipchitz v. Huang, et al. (Case No. 1:19-cv-01795-UNA) and Nelson v. Huang, et. al. (Case No. 1:19-cv-01798- UNA), remain stayed pending resolution of the plaintiffs appeal in the In Re NVIDIA Corporation Securities Litigation action. The lawsuits assert claims, purportedly on behalf of us, against certain officers and directors of the Company for breach of fiduciary duty, unjust enrichment, insider trading, misappropriation of information, corporate waste and violations of Sections 14(a), 10(b), and 20(a) of the Exchange Act based on the dissemination of allegedly false, and misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand. The plaintiffs seek unspecified damages and other relief, including disgorgement of profits from the sale of NVIDIA stock and unspecified corporate governance measures.

Accounting for Loss Contingencies

As of January 30, 2022, we have not recorded any accrual for contingent liabilities associated with the legal proceedings described above based on our belief that liabilities, while possible, are not probable. Further, except as specifically described above, any possible loss or range of loss in these matters cannot be reasonably estimated at this time. We are engaged in legal actions not described above arising in the ordinary course of business and, while there can be no assurance of favorable outcomes, we believe that the ultimate outcome of these actions will not have a material adverse effect on our operating results, liquidity or financial position.

Note 14 - Income Taxes

	Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
		(In millions)		
Current income taxes:				
Federal	$ 482	$ 197	$ 65	
State	$ 42	$ 1	$ 4	
Foreign	$ 71	$ 161	$ 87	
Total current	$ 595	$ 359	$ 156	

Deferred taxes:				
Federal	($420)	($246)	$ 2	
Foreign	$ 14	($36)	$ 16	
Total deferred	($406)	($282)	$ 18	
Income tax expense	$ 189	$ 77	$ 174	

	Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
		(In millions)		
Domestic (1)	$ 8,446	$ 1,437	$ 620	
Foreign	$ 1,495	$ 2,972	$ 2,350	
Income before income tax	$ 9,941	$ 4,409	$ 2,970	

(1) Fiscal year 2022 domestic income before income tax increased as compared to fiscal years 2021 and 2020 due to the Domestication in the second quarter of fiscal year 2022.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
Tax expense computed at federal statutory rate		$2,088	$926	$624
Expense (benefit) resulting from:				
State income taxes, net of federal tax effect		42	10	12

Foreign-derived intangible income		($520)		
Foreign tax rate differential		($497)	($561)	($301)
Stock-based compensation		($337)	($136)	($60)
U.S. federal R&D tax credit		($289)	($173)	($110)
IP domestication		($244)		
Other		($54)	11	9
Income tax expense		$189	$77	$174

	January 30, 2022	January 31, 2021
Deferred tax assets:		
Research and other tax credit carryforwards	$798	$650
Property, equipment and intangible assets	$530	$32
GILTI deferred tax assets	$378	$709
Accruals and reserves, not currently deductible for tax purposes	$258	$59
Operating lease liabilities	$125	$120
Net operating loss carryforwards	$118	$100
Stock-based compensation	$86	$36
Other deferred tax assets	$22	
Gross deferred tax assets	$2,315	$1,706
Less valuation allowance	($907)	($728)
Total deferred tax assets	$1,408	$978

	January 30, 2022	January 31, 2021
Deferred tax liabilities:		
Acquired intangibles	($169)	($191)

Unremitted earnings of foreign subsidiaries	($150)	($111)
Operating lease assets	($113)	($111)
Gross deferred tax liabilities	($432)	($413)
Net deferred tax asset (1)	$976	$565

Net Deferred Tax Asset

Net deferred tax asset includes long-term deferred tax assets of $1.22 billion and $806 million and long-term deferred tax liabilities of $245 million and $241 million for fiscal years 2022 and 2021, respectively. Long-term deferred tax liabilities are included in other long-term liabilities on our Consolidated Balance Sheets.

Income Tax Expense

We recognized income tax expense of $189 million, $77 million, and $174 million for fiscal years 2022, 2021, and 2020 respectively. Our annual effective tax rate was 1.9%, 1.7%, and 5.9% for fiscal years 2022, 2021, and 2020, respectively. The increase in our effective tax rate in fiscal year 2022 as compared to fiscal year 2021 was primarily due to an

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NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

increase in the amount of earnings subject to U.S. tax, and a decreased impact of tax benefits from the U.S. federal research tax credit, partially offset by the benefit of the foreign-derived intangible income deduction and the discrete benefit of the Domestication. The decrease in our effective tax rate in fiscal year 2021 as compared to fiscal year 2020 was primarily due to a decrease in the proportional amount of earnings subject to United States tax and an increase of tax benefits from stock-based compensation.

On June 28, 2021, we simplified our corporate structure by repatriating the economic rights of certain non-U.S. IP to the United States via domestication of a foreign subsidiary, or the Domestication. The Domestication more closely aligns our corporate structure to our operating structure in accordance with the Organization for Economic Cooperation and Developments Base Erosion and Profit Shifting conclusions and changes to U.S. and European tax laws. The impact of the Domestication, which is regarded as a change in tax status, resulted in a discrete benefit primarily from re-valuing certain deferred tax assets, net of deferred tax liabilities, of $244 million in fiscal year 2022.

Our effective tax rate for fiscal year 2022 was lower than the U.S. federal statutory rate of 21% due to tax benefits from the foreign-derived intangible income deduction, income earned in jurisdictions, including the British Virgin Islands and Israel, that are subject to taxes lower than the U.S. federal statutory tax rate, excess tax benefits related to stock-based compensation, recognition of U.S. federal research tax credits and the one-time benefits of the Domestication.

Our effective tax rates for fiscal years 2021 and 2020 were lower than the U.S. federal statutory rate of 21% due primarily to income earned in jurisdictions, including the British Virgin Islands, Israel and Hong Kong, where the tax rate was lower than the U.S. federal statutory tax rate, recognition of U.S. federal research tax credits, and excess tax benefits related to stock-based compensation.

During the second quarter of fiscal year 2021, we completed the acquisition of Mellanox. As a result of the acquisition, we recorded $256 million of net deferred tax liabilities primarily on the excess of book basis over the tax basis of the acquired intangible assets and undistributed earnings in certain foreign subsidiaries. We also recorded $153 million of long-term tax liabilities related to tax basis differences in Mellanox.

As of January 30, 2022, we intend to indefinitely reinvest approximately $1.05 billion and $232 million of cumulative undistributed earnings held by certain subsidiaries in Israel and the United Kingdom, respectively. We have not provided the amount of unrecognized deferred tax liabilities for temporary differences related to these investments as the determination of such amount is not practicable.

As of January 30, 2022 and January 31, 2021, we had a valuation allowance of $907 million and $728 million, respectively, related to state and certain other deferred tax assets that management determined not likely to be realized due, in part, to jurisdictional projections of future taxable income. To the extent realization of the deferred tax assets becomes more-likely-than-not, we would recognize such deferred tax assets as income tax benefits during the period.

As of January 30, 2022, we had federal, state and foreign net operating loss carryforwards of $397 million, $345 million and $341 million, respectively. The federal and state carryforwards will begin to expire in fiscal year 2023. The foreign net operating loss carryforwards of $341 million may be carried forward indefinitely. As of January 30, 2022, we had federal research tax credit carryforwards of $102 million that will begin to expire in fiscal year 2042. We have state research tax credit carryforwards of $1.24 billion, of which $1.18 billion is attributable to the State of California and may be carried over indefinitely, and $55 million is attributable to various other states and will begin to expire in fiscal year 2023. Our tax attributes, net operating loss and tax credit carryforwards, remain subject to audit and may be adjusted for changes or modification in tax laws, other authoritative interpretations thereof, or other facts and circumstances. Utilization of federal, state, and foreign net operating losses and tax credit carryforwards may also be subject to limitations due to ownership changes and other limitations provided by the Internal Revenue Code and similar state and foreign tax provisions. If any such limitations apply, the federal, state, or foreign net operating loss and tax credit carryforwards, as applicable, may expire or be denied before utilization.

As of January 30, 2022, we had $1.01 billion of gross unrecognized tax benefits, of which $808 million would affect our effective tax rate if recognized. However, $181 million of the unrecognized tax benefits were related to state income tax positions taken, that, if recognized, would be in the form of a carryforward deferred tax asset that would likely attract a full valuation allowance. The $808 million of net unrecognized tax benefits as of January 30, 2022 consisted of $670 million recorded in non-current income taxes payable and $138 million reflected as a net reduction to the deferred tax assets.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

A reconciliation of gross unrecognized tax benefits is as follows:

	January 30, 2022	January 31, 2021	January 26, 2020
Balance at beginning of period	$776	$583	$477
Increases in tax positions for current year	246	158	104
Increases in tax positions for prior years (1)	14	60	7
Decreases in tax positions for prior years	(4)	(11)	

Settlements	(8)	(5)	
Lapse in statute of limitations	(11)	(9)	(5)
Balance at end of period	$1,013	$776	$583

(1) The fiscal year 2021 balance represents prior year gross unrecognized tax benefits recorded as a result of the Mellanox acquisition.

We classify an unrecognized tax benefit as a current liability, or amount refundable, to the extent that we anticipate payment or receipt of cash for income taxes within one year. The amount is classified as a long-term liability, or reduction of long-term deferred tax assets or amount refundable, if we anticipate payment or receipt of cash for income taxes during a period beyond a year.

We include interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of January 30, 2022, January 31, 2021, and January 26, 2020, we had accrued $59 million, $44 million, and $31 million, respectively, for the payment of interest and penalties related to unrecognized tax benefits, which is not included as a component of our unrecognized tax benefits. As of January 30, 2022, unrecognized tax benefits of $670 million and the related interest and penalties of $59 million are included in non-current income taxes payable.

While we believe that we have adequately provided for all tax positions, amounts asserted by tax authorities could be greater or less than our accrued position. Accordingly, our provisions on federal, state and foreign tax-related matters to be recorded in the future may change as revised estimates are made or the underlying matters are settled or otherwise resolved. As of January 30, 2022, we do not believe that our estimates, as otherwise provided for, on such tax positions will significantly increase or decrease within the next twelve months.

We are subject to taxation by taxing authorities both in the United States and other countries. As of

January 30, 2022, the significant tax jurisdictions that may be subject to examination include China, Germany, Hong Kong, India, Israel, Taiwan, United Kingdom, and the United States for fiscal years 2005 through 2021. As of January 30, 2022, the significant tax jurisdictions for which we are currently under examination include Germany, India, Israel, and the United States for fiscal years 2005 through 2019.

Note 15 - Shareholders Equity

Capital Return Program

Beginning August 2004, our Board of Directors authorized us to repurchase our stock.

Through January 30, 2022, we have repurchased an aggregate of 1.04 billion shares under our share repurchase program for a total cost of $7.08 billion. As of January 30, 2022, we have a remaining authorization, subject to certain specifications, to repurchase shares of our common stock up to $7.24 billion through December 2022. From January 31, 2022 through March 17, 2022, we repurchased 7.7 million shares of our common stock for $1.75 billion.

During fiscal years 2022, 2021, and 2020, we paid $399 million, $395 million, and $390 million in cash dividends to our shareholders, respectively.

During the fourth quarter of fiscal year 2022, our Board of Directors approved the retirement of our existing 349 million treasury shares. These shares assumed the status of authorized and unissued shares upon retirement. The excess of repurchase price over par value was allocated between additional paid-in capital and retained earnings, resulting in a reduction in additional paid-in capital by $20 million and retained earnings by $12.0 billion. Any future repurchased shares will assume the status of authorized and unissued shares.

Note 16 - Employee Retirement Plans

We provide tax-qualified defined contribution plans to eligible employees in the U.S. and certain other countries. Our contribution expense for fiscal years 2022, 2021, and 2020 was $168 million, $120 million, and $76 million, respectively.

Note 17 - Segment Information

Our Chief Executive Officer, who is considered to be our chief operating decision maker, or CODM, reviews financial information presented on an operating segment basis for purposes of making decisions and assessing financial performance.

Our Graphics segment includes GeForce GPUs for gaming and PCs, the GeForce NOW game streaming service and related infrastructure, and solutions for gaming platforms; Quadro/NVIDIA RTX GPUs for enterprise workstation graphics; vGPU software for cloud-based visual and virtual computing; automotive platforms for infotainment systems; and Omniverse software for building 3D designs and virtual worlds.

Our Compute & Networking segment includes Data Center platforms and systems for AI, HPC, and accelerated computing; Mellanox networking and interconnect solutions; automotive AI Cockpit, autonomous driving development agreements, and autonomous vehicle solutions; CMP; Jetson for robotics and other embedded platforms; and NVIDIA AI Enterprise and other software.

Operating results by segment include costs or expenses that are directly attributable to each segment, and costs or expenses that are leveraged across our unified architecture and therefore allocated between our two segments.

The All Other category includes the expenses that our CODM does not assign to either Graphics or Compute & Networking for purposes of making operating decisions or assessing financial performance. The expenses include stock-based compensation expense, corporate infrastructure and support costs, acquisition-related costs, IP-related costs, and other non-recurring charges and benefits that our CODM deems to be enterprise in nature.

Our CODM does not review any information regarding total assets on a reportable segment basis. Depreciation and amortization expense directly attributable to each reportable segment is included in operating results for each segment. However, the CODM does not evaluate depreciation and amortization expense by operating segment and, therefore, it is not separately presented. There is no intersegment revenue. The accounting policies for segment reporting are the same as for our consolidated financial statements. The table below presents details of our reportable segments and the All Other category.

	Graphics	Compute & Networking	All Other	Consolidated
Year Ended January 30, 2022:	$15,868	$11,046	$	$26,914
Operating income (loss)	$8,492	$4,598	$(3,049)	$10,041
Year Ended January 31, 2021:	$9,834	$6,841	$	$16,675
Operating income (loss)	$4,612	$2,548	$(2,628)	$4,532
Year Ended January 26, 2020:	$7,639	$3,279	$	$10,918
Operating income (loss)	$3,267	$751	$(1,172)	$2,846

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
Reconciling items included in "All Other" category:			
Stock-based compensation expense	$(2,004)	$(1,397)	$(844)
Acquisition-related intangible asset amortization, inventory step-up charge, and other costs	$(636)	$(836)	$(31)
Unallocated cost of revenue and operating expenses	$(399)	$(357)	$(283)
IP-related costs	$(10)	$(38)	$(14)
Total	$(3,049)	$(2,628)	$(1,172)

Revenue by geographic region is allocated to individual countries based on the location to which the products are initially billed even if our customers revenue is attributable to end customers that are located in a different location. The following table summarizes information pertaining to our revenue from customers based on the invoicing address by geographic regions:

Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
Revenue:			
Taiwan	$8,544	$4,531	$3,025
China (including Hong Kong)	$7,111	$3,886	$2,731
United States	$4,349	$3,214	$886
Other countries	$6,910	$5,044	$4,276

|Total revenue| |$26,914|$16,675|$10,918|

No customer represented 10% or more of total revenue for fiscal years 2022 and 2021. One customer represented 11% of our total revenue for fiscal year 2020 and was attributable primarily to the Graphics segment. Two customers represented 22% of our accounts receivable balance as of January 30, 2022. One customer represented 16% of our accounts receivable balance as of January 31, 2021.

The following table summarizes information pertaining to our revenue by each of the specialized markets we serve:

		Year Ended	January 30, 2022	January 31, 2021	January 26, 2020
Revenue:					
Gaming		$12,462	$7,759	$5,518	
Data Center		$10,613	$6,696	$2,983	

	Professional Visualization	2,111	1,053	1,212
	Automotive	566	536	700
	OEM & Other	1,162	631	505
Total revenue	$ 26,914	$ 16,675	$ 10,918	
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NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	January 30, 2022	January 31, 2021
Long-lived assets:		(In millions)
United States	$2,023	$1,643
Taiwan	$379	$183
Israel	$185	$147
Other countries	$191	$176
Total long-lived assets	$2,778	$2,149

NVIDIA CORPORATION AND SUBSIDIARIES

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
Allowance for doubtful accounts	$2	$2 (1)	$ (1)	$4
Sales return allowance	$9	$30 (2)	$(22)(4)	$17
Deferred tax valuation allowance	$621	$107 (3)	$	$728

(1) Additions represent either expense or acquired balances and deductions represent write-offs.

(2) Additions represent estimated product returns charged as a reduction to revenue or an acquired balance.

(3) Additional valuation allowance on deferred tax assets not likely to be realized. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

(4) Represents sales returns.

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Schedule/Form	Number	Exhibit Filing Date	
2.1	Agreement and Plan of Merger, dated March 10, 2019, by and among NVIDIA Corporation, NVIDIA International Holdings Inc., Mellanox Technologies Ltd. and Teal Barvaz Ltd.	8-K	0-23985	2.1	3/11/2019
2.2^	Share Purchase Agreement, dated September 13, 2020, by and among NVIDIA, NVIDIA Holdings, Arm, SoftBank, and Vision Fund	8-K	0-23985	2.1	9/14/2020
3.1*	Restated Certificate of Incorporation				
3.2	Bylaws of NVIDIA Corporation, Amended and Restated as of March 3, 2022	8-K	0-23985	3.1	3/9/2022
4.1	Reference is made to Exhibits 3.1 and 3.2				
4.2	Specimen Stock Certificate	S-1/A	333-47495	4.2	4/24/1998
4.3	Indenture, dated as of September 16, 2016, by and between the Company and Wells Fargo Bank, National Association, as Trustee	8-K	0-23985	4.1	9/16/2016
4.4	Officers Certificate, dated as of September 16, 2016	8-K	0-23985	4.2	9/16/2016
4.5	Form of 2021 Note	8-K	0-23985	Annex A to Exhibit 4.2	9/16/2016
4.6	Form of 2026 Note	8-K	0-23985	Annex B to Exhibit 4.2	9/16/2016
4.7*	Description of Securities				
4.8	Officers Certificate, dated as of March 31, 2020	8-K	0-23985	4.2	3/31/2020

4.9	Form of 2030 Note	8-K	0-23985	Annex A-1 to Exhibit 4.2	3/31/2020
4.10	Form of 2040 Note	8-K	0-23985	Annex B-1 to Exhibit 4.2	3/31/2020
4.11	Form of 2050 Note	8-K	0-23985	Annex C-1 to Exhibit 4.2	3/31/2020
4.12	Form of 2060 Note	8-K	0-23985	Annex D-1 to Exhibit 4.2	3/31/2020
4.13	Officers' Certificate, dated as of June 16, 2021	8-K	0-23985	4.2	6/16/2021
4.14	Form of 2023 Note	8-K	0-23985	Annex A to Exhibit 4.2	6/16/2021
4.15	Form of 2024 Note	8-K	0-23985	Annex B to Exhibit 4.2	6/16/2021
4.16	Form of 2028 Note	8-K	0-23985	Annex C to Exhibit 4.2	6/16/2021
4.17	Form of 2031 Note	8-K	0-23985	Annex D to Exhibit 4.2	6/16/2021
10.1	Form of Indemnity Agreement between NVIDIA Corporation and each of its directors and officers	8-K	0-23985	10.1	3/7/2006
10.2+	Amended and Restated 2007 Equity Incentive Plan	10-Q	0-23985	10.1	8/20/2021
10.3+	2007 Equity Incentive Plan - Non-Statutory Stock Option (Annual Grant - Board Service (2011))	10-Q	0-23985	10.41	5/27/2011
10.4+	2007 Equity Incentive Plan - Non-Statutory Stock Option (Initial Grant - Board Service (2011))	8-K	0-23985	10.1	12/14/2011

Amended and Restated 2007 Equity Incentive Plan

Document	Filed	Exhibit	Date
10-Q	0-23985	10.4	5/23/2012
10-Q	0-23985	10.1	8/22/2012
10-Q	0-23985	10.2	8/22/2012
10-K	0-23985	10.26	3/12/2015
10-K	0-23985	10.27	3/12/2015
10-Q	0-23985	10.2	5/20/2015

10-Q	0-23985	10.2	5/22/2018
10-K	0-23985	10.19	2/21/2019
8-K	0-23985	10.1	3/11/2019
10-Q	0-23985	10.2	5/21/2020
10-Q	0-23985	10.2	5/26/2021
			2022

Amended and Restated 2012 Employee Stock Purchase Plan

Document	Filed	Exhibit	Date
10-Q	0-23985	10.2	8/20/2021

Fiscal Year Variable Compensation Plans

Plan	Document	Filed	Date	
Fiscal Year 2021	8-K	0-23985	10.1	3/10/2020
Fiscal Year 2022	8-K	0-23985	10.1	3/19/2021
Fiscal Year 2023	8-K	0-23985	10.1	3/9/2022

Offer Letters

Employee	Document	Filed	Date	
Colette Kress	8-K	0-23985	10.1	9/16/2013
Tim Teter	8-K	0-23985	10.1	1/19/2017

|Donald Robertson|8-K|0-23985|10.1|6/17/2019|

Credit Agreement, dated as of October 7, 2016

8-K	0-23985	1.1	10/13/2016
among NVIDIA Corporation, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto			

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Form of Commercial Paper Dealer Agreement

10.25	8-K 0-23985 10.1 12/15/2017
between NVIDIA Corporation, as Issuer, and the Dealer party thereto	

List of Registrant's Subsidiaries

21.1*

Consent of PricewaterhouseCoopers LLP

23.1*

Power of Attorney (included in signature page)

24.1*

Certification of Chief Executive Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934

31.1*

Certification of Chief Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934

31.2*

Certification of Chief Executive Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934

32.1#*

Certification of Chief Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934

32.2#*

XBRL Instance Document

101.INS*

XBRL Taxonomy Extension Schema Document

101.SCH*

XBRL Taxonomy Extension Calculation Linkbase Document

101.CAL*

XBRL Taxonomy Extension Definition Linkbase Document

101.DEF*

XBRL Taxonomy Extension Labels Linkbase Document

101.LAB*

XBRL Taxonomy Extension Presentation Linkbase Document

101.PRE*

Cover Page Interactive Data File

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The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed herewith.

