

# NVIDIA

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Ticker: NVDA  
Sector: Information Technology  
Industry: Semiconductors  
Professor: Nik Volkov



**nVIDIA®**

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## INTRODUCTION



*Figure 1*

NVIDIA Corporation is a global technology company renowned for its pioneering work in graphics processing units (GPUs), artificial intelligence (AI), and visual computing technologies. Established in 1993 by Jensen Huang, Chris Malachowsky, and Curtis Priem, NVIDIA has evolved into a powerhouse in the tech industry, driving innovation across various sectors with its innovative solutions.

The company's initial focus was on graphics-based computing and video games. This would become a major differentiating factor and, in time, a competitive advantage for NVIDIA. The company would become a pioneer of GPU technology, capitalizing on its multi-core and parallel processing speed—both lacking in standard CPU processes. In 1997, NVIDIA gained a foothold in the computer gaming industry with the launch of the RIVA series of graphics processors. The following year, 1998, the company released the RIVA.

TNT, a PC graphics accelerator chip that helped expand NVIDIA's reputation.

### Business Description

NVIDIA is the world leader in accelerated computing. The invention of the GPU in 1999 sparked the growth of the PC gaming market, redefined computer graphics, revolutionized accelerated computing, ignited the era of modern AI, and is fueling industrial digitalization across markets. NVIDIA is now a full-stack computing infrastructure company with data-center-scale offerings that are reshaping industry.

### Business Segments

NVIDIA Corporation is a leading technology innovator offering cutting-edge products and services across multiple markets, including gaming, professional visualization, data centres, automotive, and mobile computing. Their flagship GPU business features GeForce GPUs for high-performance gaming and content creation, alongside robust memory solutions and platform support.

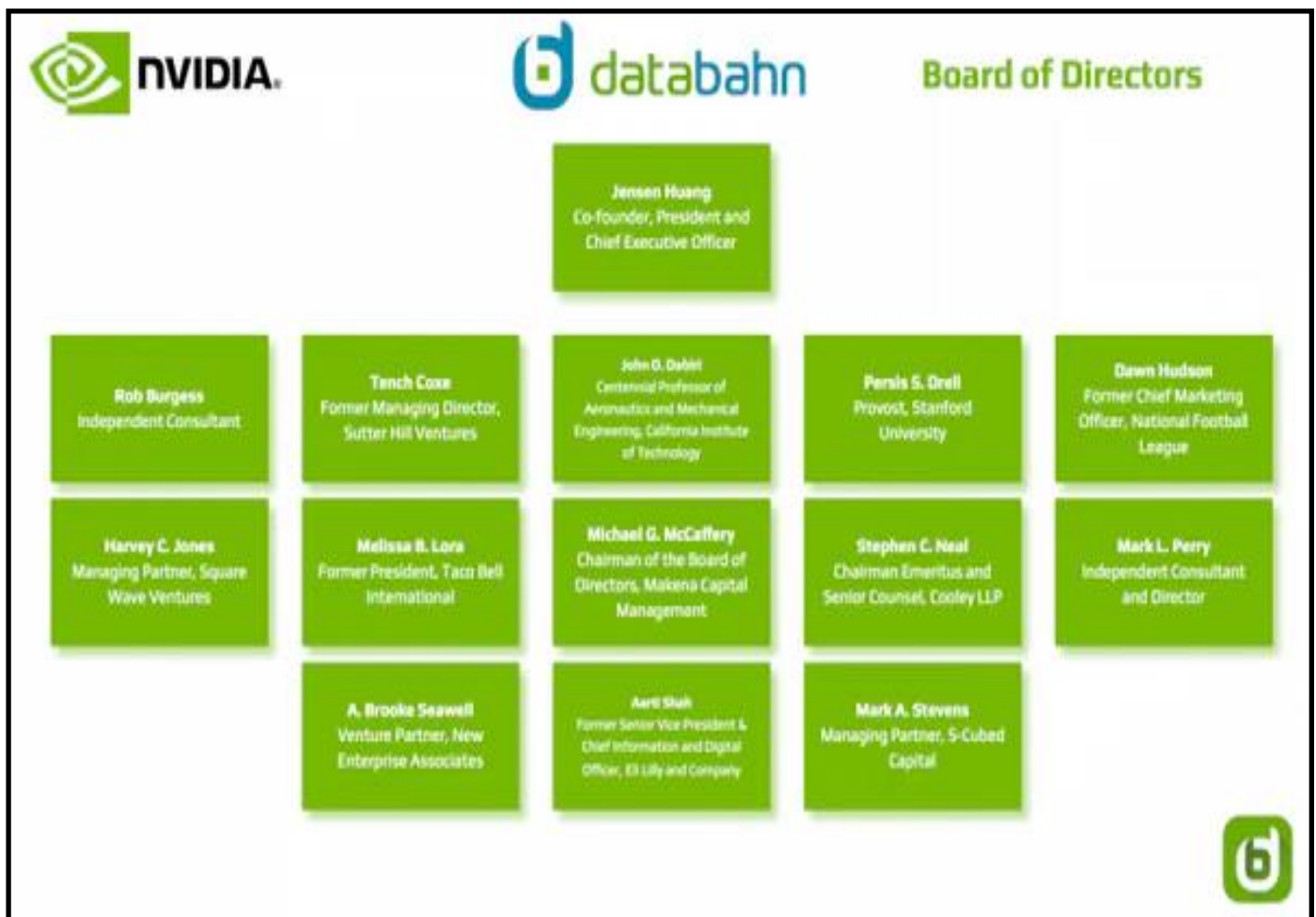
In the Professional Solutions segment, NVIDIA's Quadro GPUs and Tesla products cater to industries like healthcare, architecture, and AI, ensuring precision and performance. Their Data Centre Solutions, powered by A100 Tensor Core GPUs, DGX systems, and Mellanox networking technologies, drive advancements in AI, machine learning, and HPC.

