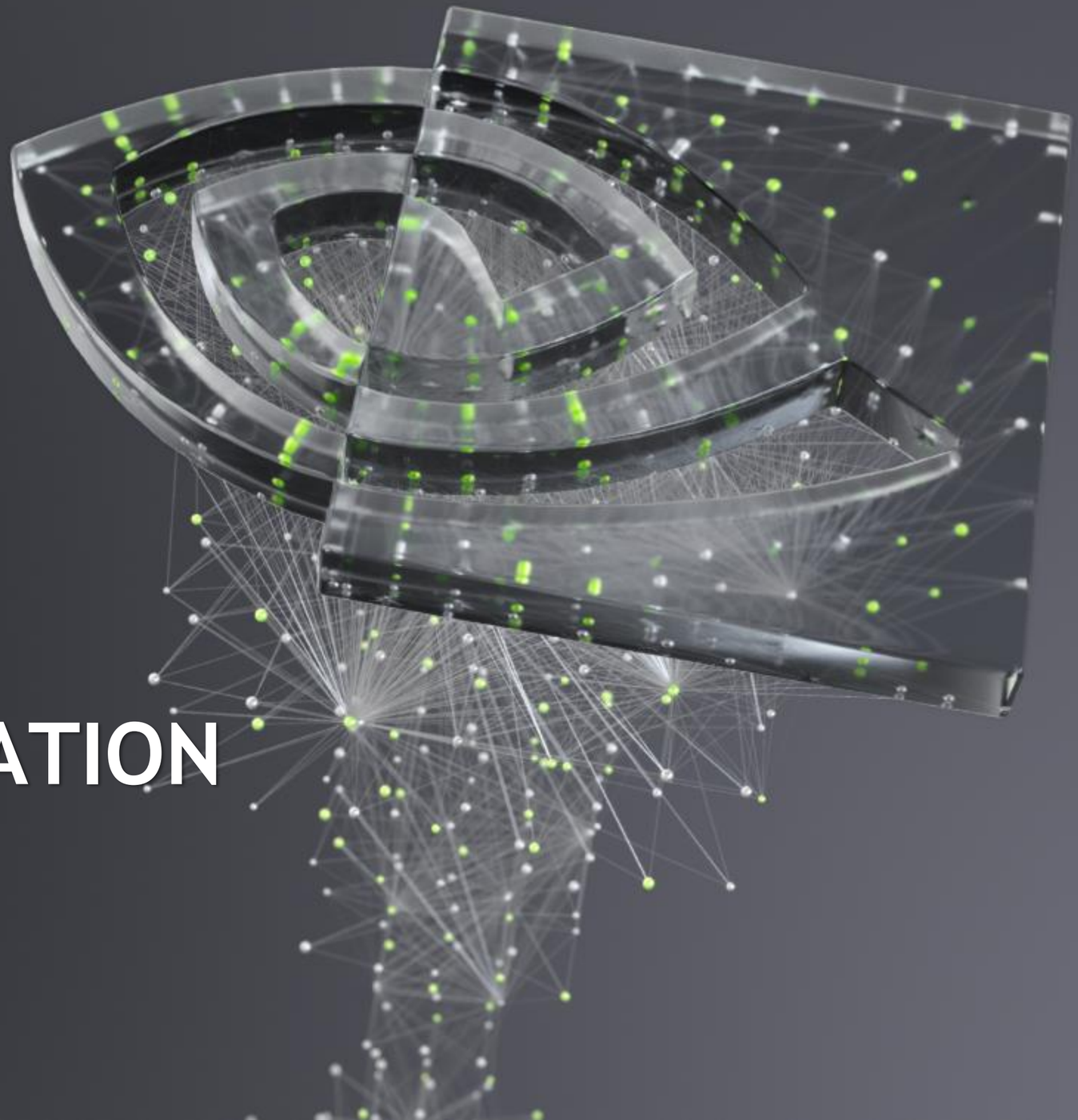


INVESTOR PRESENTATION
Q3 FY2021

November 23, 2020

Except for the historical information contained herein, certain matters in this presentation including, but not limited to, statements as to: our financial position; our markets; the performance, benefits, abilities and impact of our products and technology; the availability of our products and technology; our partnerships and customers; our use of cash; the acquisition of Arm and its impacts; NVIDIA's financial outlook for the fourth quarter of fiscal 2021; our growth and growth drivers; our financial policy; future revenue growth; our opportunities in existing and new markets; the TAM for our products; and performance in our financial metrics are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements and any other forward-looking statements that go beyond historical facts that are made in this presentation are subject to risks and uncertainties that may cause actual results to differ materially. Important factors that could cause actual results to differ materially include: global economic conditions; our reliance on third parties to manufacture, assemble, package and test our products; the impact of technological development and competition; development of new products and technologies or enhancements to our existing product and technologies; market acceptance of our products or our partners' products; design, manufacturing or software defects; changes in consumer preferences and demands; changes in industry standards and interfaces; unexpected loss of performance of our products or technologies when integrated into systems and other factors.

NVIDIA has based these forward-looking statements largely on its current expectations and projections about future events and trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, and you should not rely upon the forward-looking statements as predictions of future events. The future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Although NVIDIA believes that the expectations reflected in the forward-looking statements are reasonable, the company cannot guarantee that future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. Except as required by law, NVIDIA disclaims any obligation to update these forward-looking statements to reflect future events or circumstances. For a complete discussion of factors that could materially affect our financial results and operations, please refer to the reports we file from time to time with the SEC, including our Annual Report on Form 10-K and quarterly reports on Form 10-Q. Copies of reports we file with the SEC are posted on our website and are available from NVIDIA without charge.

NVIDIA uses certain non-GAAP measures in this presentation including non-GAAP gross margin, non-GAAP operating margin, non-GAAP net income, non-GAAP operating income, non-GAAP diluted earnings per share, non-GAAP operating expenses, non-GAAP other income (expense), net, free cash flow, and adjusted EBITDA. NVIDIA believes the presentation of its non-GAAP financial measures enhances investors' overall understanding of the company's historical financial performance. The presentation of the company's non-GAAP financial measures is not meant to be considered in isolation or as a substitute for the company's financial results prepared in accordance with GAAP, and the company's non-GAAP measures may be different from non-GAAP measures used by other companies. Further information relevant to the interpretation of non-GAAP financial measures, and reconciliations of these non-GAAP financial measures to the most comparable GAAP measures, may be found in the slide titled "Reconciliation of Non-GAAP to GAAP Financial Measures".

CONTENT

Q3 FY21 Earnings Summary

Proposed Acquisition of Arm

Key Announcements This Quarter

NVIDIA Overview

Financials

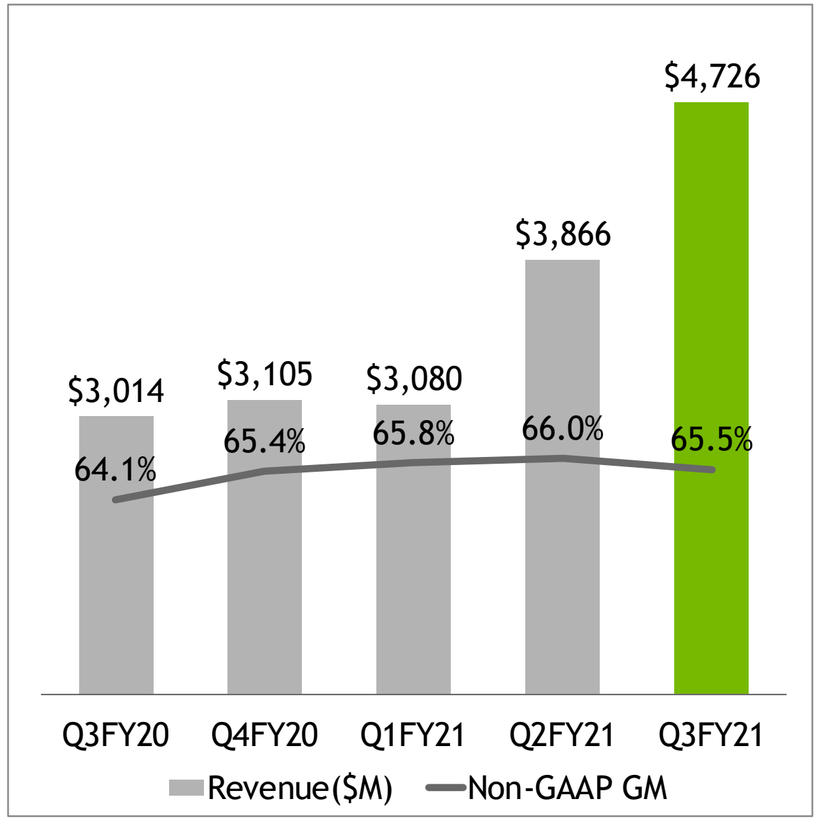
Non-GAAP to GAAP Reconciliation

Q3 FY21
EARNINGS SUMMARY

HIGHLIGHTS

- **Record quarter, with strong growth led by Gaming and Data Center**
  - Total revenue up 57% y/y to $4.73B, ahead of outlook of $4.40B
  - Gaming up 37% y/y to a record $2.27B; Data Center up 162% y/y to a record $1.90B
- **Strong Gaming growth driven by records in desktops, laptops, and game consoles**
  - NVIDIA Ampere architecture GeForce RTX 30 Series GPUs launched to overwhelming demand
  - RTX 30 Series delivers our greatest-ever generational leap in performance
  - Laptops posted double-digit year-on-year growth for the 11th quarter in a row
- **Strong Data Center growth driven by A100 ramp, AI inference, and Mellanox**
  - A100 gained further cloud adoption (AWS, Alibaba, Oracle) and expanded in vertical industries
  - AI inference adoption in full throttle with record T4 shipments and A100 ramp
  - Mellanox reached record revenue, driven by cloud, enterprise and supercomputing

Q3 FY2021 FINANCIAL SUMMARY

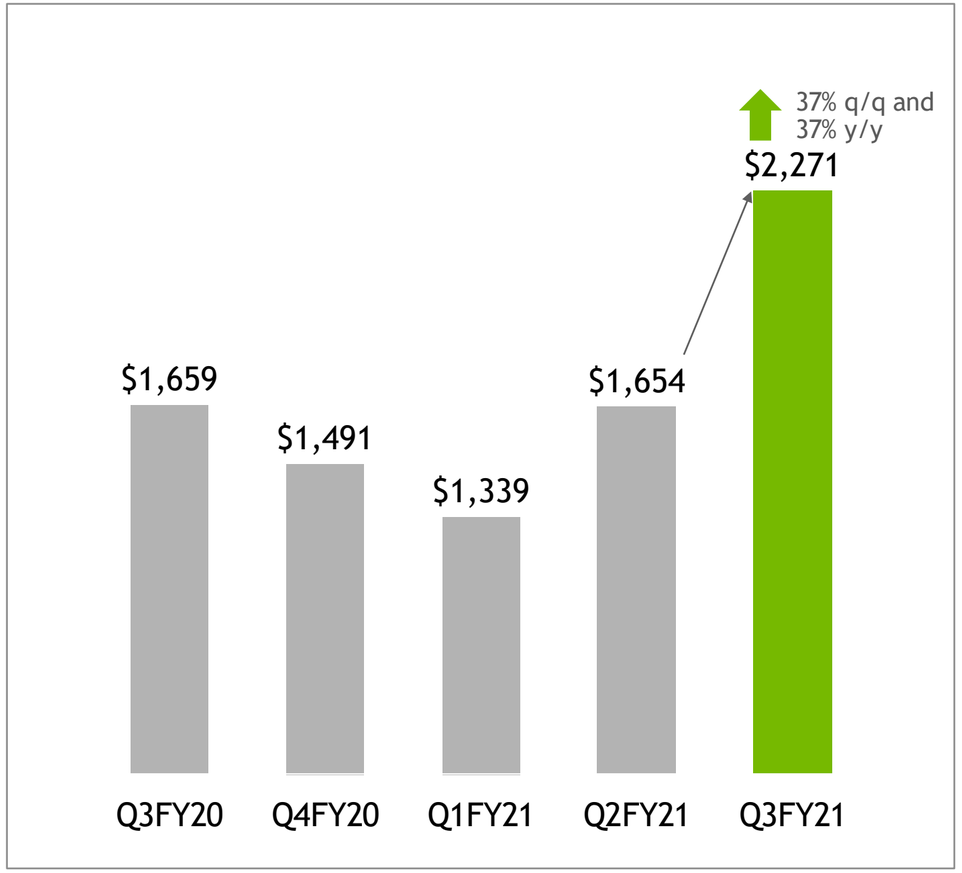


	GAAP			Non-GAAP		
	Q3 FY21	Y/Y	Q/Q	Q3 FY21	Y/Y	Q/Q
Revenue	$4,726	+57%	+22%	$4,726	+57%	+22%
Gross Margin	62.6%	-100 bps	+380 bps	65.5%	+140 bps	-50 bps
Operating Income	$1,398	+51%	+115%	$1,993	+72%	+31%
Net Income	$1,336	+49%	+115%	$1,834	+66%	+34%
Diluted EPS	$2.12	+46%	+114%	$2.91	+63%	+33%
Cash Flow from Ops	$1,279	-22%	-18%	$1,279	-22%	-18%

No difference between GAAP and Non-GAAP Cash Flow from Operations and Revenue

GAMING

Revenue ($M)

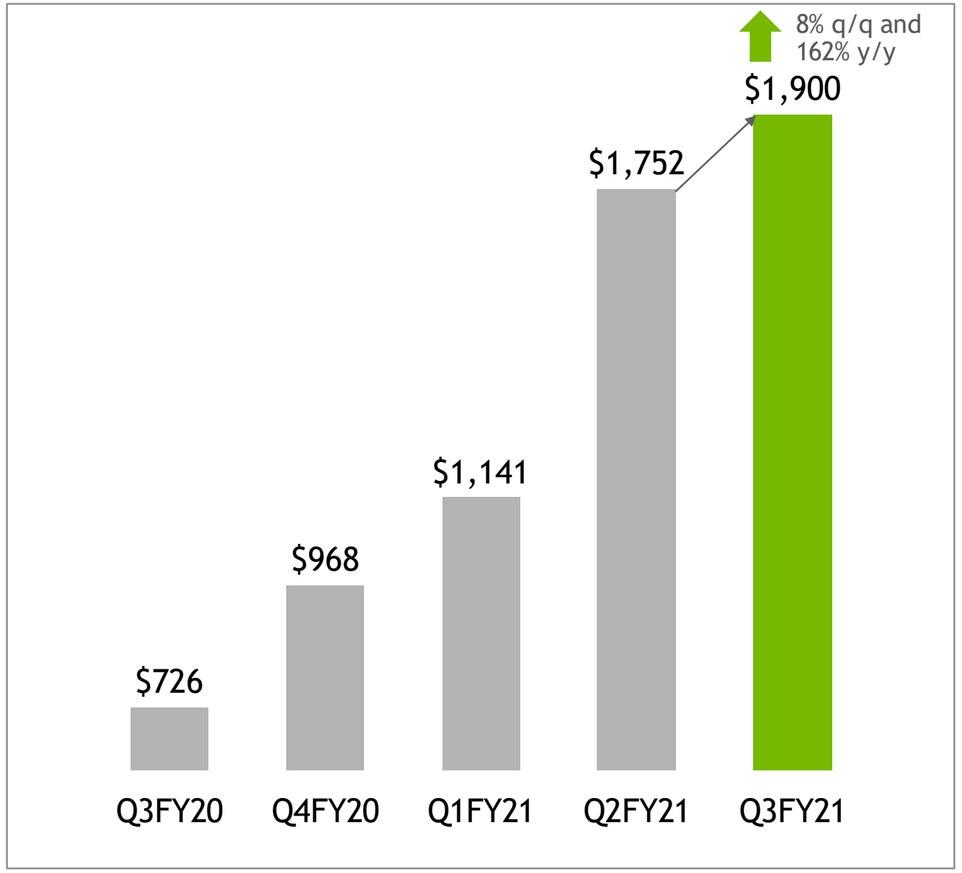


Highlights

- Record revenue for Desktop, Laptop, and Console
- Launched GeForce RTX 30 Series GPUs to amazing reviews and overwhelming demand; delivers up to 2x performance
- Launched NVIDIA Reflex to improve reaction time in games, and NVIDIA Broadcast for video conferencing and live streaming applications
- NVIDIA's GeForce NOW cloud gaming service doubled in the last 7 months to reach over 5M registered users
- GeForce NOW has 750 games, the most of any cloud gaming platform

