

NVIDIA CORPORATION (NVDA)

Information Technology – Accelerated Computing

April 17, 2025

Investment Thesis

NVIDIA is poised to maintain its semiconductor dominance as it reclaims its position as the world's most valuable company. NVIDIA remains at the forefront of the integrated circuit market by evolving Moore's Law and leading the AI chip market. As AI adoption grows, boosting productivity and GDP, NVIDIA remains the standard of high-performance computing, driving further demand for its products. The Henry Fund recommends a BUY with a valuation of \$152 and a 50% upside.

Drivers of Thesis

- **AI & Cloud Adoption:** Data Center revenue projected to grow at a 23.85% CAGR, driven by AI workloads and hyperscaler GPU demand.
- **CUDA Ecosystem:** With 6M+ developers, NVIDIA's software lock-in supports gross margin expansion to 83.91% by 2035 via DGX Cloud and AI Enterprise.
- **Export Recovery:** Assuming easing of controls, we forecast a 10-year revenue CAGR of 23.41%, with ~54% from international sales in FY2026

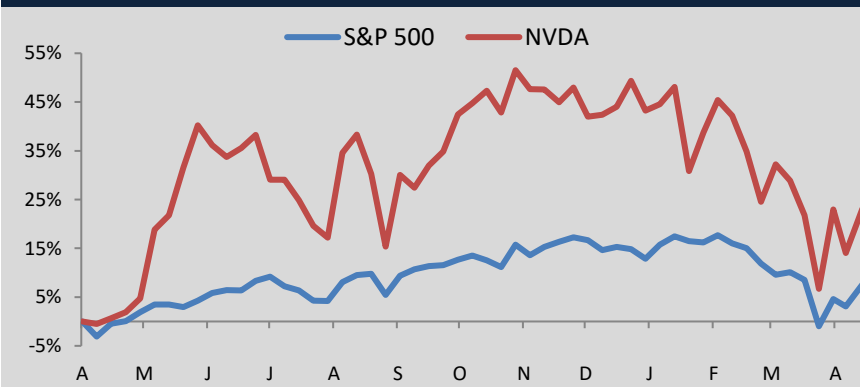
Risks to Thesis

- **Custom Silicon:** In-house chip development by key customers could erode pricing power and reduce hardware demand.
- **Fabless Exposure:** Heavy reliance on TSMC leaves NVIDIA vulnerable to Taiwan supply disruptions.
- **Valuation Risk:** Trading at 24.5x sales and 44x earnings, a pullback in AI spending could trigger 30-40% multiple compression.

Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	\$0.18	\$1.21	\$2.97	\$4.44	\$5.64	\$6.55
HF est.				\$4.08	\$7.20	\$11.03
Growth	-54.99%	587.50%	145.45%	79.70%	28.06%	45.62%

12 Month Performance



Stock Rating

BUY

Target Price

\$152

Henry Fund DCF	\$152
Henry Fund DDM	\$90
Relative Multiple	\$91

Price Data

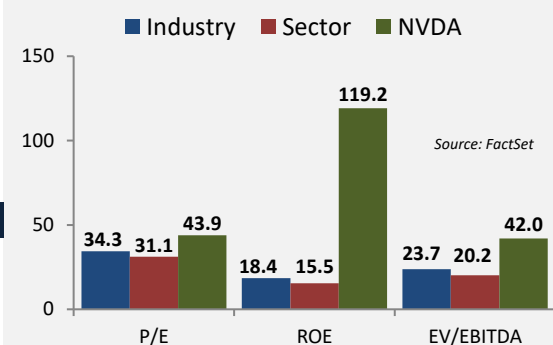
Current Price	\$101
52wk Range	\$75–153
Consensus 1yr Target	\$165

Key Statistics

Market Cap (B)	\$2,500
Shares Outstanding (M)	24,640
Institutional Ownership	65.28%
Beta	1.93
Dividend Yield	0.04%
Est. 5yr Growth	40.1%
Price/Earnings (TTM)	40.2
Price/Earnings (FY1)	21.8
Price/Sales (TTM)	22.5
Price/Book (mrq)	39.4

Profitability

Operating Margin	62.42%
Profit Margin	55.85%
Return on Assets (TTM)	82.20%
Return on Equity (TTM)	119.18%



Company Description

NVIDIA pioneered the prevailing semiconductor industry, challenging accepted thinking and pushing the physics of accelerated computing. Pairing cutting-edge integrated circuits and full-stack development to build high-performance GPU-accelerated applications. NVIDIA specializes in designing semiconductors utilizing a fabless and partnership manufacturing strategy with foundries. Critical to the information technology infrastructure and modern computing, NVIDIA continues to set the pace for computing power and energy efficiency.

COMPANY DESCRIPTION

NVIDIA Corporation

NVIDIA is a full-stack computing infrastructure company. Developing software for both front-end and back-end applications, working on both client and server sides of applications. Developing both software and hardware solutions to provide end-to-end computing. Focused on accelerated computing or shortening the time computers take to complete binary multiplication, NVIDIA invented the Graphics Processing Unit (GPU). The GPU is engineered for parallel computing, allowing for the division of computing into smaller subtasks. Simultaneously, thousands of cores, indicative of computational power, are used to manage thousands of instructions, reducing execution time for data and visuals.

Enhancing graphics for personal computers by accelerating the creation of images on a monitor allowed NVIDIA to gain a stake in the gaming industry. NVIDIA began in gaming because of the need for parallel processing for 3D graphics, a complex computing process. With a passion for virtual worlds and a keen eye for identifying gaming's potential to be the largest market within entertainment, NVIDIA's GPU was introduced to PCs and later consoles. NVIDIA's GPU was used in the first Microsoft Xbox. NVIDIA played a large part in making video game graphics more realistic. Gaming was NVIDIA's largest segment by specialized market until 2023; however, thanks to the gaming industry's revenue, NVIDIA invested in research and development. The entire time selling personal computer GPUs, NVIDIA worked behind the scenes to position itself well for the artificial intelligence (AI) boom.

Believing in the potential of computing, it focused on research and innovation. NVIDIA saw the need for parallel processing and its GPUs in usage outside of graphics. In 2006, with the creation of their parallel computing platform and application interface, Compute Unified Device Architecture (CUDA), developers gained direct access to the instructions and memory of CUDA GPU cores. By freeing up the CPU for complex branching or decision making, NVIDIA's CUDA revolutionized the world of computing. Allowing developers to utilize the full power of NVIDIA's GPU for general-purpose tasks fields such as machine learning has become attainable. With CUDA, GPUs are no longer simply tools for graphics

processing but have become accelerators for computing-intensive applications.

NVIDIA, positioned at the vanguard of the AI revolution after the AlexNet Neural Network, trained using NVIDIA GPUs, demonstrated the potential of deep learning in 2012. As AI continues to develop and the demand for AI-integrated applications soars, data centers have demanded NVIDIA's GPU and their other hardware. Offering massive parallel processing power and accelerated training times, NVIDIA has become the pillar of the AI Boom.¹

Artificial Intelligence

Artificial intelligence is the ability of machines to use reasoning to make logical connections to reach conclusions. Machine perception, the ability of computers to process information about their environment, is fundamental for the growth of AI. Through processing sensory data and analyzing the data, AI has improved its capabilities to solve complex problems and perform tasks.

Machine learning (ML) is a subdivision of AI that enables one to learn patterns from data and make predictions or decisions without being programmed. ML models improve as they are trained with and process more data. The larger the datasets, the more advanced and accurate the models become.³

Deep Learning is a subset of ML that uses artificial neural networks (ANN or NN) to model complex patterns in data. Inspired by the human brain, neural networks are made of interconnected nodes and artificial neurons to process information in hierarchical stages, increasing complexity as it advances.³

Large Language Models (LLM) is another subcategory of AI that specializes in understanding human-like text. LLM leverages advanced techniques to translate binary computing to outputs that mimic human languages. The shift from binary to written speech has been made possible by a drastic decrease in data storage and processing cost, allowing LLM and other AI fields to train on massive datasets. The models use data centers to process and understand text.⁴

Data Center and Cloud Computing

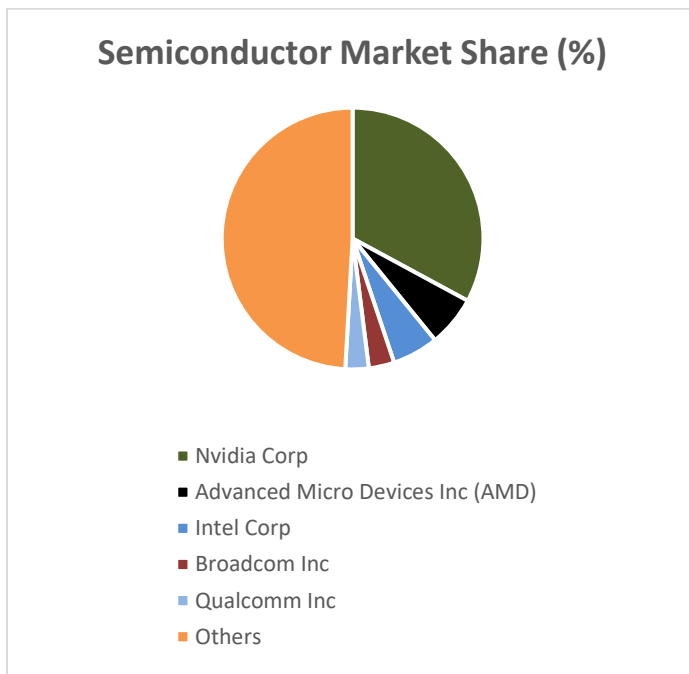
Data centers are advanced information technology architecture. They are made up of servers, storage devices,

and networking equipment that handles and distributes data via the internet. What was once a tucked-away room hosting a company's hardware, software, and resources to support organizations has now become million-square-foot buildings with servers that can be accessed remotely.⁵

Cloud computing relies on data centers and has contributed to the growth and modernization of these centers. Using the internet infrastructure, a global interconnected network of computers, data can be shared across cables to servers. Cloud computing allows for the usage of storage, processing power, and applications over the internet. These servers and wireless networks can be accessed remotely, rather than requiring physical cables and local servers. The growth of cloud computing has driven improvements in efficiency, scalability, and connectivity as data flows seamlessly across the globe to devices.⁶

Business Strategies

NVIDIA's success in accelerated computing and full-stack infrastructure has solidified its position as the dominant force in modern information technology. The company's Compute & Networking and Graphics segments create a comprehensive ecosystem that powers cutting-edge AI models and applications.



Source: [CSIMarket](#)

By continuously innovating in both hardware and software, NVIDIA has positioned itself as a cornerstone of the AI revolution. Rather than merely keeping pace with the rapid advancements, the company has taken the lead in shaping one of the most transformative technological shifts of the modern era.

NVIDIA's key strategies focus on advancing technology and platform leadership in AI, graphics, computing, and autonomous vehicles. The company enhances outcomes by seamlessly integrating software with hardware, as demonstrated in 2006 with the creation of CUDA. Today, NVIDIA leverages solutions like DGX Cloud, an AI Training-as-a-Service platform, alongside NVIDIA DGX Systems, an AI supercomputing platform designed to optimize deep learning models.