+ Management contract or compensatory plan or arrangement.

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule:

Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act

Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual

Report on Form 10-K and will not be deemed filed for purpose of Section 18 of the Exchange Act. Such certifications

will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except

to the extent that the registrant specifically incorporates it by reference.

^ Certain exhibits and schedules have been omitted in accordance with Regulation S-K Item 601(a)(5).

Copies of above exhibits not contained herein are available to any shareholder upon written request to:

Investor Relations: NVIDIA Corporation, 2788 San Tomas Expressway, Santa Clara, CA 95051

ITEM 16. FORM 10-K SUMMARY

Not Applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 17, 2022.

NVIDIA Corporation

By: /s/ Jen-Hsun Huang

Jen-Hsun Huang

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jen-Hsun Huang and Colette M. Kress, and each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-facts and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ JEN-HSUN HUANG	President, Chief Executive Officer and Director (Principal Executive

Officer)|March 17, 2022|

|/s/ COLETTE M. KRESS|Executive Vice President and Chief Financial Officer (Principal Financial Officer)|March 17, 2022|

|/s/ DONALD ROBERTSON|Vice President and Chief Accounting Officer (Principal Accounting Officer)|March 17, 2022|

|/s/ ROBERT BURGESS|Director|March 17, 2022|

|/s/ TENCH COXE|Director|March 17, 2022|

|/s/ JOHN O. DABIRI|Director|March 17, 2022|

|/s/ PERSIS DRELL|Director|March 17, 2022|

|/s/ DAWN HUDSON|Director|March 17, 2022|

|/s/ HARVEY C. JONES|Director|March 17, 2022|

|/s/ MICHAEL MCCAFFERY|Director|March 17, 2022|

|/s/ STEPHEN C. NEAL|Director|March 17, 2022|

|/s/ MARK L. PERRY|Director|March 17, 2022|

|/s/ A. BROOKE SEAWELL|Director|March 17, 2022|

|/s/ AARTI SHAH|Director|March 17, 2022|

|/s/ MARK STEVENS|Director|March 17, 2022|# ITEM 1. BUSINESS

Our Company

NVIDIA pioneered accelerated computing to help solve the most challenging computational problems. Starting with a focus on PC graphics, we extended our focus in recent years to the revolutionary field of artificial intelligence, or AI. Fueled by the sustained demand for exceptional 3D graphics and the scale of the gaming market, NVIDIA leveraged its GPU architecture to create platforms for virtual reality, or VR, high performance computing, or HPC, and AI.

The GPU was initially used to simulate human imagination, enabling the virtual worlds of video games and films. Today, it also simulates human intelligence, enabling a deeper understanding of the physical world. Its parallel processing capabilities, supported by up to thousands of computing cores, are essential to running deep learning algorithms. This form of AI, in which software writes itself by learning from data, can serve as the brain of computers, robots and self-driving cars that can perceive and understand the world. GPU-powered deep learning continues to be adopted by thousands of enterprises to deliver services and features that would have been impossible with traditional coding.

NVIDIA has a platform strategy, bringing together hardware, system software, programmable algorithms, libraries, systems, and services to create unique value for the markets we serve. While the requirements of these end markets are diverse, we address them with a unified underlying architecture leveraging our GPUs and software stacks. The programmable nature of our architecture allows us to support several multi-billion-dollar end markets with the same underlying technology by using a variety of software stacks developed either internally or by third party developers and partners. The large and growing number of developers across our platforms strengthens our ecosystem and increases the value of our platform to our customers.

Innovation is at our core. We invested over $20 billion in research and development since our inception, yielding inventions that are essential to modern computing. Our invention of the GPU in 1999 defined modern computer graphics and established NVIDIA as the leader in visual computing. With our introduction of the CUDA programming model in 2006, we opened the parallel processing capabilities of the GPU for general purpose computing. This approach significantly accelerates the performance of the most demanding applications in HPC in fields such as aerospace, bio-science research, mechanical and fluid simulations, and energy exploration. Today, our GPUs power many of the fastest supercomputers across the world. In addition, the massively parallel compute architecture of our GPUs and associated software are well suited for deep learning and machine learning, powering the era of AI. While traditional CPU-based approaches no longer deliver advances on the pace described by Moores Law, we deliver GPU performance improvements on a pace ahead of Moores Law, giving the industry a path forward.

Gamers choose NVIDIA GPUs to enjoy immersive, increasingly cinematic virtual worlds. GPUs also help underpin the worlds fastest growing spectator sport, eSports, which attracts hundreds of millions of viewers to watch top-quality gaming. A rapidly growing genre of Battle Royale games, such as Fortnite, is also expanding the gaming market.

Researchers use our GPUs to accelerate a wide range of important applications, from simulating molecular dynamics to weather forecasting. With support for more than over 600 applications - including the top 15 HPC applications - NVIDIA GPUs enable some of the most promising areas of discovery, from weather prediction to materials science and from wind tunnel simulation to genomics. NVIDIA GPUs power the top two supercomputers in the world, located at Oak Ridge and Lawrence Livermore National Laboratories in the United States, as well as the top supercomputers in Europe and Japan. In all, NVIDIA powers 136 of the TOP500 supercomputers.

The worlds leading cloud service providers use our GPUs to enable, accelerate or enrich the services they deliver to billions of end-users, including search, social networking, online shopping, live video, translation, AI assistants, navigation, and cloud computing.

A rapidly growing number of enterprises and startups use our GPUs for deep learning that meets, and in several cases surpasses, human perception, in fields ranging from radiology to precision agriculture. For example, the transportation industry is turning to our GPUs and AI to enable autonomous vehicles, or AVs, with several hundred companies and organizations working with NVIDIAs DRIVE platform.

Professional designers use our GPUs to create visual effects in movies and design products ranging from soft drink bottles to commercial aircraft.

Headquartered in Santa Clara, California, NVIDIA was incorporated in California in April 1993 and reincorporated in Delaware in April 1998.

Our Businesses

Our two reportable segments - GPU and Tegra Processor - are based on a single underlying architecture. Our GPU product brands are aimed at specialized markets including GeForce for gamers; Quadro for designers; Tesla and DGX for AI data scientists and big data researchers; and GRID for cloud-based visual computing users. Our Tegra brand integrates an entire computer onto a single chip, and incorporates GPUs and multi-core CPUs to drive supercomputing for autonomous robots, drones, and cars, as well as for game consoles and mobile gaming and entertainment devices.

GPU

GeForce	for PC gaming and mainstream PCs
GeForce NOW	for cloud-based gaming
Quadro	for design professionals working in computer-aided design, video editing, special effects, and other creative applications
Tesla	for AI utilizing deep learning and accelerated computing, leveraging the parallel computing capabilities of GPUs for general purpose computing
GRID	to provide the power of NVIDIA graphics through the cloud and data centers
DGX	for AI scientists, researchers and developers
EGX	for accelerated AI computing at the edge

Tegra Processor

Tegra processors	are primarily designed to enable branded platforms - AGX and SHIELD
SHIELD devices and services	designed to harness the power of mobile-cloud to revolutionize home entertainment, AI and gaming
AGX	is a power-efficient AI computing platform for intelligent edge devices, including: - DRIVE AGX for self-driving vehicles
- Clara AGX for medical instruments
- Jetson AGX for robotics and other embedded use

Our Markets

We specialize in markets in which GPU-based visual computing and accelerated computing platforms can provide tremendous throughput for applications. These platforms incorporate processors, systems software, programmable algorithms, systems, and services to deliver value that is unique in the marketplace. From our proprietary processors, we created platforms that address four large markets where our expertise is critical: Gaming, Professional Visualization, Data Center, and Automotive.

Gaming

Computer gaming is the largest entertainment industry. Many factors propel computer gamings growth, including new high production value games and franchises, the rise of competitive online gaming, eSports, and the rise of virtual and augmented reality.

Our GPUs enhance the gaming experience by improving the visual quality of graphics, increasing the frame rate for smoother gameplay and improving realism by incorporating the behavior of light and physical objects. These can be enjoyed independently or together to extend the gaming experience across platforms.

Our gaming platforms utilize sophisticated 3D software and algorithms, including our GameWorks libraries that provide special effects for games. We further enhance gaming with GeForce Experience, our gaming application that optimizes the PC users settings for each title and enables players to record and share gameplay.

We developed NVIDIA RTX ray tracing technology to enable real-time, cinematic-quality rendering in the RTX line-up of our gaming platforms. Ray tracing, which has long been used for special effects in the movie industry, is a computationally intensive technique that simulates the physical behavior of light to achieve greater realism in computer-generated scenes.

To enable VR, we provide developers with a suite of software libraries called VRWorks. VRWorks allows developers to create fully immersive experiences by enabling physically realistic visuals, sound, touch interactions, and simulated

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environments. VR requires advanced high-performance GPUs as the engine to simulate complete immersion.

Our products for the gaming market include GeForce RTX and GeForce GTX GPUs for PC gaming, SHIELD devices for gaming and streaming, GeForce NOW for cloud-based gaming, as well as platforms and development services for specialized console gaming devices.

Professional Visualization

We serve the Professional Visualization market by working closely with independent software vendors to optimize their offerings for NVIDIA GPUs. Our GPU computing solutions enhance productivity and introduce new capabilities for critical parts of the workflow for major industries such as automotive, media and entertainment, architectural engineering, oil and gas, and medical imaging.

Designers who build the products we use every day need the images that they view digitally to mirror reality. This requires simulating the physical behavior of light and materials, or physically-based rendering, an emerging trend in professional design. Our DesignWorks software delivers this to designers and enables an architect designing a building with a computer-aided design package to interact with the model in real time, view it in greater detail, and generate photorealistic renderings for the client. It also allows an automotive designer to create a highly realistic 3D image of a car, which can be viewed from all angles, reducing reliance on costly, time-consuming full-scale clay models.

During fiscal year 2019, we introduced the NVIDIA RTX platform, making it possible to render film-quality, photorealistic objects and environments with physically accurate shadows, reflections and refractions using ray tracing in real-time. Through fiscal year 2020, many leading 3D design and content creation applications developed by our ecosystem partners enabled support for RTX, allowing professionals to accelerate and transform their workflows with NVIDIA RTX GPUs.

Just as VR is becoming more important in gaming, it is also being incorporated in a growing number of enterprise applications, including within medicine, architecture, product design, and retail. Virtual car showrooms, surgical training, architectural walkthroughs, and bringing historical scenes to life all deploy this technology, powered by our GPUs.

Visual computing is vital to productivity in many environments, including design and manufacturing and digital content creation. Design and manufacturing includes computer-aided design, architectural design, consumer-products manufacturing, medical instrumentation, and aerospace. Digital content creation includes professional video editing and post production, special effects for films, and broadcast-television graphics.

Our brand for this market is Quadro for workstations. Quadro GPUs enhance the productivity of designers by improving performance and adding functionality, such as photorealistic rendering, high color fidelity, and advanced scalable display capabilities.

Data Center

The NVIDIA accelerated computing platform addresses AI and HPC applications. The platform consists of our energy efficient GPUs, our CUDA programming language, specific libraries such as cuDNN and TensorRT, and innovations such as NVLink and NVSwitch interconnects, which enable application scalability across multiple GPUs.

In the field of AI, NVIDIAs platform accelerates both deep learning and machine learning workloads. Deep learning is a computer science approach where neural networks are trained to recognize patterns from massive amounts of data in the form of images, sounds and text - in some instances better than humans. Machine learning is a related approach that leverages algorithms as well as data to learn how to make determinations or predictions, often used in data science.

HPC, also referred to as scientific computing, uses numerical computational approaches to solve large and complex problems. For both AI and HPC applications, the NVIDIA accelerated computing platform greatly increases the performance and power efficiency of high-performance computers and data centers, as GPUs excel at parallel workloads.

We are engaged with thousands of organizations working on AI in a multitude of industries, from automating tasks such as reading medical images, to enabling fraud detection in financial services, to optimizing oil exploration and drilling. These organizations include the worlds leading cloud services companies such as Amazon, Baidu, and Facebook, which are infusing AI in applications that enable highly accurate voice recognition and real-time translation; enterprises that are increasingly turning to AI to improve products and services; and startups seeking to implement AI in transformative ways across multiple industries. We partnered with industry leaders such as IBM, Microsoft, Oracle, SAP, and VMware to bring AI to enterprise users. We also have partnerships in healthcare and manufacturing, among others, to accelerate the adoption of AI.

To enable deep learning and machine learning, we provide a family of GPUs designed to speed up training and inferencing of neural networks. They are available in industry standard servers from every major computer maker worldwide, including Cisco, Dell, HP, Inspur, and Lenovo; from every major cloud service provider such as Alicloud, Amazon Web Services, Baidu Cloud, Google Cloud, IBM Cloud, Microsoft Azure, and Oracle Cloud; as well as in our DGX AI supercomputer, a purpose-built system for deep learning and GPU accelerated applications. DGX delivers

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performance equal to hundreds of conventional servers, comes fully integrated with hardware, software, development tools, support for AI frameworks, and runs popular accelerated applications. We also offer the NVIDIA GPU Cloud, or NGC, a comprehensive catalog of easy-to-use, optimized

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software stacks across a range of domains including scientific computing, deep learning, and machine learning. With NGC, AI developers, researchers and data scientists can get started with the development of AI and HPC applications and deploy them on DGX systems, NGC-ready workstations or servers from our systems partners, or with NVIDIAs cloud partners such as Amazon, Google Cloud, Microsoft Azure, or Oracle Cloud.

GPUs also increase the speed of applications used in such fields as aerospace, bio-science research, mechanical and fluid simulations, and energy exploration. GPUs have significantly impacted scientific discovery, including improving heart surgery, mapping human genome folds, seismic modeling, and weather simulations.

Accelerated computing is recognized as the path forward for computing amid the slowing of Moores Law. The proportion of supercomputers utilizing accelerators has grown sharply over the past five years, now accounting for a significant proportion of both the total systems on the TOP500 list, which ranks the 500 most powerful commercially available computer systems, and the lists total floating-point operations per second. Tesla GPU accelerators power many of the worlds fastest supercomputers, including the U.S. Department of Energys Summit and Sierra supercomputers at Oak Ridge and Lawrence Livermore National Laboratories, Europes fastest supercomputer - Piz Daint - in Switzerland, Japans fastest supercomputer, ABCI; and the worlds fastest industrial supercomputer by Italian energy company Eni.

We also serve the data center market with GRID for virtualized graphics and Virtual Compute Server for virtualized AI and data science. GRID makes it possible to run graphics-intensive applications remotely on a server in the data center. Applications include accelerating virtual desktop infrastructures and delivering graphics-intensive applications from the cloud for industries such as manufacturing, healthcare, and educational institutions, among others. Virtual Compute Server (vComputeServer) enables data centers to accelerate server virtualization with GPUs so that the most compute-intensive workloads, such as artificial intelligence, deep learning, and data science, can be run in a virtual machine.

Automotive

NVIDIAs Automotive market is comprised of cockpit infotainment solutions, AV platforms, and associated development agreements. Leveraging our technology leadership in AI and building on our long-standing automotive relationships, we are delivering a full solution for the AV market under the DRIVE brand. NVIDIA has demonstrated multiple applications of AI within the car. AI can drive the car itself as a pilot, in either partial or fully autonomous mode. AI can also be a co-pilot, assisting the human driver in creating a safer driving experience.

NVIDIA is working with several hundred partners in the automotive ecosystem including automakers, truck makers, tier-one suppliers, sensor manufacturers, automotive research institutions, HD mapping companies, and startups to develop and deploy AI systems for self-driving vehicles. Our unified AI computing architecture starts with training deep neural networks using our GPUs, and then running them within the vehicle on the NVIDIA DRIVE computing platform. The platform consists of high-performance, energy efficient hardware - DRIVE AGX, and open, modular software - including DRIVE AV for autonomous driving and DRIVE IX for in-vehicle AI assistance. In addition, we offer a scalable simulation solution, NVIDIA DRIVE Constellation, for testing and validating a self-driving platform before commercial deployment. This end-to-end, software-defined approach allows cars to receive over-the-air updates to add new features and capabilities throughout the life of a vehicle.

NVIDIA DRIVE can perceive and understand in real-time what's happening around the vehicle, precisely locate itself on an HD map, and plan a safe path forward. This advanced self-driving car platform combines deep learning, sensor fusion, and surround vision to change the driving experience. Our DRIVE platform scales from a palm-sized, energy-efficient module for automated highway-driving capabilities to a configuration with multiple systems aimed at enabling driverless cars. Our Xavier SoC, which started shipping in 2018, enables vehicles to use deep neural networks to process data from multiple cameras and sensors. It powers the DRIVE AutoPilot, NVIDIAs Level 2+ automated driving solution, combining the DRIVE AV self-driving solution with the DRIVE IX cockpit software, including a visualization system for allowing the driver to see what the car sees and plans to do. In fiscal year 2020, we announced our next-generation SoC, Orin, targeting mass production in 2022.

Business Strategies

NVIDIAs key strategies that shape our overall business approach include:

Advancing the GPU computing platform. The massive parallel processing capabilities of NVIDIA GPUs can solve complex problems in significantly less time and with lower power consumption than alternative computational approaches. Indeed, GPUs can help solve problems that were previously deemed unsolvable. We work to deliver continued GPU performance leaps that outpace Moores Law by leveraging innovation across the architecture, chip design, system, and software layers. Our strategy is to target markets where GPUs deliver order-of-magnitude

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performance advantages relative to legacy approaches. Our market platforms so far include Gaming, Professional Visualization, Data Center, and Automotive. While

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the requirements of these end markets are diverse, we address them with a unified underlying architecture leveraging our GPUs and CUDA as the fundamental building blocks. The programmable nature of our architecture allows us to make leveraged investments in R&D: we can support several multi-billion dollar end markets with the same underlying technology by using a variety of software stacks developed either internally or by third party developers and partners. We utilize this platform approach in each of our target markets.

Extending our technology and platform leadership in AI. We provide a complete, end-to-end GPU computing platform for deep learning and machine learning, addressing both training and inferencing. This includes GPUs, our CUDA programming language, algorithms, libraries, and system software. GPUs are uniquely suited to AI, and we will continue to add AI-specific features to our GPU architecture to further extend our leadership position. Our AI technology leadership is reinforced by our large and expanding ecosystem in a virtuous cycle. Our GPU platforms are available from virtually every major server maker and cloud service provider, as well as on our own AI supercomputer. There are over 1.6 million developers worldwide using CUDA and our other software tools to help deploy our technology in our target markets. We evangelize AI through partnerships with hundreds of universities and more than 3,600 startups through our Inception program. Additionally, our Deep Learning Institute provides instruction on the latest techniques on how to design, train, and deploy neural networks in applications using our accelerated computing platform.