DATA CENTER

Revenue ($M)

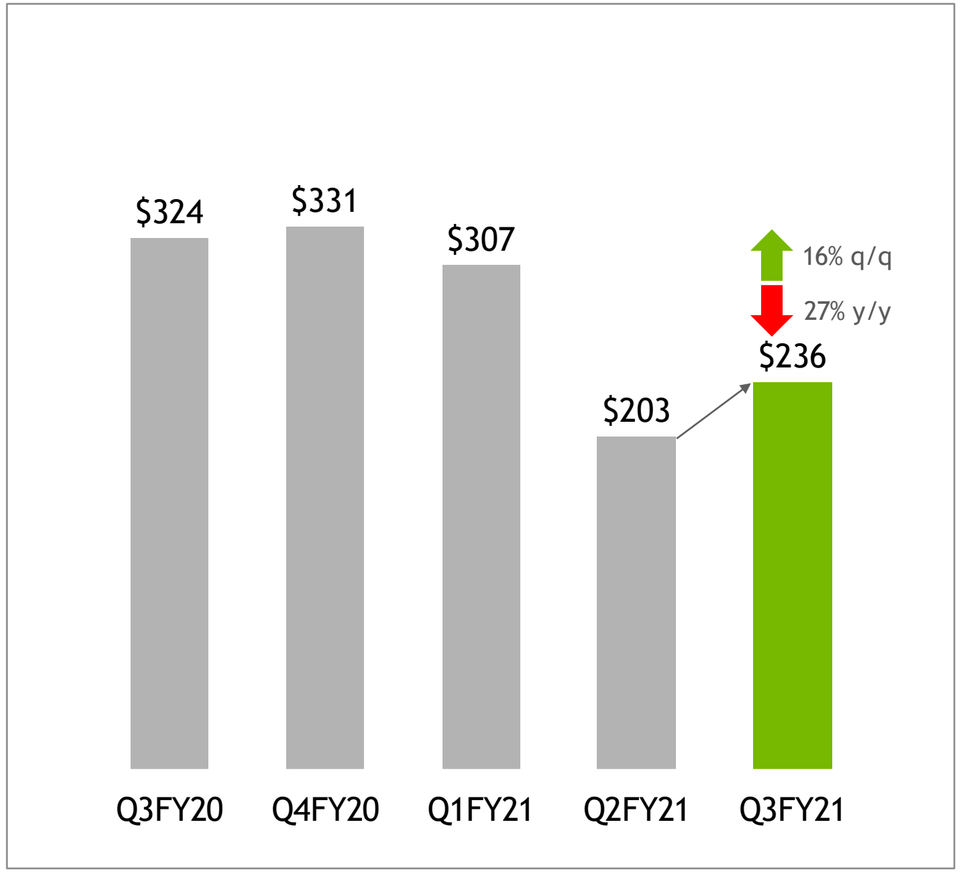


Highlights

- Strong ramp of our A100-based platforms, continued growth in Mellanox, and record T4 shipments for inference
- AWS, Oracle Cloud Infrastructure and Alibaba Cloud announced general availability of the A100, following Google Cloud Platform and Microsoft Azure
- NVIDIA AI inference in full throttle, as hundreds of companies now operate AI-enabled services on NVIDIA's platform
- Mellanox reached revenue records in both InfiniBand and Ethernet
- NVIDIA powers ~70%, and 8 of the top 10, supercomputers on the latest TOP500 list

PROFESSIONAL VISUALIZATION

Revenue ($M)

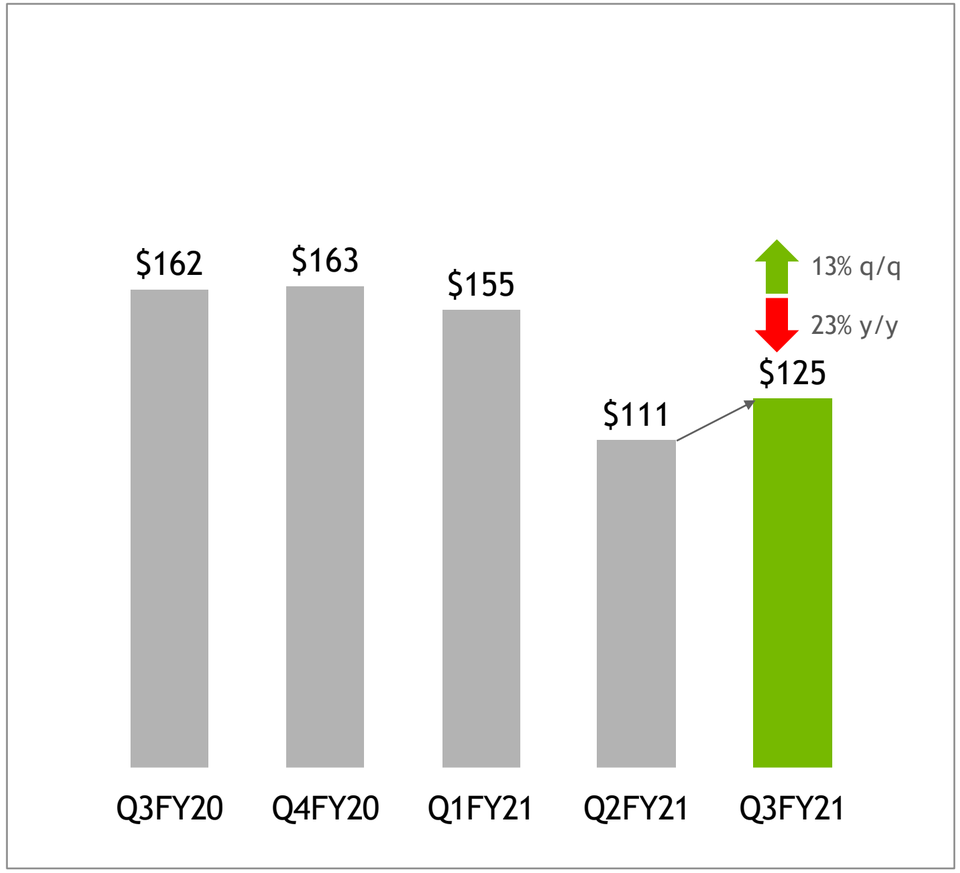


Highlights

- Desktop workstations continued to decline, impacted by COVID-19
- Mobile workstations rebounded sharply due to work-from-home trends
- Strength in Healthcare, Public Sector, Higher Education & Research, and Financial Services
- New business wins in Healthcare - such as Medtronic and Philips - Technology, and Media & Entertainment
- Announced that Omniverse, the world's first 3D collaboration and simulation platform, has entered open beta

AUTOMOTIVE

Revenue ($M)

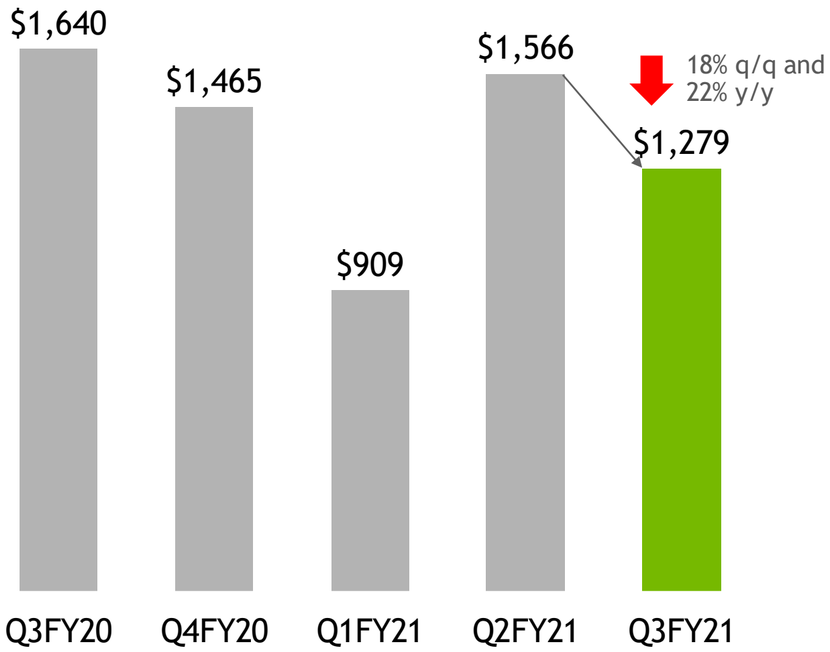


Highlights

- Year-on-year decline due to ramp-down of legacy infotainment revenue
- Sequential growth driven by recovery in automotive production volumes and continued growth in AI Cockpit revenue
- Mercedes-Benz debuted its redesigned S-Class sedan, featuring an all-new NVIDIA-powered MBUX AI cockpit system
- Li Auto announced that it will develop its next generation of vehicles using the NVIDIA DRIVE AGX Orin platform
- Hyundai Motor Group announced its line-up will come standard with NVIDIA DRIVE AI Cockpit systems starting in 2022

SOURCES & USES OF CASH

Cash Flow from Operations ($M)



Highlights

- Paid $2B in cash as part of our announced acquisition of Arm
- Returned $99M to shareholders in the form of dividends
- Invested $473M in capex
- Ended the quarter with $10B in gross cash and $7B in debt, $3B of net cash

Gross cash is defined as cash/cash equivalents & marketable securities.
Debt is defined as principal value of debt.
Net cash is defined as gross cash less debt.

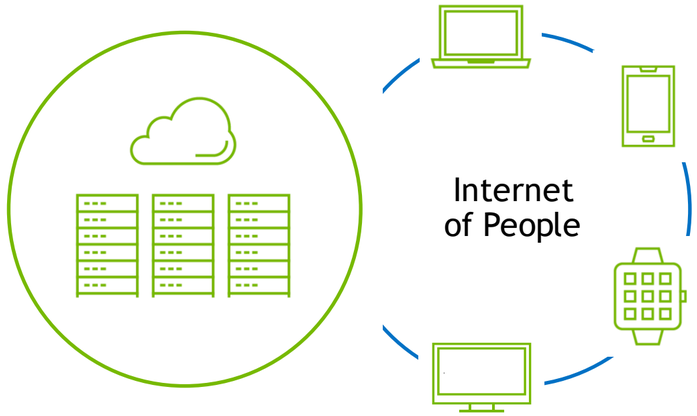
Q4 FY2021 OUTLOOK

- **Revenue** –$4.80 billion, plus or minus two percent
  - We expect Gaming to be up sequentially. We expect Data Center to be down slightly sequentially. We expect continued sequential improvement in Auto and Pro Viz, and a sequential seasonal decline in OEM.
- **Gross Margin** – 62.8% GAAP and 65.5% non-GAAP, plus or minus 50 basis points
- **Operating Expense** – Approximately $1.64 billion GAAP and $1.18 billion non-GAAP
- **Other Income & Expense** – Net expense of $55 million for both GAAP and non-GAAP
- **Tax Rate** – GAAP and non-GAAP both eight percent, plus or minus one percent, excluding discrete items
- **Capital Expenditure** – Approximately $300 to $325 million

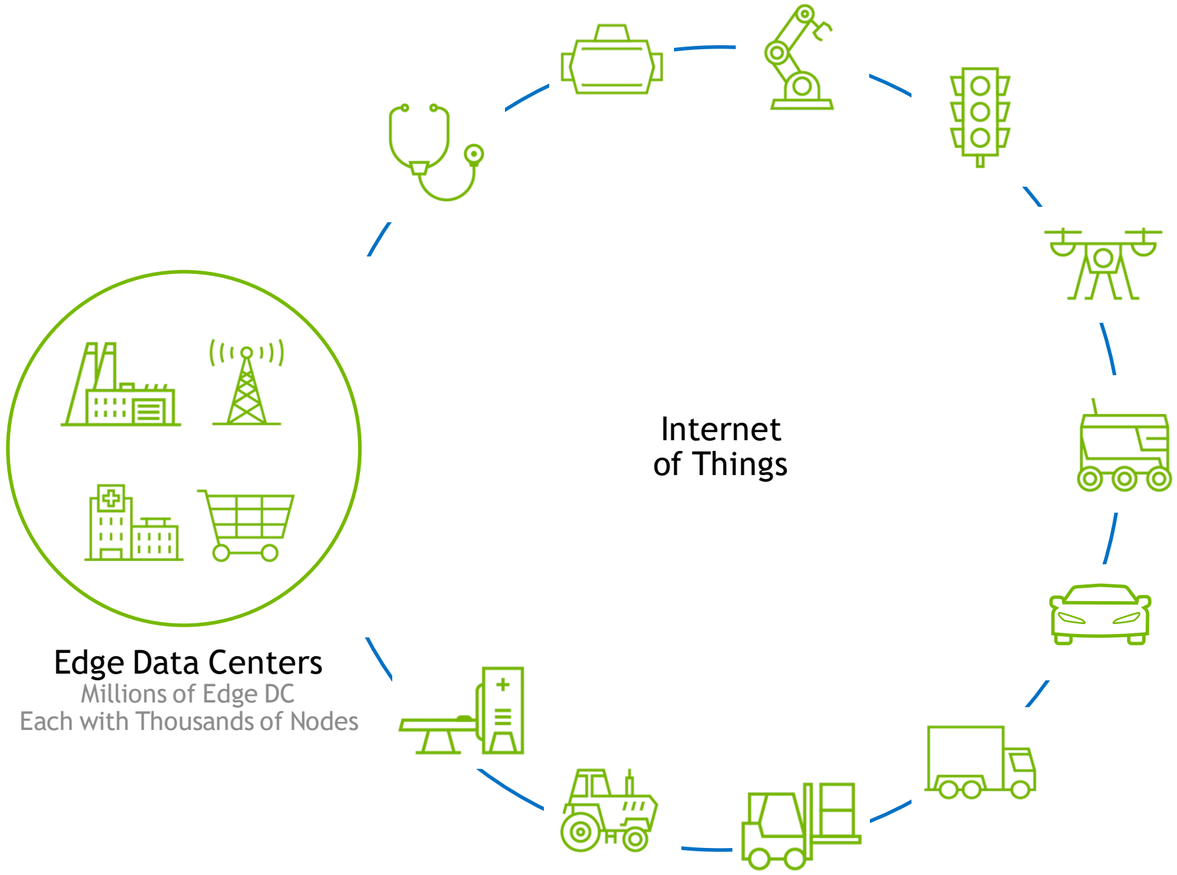
PROPOSED ACQUISITION OF ARM

THE AGE OF AI

From Cloud to Edge



Cloud Data Centers
Thousands of DC
Each with Millions of Nodes



Edge Data Centers
Millions of Edge DC
Each with Thousands of Nodes

PERSONAL COMPUTING
Billions of People

AUTONOMOUS MACHINES
Trillions of Devices

NVIDIA.