Beyond its technological advancements, NVIDIA fosters innovation through its Inception Program, an accelerator supporting AI startups, and the Deep Learning Institute, which provides education on neural networks. These initiatives not only advance AI development but also introduce new companies and individuals to NVIDIA's ecosystem, further cementing its role as an industry leader.¹

Evolution of Moore's Law

Headquartered in Santa Clara, the heart of technological innovation, NVIDIA shares its roots with one of its key competitors, Intel. The Northern California region, now famously known as Silicon Valley, earned its name largely due to the contributions of Robert Noyce, a Grinnell College alumnus, who co-founded Intel and was deemed the "Mayor of Silicon Valley" for his pioneering work in the silicon industry, including the invention of the integrated circuit. Alongside Noyce, Gordon Moore co-founded Intel and famously predicted that the number of transistors on integrated circuits would double approximately every two years, a principle known as Moore's Law. Though Moore did not intend for this trend to be a permanent fixture in semiconductor development, it has held for over 50 years, driving exponential improvements in computing power, with processing speeds increasing 100-fold every decade.⁷

NVIDIA CEO and founder Jensen Huang has declared that Moore's Law is dead, citing the physical limitations of transistors, which are now measured on an atomic scale, just 3 nanometers wide. Instead, Huang has introduced the concept of "Hyper Moore's Law," where

advancements in GPUs are dramatically lowering the cost of AI inference while delivering performance gains far beyond traditional semiconductor scaling. He noted in 2024 that NVIDIA's AI chips are 1,000 times more powerful than those of a decade ago, outpacing Moore's original prediction.⁸

These advancements have been possible not only through increasing transistor density but also by revolutionizing chip architecture, optimizing software libraries, and refining AI algorithms. While Moore's Law has guided the semiconductor industry for over 50 years, innovation continues to push boundaries, driving down computing costs, reducing chip sizes, and vastly increasing computational power.

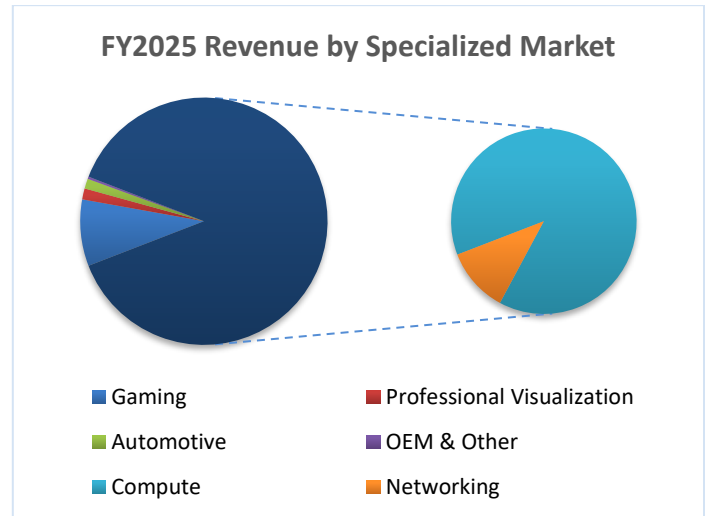
Operation

Operating under a fabless strategy, NVIDIA relies on contracting with foundries to manufacture its products. Partnering with suppliers for the entire manufacturing process, NVIDIA partners with industry leaders for the entire manufacturing processes from fabrication and assembly to quality control and testing. Relying on suppliers for the entirety of the fabrication process, from material purchasing to fabrication, to packaging and shipping.

Outsourcing wafer fabrication to specialized foundries enables NVIDIA to spread the substantial costs of building and maintaining advanced manufacturing facilities across multiple clients, thanks to economies of scale. This approach significantly reduces NVIDIA's expenses compared to establishing its own fabrication plants. By partnering with foundries like Taiwan Semiconductor Manufacturing Company (TSMC), which produces more than 90% of the world's most advanced semiconductors,⁹ NVIDIA benefits from cutting-edge manufacturing R&D without bearing the direct costs. TSMC, founded as a pure-play foundry solely focused on manufacturing rather than design, ensures it never competes with its customers, fostering a collaborative partnership model.

By operating a fabless business, NVIDIA can focus on the value added in the design, function, and advancement of product lines. Not lumbered with large capital expenditures, NVIDIA can reinvest retained earnings into Research and Development, including the best talent, to continue to push the bounds of Moore's Law.¹

Revenue Streams



Source: [NVIDIA 10-K](#)

Data Center: NVIDIA has transformed the landscape of data centers through its powerful GPUs, fundamentally changing its architecture to emphasize high-density GPU clusters, making AI faster and more efficient. Offering supercomputing platforms and servers, product lines include GPUs, CPUs, AI, and HPC software stacks, NVIDIA AI Enterprise software, and DGX Cloud Service. Networking products include end-to-end platforms for InfiniBand and Ethernet, DPUs, switch chips, and a full software stack. Pairing computing and networking, data centers can now connect thousands of compute nodes with a high-performance network. In the most recent fiscal year, Data Centers accounted for 88.27% of revenue.

Gaming: In 2025, gaming accounted for 8.70% of revenue, a steep decline when considering 5 years ago, it accounted for 50.54% of revenue. However, since 2025, it has had a compounded annual growth rate (CAGR) of 7.48% and is almost double the revenue it was 5 years ago. Products in this segment include GeForce RTX and GeForce GTX GPUs as well as GeForce NOW, a cloud gaming for playing personalized computer games on underpowered devices. Gaming will continue to be a staple in NVIDIA's market, with brand loyalty to its luxury gaming GPUs and full ray tracing capabilities.

NVIDIA is still involved in console hardware. Nintendo's soon-to-be best-selling console ever, the Nintendo Switch,¹⁰ utilizes a customized NVIDIA Tegra, a system-on-chip (SoC) that combines CPU and GPU for mobile devices and consoles.¹¹

NVIDIA, as the best performing chip on the market, holds pricing power due to its high demand. This is beneficial for NVIDIA's margins; however, for companies such as Microsoft or Sony who sell gaming consoles, the Xbox and PlayStation respectively, the additional COGS are not worth the better performance as consoles are made with standardized components and mass produced to keep margins low when consoles are already loss leaders allowing them to develop an ecosystem for games.

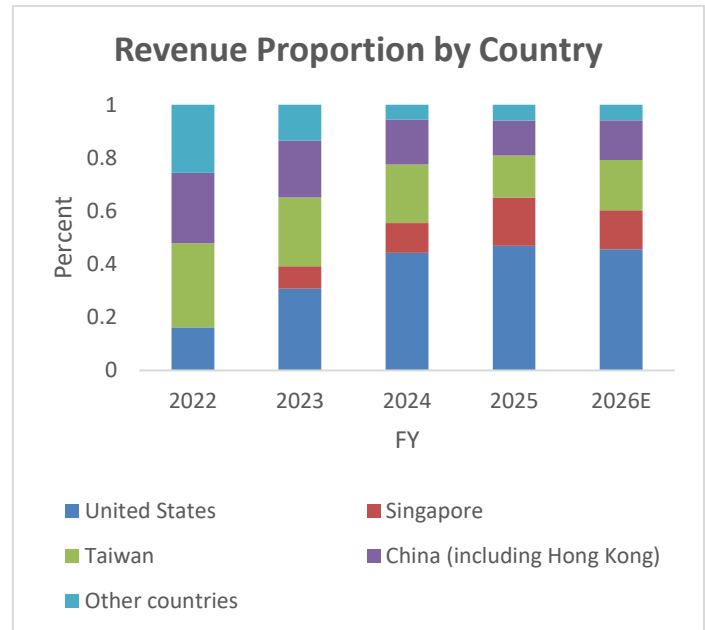
This is why NVIDIA thrives in personalized computers (PC) where consumers invest more in individual components, like the GPU, for a better experience.

Professional Visualization: NVIDIA provides hardware and software solutions to independent software vendors, optimizing their GPUs to enhance productivity and efficiency. NVIDIA serves professionals in industries such as architecture, engineering, media, entertainment, and product design, helping them create highly detailed, realistic representations and simulations. Using NVIDIA's RTX platform, professionals can perform 3D object rendering, computer-aided design (CAD), and virtual reality (VR). Additionally, NVIDIA's Clara and Omniverse platforms optimize healthcare and industrial digitalization. NVIDIA's AI Enterprise software also supports AI applications. In the most recent fiscal year, Professional Visualization accounted for 1.44% of NVIDIA's total revenue.

Automotive: NVIDIA provides advanced hardware and software solutions for the automotive industry, empowering automakers and suppliers to develop next-generation in-vehicle experiences. In 2018, NVIDIA introduced its DRIVE platform, a high-performance computing solution that supports autonomous driving, in-car infotainment, and advanced driver-assistance systems (ADAS). The DRIVE platform integrates NVIDIA's GPUs and AI-driven technology to enhance vehicle safety, navigation, and overall driving experience. Additionally, NVIDIA's software stack helps enable smarter and more efficient automotive applications. In the most recent fiscal year, the Automotive segment accounted for 1.30% of NVIDIA's total revenue.

OEM & Other: NVIDIA's revenue from original equipment manufacturers (OEMs) and other miscellaneous sources. This category encompasses a range of products, including chips and components supplied to device manufacturers for use in various consumer electronics and embedded

systems. These products are integrated into laptops, workstations, and other specialized devices. In the most recent fiscal year, the OEM & Other segment accounted for 0.3% of NVIDIA's total revenue.



Source: [NVIDIA 10-K, 2022-2025](#)

Revenue by Country: NVIDIA's regional revenue distribution has seen significant shifts, with notable trends in the U.S., Singapore, Taiwan, and China. The United States has become NVIDIA's dominant market, increasing from 16% of total revenue in 2022 to a projected 47% in 2025 before slightly declining to 46% in 2026. This growth is largely driven by the U.S.'s expanding investments in AI and semiconductor technologies, along with increased enterprise and government-backed demand for high-performance computing solutions.

One of the most striking changes is the rise of Singapore as a major revenue contributor. Previously grouped under "Other Countries", Singapore's share has surged from 8% in 2023 to an estimated 18% in 2025. This sudden prominence suggests that Singapore is playing a critical role in the global semiconductor supply chain. We suggest that Singapore is serving as a key intermediary, funneling chips into China as a workaround to U.S. regulations restricting direct sales to Chinese firms. NVIDIA states that they are not responsible for reselling to regions under export prohibitions. Singapore's revenue share is expected to dip to 15% in 2026; however, its importance in NVIDIA's global strategy remains significant.

Meanwhile, Taiwan and China have seen declining revenue shares, reflecting shifting trade dynamics and regulatory challenges. Taiwan's contribution fell from 32% in 2022 to a projected 16% in 2025 but is expected to rebound slightly to 19% in 2026. China (including Hong Kong) has experienced a steady decline from 26% in 2022 to a projected 13% in 2025, likely due to increased trade restrictions and a push for domestic chip development. However, with Singapore acting as a potential intermediary, China's revenue share is forecasted to stabilize at 15% in 2026.

Revenue from "Other Countries" has sharply declined from 26% in 2022 to just 6% in 2024, with one of the largest purchasers outgrowing the category, holding steady through 2026. This suggests that NVIDIA is concentrating its efforts on key strategic markets while deprioritizing regions with lower growth potential or regulatory complications.

We do believe that in the long term, Middle Eastern countries like Saudi Arabia, UAE, and Qatar will begin experiencing rapid growth and digital expansion. In the same breadth, we expect Brazil, Chile, and Colombia to scale in Latin America. If Argentina continues its current trajectory, stabilizing its currency, it could be flush with investment in short order, with a need for data centers and NVIDIA products.

Cost Structure Analysis

NVIDIA's cost structure is strategically designed to balance high-margin innovation with disciplined operational efficiency. As a fabless semiconductor company, NVIDIA benefits from outsourcing wafer fabrication to specialized foundries such as TSMC, which significantly reduces capital expenditures while maintaining access to cutting-edge manufacturing processes. This model allows NVIDIA to allocate more resources toward research, software development, and AI-driven solutions, which provide higher-margin revenue streams. We forecast gross margins to expand from 74.99% in 2025 to 83.91% by 2035, driven by increased software revenue, economies of scale, and continued advancements in semiconductor manufacturing.