Extending our technology and platform leadership in visual computing. We believe that visual computing is fundamental to the continued expansion and evolution of computing. We apply our research and development resources to extending our leadership in visual computing, enabling us to enhance the user experience for consumer entertainment and professional visualization applications. Our technologies are instrumental in driving gaming forward, as developers leverage our libraries and algorithms to create near-cinematic and VR experiences. Our close collaboration with game developers allows us to deliver an optimized gaming experience on our GeForce platform. Our GeForce Experience gaming application further enhances each gamers experience by optimizing their PCs settings, as well as enabling the recording and sharing of gameplay. We also enable interactive graphics applications - such as games, movie and photo editing and design software - to be accessed by almost any device, almost anywhere, through our cloud platforms such as GRID for enterprise and GeForce NOW for gaming.

Advancing the leading autonomous vehicle platform. We believe the advent of AV will soon revolutionize the transportation industry. In our view, AI is the key technology enabler of this opportunity, as the algorithms required for autonomous driving - such as perception, localization, and planning - are too complex for legacy hand-coded approaches, and will run on multiple trained neural networks instead. Therefore, we provided a full functionally safe AI-based hardware and software solution for the AV market under the DRIVE brand, which we are bringing to market through our partnerships with automotive original equipment manufacturers, or OEMs, tier-1 suppliers, and start-ups. Our AV solution also includes the GPU-based hardware required to train the neural networks before their in-vehicle deployment, as well as to re-simulate their operation prior to any over-the-air software updates. We believe our comprehensive, top-to-bottom and end-to-end approach will enable the transportation industry to solve the complex problems arising from the shift to autonomous driving.

Leveraging our intellectual property. We believe our intellectual property is a valuable asset that can be accessed by our customers and partners through licenses and development agreements when they desire to build such capabilities directly into their own products, or have us do so through a custom development. Such license and development arrangements can further enhance the reach of our technology.

Sales and Marketing

Our sales strategy involves working with end customers and various industry ecosystems through our partner network. Our worldwide sales and marketing strategy is key to achieving our objective of providing markets with our high-performance and efficient GPU and embedded system-on-a-chip, or SOC, platforms. Our sales and marketing teams, located across our global markets, work closely with end customers in each industry. Our partner network incorporates each industry's respective

OEMs, original device manufacturers, or ODMs, system builders, add-in board manufacturers, or AIBs, retailers/distributors, internet and cloud service providers, automotive manufacturers and tier-1 automotive suppliers, mapping companies, start-ups, and other ecosystem participants.

Members of our sales team have technical expertise and product and industry knowledge. We also employ a team of application engineers to assist our partner network in designing, testing, and qualifying system designs that incorporate our platforms. We believe that the depth and quality of our design support are key to improving our partner networks time-to-market, maintaining a high level of customer satisfaction, and fostering relationships that encourage our end customers and partner network to use the next generation of our products within each platform.

To encourage the development of applications optimized for our GPUs, we seek to establish and maintain strong relationships in the software development community. Engineering and marketing personnel engage with key software developers to promote and discuss our platforms, as well as to ascertain individual product requirements and solve technical problems.

Our Developer Program

Our developer program makes our products available to developers prior to launch in order to encourage the development of AI frameworks, Software Development Kits, and Application Programming Interfaces, or APIs, for software applications and game titles that are optimized for our platforms.

Deep Learning Institute

Our Deep Learning Institute provides in-person and online training for developers in industries and organizations around the world to build AI and accelerated computing applications that leverage our

GPU and CUDA platforms. We now have over 1.6 million registered developers across our platforms, including accelerated computing, gaming, deep learning, autonomous machines, and others.

Sales Channels

As NVIDIAs business has evolved from a focus primarily on gaming products to broader markets, and from chips to platforms and complete systems, so, too, have our avenues to market. Thus, in addition to sales to customers in our partner network, certain of our platforms are also sold through e-tail channels, or direct to cloud service providers and enterprise customers.

Sales to Dell Technologies Inc., or Dell, accounted for 11% of our total revenue for fiscal year 2020.

Backlog

Our sales are primarily made pursuant to standard purchase orders. The quantity of products purchased by our customers as well as our shipment schedules are subject to revisions that reflect changes in both the customers' requirements and in manufacturing availability. Our industry is characterized by relatively short lead time orders and delivery schedules, thus, we believe that only a small portion of our backlog is non-cancelable and that the dollar amount associated with the non-cancelable portion is not significant.

Seasonality

Our GPU and Tegra processor platforms serve many markets from consumer PC gaming to enterprise workstations to government and cloud service provider data centers, although a majority of our revenue stems from the consumer industry. Our consumer products typically see stronger revenue in the second half of our fiscal year. In addition, based on the production schedules of key customers, some of our products for notebooks or game consoles typically generate stronger revenue in the second and third quarters, and weaker revenue in the fourth and first quarters. However, there can be no assurance that this trend will continue.

Manufacturing

We do not directly manufacture semiconductors used for our products. Instead, we utilize a fabless manufacturing strategy, whereby we employ world-class suppliers for all phases of the manufacturing process, including wafer fabrication, assembly, testing, and packaging. This strategy uses the expertise of industry-leading suppliers that are certified by the International Organization for Standardization in such areas as fabrication, assembly, quality control and assurance, reliability, and testing. Additionally, we can avoid many of the significant costs and risks associated with owning and operating manufacturing operations. While we may directly procure certain raw materials used in the production of our products, such as substrates and a variety of components, our suppliers are responsible for procurement of the majority of the raw materials used in the production of our products. As a result, we can focus our resources on product design, additional quality assurance, marketing, and customer support.

Key Suppliers

Semiconductor Wafers	Substrates	Memory
Taiwan Semiconductor Manufacturing Company Limited	IbidenCo. Ltd.	Micron Technology
Samsung Electronics Co. Ltd	Kinsus Interconnect Technology Corporation	Samsung Semiconductor, Inc.
	Unimicron Technology Corporation	SK Hynix

Manufacturing Process

We typically receive semiconductor products from our subcontractors, perform incoming quality assurance and configuration, and then ship the semiconductors to contract equipment manufacturers, or CEMs, distributors, motherboard and AIB customers from our third-party warehouse in Hong Kong. Generally, these manufacturers assemble and test the boards based on our design kit and test specifications, and then ship our products to retailers, system builders, or OEMs as motherboard and AIB solutions.

We also utilize industry-leading contract manufacturers, or CMs, such as BYD and Hon Hai Precision Industry Co., and ODMs such as Quanta Computer and Wistron Corporation, to manufacture some of our products for sale directly to end customers. In those cases, key elements such as the GPU, SoC and memory are often consigned by us to the CMs, who are responsible for the procurement of other components used in the production process.

Working Capital

We focus considerable attention on managing our inventories and other working-capital-related items. We manage inventories by communicating with our customers and partners and then using our industry experience to forecast demand on a platform-by-platform basis. We then place manufacturing orders for our products that are based on forecasted demand. We generally maintain substantial inventories of our products. A substantial amount of our inventories is maintained as semi-finished products that can be leveraged across a wide range of our processors to balance our customer demands.

Our existing cash, cash equivalents and marketable securities balances increased by 47% to $10.90 billion at the end of fiscal year 2020 compared with the end of fiscal year 2019.

Competition

The market for our products is intensely competitive and is characterized by rapid technological change and evolving industry standards. We believe that the principal competitive factors in this market are performance, breadth of product offerings, access to customers and partners and distribution channels, software support, conformity to industry standard APIs, manufacturing capabilities, processor pricing, and total system costs. We believe that our ability to remain competitive will depend on how well we are able to anticipate the features and functions that customers and partners will demand and whether we are able to deliver consistent volumes of our products at acceptable levels of quality and at competitive prices. We expect competition to increase from both existing competitors and new market entrants with products that may be lower priced than ours, or may provide better performance or additional features not provided by our products. In addition, it is possible that new competitors or alliances among competitors could emerge and acquire significant market share.

A significant source of competition comes from companies that provide or intend to provide GPUs, embedded SOCs, and other accelerated and AI computing processor products. Some of our competitors may have greater marketing, financial, distribution and manufacturing resources than we do and may be more able to adapt to customer or technological changes.

Our current competitors include:

suppliers and licensors designing discrete and integrated GPUs and other accelerated computing solutions, including chipsets that incorporate 3D graphics, or HPC, such as Advanced Micro Devices, or AMD, Intel Corporation, or Intel, and Xilinx, Inc.;large internet services companies with internal teams designing chips that incorporates HPC or accelerated computing functionality as part of their internal solutions or platforms, such as Alphabet Inc.; andsuppliers of SoC products that are embedded into automobiles, autonomous machines, and gaming devices, such as Ambarella, Inc., AMD, Broadcom Inc., Intel, Qualcomm Incorporated, Renesas Electronics Corporation, Samsung, and Xilinx, Inc. or companies with internal teams designing SoC products for internal use, such as Tesla Motors.

Patents and Proprietary Rights

We rely primarily on a combination of patents, trademarks, trade secrets, employee and third-party nondisclosure agreements, and licensing arrangements to protect our intellectual property in the United States and internationally. Our currently issued patents have expiration dates from March 2020 to October 2039. We have numerous patents issued, allowed, and pending in the United States and in foreign jurisdictions. Our patents and pending patent applications primarily relate to our products and the technology used in connection with our products. We also rely on international treaties, organizations, and foreign laws to protect our intellectual property. The laws of certain foreign countries in which our products are or may be manufactured or sold, including various countries in Asia, may not protect our products or intellectual property rights to the same extent as the laws of the United States. This decreased protection makes the possibility of piracy of our technology and products more likely. We continuously assess whether and where to seek formal protection for particular innovations and technologies based on such factors as:

- the location in which our products are manufactured;
- our strategic technology or product directions in different countries;
- the degree to which intellectual property laws exist and are meaningfully enforced in different

jurisdictions; and

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the commercial significance of our operations and our competitors' operations in particular countries and regions.

We have also licensed technology from third parties and expect to continue to enter into such license agreements.

Employees

As of January 26, 2020, we had 13,775 employees, 9,823 of whom were engaged in research and development and 3,952 of whom were engaged in sales, marketing, operations, and administrative positions.

Environmental Regulatory Compliance

To date, we have not incurred significant expenses related to environmental regulatory compliance matters.

Information About Our Executive Officers

Name	Age	Position
Jen-Hsun Huang	56	President and Chief Executive Officer
Colette M. Kress	52	Executive Vice President and Chief Financial Officer
Ajay K. Puri	65	Executive Vice President, Worldwide Field Operations
Debora Shoquist	65	Executive Vice President, Operations

|Timothy S. Teter|53|Executive Vice President and General Counsel|

Jen-Hsun Huang co-founded NVIDIA in 1993 and has served as our President, Chief Executive Officer and a member of the Board of Directors since our inception. From 1985 to 1993, Mr. Huang was employed at LSI Logic Corporation, a computer chip manufacturer, where he held a variety of positions including as Director of Coreware, the business unit responsible for LSI's SOC. From 1983 to 1985, Mr. Huang was a microprocessor designer for Advanced Micro Devices, Inc., a semiconductor company. Mr. Huang holds a B.S.E.E. degree from Oregon State University and an M.S.E.E. degree from Stanford University.

Colette M. Kress joined NVIDIA in 2013 as Executive Vice President and Chief Financial Officer. Prior to NVIDIA, Ms. Kress most recently served as Senior Vice President and Chief Financial Officer of the Business Technology and Operations Finance organization at Cisco Systems, Inc., a networking equipment company, since 2010. At Cisco, Ms. Kress was responsible for financial strategy, planning, reporting and business development for all business segments, engineering and operations. From 1997 to 2010 Ms. Kress held a variety of positions at Microsoft Corporation, a software company, including, beginning in 2006, Chief Financial Officer of the Server and Tools division, where Ms. Kress was responsible for financial strategy, planning, reporting and business development for the division. Prior to joining Microsoft, Ms. Kress spent eight years at Texas Instruments Incorporated, a semiconductor company, where she held a variety of finance positions. Ms. Kress holds a B.S. degree in Finance from University of Arizona and an M.B.A. degree from Southern Methodist University.

Ajay K. Puri joined NVIDIA in 2005 as Senior Vice President, Worldwide Sales and became Executive Vice President, Worldwide Field Operations in 2009. Prior to NVIDIA, he held positions in sales, marketing, and general management over a 22-year career at Sun Microsystems, Inc., a computing systems company. Mr. Puri previously held marketing, management consulting, and product development positions at Hewlett-Packard Company, an information technology company, Booz Allen Hamilton Inc., a management and technology consulting company, and Texas Instruments Incorporated. Mr. Puri holds a B.S.E.E. degree from the University of Minnesota, an M.S.E.E. degree from the California Institute of Technology and an M.B.A. degree from Harvard Business School.

Debora Shoquist joined NVIDIA in 2007 as Senior Vice President of Operations and in 2009 became Executive Vice President of Operations. Her role has since expanded with responsibility added for Facilities in 2013, and for Information Technology in 2015. Prior to NVIDIA, Ms. Shoquist served from 2004 to 2007 as Executive Vice President of Operations at JDS Uniphase Corp., a provider of communications test and measurement solutions and optical products for the telecommunications industry. She served from 2002 to 2004 as Senior Vice President and General Manager of the Electro-Optics business at Coherent, Inc., a manufacturer of commercial and scientific laser equipment. Previously, she worked at Quantum Corp., a data protection company, as President of the Personal Computer Hard Disk Drive Division, and at Hewlett-Packard Corp. Ms. Shoquist holds a B.S. degree in Electrical Engineering from Kansas State University and a B.S. degree in Biology from Santa Clara University.

Timothy S. Teter joined NVIDIA in 2017 as Senior Vice President, General Counsel and Secretary and became Executive Vice President, General Counsel and Secretary in February 2018. Prior to NVIDIA, Mr. Teter spent more than two decades at the law firm of Cooley LLP. He was most recently a partner at Cooley, where he focused on litigating patent and technology related matters. Prior to attending law school, he worked as an engineer at Lockheed Missiles and

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Space Company. Mr. Teter holds a B.S. degree in Mechanical Engineering from the University of California at Davis and a J.D. degree from Stanford Law School.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as

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amended, are available free of charge on or through our web site, http://www.nvidia.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission, or the SEC. The SECs website, http://www.sec.gov, contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our web site and the information on it or connected to it are not a part of this Annual Report on Form 10-K.# ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the Nasdaq Global Select Market under the symbol NVDA. Public trading of our common stock began on January 22, 1999. Prior to that, there was no public market for our common stock. As of February 14, 2020, we had approximately 301 registered shareholders, not including those shares held in street or nominee name.

Issuer Purchases of Equity Securities

Beginning August 2004, our Board of Directors authorized us to repurchase our stock.

Since the inception of our share repurchase program, we have repurchased an aggregate of 260 million shares for a total cost of $7.08 billion through January 26, 2020. All shares delivered from these repurchases have been placed into treasury stock.

As of January 26, 2020, we are authorized, subject to certain specifications, to repurchase shares of our common stock up to $7.24 billion through December 2022.

The repurchases can be made in the open market, in privately negotiated transactions, or in structured share repurchase programs, and can be made in one or more larger repurchases, in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended, subject to market conditions, applicable legal requirements, and other factors. The program does not obligate NVIDIA to acquire any particular amount of common stock and the program may be suspended at any time at our discretion.

In November 2018, we communicated our intent to return $3.00 billion to shareholders by the end of fiscal year 2020, including $700 million in share repurchases made during the fourth quarter of fiscal year 2019. In fiscal year 2020, we returned $390 million in quarterly cash dividends. We did not repurchase any shares during fiscal year 2020. We intend to return to repurchasing shares after closing the acquisition of Mellanox.

Restricted Stock Unit Share Withholding

We also withhold common stock shares associated with net share settlements to cover tax withholding obligations upon the vesting of restricted stock unit awards under our employee equity incentive program. During fiscal year 2020, we withheld approximately 3 million shares at a total cost of $551 million through net share settlements. Refer to Note 4 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further discussion regarding our equity incentive plans.

Stock Performance Graphs

The following graph compares the cumulative total shareholder return for our common stock, the S&P 500 Index, and the Nasdaq 100 Index for the five years ended January 26, 2020. The graph assumes that $100 was invested on January 25, 2015 in our common stock and in each of the S&P 500 Index and the Nasdaq 100 Index. Our common stock is a component of each of the presented indices. Total return assumes reinvestment of dividends in each of the indices indicated. Total return is based on historical results and is not intended to indicate future performance.

*$100 invested on 1/25/15 in stock and in indices, including reinvestment of dividends.

	1/25/2015	1/31/2016	1/29/2017	1/28/2018	1/27/2019	1/26/2020
NVIDIA Corporation	$100.00	$141.43	$539.69	$1,174.93	$773.30	$1,209.46
S&P 500	$100.00	$97.26	$114.23	$141.55	$135.54	$161.68
Nasdaq 100	$100.00	$103.15	$123.34	$167.53	$166.49	$216.74

ITEM 7. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Item 1A. Risk Factors, Item 6. Selected Financial Data, 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. Starting with a focus on PC graphics, we extended our focus in recent years to the revolutionary field of AI. Fueled by the sustained demand for exceptional 3D graphics and the scale of the gaming market, NVIDIA leveraged its GPU architecture to create platforms for VR, HPC, and AI.

Our two reportable segments - GPU and Tegra Processor - are based on a single underlying graphics architecture. From our proprietary processors, we have created platforms that address four large markets where our expertise is critical: Gaming, Professional Visualization, Data Center, and Automotive.

Our GPU product brands are aimed at specialized markets including GeForce for gamers; Quadro for designers; Tesla and DGX for AI data scientists and big data researchers; and GRID for cloud-based visual computing users. Our Tegra brand incorporates GPUs and multi-core CPUs to drive supercomputing for autonomous robots, drones, and cars, as well as for game consoles and mobile gaming and entertainment devices.

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

Fiscal Year 2020 Summary

	Year Ended	January 26, 2020	January 27, 2019	Change
Revenue	$10,918	$11,716		Down 7%
Gross margin		62.0%	61.2%	Up 80 bps
Operating expenses	$3,922	$3,367		Up 16%
Income from operations	$2,846	$3,804		Down 25%
Net income	$2,796	$4,141		Down 32%
Net income per diluted share	$4.52	$6.63		Down 32%

Revenue for fiscal year 2020

Category	Revenue	Change from Previous Year
Total	$10.92 billion	Down 7%
GPU Business	$9.47 billion	Down 7%
Tegra Processor Business	$1.45 billion	Down 6%

Market Platform Perspective

Platform	Revenue	Change from Previous Year
Gaming	$5.52 billion	Down 12%

|Professional Visualization|$1.21 billion|Up 7%|

|Data Center|$2.98 billion|Up 2%|

|Automotive|$700 million|Up 9%|

OEM and Other revenue was $505 million, down 34% from a year ago, primarily due to the absence of cryptocurrency-specific product sales.

Gross margin for fiscal year 2020 was 62.0%, up 80 basis points from a year ago, primarily driven by reduced inventory provisions and the sale of previously written-off components.

Operating expenses for fiscal year 2020 were $3.92 billion, up 16% from a year ago, reflecting primarily employee additions and increases in employee compensation and other related costs, including stock-based compensation and infrastructure costs.

Income from operations for fiscal year 2020 was $2.85 billion, down 25% from a year earlier. Net income and net income per diluted share for fiscal year 2020 were $2.80 billion and $4.52, respectively, both down 32% from a year earlier reflecting lower revenue and higher operating expenses.

On March 10, 2019, we entered into an Agreement and Plan of Merger, or the Merger Agreement, with Mellanox Technologies Ltd., or Mellanox, pursuant to which we will acquire all of the issued and outstanding common shares of Mellanox for $125 per share in cash, representing a total enterprise value of approximately $6.9 billion as of the date of the Merger Agreement. The Merger Agreement contains customary representations, warranties and covenants. The consummation of the merger is conditioned on the receipt of the approval of Mellanox shareholders, as well as the satisfaction of other customary closing conditions, including domestic and foreign regulatory approvals and performance in all material respects by each party of its obligations under the Merger Agreement. In

June 2019, Mellanox shareholders approved the consummation of the merger and we received regulatory approvals for the deal from Mexico in July 2019 and from the European Commission in December 2019. In addition, the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, in connection with the proposed acquisition expired in May 2019. Discussions with China's regulatory agency, the State Administration for Market Regulation, are progressing and we believe the acquisition will likely close in the early part of calendar 2020. If the Merger Agreement is terminated under certain circumstances involving the failure to obtain the required regulatory approvals, we could be obligated to pay Mellanox a termination fee of $350 million.

