

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **May 25, 2022**

NVIDIA CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-23985
(Commission
File Number)

94-3177549
(IRS Employer
Identification No.)

2788 San Tomas Expressway, Santa Clara, CA 95051

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(408) 486-2000**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	NVDA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On May 25, 2022, NVIDIA Corporation, or the Company, issued a press release announcing its results for the quarter ended May 1, 2022. The press release is attached as Exhibit 99.1 and is incorporated herein by reference.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is financial information and commentary by Colette M. Kress, Executive Vice President and Chief Financial Officer of the Company, regarding results of the quarter ended May 1, 2022, or the CFO Commentary. The CFO Commentary will be posted to <http://investor.nvidia.com> immediately after the filing of this Current Report.

The press release and CFO Commentary are furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information in this Current Report shall not be incorporated by reference in any filing with the U.S. Securities and Exchange Commission made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit	Description
99.1	Press Release, dated May 25, 2022, entitled "NVIDIA Announces Financial Results for First Quarter Fiscal 2023"
99.2	CFO Commentary on First Quarter Fiscal 2023 Results

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 25, 2022

NVIDIA Corporation

By: /s/ Colette M. Kress

Colette M. Kress

Executive Vice President and Chief Financial Officer

FOR IMMEDIATE RELEASE:

NVIDIA Announces Financial Results for First Quarter Fiscal 2023

- Record quarterly revenue of \$8.29 billion, up 46% from a year ago
- Record quarterly revenue for Data Center and Gaming

SANTA CLARA, Calif.-May 25, 2022- NVIDIA (NASDAQ: NVDA) today reported record revenue for the first quarter ended May 1, 2022, of \$8.29 billion, up 46% from a year ago and up 8% from the previous quarter, with record revenue in Data Center and Gaming.

GAAP earnings per diluted share for the quarter were \$0.64, down 16% from a year ago and down 46% from the previous quarter, and include an after-tax impact of \$0.52 related to the \$1.35 billion Arm acquisition termination charge. Non-GAAP earnings per diluted share were \$1.36, up 49% from a year ago and up 3% from the previous quarter.

“We delivered record results in Data Center and Gaming against the backdrop of a challenging macro environment,” said Jensen Huang, founder and CEO of NVIDIA. “The effectiveness of deep learning to automate intelligence is driving companies across industries to adopt NVIDIA for AI computing. Data Center has become our largest platform, even as Gaming achieved a record quarter.

“We are gearing up for the largest wave of new products in our history with new GPU, CPU, DPU and robotics processors ramping in the second half. Our new chips and systems will greatly advance AI, graphics, Omniverse, self-driving cars and robotics, as well as the many industries these technologies impact,” he said.

During the first quarter of fiscal 2023, NVIDIA returned to shareholders \$2.10 billion in share repurchases and cash dividends.

On May 23, 2022, the board of directors increased and extended the company’s share repurchase program to repurchase additional common stock up to a total of \$15 billion through December 2023.

NVIDIA will pay its next quarterly cash dividend of \$0.04 per share on July 1, 2022, to all shareholders of record on June 9, 2022.

Q1 Fiscal 2023 Summary

GAAP					
<i>(\$ in millions, except earnings per share)</i>	Q1 FY23	Q4 FY22	Q1 FY22	Q/Q	Y/Y
Revenue	\$8,288	\$7,643	\$5,661	Up 8%	Up 46%
Gross margin	65.5 %	65.4 %	64.1 %	Up 10 bps	Up 140 bps
Operating expenses	\$3,563	\$2,029	\$1,673	Up 76%	Up 113%
Operating income	\$1,868	\$2,970	\$1,956	Down 37%	Down 4%
Net income	\$1,618	\$3,003	\$1,912	Down 46%	Down 15%
Diluted earnings per share	\$0.64	\$1.18	\$0.76	Down 46%	Down 16%

Non-GAAP					
(\$ in millions, except earnings per share)	Q1 FY23	Q4 FY22	Q1 FY22	Q/Q	Y/Y
Revenue	\$8,288	\$7,643	\$5,661	Up 8%	Up 46%
Gross margin	67.1 %	67.0 %	66.2 %	Up 10 bps	Up 90 bps
Operating expenses	\$1,608	\$1,447	\$1,189	Up 11%	Up 35%
Operating income	\$3,955	\$3,677	\$2,557	Up 8%	Up 55%
Net income	\$3,443	\$3,350	\$2,313	Up 3%	Up 49%
Diluted earnings per share	\$1.36	\$1.32	\$0.91	Up 3%	Up 49%

Outlook

NVIDIA's outlook for the second quarter of fiscal 2023 is as follows:

- Revenue is expected to be \$8.10 billion, plus or minus 2%. This includes an estimated reduction of approximately \$500 million relating to Russia and the COVID lockdowns in China.
- GAAP and non-GAAP gross margins are expected to be 65.1% and 67.1%, respectively, plus or minus 50 basis points.
- GAAP and non-GAAP operating expenses are expected to be approximately \$2.46 billion and \$1.75 billion, respectively.
- GAAP and non-GAAP other income and expense are expected to be an expense of approximately \$40 million, excluding gains and losses from non-affiliated investments.
- GAAP and non-GAAP tax rates are expected to be 12.5%, plus or minus 1%, excluding any discrete items.