Operating margins are expected to follow a similar trajectory, expanding from 62.42% in 2025 to 71.91% by 2035. This increase will be fueled by ongoing cost optimization, the growing AI ecosystem, and reduced R&D

spending as a percentage of revenue. While R&D expenses will increase to 16.86% of revenue in 2026, they are expected to stabilize at 9% by 2030 as AI and software services become dominant. COGS is also forecast to decline as a percentage of revenue over time, further enhancing profitability through better manufacturing efficiencies.

Overall, NVIDIA's cost structure highlights a well-balanced approach to managing expenses while maximizing profitability. Despite short-term fluctuations in gross and operating margins due to production scaling, we expect long-term growth driven by software and AI services. NVIDIA's ability to innovate while maintaining an efficient cost structure positions it for continued leadership in the rapidly evolving AI and semiconductor industries.

Debt Maturity Analysis

NVIDIA holds \$8.5 billion in long-term debt on its balance sheet. There is no reason to believe that NVIDIA will not be able to fulfill its obligations when the debt matures. Given the favorable effective interest rates, the company does not need to refinance, nor should it if rates remain at their current levels. If rates decrease, NVIDIA could consider refinancing, especially since S&P Global recently upgraded its rating from A+ to AA-; however, at this time, we are not forecasting drastic rate cuts.

Long-term Debt Maturity Schedule

Fiscal Year	Effective Interest Rate (%)	Fair Value (\$mil)
2026	0.66	1,000
2028	3.31	1,250
2030	1.64	1,500
2031	2.93	1,250
2040	2.09	1,000
2050	3.54	2,000
2060	3.73	500
Total		\$8,500

Source: [NVIDIA 10-K](#)

ESG Analysis

NVIDIA has a low ESG risk rating, supporting our belief in its broad benefits to both stakeholders and shareholders. With minimal risk across various sustainability metrics, NVIDIA holds the lowest risk rating not only among its closest peers in the semiconductor industry but also within the Magnificent Seven. Across the entire semiconductor

sector, it ranks within the top five. The company's products accelerate groundbreaking research, improving the quality of life for stakeholders worldwide.

Its fabless manufacturing strategy, consistent leadership under the same CEO since its founding, and revolutionary technology that reduces energy consumption and emissions in one of the most power-intensive industries all contribute to its low risk level. However, despite its commitment to using 100% renewable energy for global offices and data centers, NVIDIA has yet to achieve this goal, likely preventing it from reaching the top echelon of its industry in ESG rankings.

Environmental, Social, Governance

Company	Rating	Risk Level
NVDA	12.2	Low
AMD	12.5	Low
AVGO	19.2	Low
INTC	18.9	Low
QCOM	13.6	Low
AMZN	26.1	Medium
AAPL	18.7	Low
GOOGL	24.9	Medium
META	32.7	High
MSFT	17.2	Low
TSLA	24.6	Medium

Source: [Morningstar](#)

RECENT DEVELOPMENTS

Export Controls

Concerned about the United States' share of global semiconductor fabrication decreasing to about 10% of total capacity, the U.S. government (USG) passed the CHIPS Act of 2022. To level the playing field, like Taiwan's subsidies for TSMC, the USG allocated \$39 billion to boost domestic semiconductor manufacturing, with an additional \$11 billion earmarked for R&D activities.

To maintain dominance in AI chip design, protect intellectual property from theft, and prevent the military modernization of adversarial nations, the USG implemented licensing requirements to restrict exports to China, Russia, and others. These restrictions apply to advanced chip features for which NVIDIA is known, such as chips with an 18nm half-pitch or smaller and flash chips with 128 layers or more.¹³ As a result, since October 2023, NVIDIA has not shipped any advanced ICs to China.

Products affected by these regulations include the H100, H800, A100, A800, and Blackwell systems.

In the days leading up to President Donald Trump's inauguration, President Joe Biden announced the AI Diffusion guidelines, which, unless modified, impose a worldwide licensing requirement for advanced integrated circuits.¹⁴ The guidelines establish a tiered licensing system aimed at promoting global adoption of USG AI standards, granting unlimited computing access to close allies while significantly restricting access for the rest of the world. President Trump faces a decision during the 120-day delayed compliance period on whether to allow this export control.¹⁵

If these regulations take effect, at least two of NVIDIA's largest revenue-generating countries will face limitations. China, classified as a Tier 3 country, will be completely restricted from obtaining advanced ICs, while Singapore, a Tier 2 country, will be limited to only 50,000 chips through 2027. Additionally, the restrictions extend to any services utilizing advanced ICs, including DGX Cloud and other cloud service providers. In the short term, this would negatively impact NVIDIA by reducing its client base and limiting potential buyers. In the long term, it would shrink the company's R&D budget, as countries lower in the tier system turn to alternative AI infrastructure providers, allowing competitors to reinvest their revenues into their own innovations and catch up to NVIDIA.

Over time, this could push countries outside of America's economic sphere of influence. Semiconductors are the modern equivalent of oil,¹⁶ essential to the digital economy, and nations are unlikely to wait indefinitely for access to NVIDIA chips with an uncertain timeline. Instead, countries facing export controls will seek alternatives from competitors such as Huawei Technologies or Samsung to fulfill their AI infrastructure needs.

While we acknowledge that near-term revenue may decline due to the contraction in demand from U.S. export controls, we believe these restrictions are temporary and ultimately unsustainable. In our view, export controls on advanced semiconductors, particularly those impacting companies like NVIDIA, represent a broader shift toward U.S. protectionism, echoing recent trends in rising tariffs and trade barriers.

However, we believe these measures, while strategic in intent, risk undermining the very foundations of American

soft power. U.S. innovation, particularly in the semiconductor space, has been a central pillar of global technological leadership. By limiting access to these cutting-edge technologies, the U.S. may unintentionally drive other nations out of its technology orbit. The risk is that affected countries, rather than capitulating, will accelerate domestic development efforts, diversify away from U.S.-centric supply chains, and reduce long-term dependence on American infrastructure.

This dynamic has played out before. AMD, despite offering chips that generally underperform NVIDIA's on high-end benchmarks, has successfully gained market share through more accessible pricing and wider availability. A similar shift could occur if countries restricted by export controls begin sourcing from Chinese or other alternative semiconductor providers, even if those options are less advanced or energy efficient. The strategic downside is clear: once alternatives are in place, lost market share is difficult to reclaim.

Our stance is that while maintaining a technological edge over geopolitical rivals like China is essential, particularly considering concerns such as IP theft and currency manipulation, doing so through exclusion rather than strategic inclusion may backfire. Without offering alternative alliances or trade incentives, the U.S. risks ceding influence on China, whose Belt and Road Initiative exemplifies how debt diplomacy and infrastructure investments can expand soft power rapidly.

In the long run, we believe U.S. policy will evolve. Export restrictions will likely soften, enabling companies like NVIDIA to continue their pivotal role in reinforcing American leadership in global technology. In our view, empowering U.S. firms to lead on the global stage, rather than isolating key markets, is a more effective strategy to sustain both economic dominance and geopolitical influence.

Recent Earnings Announcement

On February 26, 2025 as earnings were set to be announced after market close, expectations were high, and anticipation was mounting for one of the most valuable companies setting the tone for AI innovation and capabilities. NVIDIA outperformed estimates, beating revenue and beating earnings per share by 5.95%.

We believe AI has begun transitioning from its scientific research stage to its application phase. Being on the precipice of such a life-changing technology, companies will continue investing heavily in AI infrastructure, and NVIDIA is best positioned to benefit. As more hyperscale data centers are built and legacy data centers are modernized, GPUs and other hardware will be in high demand at premium prices.

Demand for Hopper 200 has remained strong, and after some delay, its successor, NVIDIA's latest AI architecture, Blackwell, has been released and is already sold out. As newer AI models require more compute power per inference (ML models drawing conclusions from new data), Spectrum X is gaining traction in the Ethernet space, particularly for use in the Stargate project.

Margins are expected to decline as Blackwell production is scaling up to meet demand, with companies clamoring for the latest GPUs to reduce training time, lower inference costs, and improve deep-thinking computing efficiency. Additionally, Blackwell is one of the most energy-efficient AI architectures available. NVIDIA is confident that companies will remain within its ecosystem due to the value provided by its hardware, software, and services. NVIDIA plans to continue a one-year rhythm for new AI chip models.¹⁷

Approximately 6 million developers use CUDA and its extensive libraries and algorithms for AI research. Given their familiarity with CUDA-supported languages (C, C++, Fortran, Python, Julia, etc.), many developers are unlikely to shift away from NVIDIA's ecosystem to learn a new API, further reinforcing the moat NVIDIA has been building since 2006. The company continues to strengthen its position by investing in education and startups.

Looking ahead, NVIDIA plans to push the future of AI by continuously testing the boundaries of Moore's Law, innovating across the entire technology stack. If historical trends can predict the future, given the data training, NVIDIA is on track to increase compute power by more than 1000x over the next decade.

Mergers and Acquisitions

NVIDIA continues to invest in and partner with startups through Inception Capital Connect VC, which focuses on AI, gaming, virtual reality, and other emerging

technologies. By making strategic investments, NVIDIA drives innovation both internally and externally.

Recent major acquisitions and investment activities include:

- Mellanox Technologies (2020) – Acquired for \$6.9 billion, Mellanox specializes in computer networking products based on Ethernet and InfiniBand technology, strengthening NVIDIA's data center capabilities.
- Arm Holdings (Acquisition Attempt, 2022) – NVIDIA pursued the acquisition of Arm Holdings, a semiconductor company that designs and licenses instruction sets for semiconductor technology, from SoftBank. However, due to significant regulatory challenges,¹⁸ the deal was terminated, costing NVIDIA \$1.35 billion in acquisition termination fees.

INDUSTRY TRENDS

Cloud Computing, Data Center, AI

During the recent earnings season, the Magnificent 7 reported mixed results. While all companies met expectations on revenue and earnings per share (EPS), increased capital expenditures (CapEx) on cloud computing and AI raised concerns among investors.¹⁹

Microsoft (MSFT) reported earnings first and, despite increasing profit by 10%, faced scrutiny for its significant CapEx into Microsoft Azure, its cloud computing platform. The company is heavily investing in data centers to support cloud computing and artificial intelligence, anticipating exponential growth in AI efficiency and accessibility. However, despite these investments, Azure's growth slowed to 31%, missing estimates. Despite investor concerns, Microsoft plans to spend \$80 billion on data centers. Until 2030, Microsoft has the first claim on OpenAI's infrastructure needs, but it no longer holds a monopoly on OpenAI hosting.²⁰

Meta (META) reported its highest revenue and net income to date, driven by continued growth in its ad business. With this additional income, Meta plans to invest \$65 billion this year,¹⁹ primarily in AI-related infrastructure, expanding from its current holdings of 27 data centers.²¹

Apple (APPL) also reported record revenue and saw a 4% stock price increase after earnings were released, despite lower iPhone sales, thanks to strong service sales.²² Apple

has been criticized for its conservative AI-related CapEx spending, instead prioritizing high-margin products over large-scale infrastructure investments. This approach has positioned Apple as a lower-risk investment.²³ Recently, Apple pledged \$500 billion to U.S. investments, including an artificial intelligence server manufacturing facility in Houston, Texas, spanning 250,000 square feet, in partnership with Foxconn, a Taiwanese electronics company. Additionally, TSMC produces chips for Apple at its Arizona facility, with Apple being its largest customer.²⁴

Alphabet (GOOGL) also disappointed on Google Cloud, its cloud computing division, falling short of the \$12.2 billion analysts had forecasted. To compete with Amazon and Microsoft, Alphabet plans to invest \$75 billion into AI infrastructure and cloud computing. This heavy CapEx has raised concerns among investors as the company is betting heavily on AI's success and its ability to be a value add.