NVIDIA's Automotive Solutions include the DRIVE platform, enabling autonomous driving and AI-powered vehicle systems. Their Consumer Products focus on Tegra processors and gaming technologies, enhancing performance in mobile and embedded devices.

Complementing their hardware, NVIDIA offers software platforms such as NVIDIA Studio, CUDA, and the GeForce NOW cloud gaming service, driving innovation in creative workflows, parallel computing, and gaming.

## Corporate Governance

- NVIDIA Corporation upholds strong corporate governance to ensure transparency, accountability, and alignment with shareholder interests. The Board of Directors is composed of independent members and operates through key committees, including Audit, Compensation, and Nominating & Governance, to oversee financial reporting, executive pay, and governance policies.
- Shareholders have voting rights under a one-share, one-vote structure and access to proxy nominations, with active engagement encouraged. Executive compensation is performance-based, combining competitive salaries, performance bonuses, and equity awards aligned with long-term shareholder value.
- The Audit Committee ensures accurate financial reporting and compliance through internal controls and independent audits. NVIDIA also integrates robust risk management practices, addressing operational, financial, and ESG risks.
- Through its governance structure, NVIDIA fosters accountability, strategic oversight, and sustainable growth while prioritizing shareholder and stakeholder alignment.



NVIDIA Corporation maintains a robust corporate governance framework to ensure transparency, accountability, and alignment with shareholder interests. Here's an overview of their governance structure:

#### Board Structure:

Composition: The Board comprises most independent directors, bringing diverse expertise in technology, finance, and governance.

#### Committees:

Audit Committee: Oversees financial reporting, internal controls, and compliance with legal standards.

Compensation Committee: Manages executive compensation, ensuring alignment with company performance and shareholder interests.

Nominating and Corporate Governance Committee: Focuses on board composition, diversity, and governance policies.

Shareholder Rights: Shareholders exercise voting rights on significant matters, including director elections and executive compensation, under a one-share, one-vote policy.

Engagement: NVIDIA actively engages with shareholders, addressing concerns and incorporating feedback into governance practices.

Executive Compensation: Structured to attract and retain top talent, with components such as base salary, performance-based bonuses, and equity awards.

Employee Stock Purchase Plan (ESPP): Offers employees the opportunity to purchase company stock at a discounted rate, fostering ownership and alignment with company success.

Audit Oversight: The Audit Committee ensures the integrity of financial statements and compliance with legal requirements, engaging independent auditors for thorough evaluations.

Risk Management: The Board actively monitors key risks, including cybersecurity, operational challenges, and environmental, social, and governance (ESG) issues, integrating them into strategic decision-making.

NVIDIA emphasizes sustainability, diversity, and ethical business practices, with transparent reporting on initiatives like carbon reduction and ethical AI development.