NVIDIA TO ACQUIRE ARM

Creates the premier computing company for the age of AI —
combining NVIDIA's leading AI computing platform with Arm's vast CPU ecosystem

Expands Arm's IP licensing portfolio with NVIDIA's technology in large end markets —
including Mobile and PCs

Turbocharges Arm's server CPU roadmap pace and accelerates
Data Center, Edge AI, and IoT opportunities

Expands NVIDIA's computing platform reach from 2 to over 15 million developers

Financially attractive: immediately accretive to
non-GAAP gross margins and non-GAAP EPS upon closing

ARM'S FINANCIAL PROFILE

High Margin, Recurring Revenue Business Model

Strong Financial Profile

Pro forma revenues of ~$1.8B

Pro forma gross margin of ~94%

Adjusted EBITDA margin of ~35%

High Quality Business Model

Contract-based, recurring revenues

1,765+ licenses, growing by 100+ per year

500+ licensees — Industry leaders and high-growth startups; chip companies and OEMs

Arm unaudited March-20 end trailing twelve months pro-forma IFRS financials of IPG business

TRANSACTION SUMMARY

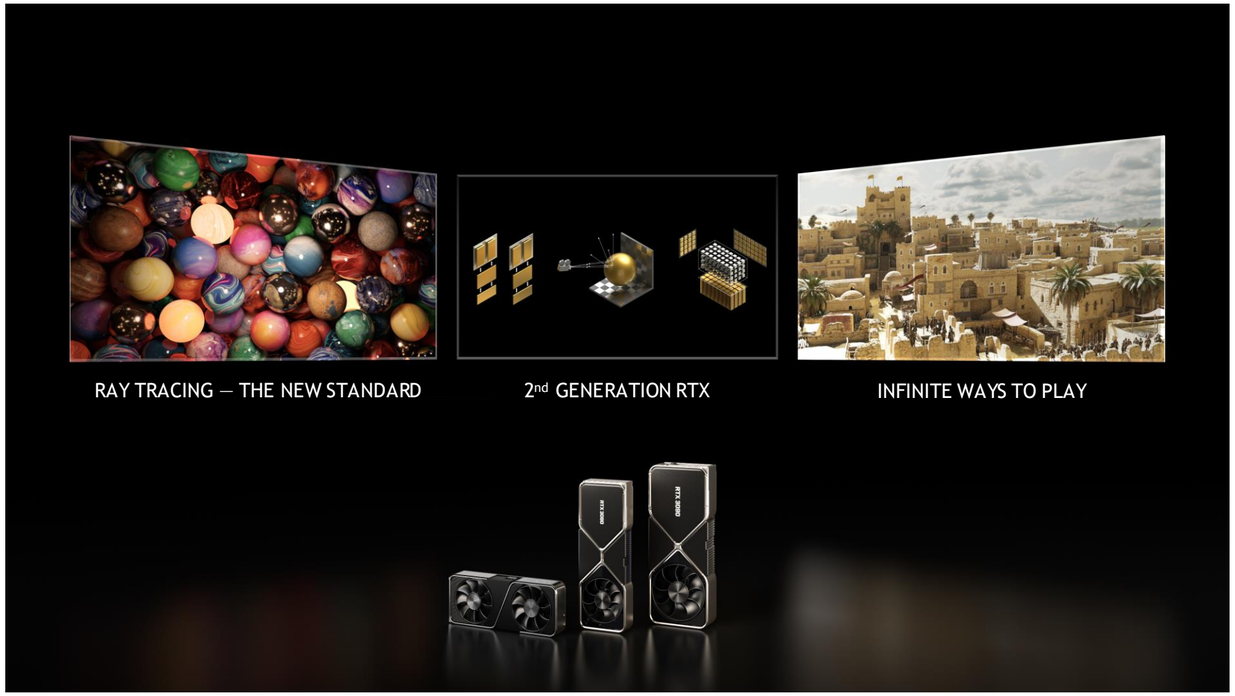
TRANSACTION CONSIDERATION	Up to $40B purchase price at the time of signing: • $21.5B in NVIDIA shares • $12B in cash, with $2B paid at signing • $1.5B employee equity for post-closing retention • $5B performance based earn-out paid in cash or up to 10.3M NVIDIA shares
FINANCIAL IMPACT	Expected to be immediately accretive to NVIDIA's non-GAAP gross margin and non-GAAP earnings per share
APPROVAL PROCESS	Approved by NVIDIA, Arm and SoftBank Boards of Directors Subject to regulatory approvals
EXPECTED CLOSING	Expected close in the first quarter of 2022 Customary closing conditions

KEY ANNOUNCEMENTS THIS QUARTER

GEFORCE RTX 30 SERIES

Based on the New NVIDIA Ampere Architecture

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



NVIDIA WINS BENCHMARK FOR AI INFERENCE

Extending its Lead in Latest MLPerf Inference v0.7 Benchmark

What is MLPerf?

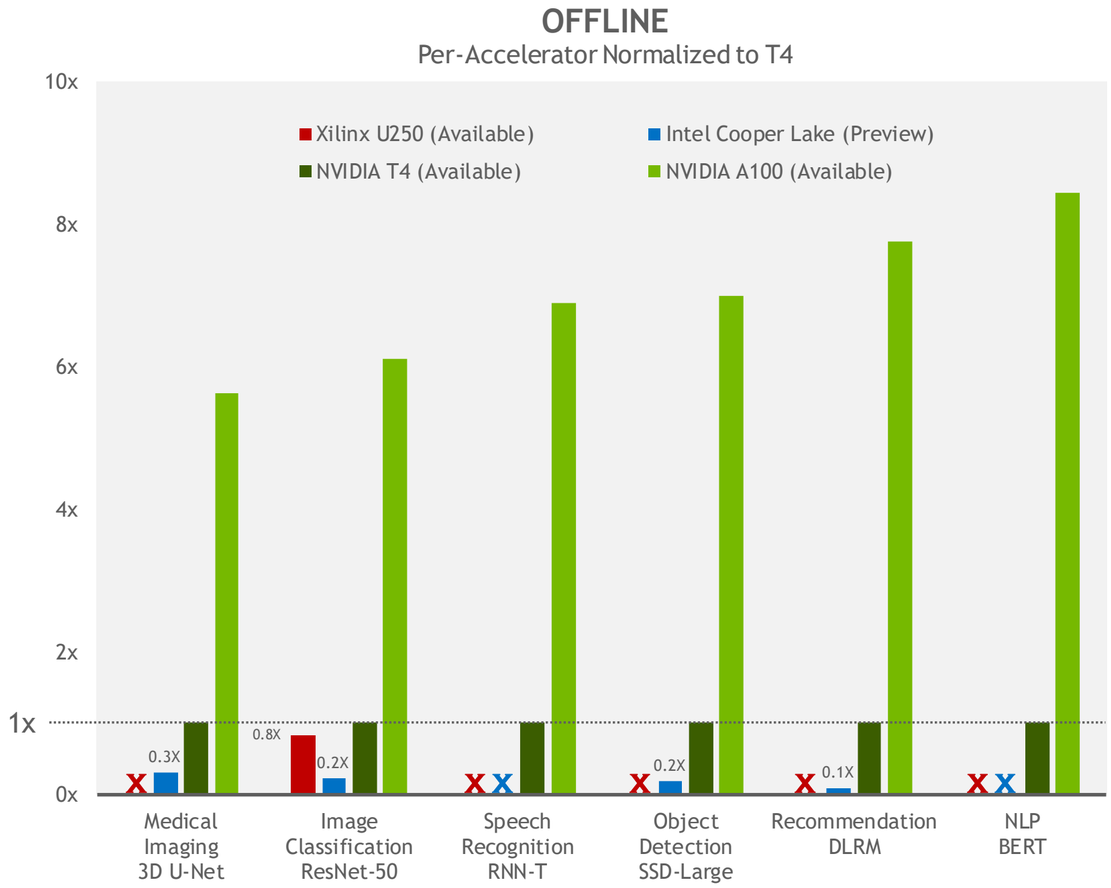
- The industry's first and only objective standard for measuring machine learning performance
- Consortium of over 70 universities and companies, including Google, Intel, Baidu and NVIDIA, founded in 2018
- NVIDIA won all prior MLPerf benchmarks, including for training in Dec. 2018, July 2019 and July 2020, and for inference Nov. 2019

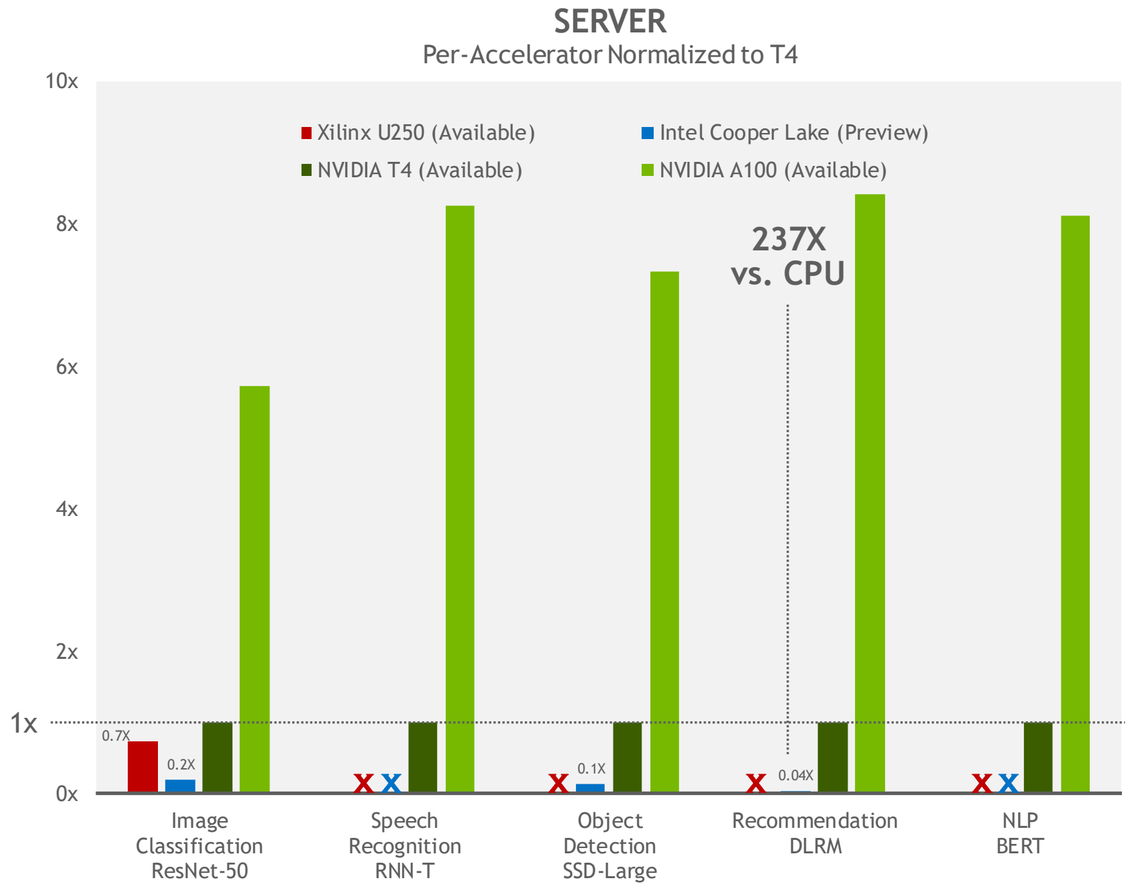
MLPerf October 2020 — AI Inference

- NVIDIA won every test across all six application areas for data center and edge computing systems
- NVIDIA increased its lead, beating CPU-only systems by 30x on the ResNet-50 test versus 6x in the last round, and outperformed CPUs by up to 237x in the newly added recommender test
- NVIDIA T4 Tensor Core GPU continues to be a high-performance inference platform for mainstream enterprise, edge servers and cost-effective cloud instances, beating CPUs by up to 28x
- NVIDIA Jetson AGX Xavier is the performance leader among SoC-based edge devices

NVIDIA TOPS MLPERF AI INFERENCE BENCHMARKS

A100 Is Up To 237X Faster Than the CPU





XX = No result submitted

MLPerf v0.7 Inference Closed; Per-accelerator performance derived from the best MLPerf results for respective submissions using reported accelerator count in Data Center Offline and Server. 3D U-Net 99.9%,: 0.7-125, 0.7-113, 0.7-111, ResNet-50: 0.7-119, 0.7-124, 0.7-113, 0.7-111, SSD-Large: 0.7-123, 0.7-113, 0.7-111 DLRM 99.9%: 0.7-126, 0.7-113, 0.7-111, RNN-T, BERT 99.9%: 0.7-111, 0.7-113 MLPerf name and logo are trademarks. See www.mlperf.org for more information.

