Annual General Meeting

Company Participants

- Jen-Hsun Huang, CO-Founder
- Simona Jankowski, VP of IR
- Timothy S. Teter, EVP

Presentation

Operator

Welcome to the Annual Meeting for NVIDIA Corporation. Our host for today's call is Simona Jankowski, Vice President of Investor Relations. (Operator Instructions) I will now turn the call over to your host, Simona Jankowski. You may begin.

Simona Jankowski {BIO 7131672 <GO>}

Good morning. Welcome to NVIDIA's 2021 Annual Meeting of Stockholders. I'm Simona Jankowski, Vice President of Investor Relations. We are hosting a fully virtual annual meeting again this year. Other members of NVIDIA's management who are present with me today are Jen-Hsun Huang, President, Chief Executive Officer and Director; Colette Kress, Executive Vice President and Chief Financial Officer; and Tim Teter, Executive Vice President, General Counsel and Secretary. I would also like to introduce the outside members of our Board of Directors who are in attendance: Rob Burgess, Tench Coxe, John Dabiri, Persis Drell, Dawn Hudson, Harvey Jones, Mike McCaffery, Steve Neal, Mark Perry, Brooke Seawell, Aarti Shah and Mark Stevens. Finally, I would like to introduce Tim Carey from PricewaterhouseCoopers, our independent registered public accounting firm. After the formal portion of the meeting, Jensen will provide an update on our business. Then we will set aside some time for questions before we wrap up the meeting at approximately 11:30 a.m. Pacific. I would now like to turn the meeting over to Jensen.

Jen-Hsun Huang {BIO 1782546 <GO>}

Thanks, Simona. Good morning. Welcome to our 2021 Stockholders Meeting. The meeting will now officially come to order. I will serve as Chairman. Tim Teter will serve as the Secretary and conduct the procedural portion of the meeting. Tim?

Timothy S. Teter {BIO 3936302 <GO>}

Thanks, Jensen. First, a few housekeeping items. We have opened the online portal for stockholders to vote their shares online and I'll make an announcement when the polls are about to be closed. Stockholders may ask questions during the meeting. If you have a question, please air it into the portal.

As stated in our rules of conduct, the meeting is not to be used as a forum to present general, economic, political or other views that are not directly related to our business or for matters of individual concern. In fairness to all attendees, we will limit each stockholder to 1 question.

We may provide a single response to multiple questions generally asking the same or similar things. At the conclusion of the meeting, we will publish the questions, along with our responses on the company's Investor Relations website.

During the course of this meeting, we may make forward-looking statements based on current expectations. These forward-looking statements are subject to a number of significant risks and uncertainties, and our actual results may differ materially. For a discussion of factors that could affect our future financial results and business, please refer to the reports we may file from time to time with the Securities and Exchange Commission, including our annual report on Form 10-K and our quarterly reports on Form 10-Q.

All our statements are made as of June 3, 2021, based on information available to us as of today. And except as required by law, we assume no obligation to update any such statements.

We will address the matters described in the company's proxy statement dated April 23, 2021, as supplemented by our additional materials dated May 21, and then complete the balloting process. An announcement will be made regarding the voting results, and then the official portion of the meeting will be adjourned. Following Jensen's business update, we will answer stockholder questions.

I have a complete list of the stockholders of record of NVIDIA's common stock on the April 5, 2021 record date for this meeting. I also have an affidavit from Broadridge certifying that they commenced the mailing of the relevant proxy materials on April 23, 2021. I'm appointing Chris Woods of American Election Services LLC to act as the Inspector of Elections of this meeting. He will tally the final votes when balloting on all matters as completed. Chris has taken the customary oath of office, and we will file this oath with the records of the meeting.

Our bylaws, provided the presence, in person or by proxy of a majority of the shares entitled to vote at the meeting will constitute a quorum. There were approximately 622 million shares outstanding on the record date, and Chris has informed me that proxies have been received for approximately 496 million shares or approximately 80% of the shares outstanding, which constitutes a quorum for today's meeting.