In November 2018, we communicated our intent to return $3.00 billion to shareholders by the end of fiscal year 2020, including $700 million in share repurchases made during the fourth quarter of fiscal year 2019. In fiscal year 2020, we returned $390 million in quarterly cash dividends. We did not repurchase any shares during fiscal year 2020. We intend to return to repurchasing shares after closing the acquisition of Mellanox.

Cash, cash equivalents and marketable securities were $10.90 billion as of January 26, 2020, compared with $7.42 billion as of January 27, 2019. The increase primarily reflects growth in operating cash flow.

In January 2020, a novel strain of coronavirus was identified in China, resulting in shutdowns of manufacturing and commerce, as well as global travel restrictions to contain the virus. The impact has extended to other regions. We have operations and employees in China, and the region represents an important end market for our products. Our customers and suppliers within China and neighboring countries are also affected by the coronavirus related restrictions and closures. The coronavirus is expected to have a negative effect on our financial results, though the full extent and duration is uncertain and could have a material negative impact on our business.

GPU Business

In Gaming, we extended NVIDIAs family of Turing-based GPUs with the GeForce GTX 1660 Ti, GTX 1660 and GTX 1650, as well as with our new SUPER line, including the GeForce RTX 2080 SUPER, RTX 2070 SUPER, RTX 2060 SUPER, GTX 1660 SUPER, and GTX 1650 SUPER; and accelerated momentum of ray-tracing games by supporting a growing list of titles; introduced new RTX Studio laptops powered by GeForce RTX and Quadro RTX GPUs for online and studio-based creatives and prosumer customers; unveiled two new models of the SHIELD TV streaming media player; and introduced two new service offerings for GeForce NOW cloud gaming service.

In Professional Visualization, we expanded adoption of NVIDIA RTX ray-tracing technology by 3D application providers; rolled out a full range of Turing-based Quadro GPUs for mobile workstations, incorporating ray tracing for product design, architecture, effects and scientific visualization; and unveiled the NVIDIA Omniverse open-collaboration platform to simplify creative workflows for content creation.

In Data Center, we introduced the NVIDIA CUDA-X AI platform for accelerating data science; announced availability of NVIDIA T4 Tensor Core GPUs from leading OEMs and cloud service providers; unveiled the DGX SuperPOD; and announced support for Arm CPUs, providing a new path to build AI-enabled exascale supercomputers, as well as a collaboration with Arm and others on a reference design for GPU accelerated Arm-based servers. We launched the NVIDIA EGX Intelligent Edge Computing Platform, bringing accelerated AI to vertical industries; and announced a

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collaboration to integrate Microsoft25

Azure with EGX, as well as plans for a scalable GPU-accelerated supercomputer in the Microsoft

Azure cloud. Additionally, we entered the 5G telecom market, enabling telcos to build efficient, virtualized 5G RANs; announced a collaboration to deliver software-defined 5G RAN; and announced that Alibaba and Baidus recommendation engines run on NVIDIA AI.

Tegra Processor Business

In our Automotive platform, we announced a partnership with Toyota Research Institute-Advanced Development to develop, train and validate self-driving vehicles; unveiled the NVIDIA DRIVE AP2X automated driving solution, encompassing DRIVE AutoPilot software, DRIVE AGX and DRIVE validation tools; introduced the NVIDIA DRIVE AV Safety Force Field to enable safe, comfortable driving experiences; and announced availability of the NVIDIA DRIVE Constellation autonomous vehicle simulation platform.

Critical Accounting Policies and Estimates

Managements discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, cost of revenue, expenses and related disclosure of contingencies. On an on-going basis, we evaluate our estimates, including those related to inventories, revenue recognition, income taxes, and goodwill. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

We believe the following critical accounting policies affect our significant judgments and estimates used in the preparation of our consolidated financial statements. Our management has discussed the development and selection of these critical accounting policies and estimates with the Audit Committee of our Board of Directors. The Audit Committee has reviewed our disclosures relating to our critical accounting policies and estimates in this Annual Report on Form 10-K.

Inventories

Inventory cost is computed on an adjusted standard basis, which approximates actual cost on an average or first-in, first-out basis. We charge cost of sales for inventory provisions to write down our inventory to the lower of cost or net realizable value or to completely write off obsolete or excess inventory. Most of our inventory provisions relate to the write-off of excess quantities of products or components, based on our inventory levels and future product purchase commitments compared to assumptions about future demand and market conditions.

Situations that may result in excess or obsolete inventory include changes in business and economic conditions, changes in market conditions, sudden and significant decreases in demand for our products, inventory obsolescence because of changing technology and customer requirements, failure to estimate customer demand properly, or unexpected competitive pricing actions by our competition. In addition, cancellation or deferral of customer purchase orders could result in our holding excess inventory.

The overall net effect on our gross margin from inventory provisions and sales of items previously written down was insignificant in fiscal year 2020 and an unfavorable impact of 2.0% in fiscal year 2019. The charges we took to cost of sales for inventory provisions during fiscal year 2019 were primarily related to excess DRAM, other components, and prior architecture components and chips. As a fabless semiconductor company, we must make commitments to purchase inventory based on forecasts of future customer demand. In doing so, we must account for our third-party manufacturers' lead times and constraints. We also adjust to other market factors, such as product offerings and pricing actions by our competitors, new product transitions, and macroeconomic conditions - all of which may impact demand for our products.

Refer to the Gross Profit and Gross Margin discussion below in this Management's Discussion and Analysis for further discussion.

Revenue Recognition

We derive our revenue from product sales, including hardware and systems, license and development arrangements, and software licensing. We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue

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when, or as, we satisfy a performance obligation.26

Product Sales Revenue

Revenue from product sales is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration we expect to receive in exchange for those products. Revenue is recognized net of allowances for returns, customer programs and any taxes collected from customers.

For products sold with a right of return, we record a reduction to revenue by establishing a sales return allowance for estimated product returns at the time revenue is recognized, based primarily on historical return rates. However, if product returns for a fiscal period are anticipated to exceed historical return rates, we may determine that additional sales return allowances are required to properly reflect our estimated exposure for product returns.

Our customer programs involve rebates, which are designed to serve as sales incentives to resellers of our products in various target markets, and marketing development funds, or MDFs, which represent monies paid to our partners that are earmarked for market segment development and are designed to support our partners activities while also promoting NVIDIA products. We account for customer programs as a reduction to revenue and accrue for potential rebates and MDFs based on the amount we expect to be claimed by customers.

License and Development Arrangements

Our license and development arrangements with customers typically require significant customization of our intellectual property components. As a result, we recognize the revenue from the license and the revenue from the development services as a single performance obligation over the period in which the development services are performed. We measure progress to completion based on actual cost incurred to date as a percentage of the estimated total cost required to complete each project. If a loss on an arrangement becomes probable during a period, we record a provision for such loss in that period.

Refer to Note 1 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Income Taxes

We recognize federal, state and foreign current tax liabilities or assets based on our estimate of taxes payable or refundable in the current fiscal year by tax jurisdiction. We recognize federal, state and foreign deferred tax assets or liabilities, as appropriate, for our estimate of future tax effects attributable to temporary differences and carryforwards; and we record a valuation allowance to reduce any deferred tax assets by the amount of any tax benefits that, based on available evidence and judgment, are not expected to be realized.

Our calculation of deferred tax assets and liabilities is based on certain estimates and judgments and involves dealing with uncertainties in the application of complex tax laws. Our estimates of deferred tax assets and liabilities may change based, in part, on added certainty or finality to an anticipated outcome, changes in accounting standards or tax laws in the United States, or foreign jurisdictions where we operate, or changes in other facts or circumstances. In addition, we recognize liabilities for potential United States and foreign income tax contingencies based on our estimate of whether, and the extent to which, additional taxes may be due. If we determine that payment of these amounts is unnecessary or if the recorded tax liability is less than our current assessment, we may be required to recognize an income tax benefit or additional income tax expense in our financial statements accordingly.

As of January 26, 2020, we had a valuation allowance of $621 million related to state and certain foreign deferred tax assets that management determined are not likely to be realized due to jurisdictional projections of future taxable income and potential utilization limitations of tax attributes acquired as a result of stock ownership changes. To the extent realization of the deferred tax assets becomes more-likely-than-not, we would recognize such deferred tax asset as an income tax benefit during the period.

We recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. Our policy is to include interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Goodwill

Goodwill is subject to our annual impairment test during the fourth quarter of our fiscal year, or earlier, if indicators of potential impairment exist, using either a qualitative or a quantitative assessment. Our impairment review process compares the fair value of the reporting unit in which the goodwill resides to its carrying value. We have identified two reporting units,

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Results of Operations

A discussion regarding our financial condition and results of operations for fiscal year 2020 compared to fiscal year 2019 is presented below. A discussion regarding our financial condition and results of operations for fiscal year 2019 compared to fiscal year 2018 can be found under Item 7 in our Annual Report on Form 10-K for the fiscal year ended January 27, 2019, filed with the SEC on February 21, 2019, which is available free of charge on the SECs website at http://www.sec.gov and at our investor relations website, http://investor.nvidia.com.

Consolidated Statements of Income

	Year Ended January 26, 2020	Year Ended January 27, 2019
Revenue	100.0 %	100.0 %
Cost of revenue	38.0	38.8
Gross profit	62.0	61.2

|Research and development|25.9|20.3|

|Sales, general and administrative|10.0|8.5|

|Total operating expenses|35.9|28.7|

|Income from operations|26.1|32.5|

Interest Income

| |1.6|1.2|

|---|---|---|

|Interest expense|(0.5)|(0.5)|

|Other, net| |0.1|

|Total other income|1.1|0.8|

Income before income tax expense

27.2

33.3

Income tax expense (benefit)

1.6

(2.1)

Net income

25.6 %

35.3 %

Revenue

Revenue by Reportable Segments

	Year Ended January 26, 2020	Year Ended January 27, 2019	$ Change	% Change
GPU	$9,465	$10,175	($710)	(7)%
Tegra Processor	$1,453	$1,541	($88)	(6)%
Total	$10,918	$11,716	($798)	(7)%

GPU Business. GPU business revenue decreased by 7% in fiscal year 2020 compared to fiscal year 2019, which reflects a decline in GPUs sold for gaming. GeForce GPU product sales for gaming decreased by 10%, reflecting lower sales of GeForce.

Revenue Analysis

Desktop GPUs and SoCs for gaming platforms saw a decrease in revenue, partially offset by growth in GeForce notebook GPUs. Revenue from Quadro GPUs for professional visualization increased by 7%, driven by strength in desktop and notebook workstations. Data Center revenue, including Tesla, GRID, and DGX, increased by 2%, attributed to vertical industry growth partially offset by lower hyperscale sales.

Tegra Processor Business

Revenue for the Tegra Processor business decreased by 6% in fiscal year 2020 compared to 2019. The decline was due to lower revenue from SoCs for gaming platforms, partially offset by a 9%

increase in Automotive revenue, reflecting growth in AI cockpit solutions and development services agreements.

Concentration of Revenue

Revenue from sales outside the United States accounted for 92% and 87% of total revenue for fiscal years 2020 and 2019, respectively. Revenue by geographic region is allocated based on the initial billing location of the products, even if the end customers are in a different location. Dell represented approximately 11% of total revenue for fiscal year 2020, attributed to the GPU business. No customer represented 10% or more of total revenue for fiscal year 2019.

Gross Profit and Gross Margin

Gross profit comprises total revenue net of allowances, less cost of revenue. Cost of revenue includes semiconductor costs, assembly, testing, packaging, manufacturing support costs, inventory, warranty provisions, memory and component costs, and shipping costs. Gross margin was 62.0% and 61.2% for fiscal years 2020 and 2019, respectively. The increase in 2020 was driven by reduced inventory provisions and sales of previously written-off components.

Inventory provisions were $161 million and $270 million for fiscal years 2020 and 2019, respectively. Sales of previously written-off or written-down inventory totaled $145 million and $41 million for fiscal years 2020 and 2019, respectively. The net effect on gross margin was insignificant in 2020 and an unfavorable impact of 2.0% in 2019.

Gross Margin by Segment

|Segment|Fiscal Year 2020|Fiscal Year 2019|

|---|---|---|
|GPU Business|Increased gross margin driven by reduced inventory provisions and sale of written-off components| |
|Tegra Processor Business|Flat gross margin compared to 2019| |

Operating Expenses

	Year Ended January 26, 2020	Year Ended January 27, 2019	Change ($ in millions)	Change %
Research and Development Expenses	$2,829	$2,376	$453	19%

Research and development expenses represented 25.9% and 20.3% of net revenue for fiscal years 2020 and 2019, respectively.

Sales, general and administrative expenses

	1,093	991	102	10%
% of net revenue	10.0%	8.5%		

Total operating expenses

$3,922

$3,367

$555

16%

Research and Development

Research and development expenses increased by 19% in fiscal year 2020 compared to fiscal year 2019, driven primarily by employee additions and increases in employee compensation and other related costs, including infrastructure costs and stock-based compensation expense.

Sales, General and Administrative

Sales, general and administrative expenses increased by 10% in fiscal year 2020 compared to fiscal year 2019, driven primarily by employee additions and increases in employee compensation and other related costs, including infrastructure costs and stock-based compensation expense.

Total Other Income, Net

Interest Income and Interest Expense

Interest income consists of interest earned on cash, cash equivalents and marketable securities. Interest income was $178 million and $136 million in fiscal years 2020 and 2019, respectively. The increase in interest income was primarily due to higher average invested balances.

Interest expense is primarily comprised of coupon interest and debt discount amortization related to the 2.20% Notes Due 2021 and 3.20% Notes Due 2026 issued in September 2016. Interest expense was $52 million and $58 million in fiscal years 2020 and 2019, respectively.

Other, Net

Other, net, consists primarily of realized or unrealized gains and losses from non-affiliated investments and the impact of changes in foreign currency rates. Other, net, was not significant during fiscal year 2020 and was $14 million of income during fiscal year 2019, consisting primarily of $12 million unrealized gains from non-affiliated investments.

Income Taxes

We recognized income tax expense of $174 million for fiscal year 2020 and income tax benefit of $245 million for fiscal year 2019. Our annual effective tax rate was 5.9% and (6.3)% for fiscal years 2020 and 2019, respectively. The increase in our effective tax rate in fiscal year 2020 as compared to fiscal year 2019 was primarily due to a decrease of tax benefits from stock-based compensation and an absence of tax benefits related to the enactment of the TCJA.

Our effective tax rate for fiscal years 2020 and 2019 was lower than the U.S. federal statutory rate of 21% due primarily to income earned in jurisdictions, including the British Virgin Islands and Hong Kong, where the tax rate was lower than the U.S. federal statutory tax rates, favorable recognition of U.S. federal research tax credits, excess tax benefits related to stock-based compensation, and the finalization of the enactment-date income tax effects of the TCJA in 2019.

Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Liquidity and Capital Resources

	January 26, 2020	January 27, 2019
Cash and cash equivalents	$10,896	$782
Marketable securities	1	6,640

Cash, cash equivalents, and marketable securities	$10,897	$7,422

Year Ended

	January 26, 2020	January 27, 2019
Net cash provided by operating activities	$4,761	$3,743
Net cash provided by (used in) investing activities	$6,145	$(4,097)
Net cash used in financing activities	$(792)	$(2,866)

As of January 26, 2020, we had $10.90 billion in cash, cash equivalents and marketable securities, an increase of $3.48 billion from the end of fiscal year 2019. Our investment policy requires the purchase of highly rated fixed income securities, the diversification of investment types and credit exposures, and certain limits on our portfolio duration.

Cash provided by operating activities increased in fiscal year 2020 compared to fiscal year 2019, primarily due to changes in working capital driven by a reduction in inventory, partially offset by a decrease in operating income.

Cash used in investing activities decreased in fiscal year 2020 compared to fiscal year 2019, primarily due to lower purchases, higher sales, and lower maturities of marketable securities in preparation for the acquisition of Mellanox.

Cash used in financing activities decreased in fiscal year 2020 compared to fiscal year 2019, primarily due to no share repurchases in fiscal year 2020 and lower tax payments related to employee stock plans.

Liquidity

Our primary sources of liquidity are our cash and cash equivalents, our marketable securities, and the cash generated by our operations. As of January 26, 2020, we had $10.90 billion in cash, cash equivalents and marketable securities. We believe that we have sufficient liquidity to meet our operating requirements for at least the next twelve months, including our proposed acquisition of Mellanox. Refer to Note 2 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Our marketable securities consist of debt securities issued by the United States government and its agencies, highly rated corporations and financial institutions, asset-backed issuers, and foreign government entities. These marketable securities are denominated in United States dollars. Refer to Note 8 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

During fiscal year 2021, we expect our capital investment to be approximately $700 million to $900 million to fund property and equipment including construction of a new building at our Santa Clara campus.

As a result of the TCJA, substantially all of our cash, cash equivalents and marketable securities held outside of the United States as of January 26, 2020 are available for use in the United States without incurring additional U.S. federal income taxes. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Capital Return to Shareholders

In November 2018, we communicated our intent to return $3.00 billion to shareholders by the end of fiscal year 2020, including $700 million in share repurchases made during the fourth quarter of fiscal year 2019. In fiscal year 2020, we returned $390 million in quarterly cash dividends. We did not repurchase any shares during fiscal year 2020. We intend to return to repurchasing shares after closing the acquisition of Mellanox. As of January 26, 2020, we are authorized, subject to certain specifications, to repurchase shares of our common stock up to $7.24 billion through December 2022.

Our cash dividend program and the payment of future cash dividends under that program are subject to our Board's continuing determination that the dividend program and the declaration of dividends thereunder are in the best interests of our shareholders. Refer to Note 15 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further discussion.

Outstanding Indebtedness and Credit Facilities

We have outstanding $1.00 billion of Notes due 2021 and $1.00 billion of Notes due 2026, collectively, the Notes.

We have a Credit Agreement under which we may borrow up to $575 million for general corporate purposes and can obtain revolving loan commitments up to $425 million. As of January 26, 2020, we had not borrowed any amounts under this agreement.

We have a $575 million commercial paper program to support general corporate purposes. As of January 26, 2020, we had not issued any commercial paper.

Refer to Note 12 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this

Annual Report on Form 10-K for further discussion.

Off-Balance Sheet Arrangements

As of January 26, 2020, we had no material off-balance sheet arrangements as defined by applicable SEC regulations.

Contractual Obligations

Contractual Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
Long-term debt (1)	$2,248	$54	$1,078	$64	$1,052
Inventory purchase obligations	1,156	1,156			
Transition tax payable (2)	351	33	67	146	105
Operating leases (3)	773	121	219	141	292
Capital purchase obligations	186	186			
Total contractual obligations	$4,714	$1,550	$1,364	$351	$1,449

(1) Represents the aggregate principal amount of $2.00 billion and anticipated interest payments of $248 million for the Notes. Refer to Note 12 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K.

(2) Represents our remaining tax payable of the one-time transition tax that resulted from enactment of the TCJA in fiscal year 2018. As of January 26, 2020, we have paid the first two installments totaling $67 million. The remaining will be payable in six annual installments. The next installment of

$33 million is classified as a current income tax payable. The installment amounts are equal to 8% of the total liability, payable in fiscal years 2019 through 2023, 15% in fiscal year 2024, 20% in fiscal year 2025 and 25% in fiscal year 2026. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K.

(3) For further information, refer to Note 3 of the Notes to Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Excluded from the table above are unrecognized tax benefits of $211 million which consists of $180 million and the related interest and penalties of $31 million recorded in non-current income tax payable as of January 26, 2020. We are unable to reasonably estimate the timing of any potential tax liability or interest/penalty payments in individual years due to uncertainties in the underlying income tax positions and the timing of the effective settlement of such tax positions. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K.