NVIDIA

ACCELERATING ADOPTION OF NVIDIA AI INFERENCE

Celebrating 10 Years of NVIDIA GPU in the Cloud

7TH GENERATION TensorRT
(Inference Compiler)

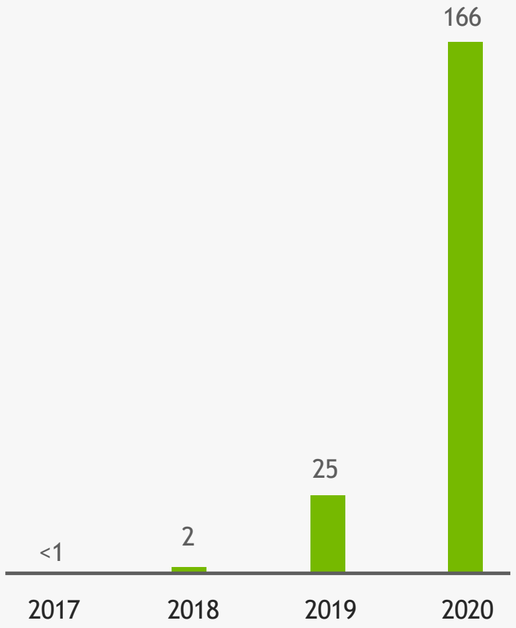
2000+ Optimizations

TensorFlow, PyTorch, ONNX

1.3M Downloads

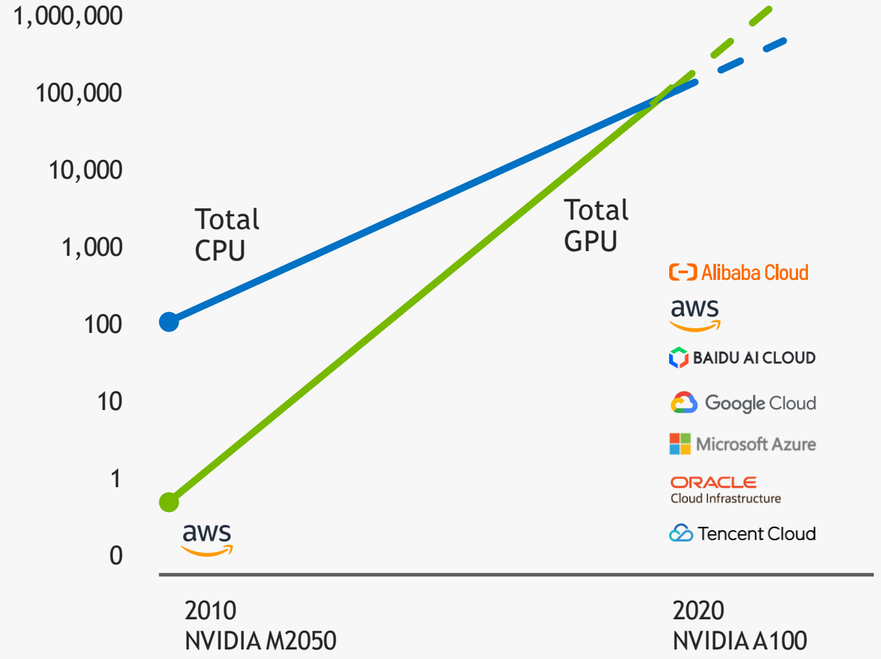
16,000 Companies

ACCELERATED ADOPTION OF NVIDIA GPU
(EXA OPS)



Inference ExaOPS shipped: Represents 12-month periods from October of the previous year to September of the year shown

TOTAL CLOUD AI INFERENCE COMPUTE CAPACITY
(PETA OPS)



NVIDIA

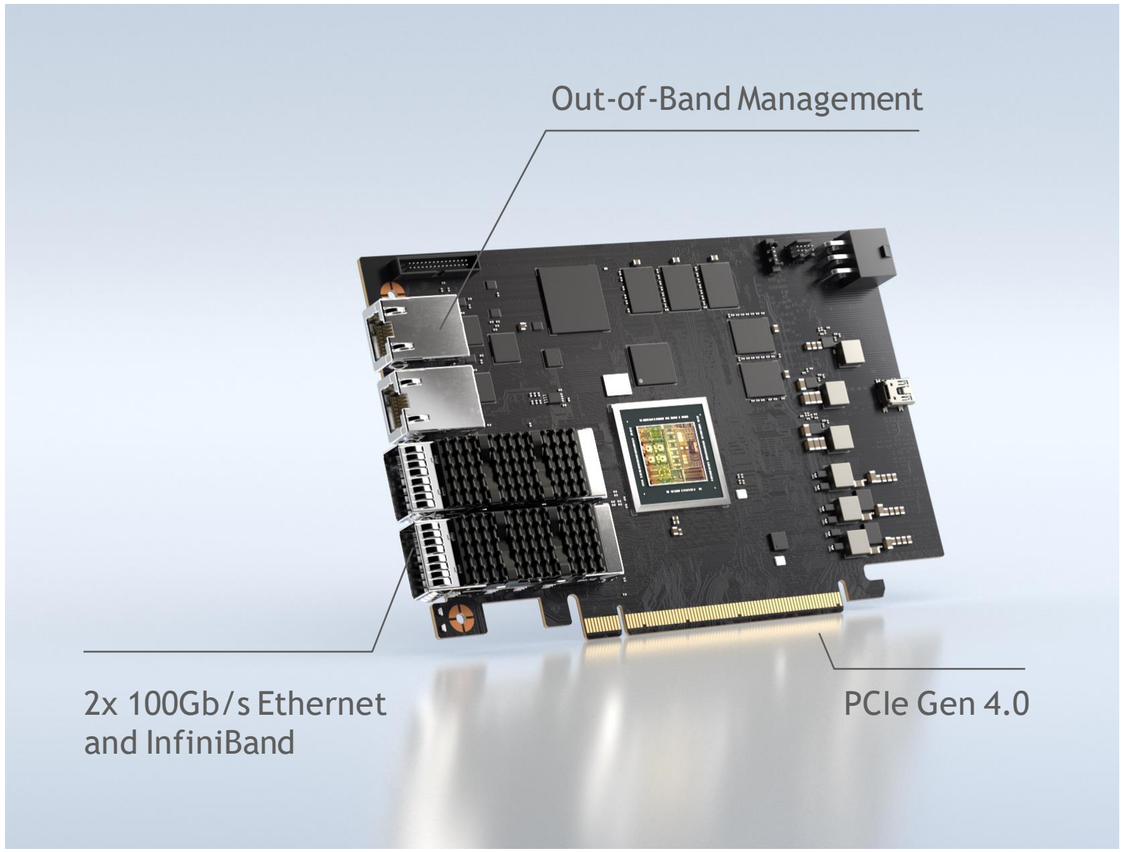
NVIDIA AI INFERENCE CUSTOMERS

AUTO	CONSUMER INTERNET	CSP	ROBOTICS	MEDICAL	RETAIL & FSI	INDUSTRIAL
BMW	ByteDance	Alibaba Cloud	bossanova	DEEPTEK	American Express	AUO
BOSCH	criteo	aws	brain corp	GE Healthcare	Capital One	FOXCONN
Continental	NAVER	Baidu 百度	JDX 九鼎睿	NUANCE	Domino's	INNOPEAK TECHNOLOGY
Ford	Pinterest	Google Cloud	John Deere	Predible	ebay	Micron
Mercedes-Benz	POSTMATES	Microsoft	KOMATSU	SIEMENS Healthineers	KENSHO	MUSASHI
tusimple	Square	ORACLE	MiR	SUBTLE MEDICAL	KION GROUP	SAMSUNG
ZOOX	Twitter	Tencent 腾讯	TOYOTA	UCSF ci² center for intelligent imaging	Kroger	SPIL

NVIDIA BLUEFIELD DPUs

New Processor Enables the Data Center as the New Unit of Computing

- NVIDIA BlueField-2 DPU - the data processing unit (DPU) is a new class of processor that targets every server alongside the CPU and GPU
  - Supported by NVIDIA DOCA – new “data-center-infrastructure-on-a-chip architecture” software-development kit for DPU-accelerated applications
- Offloads networking, storage and security tasks from CPUs - a single BlueField-2 DPU can deliver data center services that could consume up to 125 CPU cores
- Enables data centers that are accelerated, fully programmable and secure
- Customers & Timing:
  - BlueField-2 DPUs are sampling now with major hyperscalers and server manufacturers; available in 2021
  - BlueField-2X DPUs, enhanced with NVIDIA Ampere architecture GPUs, will also become available in 2021

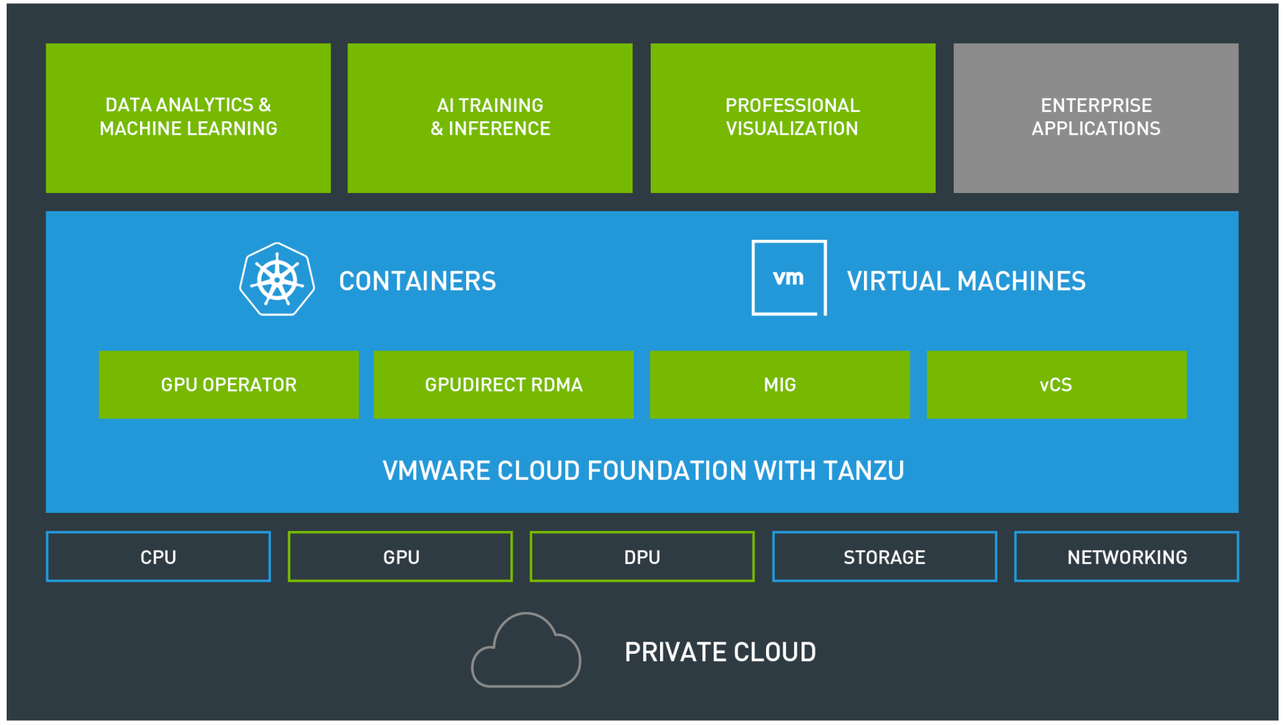


VMWARE AND NVIDIA TO ENABLE NEXT-GEN HYBRID CLOUD ARCHITECTURE AND BRING AI TO EVERY ENTERPRISE

Delivers an end-to-end enterprise platform for AI – Integrates NVIDIA's rich set of AI software into VMware vSphere and VMware Cloud Foundation. Allows enterprises to run and manage AI workloads with existing infrastructure.

Delivers a material increase in performance and security - Offloads hypervisor, networking, security, and storage tasks from the CPU to NVIDIA's BlueField-2 DPU.

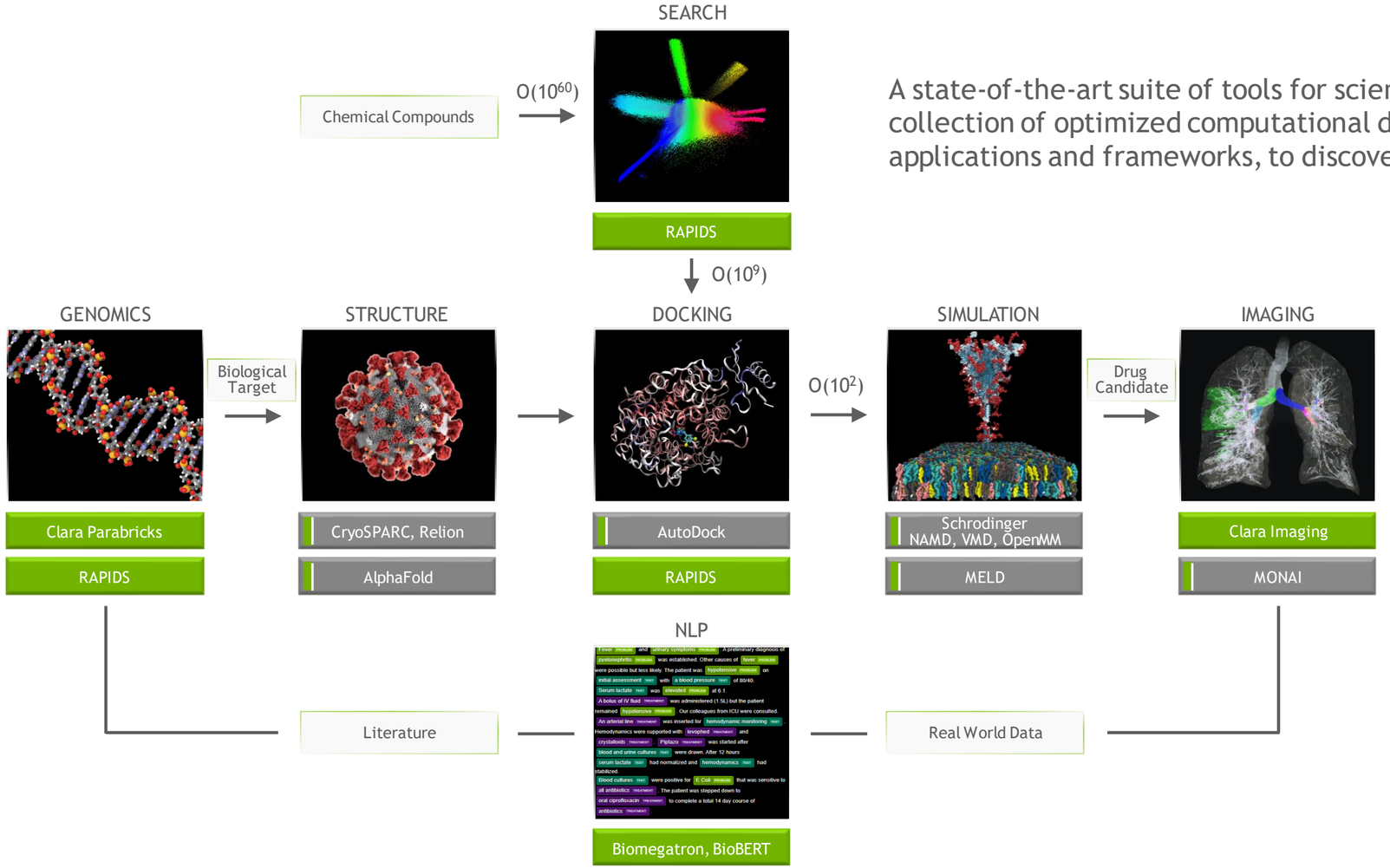
Accelerates enterprise adoption of NVIDIA AI and accelerated computing - Enables VMware's 300K+ customers to benefit from NVIDIA AI and accelerated computing technologies.