Google Search has already begun integrating with Alphabet's AI model, Gemini, using it to enhance search capabilities by providing direct responses to queries. We believe this is an effort to minimize the loss of search engine market share as users increasingly turn to AI chatbots for information.²⁵ Additionally, Salesforce has partnered with Alphabet to incorporate Gemini into Agentforce, a platform designed to use AI for automating tasks and customer interactions.²⁶

Amazon (AMZN) reported revenue in line with consensus but hinted at a slowdown in the coming quarters.²⁷ As an early entrant into cloud computing with the launch of Amazon Web Services (AWS) in the early 2000s, Amazon has maintained a larger market share than its main competitors, Microsoft (MSFT) and Google (GOOGL). AWS accounts for half of Amazon's operating profit due to the high margins and strong demand for cloud computing.²⁸ Amazon implied that its capital investments in data centers could surpass \$100 billion this year, as capacity constraints, primarily due to AI chip shortages, have limited growth.²⁷

While Magnificent Seven peers are among the largest investors in AI infrastructure, other companies are also making significant investments. OpenAI, Oracle, and SoftBank have joined forces to invest \$100 billion into computing infrastructure to support AI over the next year. Dubbed "Stargate," the project aims to build data centers, with construction already beginning on 10 sites in Texas. Over the next four years, the Stargate project could see a

total investment of \$500 billion.²⁹ The initiative has received praise from former President Trump, who repealed an executive order from President Biden that regulated AI innovation, removing barriers to data center construction.³⁰

Compute Efficiency

DeepSeek's chain-of-thought approach encourages the model to self-evaluate while thinking out loud, allowing people to assess where logical errors occurred. This method reinforces meaning to guide the model in a way that differs from other techniques, maximizing the reward it receives rather than relying on supervised and unsupervised learning. In traditional learning, models train using labeled data (supervised) or by identifying patterns and associations on their own (unsupervised). DeepSeek uses reinforcement learning to optimize its policy, which reduces the cost of training a model, as it doesn't require creating an entirely new model when the policy changes. Model distillation enables the original large language model (LLM) to train a smaller LLM using reinforcement learning, reducing the resources needed, such as GPU power. DeepSeek is also open-sourcing its code.

Recently, a new white paper from a Chinese artificial intelligence company gained significant attention, becoming the most downloaded app on the iOS App Store. Most notably, this new AI, DeepSeek, claimed to be comparable to leading Western counterparts at a fraction of the cost. The white paper claims it was created for only \$6 million, significantly less than the hundreds of millions of dollars that companies like OpenAI, Google, and Meta have invested in their AI products.

DeepSeek also claims to have been trained using older, inferior NVIDIA H800 chips, following regulations that restrict China's access to advanced semiconductors. By producing comparable performance with lower resource usage and inference costs at \$0.14 per million tokens (compared to OpenAI's GPT at \$2.50), it calls into question the large investments made by major U.S. tech companies.

After the release of the white papers, the Nasdaq fell 5% pre-market, showing widespread concern about U.S. tech dominance. NVIDIA took a nearly \$600 billion market cap

hit, raising questions about its continued dominance and reliance on its GPUs to drive AI advancement.³²

In-house Development

Way back in 2019, Apple and Intel (INTC) agreed to Apple's acquisition of most of Intel's smartphone modem business for \$1 billion to reduce reliance on Qualcomm (QCOM) for cellular modem chips.³³ Recently, during a product launch event, Apple announced the C1, its first in-house modem.³⁴

Apple has already established its system-on-a-chip (SoC), the A18, known for fast processing, and now pairs it with its own modem in the new budget-friendly iPhone 16e. While the C1 is not yet capable of 5G technology, Apple expects the second-generation C1 to support 5 G.³⁵

The iPhone 16e also supports Apple Intelligence, and markets where Apple Intelligence is available have performed better than those where it is not.³⁶ Of the total bill of materials (BoM), \$31 was attributed to the modem.³⁷ Apple appears to be introducing customers to its new modem through the budget-friendly model to identify and resolve any issues, as well as to refine Apple Intelligence.

By producing in-house technologies, companies can cut patent and other intellectual property (IP) costs while also benefiting from economies of scale, which increases profit margins and reduces dependency on external suppliers. This trend of developing in-house semiconductors is expected to continue. OpenAI, one of NVIDIA's largest customers for GPUs, is also working to reduce its reliance on NVIDIA by developing its own advanced semiconductor capabilities and partnering with TSMC as its fabrication partner.³⁸

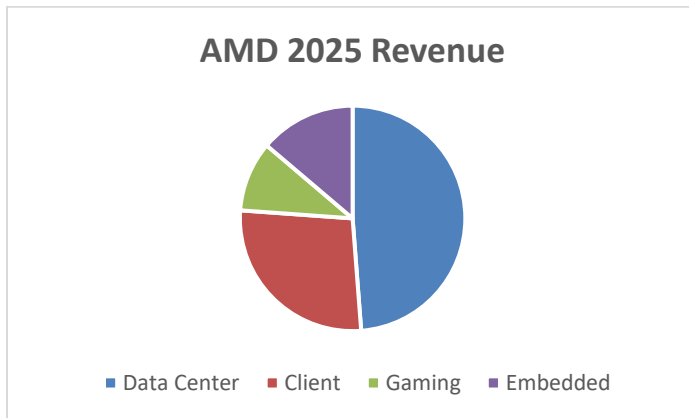
MARKETS AND COMPETITION

Peer Comparisons

AMD: The only remaining competitor from the 1990s in graphics acceleration, ATI Technologies, was acquired by Advanced Micro Devices (AMD), a company where Jensen Huang once worked before founding NVIDIA. Today, AMD is one of NVIDIA's top competitors, recognized for its balance of cost and processing power. Like NVIDIA, AMD operates on a fabless manufacturing strategy, focusing on product development rather than fabrication.³⁹

Arguably NVIDIA's closest competitor, AMD also offers accelerated computing products paired with its software stack, ROCm, AMD's equivalent to CUDA. Unlike NVIDIA, which keeps CUDA proprietary, AMD has open-sourced software stack and documentation. However, ROCm remains significantly less popular, as it was released a decade after CUDA, and the platform-switching costs create stickiness for NVIDIA. Since businesses and researchers prioritize AI development over learning new software, CUDA's dominance persists.⁴⁰

AMD categorizes its revenue into four segments: Data Center, Client, Gaming, and Embedded, generating a total of \$25.8 billion, a 14% increase from the previous year.³⁹



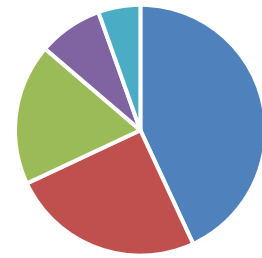
Source: [AMD 10-K](#)

INTC: Intel, the birthplace of the integrated circuit and historically a leader in chip production and computing power, has faced declining revenue in recent years. As the foundation of modern computing for decades and the originator of Moore's Law, the x86 architecture has been central to Intel's ecosystem, long serving as the standard for CPUs.

Operating as both a semiconductor innovator and a foundry, Intel requires significant capital investment in fabrication facilities and advanced manufacturing equipment. In addition to hardware, Intel offers complementary software solutions, including oneAPI, a unified programming model designed to work across its portfolio of CPUs, GPUs, IPUs, FPGAs, and other accelerators.

Intel categorizes its revenue into six segments: Client Computing, Intel Foundry, Data Center & AI, Network & Edge, Mobileye, and All Other, generating a total of \$53.1 billion, a 2% decline from the previous year.⁴¹

INTC 2024 Revenue



■ Client Computing Group
■ Intel Foundry
■ Data Center & Artificial Intelligence
■ Network & Edge
■ All Other

Source: [Intel 10-K](#)

Industry Comparisons

Fiscal Year	NVDA ('25)	AMD ('25)	INTC ('24)
Revenue (Billions)	130.5	25.8	53.1
EBIT	81.5	2.2	(3.7)
EBITDA	83.3	5.2	7.7
Net Income	72.9	1.6	(18.8)
FCF	60.9	2.4	(10.0)
Operating Margins	62%	9%	7%
Profit Margins	56%	6%	-35%

Source: [FactSet](#)

NVIDIA dominates the industry across nearly every financial and operational metric. With over \$130 billion in annual revenue and operating margins of 62%, it demonstrates unmatched scalability and efficiency, driven, in our view, by its leadership in AI research through collaborations such as CUA, and by surging data center demand that continues to consolidate around the NVIDIA ecosystem, enabled by proprietary technologies like NVLink.

AMD shows modest profitability, with solid EBITDA and FCF margins, but significantly lower revenue scale. AMD offers good compute for the price and remains operationally lean but lacks the pricing power and margin leverage of NVIDIA's best-in-class products.

Intel faces severe challenges, reporting negative EBIT, net income, and free cash flow, pointing to execution and

competitiveness issues amid structural shifts in its product strategy. Operating as a foundry has limited Intel in the recent past.

Fiscal Year	NVDA ('25)	AMD ('25)	INTC ('24)
Market Cap(millions)	2,851	162	105
Price/Sales	24.52	7.77	1.6
Price/Earnings	43.9	122.15	0
Price/Book Value	39.8	3.45	0.86
Enterprise/Sales	22.27	7.49	2.28

Source: [FactSet](#)

NVIDIA's valuation multiples reflect its dominance and investor confidence in its AI-driven growth trajectory. A 25x P/S ratio is extremely high but market-justified given its margins and FCF. While it is not a value stock, we believe its growth justifies its price.

AMD trades at high relative multiples, particularly on earnings (122x), suggesting investors are pricing in future growth, despite lower current profitability. AMD offers a nice, budget-friendly product that still gets the job done. Its P/E should normalize soon.

Intel trades at distressed levels, with a price/book below 1.0 and no meaningful P/E ratio due to negative earnings. The market is pricing in turnaround risk and execution uncertainty. As an American chip designer and fab, we believe that it is positioned for a reversal after poor management in the past decade.

ECONOMIC OUTLOOK

Demographics

The age pyramid has begun to shift due to innovations in healthcare, antibiotics, hygiene (such as soap and plumbing), and food abundance enabled by the plow, as well as the printing press, which facilitated knowledge sharing and research collaboration. These advancements have contributed to increased life expectancy across the globe.⁴²

However, alongside this progress and the rapid population growth from 2 billion to 8 billion over the past 100 years, fertility rates have declined.⁴² This trend is especially pronounced in wealthier nations, such as the United States and other developed countries with industrialized and modernized economies.⁴³

As populations age and birth rates decline, many nations have turned to immigration to sustain economic growth and support their aging populations. Immigrants often provide essential labor, particularly in elder care, where they account for as much as 25% of the workforce. These workers typically earn low wages, around \$10 per hour, making them eligible for government benefits.⁴⁴

Recently, President Trump issued an executive order to cut federal funding after the U.S. House Homeland Security Committee estimated that taxpayers have spent \$451 billion on caring for undocumented migrants who have entered the U.S. since 2021.⁴⁵ Immigration control has been one of Trump's strongest and most consistent campaign promises, aligning with his "Build the Wall" slogan from the 2016 election cycle.

Under the previous administration, the U.S. saw over 2 million new immigrants, most of them undocumented, arriving annually, leading to the highest proportion of foreign-born residents in U.S. history. As a result, Trump's immigration policies became a major focus of his campaign, with 55% of adults supporting the deportation of all undocumented immigrants.⁴⁶

With the current administration ramping up deportations and considering the possible enactment of The Alien Enemies Act of 1798, undocumented immigrants are increasingly staying home.⁴⁷ If millions of undocumented workers were to be deported, combined with an aging population, the U.S. could face significant labor shortages.⁴⁸ One way to offset this is through robotics, as seen in Amazon warehouses, and AI agents.