Highlights

NVIDIA achieved progress since its previous earnings announcement in these areas:

Data Center

- First-quarter revenue was a record \$3.75 billion, up 83% from a year ago and up 15% from the previous quarter.
- Announced the NVIDIA Hopper™ GPU architecture, delivering an order of magnitude performance leap over its predecessor; the NVIDIA® H100 Tensor Core GPU, the first Hopper-based GPU, featuring 80 billion transistors; and the NVIDIA DGX™ H100 system, the fourth generation of this purpose-built AI infrastructure.
- Announced the Arm®-based NVIDIA Grace™ CPU Superchip with two CPU chips connected coherently over NVLink®-C2C, a new high-speed, low-latency chip-to-chip interconnect.
- Announced that Taiwan's leading computer makers are set to release the first wave of systems powered by NVIDIA's Grace Hopper and Grace CPU Superchips, on track to launch in the first half of 2023.
- Unveiled NVIDIA Spectrum™-4, the world's first 400Gbps end-to-end networking platform, enabling the extreme performance and robust security needed for data center infrastructure at scale.
- Announced major updates to NVIDIA AI — which includes enterprise-ready software for advancing speech, recommender systems, hyperscale inference and more — as well as the new NVIDIA AI Accelerated program, to help ensure performance and reliability of AI applications from NVIDIA's partners.

- Announced NVIDIA OVX™ — a dedicated, scalable server reference design for creating industrial digital twins in Omniverse — combining high-performance GPU-accelerated compute, graphics and AI with high-speed storage access, low-latency networking and precision timing.
- Unveiled 60+ updates to the NVIDIA CUDA-X™ collection of libraries, tools and technologies across a broad range of disciplines.
- Unveiled NVIDIA Clara™ Holoscan MGX, a platform for the medical-device industry to develop and deploy real-time AI applications at the edge, designed to meet required regulatory standards.
- Collaborated with Microsoft Azure to preview a scaled virtualized cloud offering using NVIDIA vGPU software and the NVIDIA A10 Tensor Core GPU.
- Announced a strategic collaboration with The Kroger Co. to reimagine the shopping experience using AI-enabled applications and services.
- Teamed with UF Health, the University of Florida's academic health center, to develop a neural network that generates synthetic clinical data.

Gaming

- First-quarter revenue was a record \$3.62 billion, up 31% from a year ago and up 6% from the previous quarter.
- Introduced the GeForce RTX® 3090 Ti, the fastest-ever consumer GPU.
- Announced 15 new game titles optimized for NVIDIA RTX — including *Dying Light 2 Stay Human*, *Ghostwire: Tokyo* and *Shadow Warrior 3* — bringing the total to over 250 games and applications.
- Announced that gamers can now access RTX 3080-class streaming with GeForce NOW™ monthly subscription plans.
- Expanded the GeForce NOW library with over 100 games — including *Lost Ark*, *Need for Speed: Heat* and *Life is Strange: Remastered* — bringing the total to over 1,300.
- Launched *Fortnite* on GeForce NOW with touch controls for mobile devices, streaming through the Safari web browser on iOS and the GeForce NOW Android app.

Professional Visualization

- First-quarter revenue was \$622 million, up 67% from a year ago and down 3% from the previous quarter.
- Added new NVIDIA Ampere architecture RTX GPUs for workstations, widening access to AI and ray-tracing technology.
- Announced the Omniverse Cloud service for instant access to NVIDIA Omniverse™ — including by millions of Mac and Chromebook users — enabling the collaborative editing of large 3D scenes from anywhere when available next year.
- Announced that Amazon Robotics is building AI-enabled digital twins of its warehouses, using Omniverse Enterprise, to optimize warehouse design and train more intelligent robotic solutions.

Automotive and Robotics

- First-quarter Automotive revenue was \$138 million, down 10% from a year ago and up 10% from the previous quarter.
 - Started production of the NVIDIA DRIVE Orin™ autonomous vehicle computer, which has been chosen by over 35 automakers.
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- Announced wins with Lucid Motors and BYD, bringing its automotive design-win pipeline to over \$11 billion over the next six years.
- Introduced NVIDIA DRIVE™ Map, a multimodal mapping platform — based in part on DeepMap survey mapping technology — designed to enable the highest levels of autonomy while improving safety.
- Set records in AI inference with NVIDIA Orin in its MLPerf benchmark debut, running up to 5x faster than its predecessor with an average of 2x better energy efficiency.
- Announced availability of the NVIDIA Jetson™ AGX Orin developer kit, with production modules shipping in July, and Isaac Nova Orin, a state-of-the-art AI compute and sensor reference platform built to accelerate development of autonomous mobile robots.