ACCELERATED AI ALONGSIDE ENTERPRISE APPS

NVIDIA CLARA DISCOVERY

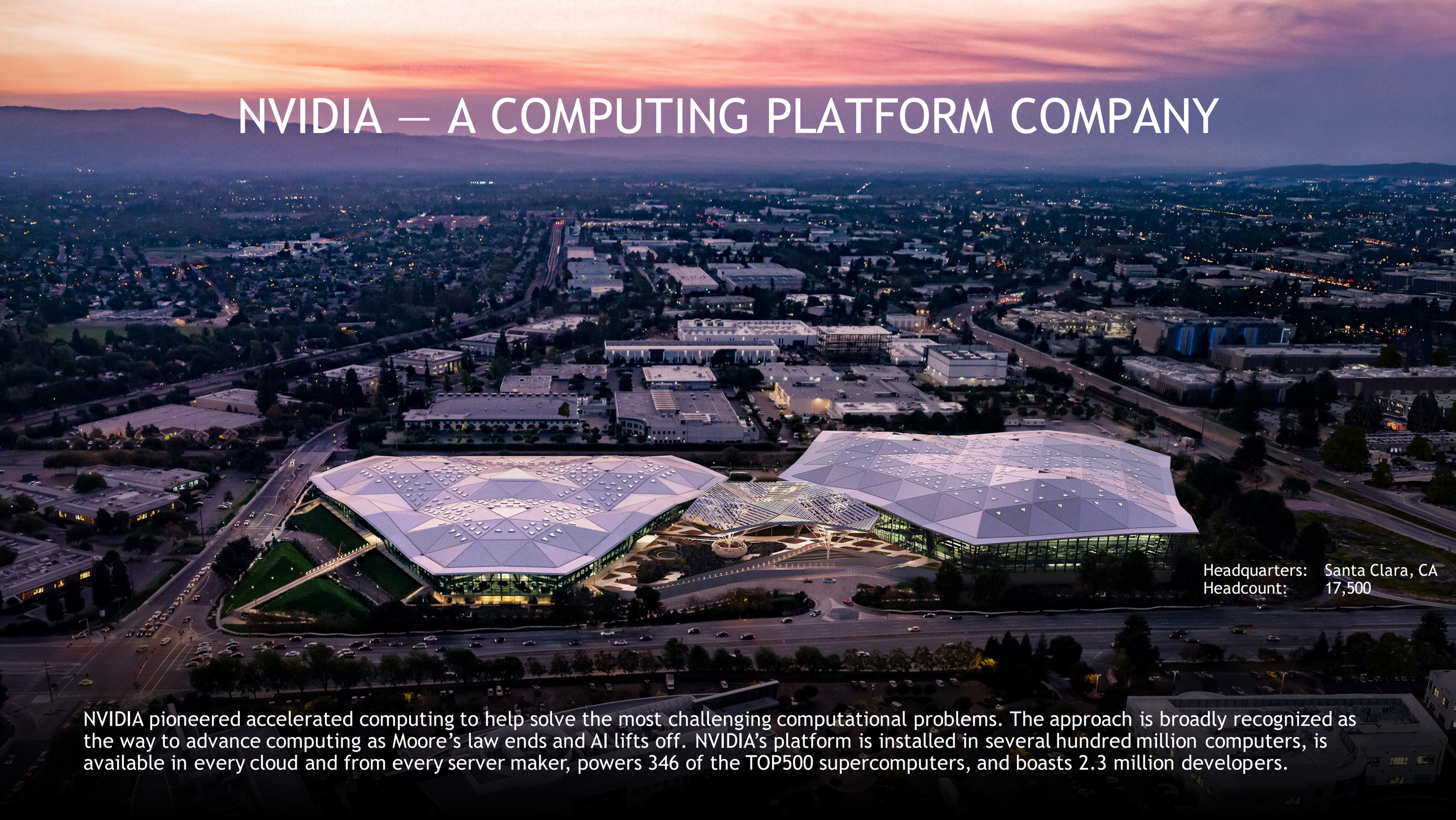
$1.25T Pharmaceutical Industry | $2B R&D Per Drug | 12 ½ Years To Market | 90% Failure Rate



A state-of-the-art suite of tools for scientists, with a new collection of optimized computational drug discovery applications and frameworks, to discover life-saving drugs

NVIDIA OVERVIEW

NVIDIA — A COMPUTING PLATFORM COMPANY



Headquarters: Santa Clara, CA
Headcount: 17,500

NVIDIA pioneered accelerated computing to help solve the most challenging computational problems. The approach is broadly recognized as the way to advance computing as Moore's law ends and AI lifts off. NVIDIA's platform is installed in several hundred million computers, is available in every cloud and from every server maker, powers 346 of the TOP500 supercomputers, and boasts 2.3 million developers.

NVIDIA AT A GLANCE

Accelerated Computing Pioneer

Brief History

1993: Founded by Jensen Huang, Chris Malachowsky, and Curtis Priem

1999: IPO on NASDAQ at $12 (prior to 4 stock splits, now 12:1)

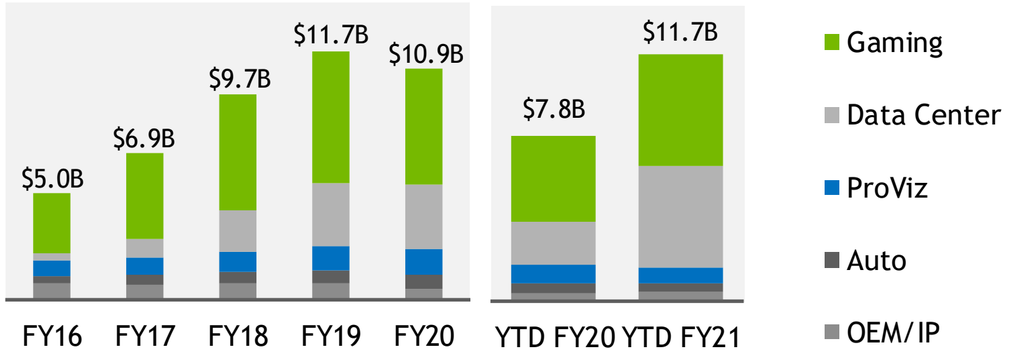
2001: Xbox win; fastest semiconductor company to reach $1B in sales

2006: Unveils CUDA architecture, expanding to scientific computing

2009: Inaugural GPU Technology Conference (GTC)

2016: Introduces first products for AI and autonomous driving

Revenue by Market Platform



Recognitions

Harvard Business Review's **The CEO 100**

Fortune's **Best Places to Work**

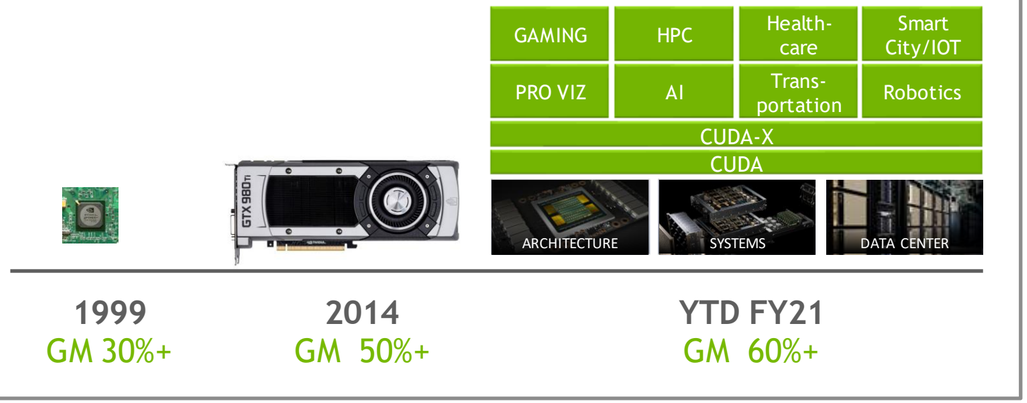
MIT Tech Review's **50 Smartest Companies**

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

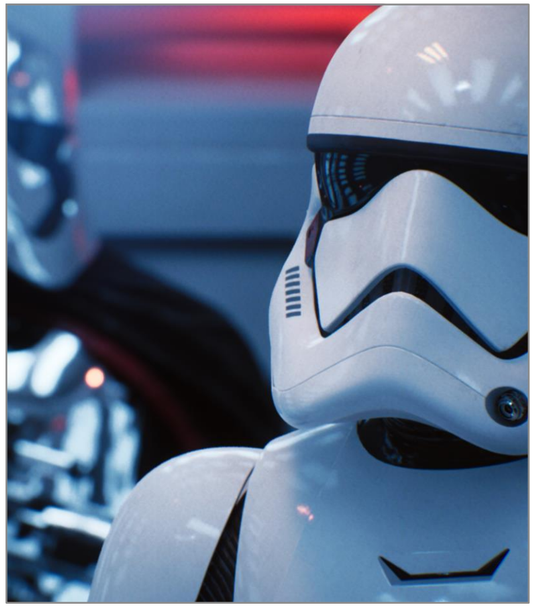
Forbes **JUST 100 Best Corporate Citizens**

Dow Jones **Sustainability Index**

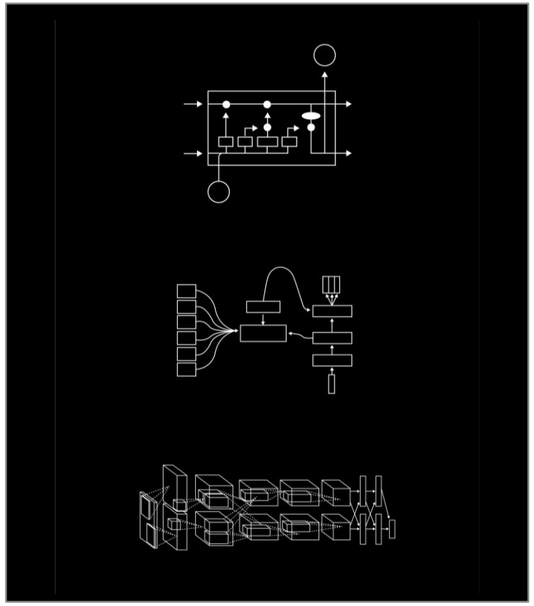
From Chip Vendor to Computing Platform



GROWTH DRIVERS



Gaming

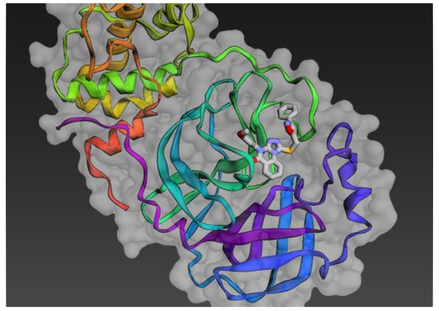
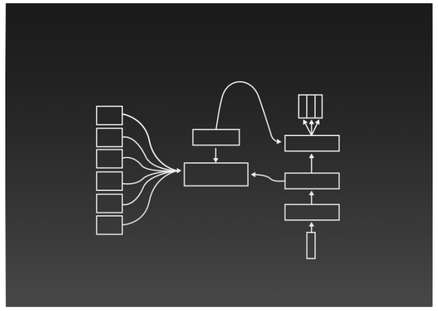


AI

AR/VR

Self-driving Cars

COMPUTING FOR THE AGE OF AI

NVIDIA RTX	NVIDIA HPC	NVIDIA HYPERSCALE AI	NVIDIA ENTERPRISE AI	NVIDIA EDGE AI
				
$8B	**$10B**	**$45B**	**$30B**	**$15B**
2020 Revenue* 18% Trailing 5-year CAGR	Data Center Total Addressable Market by 2024			

**Trailing 4-quarters through F3Q 2021 outlook for Gaming and Professional Visualization market platforms*

NVIDIA Hyperscale AI includes estimated Total Addressable Market for accelerated computing platforms used in Hyperscale/Cloud.
Source: NVIDIA estimates, incorporating data from Counterpoint, Dell'Oro, Gartner, IDC, IHS, Hyperion and Strategy Analytics

OUR CORE BUSINESSES

FY20 Revenue $5.52B, 3-year CAGR of 11%

Strong market position and technology leadership

Compounded long-term unit and ASP growth

200M+ gamers on our platform

Strong Gaming ecosystem

Multiple secular growth drivers: expanding population of gamers, eSports, VR, rising production value of games, gaming and prosumer laptops

Gaming
51% of FY20 Rev

FY20 Revenue of $2.98B, 3-year CAGR of 53%

Leader in deep learning/AI – used by all major cloud computing providers and thousands of enterprises

Leader in HPC - in 8 of the top 10 and 2/3rds of the top 500 fastest supercomputers

Multiple secular growth drivers: fast growing adoption of AI in every major industry; rising compute needs unmet by conventional approaches such as x86 CPUs; Mellanox networking

Data Center
27% of FY20 Rev

FY20 Revenue of $1.21B, 3-year CAGR of 13%

90%+ market share in graphics for workstations

Diversified end markets, e.g. media & entertainment, architecture, engineering & construction, public sector

Strong software ecosystem

Multiple secular growth drivers: expanding creative & design workflows, mobile workstations, rising adoption of AR/VR across industries

Professional Visualization
11% of FY20 Rev

FY20 Revenue of $700M, 3-year CAGR of 13%

Current revenue driven largely by infotainment

Future growth expected to be driven largely by Autonomous Vehicle (AV) solution offering full hardware & software stack

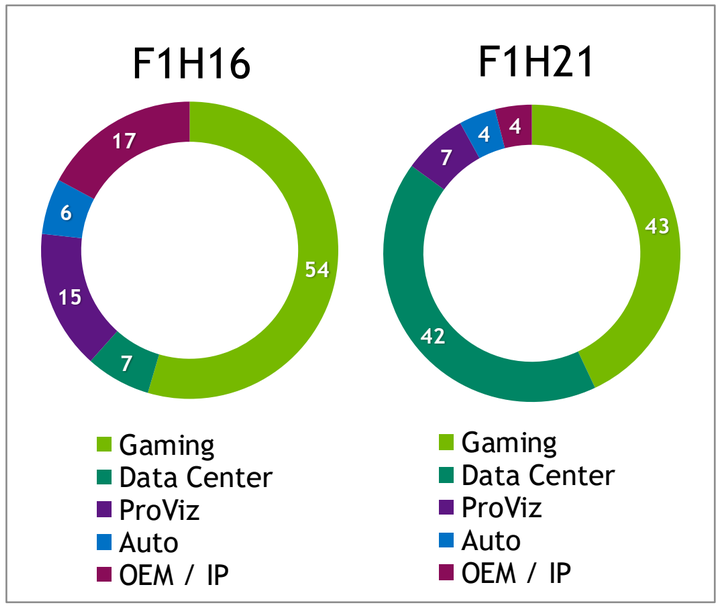
Large secular growth opportunity: autonomous vehicles estimated to drive a $25B TAM for the AV computing stack by 2025

Automotive
6% of FY20 Rev

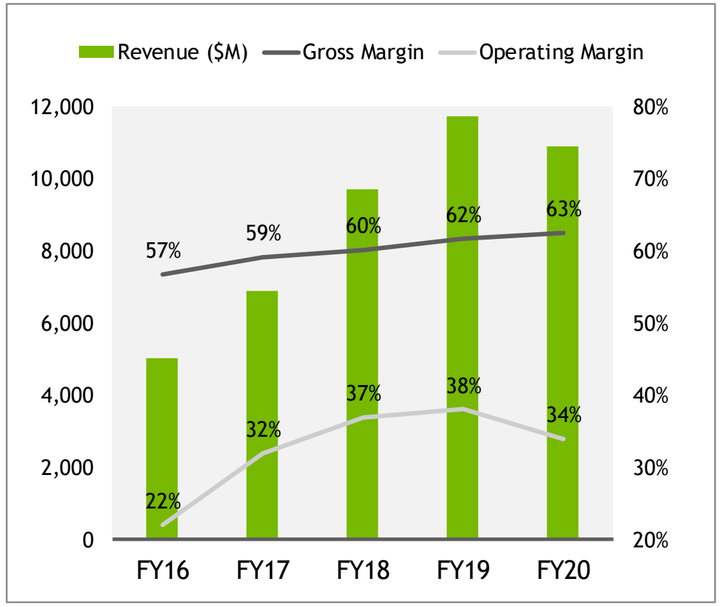
ASP = Average Selling Price. Gamers are defined as consumers who purchase our GPUs to play video games. 200M+ gamers on our platform as of August 2020. FY20 ended 1/26/2020.