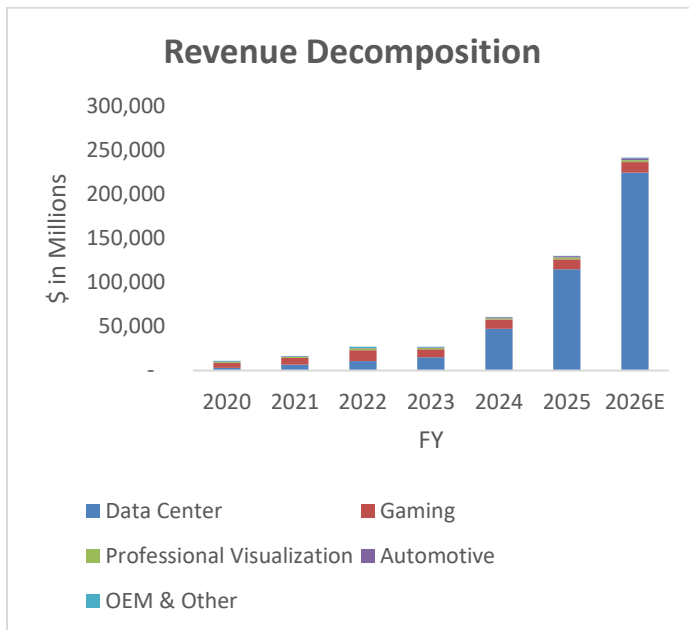
The increasing need for computational power for robots and AI will continue to drive demand for NVIDIA GPUs. Additionally, NVIDIA Cosmos will contribute to advancements in physical AI by providing virtual training environments for robots. By offering both hardware and software solutions, NVIDIA remains a key player despite shifting demographics and rising labor costs, further incentivizing the implementation of robots and AI in the workforce.

VALUATION

Revenue Decomposition

NVIDIA's revenue projections are segmented into Data Center, Gaming, Professional Visualization, Automotive,

and OEM & Other. Growth rates are derived from independent analysis based on market trends, product adoption, and industry tailwinds rather than consensus estimates. Adjustments reflect our investment thesis, emphasizing areas with sustained competitive advantages and long-term secular growth. We forecast a CAGR of 23.41% over the projected period of 10 years. We are predicting smaller growth in the long term with our 5-year CAGR peaking at 43.18% as other segments begin to utilize larger amounts of compute fueled by AI adoption.



Source: [NVIDIA 10-K, 2020-2025](#)

Revenue	2026E	2027E	2028E
Henry Fund	58.80%	50.96%	29.22%
Street	56.02%	23.16%	16.43%
Net	24.38%	31.72%	19.31%

Source: [FactSet](#), HF Model

Data Center: The Data Center segment remains NVIDIA's primary growth driver, fueled by the adoption of AI, cloud computing, and accelerated computing workloads. We anticipate continued demand for GPUs in training and inference, enterprise AI adoption, and cloud gaming infrastructure expansion. Growth is expected to be highest in the near term, gradually normalizing as supply chains stabilize, demand matures, and legacy centers are modernized and future-proofed. Over the forecasted period, we project a CAGR of 23.85%.

Data Center	2026E	2027E	2028E
Henry Fund	95.36%	62.50%	40.34%
Street	57.99%	21.55%	10.90%
Net	37.37%	40.95%	29.44%

Source: [FactSet](#), HF Model

Gaming: Gaming revenue will be driven by hardware refresh cycles, cloud gaming expansion, and increasing demand for high-performance GPUs. The broader gaming market is expected to grow at a CAGR of 8.7%, greater than NVIDIA's past 5-year CAGR of 7.48%. Key tailwinds include the rise of subscription-based cloud gaming platforms and sustained growth in PC gaming. However, we factor in a longer upgrade cycle and potential macroeconomic pressures on discretionary spending. This is one of the downsides of NVIDIA's pricing power, individuals may opt for less frequent updates or lower-quality chips instead of investing in the superior, luxury product. Over the forecasted period, we project a compound annual growth rate (CAGR) of 6.80%.

Gaming	2026E	2027E	2028E
Henry Fund	5.97%	7.30%	6.64%
Street	8.03%	5.68%	4.13%
Net	-2.06%	1.63%	2.51%

Source: [FactSet](#), HF Model

Professional Visualization: Professional Visualization revenue will benefit from growth in AI-powered design tools, CAD software, and real-time 3D rendering. NVIDIA's Omniverse platform is set to enhance collaboration in architecture, engineering, and media production. Despite continued advancement by NVIDIA, we anticipate slower adoption across industries, limiting potential. Over the forecasted period, we project a CAGR of 13.91%.

Professional Visualization	2026E	2027E	2028E
Henry Fund	10.76%	15.84%	13.30%
Street	10.42%	7.73%	29.72%
Net	0.34%	8.11%	-16.42%

Source: [FactSet](#), HF Model

Automotive: The Automotive segment is positioned for long-term expansion, driven by advancements in autonomous vehicles and AI-powered driver-assistance systems. While NVIDIA has made significant investments

in self-driving technology, regulatory hurdles and uncertain adoption timelines remain key risks.

We remain confident in NVIDIA's continued partnerships within the automotive ecosystem, but are less optimistic about widespread autonomous vehicle adoption within the forecasted period. However, as the industry continues to develop self-driving technology, manufacturers will increasingly rely on NVIDIA's architecture to train deep neural networks, providing a tailwind for computing and networking demand. We comfortably forecast self-driving cars by 2040, allowing us to remain bullish on the NVIDIA DRIVE Hyperion platform, which is expected to remain a cornerstone of autonomous vehicle platforms. The recent release of the Cosmos platform will continue to advance physical AI systems such as robots and autonomous vehicles, sustaining NVIDIA's influence over the industry. Over the forecasted period, we project a CAGR of 43.39%.

Automotive	2026E	2027E	2028E
Henry Fund	38.04%	46.66%	42.35%
Street	52.84%	37.98%	17.82%
Net	-14.79%	8.68%	24.53%

Source: [FactSet](#), HF Model

OEM & Other: The OEM & Other segment represents a minor share of NVIDIA's revenue, accounting for just 0.3% in the most recent fiscal year. This segment includes components sold to original equipment manufacturers for integration into consumer electronics, laptops, workstations, and embedded systems. While non-core to NVIDIA's broader strategy, it serves as a distribution channel for legacy products and supports niche applications across the hardware ecosystem.

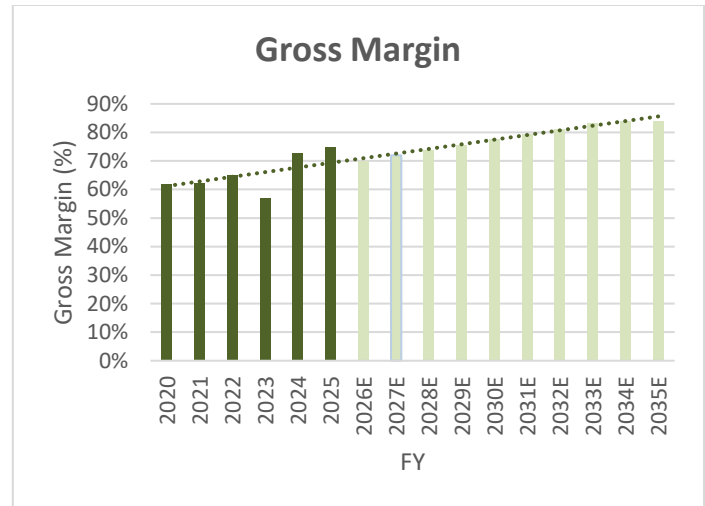
We view this segment as strategically neutral, offering modest upside but limited scalability. Our near-term outlook is more conservative than consensus. The Henry Fund projects a contraction of 2.81% in 2026, followed by a rebound in 2027 and 2028 at 12.16% and 4.67%, respectively. By comparison, Street forecasts are more optimistic, reflecting expected demand stabilization in consumer and enterprise devices.

Although the segment is unlikely to become a meaningful revenue driver, we believe it will continue to provide low-volatility cash flows and serve as an outlet for monetizing lower-margin products. Over the forecasted period, we expect OEM & Other to grow at a modest CAGR of 6.44%.

OEM & IP	2026E	2027E	2028E
Henry Fund	-2.81%	12.16%	4.67%
Street	16.04%	6.14%	9.21%
Net	-18.86%	6.02%	-4.53%

Source: [FactSet](#), HF Model

Profitability

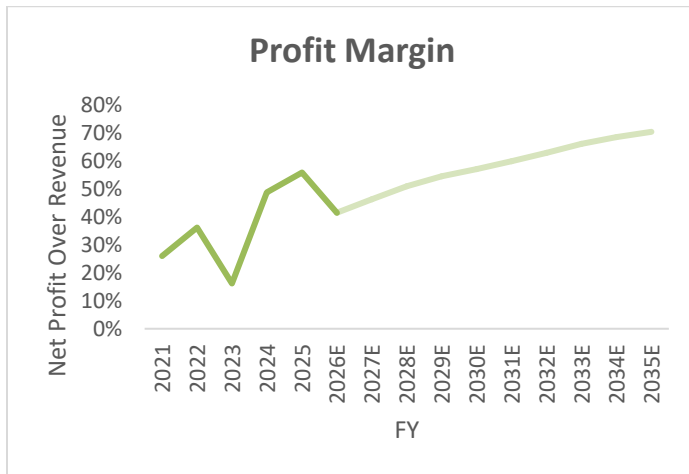


Source: [NVIDIA 10-K, 2020-2025](#), HF Model

Gross Margin: NVIDIA's gross margin has demonstrated robust growth over the years, reflecting its ability to optimize costs and capitalize on high-margin revenue streams. From 2020 to 2022, margins steadily increased from 61.99% to 64.93%, driven by product innovation and pricing power. However, in 2023, there was a noticeable decline to 56.93%, likely due to supply chain disruptions, increased production costs, or strategic pricing adjustments. The rebound in 2024 to 72.72% and further expansion to 74.99% in 2025 indicate improved cost efficiency and the growing contribution of software-driven revenue streams such as DGX Cloud, NVIDIA AI Enterprise, and NVIDIA NUM.

Despite this upward trajectory, we forecast a temporary decline to 70.01% in 2026 as NVIDIA scales production to meet unprecedented demand. This short-term increase in COGS as a percentage of revenue is expected to normalize as efficiencies improve, leading to a consistent rise in gross margins. By 2027, margins should recover to 71.98% and continue climbing, reaching 83.91% by 2035. The primary drivers of this long-term margin expansion include NVIDIA's fabless manufacturing strategy, economies of scale, and the increasing role of high-margin software

solutions, which require minimal distribution and implementation costs.



Source: [NVIDIA 10-K, 2021-2025](#), HF Model

Profit Margin: NVIDIA's profit margins have fluctuated in response to macroeconomic conditions and shifts in its revenue mix. In 2021, the profit margin stood at 25.98% before expanding to 36.23% in 2022, benefiting from strong revenue growth and pricing strategies. However, in 2023, the margin contracted sharply to 16.19%, likely reflecting increased operational costs, supply chain disruptions, and potential inventory adjustments as the chip shortage faded. The significant recovery in 2024, with a margin of 48.85%, aligns with NVIDIA's ability to capitalize on AI-driven demand, premium pricing, and an expanding software ecosystem.