CFO Commentary

Commentary on the quarter by Colette Kress, NVIDIA's executive vice president and chief financial officer, is available at <https://investor.nvidia.com/>.

Conference Call and Webcast Information

NVIDIA will conduct a conference call with analysts and investors to discuss its first quarter fiscal 2023 financial results and current financial prospects today at 2 p.m. Pacific time (5 p.m. Eastern time). A live webcast (listen-only mode) of the conference call will be accessible at NVIDIA's investor relations website, <https://investor.nvidia.com>. The webcast will be recorded and available for replay until NVIDIA's conference call to discuss its financial results for its second quarter of fiscal 2023.

Non-GAAP Measures

To supplement NVIDIA's condensed consolidated financial statements presented in accordance with GAAP, the company uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP income from operations, non-GAAP other income (expense), net, non-GAAP net income, non-GAAP net income, or earnings, per diluted share, and free cash flow. For NVIDIA's investors to be better able to compare its current results with those of previous periods, the company has shown a reconciliation of GAAP to non-GAAP financial measures. These reconciliations adjust the related GAAP financial measures to exclude acquisition termination costs, stock-based compensation expense, acquisition-related and other costs, IP-related costs, legal settlement costs, gains and losses from non-affiliated investments, interest expense related to amortization of debt discount, the associated tax impact of these items where applicable, domestication tax benefit, and foreign tax benefit. Free cash flow is calculated as GAAP net cash provided by operating activities less both purchases of property and equipment and intangible assets and principal payments on property and equipment and intangible assets. NVIDIA believes the presentation of its non-GAAP financial measures enhances the user's 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.

About NVIDIA

NVIDIA's (NASDAQ: NVDA) invention of the GPU in 1999 sparked the growth of the PC gaming market and has redefined modern computer graphics, high performance computing and artificial intelligence. The company's pioneering work in accelerated computing and AI is reshaping trillion-dollar industries, such as transportation, healthcare and manufacturing, and fueling the growth of many others. More information at <https://nvidianews.nvidia.com/>.

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Certain statements in this press release including, but not limited to, statements as to: the effectiveness of deep learning to automate intelligence driving companies across industries to adopt NVIDIA for AI computing; the largest wave of new products in our history with new GPU, CPU, DPU, and robotics processors ramping in the second half; our new chips and systems to advance AI, graphics, Omniverse, self-driving cars, and robotics, as well as the many industries these technologies impact; the benefits, performance, impact, and abilities of our products and technologies, including NVIDIA Hopper GPU architecture, NVIDIA H100 Tensor Core GPU, NVIDIA DGX H100 system, Arm-based NVIDIA Grace CPU Superchip, NVLink, NVIDIA Spectrum-4, the updated NVIDIA AI, the new NVIDIA AI Accelerated program, NVIDIA OVX, the NVIDIA CUDA-X collection, NVIDIA Clara Holoscan MGX, NVIDIA vGPU software, NVIDIA A10 Tensor Core GPU, GeForce RTX 3090 Ti, NVIDIA RTX, GeForce NOW, NVIDIA Ampere architecture RTX GPUs, Omniverse Cloud, Omniverse Enterprise, the NVIDIA DRIVE Orin autonomous vehicle computer, NVIDIA DRIVE Map, NVIDIA Orin, NVIDIA Jetson AGX Orin, and Isaac Nova Orin; the release by Taiwan's leading computer makers of the first wave of systems powered by NVIDIA's Grace Hopper and Grace CPU Superchips; the collaboration with Microsoft Azure to preview a scaled virtualized cloud offering using NVIDIA vGPU software and the NVIDIA A10 Tensor Core GPU; the strategic collaboration with The Kroger Co.; our teaming with UF Health, the University of Florida's academic health center, to develop a neural network that generates synthetic clinical data; NVIDIA's share repurchase program; NVIDIA's next quarterly cash dividend; NVIDIA's financial outlook for the second quarter of fiscal 2023, including the estimated impact on revenue relating to Russia and the COVID lockdowns in China; and NVIDIA's expected tax rates for the second quarter of fiscal 2023 are forward-looking statements that are subject to risks and uncertainties that could cause results to be materially different than expectations. 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 or demands; changes in industry standards and interfaces; unexpected loss of performance of our products or technologies when integrated into systems; as well as other factors detailed from time to time in the most recent reports NVIDIA files with the Securities and Exchange Commission, or SEC, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q. Copies of reports filed with the SEC are posted on the company's website and are available from NVIDIA without charge. These forward-looking statements are not guarantees of future performance and speak only as of the date hereof, and, except as required by law, NVIDIA disclaims any obligation to update these forward-looking statements to reflect future events or circumstances.