Each share of common stock is entitled to 1 vote. If you are eligible to vote and have not submitted your proxy, or if you want to change your vote, please vote online now. You do not need to vote if you've already sent in your signed proxy or voted online or by telephone. Your votes will be counted automatically. The time is 11:06 a.m., and the polls are currently open for voting.

(Voting)

There are four items of business for this meeting. First, the election of Rob Burgess, Tench Coxe, John Dabiri, Persis Drell, Jensen Huang, Dawn Hudson, Harvey Jones, Mike McCaffery, Steve Neal, Mark Perry, Brooke Seawell, Aarti Shah and Mark Stevens to serve as directors until our 2022 Annual Meeting. Second, the approval of the compensation of our executive officers for fiscal 2021 as disclosed in our proxy statement. Third, the ratification of PwC as our independent registered public accounting firm for fiscal 2022. Fourth, the approval of an amendment to NVIDIA's charter to increase the number of authorized shares of common stock from 2 billion to 4 billion. As the company has not received notice from any of its stockholders of any other matter to be considered at today's meeting, no other proposals will be addressed. If you have not voted and intend to vote, or if you want to change your vote, please do so online now as the polls will close momentarily. Proxies, votes or any changes or revocations submitted after the closing of the polls will not be accepted.

The time is 11:07 a.m., and the polls are now closed. The preliminary report of the Inspector of Elections covering the proposals presented at this meeting is as follows: first, the proposal to elect the 13 nominees on the ballot as directors of NVIDIA is carried; second, the proposal to approve the fiscal 2021 compensation of NVIDIA's executive officers is carried; third, the proposal to ratify PwC as NVIDIA's independent registered public accounting firm for fiscal 2022 is carried; and four, the proposal to amend NVIDIA's charter to increase the number of authorized shares of common stock from 2 billion to 4 billion is carried.

A full tally of the votes will be published in a Form 8-K, which we expect to file with the SEC within 4 business days. That concludes the formal portion of today's annual meeting, and I now declare the business portion of the meeting adjourned. With that, I'll turn it back over to Jensen for a brief business update, following which we will answer stockholder questions.

Jen-Hsun Huang {BIO 1782546 <GO>}

Thanks, Tim. This was an extraordinary year. COVID-19 has changed the world. The pandemic tested us all: nations, families, companies, ourselves. 18 months later, many are still suffering. We must be prepared to stop any future viruses before they ever reach this scale again. We moved quickly to care for our families and their families -- and our employees and their families. We closed our offices, asked employees to stay home and moved our annual raises in by six months to put some extra money in their pockets. Our people responded by raising more than $17 million for COVID-related causes. With our people saved and cared for, we joined the fight against the COVID. We applied our superpowers to detect and treat the disease and to speed the path to the vaccine. We joined scientists and researchers on hundreds of initiatives. We worked with them to apply AI and the world's most powerful supercomputers to understand the virus, create new ways of testing, generate potential drugs, automate hospital functions and empower doctors and nurses with new tools for diagnostics and treatment.

While the world fought for its life against the deadly disease, America was confronted with a long overdue reckoning with racial injustice. At last year's shareholder meeting, we made a commitment to do more as a company to support our black employees and to create a company full of opportunities, and a place for them to do their lives' work. I'm proud to announce that we've tripled Black and African American employees in the past year. We became a much more diverse company globally, welcoming over 2,000 Mellanox employees from Israel and the Palestinian authority. We appointed leaders focused on recruiting, inclusion and retention as well as creating a more inclusive developer ecosystem. We can do more and we will.

We're also deeply committed to our role in protecting the planet. From Day 1, our technology has been architected for energy efficiency. The most powerful industrial supercomputer in the world and the most energy-efficient supercomputer are NVIDIA powered systems. In fact, we powered 25 of the top 30 greenest supercomputers in the world. We're committed to running our own data centers with more renewable energy, with a goal to source 65% of our global electricity use from sources like solar by 2025. Cambridge-1, in the U.K, will be our first supercomputer, running on 100% renewables.