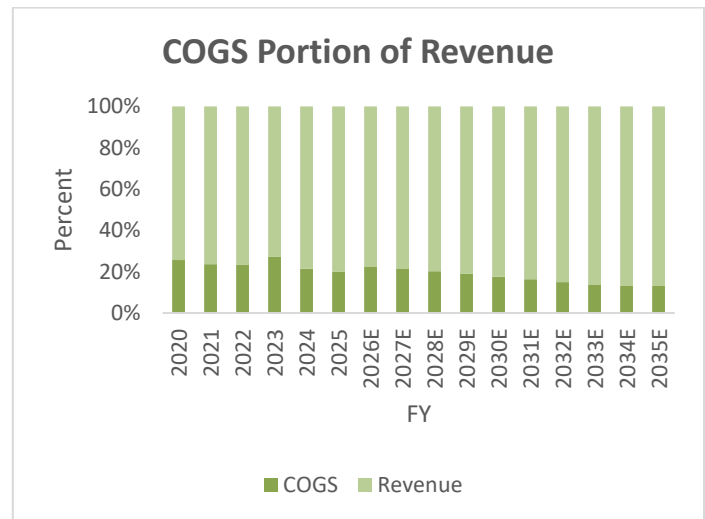
Looking ahead, we project a short-term dip to 41.50% in 2026 as production ramps up to meet demand for Blackwell GPUs before stabilizing at 46.31% in 2027. Margins will continue their upward trend, reaching 70.45% by 2035, as NVIDIA further transitions toward AI, cloud, and enterprise solutions. The ability to maintain high margins underscores NVIDIA's dominant market position, technological leadership, and strategic pricing flexibility, all of which contribute to long-term profitability growth.

Capital Expenditures

In the most recent fiscal year, 2025, NVIDIA spent \$3.4 billion on capital expenditures, up from \$1.1 billion in 2024. While no specific dollar amount has been provided in managerial guidance, executives have expressed expectations to increase CapEx relative to 2025's level. Given the backlog of chip demand, we would not be

surprised to see expenditures approach \$6 billion as NVIDIA ramps up production of Blackwell. However, due to NVIDIA's fabless manufacturing strategy, we expect CapEx to grow more slowly than revenue.

Additionally, NVIDIA has been heavily investing in building and upgrading its own data centers to support cloud computing services. As the company expands its software and service offerings, we anticipate annual expenditures in the billions for the foreseeable future.

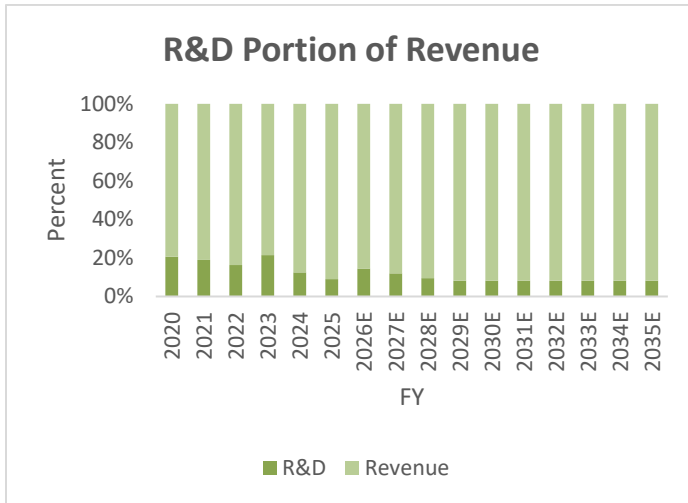


Source: [NVIDIA 10-K, 2021-2025](#), HF Model

COGS: We applied a linear decline model to assess cost-efficiency improvements over time, capping the reduction at 15% since semiconductors are expected to remain NVIDIA's primary revenue driver. NVIDIA's dominance in the industry is evident, with demand so high that its Blackwell chips are sold out for the next 12 months, allowing the company to price them at a premium.

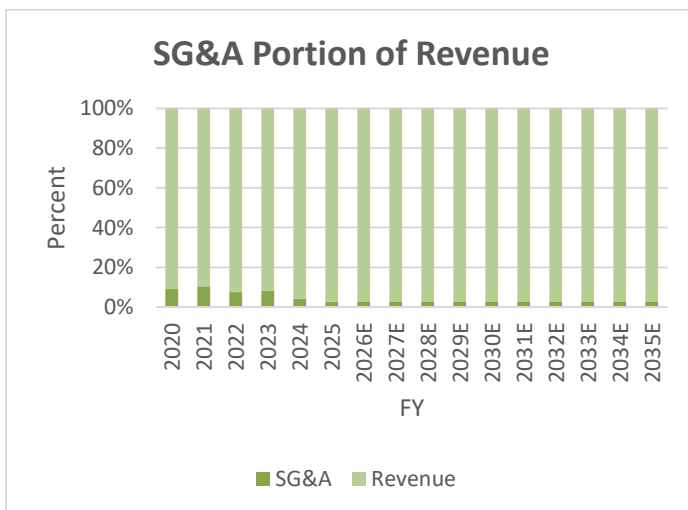
Historically, NVIDIA has experienced a steady decline in COGS as a percentage of revenue. This trend is expected to continue, driven by its fabless manufacturing strategy and the expansion of high-margin software and digital services such as DGX Cloud, NVIDIA NUM, and NVIDIA AI Enterprise. These offerings enable greater scalability with minimal distribution and implementation costs, further boosting profitability as subscriptions grow.

We project a temporary 4.08% increase in COGS as a percentage of revenue in 2026 to scale production and meet demand, followed by a continued decline until it stabilizes at 15% by 2034.



Source: [NVIDIA 10-K, 2021-2025](#), HF Model

R&D: Since its inception, NVIDIA has prioritized innovation, investing over \$58.2 billion in research and development to produce state-of-the-art products. Given its fabless manufacturing strategy, R&D remains a key focus, though its percentage of sales has declined due to surging revenue and strategic pricing that has preserved and expanded margins. NVIDIA will need to continue to recruit top talent and offer competitive compensation to drive technological advancement. To maintain its dominance, we project R&D spending to rise to 16.86% of revenue, an additional \$27 billion, in the fiscal year 2026. Afterward, the R&D percentage is expected to gradually decline until stabilizing at 9% of annual revenue starting in 2030. We are confident in NVIDIA's leadership to innovate and steer the industry into the future.



Source: [NVIDIA 10-K, 2021-2025](#), HF Model

SG&A: NVIDIA has continued to reduce SG&A expenses as a proportion of sales, even as its workforce grows. Since SG&A is not directly tied to production or innovation, we forecast a continued decline, stabilizing at approximately 3% of annual revenue.

Discounted Cash Flow/EP Model

Modeling resulted in a share value of \$152.27. The stock currently trades at 101.49. The following assumptions were used when modeling:

- **CV Growth of NOPLAT:** 5%, a moderate growth that aligns with business stability and broader macroeconomic factors to outpace inflation and capture real growth.
- **CV Year ROIC:** 241.08%, the ROIC of the last forecasted fiscal year, 2035E.

DCF valuation was our preferred method, as we believe it provides a broader and more detailed view of NVIDIA's financial health. Relying on free cash flow allows us to assess profitability and ensure flexibility for talent recruitment, returning shareholder value, and pricing flexibility. Being forward-looking allowed us to incorporate macroeconomic expectations and growth opportunities for a company driving technological advances into unfamiliar markets.

Relative Valuation Model

Modeling achieved a share value of \$117.05 for the P/E (EPS26) based on Mag 7 peers. NVIDIA is part of the Magnificent Seven, one of the largest, highest-performing, and most influential companies in the world's economy. As a member of this group, it was important to consider comparative valuations. It was also important to analyze industry peers such as AMD, Intel, and Broadcom. NVIDIA's intrinsic value based on semiconductor peers is \$64.89. We believe that being constrained by these peers limits NVIDIA's potential as it becomes the foundational infrastructure for future compute. However, relative valuation assumes that only the company being analyzed is not priced correctly, so we opted not to rely on the relative valuation model.

Fundamental P/E Model

Modeling the DDM supported a share value of \$90.34. Based solely on a company's dividend policy, we believe

this is not the best method for a high-growth company that can achieve higher returns on capital by investing in its business strategy. It is also better to consider non-dividend-paying factors, allowing us to gain insights into the value of operations. We achieved this pricing by assuming a 5% continuing growth rate of EPS, a CV Year ROE of 28.08%, and a cost of equity of 13.97%. NVIDIA has begun to pay \$0.04 per common share, up from \$0.016 the previous years, totaling \$834 million returned to shareholders. Despite the over 200% increase, we forecast that this value will remain low and that NVIDIA is unlikely to transition into a dividend-paying stock anytime soon. Instead, the company will likely continue returning value to shareholders through stock repurchases, primarily to offset dilution from shares issued to employees, a strategy we encourage as it helps attract and retain top talent and industry experts.

KEYS TO MONITOR

NVIDIA's dominance in the accelerated computing industry stems from its top-of-the-line GPUs, which, when paired with its software, unlock their full potential. This integration, established in the early days of modern machine learning and generative artificial intelligence, makes NVIDIA a compelling investment. Additionally, NVIDIA continues to expand its offerings into software and other semiconductor categories, including CPUs, DPUs, and SoCs.

However, key risks remain that could disrupt the industry and alter our investment thesis.

Bullish Monitors:

AI Infrastructure Demand: As AI in all its various forms and usages begins to be implemented to boost productivity globally, there will be a sustained high demand for computing. As AI evolves from training to inference, the demand for computing will grow. Data Center giants like Alphabet, Amazon, Microsoft, and Meta are pouring capital into the need for computing power as they lag behind the current demand for power. NVIDIA products, especially their GPUs, will be at the center of AI infrastructure.

Moore's Law Evolution: NVIDIA has beaten Moore's Law. Advancing chip efficiency and electric consumption, providing full-stack computing solutions, and a proprietary

CUDA ecosystem reinforces the moat protecting NVIDIA from current and future competitors.

Cloud and Enterprise Services: Growth in cloud-based solutions, particularly NVIDIA's DGX Cloud, Omniverse, Cosmos, and AI Enterprise software, is going to drive high-margin revenue expansion that could be funneled into R&D, continuing a beneficial cycle for shareholders and humanity.

Pricing Power and Market Leadership: With limited direct competition at its scale, NVIDIA maintains strong pricing power for its high-performing chips that power an industry with strong tailwinds.

If NVIDIA continues to lead in innovation and expand its ecosystem, we believe that NVIDIA will be a dominant force in the future. NVIDIA can exceed our valuation range as it jockeys for the largest market cap.

Bearish Monitors:

Despite its current standing, several competitors are attempting to threaten its growth trajectory and market control.

Export Restrictions and Geopolitical Risks: U.S. export controls on high-performance AI chips could weaken NVIDIA's revenue streams. By restricting chip availability to other countries during an AI arms race, these controls may have long-term consequences. Limiting access to current-generation chips could drive nations to develop their alternatives, such as Huawei's AI chips, keeping them within their own ecosystems. This shift could have a compounding negative effect on NVIDIA's future revenue. This regulation could also reduce the U.S. sphere of influence, hurting all American companies.

In-house Development by Competitors: At present, NVIDIA has the best chips on the market. However, firms like Apple, OpenAI, Microsoft, and Alphabet are increasingly developing their chips, potentially reducing reliance on NVIDIA's hardware, which could weaken its pricing power and decrease sales. This risk would be amplified if a competitor's chips outperform NVIDIA's offerings. Therefore, NVIDIA must continue hiring top talent and driving innovation rather than resting on its laurels.

Cost Reduction Innovation: New AI models, such as DeepSeek, claim to deliver equal performance to other

competitors with lower computing requirements. If computing power is not needed to reduce training or inference time, consumers will opt for worse, budget-friendly chips.

If NVIDIA tests \$95 we would be ecstatic as it would present a greater return for us; however, as the market realigns, we believe that NVIDIA's sound fundamentals and excellent leadership will be obvious and push the price back to target levels.