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NVIDIA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share data)

(Unaudited)

	Three Months Ended	
	May 1, 2022	May 2, 2021
Revenue	\$ 8,288	\$ 5,661
Cost of revenue	2,857	2,032
Gross profit	5,431	3,629
Operating expenses		
Research and development	1,618	1,153
Sales, general and administrative	592	520
Acquisition termination cost	1,353	—
Total operating expenses	3,563	1,673
Income from operations	1,868	1,956
Interest income	18	6
Interest expense	(68)	(53)
Other, net	(13)	135
Other income (expense), net	(63)	88
Income before income tax	1,805	2,044
Income tax expense	187	132
Net income	\$ 1,618	\$ 1,912
Net income per share (A):		
Basic	\$ 0.65	\$ 0.77
Diluted	\$ 0.64	\$ 0.76
Weighted average shares used in per share computation (A):		
Basic	2,506	2,484
Diluted	2,537	2,528

(A) Reflects a four-for-one stock split on July 19, 2021.

NVIDIA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	May 1, 2022	January 30, 2022
ASSETS		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 20,338	\$ 21,208
Accounts receivable, net	5,438	4,650
Inventories	3,163	2,605
Prepaid expenses and other current assets	636	366
Total current assets	29,575	28,829
Property and equipment, net	2,916	2,778
Operating lease assets	856	829
Goodwill	4,365	4,349
Intangible assets, net	2,211	2,339
Deferred income tax assets	1,784	1,222
Other assets	3,505	3,841
Total assets	\$ 45,212	\$ 44,187
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,999	\$ 1,783
Accrued and other current liabilities	3,563	2,552
Total current liabilities	5,562	4,335
Long-term debt	10,947	10,946
Long-term operating lease liabilities	752	741
Other long-term liabilities	1,631	1,553
Total liabilities	18,892	17,575
Shareholders' equity	26,320	26,612
Total liabilities and shareholders' equity	\$ 45,212	\$ 44,187

NVIDIA CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended	
	May 1, 2022	May 2, 2021
Cash flows from operating activities:		
Net income	\$ 1,618	\$ 1,912
Adjustments to reconcile net income to net cash provided by operating activities:		
Acquisition termination cost	1,353	—
Stock-based compensation expense	578	429
Depreciation and amortization	334	281
Losses (gains) on investments in non affiliates, net	17	(133)
Deferred income taxes	(542)	24
Other	23	(3)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(788)	(595)
Inventories	(560)	(159)
Prepaid expenses and other assets	(1,261)	2
Accounts payable	255	36
Accrued and other current liabilities	634	33
Other long-term liabilities	70	47
Net cash provided by operating activities	1,731	1,874
Cash flows from investing activities:		
Proceeds from maturities of marketable securities	5,947	3,140
Proceeds from sales of marketable securities	1,029	358
Purchases of marketable securities	(3,932)	(4,470)
Purchases related to property and equipment and intangible assets	(361)	(298)
Acquisitions, net of cash acquired	(36)	—
Investments and other, net	(35)	(2)
Net cash provided by (used in) investing activities	2,612	(1,272)
Cash flows from financing activities:		
Proceeds related to employee stock plans	204	126
Payments related to repurchases of common stock	(1,996)	—
Payments related to tax on restricted stock units	(532)	(477)
Dividends paid	(100)	(99)
Principal payments on property and equipment and intangible assets	(22)	(19)
Other	—	(2)
Net cash used in financing activities	(2,446)	(471)
Change in cash and cash equivalents	1,897	131
Cash and cash equivalents at beginning of period	1,990	847
Cash and cash equivalents at end of period	\$ 3,887	\$ 978

NVIDIA CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)
(Unaudited)

	Three Months Ended		
	May 1, 2022	January 30, 2022	May 2, 2021
GAAP gross profit	\$ 5,431	\$ 4,999	\$ 3,629
GAAP gross margin	65.5 %	65.4 %	64.1 %
Acquisition-related and other costs (A)	94	86	87
Stock-based compensation expense (B)	38	39	25
IP-related costs	—	—	5
Non-GAAP gross profit	<u>\$ 5,563</u>	<u>\$ 5,124</u>	<u>\$ 3,746</u>
Non-GAAP gross margin	67.1 %	67.0 %	66.2 %
GAAP operating expenses	\$ 3,563	\$ 2,029	\$ 1,673
Acquisition termination cost	(1,353)	—	—
Stock-based compensation expense (B)	(540)	(512)	(404)
Acquisition-related and other costs (A)	(55)	(70)	(80)
Legal settlement costs	(7)	—	—
Non-GAAP operating expenses	<u>\$ 1,608</u>	<u>\$ 1,447</u>	<u>\$ 1,189</u>
GAAP income from operations	\$ 1,868	\$ 2,970	\$ 1,956
Total impact of non-GAAP adjustments to income from operations	2,087	707	601
Non-GAAP income from operations	<u>\$ 3,955</u>	<u>\$ 3,677</u>	<u>\$ 2,557</u>
GAAP other income (expense), net	\$ (63)	\$ (105)	\$ 88
Losses (gains) from non-affiliated investments	17	53	(134)
Interest expense related to amortization of debt discount	1	—	1
Non-GAAP other income (expense), net	<u>\$ (45)</u>	<u>\$ (52)</u>	<u>\$ (45)</u>
GAAP net income	\$ 1,618	\$ 3,003	\$ 1,912
Total pre-tax impact of non-GAAP adjustments	2,105	760	468
Income tax impact of non-GAAP adjustments (C)	(280)	(330)	(67)
Domestication tax adjustments	—	7	—
Foreign tax benefit	—	(90)	—
Non-GAAP net income	<u>\$ 3,443</u>	<u>\$ 3,350</u>	<u>\$ 2,313</u>