NVIDIA's corporate governance framework reflects a commitment to ethical practices, strategic oversight, and sustainable growth, ensuring alignment with shareholder and stakeholder interests.

#### Financial Analysis.

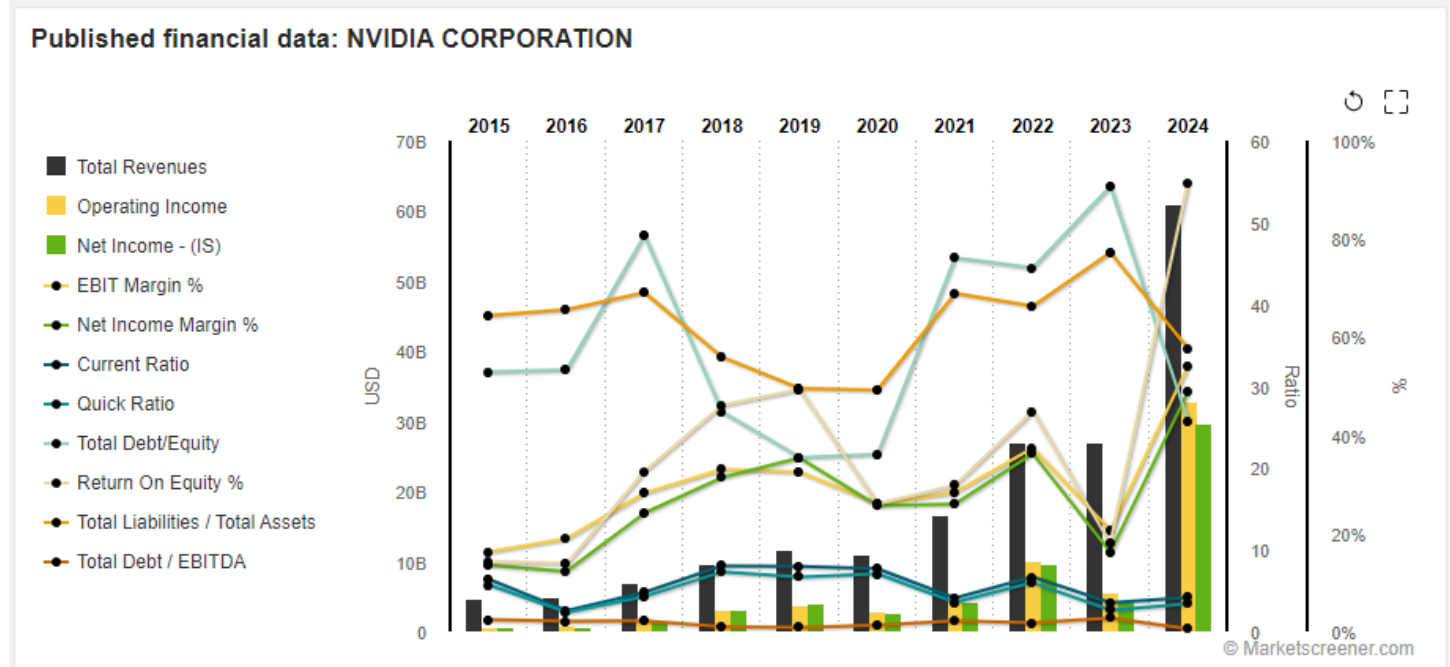
##### **Solvency**

The reasons for NVIDIA's overall declining current ratio in the Past years do not exclude exchange rate fluctuations, changes in the market environment caused by the increase of competitors, etc. The main reason is that NVIDIA needs a large amount of capital for its business expansion, which leads to an increase in liabilities, and the expansion of business and the research and development of new products increase its market share. Thus, accounts receivable increase.



However, the current ratio is more than 2 times, indicating that the enterprise has strong liquidity. In 2024, the current ratio and quick ratio decreased significantly, due to the slowdown in revenue growth in 2023 and the huge revenue-sharing cost, resulting in a rapid increase in current assets. The current debt ratio fluctuates steadily, indicating that the solvency of the enterprise fluctuates steadily in the short term, the solvency is adequately guaranteed, the net cash inflow generated by the business activities of the enterprise is large, and the cash reserves of the enterprise are large.

The overall asset-liability ratio is on the rise, and the long-term solvency of enterprises is weakened. In terms of property rights ratio, with the increase of equity investment after listing, the overall property rights ratio of enterprises remains at an important level.