Let me talk about our business results and the work that we're doing to create the future. We had an outstanding year. I couldn't be prouder of the NVIDIA team. Full year revenue was a record $16.68 billion, up 53% from $10.92 billion a year earlier. Our gaming and data center businesses each achieved record revenues this year. GAAP earnings per diluted share were a record $6.90, up 53% from $4.52 a year earlier. We returned $395 million during the year to shareholders through quarterly cash dividends. These results capped decades of innovation investment in our singular approach to computing. NVIDIA makes computers that solve problems traditional computers can't. We pioneered accelerated computing, which supercharges computationally intensive applications like computer graphics, scientific computing, artificial intelligence and robotics. We do this by innovating across the entire computing stack, from chips and systems to software and AI applications. With Mellanox, we've become a data center scale computing company. With Mellanox expertise and networking and security, and NVIDIA's accelerated computing, we're creating industry-leading offerings for the entire data center. Our work spans the largest data center and cloud data centers to tiny autonomous machines, all running on the same software architecture. Our commitment to that architecture has earned the support of more than 2.5 million developers around the world, more than tripling in the last four years. Computer graphics is the driving force of our company.

We invented the programmable shading GPU 20 years ago, defining modern real-time computer graphics. With our latest technology, NVIDIA RTX, we have reinvented computer graphics again. This new rendering approach fuses rasterization, programmable shading with ray tracing and artificial intelligence to make PC games look much more beautiful and realistic, almost cinematic. The culmination of 10 years of research, RTX has reset computer graphics. Real-time ray tracing has arrived.

RTX is a home run. The RTX 30 family is our most successful GPU generation ever. Demand for the GeForce 30 Series is incredible, driving our gaming business to grow over 40% this year. It's just getting started. We're at the start of the biggest upgrade cycle of our user base since we invented the GPU 2 decades ago, upgrading PC gamers from GTX to RTX. Meanwhile, NVIDIA-powered laptops are among the best-selling PCs and reaching new gamers and creators.

Users are constantly discovering new applications for our powerful programmable GPUs, and cryptocurrency mining is one of them. With rising ethereum prices, there are indications that miners are buying GPUs. We've taken action to optimize GeForce GPUs for gamers while separately addressing mining demand with cryptocurrency money processors or CMPs. Our new GeForce RTX graphics cards have their ethereum mining capabilities reduced by half, which we believe will allow our partners to get more GeForce cards into the hands of gamers at better prices.

To address industrial ethereum mining demand, we're also announce -- we also announced a new line of NVIDIA CMPs or cryptocurrency mining processors, optimized for mining performance and efficiency. Because we don't meet the specifications required for a GeForce GPU, they don't impact the supply of GeForce GPUs to gamers. At GTC, we announced Omniverse one of our most ambitious projects and the embodiment of all that NVIDIA has created. Omniverse is a platform for simulating and connecting to virtual worlds. In the world of Omniverse digital content creators can meet virtually to develop complex 3D content in real time. Design tools like Maya, Facebook, Epic Unreal Engine and Rhino are portals into the shared space. The output is visualized in photorealistic RTX and streamed to any device.

Omniverse is a powerful simulation platform, built from the ground up to obey the laws of physics. It can simulate particles, fluids, materials, springs and cables, making it a perfect training ground for robots, designing products or creating digital twins of buildings and factories and cities. We're going to see some amazing things from this platform.

Our data center business had a breakout year. NVIDIA is now a data center-scale company, optimizing 3 fundamental processors to address the new workloads of cloud computing and AI, the CPU for general-purpose computing, the GPU for accelerated computing and the DPU for data processing of the data center infrastructure. NVIDIA Pioneer GPU computing, the engine of AI and HPC. Building on Mellanox's world-class networking, we're pioneering the NVIDIA BlueField DPU, an accelerated computing platform for the infrastructure of the data center. This will significantly expand our total addressable market opportunity in the coming years as we expect every server will one day ship with a DPU in addition to a CPU and GPU.