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NVIDIA Corporation
Revenue Decomposition

Fiscal Years Ending Jan. 31	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Revenue by Specialized Market													
Data Center	15,005	47,525	115,186	225,031	365,664	513,179	647,053	755,364	836,645	894,335	933,886	960,341	977,773
Growth Rate (%)	41.38%	216.73%	142.37%	95.36%	62.50%	40.34%	26.09%	16.74%	10.76%	6.90%	4.42%	2.83%	1.82%
Percent of Total Revenue	55.63%	78.01%	88.27%	93.04%	95.02%	95.92%	96.22%	96.19%	95.88%	95.30%	94.42%	93.16%	91.42%
Compute	11,317	38,950	102,196	206,065	342,076	485,441	616,406	722,565	802,410	859,125	898,039	924,077	941,240
Growth Rate (%)	244.17%	162.38%	101.64%	66.00%	41.91%	26.98%	17.22%	11.05%	7.07%	4.53%	2.90%	1.86%	
Percent of Total Revenue	41.96%	63.93%	78.31%	85.20%	88.89%	90.74%	91.67%	92.01%	91.96%	91.55%	90.79%	89.64%	88.00%
Networking	3,688	8,575	12,990	18,965	23,587	27,737	30,647	32,799	34,235	35,210	35,847	36,264	36,533
Growth Rate (%)	132.51%	51.49%	46.00%	24.37%	17.59%	10.49%	7.02%	4.38%	2.85%	1.81%	1.16%	0.74%	
Percent of Total Revenue	13.67%	14.08%	9.95%	7.84%	6.13%	5.18%	4.56%	4.18%	3.92%	3.75%	3.62%	3.52%	3.42%
Gaming	9,067	10,447	11,350	12,027	12,906	13,762	14,721	15,723	16,805	17,956	19,188	20,504	21,910
Growth Rate (%)	-27.24%	15.22%	8.64%	5.97%	7.30%	6.64%	6.97%	6.80%	6.89%	6.84%	6.87%	6.85%	6.86%
Percent of Total Revenue	33.61%	17.15%	8.70%	4.98%	3.35%	2.73%	2.19%	2.00%	1.93%	1.91%	1.94%	1.99%	2.05%
Professional Visualization	1,544	1,553	1,878	2,080	2,409	2,570	3,128	3,563	4,071	4,645	5,303	6,053	6,909
Growth Rate (%)	-26.86%	0.58%	20.93%	10.76%	15.84%	13.30%	14.57%	13.93%	14.25%	14.09%	14.17%	14.13%	14.15%
Percent of Total Revenue	5.72%	2.55%	1.44%	0.86%	0.63%	0.51%	0.47%	0.45%	0.47%	0.49%	0.54%	0.59%	0.65%
Automotive	903	1,091	1,694	2,338	3,430	4,882	7,055	10,118	14,567	20,933	30,108	43,284	62,242
Growth Rate (%)	59.54%	20.82%	55.27%	38.04%	46.66%	42.35%	44.50%	43.43%	43.97%	43.70%	43.83%	43.76%	43.80%
Percent of Total Revenue	3.35%	1.79%	1.30%	0.97%	0.89%	0.91%	1.05%	1.29%	1.67%	2.23%	3.04%	4.20%	5.82%
OEM & Other	455	306	389	378	424	444	481	513	551	590	632	677	726
Growth Rate (%)	-60.84%	-32.75%	27.12%	-2.81%	12.16%	4.67%	8.41%	6.54%	7.48%	7.01%	7.24%	7.13%	7.19%
Percent of Total Revenue	1.69%	0.50%	0.30%	0.16%	0.11%	0.08%	0.07%	0.07%	0.06%	0.06%	0.06%	0.07%	0.07%
Total revenue	26,974	60,922	130,497	241,854	384,833	534,996	672,438	785,281	872,639	938,458	989,118	1,030,859	1,069,561
Growth Rate (%)	0.22%	125.85%	114.20%	85.33%	59.12%	39.02%	25.69%	16.78%	11.12%	7.54%	5.40%	4.22%	3.75%
Percent of Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue by Country													
United States	8,292	26,966	61,257	110,291	178,069	245,761	310,024	361,392	401,960	432,081	455,509	474,678	492,527
Growth Rate (%)	90.66%	225.21%	127.16%	80.05%	61.45%	38.01%	26.15%	18.57%	11.23%	7.49%	5.42%	4.21%	3.76%
Percent of Total Revenue	30.74%	44.26%	46.94%	45.60%	46.27%	45.94%	46.10%	46.02%	46.06%	46.04%	46.05%	46.05%	46.05%
Singapore	2,288	6,831	23,684	35,506	63,170	83,181	107,465	123,797	138,515	148,454	156,735	163,210	169,410
Growth Rate (%)	8.48%	198.56%	246.71%	49.92%	77.91%	31.68%	29.19%	15.20%	11.89%	7.18%	5.58%	4.13%	3.80%
Percent of Total Revenue	8.48%	11.21%	18.15%	14.68%	16.41%	15.55%	15.98%	15.76%	15.87%	15.82%	15.85%	15.83%	15.84%
Taiwan	6,986	13,405	20,573	45,673	66,671	96,859	119,120	140,641	155,435	167,616	176,424	183,995	190,837
Growth Rate (%)	-18.24%	91.88%	53.47%	122.00%	45.98%	45.28%	22.98%	18.07%	10.52%	7.84%	5.25%	4.29%	3.72%
Percent of Total Revenue	25.90%	22.00%	15.77%	18.88%	17.32%	18.10%	17.91%	17.17%	17.86%	17.84%	17.85%	17.85%	17.84%
China (including Hong Kong)	5,785	10,306	17,108	36,310	54,114	77,775	96,155	113,226	125,302	135,032	142,174	148,251	153,777
Growth Rate (%)	-18.65%	78.15%	66.00%	112.24%	49.03%	43.73%	23.63%	17.35%	10.67%	7.73%	5.29%	4.27%	3.73%
Percent of Total Revenue	21.45%	16.92%	13.11%	15.01%	14.06%	14.54%	14.30%	14.42%	14.36%	14.39%	14.37%	14.38%	14.38%
Other countries	3,623	3,424	7,871	14,074	22,809	31,421	39,674	46,226	51,427	55,274	58,275	60,725	63,010
Growth Rate (%)	-47.57%	-5.77%	130.67%	78.72%	62.06%	37.76%	26.27%	16.51%	11.25%	7.48%	5.43%	4.21%	3.76%
Percent of Total Revenue	13.43%	5.60%	6.03%	5.82%	5.93%	5.87%	5.90%	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
Total revenue	26,974	60,922	130,497	241,854	384,833	534,996	672,438	785,281	872,639	938,458	989,118	1,030,859	1,069,561
Growth Rate (%)	0.22%	125.85%	114.20%	85.33%	59.12%	39.02%	25.69%	16.78%	11.12%	7.54%	5.40%	4.22%	3.75%
Percent of Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue by Segment													
Compute & Networking	15,068	47,405	116,193	201,769	331,850	453,832	575,141	668,901	744,843	800,200	843,830	879,214	912,340
Growth Rate (%)	36.41%	214.61%	145.11%	73.65%	64.47%	36.76%	26.73%	16.30%	11.35%	7.43%	5.45%	4.19%	3.77%
Percent of Total Revenue	55.86%	77.81%	89.04%	83.43%	86.23%	84.63%	85.53%	85.18%	85.36%	85.27%	85.13%	85.29%	85.30%
Graphics	11,908	13,517	14,304	40,086	52,983	81,164	97,298	116,380	127,796	138,258	145,288	151,645	157,221
Growth Rate (%)	-24.97%	13.53%	5.82%	180.24%	32.17%	53.19%	19.88%	19.61%	9.81%	8.19%	5.08%	4.38%	3.68%
Percent of Total Revenue	44.14%	22.19%	10.96%	16.57%	13.77%	15.17%	14.47%	14.82%	14.64%	14.73%	14.69%	14.71%	14.70%
All Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth Rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Percent of Total Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total revenue	26,974	60,922	130,497	241,854	384,833	534,996	672,438	785,281	872,639	938,458	989,118	1,030,859	1,069,561
Growth Rate (%)	0.22%	125.85%	114.20%	85.33%	59.12%	39.02%	25.69%	16.78%	11.12%	7.54%	5.40%	4.22%	3.75%
Percent of Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

NVIDIA Corporation
Income Statement[illegible]

NVIDIA Corporation
Balance Sheet

Fiscal Years Ending Jan. 31	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Assets													
Current assets:													
Cash and cash equivalents	3,389	7,280	8,589	102,552	248,096	490,930	821,118	1,244,803	1,738,036	2,310,233	2,939,907	3,632,081	4,363,562
Marketable securities	9,907	18,704	34,621	36,087	37,615	39,207	40,867	42,598	44,401	46,281	48,241	50,283	52,412
Accounts receivable, net	3,827	9,999	23,065	34,934	56,767	79,667	100,450	117,265	129,883	138,839	144,979	149,086	151,792
Inventories	5,159	5,282	10,080	27,761	44,173	61,409	77,186	90,138	100,166	107,720	113,535	118,327	122,769
Prepaid expenses and other current assets	791	3,080	3,771	9,660	15,370	21,368	26,858	31,365	34,854	37,482	39,506	41,173	42,719
Total current assets	23,073	44,345	80,126	210,994	402,021	692,582	1,066,479	1,526,168	2,047,339	2,640,556	3,286,168	3,990,950	4,733,254
Property and equipment, net	3,807	3,914	6,283	10,276	16,271	22,046	27,249	31,387	34,558	36,933	38,779	40,332	41,819
Operating lease assets	1,038	1,346	1,793	9,885	15,651	21,206	26,211	30,191	33,242	35,526	37,302	38,796	40,226
Goodwill	4,372	4,430	5,189	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188	5,188
Intangible assets, net	1,676	1,112	807	453	217	133	102	92	74	55	37	18	-
Deferred income tax assets	3,396	6,081	10,979	6,081	10,979	6,081	10,980	6,080	10,980	6,079	10,981	6,078	10,981
Other assets	3,820	4,500	6,425	11,203	17,826	24,782	31,148	36,375	40,422	43,471	45,817	47,751	49,544
Total assets	41,182	65,728	111,601	254,081	468,153	772,018	1,167,357	1,635,482	2,171,804	2,767,807	3,424,273	4,129,114	4,881,011
Liabilities and Shareholders' Equity													
Current liabilities:													
Accounts payable	1,193	2,699	6,310	13,863	22,059	30,667	38,545	45,013	50,021	53,794	56,698	59,090	61,309
Accrued and other current liabilities	4,120	6,682	11,737	27,295	43,431	60,378	75,889	88,624	98,483	105,911	111,629	116,340	120,707
Short-term debt	1,250	1,250	-	1,834	2,949	4,119	5,185	6,054	6,716	7,202	7,556	7,824	8,044
Total current liabilities	6,563	10,631	18,047	42,993	68,439	95,163	119,619	139,692	155,221	166,907	175,882	183,254	190,060
Long-term debt	9,703	8,459	8,463	15,944	30,392	38,821	47,819	53,957	59,908	63,196	66,896	68,645	71,465
Long-term operating lease liabilities	902	1,119	1,519	8,696	13,769	18,656	23,059	26,560	29,244	31,253	32,816	34,131	35,388
Other long-term liabilities	1,913	2,541	4,245	7,867	12,518	17,403	21,874	25,545	28,387	30,528	32,175	33,533	34,792
Total liabilities	19,081	22,750	32,274	75,500	125,118	170,044	212,371	245,753	272,759	291,883	307,770	319,563	331,706
Shareholders' equity:													
Common Equity	11,973	13,134	11,261	23,389	23,389	23,389	23,389	23,389	23,389	23,389	23,389	23,389	23,389
Treasury stock, at cost				(3,400)	(7,270)	(11,140)	(15,010)	(18,880)	(22,750)	(26,620)	(30,490)	(34,360)	(38,230)
Accumulated other comprehensive income (loss)	-43	27	28	28	28	28	28	28	28	28	28	28	28
Retained earnings	10,171	29,817	68,038	158,563	326,887	589,697	946,578	1,385,191	1,898,377	2,479,126	3,123,575	3,820,493	4,564,118
Total shareholders' equity	22,101	42,978	79,327	178,581	343,035	601,974	954,986	1,389,728	1,899,044	2,475,924	3,116,503	3,809,551	4,549,305
Total liabilities and shareholders' equity	\$41,182	\$65,728	\$111,601	254,081	468,153	772,018	1,167,357	1,635,482	2,171,804	2,767,807	3,424,273	4,129,114	4,881,011