## Profitability

Gross profit margin and net profit margin on sales are generally stable and show an increasing trend in 2024, indicating that NVIDIA's profit situation is relatively stable. The return on equity has a large volatility and will increase sharply in 2024. On the one hand, due to the COVID-19 pandemic, business development and other aspects are affected; on the other hand, after the end of the COVID-19 pandemic, the progress and development of science and technology and the unprecedented demand of people provide a good market for NVIDIA.

In addition, NVIDIA's gross profit margin on sales, net profit margin on sales, and return on equity, which had been on an upward trend for the past six years, rebounded in 2022, mainly because the COVID-19 pandemic significantly worsened the market environment, but improved in 2024. It indicates that NVIDIA has strong profitability. Overall, NVIDIA is more profitable no

## Market Leadership

As a leading enterprise in the GPU field, NVIDIA holds more than 80% market share in the independent GPU market. Its products are widely used in gaming, high-performance computing, data centres, and autonomous driving. In addition, this leadership position allows NVIDIA to continue to drive technology innovation and gain significant market share and revenue from it.

## Strong Technological Innovation Capabilities and Diversified Product Lines

NVIDIA has been committed to technological innovation, such as its breakthroughs in deep learning, artificial intelligence, and high-performance computing, and the establishment of "GPU+CUDA" has become the ticket to compete in AI, etc. In addition, NVIDIA develops new applications and technologies, and its product line covers multiple areas, including gaming, professional visualization, data centres, autonomous driving, and more. This diversified product line helps NVIDIA reduce market risk and achieve steady revenue growth in different areas.

## Global Layout

NVIDIA has established an extensive sales network and partnerships around the world, which helps the company better meet the needs of customers in different regions and expand overseas markets.