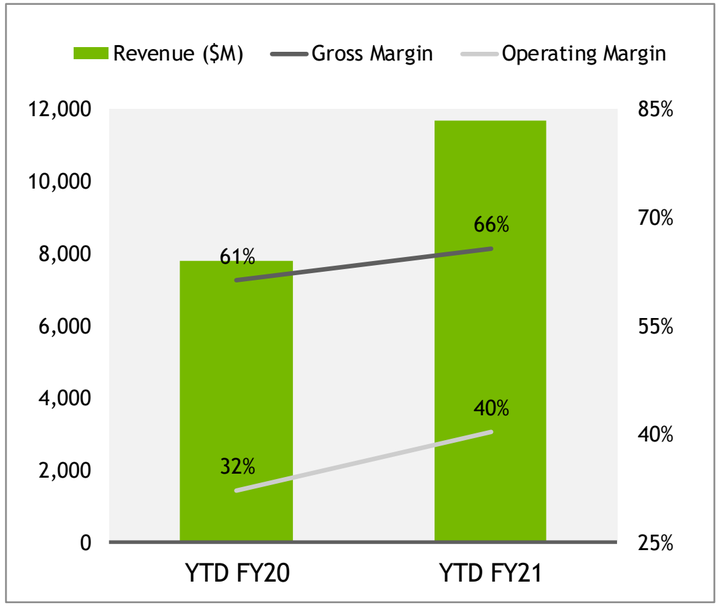
NVIDIA.

STRONG, PROFITABLE GROWTH



Business Mix (%)





Sustained Profitability
(showing non-GAAP margins)

Refer to Appendix for reconciliation of Non-GAAP measures

WHY ACCELERATED COMPUTING?

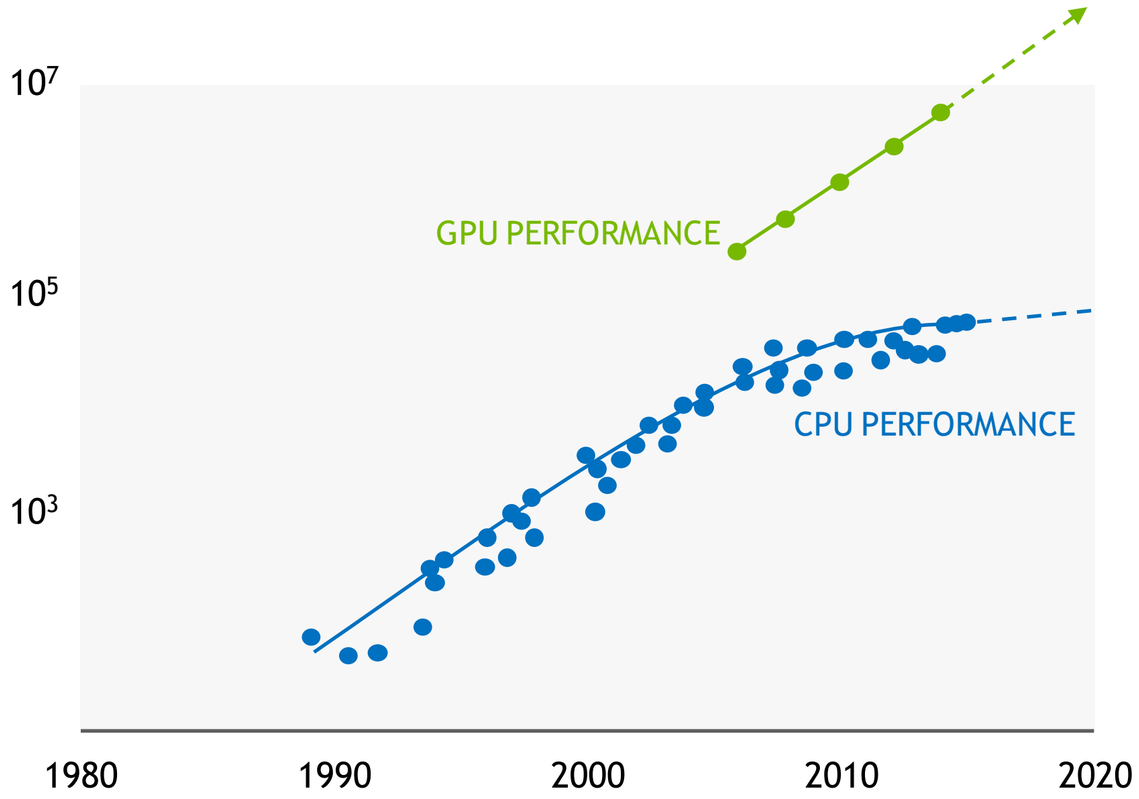
Advancing Computing in the Post-Moore's Law Era

The world's demand for computing power continues to grow exponentially, yet CPUs are no longer keeping up as Moore's Law has ended.

NVIDIA pioneered GPU-accelerated computing to solve this challenge.

Optimizing across the entire stack — from silicon to software — allows NVIDIA to advance computing in the post-Moore's Law era for large and important markets:

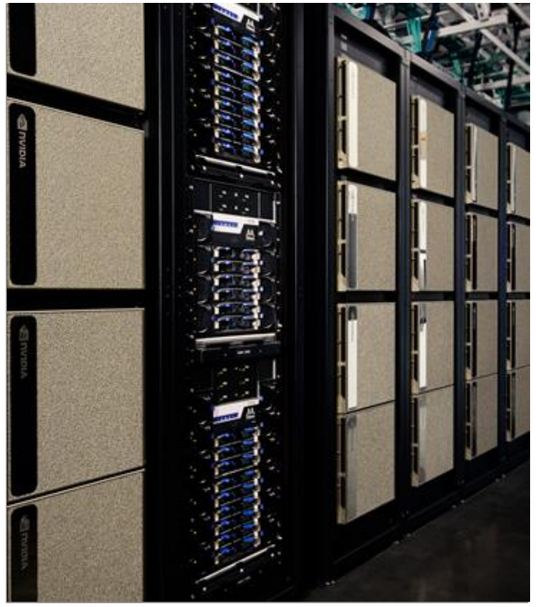
Gaming, Pro Viz, High Performance Computing (HPC), AI, Cloud, Transportation, Healthcare, Robotics, and the Internet of Things (IOT).



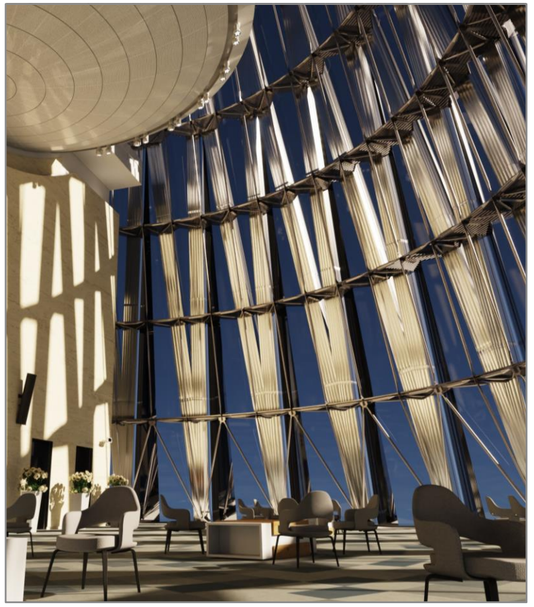
WORLD LEADER IN ACCELERATED COMPUTING

Our Four Market Platforms & Key Brands

Gaming
GeForce GPUs for PC Gamers



Data Center
DGX/HGX/EGX for HPC/AI compute
Mellanox for networking

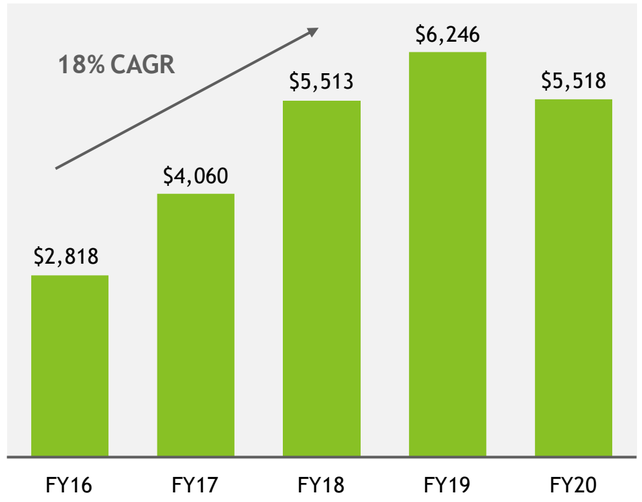


Professional Visualization
Quadro for Workstations

Auto
DRIVE for Autonomous Vehicles

GAMING

GeForce - The World's Largest Gaming Platform



Revenue ($M)

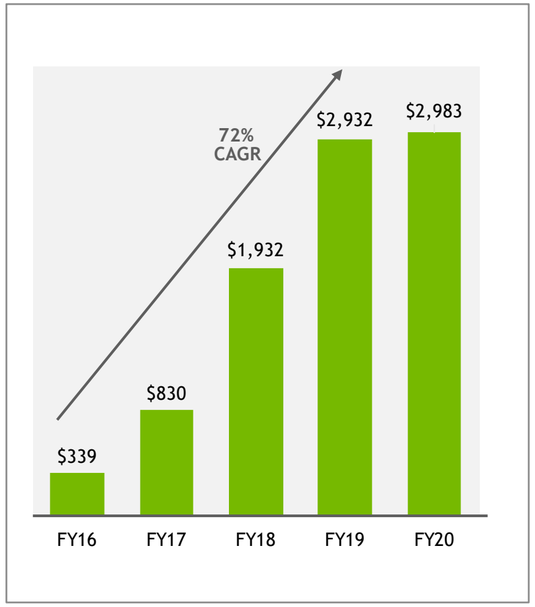
- #1 in PC gaming with more than 3X the revenue of the other major GPU vendor
- Expanding the market with gaming laptops and cloud gaming
- Powering the Nintendo Switch console

Highlights

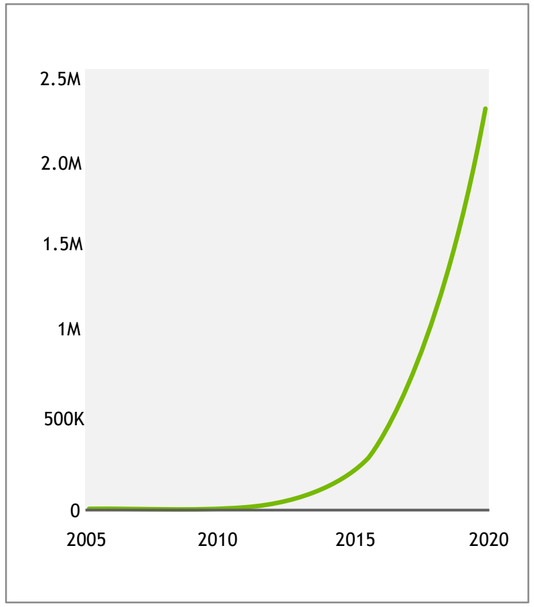
200M+ Gamers on GeForce

DATA CENTER

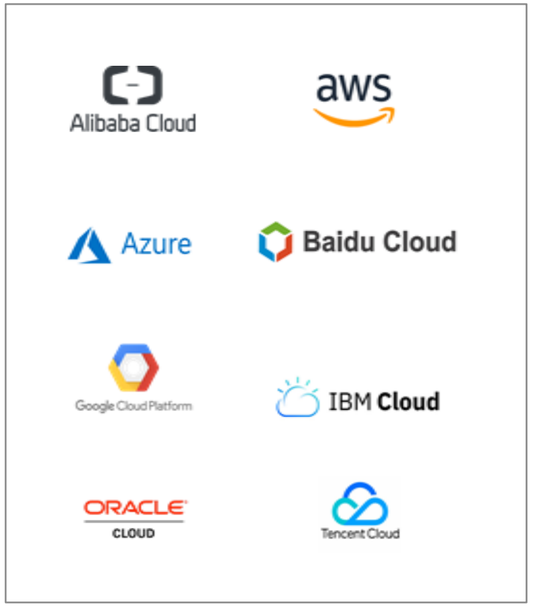
High Performance Computing (HPC) and AI



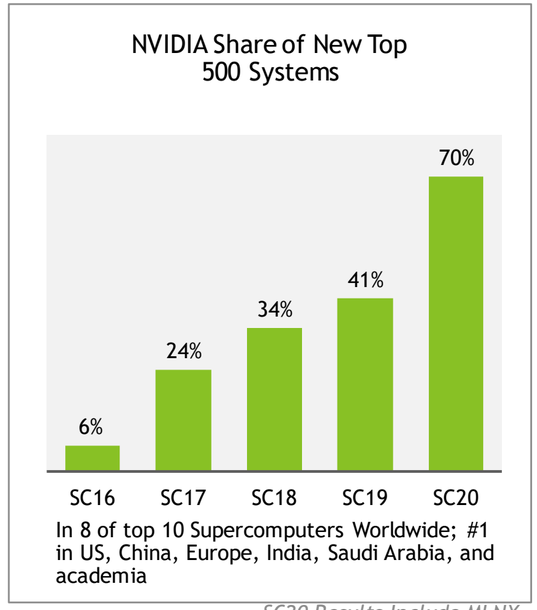
Revenue ($M)



Registered NVIDIA Developers



Every Major Cloud Provider



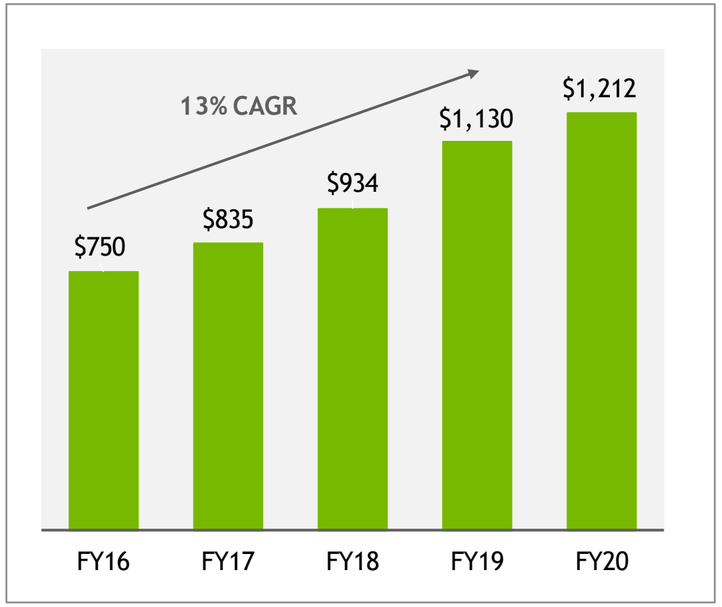
SC20 Results Include MLNX

90%+ Share of Accelerators in Supercomputing

NVIDIA

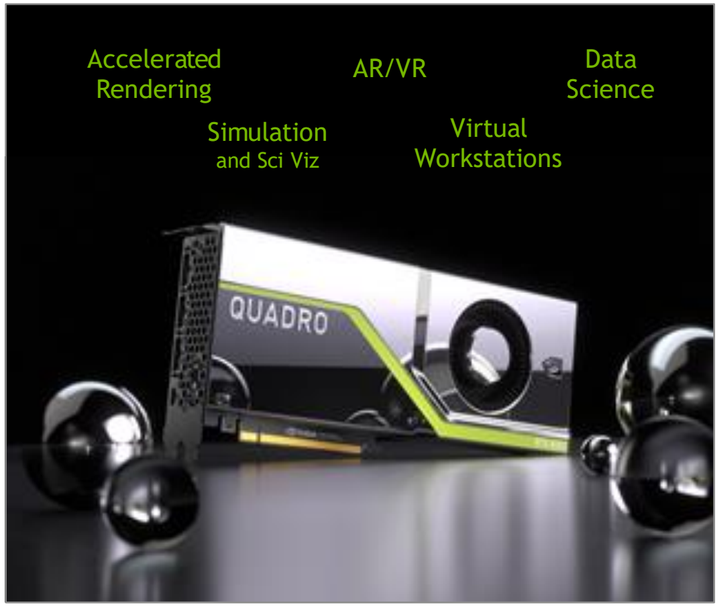
PROFESSIONAL VISUALIZATION

Workstation Graphics



Revenue ($M)