Adoption of New and Recently Issued Accounting Pronouncements. Refer to Note 1 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for a discussion of adoption of new and recently issued accounting pronouncements.# ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Investment and Interest Rate Risk

We are exposed to interest rate risk related to our floating and fixed-rate investment portfolio and outstanding debt. The investment portfolio is managed consistent with our overall liquidity strategy in support of both working capital needs and strategic growth of our businesses.

As of January 26, 2020, we performed a sensitivity analysis on our floating and fixed rate financial investments. According to our analysis, parallel shifts in the yield curve of both plus or minus 0.5% would result in changes in fair values for these investments of $1 million.

In fiscal year 2017, we issued $1.00 billion of the Notes Due 2021 and $1.00 billion of the Notes Due 2026. We carry the Notes at face value less unamortized discount on our Consolidated Balance Sheets. As the Notes bear interest at a fixed rate, we have no financial statement risk associated with changes in interest rates. Refer to Note 12 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

Foreign Exchange Rate Risk

We consider our direct exposure to foreign exchange rate fluctuations to be minimal. Gains or losses from foreign currency remeasurement are included in other income or expense and to date have not been significant. The impact of foreign currency transaction gain or loss included in determining net income was not significant for fiscal years 2020 and 2019.

Sales and arrangements with third-party manufacturers provide for pricing and payment in United States dollars, and, therefore, are not subject to exchange rate fluctuations. Increases in the value of the United States dollar relative to other currencies would make our products more expensive, which could negatively impact our ability to compete. Conversely, decreases in the value of the United States dollar relative to other currencies could result in our suppliers raising their

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prices in order to continue doing business with us. Additionally, we have international operations and incur expenditures in currencies other than U.S. dollars. Our operating expenses benefit from a stronger dollar and are adversely affected by a weaker dollar.

We use foreign currency forward contracts to mitigate the impact of foreign currency exchange rate movements on our operating expenses. We designate these contracts as cash flow hedges and assess the effectiveness of the hedge relationships on a spot to spot basis. Gains or losses on the contracts are recorded in accumulated other comprehensive income or loss, and then reclassified to operating expense when the related operating expenses are recognized in earnings or ineffectiveness should occur.

We also use foreign currency forward contracts to mitigate the impact of foreign currency movements on monetary assets and liabilities that are denominated in currencies other than U.S. dollar. These forward contracts were not designated for hedge accounting treatment. Therefore, the change in fair value of these contracts is recorded in other income or expense and offsets the change in fair value of the hedged foreign currency denominated monetary assets and liabilities, which is also recorded in other income or expense.

Refer to Note 11 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.# ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

2. Financial Statement Schedule

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as a part of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of NVIDIA Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of NVIDIA Corporation and its subsidiaries (the "Company") as of January 26, 2020 and January 27, 2019, and the related consolidated statements of income, comprehensive income, shareholders equity and cash flows for each of the three years in the period ended January 26, 2020, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of January 26, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 26, 2020 and January 27, 2019, and the results of its operations and its cash flows for each of the three years in the period ended January 26, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 26, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts
for leases in fiscal year 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal
control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting,
included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our
responsibility is to express opinions on the Companys consolidated financial statements and on the Company's internal
control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company
Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company
in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and
Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and
perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of

material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was
maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material
misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that
respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and
disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used
and significant estimates made by management, as well as evaluating the overall presentation of the consolidated
financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal
control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design
and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such
other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable
basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A companys internal control over financial reporting is a process designed to provide reasonable assurance regarding

the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

generally accepted accounting principles. A companys internal control over financial reporting includes those policies

and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the

transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting

principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of

management.

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and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the companys assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Inventories - Provisions for Excess or Obsolete Inventories

As described in Note 1 to the consolidated financial statements, the Company charges cost of sales for inventory provisions to write down inventory to the lower of cost or net realizable value or to completely write off obsolete or excess inventory. Most of the Companys inventory provisions relate to the write-off of excess quantities of products, based on the Companys inventory levels and future product purchase commitments compared to assumptions about future demand and market conditions. Management applies significant judgment in the valuation of inventories, which involves estimating future demand and market conditions. As of January 26, 2020, the Companys consolidated inventories balance was $979 million.

The principal considerations for our determination that performing procedures relating to the valuation of inventories, specifically the provisions for excess or obsolete inventories, is a critical audit matter are that there was significant judgment by management when developing their provisions for excess or obsolete inventories, including managements assumptions related to future demand and market conditions. This in turn led to significant auditor judgment, subjectivity, and effort in performing procedures over the provisions for excess or obsolete inventories, which included evaluating managements assumptions related to future demand and market conditions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to managements provisions for excess or obsolete inventories, including controls over managements assumptions related to future demand and market conditions. These procedures also included, among others, testing managements process for developing the provisions for excess or obsolete inventories; evaluating the appropriateness of managements approach; testing the completeness, accuracy, and relevance of underlying data used in the approach; and evaluating the reasonableness of managements assumptions related to future demand and market conditions. Evaluating managements assumptions related to future demand and market conditions involved evaluating whether the assumptions used by management were reasonable considering (i) current and past results, including historical product life cycle, (ii) the consistency with external market and industry data, (iii) changes in technology, and (iv) comparing prior period estimates to actual results of the same period.

/s/ PricewaterhouseCoopers LLP

San Jose, California

February 20, 2020

We have served as the Companys auditor since 2004.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended	January 26, 2020	January 27, 2019	January 28, 2018
Revenue		$10,918	$11,716	$9,714
Cost of revenue		$4,150	$4,545	$3,892
Gross profit		$6,768	$7,171	$5,822
Operating expenses				
Research and development		$2,829	$2,376	$1,797
Sales, general and administrative		$1,093	$991	$815
Total operating expenses		$3,922	$3,367	$2,612
Income from operations		$2,846	$3,804	$3,210
Interest income		$178	$136	$69
Interest expense		($52)	($58)	($61)
Other, net		($2)	$14	($22)
Total other income (expense)		$124	$92	($14)
Income before income tax		$2,970	$3,896	$3,196

	2019	2018	2017
Income tax expense (benefit)	174	(245)	149
Net income	$ 2,796	$ 4,141	$ 3,047
Net income per share:			
Basic	$ 4.59	$ 6.81	$ 5.09
Diluted	$ 4.52	$ 6.63	$ 4.82
Weighted average shares used in per share computation:			
Basic	609	608	599

Diluted	618	625	632

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended	January 26, 2020	January 27, 2019	January 28, 2018
Net income		$2,796	$4,141	$3,047
Other comprehensive income (loss), net of tax				
Available-for-sale debt securities:				
Net unrealized gain (loss)		8	10	(5)
Reclassification adjustments for net realized gain included in net income			1	1
Net change in unrealized gain (loss)		8	11	(4)
Cash flow hedges:				
Net unrealized gain (loss)		10	6	(1)
Reclassification adjustments for net realized gain (loss) included in net income			(11)	3
Net change in unrealized gain (loss)		5	(5)	2
Other comprehensive income (loss), net of tax		13	6	(2)
Total comprehensive income		$2,809	$4,147	$3,045

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions, except par value)

	January 26, 2020	January 27, 2019
ASSETS		
Cash and cash equivalents	$10,896	$782
Marketable securities	1	6,640
Accounts receivable, net	1,657	1,424
Inventories	979	1,575
Prepaid expenses and other current assets	157	136
Total current assets	$13,690	$10,557
Property and equipment, net	1,674	1,404
Operating lease assets	618	
Goodwill	618	618
Intangible assets, net	49	45
Deferred income tax assets	548	560
Other assets	118	108
Total assets	$ 17,315	$ 13,292

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:			
Accounts payable	$ 687	$ 511	
Accrued and other current liabilities	1,097		818
Total current liabilities	1,784		1,329
Long-term debt	1,991		1,988
Long-term operating lease liabilities		561	
Other long-term liabilities		775	633
Total liabilities	5,111		3,950

Commitments and contingencies - see Note 13

Shareholders equity:		
Preferred stock, $.001 par value; 2 shares authorized; none issued		
Common stock, $.001 par value; 2,000 shares authorized; 955 shares issued and 612 outstanding as of January 26, 2020; 945 shares issued and 606 outstanding as of January 27, 2019	1	1

Additional paid-in capital	7,045	6,051
Treasury stock, at cost (342 shares in 2020 and 339 shares in 2019)	(9,814)	(9,263)
Accumulated other comprehensive income (loss)	1	(12)
Retained earnings	14,971	12,565
Total shareholders' equity	12,204	9,342
Total liabilities and shareholders' equity	$ 17,315	$ 13,292

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

	Common Stock				Accumulated Other		Total	
	Outstanding		Additional	Paid-in	Treasury	Comprehensive	Retained	Shareholders'
	Shares	Amount	Capital	Stock	(Loss)	Income	Earnings	Equity
Balances, January 29, 2017	585	$1	$4,708	$(5,039)	$(16)	$6,108	$5,762	
Retained earnings adjustment due to adoption of an accounting standard related to stock-based compensation					$(27)	$(27)	
Other comprehensive loss						$(2)	
Net income					$3,047	$3,047	
Issuance of common stock in exchange for warrants	13						
Convertible debt conversion	33		$(7)				$(7)	
Issuance of common stock from stock plans	18		$138				$138	
Tax withholding related to vesting of restricted stock units	(4)			$(612)			$(612)	
Share repurchase	(6)			$(909)			$(909)	
Exercise of convertible note hedges	(33)		$90	$(90)				
Cash dividends declared and paid ($0.570 per common share)					$(341)	$(341)	
Stock-based compensation			$391				$391	
Reclassification of convertible debt conversion obligation			$31				$31	
Balances, January 28, 2018	606	1	$5,351	$(6,650)	$(18)	$8,787	$7,471	
Retained earnings adjustment due to adoption of an accounting standard related to income tax consequences of an intra-entity transfer of an asset					$8	$8	
Other comprehensive income					6		$6	

|Net income|||||$4,141|$4,141| |

|Convertible debt conversion|1|||||| |

| |Issuance of common stock from stock plans| | | | |Total|

|---|---|---|---|---|---|---|---|

| |13| |137| | | |137|

| |(4)| | |(1,032)| | |(1,032)|

| |(9)| | |(1,579)| | |(1,579)|

| |(1)| |2|(2)| | | |

| | | | | |(371)|(371)| |

| | |561| | | |561| |

| |606|1|6,051|(9,263)|12,565|9,342| |

| | | | | |13|13| |

| | | | | |2,796|2,796| |

| |9| |149| | |149| |

| |(3)| | |(551)| |(551)| |

| | | | | |(390)|(390)| |

| | |845| | | |845| |

| |612|1|7,045|(9,814)|1|14,971|12,204|

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | |Year Ended|January 26, 2020|January 27, 2019|January 28, 2018|

Cash flows from operating activities:					
Net income	$ 2,796	$ 4,141	$ 3,047		
Adjustments to reconcile net income to net cash provided by operating activities:					
Stock-based compensation expense	844	557	391		
Depreciation and amortization	381	262	199		
Deferred income taxes	18	-315	-359		
Loss on early debt conversions	-	-	19		
Other	5	-45	20		
Changes in operating assets and liabilities:					
Accounts receivable	-233	-149	-440		
Inventories	597	-776	-		
Prepaid expenses and other assets	77	-55	21		
Accounts payable	194	-135	90		
Accrued and other current liabilities	54	256	33		

	2020	2019	2018
Other long-term liabilities	28	2	481

	2020	2019	2018
Net cash provided by operating activities	4,761	3,743	3,502

	2020	2019	2018
Proceeds from maturities of marketable securities	4,744	7,232	1,078

Proceeds from sales of marketable securities	3,365	428	863
Purchases of marketable securities	(1,461)	(11,148)	(36)
Purchases of property and equipment and intangible assets	(489)	(600)	(593)
Investments and other, net	(14)	(9)	(36)
Proceeds from sale of long-lived assets and investments			2

	2020	2019	2018
Net cash provided by (used in) investing activities	6,145	(4,097)	1,278

	2020	2019	2018
Payments related to repurchases of common stock		(1,579)	(909)
Repayment of Convertible Notes		(16)	(812)
Dividends paid	(390)	(371)	(341)
Proceeds related to employee stock plans	149	137	139
Payments related to tax on restricted stock units	(551)	(1,032)	(612)
Other		(5)	(9)

	2020	2019	2018
Net cash used in financing activities	(792)	(2,866)	(2,544)

	2020	2019	2018
Change in cash and cash equivalents	10,114	(3,220)	2,236

	2020	2019	2018
Cash and cash equivalents at beginning of period	782	4,002	1,766

Cash and cash equivalents at end of period

$ 10,896

$ 782

$ 4,002

	Year Ended January 26, 2020	Year Ended January 27, 2019	Year Ended January 28, 2018
Supplemental disclosures of cash flow information:			
Cash paid for income taxes, net	$176	$61	$22
Cash paid for interest	$54	$55	$55
Non-cash investing and financing activity:			
Assets acquired by assuming related liabilities	$212	$76	$36

See accompanying notes to the consolidated financial statements.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and Summary of Significant Accounting Policies

Our Company

Headquartered in Santa Clara, California, NVIDIA was incorporated in California in April 1993 and reincorporated in Delaware in April 1998.

All references to NVIDIA, we, us, our or the Company mean NVIDIA Corporation and its subsidiaries.

Fiscal Year

We operate on a 52- or 53-week year, ending on the last Sunday in January. Fiscal years 2020, 2019 and 2018 were 52-week years. Fiscal year 2021 will be a 53-week year.

Reclassifications

Certain prior fiscal year balances have been reclassified to conform to the current fiscal year presentation.

Principles of Consolidation

Our consolidated financial statements include the accounts of NVIDIA Corporation and our wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from our estimates. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, cash equivalents and marketable securities, accounts receivable, inventories, income taxes, goodwill, stock-based compensation, litigation, investigation and settlement costs, restructuring and other charges, and other contingencies. These estimates are based on historical facts and various other assumptions that we believe are reasonable.

Revenue Recognition

We derive our revenue from product sales, including hardware and systems, license and development arrangements, and software licensing. We determine revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, we satisfy a performance obligation.

Product Sales Revenue

Revenue from product sales is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration we expect to receive in exchange for those products. Revenue is recognized net of allowances for returns, customer programs and any taxes collected from customers.

For products sold with a right of return, we record a reduction to revenue by establishing a sales return allowance for estimated product returns at the time revenue is recognized, based primarily on historical return rates. However, if product returns for a fiscal period are anticipated to exceed historical return rates, we may determine that additional sales return allowances are required to properly reflect our estimated exposure for product returns.

Our customer programs involve rebates, which are designed to serve as sales incentives to resellers of our products in various target markets, and marketing development funds, or MDFs, which represent monies paid to our partners that are earmarked for market segment development and are designed to support our partners activities while also promoting.

NVIDIA products. We account for customer programs as a reduction to revenue and accrue for potential rebates and MDFs based on the amount we expect to be claimed by customers.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

License and Development Arrangements

Our license and development arrangements with customers typically require significant customization of our intellectual property components. As a result, we recognize the revenue from the license and the revenue from the development services as a single performance obligation over the period in which the development services are performed. We measure progress to completion based on actual cost incurred to date as a percentage of the estimated total cost required to complete each project. If a loss on an arrangement becomes probable during a period, we record a provision for such loss in that period.

Software Licensing

Our software licenses provide our customers with a right to use the software when it is made available to the customer. Customers may purchase either perpetual licenses or subscriptions to licenses, which differ mainly in the duration over which the customer benefits from the software. Software licenses are frequently sold along with post-contract customer support, or PCS. For such arrangements, we allocate revenue to the software license and PCS on a relative standalone selling price basis by maximizing the use of observable inputs to determine the standalone selling price for each performance obligation. Revenue from software licenses is recognized up front when the software is made available to the customer. PCS revenue is recognized ratably over the service period, or as services are performed.

Advertising Expenses

We expense advertising costs in the period in which they are incurred. Advertising expenses for fiscal years 2020, 2019, and 2018 were $15 million, $21 million, and $25 million, respectively.

Product Warranties

We generally offer a limited warranty to end-users that ranges from one to three years for products in order to repair or replace products for any manufacturing defects or hardware component failures. Cost of revenue includes the estimated cost of product warranties that are calculated at the point of revenue recognition. Under limited circumstances, we may offer an extended limited warranty to customers for certain products. We also accrue for known warranty and indemnification issues if a loss is probable and can be reasonably estimated.

Stock-based Compensation

We use the closing trading price of our common stock on the date of grant, minus a dividend yield discount, as the fair value of awards of restricted stock units, or RSUs, and performance stock units that are based on our corporate financial performance targets, or PSUs. We use a Monte Carlo simulation on the date of grant to estimate the fair value of performance stock units that are based on market conditions, or market-based PSUs. The compensation expense for RSUs and market-based PSUs is recognized using a straight-line attribution method over the requisite employee service period while compensation expense for PSUs is recognized using an accelerated amortization model. We estimate the fair value of shares to be issued under our employee stock purchase plan, or ESPP, using the Black-Scholes model at the commencement of an offering period in March and September of each year. Stock-based compensation for our ESPP is expensed using an accelerated amortization model. Additionally, we estimate forfeitures annually based on historical experience and revise the estimates of forfeiture in subsequent periods if actual forfeitures differ from those estimates.

Litigation, Investigation and Settlement Costs

From time to time, we are involved in legal actions and/or investigations by regulatory bodies. There are many uncertainties associated with any litigation or investigation, and we cannot be certain that these actions or other third-party claims against us will be resolved without litigation, fines and/or substantial settlement payments. If information becomes available that causes us to determine that a loss in any of our pending litigation, investigations or settlements is probable, and we can reasonably estimate the loss associated with such events, we will record the loss in accordance with U.S. GAAP. However, the actual liability in any such litigation or investigation may be materially different from our estimates, which could require us to record additional costs.

Foreign Currency Remeasurement

We use the United States dollar as our functional currency for all of our subsidiaries. Foreign currency monetary assets and liabilities are remeasured into United States dollars at end-of-period exchange rates. Non-monetary assets and liabilities such as property and equipment, and equity are remeasured at historical exchange rates. Revenue and expenses are remeasured at average exchange rates in effect during each period, except for those expenses related to the previously noted balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency

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Income Taxes

We recognize federal, state and foreign current tax liabilities or assets based on our estimate of taxes payable or refundable in the current fiscal year by tax jurisdiction. We recognize federal, state and foreign deferred tax assets or liabilities, as appropriate, for our estimate of future tax effects attributable to temporary differences and carryforwards; and we record a valuation allowance to reduce any deferred tax assets by the amount of any tax benefits that, based on available evidence and judgment, are not expected to be realized.

Our calculation of deferred tax assets and liabilities is based on certain estimates and judgments and involves dealing with uncertainties in the application of complex tax laws. Our estimates of deferred tax assets and liabilities may change based, in part, on added certainty or finality to an anticipated outcome, changes in accounting standards or tax laws in the United States, or foreign jurisdictions where we operate, or changes in other facts or circumstances. In addition, we recognize liabilities for potential United States and foreign income tax contingencies based on our estimate of whether, and the extent to which, additional taxes may be due. If we determine that payment of these amounts is unnecessary or if the recorded tax liability is less than our current assessment, we may be required to recognize an income tax benefit or additional income tax expense in our financial statements accordingly.

As of January 26, 2020, we had a valuation allowance of $621 million related to state and certain foreign deferred tax assets that management determined are not likely to be realized due to jurisdictional projections of future taxable income and potential utilization limitations of tax attributes acquired as a result of stock ownership changes. To the extent realization of the deferred tax assets becomes more-likely-than-not, we would recognize such deferred tax asset as an income tax benefit during the period.

We recognize the benefit from a tax position only if it is more-likely-than-not that the position would be sustained upon audit based solely on the technical merits of the tax position. Our policy is to include interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted average number of common and potentially dilutive shares outstanding during the period, using the treasury stock method. Under the treasury stock method, the effect of equity awards outstanding is not included in the computation of diluted net income per share for periods when their effect is anti-dilutive.

Cash and Cash Equivalents

We consider all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less at the time of purchase to be cash equivalents.