As just weeks ago, we shared our plans for Grace, NVIDIA's first data center CPU, an ARM-based processor that will deliver 10x the performance of today's fastest servers on the most complex AI and high-performance computing workloads. DPUs are an exciting new growth opportunity for NVIDIA, and we can't wait to share our progress. In September, we announced an agreement to acquire Arm for $40 billion. Arm is

the world's most popular CPU. With NVIDIA's AI capabilities, we can enhance Arm's offerings in mobile and embedded, and build a thriving ecosystem and advanced computing from the cloud, smartphones, PCs, self-driving cars, robotics and edge IoT.

Together, we have the opportunity to provide greater choice in the data center ecosystem. The approval process is proceeding, and we're confident that regulators will see the benefits of the entire ecosystem.

This year, we introduced the NVIDIA Ampere architecture. NVIDIA A100 is the first universal data center GPU, capable of record-breaking performance in data analytics, scientific computing and AI. The A100 is the engine of the most -- of the amazing NVIDIA DGX AI computer. The new 5 petaflops DGX A100 is the most powerful computer we've ever made. Powered by 8 A100 GPUs, it replaces hundreds of CPU-only servers. Top universities and leaders across the large industries -- the largest industries have advanced their AI research, thanks to DGX. NVIDIA A100 is the most successful data center GPU we've ever built. On the fastest ramp, A100 is now available from cloud services and computer makers all over the world. Internet companies were the first adopters of AI, applying state-of-the-art AI to enhance their cloud services. We're now on the cusp of the next wave of adoption, AI automation at industrial enterprises. The opportunity to automate is endless.

From automatic retail checkout, autonomous forklifts, pick-and-place robots, grocery and food delivery vehicles, hospital rooms that monitor and respond to patients, AI assistance for radiologists, automated customer service centers, the speed of light, fraud detection for financial services. Until now, without deep learning AI, no computer software was able to handle the diverse and seemingly infinite conditions in the real world. Enterprises need a fully optimized and turnkey platform for AI purpose-built GPU servers with AI purpose-built GPU servers, system software and AI tools to help them develop the AIs and deploy and orchestrate the services.

M&A [ph] AI enterprise software and NVIDIA-Certified Systems are launched at GTC, and now going to the world's enterprises through our network of IT partners, including VMware, IBM, Red Hat, Dell, HP Enterprise, Lenovo, Fujitsu, ATOS, among others. Through our network of partners, we will bring state-of-the-art AI to 300,000-plus enterprises in the world's largest industries: health care, transportation, financial services, retail, logistics to manufacturing and agriculture.

One of the most profound impact of AI is in transportation. AI is revolutionizing autonomous machines, such as self-driving cars or robots. The computation required is enormous. The software is complex and safety and security are vital. For robotics, our platform is NVIDIA Isaac. For self-driving cars, we have NVIDIA Drive. Drive is an end-to-end platform for autonomous vehicles. It brings together our powerful AV chips and computers, sensor architecture, data processing, mapping, software development, simulation, point orchestration and road testing.

Future cars will be operated by 2 computers, a supercomputer in the data center that learns from road data and trains the neuro networks to drive. And an AV computer, an autonomous vehicle computer, in each car that perceives the environment and does the driving. These computers will continuously learn and improve for the life of the fleet. Future cars are going to be completely programmable. Computers and business models are going to be software-driven. The car industry is going to become one of the world's largest technology industries.

This year, we announced that Mercedes has chosen NVIDIA to build the world's most advanced cars. Starting in 2024, the entire Mercedes-Benz fleet will be powered by NVIDIA DRIVE. DRIVE has won $8 billion of revenue pipeline through FY '27 in transportation, including auto brands, trucking companies, next-generation electric vehicles and robotaxis. This has been a truly transformative year. For NVIDIA, we were fortunate that it was a year of new inventions, excellent business performance and successful acquisition and accelerating growth. From just 3 of us in Curtis' townhouse, NVIDIA is now 20,000 families in more than 25 countries around the world.

Through that great expansion of our business and despite the hardships we faced -- we all faced this year, NVIDIA has stood up to the principles we've shared since our founding. We do hard and impactful work that creates a better future. As we look ahead to our future fundamentally reshaped by this year, NVIDIA's role in computing, science and industry has never been more important. I want to thank all in the NVIDIA family for doing impactful work, caring for others and turning these challenging times into one of our finest hours. Simona?