	Three Months Ended		
	May 1, 2022	January 30, 2022	May 2, 2021
Diluted net income per share (D)			
GAAP	\$ 0.64	\$ 1.18	\$ 0.76
Non-GAAP	\$ 1.36	\$ 1.32	\$ 0.91
Weighted average shares used in diluted net income per share computation (D)	2,537	2,545	2,528
GAAP net cash provided by operating activities	\$ 1,731	\$ 3,033	\$ 1,874
Purchases related to property and equipment and intangible assets	(361)	(273)	(298)
Principal payments on property and equipment and intangible assets	(22)	(21)	(19)
Free cash flow	\$ 1,348	\$ 2,739	\$ 1,557

(A) Acquisition-related and other costs are comprised of amortization of intangible assets, transaction costs and certain compensation charges presented in the following line items:

	Three Months Ended		
	May 1, 2022	January 30, 2022	May 2, 2021
Cost of revenue	\$ 94	\$ 86	\$ 87
Research and development	\$ 9	\$ 9	\$ 1
Sales, general and administrative	\$ 46	\$ 61	\$ 79

(B) Stock-based compensation consists of the following:

	Three Months Ended		
	May 1, 2022	January 30, 2022	May 2, 2021
Cost of revenue	\$ 38	\$ 39	\$ 25
Research and development	\$ 384	\$ 362	\$ 276
Sales, general and administrative	\$ 156	\$ 150	\$ 128

(C) Income tax impact of non-GAAP adjustments, including the recognition of excess tax benefits or deficiencies related to stock-based compensation under GAAP accounting standard (ASU 2016-09).

(D) Reflects a four-for-one stock split on July 19, 2021.

NVIDIA CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

	Q2 FY2023 Outlook
	(\$ in millions)
GAAP gross margin	65.1 %
Impact of stock-based compensation expense, acquisition-related costs, and other costs	2.0 %
Non-GAAP gross margin	<u>67.1 %</u>
GAAP operating expenses	\$ 2,460
Stock-based compensation expense and acquisition-related costs	(710)
Non-GAAP operating expenses	<u>\$ 1,750</u>



CFO Commentary on First Quarter Fiscal 2023 Results

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Diluted earnings per share	\$1.36	\$1.32	\$0.91	Up 3%	Up 49%

Revenue by Reportable Segments					
(\$ in millions)	Q1 FY23	Q4 FY22	Q1 FY22	Q/Q	Y/Y
Graphics	\$4,616	\$4,418	\$3,451	Up 4%	Up 34%
Compute & Networking	3,672	3,225	2,210	Up 14%	Up 66%
Total	\$8,288	\$7,643	\$5,661	Up 8%	Up 46%

Revenue by Market Platform					
(\$ in millions)	Q1 FY23	Q4 FY22	Q1 FY22	Q/Q	Y/Y
Gaming	\$3,620	\$3,420	\$2,760	Up 6%	Up 31%
Data Center	3,750	3,263	2,048	Up 15%	Up 83%
Professional Visualization	622	643	372	Down 3%	Up 67%
Automotive	138	125	154	Up 10%	Down 10%
OEM and Other	158	192	327	Down 18%	Down 52%
Total	\$8,288	\$7,643	\$5,661	Up 8%	Up 46%

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

Revenue was a record \$8.29 billion, up 46% from a year ago and up 8% sequentially, with record revenue achieved in Gaming and Data Center.

Gaming revenue was up 31% from a year ago and up 6% sequentially. The year-on-year increase reflects higher sales of GeForce GPUs based on our NVIDIA Ampere architecture. The sequential increase was driven by higher sales of GeForce GPUs for laptops and SOCs for game consoles.

Our GPUs are capable of cryptocurrency mining, though we have limited visibility into how much this impacts our overall GPU demand. Volatility in the cryptocurrency market – such as the recent declines in cryptocurrency prices or changes in method of verifying transactions, including proof of work or proof of stake – can impact demand for our products and our ability to accurately estimate it. Most desktop NVIDIA Ampere architecture GeForce GPU shipments were Lite Hash Rate to help direct GeForce GPUs to gamers.