Marketable Securities

Marketable securities consist of highly liquid debt investments with maturities of greater than three months when purchased. We generally classify our marketable securities at the date of acquisition as available-for-sale. These debt securities are reported at fair value with the related unrealized gains and losses included in accumulated other comprehensive income or loss, a component of shareholders equity, net of tax. The fair value of interest-bearing debt securities includes accrued interest. Any unrealized losses which are considered to be other-than-temporary impairments are recorded in the other income or expense, net, section of our Consolidated Statements of Income. Realized gains and losses on the sale of marketable securities are determined using the specific-identification method and recorded in the other income or expense, net, section of our Consolidated Statements of Income.

All of our available-for-sale debt investments are subject to a periodic impairment review. We record a charge to earnings when a decline in fair value is significantly below cost basis and judged to be other-than-temporary or have other indicators of impairments. If the fair value of an available-for-sale debt instrument is less than its amortized cost basis, an other-than-temporary impairment is triggered in circumstances where (1) we intend to sell the instrument, (2) it is more likely than not that we will be required to sell the instrument before recovery of its amortized cost basis, or (3) a credit loss exists where we do not expect to recover the entire amortized cost basis of the instrument. In these situations, we recognize an

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Other-than-temporary impairment in earnings equal to the entire difference between the debt instruments amortized cost basis and its fair value. For available-for-sale debt instruments that are considered other-than-temporarily impaired due to the existence of a credit loss, if we do not intend to sell and it is not likely that we will be required to sell the instrument before recovery of its remaining amortized cost basis (amortized cost basis less any current-period credit loss), we separate the amount of the impairment into the amount that is credit related and the amount due to all other factors. The credit loss component is recognized in earnings while loss related to all other factors is recorded in accumulated other comprehensive income or loss.

Fair Value of Financial Instruments

The carrying value of cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their
fair values due to their relatively short maturities as of January 26, 2020 and January 27, 2019. Marketable securities are
comprised of available-for-sale securities that are reported at fair value with the related unrealized gains or losses
included in accumulated other comprehensive income or loss, a component of shareholders equity, net of tax. Fair value
of the marketable securities is determined based on quoted market prices. Derivative instruments are recognized as
either assets or liabilities and are measured at fair value. The accounting for changes in the fair value of a derivative
depends on the intended use of the derivative and the resulting designation. For derivative instruments designated as fair
value hedges, the gains or losses are recognized in earnings in the periods of change together with the offsetting losses
or gains on the hedged items attributed to the risk being hedged. For derivative instruments designated as cash-flow
hedges, the effective portion of the gains or losses on the derivatives is initially reported as a component of other
comprehensive income or loss and is subsequently recognized in earnings when the hedged exposure is recognized in
earnings. For derivative instruments not designated for hedge accounting, changes in fair value are recognized in
earnings.

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents,
marketable securities, and accounts receivable. Our investment policy requires the purchase of highly-rated fixed income
securities, the diversification of investment type and credit exposures, and includes certain limits on our portfolio duration.
Accounts receivable from significant customers, those representing 10% or more of total accounts receivable, was
approximately 21% of our accounts receivable balance from one customer as of January 26, 2020 and 19% of our
accounts receivable balance from one customer as of January 27, 2019. We perform ongoing credit evaluations of our
customers financial condition and maintain an allowance for potential credit losses. This allowance consists of an
amount identified for specific customers and an amount based on overall estimated exposure. Our overall estimated
exposure excludes amounts covered by credit insurance and letters of credit.

Accounts Receivable

We maintain an allowance for doubtful accounts receivable for estimated losses resulting from the inability of our
customers to make required payments. We determine this allowance by identifying amounts for specific customer issues
as well as amounts based on overall estimated exposure. Factors impacting the allowance include the level of gross

receivables, the financial condition of our customers and the extent to which balances are covered by credit insurance or
letters of credit.

Inventories

Inventory cost is computed on an adjusted standard basis, which approximates actual cost on an average or first-in,
first-out basis. Inventory costs consist primarily of the cost of semiconductors purchased from subcontractors, including
wafer fabrication, assembly, testing and packaging, manufacturing support costs, including labor and overhead
associated with such purchases, final test yield fallout, and shipping costs, as well as the cost of purchased memory
products and other component parts. We charge cost of sales for inventory provisions to write down our inventory to the
lower of cost or net realizable value or to completely write off obsolete or excess inventory. Most of our inventory
provisions relate to the write-off of excess quantities of products, based on our inventory levels and future product
purchase commitments compared to assumptions about future demand and market conditions. Once inventory has been
written-off or written-down, it creates a new cost basis for the inventory that is not subsequently written-up.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is computed using the straight-line method based on the estimated useful lives of the assets, generally three to five years. Once an asset is identified for retirement or disposition, the related cost and accumulated depreciation or amortization are removed, and a gain or loss is recorded. The estimated useful lives of our buildings are up to thirty years. Depreciation expense includes the amortization

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of assets recorded under capital leases. Leasehold improvements and assets recorded under capital leases are
amortized over the shorter of the expected lease term or the estimated useful life of the asset.

Leases

We determine if an arrangement is or contains a lease at inception. Operating leases with lease terms of more than 12
months are included in operating lease assets, accrued and other current liabilities, and long-term operating lease
liabilities on our consolidated balance sheet. Operating lease assets represent our right to use an underlying asset for the
lease term and lease liabilities represent our obligation to make lease payments over the lease term.

Operating lease assets and liabilities are recognized based on the present value of the remaining lease payments
discounted using our incremental borrowing rate. Operating lease assets also include initial direct costs incurred and
prepaid lease payments, minus any lease incentives. Our lease terms include options to extend or terminate the lease
when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over
the lease term.

We combine the lease and non-lease components in determining the operating lease assets and liabilities.

Refer to Note 3 of these Notes to the Consolidated Financial Statements for additional information.

Goodwill

Goodwill is subject to our annual impairment test during the fourth quarter of our fiscal year, or earlier if indicators of
potential impairment exist. For the purposes of completing our impairment test, we perform either a qualitative or a
quantitative analysis on a reporting unit basis.

Qualitative factors include industry and market considerations, overall financial performance, and other relevant events
and factors affecting the reporting units.

Our quantitative impairment test considers both the income approach and the market approach to estimate a reporting
units fair value. The income and market valuation approaches consider a number of factors that include, but are not
limited to, prospective financial information, growth rates, residual values, discount rates and comparable multiples from
publicly traded companies in our industry and require us to make certain assumptions and estimates regarding industry
economic factors and the future profitability of our business. Refer to Note 6 of these Notes to the Consolidated Financial
Statements for additional information.

Intangible Assets and Other Long-Lived Assets

Intangible assets primarily represent rights acquired under technology licenses, patents, acquired intellectual property,
trademarks and customer relationships. We currently amortize our intangible assets with definitive lives over periods
ranging from three to ten years using a method that reflects the pattern in which the economic benefits of the intangible
asset are consumed or otherwise used up or, if that pattern cannot be reliably determined, using a straight-line
amortization method.

Long-lived assets, such as property and equipment and intangible assets subject to amortization are reviewed for

impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group
may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying
amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset, or
asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment
charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds the estimated fair
value of the asset or asset group. Fair value is determined based on the estimated discounted future cash flows expected
to be generated by the asset or asset group. Assets and liabilities to be disposed of would be separately presented in the
Consolidated Balance Sheet and the assets would be reported at the lower of the carrying amount or fair value less costs
to sell, and would no longer be depreciated.

Adoption of New and Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board, or FASB, issued an accounting standards update regarding the accounting for leases under which lease assets and liabilities are recognized on the balance sheet. We adopted this guidance on January

28, 2019 using the optional transition method by recognizing a cumulative-effect adjustment to the consolidated balance sheet. Refer to Note 3 of these Notes to Condensed Consolidated Financial Statements for additional information.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued a new accounting standard to replace the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. We will be required to use a forward-looking expected credit loss model for accounts receivable and other financial instruments, including available-for-sale debt securities. We plan to adopt the standard using the modified retrospective transition method beginning in the first quarter of fiscal year 2021. We do not currently believe it will have a material impact upon adoption.

Note 2 - Acquisition of Mellanox Technologies, Ltd.

On March 10, 2019, we entered into an Agreement and Plan of Merger, or the Merger Agreement, with Mellanox Technologies Ltd., or Mellanox, pursuant to which we will acquire all of the issued and outstanding common shares of Mellanox for $125 per share in cash, representing a total enterprise value of approximately $6.9 billion as of the date of the Merger Agreement. The Merger Agreement contains customary representations, warranties and covenants. The consummation of the merger is conditioned on the receipt of the approval of Mellanox shareholders, as well as the satisfaction of other customary closing conditions, including domestic and foreign regulatory approvals and performance in all material respects by each party of its obligations under the Merger Agreement. In June 2019, Mellanox shareholders approved the consummation of the merger and we received regulatory approvals for the deal from Mexico in July 2019 and from the European Commission in December 2019. In addition, the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, in connection with the proposed acquisition expired in May 2019. Discussions with China's regulatory agency, the State Administration for Market Regulation, are progressing and we believe the acquisition will likely close in the early part of calendar 2020. If the Merger Agreement is terminated under certain circumstances involving the failure to obtain the required regulatory approvals, we could be obligated to pay Mellanox a termination fee of $350 million.

Note 3 - New Lease Accounting Standard

Method and Impact of Adoption

On January 28, 2019, we adopted the new lease accounting standard using the optional transition method by recognizing a cumulative-effect adjustment to the consolidated balance sheet and not adjusting comparative information for prior periods. In addition, we elected the package of practical expedients permitted under the transition guidance, which allowed us not to reassess (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases, and (3) initial direct costs for any existing leases.

The cumulative-effect adjustment upon adoption of the new lease accounting standard resulted in the recognition of $470 million of operating lease assets and $500 million of operating lease liabilities on our Consolidated Balance Sheet. The difference of $30 million represents deferred rent for leases that existed as of the date of adoption, which was an offset to the opening balance of operating lease assets.

Lease Obligations

Our lease obligations consist of operating leases for our headquarters complex, domestic and international office facilities, and data center space, with lease periods expiring between fiscal years 2021 and 2035.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Fiscal Year:	Operating Lease Obligations (In millions)
2021	$121
2022	$117
2023	$102
2024	$79
2025	$62
2026 and thereafter	$292
Total	$773

Less imputed interest: $121

Present value of net future minimum lease payments: $652

Less short-term operating lease liabilities: $91

Long-term operating lease liabilities

	Lease Obligations (In millions)
Fiscal Year:	
2020	$100
2021	$97
2022	$90
2023	$77
2024	$54
2025 and thereafter	$265
Total	$683

Operating lease expense for fiscal years 2020, 2019, and 2018 was $114 million, $80 million, $54 million, respectively. Short-term and variable lease expenses for fiscal year 2020 were not significant.

Other information related to leases

	Year Ended January 26, 2020 (In millions)
Supplemental cash flows information	
Operating cash flows used for operating leases	$103

|Operating lease assets obtained in exchange for lease obligations|$238|

As of January 26, 2020, our operating leases had a weighted average remaining lease term of 8.3 years and a weighted average discount rate of 3.45%.

Note 4 - Stock-Based CompensationOur stock-based compensation expense is associated with restricted stock units, or RSUs, performance stock units that are based on our corporate financial performance targets, or PSUs, performance stock units that are based on market conditions, or market-based PSUs, and our ESPP.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	Year Ended	January 26, 2020	January 27, 2019	January 28, 2018
Cost of revenue		$39	$27	$21
Research and development		$540	$336	$219
Sales, general and administrative		$265	$194	$151
Total		$844	$557	$391

Stock-based compensation capitalized in inventories was not significant during fiscal years 2020, 2019, and 2018.

| |Year Ended|January 26, 2020|January 27, 2019|January 28, 2018|

|---|---|---|---|---|
|RSUs, PSUs and Market-based PSUs| | | | |
|Awards granted| |7|4|6|
|Estimated total grant-date fair value| |$1,282|$1,109|$929|
|Weighted average grant-date fair value per share| |$184.47|$258.26|$145.91|

Shares purchased	1	1	5
Weighted average price per share	$ 148.76	$ 107.48	$ 21.24
Weighted average grant-date fair value per share	$ 64.87	$ 38.51	$ 7.12

	January 26, 2020	January 27, 2019
	(In millions)	(In millions)
Aggregate unearned stock-based compensation expense, net of forfeitures	$ 1,803	$ 1,580
Estimated weighted average remaining amortization period (In years)		
RSUs, PSUs and market-based PSUs	2.5	2.2
ESPP	0.9	0.8

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	Year Ended	January 26, 2020	January 27, 2019	January 28, 2018

ESPP				
Weighted average expected life (in years)		0.1-2.0	0.1-2.0	0.5-2.0
Risk-free interest rate		1.5%-2.6%	1.6%-2.8%	0.8%-1.4%
Volatility		30%-82%	24%-75%	40%-54%
Dividend yield		0.3%-0.4%	0.3%-0.4%	0.3%-0.5%

For ESPP shares, the expected term represents the average term from the first day of the offering period to the purchase date. The risk-free interest rate assumption used to value ESPP shares is based upon observed interest rates on Treasury bills appropriate for the expected term. Our expected stock price volatility assumption for ESPP is estimated using historical volatility. For awards granted, we use the dividend yield at grant date. Our RSU, PSU, and market-based PSU awards are not eligible for cash dividends prior to vesting; therefore, the fair values of RSUs, PSUs, and market-based PSUs are discounted for the dividend yield.

Additionally, for RSU, PSU, and market-based PSU awards, we estimate forfeitures annually and revise the estimates of forfeiture in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based on historical experience.

Equity Incentive Program

We grant or have granted stock options, RSUs, PSUs, market-based PSUs, and stock purchase rights under the following equity incentive plans.

Amended and Restated 2007 Equity Incentive Plan

In 2007, our shareholders approved the NVIDIA Corporation 2007 Equity Incentive Plan, as most recently amended and restated, the 2007 Plan.

The 2007 Plan authorizes the issuance of incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance stock awards, performance cash awards, and other stock-based awards to employees, directors and consultants. Only our employees may receive incentive stock options. Up to 230 million shares of our common stock may be issued pursuant to stock awards granted under the 2007 Plan. Currently, we grant RSUs, PSUs and market-based PSUs under the 2007 Plan, under which, as of January 26, 2020, there were 29 million shares available for future issuance.

Stock options previously granted to employees, subject to certain exceptions, vested over a four-year period, subject to continued service, with 25% vesting on the anniversary of the hire date in the case of new hires or the anniversary of the date of grant in the case of grants to existing employees and 6.25% vesting quarterly thereafter. These stock options generally expire ten years from the date of grant.

Subject to certain exceptions, RSUs and PSUs granted to employees vest over a four-year period, subject to continued service, with 25% vesting on a pre-determined date that is close to the anniversary of the date of grant and (i) for grants made prior to May 18, 2016, 12.5% vesting semi-annually thereafter, and (ii) for grants made on or after May 18, 2016, 6.25% vesting quarterly thereafter. Market-based PSUs vest 100% on approximately the three-year anniversary of the date of grant. However, the number of shares subject to both PSUs and market-based PSUs that are eligible to vest is generally determined by the Compensation Committee based on achievement of pre-determined criteria.

Unless terminated sooner, the 2007 Plan is scheduled to terminate on March 21, 2022. Our Board may suspend or terminate the 2007 Plan at any time. No awards may be granted under the 2007 Plan while the 2007 Plan is suspended or after it is terminated. The Board may also amend the

2007 Plan at any time. However, if legal, regulatory or listing requirements require shareholder approval, the amendment will not go into effect until the shareholders have approved the amendment.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Amended and Restated 2012 Employee Stock Purchase Plan

In 2012, our shareholders approved the 2012 Employee Stock Purchase Plan, as most recently amended and restated, the 2012 Plan, as the successor to the 1998 Employee Stock Purchase Plan.

Up to 89 million shares of our common stock may be issued pursuant to purchases under the 2012 Plan. As of January 26, 2020, we had issued 30 million shares and reserved 59 million shares for future issuance under the 2012 Plan.

The 2012 Plan is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code. Under the current offerings adopted pursuant to the 2012 Plan, each offering period is approximately 24 months, which is generally divided into four purchase periods of six months.

Employees or those employed by an affiliate of ours are eligible to participate as designated by the Board. Employees who participate may have up to 10% of their earnings withheld to the purchase of shares of common stock. The Board may increase this percentage at its discretion, up to 15%. The price of common stock purchased under our 2012 Plan will be equal to 85% of the lower of the fair market value of the common stock on the commencement date of each offering period and the fair market value on each purchase date within the offering.

The following is a summary of our equity award transactions under our equity incentive plans:

	RSUs, PSUs and Market-based PSUs Outstanding				
	Number of Shares			Weighted Average Grant-Date Fair Value	
	(In millions, except years and per share data)				
Balances, January 27, 2019	16	$129.92			
Granted (1)(2)	7	$184.47			
Vested restricted stock	(8)	$92.70			
Canceled and forfeited	(1)	$185.46			
Balances, January 26, 2020	14	$176.72			
Vested and expected to vest after January 26, 2020	11	$176.46			

(1) Includes the number of PSUs that will be issued and eligible to vest based on the corporate financial performance level achieved for fiscal year 2020.

(2) Includes the number of market-based PSUs granted that will be issued and eligible to vest if the maximum goal for total shareholder return, or TSR, over the 3-year measurement period is achieved. Depending on the ranking of our TSR compared to those companies comprising the Standard & Poors 500 Index during that period, the market-based PSUs issued could be up to 60 thousand shares.

As of January 26, 2020 and January 27, 2019, there were 29 million and 35 million shares, respectively, of common stock reserved for future issuance under our equity incentive plans.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Note 5 - Net Income Per Share

The following is a reconciliation of the denominator of the basic and diluted net income per share computations for the periods presented:

		Year Ended	January 26, 2020	January 27, 2019	January 28, 2018
Numerator:					
Net income	$2,796	$4,141	$3,047		
Denominator:					
Basic weighted average shares	609	608	599		
Dilutive impact of outstanding securities:					
Equity awards	9	17	24		
1.00% Convertible Senior Notes			5		
Warrants issued with the 1.00% Convertible Senior Notes			4		
Diluted weighted average shares	618	625	632		

Net income per share:					
Basic (1)	$4.59	$6.81	$5.09		
Diluted (2)	$4.52	$6.63	$4.82		

Equity awards excluded from diluted net income per share because their effect would have been anti-dilutive: 11, 5, 4

(1) Calculated as net income divided by basic weighted average shares.

(2) Calculated as net income divided by diluted weighted average shares.

Note 6 - Goodwill

The carrying amount of goodwill

The carrying amount of goodwill was $618 million, and the amount of goodwill allocated to our GPU and Tegra Processor reporting units was $210 million and $408 million, respectively, as of both January 26, 2020 and January 27, 2019. There were no changes to the carrying amount of goodwill during fiscal years 2020 and 2019. During the fourth quarters of fiscal years 2020, 2019, and 2018, we completed our annual impairment tests and concluded that goodwill was not impaired in any of these years.

Note 7 - Amortizable Intangible Assets

	January 26, 2020				January 27, 2019	
	Gross	Net			Gross	Net

Acquisition-related intangible assets	$195	$(192)	$3	$195	$(188)	$7
Patents and licensed technology	520	$(474)	46	491	$(453)	38
Total intangible assets	$715	$(666)	$49	$686	$(641)	$45

The increase in gross carrying amount of intangible assets is due to purchases of licensed technology during fiscal year 2020. Amortization expense associated with intangible assets for fiscal years 2020, 2019, and 2018 was $25 million, $29 million, and $55 million, respectively. Future amortization expense related to the net carrying amount of intangible assets as of 55.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

January 26, 2020 is estimated to be $19 million in fiscal year 2021, $12 million in fiscal year 2022, $9 million in fiscal year 2023, $6 million in fiscal year 2024, and $3 million in fiscal year 2025 and thereafter until fully amortized.

Note 8 - Cash Equivalents and Marketable Securities

Our cash equivalents and marketable securities are classified as available-for-sale debt securities.