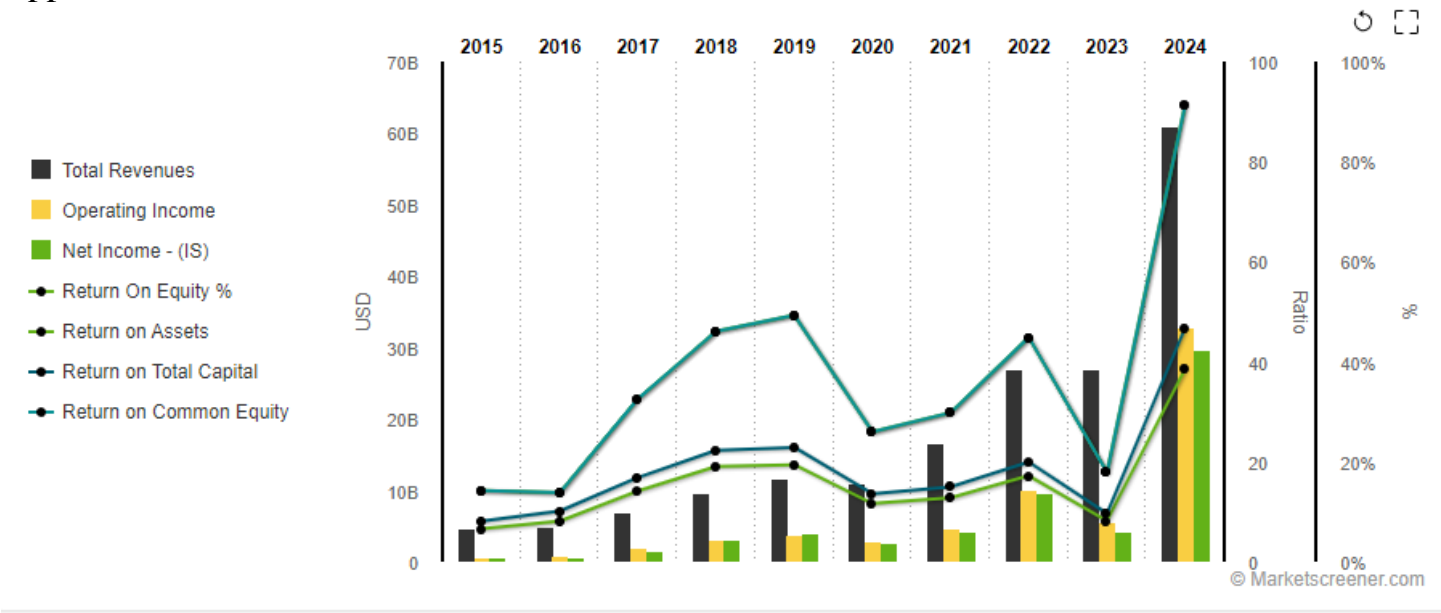
## Conclusion

NVIDIA showed strong revenue growth, particularly in the data centre and artificial intelligence markets. The company has a high-profit margin, reflecting its competitiveness in the market and effective cost management. NVIDIA performs well in asset management, with both asset turnover and inventory turnover demonstrating efficient operational capabilities. A sound financial structure, moderate levels of financial leverage, and appropriate cost of capital control provide the company with the flexibility to invest in future growth. NVIDIA has a strong cash flow, which protects the company's research and development investment, dividend payments, and debt service.

As a technology-driven company, NVIDIA should continue to invest in research and development of modern technologies and products, especially in areas such as artificial intelligence, deep learning, autonomous driving, and cloud computing. While technology leads the progress of The Times, NVIDIA, as one of the pioneers of artificial intelligence, should pay more attention to the field of research and development.

While NVIDIA has a leading position in the GPU market, it should consider further diversifying its product line to reduce its dependence on a single market and develop new revenue streams. It also builds and maintains strong partnerships with software developers, cloud service providers, car manufacturers, and others to drive wider adoption of its technology. Actively enter emerging markets and developing countries, especially in Asia and Latin America, to achieve revenue and market share growth.

Appendix



Environmental

NasdaqGS - Delayed Quote • USD

## NVIDIA Corporation (NVDA)

☆ Follow

↔ Compare

Time to buy NVDA?

135.91

-4.20 (-3.00%)

135.62

-0.29 (-0.21%)