Data Center revenue was up 83% from a year ago and up 15% sequentially. These increases were primarily driven by sales of NVIDIA Ampere architecture GPUs and DGX systems used across both training and inference. Growth was led by cloud computing and hyperscale customers for workloads such as natural language processing and deep recommenders.

Professional Visualization revenue was up 67% from a year ago and down 3% sequentially. The year-on-year increase was driven by sales of NVIDIA Ampere architecture products, with growth in workstations as enterprises supported hybrid work environments. The sequential decrease was due to lower sales of desktop workstation GPUs, partially offset by higher sales of notebook workstations GPUs.

Automotive revenue was down 10% from a year ago and up 10% sequentially. The year-on-year decrease was due to automakers' supply constraints and the decline of legacy cockpit revenue. The sequential increase was driven by AI cockpit revenue.

OEM and Other revenue was down 52% from a year ago and down 18% sequentially. The year-on-year decrease was due to a decline in Cryptocurrency Mining Processor (CMP) revenue, which was nominal in the quarter compared with \$155 million from a year ago. The sequential decrease was driven by lower entry level notebook GPU sales.

Gross Margin

Reconciliation of GAAP to Non-GAAP Gross Margin			
(\$ in millions)	Q1 FY23	Q4 FY22	Q1 FY22
GAAP gross profit	\$5,431	\$4,999	\$3,629
<i>GAAP gross margin</i>	65.5 %	65.4 %	64.1 %
Acquisition-related and other costs	94	86	87
Stock-based compensation expense	38	39	25
IP-related costs	--	--	5
Non-GAAP gross profit	\$5,563	\$5,124	\$3,746
<i>Non-GAAP gross margin</i>	67.1 %	67.0 %	66.2 %

GAAP gross margin was up 140 basis points from a year ago, primarily due to a higher-end mix of GeForce GPUs within Gaming and the reduced impact of acquisition-related costs. Sequentially, GAAP gross margin was up 10 basis points due to increased contribution of, and favorable product mix changes within, Data

Center, partially offset by higher sales of SOCs for game consoles. Non-GAAP gross margin was up 90 basis points from a year ago and up 10 basis points sequentially.

Expenses

Reconciliation of GAAP to Non-GAAP Operating Expenses			
(\$ in millions)	Q1 FY23	Q4 FY22	Q1 FY22
GAAP operating expenses	\$3,563	\$2,029	\$1,673
Acquisition termination cost	(1,353)	--	--
Stock-based compensation expense	(540)	(512)	(404)
Acquisition-related and other costs	(55)	(70)	(80)
Legal settlement costs	(7)	--	--
Non-GAAP operating expenses	\$1,608	\$1,447	\$1,189

GAAP operating expenses were up 113% from a year ago and up 76% sequentially and include a \$1.35 billion acquisition termination charge related to the Arm transaction.

Non-GAAP operating expenses were up 35% from a year ago and up 11% sequentially. These increases were driven by employee growth, compensation-related costs and engineering development costs. We have been successful in hiring this year and expect to slow hiring in the second half of fiscal 2023 as we integrate our new employees.

Operating Income

GAAP operating income was \$1.87 billion, down 4% from a year ago and down 37% sequentially. Non-GAAP operating income was \$3.96 billion, up 55% from a year ago and up 8% sequentially.

Other Income & Expense and Income Tax

GAAP OI&E			
(\$ in millions)	Q1 FY23	Q4 FY22	Q1 FY22
Interest income	\$18	\$9	\$6
Interest expense	(68)	(61)	(53)
Gains (losses) from non-affiliated investments	(17)	(53)	134
Other	4	--	1
Total	(\$63)	(\$105)	\$88

Non-GAAP OI&E			
(\$ in millions)	Q1 FY23	Q4 FY22	Q1 FY22
Interest income	\$18	\$9	\$6
Interest expense	(67)	(61)	(52)
Other	4	--	1
Total	(\$45)	(\$52)	(\$45)

GAAP other income and expense (OI&E) includes interest income, interest expense, gains and losses from non-affiliated investments and other. Non-GAAP OI&E excludes the portion of interest expense from the amortization of the debt discount and the gains or losses from non-affiliated investments.

Interest income was \$18 million, up from a year ago and sequentially, due to higher interest rates earned on investments. Interest expense was \$68 million, up from a year ago and sequentially. The year-on-year increase was primarily due to debt issuances and the sequential increase primarily relates to a reduction in capitalized interest. Loss from non-affiliated investments was \$17 million, up from a year ago and down sequentially. These changes were primarily driven by the mark-to-market of public trading equity investments and changes in value from our non-affiliated private investments.