The following is a summary of cash equivalents and marketable securities as of January 26, 2020 and January 27, 2019:

| |Amortized Cost|Unrealized Gain|Unrealized Loss|Fair Value|Estimated Cash

Equivalents|Reported as Marketable Securities|
|---|---|---|---|---|---|---|
|Money market funds|$7,507|$|$|$7,507|$7,507|$|
|Debt securities issued by the United States Treasury|$1,358|$|$|$1,358|$1,358|$|
|Debt securities issued by United States government agencies|$1,096|$|$|$1,096|$1,096|$|
|Corporate debt securities|$592|$|$|$592|$592|$|
|Foreign government bonds|$200|$|$|$200|$200|$|
|Certificates of deposit|$27|$|$|$27|$27|$|
|Asset-backed securities|$1|$|$|$1|$|$1|
|Total|$10,781|$|$|$10,781|$10,780|$1|

January 27, 2019

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Cash Equivalents	Marketable Securities
Corporate debt securities	$2,626	$	$(6)	$2,620	$25	$2,595
Debt securities issued by United States government agencies	$2,284	$	$(4)	$2,280	$	$2,280
Debt securities issued by the United States Treasury	$1,493	$	$(1)	$1,492	$176	$1,316
Money market funds	$483	$	$	$483	$483	$
Foreign government bonds	$209	$	$	$209	$	$209
Asset-backed securities	$152	$	$(1)	$151	$	$151
Mortgage-backed securities issued by United States government-sponsored enterprises	$88	$1	$	$89	$	$89
Total	$7,335	$1	$(12)	$7,324	$684	$6,640

The unrealized losses as of January 26, 2020, aggregated by investment category and length of time that individual securities have been in a continuous loss position is not significant.

The gross unrealized losses are related to fixed income securities, temporary in nature, and driven primarily by changes in interest rates. We have the intent and ability to hold our investments until maturity. For fiscal years 2020, 2019, and 2018, there were no other-than-temporary impairment losses, and net realized gains/losses were not significant.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The amortized cost and estimated fair value of cash equivalents and marketable securities as of January 26, 2020 and January 27, 2019 are shown below by contractual maturity.

			January 26, 2020		January 27, 2019	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value		
Less than one year	$10,781	$10,781	$5,042	$5,034		
Due in 1 - 5 years	-	-	$2,271	$2,268		
Mortgage-backed securities issued by United States government-sponsored enterprises not due at a single maturity date	-	-	$22	$22		
Total	$10,781	$10,781	$7,335	$7,324		

Note 9 - Fair Value of Financial Assets and Liabilities

The fair values of our financial assets and liabilities are determined using quoted market prices of identical assets or quoted market prices of similar assets from active markets. We review fair value hierarchy classification on a quarterly basis. There were no significant transfers between Levels 1 and 2 financial assets and liabilities for fiscal year 2020. Level 3 financial assets and liabilities are based on unobservable inputs to the valuation methodology and include our own data about assumptions market participants would use in pricing the asset or liability based on the best information available under the circumstances.

| |Pricing Category|January 26, 2020|January 27, 2019| |

|---|---|---|---|---|

|Assets|Money market funds|Level 1|$7,507|$483|

| |Debt securities issued by the United States Treasury|Level 2|$1,358|$1,492|

| |Debt securities issued by United States government agencies|Level 2|$|1,096|$|2,280|

|---|---|---|---|---|---|---|

| |Corporate debt securities|Level 2|$|592|$|2,620|

| |Foreign government bonds|Level 2|$|200|$|209|

| |Certificates of Deposit|Level 2|$|27|$||

| |Asset-backed securities|Level 2|$|1|$|151|

| |Mortgage-backed securities issued by United States government-sponsored enterprises|Level 2|$||$|89|

| |Other noncurrent liabilities:| | | | | | | |

|---|---|---|---|---|---|---|---|---|

| |3.20% Notes Due 2026 (1)|Level 2| |$|1,065| |$|961|

| |2.20% Notes Due 2021 (1)|Level 2| |$|1,006| |$|978|

(1) These liabilities are carried on our Consolidated Balance Sheets at their original issuance value, net of unamortized debt discount and issuance costs, and are not marked to fair value each period. Refer to Note 12 of these Notes to the Consolidated Financial Statements for additional information.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Note 10 - Balance Sheet Components

Certain balance sheet components are as follows:

	January 26, 2020	January 27, 2019
Inventories:		
Raw materials	$249	$613
Work in-process	$265	$238
Finished goods	$465	$724
Total inventories	$979	$1,575

	January 26, 2020	January 27, 2019	Estimated Useful Life (In years)
Property and Equipment:			
Land	$218	$218	(A)
Building	$340	$339	25-30

|Test equipment|$532|$516|3-5|

|Computer equipment|$621|$522|3-5|

|Leasehold improvements|$293|$291|(B)|

|Software and licenses|287|109|3-5|

|---|---|---|---|

|Office furniture and equipment|74|69|5|

|Construction in process|320|107|(C)|

|Total property and equipment, gross|2,685|2,171|

|---|---|---|

|Accumulated depreciation and amortization|(1,011)|(767)|

|Total property and equipment, net|$1,674|$1,404|

(A) Land is a non-depreciable asset.

(B) Leasehold improvements and capital leases are amortized based on the lesser of either the assets estimated useful life or the expected lease term.

(C) Construction in process represents assets that are not available for their intended use as of the balance sheet date.

Depreciation expense for fiscal years 2020, 2019, and 2018 was $355 million, $233 million, and $144 million, respectively.

Accumulated amortization of leasehold improvements and capital leases was $216 million and $189 million as of January 26, 2020 and January 27, 2019, respectively.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	January 26, 2020	January 27, 2019
Accrued and Other Current Liabilities:		
Customer program accruals	$462	$302
Accrued payroll and related expenses	185	186
Deferred revenue (1)	141	92
Operating lease liabilities	91	
Taxes payable	61	91
Licenses payable	54	12
Professional service fees	18	14
Other	85	121
Total accrued and other current liabilities	$1,097	$818

(1) Deferred revenue primarily includes customer advances and deferrals related to license and development arrangements and PCS.

	January 26, 2020	January 27, 2019
Other Long-Term Liabilities:		
Income tax payable (1)	$528	$513

Licenses payable	110	1
Deferred revenue (2)	60	46
Deferred income tax liability	29	19

Employee benefits liability

	January 26, 2020	January 27, 2019
Deferred rent	-	21
Other	26	13
Total other long-term liabilities	$775	$633

(1) As of January 26, 2020, income tax payable represents the long-term portion of the one-time transition tax payable of $317 million, as well as unrecognized tax benefits of $180 million and related interest and penalties of $31 million.

(2) Deferred revenue primarily includes deferrals related to PCS.

Deferred Revenue

	January 26, 2020	January 27, 2019
Balance at beginning of period	$138	$63
Deferred revenue added during the period	334	344
Revenue recognized during the period	(271)	(269)
Balance at end of period	$201	$138

Revenue related to remaining performance obligations represents the amount of contracted license and development arrangements and PCS that has not been recognized. This includes related deferred revenue currently recorded and amounts that will be invoiced in future periods. As of January 26, 2020, the amount of our remaining performance that has not been recognized as revenue was $364 million, of which we expect to recognize approximately 46% as revenue over the next twelve months and the remainder thereafter. This amount excludes the value of remaining performance obligations for contracts with an original expected length of one year or less.

Note 11 - Derivative Financial Instruments

We enter into foreign currency forward contracts to mitigate the impact of foreign currency exchange rate movements on our operating expenses. These contracts are designated as cash flow hedges for hedge accounting treatment. Gains or losses on the contracts are recorded in accumulated other comprehensive income or loss and reclassified to operating expense when the related operating expenses are recognized in earnings or ineffectiveness should occur. The fair value of the contracts was not significant as of January 26, 2020 and January 27, 2019.

We enter into foreign currency forward contracts to mitigate the impact of foreign currency movements on monetary assets and liabilities that are denominated in currencies other than U.S. dollar. These forward contracts were not designated for hedge accounting treatment. Therefore, the change in fair value of these contracts is recorded in other income or expense and offsets the change in fair value of the hedged foreign currency denominated monetary assets and liabilities, which is also recorded in other income or expense.

	January 26, 2020	January 27, 2019
Designated as cash flow hedges	$428	$408

|Not designated for hedge accounting|$287|$241|

As of January 26, 2020, all designated foreign currency forward contracts mature within eighteen months. The expected realized gains and losses deferred into accumulated other comprehensive income (loss) related to foreign currency forward contracts within the next twelve months was not significant.

During fiscal years 2020 and 2019, the impact of derivative financial instruments designated for hedge accounting treatment on other comprehensive income or loss was not significant and all such instruments were determined to be highly effective. Therefore, there were no gains or losses associated with ineffectiveness.

Note 12 - Debt

Long-Term Debt

2.20% Notes Due 2021 and 3.20% Notes Due 2026

In fiscal year 2017, we issued $1.00 billion of the 2.20% Notes Due 2021, and $1.00 billion of the 3.20% Notes Due 2026, or collectively, the Notes. Interest on the Notes is payable on March 16 and September 16 of each year. Upon 30 days' notice to holders of the Notes, we may redeem the Notes for cash prior to maturity, at redemption prices that include accrued and unpaid interest, if any, and a make-whole premium. However, no make-whole premium will be paid for redemptions of the Notes Due 2021 on or after August 16, 2021, or for redemptions of the Notes Due 2026 on or after

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June 16, 2026. The net proceeds from the Notes were $1.98 billion, after deducting debt discount and issuance costs.

The Notes are our unsecured senior obligations and rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness. The Notes are structurally subordinated to the liabilities of our subsidiaries and are effectively subordinated to any secured indebtedness to the extent of the value of the assets securing such indebtedness. All existing and future liabilities of our subsidiaries will be effectively senior to the Notes.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	Expected Remaining Term (years)	Effective Interest Rate	January 26, 2020	January 27, 2019
2.20% Notes Due 2021	1.6	2.38%	$1,000	$1,000
3.20% Notes Due 2026	6.6	3.31%	$1,000	$1,000
Unamortized debt discount and issuance costs			($9)	($12)
Net carrying amount	$1,991	$1,991	$1,991	$1,991

Revolving Credit Facility

We have a Credit Agreement under which we may borrow up to $575 million for general corporate purposes and can obtain revolving loan commitments up to $425 million. As of January 26, 2020, we had not borrowed any amounts under this agreement.

Commercial Paper

We have a $575 million commercial paper program to support general corporate purposes. As of January 26, 2020, we had not issued any commercial paper.

Note 13 - Commitments and Contingencies

Purchase Obligations

As of January 26, 2020, we had outstanding inventory purchase obligations totaling $1.16 billion and other purchase obligations totaling $186 million.

Accrual for Product Warranty Liabilities

The estimated amount of product returns and warranty liabilities was $15 million and $18 million as of January 26, 2020 and January 27, 2019, respectively.

In connection with certain agreements that we have entered in the past, we have provided indemnities to cover the indemnified party for matters such as tax, product, and employee liabilities. We have included intellectual property indemnification provisions in our technology related agreements with third parties. Maximum potential future payments cannot be estimated because many of these agreements do not have a maximum stated liability. We have not recorded

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any liability in our Consolidated Financial Statements for such indemnifications.

Litigation

Securities Class Action and Derivative Lawsuits

On December 21, 2018, a purported securities class action lawsuit was filed in the United States District Court for the Northern District of California, captioned Iron Workers Joint Funds v. Nvidia Corporation, et al. (Case No. 18-cv-7669), naming as defendants NVIDIA and certain of NVIDIAs officers. On December 28, 2018, a substantially similar purported securities class action was commenced in the Northern District of California, captioned Oto v. Nvidia Corporation, et al. (Case No. 18-cv-07783), naming the same defendants, and seeking substantially similar relief. On February 19, 2019, a number of shareholders filed motions to consolidate the two cases and to be appointed lead plaintiff and for their respective counsel to be appointed lead counsel. On March 12, 2019, the two cases were consolidated under case number 4:18-cv-07669-HSG and titled In Re NVIDIA Corporation Securities Litigation. On May 2, 2019, the Court appointed lead plaintiffs and lead counsel. On June 21, 2019, the lead plaintiffs filed a consolidated class action complaint. The consolidated complaint asserts that the defendants violated Section 10(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and SEC Rule 10b-5, by making materially false or misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand between May 10, 2017 and November 14, 2018. The plaintiffs also allege that the NVIDIA executives who they named as defendants violated Section 20(a) of the Exchange Act. The plaintiffs seek class certification, an award of unspecified compensatory damages, an award of reasonable costs and expenses, including attorneys fees and expert fees, and further relief as the Court may deem just and proper. On August 2, 2019, NVIDIA moved

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

To dismiss the consolidated class action complaint on the basis that plaintiffs failed to state any claims for violations of the securities laws by NVIDIA or the named defendants.

On January 18, 2019, a shareholder, purporting to act on behalf of NVIDIA, filed a derivative lawsuit in the Northern District of California, captioned Han v. Huang, et al. (Case No. 19-cv-00341), seeking to assert claims on behalf of NVIDIA against the members of NVIDIAs board of directors and certain officers. The lawsuit asserts claims for breach of fiduciary duty, unjust enrichment, waste of corporate assets, and violations of Sections 14(a), 10(b), and 20(a) of the Exchange Act based on the dissemination of allegedly false and misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand. The plaintiff is seeking unspecified damages and other relief, including reforms and improvements to NVIDIAs corporate governance and internal procedures. On February 12, 2019, a substantially similar derivative lawsuit was filed in the Northern District of California captioned Yang v. Huang, et. al. (Case No. 19-cv-00766), naming the same named defendants, and seeking the same relief. On February 19, 2019, a third substantially similar derivative lawsuit was filed in the Northern District of California captioned The Booth Family Trust v. Huang, et. al. (Case No. 3:19-cv-00876), naming the same named defendants, and seeking substantially the same relief. On March 12, 2019, the three derivative actions were consolidated under case number 4:19-cv-00341-HSG, and titled In re NVIDIA Corporation Consolidated Derivative Litigation. The parties stipulated to stay the In Re NVIDIA Corporation Consolidated Derivative Litigation pending resolution of any motion to dismiss that NVIDIA may file in the In Re NVIDIA Corporation Securities Litigation.

On September 24, 2019, two shareholders, purporting to act on behalf of NVIDIA, filed two identical lawsuits in the District of Delaware. One is captioned Lipchitz v. Huang, et al. (Case No. 1:19-cv-01795-UNA) and the other is captioned Nelson v. Huang, et. al. (Case No. 1:19-cv-01798-UNA). The lawsuits assert claims for breach of fiduciary duty, unjust enrichment, insider trading, misappropriation of information, corporate waste and violations of Sections 14(a), 10(b), and 20(a) of the Exchange Act based on the dissemination of allegedly false, and misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand. The plaintiffs seek unspecified damages and other relief, including disgorgement of profits from the sale of NVIDIA stock and unspecified corporate governance measures. On December 11, 2019, the court approved the parties stipulation to stay the Lipchitz and Huang actions pending resolution of the motion to dismiss filed by NVIDIA in the In Re NVIDIA Corporation Securities Litigation.

It is possible that additional suits will be filed, or allegations received from shareholders, with respect to these same or other matters, naming NVIDIA and/or its officers and directors as defendants.

Accounting for Loss Contingencies

We are engaged in legal actions not described above arising in the ordinary course of business and, while there can be no assurance of favorable outcomes, we believe that the ultimate outcome of these actions will not have a material adverse effect on our operating results, liquidity or financial position. As of January 26, 2020, we have not recorded any accrual for contingent liabilities associated with the legal proceedings described above based on our belief that liabilities, while possible, are not probable. Further, except as specifically described above, any possible loss or range of loss in these matters cannot be reasonably estimated at this time.

Note 14 - Income Taxes

		Year Ended	January 26, 2020	January 27, 2019	January 28, 2018

|---|---|---|---|---|---|
		(In millions)			
Current income taxes:					
Federal	$65	$1	$464		
State	$4		$1		
Foreign	$87	$69	$43		
Total current	$156	$70	$508		
Deferred taxes:					
Federal	$2	($315)	($376)		
State					
Foreign	$16		$17		
Total deferred	$18	($315)	($359)		
Income tax expense (benefit)	$174	($245)	$149		

Income before income tax consists of the following:

	Year Ended	January 26, 2020	January 27, 2019	January 28, 2018
Domestic		$620	$1,843	$1,600
Foreign		$2,350	$2,053	$1,596
Income before income tax		$2,970	$3,896	$3,196

The income tax expense (benefit) differs from the amount computed by applying the U.S. federal statutory rate of 21%, 21%, and 33.9% for fiscal years 2020, 2019, and 2018, respectively, to income before income taxes as follows:

| |Year Ended|January 26, 2020|January 27, 2019|January 28, 2018|

Tax expense computed at federal statutory rate		$624	$818	$1,084
Expense (benefit) resulting from:				
State income taxes, net of federal tax effect		12	23	10
Foreign tax rate differential		($301)	($412)	($545)
Stock-based compensation		($60)	($191)	($181)
Tax Cuts and Jobs Act of 2017			($368)	($133)
U.S. federal R&D tax credit		($110)	($141)	($87)
Other		9	26	1
Income tax expense (benefit)		$174	($245)	$149

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	January 26, 2020	January 27, 2019
	(In millions)	(In millions)
Deferred tax assets:		
Net operating loss carryforwards	$62	$70
Accruals and reserves, not currently deductible for tax purposes	39	41
Property, equipment and intangible assets	12	2
Operating lease liabilities	114	
Research and other tax credit carryforwards	605	626
Stock-based compensation	28	25

|GILTI deferred tax assets|428|376|

|Gross deferred tax assets|1,288|1,140|

|Less valuation allowance|(621)|(562)|

|Total deferred tax assets|667|578|

|Deferred tax liabilities:| | |

|Acquired intangibles|(1)|(2)|

|Unremitted earnings of foreign subsidiaries|(40)|(35)|

|Operating lease assets|(107)||

|---|---|---|

|Gross deferred tax liabilities|(148)|(37)|

|Net deferred tax asset (1)|$519|$541|

(1) Net deferred tax asset includes long-term deferred tax assets of $548 million and $560 million and long-term deferred tax liabilities of $29 million and $19 million for fiscal years 2020 and 2019, respectively. Long-term deferred tax assets are included in Other assets and long-term deferred tax liabilities are included in Other long-term liabilities on our Consolidated Balance Sheets.

We recognized an income tax expense of $174 million and $149 million for fiscal years 2020 and 2018, respectively, and income tax benefit of $245 million for fiscal year 2019. Our annual effective tax rate was 5.9%, (6.3)%, and 4.7% for fiscal years 2020, 2019, and 2018, respectively. The increase in our effective tax rate in fiscal year 2020 as compared to fiscal years 2019 and 2018 was primarily due to a decrease of tax benefits from stock-based compensation and an absence of tax benefits related to the enactment of the TCJA.

The decrease in our effective tax rate in fiscal year 2019 as compared to fiscal year 2018 was primarily due to a decrease in the U.S. statutory tax rate from 33.9% to 21%, the finalization of the enactment-date income tax effects of the TCJA, higher U.S federal research tax credits and excess tax benefits related to stock-based compensation in fiscal year 2019.

Our effective tax rate for fiscal years 2020 and 2019 was lower than the U.S. federal statutory rate of 21% due primarily to income earned in jurisdictions, including the British Virgin Islands and Hong Kong, where the tax rate was lower than the U.S. federal statutory tax rates, favorable recognition of U.S. federal research tax credits, excess tax benefits related to stock-based compensation, and the finalization of the enactment-date income tax effects of the TCJA in 2019.

Our effective tax rate for fiscal year 2018 was lower than the blended U.S. federal statutory rate of 33.9% due primarily to income earned in jurisdictions, including the British Virgin Islands, Hong Kong, China, Taiwan and United Kingdom, where the tax rate was lower than the U.S. federal statutory tax rates, favorable recognition of U.S. federal research tax credits, the provisional impact of the tax law changes, and excess tax benefits related to stock-based compensation.

As of January 26, 2020 and January 27, 2019, we had a valuation allowance of $621 million and $562 million,

respectively, related to state and certain foreign deferred tax assets that management determined not likely to be realized

due, in part, to jurisdictional projections of future taxable income. To the extent realization of the deferred tax assets

becomes more-likely-than-not, we would recognize such deferred tax asset as an income tax benefit during the period.