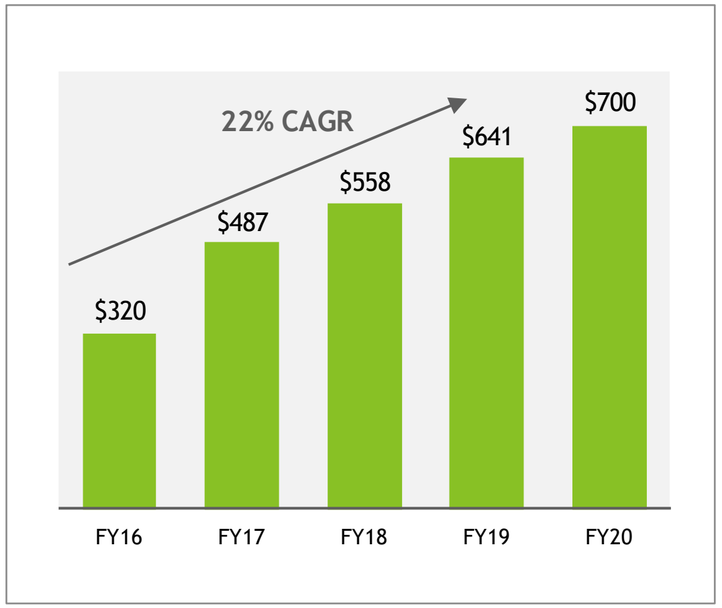
50+ Applications
Unlocking New Markets



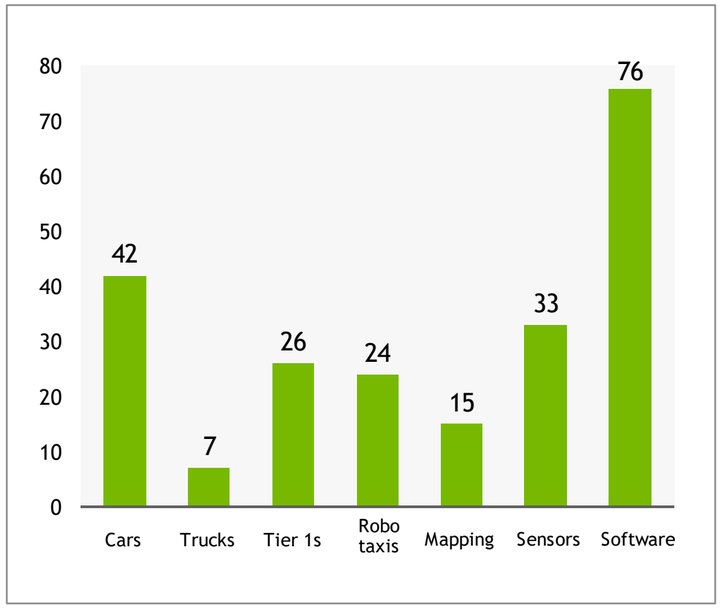
40M Designers and Creatives

AUTO

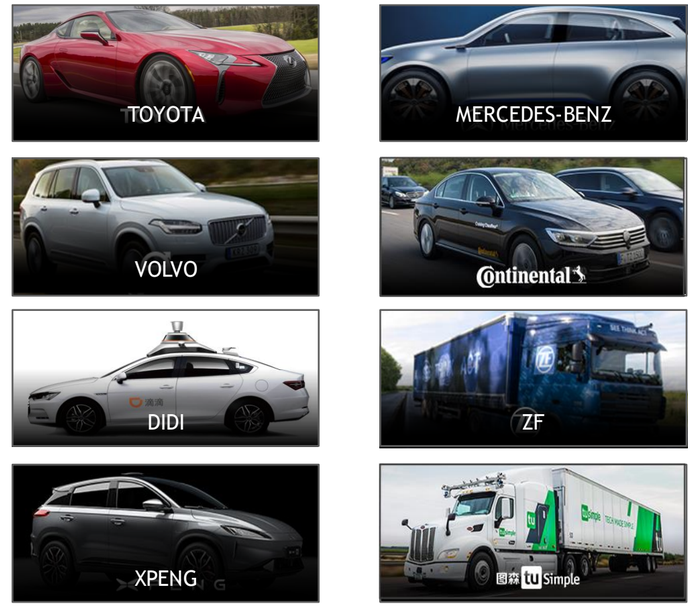
Infotainment and Autonomous Vehicles



Revenue ($M)



NVIDIA DRIVE Partners



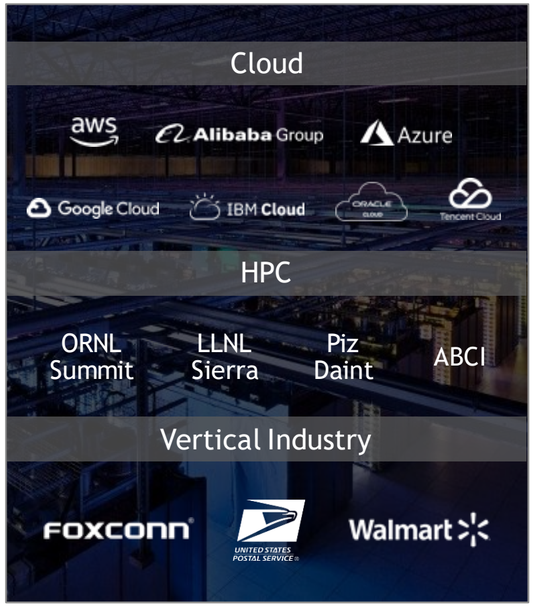
Strong Partnership / Ecosystem

NVIDIA

LARGE AND DIVERSE CUSTOMER BASE

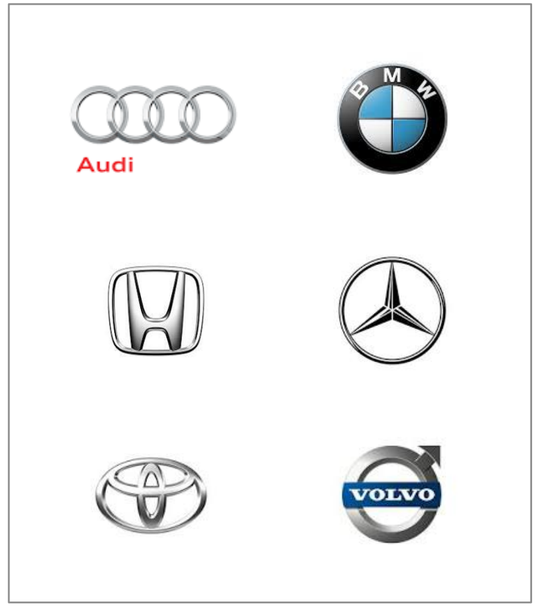
Reaching Hundreds of Millions of End Users Through Hundreds of Customers

Gaming



Data Center

Pro Visualization



Auto

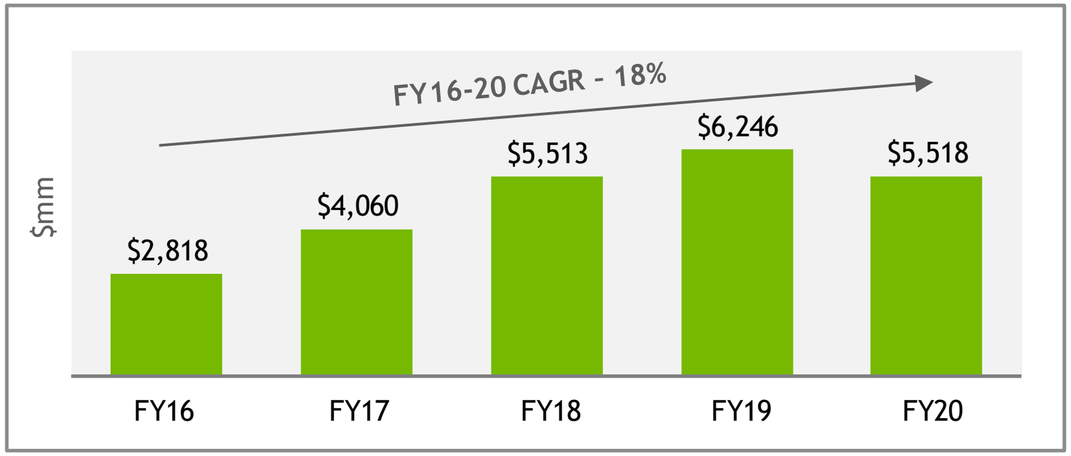
Largest Customer 11% of Total Revenue Over Past 3 Fiscal Years

NVIDIA.