Questions And Answers

A - Simona Jankowski {BIO 7131672 <GO>}

Thanks, Jensen. We'll now move to Q&A. I will read out each question or comment. Where we received multiple questions asking about the same or similar topics, we have grown those questions together to avoid repetition. Our first question is, How will you deal with a chip shortage while simultaneously ensuring that you can take full advantage of the crypto and gaming boom?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

Thank you. Our GPs are programmable, fast and flexible. They can be used for a variety of applications, including cryptocurrency mining. We have deployed a strategy to help steer our GeForce GPUs to gamers while creating a separate product called CMP, for crypto mining processors, to address the demand from miners. These cards were made available just the past quarter. Simultaneously we have limited the crypto mining hash rate on new GeForce GPUs, which means they are less effective for mining. We believe these efforts will provide a greater amount of GeForce GPUs available to gamers and still serve miners with a specific CMP product.

A - Simona Jankowski {BIO 7131672 <GO>}

Thanks, Jensen. Our next question is, What is the status of the Arm acquisition?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

We're making good progress in working with regulators across the key regions. We're confident that they'll see the same benefits of the transaction that we do. The process is progressing as expected, and we expect to close the transition -- transaction in early 2022. We look forward to being one company, and our fundamental strategy will not change. We will continue to build accelerated computing and AI computing platforms for the world's hardest problems. The transaction will expand the business opportunity for both NVIDIA and Arm. We're going to accelerate and enhance Arm's roadmap and offering. We're going to maintain ARM's open licensing model and bring new technologies to Arm licensees in all markets, benefiting licensees, Arm and NVIDIA. And at the same time, we're going to continue to invest in our products and technologies for the x86 ecosystem, which will be the bulk of our business for years to come.

A - Simona Jankowski {BIO 7131672 <GO>}

Thank you. what are NVIDIA's plans to increase the number of women on their board and in senior management positions? Recognizing significant experiences required to serve as a director, what is the plan to gradually bring in younger persons to serve as NVIDIA directors?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

Diversity is vital across the company, in our boardroom, in our management and in our leadership. Each of our directors have been nominated because of their competencies, professional experience and background and ability to contribute diverse viewpoints and perspectives to our discussions. That includes diversity of gender, racial background, ethnic background and age. We have 3 exceptional women on our Board. Dawn Hudson joined in 2013. Persis Drell joined in 2015, and Aarti Shah joined this past November.

We also have 3 Board members who identify as ethnically or racially diverse. Aarti and I both identify as Asian, and John Dabiri identifies as black. Regarding age diversity, 3 of our directors are in their 40s and 50s, including Aarti and John, who joined last year. We continually refresh our Board so there is a blend of new perspectives and ideas, along with experience and institutional knowledge. Beyond the board, 2 of our 5 executive officers are women: Colette, our EVP and Chief Financial Officer; Debora Shoquist, our EVP of Operations. We have amazing women leaders throughout our company.

Still, we have more work to do. We're launching a women leadership development program to invest in our future women leaders and provide the key experiences to prepare them for their next step in their careers. We're also participating in a series of women-focused college events aimed at outreach and recruiting. We strengthened our partnership with Rewriting The Code, which gave us an increased

pipeline of women of color intern and new college grad talent. In India, we launched a program to help identify a pipeline of female interns.

A - Simona Jankowski {BIO 7131672 <GO>}

Thank you. Does the Board or management have a view when GeForce NOW will move to mass service?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

I'm glad you asked. GeForce NOW came out of beta in September 2020 and has great momentum. 10 million registered users -- 10 million registered members and nearly 1,000 games from over 300 publishers, more than any other cloud services -- cloud gaming service. We're in 70 countries from 25 data centers. Members and onboarded games both continue to scale rapidly. We feel very good about our competitive position.