As of January 26, 2020, we had federal, state and foreign net operating loss carryforwards of $70 million, $153 million and $295 million, respectively. The federal and state carryforwards will begin to expire in fiscal year 2023 and 2021, respectively. The foreign net operating loss carryforwards of $295 million may be carried forward indefinitely. As of January 26, 2020, we had federal research tax credit carryforwards of $314 million that will begin to expire in fiscal year 2039. We have state research tax credit carryforwards of $814 million, of which $774 million is attributable to the State of California and may be carried over indefinitely, and $40 million is attributable to various other states and will begin to expire in fiscal year 2021. Our tax attributes, net operating loss and tax credit carryforwards, remain subject to audit and may be adjusted for changes or modification in tax laws, other authoritative interpretations thereof, or other facts and circumstances. Utilization of federal, state, and foreign net operating losses and tax credit carryforwards may also be subject to limitations due to ownership changes and other limitations provided by the Internal Revenue Code and similar state and foreign tax provisions. If any such limitations apply, the federal, states, or foreign net operating loss and tax credit carryforwards, as applicable, may expire or be denied before utilization.

As of January 26, 2020, we had $583 million of gross unrecognized tax benefits, of which $464 million would affect our effective tax rate if recognized. However, $104 million of the unrecognized tax benefits were related to state income tax positions taken, that, if recognized, would be in the form of a carryforward deferred tax asset that would likely attract a full valuation allowance. The $464 million of unrecognized tax benefits as of January 26, 2020 consisted of $180 million recorded in non-current income taxes payable and $284 million reflected as a reduction to the related deferred tax assets.

Reconciliation of gross unrecognized tax benefits

	January 26, 2020	January 27, 2019	January 28, 2018
	(In millions)		
Balance at beginning of period	$477	$447	$224
Increases in tax positions for prior years	7	52	7
Decreases in tax positions for prior years		(141)	(1)
Increases in tax positions for current year	104	129	222
Lapse in statute of limitations	(5)	(10)	(5)
Balance at end of period	$583	$477	$447

We classify an unrecognized tax benefit as a current liability, or amount refundable, to the extent that we anticipate payment or receipt of cash for income taxes within one year. The amount is classified as a long-term liability, or reduction.

Our policy is to include interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of January 26, 2020, January 27, 2019, and January 28, 2018, we had accrued $31 million, $21 million, and $15 million, respectively, for the payment of interest and penalties related to unrecognized tax benefits, which is not included as a component of our unrecognized tax benefits. As of January 26, 2020, unrecognized tax benefits of $180 million and the related interest and penalties of $31 million are included in non-current income taxes payable.

While we believe that we have adequately provided for all tax positions, amounts asserted by tax authorities could be greater or less than our accrued position. Accordingly, our provisions on federal, state and foreign tax-related matters to be recorded in the future may change as revised estimates are made or the underlying matters are settled or otherwise resolved. As of January 26, 2020, we do not believe that our estimates, as otherwise provided for, on such tax positions will significantly increase or decrease within the next twelve months.

We are subject to taxation by taxing authorities both in the United States and other countries. As of January 26, 2020, the significant tax jurisdictions that may be subject to examination include the United States, Hong Kong, Taiwan, China, United Kingdom, Germany, and India for fiscal years 2003 through 2019. As of January 26, 2020, the significant tax jurisdictions for which we are currently under examination include India, China, and United Kingdom for fiscal years 2003 through 2019.

Note 15 - Shareholders Equity

Capital Return Program

Beginning August 2004, our Board of Directors authorized us to repurchase our stock.

Through January 26, 2020, we have repurchased an aggregate of 260 million shares under our share repurchase program for a total cost of $7.08 billion. All shares delivered from these repurchases have been placed into treasury stock. As of January 26, 2020, we are authorized, subject to certain specifications, to repurchase shares of our common stock up to $7.24 billion through December 2022.

During fiscal year 2020, we paid $390 million in cash dividends to our shareholders.

Preferred Stock

As of January 26, 2020 and January 27, 2019, there were no shares of preferred stock outstanding.

Common Stock

We are authorized to issue up to 2.00 billion shares of our common stock at $0.001 per share par value.

Note 16 - Employee Retirement Plans

We have a 401(k) retirement plan covering substantially all of our U.S. employees. Under the plan, participating employees may defer up to 80% of their pre-tax earnings, subject to the Internal Revenue Service annual contribution limits and we match a portion of the employee contributions. Our contribution expense for fiscal years 2020, 2019, and 2018 was $44 million, $39 million, and $23 million, respectively. We also have defined contribution retirement plans outside of the United States to which we contributed $32 million, $31 million, and $25 million for fiscal years 2020, 2019, and 2018, respectively.

Note 17 - Segment Information

Our Chief Executive Officer, who is considered to be our chief operating decision maker, or CODM, reviews financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance. Our operating segments are equivalent to our reportable segments.

We report our business in two primary reportable segments - the GPU business and the Tegra Processor business - based on a single underlying graphics architecture.

Our GPU product brands are aimed at specialized markets including GeForce for gamers; Quadro for designers; Tesla and DGX for AI data scientists and big data researchers; and GRID for cloud-based visual computing users. Our Tegra brand incorporates GPUs and multi-core CPUs to drive supercomputing for autonomous robots, drones, and cars, as well as for game consoles and mobile gaming and entertainment devices.

Under the single unifying architecture for our GPU and Tegra Processors, we leverage our visual computing expertise by charging the operating expenses of certain core engineering functions to the GPU business, while charging the Tegra Processor business for the incremental cost of the teams working directly for that business. In instances where the operating expenses of certain functions benefit both reportable segments, our CODM assigns 100% of those expenses to the reportable segment that benefits the most.

The All Other category presented below represents the revenue and expenses that our CODM does not assign to either the GPU business or the Tegra Processor business for purposes of making operating decisions or assessing financial performance. The revenue included in all other is Intel licensing revenue and the expenses include stock-based compensation expense, corporate infrastructure and support costs, legal settlement costs, acquisition-related and other

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Costs, and other non-recurring charges and benefits that our CODM deems to be enterprise in nature.Our CODM does not review any information regarding total assets on a reportable segment basis. Reportable segments do not record inter-segment revenue, and, accordingly, there is none to be reported. The accounting policies for segment reporting are the same as for our consolidated financial statements. The table below presents details of our reportable segments and the All Other category.

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

	Tegra GPU	Processor	All Other	Consolidated
Year Ended January 26, 2020:	$9,465	$1,453	$	$10,918
Depreciation and amortization expense	$322	$44	$15	$381
Operating income (loss)	$3,806	$196	$(1,156)	$2,846
Year Ended January 27, 2019:	$10,175	$1,541	$	$11,716
Depreciation and amortization expense	$197	$47	$18	$262
Operating income (loss)	$4,443	$241	$(880)	$3,804
Year Ended January 28, 2018:	$8,137	$1,534	$43	$9,714
Depreciation and amortization expense	$123	$37	$39	$199
Operating income (loss)	$3,507	$303	$(600)	$3,210

Reconciling items included in "All Other" category:

Year Ended

January 26, 2020	January 27, 2019	January 28, 2018
$	$	$43

Unallocated Revenue

	January 26, 2020	January 27, 2019	January 28, 2018
$			43

Stock-based Compensation Expense

	January 26, 2020	January 27, 2019	January 28, 2018
	(844)	(557)	(391)

Unallocated Cost of Revenue and Operating Expenses

	January 26, 2020	January 27, 2019	January 28, 2018
	(267)	(277)	(237)

Acquisition-related and Other Costs

	January 26, 2020	January 27, 2019	January 28, 2018
	(30)	(2)	(15)

Legal Settlement Costs

	January 26, 2020	January 27, 2019	January 28, 2018
	(15)	(44)	

Total

	January 26, 2020	January 27, 2019	January 28, 2018
$	(1,156)	(880)	(600)

Revenue by Geographic Region

	January 26, 2020	January 27, 2019	January 28, 2018
Taiwan	$3,025	$3,360	$2,991
China (including Hong Kong)	$2,731	$2,801	$1,896
Other Asia Pacific	$2,685	$2,368	$2,066
Europe	$992	$914	$768
United States	$886	$1,506	$1,274

Other countries	$599	$767	$719
Total Revenue	$10,918	$11,716	$9,714

NVIDIA CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

		Year Ended	January 26, 2020	January 27, 2019	January 28, 2018
Revenue:				(In millions)	
Gaming	$ 5,518	$ 6,246	$ 5,513		
Professional Visualization	$ 1,212	$ 1,130	$ 934		
Data Center	$ 2,983	$ 2,932	$ 1,932		
Automotive	$ 700	$ 641	$ 558		
OEM & Other	$ 505	$ 767	$ 777		
Total revenue	$ 10,918	$ 11,716	$ 9,714		

	January 26, 2020	January 27, 2019
Long-lived assets:		
United States	$ 1,568	$ 1,266

| |2020|2019|

|---|---|---|
Taiwan	114	137
India	51	44
China (including Hong Kong)	28	38
Europe	28	26
Other countries	2	1

Total long-lived assets

	2020	2019
	$1,791	$1,512

One customer represented 11% of our total revenue for fiscal year 2020 and was attributable to the GPU business. No customer represented 10% or more of total revenue for fiscal years 2019 and 2018.

One customer represented 21% of our accounts receivable balance as of January 26, 2020, and one customer represented 19% of our accounts receivable balance as of January 27, 2019.

Note 18 - Quarterly Summary (Unaudited)

	Fiscal Year 2020	Quarters Ended				
	January 26, 2020	October 27, 2019	July 28, 2019	April 28, 2019		
			(In millions, except per share data)			

|Statements of Income Data:| | | | | | |

|Revenue|$3,105|$3,014|$2,579|$2,220| | |

|Cost of revenue|$1,090|$1,098|$1,038|$924| | |

|Gross profit|$2,015|$1,916|$1,541|$1,296| | |

|Net income|$950|$899|$552|$394| | |

|Net income per share:| | | | | | |

|Basic|$1.55|$1.47|$0.91|$0.65| | |

|Diluted|$1.53|$1.45|$0.90|$0.64| | |

	Fiscal Year 2019	Quarters Ended			
	January 27, 2019	October 28, 2018	July 29, 2018	April 29, 2018	
		(In millions, except per share data)			
Statements of Income Data:					
Revenue	$2,205	$3,181	$3,123	$3,207	
Cost of revenue	$998	$1,260	$1,148	$1,139	
Gross profit	$1,207	$1,921	$1,975	$2,068	

	Net income (1)	$567	$1,230	$1,101	$1,244
	Net income per share (1):				
Basic		$0.93	$2.02	$1.81	$2.05
Diluted		$0.92	$1.97	$1.76	$1.98

(1) In the third and fourth quarters of fiscal year 2019, we recorded U.S. tax reform benefits of $138 million and $230 million, respectively, associated with the completion of our accounting for the

enactment-date income tax effects of the TCJA.

NVIDIA CORPORATION AND SUBSIDIARIES

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions	Deductions	End of Period
Allowance for doubtful accounts	$2	$ (1)	$ (1)	$2
Sales return allowance	$8	$18 (2)	$(17) (4)	$9
Deferred tax valuation allowance	$562	$59 (3)	$	$621

Description	Balance at Beginning of Period	Additions	Deductions	End of Period
Allowance for doubtful accounts	$4	$ (1)	$ (1)	$2
Sales return allowance	$9	$21 (2)	$(22) (4)	$8
Deferred tax valuation allowance	$469	$93 (3)	$	$562

Description	Balance at Beginning of Period	Additions	Deductions	End of Period
Allowance for doubtful accounts	$3	$1 (1)	$ (1)	$4
Sales return allowance	$10	$15 (2)	$(16) (4)	$9
Deferred tax valuation allowance	$353	$116 (3)	$	$469

(1) Additions represent allowance for doubtful accounts charged to expense and deductions represent amounts recorded as reduction to expense upon reassessment of allowance for doubtful accounts at period end.

(2) Represents allowance for sales returns estimated at the time revenue is recognized primarily based on historical return rates and is charged as a reduction to revenue.

(3) Represents change in valuation allowance primarily related to state and certain foreign deferred tax assets that management has determined not likely to be realized due, in part, to projections of future taxable income of the respective jurisdictions. Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.

(4) Represents sales returns.

Exhibit No.	Exhibit Description	Schedule/Form	File Number	Exhibit Number	Filing Date
2.1	Agreement and Plan of Merger, dated March 10, 2019, by and among NVIDIA Corporation, NVIDIA International Holdings Inc., Mellanox Technologies Ltd. And Teal Barvaz Ltd.	8-K	0-23985	2.1	3/11/2019
3.1	Amended and Restated Certificate of Incorporation	S-8	333-74905	4.1	3/23/1999
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation	10-Q	0-23985	3.1	8/21/2008
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation	8-K	0-23985	3.1	5/24/2011
3.4	Bylaws of NVIDIA Corporation, Amended and Restated as of November 29, 2016	8-K	0-23985	3.1	12/1/2016
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4				
4.2	Specimen Stock Certificate	S-1/A	333-47495	4.2	4/24/1998
4.3	Indenture, dated as of September 16, 2016, by and between the Company and Wells Fargo				

Bank, National Association, as Trustee|8-K|0-23985|4.1|9/16/2016|

|4.4|Officers Certificate, dated as of September 16, 2016|8-K|0-23985|4.2|9/16/2016|

|4.5|Form of 2021 Note|8-K|0-23985|Annex A to Exhibit 4.2|9/16/2016|

|4.6|Form of 2026 Note|8-K|0-23985|Annex B to Exhibit 4.2|9/16/2016|

|4.7*|Description of Securities| | | | |

|10.1|Form of Indemnity Agreement between NVIDIA Corporation and each of its directors and officers|8-K|0-23985|10.1|3/7/2006|

|10.2+|Amended and Restated 2007 Equity Incentive Plan|8-K|0-23985|10.1|5/21/2018|

|10.3+|2007 Equity Incentive Plan - Non-Statutory Stock Option (Annual Grant - Board Service (2011))|10-Q|0-23985|10.41|5/27/2011|

|10.4+|2007 Equity Incentive Plan - Non-Statutory Stock Option (Initial Grant - Board Service (2011))|8-K|0-23985|10.1|12/14/2011|

|10.5+|Amended and Restated 2007 Equity Incentive Plan - Non-Employee Director Stock Option Grant (2012 Annual Board Retainer)|10-Q|0-23985|10.4|5/23/2012|

|10.6+|2007 Equity Incentive Plan - Non Statutory Stock Option|8-K|0-23985|10.20|9/13/2010|

|10.7+|2007 Equity Incentive Plan - Incentive Stock Option|8-K|0-23985|10.21|9/13/2010|

|10.8+|Amended and Restated 2007 Equity Incentive Plan - Non Statutory Stock Option|10-Q|0-23985|10.1|8/22/2012|

|10.9+|Amended and Restated 2007 Equity Incentive Plan - Incentive Stock Option|10-Q|0-23985|10.2|8/22/2012|

Amended and Restated 2007 Equity Incentive Plan - Restricted Stock Unit Grant Notice and Restricted Stock Unit Purchase Agreement

10-Q

0-23985

10.3

8/22/2012

Amended and Restated 2007 Equity Incentive Plan - Non-Employee Director Restricted Stock Unit (with deferral option)

10-Q

0-23985

10.3

5/23/2012

Amended and Restated 2007 Equity Incentive Plan - Non Statutory Stock Option (Initial Grant - Board Service)

8-K

0-23985

10.1

7/23/2013

Amended and Restated 2007 Equity Incentive Plan - Non-Employee Director Deferred Restricted Stock Unit Grant Notice and Deferred Restricted Stock Unit Agreement (2015)

10-K

0-23985

10.25

3/12/2015

Amended and Restated 2007 Equity Incentive Plan - Non-Employee Director Deferred Restricted

Stock Unit Grant Notice and Deferred Restricted Stock Unit Agreement (2016)

10-K

0-23985

10.26

3/12/2015

Amended and Restated 2007 Equity Incentive Plan - Non-Employee Director Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (2016)

10-K

0-23985

10.27

3/12/2015

Amended and Restated 2007 Equity Incentive Plan - Non-Employee Director Restricted Stock Unit (Initial Grant - with deferral options)

10-Q

0-23985

10.1

5/20/2015

Amended and Restated 2007 Equity Incentive Plan - Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement & Performance-Based Restricted Stock Unit Grant Notice and Performance-Based Restricted Stock Unit Agreement (2015)

10-Q

0-23985

10.2

5/20/2015

Amended and Restated 2007 Equity Incentive Plan - Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement & Performance-Based Restricted Stock Unit Grant Notice and Performance-Based Restricted Stock Unit Agreement (2018)

10-Q

0-23985

10.2

5/22/2018

Amended and Restated 2007 Equity Incentive Plan - Global Restricted Stock Unit Grant Notice and Global Restricted Stock Unit Agreement (2019)

10-K

0-23985

10.19

2/21/2019

Amended and Restated 2007 Equity Incentive Plan - Global Performance-Based Restricted Stock Unit Grant Notice and Performance-Based Restricted Stock Unit Agreement (2019)

8-K

0-23985

10.1

3/11/2019

Amended and Restated 2012 Employee Stock Purchase Plan

10-Q

0-23985

10.2

5/21/2018

Fiscal Year 2019 Variable Compensation Plan

8-K

0-23985

10.1

3/13/2018

Fiscal Year 2020 Variable Compensation Plan

8-K

0-23985

10.1

3/11/2019

Offer Letter between NVIDIA Corporation and Colette Kress, dated September 13, 2013

8-K

0-23985

10.1

9/16/2013

Offer Letter between NVIDIA Corporation and Tim Teter, dated December 16, 2016

8-K

0-23985

10.1

1/19/2017

Offer Letter between NVIDIA Corporation and Donald Robertson, dated May 21, 2019

8-K

0-23985

10.1

6/17/2019

Base Convertible Note Hedge Transaction Confirmation

8-K

0-23985

99.1

12/2/2013

|10.28|Additional Convertible Note Hedge|8-K|0-23985|99.3|12/2/2013|

|---|---|---|---|---|---|

|Transaction Confirmation|Transaction Confirmation|Transaction Confirmation|Transaction Confirmation|Transaction Confirmation|Transaction Confirmation|

Credit Agreement, dated as of October 7, 2016 by and among NVIDIA Corporation, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto

10.29

8-K

0-23985

1.1

10/13/2016

Form of Commercial Paper Dealer Agreement between NVIDIA Corporation, as Issuer, and the Dealer party thereto

10.30

8-K

0-23985

10.1

12/15/2017

List of Registrant's Subsidiaries

21.1*

Consent of PricewaterhouseCoopers LLP

23.1*

Power of Attorney (included in signature page)

24.1*

Certification of Chief Executive Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934

31.1*

Certification of Chief Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934

31.2*

Certification of Chief Executive Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934

32.1#*

Certification of Chief Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934

32.2#*

XBRL Instance Document

101.INS*

XBRL Taxonomy Extension Schema Document

101.SCH*

XBRL Taxonomy Extension Calculation Linkbase Document

101.CAL*

XBRL Taxonomy Extension Definition Linkbase Document

101.DEF*

XBRL Taxonomy Extension Labels Linkbase Document

101.LAB*

XBRL Taxonomy Extension Presentation Linkbase Document

101.PRE*

XBRL Taxonomy Extension Presentation Linkbase Document

104

* Filed herewith.

+ Management contract or compensatory plan or arrangement.

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed filed for purpose of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

Copies of above exhibits not contained herein are available to any shareholder upon written request to: Investor Relations: NVIDIA Corporation, 2788 San Tomas Expressway, Santa Clara, CA 95051

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 20, 2020.

NVIDIA Corporation

By: /s/ Jen-Hsun Huang

Jen-Hsun Huang

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jen-Hsun Huang and Colette M. Kress, and each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-facts and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature

Title	Date
President, Chief Executive Officer and Director	February 20, 2020

Jen-Hsun Huang

Executive Vice President and Chief Financial Officer

February 20, 2020

Colette M. Kress

Vice President and Chief Accounting Officer

February 20, 2020

Donald Robertson

Director

February 20, 2020

Robert Burgess

Director

February 20, 2020

Tench Coxe

Director

February 20, 2020

Persis Drell

Director

February 20, 2020

James C. Gaither

Director

February 20, 2020

Dawn Hudson

Director

February 20, 2020

Harvey C. Jones

Director

February 20, 2020

Michael McCaffery

Director

February 20, 2020

Stephen C. Neal

Director

February 20, 2020

Mark L. Perry

Director

February 20, 2020

A. Brooke Seawell

Director

February 20, 2020

Mark Stevens

Director

February 20, 2020