At close: January 10 at 4:00:01 PM EST

After hours: January 10 at 7:59:57 PM EST

### Environment, Social and Governance (ESG) Risk Ratings

Total ESG Risk Score

12.2

Negligible

Environmental Risk Score

2.7

Social Risk Score

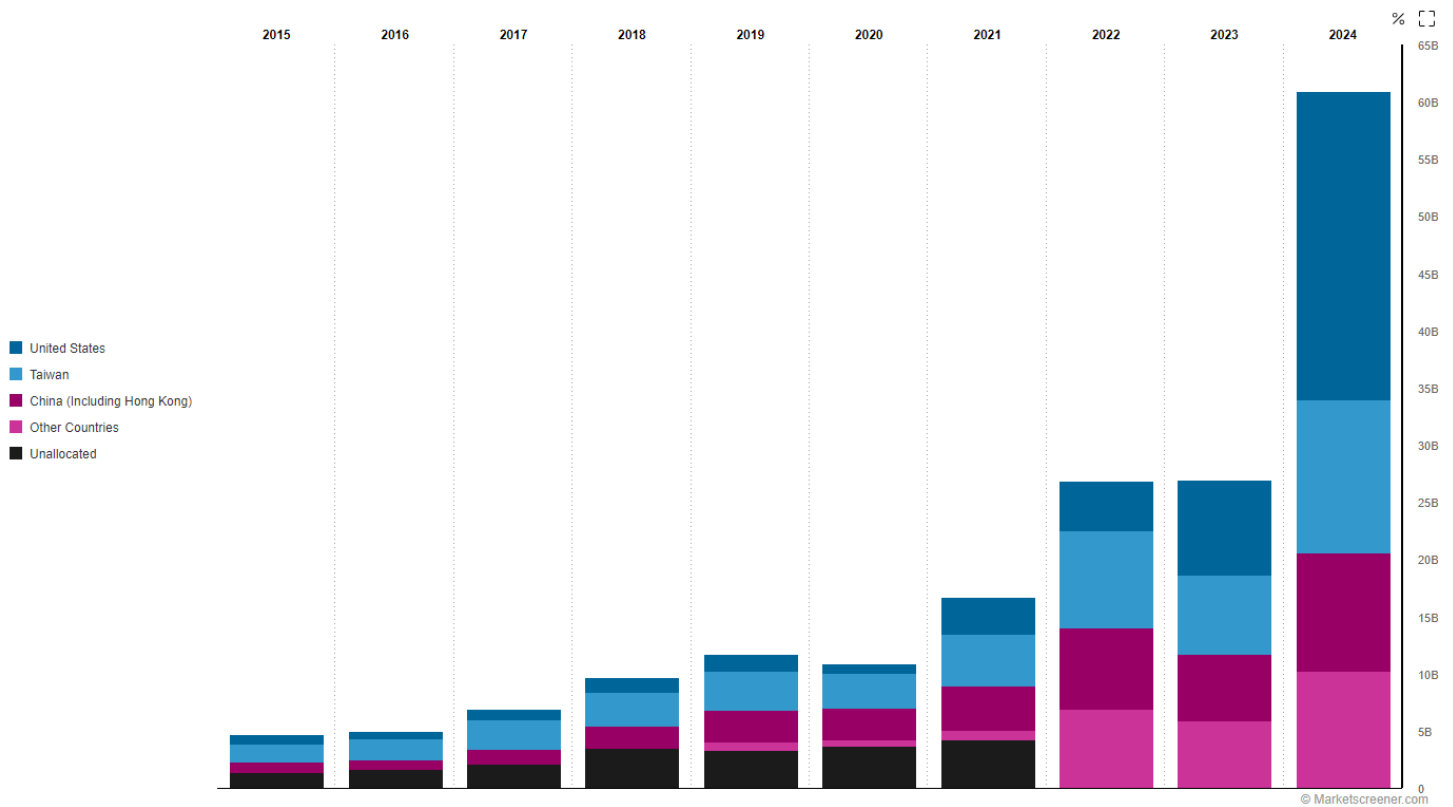
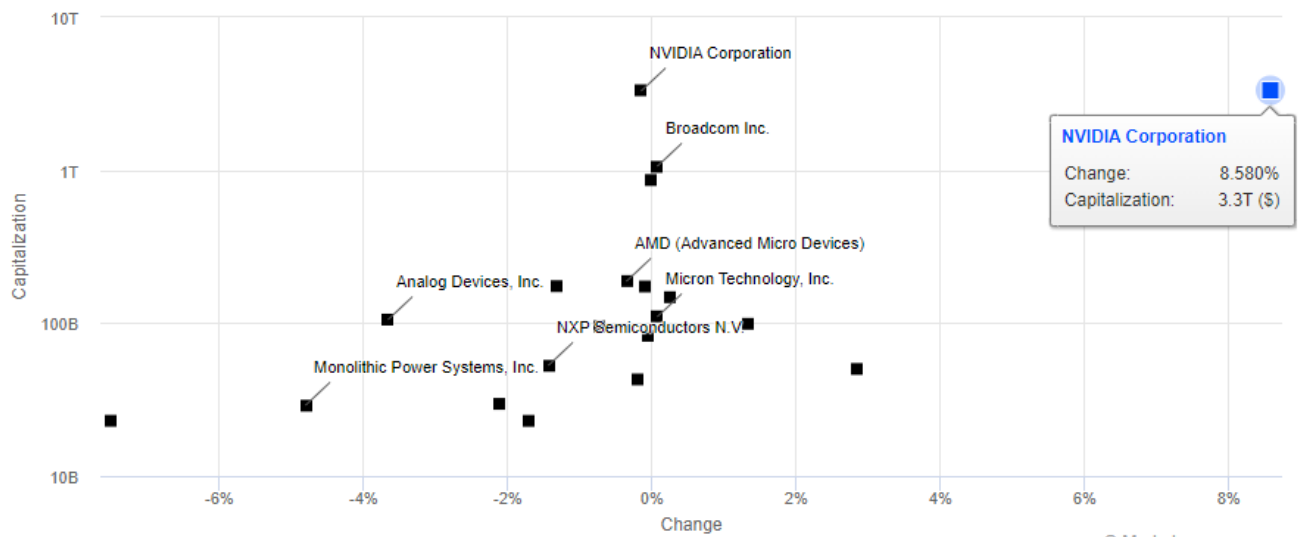
3.9

Governance Risk Score

5.7

### ESG Risk Score for Peers

Name	Total ESG Risk score	E	S	G
<a href="#">BESVF</a> BE Semiconductor Industries N.V	13	6	5	3
<a href="#">LRCX.BA</a> LAM RESEARCH CORP CED EACH 20 R	13	4	4	5
<a href="#">NVDA</a> NVIDIA Corporation	12	3	4	6
<a href="#">AMAT</a> Applied Materials, Inc.	12	4	3	5
<a href="#">LRCX</a> Lam Research Corporation	12	4	4	4







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