GAAP effective tax rate for the first quarter was 10.3%. Discrete items affecting our tax rate included excess tax benefits related to stock-based compensation, partially offset by the impact of the Arm acquisition termination charge. Non-GAAP effective tax rate for the first quarter was 11.9%.

Net Income and EPS

GAAP net income was a \$1.62 billion. GAAP earnings per diluted share were \$0.64, down 16% from a year ago and down 46% sequentially, and include an after-tax impact of \$0.52 related to the \$1.35 billion Arm acquisition termination charge.

Non-GAAP net income was \$3.44 billion. Non-GAAP earnings per diluted share were \$1.36, up 49% from a year ago and up 3% sequentially.

Balance Sheet and Cash Flow

Cash, cash equivalents and marketable securities were \$20.34 billion, up from \$12.67 billion a year ago and down from \$21.21 billion a quarter ago. The year-on-year increase reflects free cash flow generation and \$5.00 billion of debt issuance proceeds. The sequential decrease reflects share repurchases and advanced payments on supply agreements.

Accounts receivable was \$5.44 billion compared with \$3.02 billion a year ago and \$4.65 billion a quarter ago. DSO was 60 days, up from 49 days a year ago and up from 55 days a quarter ago.

Inventory was \$3.16 billion compared with \$1.99 billion a year ago and \$2.61 billion a quarter ago. Outstanding inventory purchase and long-term supply obligations were \$9.59 billion, up from \$3.46 billion a year ago and up from \$9.00 billion a quarter ago, due to longer lead-times throughout the supply chain. Prepaid supply agreements were \$3.06 billion, up from \$1.84 billion a quarter ago. DSI was 101 days, up from 89 days a year ago and up from 90 days a quarter ago.

Cash flow from operating activities was \$1.73 billion, down from \$1.87 billion a year ago and down from \$3.03 billion a quarter ago. These decreases primarily reflect advanced payments on supply agreements.

Free cash flow was \$1.35 billion, down from \$1.56 billion a year ago and down from \$2.74 billion a quarter ago.

Depreciation and amortization expense was \$334 million, including amortization of intangible assets related to the Mellanox acquisition. Capital expenditures including principal payments on property and equipment were \$383 million.

During the first quarter of fiscal 2023, NVIDIA returned \$2.10 billion to shareholders in the form of share repurchases and cash dividends.

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.

Second Quarter of Fiscal 2023 Outlook

Our outlook for the second quarter of fiscal 2023 is as follows:

- Revenue is expected to be \$8.10 billion, plus or minus 2%. This includes an estimated reduction of approximately \$500 million relating to Russia and the COVID lockdowns in China.
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- GAAP and non-GAAP gross margins are expected to be 65.1% and 67.1%, respectively, plus or minus 50 basis points.
- GAAP and non-GAAP operating expenses are expected to be approximately \$2.46 billion and \$1.75 billion, respectively.
- GAAP and non-GAAP other income and expense are expected to be an expense of approximately \$40 million, excluding gains and losses from non-affiliated investments.
- GAAP and non-GAAP tax rates are expected to be 12.5%, plus or minus 1%, excluding any discrete items.
- Capital expenditures are expected to be approximately \$400 million to \$450 million, including principal payments on property and equipment.

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Non-GAAP Measures

To supplement NVIDIA's condensed consolidated financial statements presented in accordance with GAAP, the company uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP income from operations, non-GAAP other income (expense), net, non-GAAP net income, non-GAAP net income, or earnings, per diluted share, and free cash flow. In order for NVIDIA's investors to be better able to compare its current results with those of previous periods, the company has shown a reconciliation of GAAP to non-GAAP financial measures. These reconciliations adjust the related GAAP financial measures to exclude acquisition termination costs, stock-based compensation expense, acquisition-related and other costs, IP-related costs, legal settlement costs, gains and losses from non-affiliated investments, interest expense related to amortization of debt discount, the associated tax impact of these items where applicable, domestication tax benefit, and foreign tax benefit. Free cash flow is calculated as GAAP net cash provided by operating activities less both purchases of property and equipment and intangible assets and principal payments on property and equipment and intangible assets. NVIDIA believes the presentation of its non-GAAP financial measures enhances the user's 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.

Certain statements in this CFO Commentary including, but not limited to, statements as to: our computing platforms providing tremendous acceleration for applications; our limited visibility into the impact cryptocurrency mining has on overall GPU demand; volatility in the cryptocurrency market impacting demand for our products and our ability to accurately estimate demand for our products; our efforts to help direct GeForce to gamers; growth in workstations as enterprises support hybrid work environments; our expectation to slow hiring in the second half of fiscal 2023; our share repurchase program; our financial outlook for the second quarter of fiscal 2023, including the estimated impact on our revenue relating to Russia and the COVID lockdowns in China; our expected tax rates for the second quarter of fiscal 2023; and our expected capital expenditures for the second quarter of fiscal 2023 are forward-looking statements that are subject to risks and uncertainties that could cause results to be materially different than expectations. 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 or demands; changes in industry standards and interfaces; unexpected loss of performance of our products or technologies when integrated into systems; as well as other factors detailed from time to time in the most recent reports NVIDIA files with the Securities and Exchange

Commission, or SEC, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q. Copies of reports filed with the SEC are posted on the company's website and are available from NVIDIA without charge. These forward-looking statements are not guarantees of future performance and speak only as of the date hereof, and, except as required by law, NVIDIA disclaims any obligation to update these forward-looking statements to reflect future events or circumstances.