A - Simona Jankowski {BIO 7131672 <GO>}

Thank you. Next question, What is the long-term plan if other chip makers decide to pursue NVIDIA's primary market? What is the number one reason you can beat the competition?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

The chip industry always have been rich with excellent companies. NVIDIA specializes in accelerated computing, an approach we pioneered in which we have dedicated our entire company to perfect. We apply our architecture to tackle the greatest challenges that can make a great impact like computer graphics, scientific computing like weather simulation, genomics and molecular biology, AI and robotics. NVIDIA is a company that makes the most complex chips, but NVIDIA is really a computing platform company.

Our computing platform includes chips and systems and software. This full stack expertise is critical when it comes to processing workloads like AI. And a computing platform has developers. NVIDIA has a large and rapidly developing ecosystem, developer ecosystem of 2.5 million developers, researchers in all fields of science and thousands of companies innovating on our platform, doing incredible work that spans gene sequencing, climate simulation, natural language understanding of self-driving cars.

A - Simona Jankowski {BIO 7131672 <GO>}

Thank you. Next question. What are your plans for the quantum computing sector?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

Quantum computing has great potential to simulate algorithms that take exponentially longer as the problem size grows, like simulating molecular iterations. The technology is still in its infancy and likely decades away from commercial applications. NVIDIA can contribute a great deal to the creation of quantum

computing. We're helping to move the industry forward. , our in-house AI supercomputer is used to run leading-edge quantum simulations. And at GTC in April, we announced NVIDIA cuQuantum, and SDK used to speed Quantum circuit simulations running on GPUs, delivering orders of magnitude speed up. cuQuantum will help quantum computing designers simulate their quantum circuits, help architects begin to build systems, where the quantum and GPU systems work together to solve large problems. cuQuantum on NVIDIA DGX is the best quantum simulator today.

A - Simona Jankowski {BIO 7131672 <GO>}

Thank you. Next question. With NVIDIA chips being in such high demand, has the company considered diversifying into its own foundries and fabrication plans?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

From a supply standpoint, we employ dual foundry strategy, which has helped the market environment such as the current one. We believe this approach has superior economics compared to alternatives, such as operating on foundry.

A - Simona Jankowski {BIO 7131672 <GO>}

Thank you. What are the actions taken by NVIDIA to improve sustainability and work against climate change effects?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

The hallmark of NVIDIA's accelerated computing is energy efficiency. One indicator is that NVIDIA powers 25 of the world's top 30 green supercomputers. Another is how a single NVIDIA DGX system replaces hundreds of CPU servers when running AI. Within our operations, we set sustainability goals. Our latest is committed to source 65% of our global electricity use from renewable sources like solar by 2025.

We have solar installed in our Santa Clara's headquarter buildings, and we plan to bring more online in the next 8 months. The architecture of our new buildings maximizes natural light while minimizing the need to cool with AC. Last year, we sourced 100% renewable energy for 17 offices and data centers. We're also making great strides in our product packaging. 80% of our packaging is made from recycled materials, and we aim to increase this, this year. To continue our progress, we're working on understanding the carbon footprint of all stages of our product life cycle and how we can take full responsibility for it.

A - Simona Jankowski {BIO 7131672 <GO>}

Thank you. And here is our last question. The April product announcements on CPUs, AI, HPC, cloud edge, 5G, industrial and automotive were breathtaking. How does the culture at NVIDIA allowed you to maintain such an entrepreneurial environment?

A - Jen-Hsun Huang {BIO 1782546 <GO>}

We strive to create an environment where great people want to come to their life's work, where they feel inspired and safe to create. Our work attracts world-class experts. Our culture encourages to do work with impact. Our company's architecture and methods optimize our probability of success. The combination of all that and the love and care of our people to make our company better is what makes NVIDIA special.

A - Simona Jankowski {BIO 7131672 <GO>}

Thanks, Jensen. We have now reached the time limit for the 2021 Annual Meeting, and our program has now concluded. A copy of this webcast will be available online on our website through June 17, 2021. We look forward to another great year at NVIDIA. Thank you for attending and for your continued support of NVIDIA. Our 2021 Annual Meeting is now closed.

Operator

This now concludes the conference. Thank you for joining. Have a pleasant day.