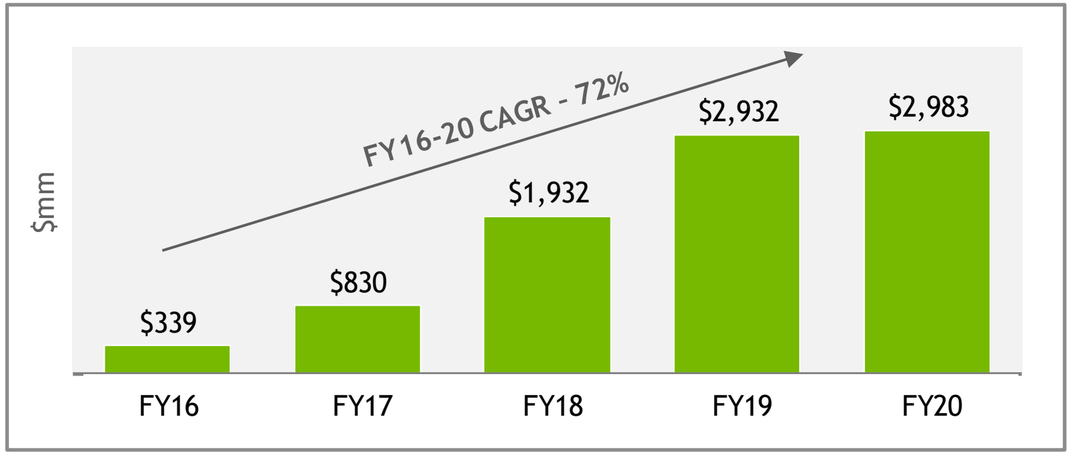
FINANCIALS

ANNUAL REVENUE BY MARKET PLATFORM

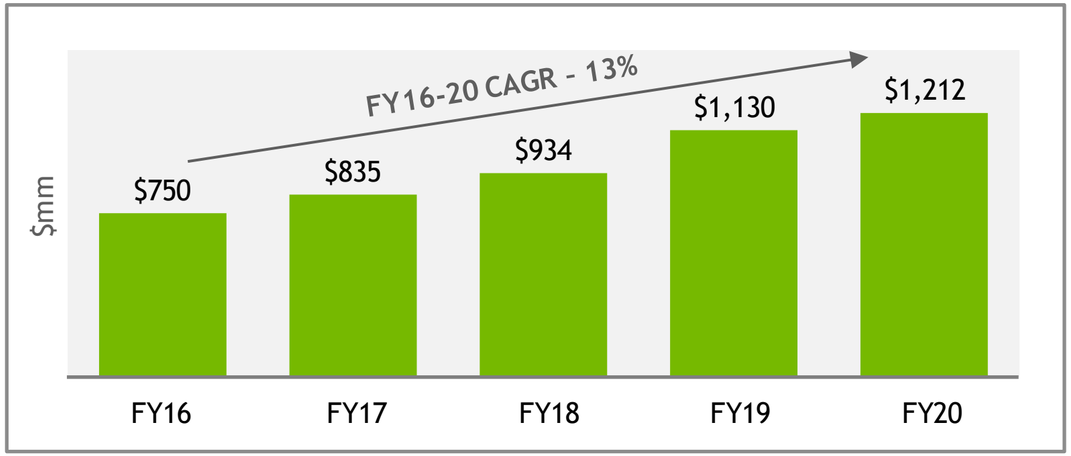
Gaming



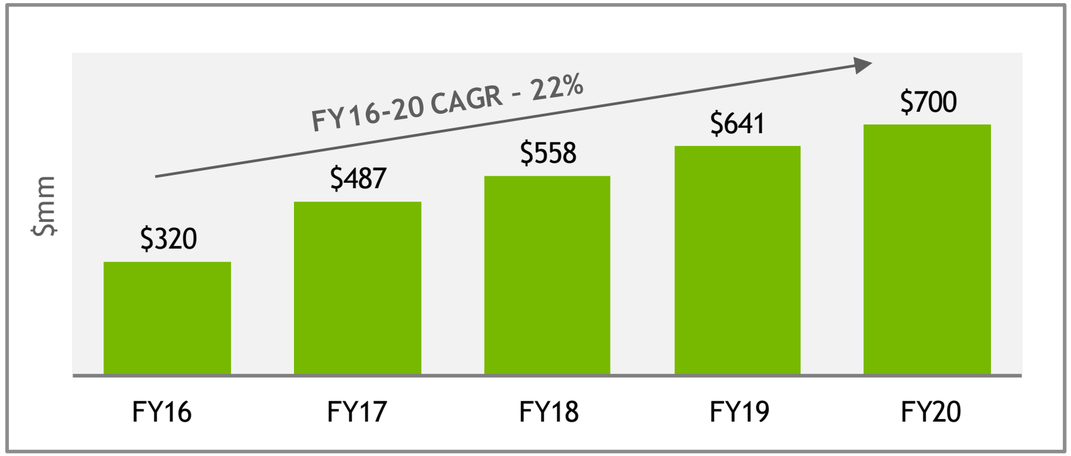
Data Center



Pro Visualization

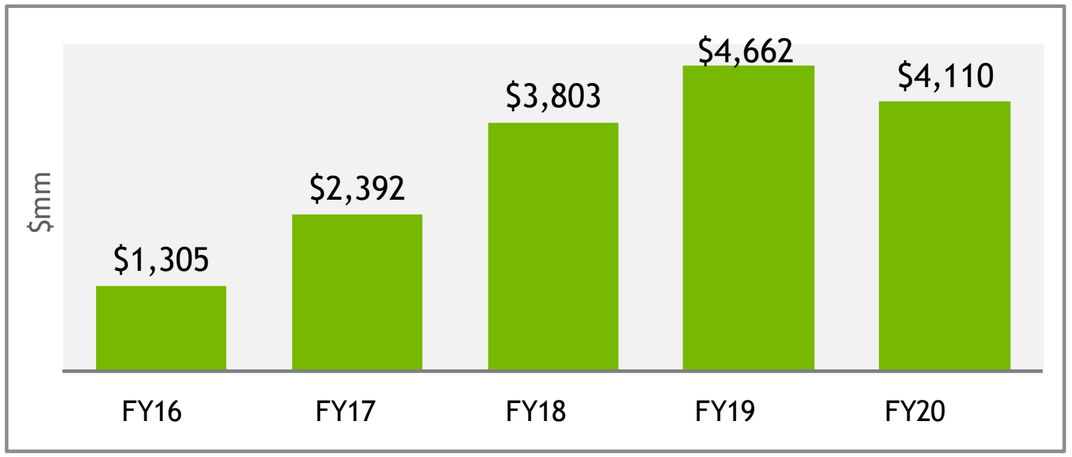


Auto

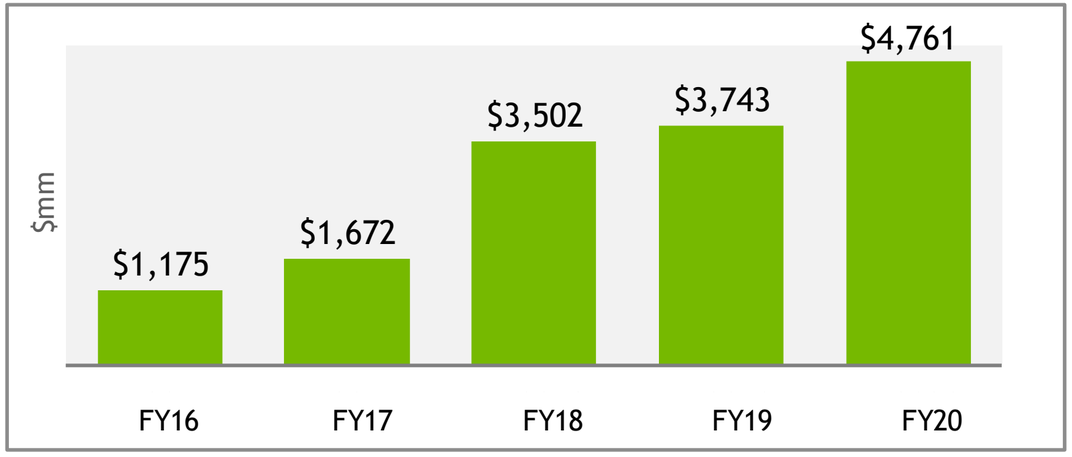


ANNUAL CASH & CASH FLOW METRICS

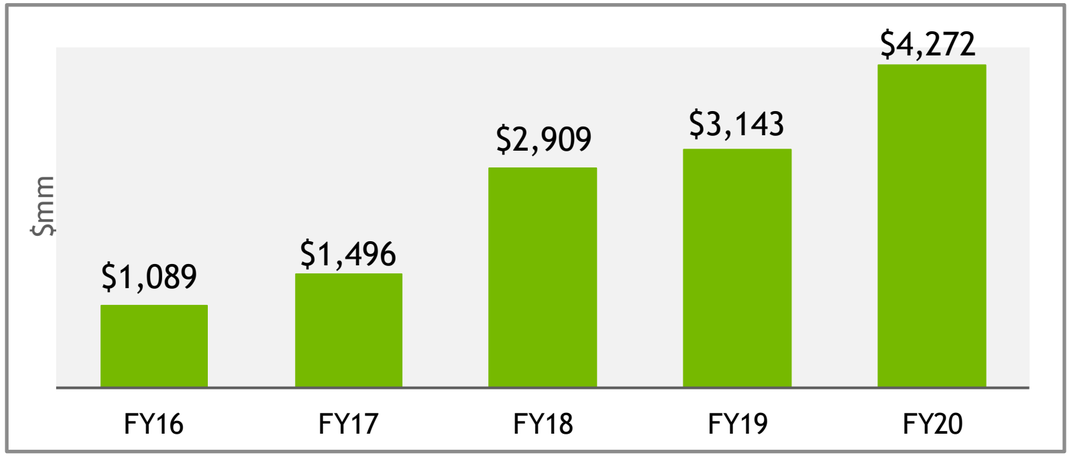
ADJUSTED EBITDA (NON-GAAP)



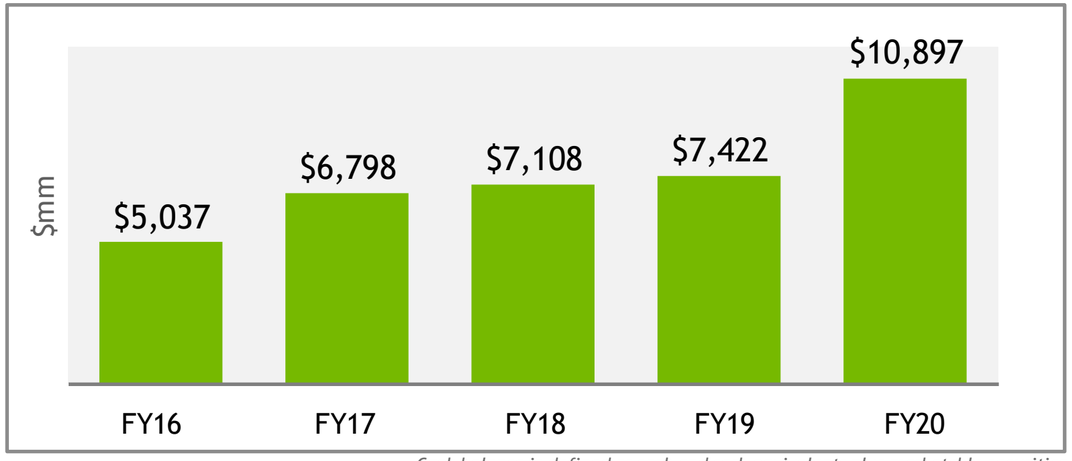
OPERATING CASH FLOW



FREE CASH FLOW



CASH BALANCE



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

CONSERVATIVE FINANCIAL POLICY

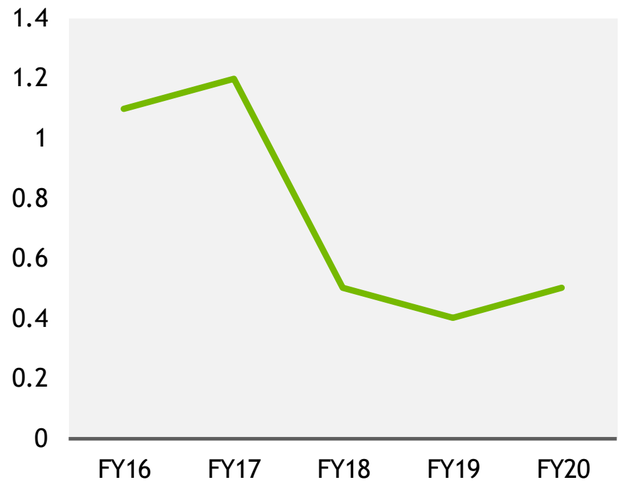
Key Credit Metrics

	FY20
Revenue	$10.92B
Adjusted EBITDA	$4.11B
Free Cash Flow	$4.27B
Cash & Cash Equivalents and Marketable Securities	$10.90B
Principal Value of Debt	$2.00B
Net Cash	$8.90B
Principal Value of Debt / Adjusted EBITDA	0.5x

Financial Policy Highlights

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

Historical Debt / Adjusted EBITDA



Source: SEC filings and public disclosures

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

NVIDIA'S COMMITMENT TO ESG

Create a Leading Workplace

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

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

Dow Jones Sustainability Indexes
Member
DOW JONES SUSTAINABILITY INDEX

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

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

CRO
100 Best Corporate Citizens
CRO MAGAZINE

"Nvidia Stock Wows Wall Street And ESG Investors Too As Best ESG Company"

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

Investor's Business Daily
Oct. 26, 2020

Tackle Climate Change

65%

global electricity use from renewable energy by FY25

The GREEN 500

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

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

Accelerated computing is the way forward for powerful & efficient supercomputers

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

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

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES

($ IN MILLIONS)	NON-GAAP OPERATING INCOME (A)	GAAP DEPRECIATION & AMORTIZATION	AMORTIZATION OF ACQUISITION-RELATED INTANGIBLES	ADJUSTED EBITDA
FY 2016	$1,125	197	(17)	$1,305
FY 2017	$2,221	187	(16)	$2,392
FY 2018	$3,617	199	(13)	$3,803
FY 2019	$4,407	262	(7)	$4,662
FY 2020	$3,735	381	(6)	$4,110

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

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

($ IN MILLIONS)	NON-GAAP OPERATING INCOME	STOCK-BASED COMPENSATION (A)	PRODUCT WARRANTY (B)	ACQUISITION-RELATED AND OTHER COSTS (C)	OTHER (D)	GAAP OPERATING INCOME
FY 2016	$1,125	(205)	(20)	(22)	(131)	$747
FY 2017	$2,221	(248)	—	(16)	(23)	$1,934
FY 2018	$3,617	(391)	—	(13)	(3)	$3,210
FY 2019	$4,407	(557)	—	(2)	(44)	$3,804
FY 2020	$3,735	(844)	—	(30)	(15)	$2,846

A. Stock-based compensation charge was allocated to cost of goods sold, research and development expense, and sales, general and administrative expense
B. Consists of warranty charge associated with a product recall
C. Consists of amortization of acquisition-related intangible assets, transaction costs, compensation charges, other credits related to acquisitions, and other costs
D. Comprises of legal settlement costs, contributions, and restructuring and other charges

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

($ IN MILLIONS)	NON-GAAP OPERATING INCOME	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED AND OTHER COSTS (B)	OTHER (C)	GAAP OPERATING INCOME
YTD Q3 FY20	$2,515	(624)	(22)	(13)	$1,856
YTD Q3 FY21	$4,714	(981)	(669)	(39)	$3,025

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

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

($ IN MILLIONS)	NON-GAAP	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED ITEMS AND OTHER COSTS (B)	OTHER (C)	TAX IMPACT OF ADJUSTMENTS	GAAP
Q3 FY2021						
Revenue	$4,726	—	—	—	—	$4,726
Gross profit	$3,095	(28)	(86)	(21)	—	$2,960
Gross margin	65.5%	(0.6)	(1.8)	(0.5)	—	62.6%
Research and development expense	$813	232	2	—	—	$1,047
Sales, general and administrative expense	$288	123	104	—	—	$515
Operating expense	$1,101	355	106	—	—	$1,562
Operating income	$1,993	(383)	(192)	(20)	—	$1,398
Net income	$1,834	(383)	(192)	(25)	102	$1,336
Diluted EPS	$2.91	(0.61)	(0.30)	(0.04)	0.16	$2.12

A. Stock-based compensation charge was allocated to cost of goods sold, research and development expense, and sales, general and administrative expense
B. Primarily consists of amortization of intangible assets, inventory step-up, transaction costs, and certain compensation charges
C. Comprises of legal settlement costs, losses from non-affiliated investments, and interest expense related to amortization of debt discount

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

	NON-GAAP GROSS MARGIN	STOCK-BASED COMPENSATION (A)	PRODUCT WARRANTY (B)	OTHER (C)	GAAP GROSS MARGIN
FY 2016	56.8%	(0.3)	(0.4)	—	56.1%
FY 2017	59.2%	(0.2)	—	(0.2)	58.8%
FY 2018	60.2%	(0.3)	—	—	59.9%
FY 2019	61.7%	(0.2)	—	(0.3)	61.2%
FY 2020	62.5%	(0.4)	—	(0.1)	62.0%

A. Stock-based compensation charge was allocated to cost of goods sold
B. Consists of warranty charge associated with a product recall
C. Consists of legal settlement costs

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

	NON-GAAP GROSS MARGIN	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED ITEMS AND OTHER COSTS (B)	OTHER (C)	GAAP GROSS MARGIN
Q3 FY2020	64.1%	(0.5)	—	—	63.6%
Q4 FY2020	65.4%	(0.4)	—	(0.1)	64.9%
Q1 FY2021	65.8%	(0.7)	—	—	65.1%
Q2 FY2021	66.0%	(0.4)	(6.3)	(0.5)	58.8%
Q3 FY2021	65.5%	(0.6)	(1.8)	(0.5)	62.6%

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

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

	NON-GAAP GROSS MARGIN	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED ITEMS AND OTHER COSTS (B)	OTHER (C)	GAAP GROSS MARGIN
YTD Q3 FY20	61.3%	(0.4)	—	(0.1)	60.8%
YTD Q3 FY21	65.7%	(0.5)	(2.8)	(0.4)	62.0%

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

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

	NON-GAAP OPERATING MARGIN	STOCK-BASED COMPENSATION (A)	PRODUCT WARRANTY (B)	ACQUISITION-RELATED AND OTHER COSTS (C)	OTHER (D)	GAAP OPERATING MARGIN
FY 2016	22.5%	(4.2)	(0.4)	(0.4)	(2.6)	14.9%
FY 2017	32.1%	(3.6)	—	(0.2)	(0.3)	28.0%
FY 2018	37.2%	(4.0)	—	(0.2)	—	33.0%
FY 2019	37.6%	(4.7)	—	—	(0.4)	32.5%
FY 2020	34.2%	(7.7)	—	(0.3)	(0.1)	26.1%

A. Stock-based compensation charge was allocated to cost of goods sold, research and development expense, and sales, general and administrative expense
B. Consists of warranty charge associated with a product recall
C. Consists of amortization of acquisition-related intangible assets, transaction costs, compensation charges, other credits related to acquisitions, and other costs
D. Comprises of legal settlement costs, contributions, and restructuring and other charges

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

	NON-GAAP OPERATING MARGIN	STOCK-BASED COMPENSATION (A)	ACQUISITION-RELATED AND OTHER COSTS (B)	OTHER (C)	GAAP OPERATING MARGIN
YTD Q3 FY20	32.2%	(7.9)	(0.3)	(0.2)	23.8%
YTD Q3 FY21	40.4%	(8.4)	(5.7)	(0.4)	25.9%

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

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

($ IN MILLIONS)	NET CASH PROVIDED BY OPERATING ACTIVITIES	PURCHASES OF PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS	FREE CASH FLOW
FY 2016	$1,175	(86)	$1,089
FY 2017	$1,672	(176)	$1,496
FY 2018	$3,502	(593)	$2,909
FY 2019	$3,743	(600)	$3,143
FY 2020	$4,761	(489)	$4,272

RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

($ in millions)	Q4 FY2021 Outlook
GAAP gross margin	62.8%
Impact of stock-based compensation expense, acquisition-related costs, and other costs	2.7%
Non-GAAP gross margin	65.5%
GAAP operating expenses	$1,640
Stock-based compensation expense, acquisition-related costs, and other costs	(460)
Non-GAAP operating expenses	$1,180