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NVIDIA CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)
(Unaudited)

	Three Months Ended		
	May 1, 2022	January 30, 2022	May 2, 2021
GAAP gross profit	\$ 5,431	\$ 4,999	\$ 3,629
GAAP gross margin	65.5 %	65.4 %	64.1 %
Acquisition-related and other costs (A)	94	86	87
Stock-based compensation expense (B)	38	39	25
IP-related costs	—	—	5
Non-GAAP gross profit	<u>\$ 5,563</u>	<u>\$ 5,124</u>	<u>\$ 3,746</u>
Non-GAAP gross margin	67.1 %	67.0 %	66.2 %
GAAP operating expenses	\$ 3,563	\$ 2,029	\$ 1,673
Acquisition termination cost	(1,353)	—	—
Stock-based compensation expense (B)	(540)	(512)	(404)
Acquisition-related and other costs (A)	(55)	(70)	(80)
Legal settlement costs	(7)	—	—
Non-GAAP operating expenses	<u>\$ 1,608</u>	<u>\$ 1,447</u>	<u>\$ 1,189</u>
GAAP income from operations	\$ 1,868	\$ 2,970	\$ 1,956
Total impact of non-GAAP adjustments to income from operations	2,087	707	601
Non-GAAP income from operations	<u>\$ 3,955</u>	<u>\$ 3,677</u>	<u>\$ 2,557</u>
GAAP other income (expense), net	\$ (63)	\$ (105)	\$ 88
Losses (gains) from non-affiliated investments	17	53	(134)
Interest expense related to amortization of debt discount	1	—	1
Non-GAAP other income (expense), net	<u>\$ (45)</u>	<u>\$ (52)</u>	<u>\$ (45)</u>
GAAP net income	\$ 1,618	\$ 3,003	\$ 1,912
Total pre-tax impact of non-GAAP adjustments	2,105	760	468
Income tax impact of non-GAAP adjustments (C)	(280)	(330)	(67)
Domestication tax adjustments	—	7	—
Foreign tax benefit	—	(90)	—
Non-GAAP net income	<u>\$ 3,443</u>	<u>\$ 3,350</u>	<u>\$ 2,313</u>

	Three Months Ended		
	May 1, 2022	January 30, 2022	May 2, 2021
Diluted net income per share (D)			
GAAP	\$ 0.64	\$ 1.18	\$ 0.76
Non-GAAP	\$ 1.36	\$ 1.32	\$ 0.91
Weighted average shares used in diluted net income per share computation (D)	2,537	2,545	2,528
GAAP net cash provided by operating activities	\$ 1,731	\$ 3,033	\$ 1,874
Purchases related to property and equipment and intangible assets	(361)	(273)	(298)
Principal payments on property and equipment and intangible assets	(22)	(21)	(19)
Free cash flow	\$ 1,348	\$ 2,739	\$ 1,557

(A) Acquisition-related and other costs are comprised of amortization of intangible assets, transaction costs and certain compensation charges presented in the following line items:

	Three Months Ended		
	May 1, 2022	January 30, 2022	May 2, 2021
Cost of revenue	\$ 94	\$ 86	\$ 87
Research and development	\$ 9	\$ 9	\$ 1
Sales, general and administrative	\$ 46	\$ 61	\$ 79

(B) Stock-based compensation consists of the following:

	Three Months Ended		
	May 1, 2022	January 30, 2022	May 2, 2021
Cost of revenue	\$ 38	\$ 39	\$ 25
Research and development	\$ 384	\$ 362	\$ 276
Sales, general and administrative	\$ 156	\$ 150	\$ 128

(C) Income tax impact of non-GAAP adjustments, including the recognition of excess tax benefits or deficiencies related to stock-based compensation under GAAP accounting standard (ASU 2016-09).

(D) Reflects a four-for-one stock split on July 19, 2021.

NVIDIA CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

	Q2 FY2023 Outlook
	(\$ in millions)
GAAP gross margin	65.1 %
Impact of stock-based compensation expense, acquisition-related costs, and other costs	2.0 %
Non-GAAP gross margin	<u>67.1 %</u>
GAAP operating expenses	\$ 2,460
Stock-based compensation expense and acquisition-related costs	(710)
Non-GAAP operating expenses	<u>\$ 1,750</u>