NVIDIA Corporation
Historical Cash Flow Statement

Fiscal Years Ending Jan. 31	2020	2021	2022	2023	2024	2025
Cash flows from operating activities:						
Net income	2,796	4,332	9,752	4,368	29,760	72,880
Adjustments to reconcile net income to net cash provided by operating activities:						
Stock-based compensation expense	844	1,397	2,004	2,709	3,549	4,737
Depreciation and amortization	381	1,098	1,174	1,544	1,508	1,864
Deferred income taxes	18	(282)	(406)	(2,164)	(2,489)	(4,477)
(Gains) losses on investments in non-affiliated entities, net	1		(100)	45	(238)	(1,030)
Acquisition termination cost	4	(20)		1,353		
Other			47	(7)	(278)	(502)
Changes in operating assets and liabilities, net of acquisitions:						
Accounts receivable	(233)	(550)	(2,215)	822	(6,172)	(13,063)
Inventories	597	(524)	(774)	(2,554)	(98)	(4,781)
Prepaid expenses and other assets	77	(394)	(1,715)	(1,517)	(1,522)	(395)
Accounts payable	194	312	568	(551)	1,531	3,357
Accrued and other current liabilities	54	290	581	1,341	2,025	4,278
Other long-term liabilities	28	163	192	252	514	1,221
Net cash provided by operating activities	4,761	5,822	9,108	5,641	28,090	64,089
Cash flows from investing activities:						
Proceeds from maturities of marketable securities	4,744	8,792	15,197	19,425	9,732	11,195
Proceeds from sales of marketable securities	3,365	527	1,023	1,806	50	495
Proceeds from sales of non-marketable equity securities				8	1	171
Purchases of marketable securities	(1,461)	(19,308)	(24,787)	(11,897)	(18,211)	(26,575)
Purchases related to property and equipment and intangible assets	(489)	(1,128)	(976)	(1,833)	(1,069)	(3,236)
Purchases of non-marketable equity securities				(85)	(862)	(1,486)
Acquisitions, net of cash acquired	(4)	(8,524)	(263)	(49)	(83)	(1,007)
Investments in non-affiliated entities and other, net	(10)	(34)	(24)		(124)	22
Net cash provided by (used in) investing activities	6,145	(19,675)	(9,830)	7,375	(10,566)	(20,421)
Cash flows from financing activities:						
Proceeds related to employee stock plans	149	194	281	355	403	490
Payments related to repurchases of common stock	(551)	(942)		(10,039)	(9,533)	(33,706)
Payments related to tax on restricted stock units			(1,904)	(1,475)	(2,783)	(6,930)
Repayment of debt			(1,000)		(1,250)	(1,250)
Dividends paid	(390)	(395)	(399)	(398)	(395)	(834)
Principal payments on property and equipment and intangible assets		(17)	(83)			
Issuance of debt, net of issuance costs		4,968	4,977	(58)	(74)	(129)
Other		(4)	(7)	(2)	(1)	
Net cash provided by (used in) financing activities	(792)	3,804	1,865	(11,617)	(13,633)	(42,359)
Change in cash and cash equivalents	10,114	(10,049)	1,143	1,399	3,891	1,309
Cash and cash equivalents at beginning of period	782	10,896	847	1,990	3,389	7,280
Cash and cash equivalents at end of period	10,896	847	1,990	3,389	7,280	8,589

NVIDIA Corporation
Forecasted Cash Flow Statement

Fiscal Years Ending Jan. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Cash at the beginning of the period	8,589	102,552	248,096	490,930	821,118	1,244,803	1,738,036	2,310,233	2,939,907	3,632,081
Net Income	100,373	178,222	272,697	366,759	448,481	523,047	590,604	654,298	706,762	753,464
Adjustments to reconcile net income to cash										
Depreciation	1,816	2,971	4,704	6,373	7,877	9,073	9,990	10,677	11,211	11,660
Amortization	354	236	84	31	10	18	18	18	18	18
Cash from Operating Activities:										
Changes in Accounts receivable, net	(11,869)	(21,832)	(22,901)	(20,783)	(16,814)	(12,618)	(8,956)	(6,140)	(4,107)	(2,706)
Changes in Inventories	(17,681)	(16,412)	(17,236)	(15,776)	(12,953)	(10,027)	(7,555)	(5,815)	(4,791)	(4,442)
Changes in Prepaid expenses and other current assets	(5,889)	(5,711)	(5,998)	(5,489)	(4,507)	(3,489)	(2,629)	(2,023)	(1,667)	(1,546)
Changes in Operating lease assets	(8,092)	(5,766)	(5,555)	(5,004)	(3,981)	(3,051)	(2,284)	(1,776)	(1,494)	(1,429)
Changes in Deferred income tax assets	4,898	(4,898)	4,899	(4,899)	4,900	(4,901)	4,901	(4,902)	4,903	(4,903)
Changes in Accounts payable	7,553	8,196	8,608	7,878	6,468	5,008	3,773	2,904	2,393	2,218
Changes in Accrued and other current liabilities	15,558	16,136	16,947	15,511	12,735	9,859	7,428	5,717	4,711	4,368
Changes in Long-term operating lease liabilities	7,177	5,073	4,887	4,403	3,502	2,684	2,009	1,563	1,314	1,258
Changes in Other long-term liabilities	3,622	4,651	4,885	4,471	3,671	2,842	2,141	1,648	1,358	1,259
Net Cash from Operating Activities	97,820	160,866	266,020	353,474	449,390	518,445	599,442	656,169	720,610	759,218
Cash Flows from Investing Activities										
Changes in Marketable securities	(1,466)	(1,528)	(1,593)	(1,660)	(1,730)	(1,804)	(1,880)	(1,960)	(2,043)	(2,129)
Changes in Property and equipment, gross	(5,810)	(8,965)	(10,479)	(11,576)	(12,015)	(12,245)	(12,364)	(12,523)	(12,764)	(13,146)
Changes in Intangible assets, net	-	-	-	-	-	-	-	-	-	-
Changes in Other assets	(4,778)	(6,623)	(6,956)	(6,367)	(5,227)	(4,047)	(3,049)	(2,347)	(1,934)	(1,793)
Net Cash from Investing Activities	(12,054)	(17,116)	(19,027)	(19,602)	(18,973)	(18,095)	(17,293)	(16,830)	(16,740)	(17,067)
Cash Flows from Financing Activities:										
Changes in Short-term debt	1,834	1,114	1,170	1,066	869	663	485	354	268	220
Changes in Long-term debt	7,481	14,448	8,429	8,998	6,138	5,951	3,288	3,700	1,750	2,820
Common Equity	12,128	-	-	-	-	-	-	-	-	-
Treasury stock, at cost	(3,400)	(3,870)	(3,870)	(3,870)	(3,870)	(3,870)	(3,870)	(3,870)	(3,870)	(3,870)
Accumulated other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-
Changes in Dividends Paid	(9,847)	(9,898)	(9,887)	(9,877)	(9,869)	(9,861)	(9,855)	(9,849)	(9,844)	(9,840)
Net Cash Flow from Financing Activities	8,196	1,795	(4,158)	(3,683)	(6,732)	(7,118)	(9,952)	(9,665)	(11,697)	(10,670)
Cash and cash equivalents at the end of the period	102,552	248,096	490,930	821,118	1,244,803	1,738,036	2,310,233	2,939,907	3,632,081	4,363,562

NVIDIA Corporation
Common Size Income Statement

<i>Fiscal Years Ending Jan. 31</i>	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of revenue	37.35%	27.28%	25.01%	29.09%	27.19%	25.28%	23.38%	21.48%	19.58%	17.68%	15.77%	15.0%	15.0%
Depreciation & Amortization	5.72%	2.48%	1.43%	0.90%	0.83%	0.89%	0.95%	1.00%	1.04%	1.07%	1.08%	1.09%	1.09%
Depreciation	3.13%	1.47%	1.00%	0.75%	0.77%	0.88%	0.95%	1.00%	1.04%	1.06%	1.08%	1.09%	1.09%
Amortization	2.60%	1.07%	0.19%	0.15%	0.06%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross profit (loss)	56.93%	72.72%	74.99%	70.01%	71.98%	73.82%	75.67%	77.52%	79.38%	81.26%	83.14%	83.91%	83.91%
Operating expenses													
Research and development	27.21%	14.24%	9.90%	16.86%	13.65%	10.45%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Sales, general and administrative	9.05%	4.36%	3.35%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Acquisition termination cost	5.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total operating expenses	41.27%	18.60%	12.57%	19.86%	16.65%	13.45%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Income (loss) from operations	15.66%	54.12%	62.42%	50.16%	55.33%	60.37%	63.67%	65.52%	67.38%	69.26%	71.14%	71.91%	71.91%
Interest income	0.99%	1.42%	1.37%	0.76%	1.53%	2.26%	3.34%	4.65%	6.25%	8.04%	10.09%	12.27%	14.58%
Interest expense	0.97%	-0.42%	-0.19%	0.18%	0.24%	0.32%	0.33%	0.34%	0.35%	0.36%	0.36%	0.37%	0.37%
Other, net	-0.18%	0.39%	0.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income (expense), net	-0.16%	1.39%	1.97%	0.58%	1.29%	1.94%	3.01%	4.30%	5.89%	7.68%	9.72%	11.90%	14.21%
Income before income tax	15.50%	55.51%	64.39%	50.74%	56.62%	62.31%	66.68%	69.82%	73.27%	76.94%	80.87%	83.81%	86.12%
Income tax expense (benefit)	-0.69%	6.66%	8.54%	9.23%	10.30%	11.34%	12.14%	12.71%	13.34%	14.00%	14.72%	15.25%	15.67%
Net income (loss)	16.19%	48.85%	55.85%	41.50%	46.31%	50.97%	54.54%	57.11%	59.94%	62.93%	66.15%	68.56%	70.45%

NVIDIA Corporation
Common Size Balance Sheet

Fiscal Years Ending Jan. 31	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Assets													
Current assets:													
Cash and cash equivalents	12.56%	11.95%	6.58%	42.40%	64.47%	91.76%	122.11%	158.52%	199.17%	246.17%	297.23%	352.34%	407.98%
Marketable securities	36.73%	30.70%	26.53%	14.92%	9.77%	7.33%	6.08%	5.42%	5.09%	4.93%	4.88%	4.88%	4.90%
Accounts receivable, net	14.19%	16.41%	17.67%	14.44%	14.75%	14.89%	14.94%	14.93%	14.88%	14.79%	14.66%	14.46%	14.19%
Inventories	19.13%	8.67%	7.72%	11.48%	11.48%	11.48%	11.48%	11.48%	11.48%	11.48%	11.48%	11.48%	11.48%
Prepaid expenses and other current assets	2.93%	5.06%	2.89%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%	3.99%
Total current assets	85.54%	72.79%	61.40%	87.24%	104.47%	129.46%	158.60%	194.35%	234.61%	281.37%	332.23%	387.15%	442.54%
Property and equipment, net	14.11%	6.42%	4.81%	4.25%	4.23%	4.12%	4.05%	4.00%	3.96%	3.94%	3.92%	3.91%	3.91%
Operating lease assets	3.85%	2.21%	1.37%	4.09%	4.07%	3.96%	3.90%	3.84%	3.81%	3.79%	3.77%	3.76%	3.76%
Goodwill	16.21%	7.27%	3.98%	2.15%	1.35%	0.97%	0.77%	0.66%	0.59%	0.55%	0.52%	0.50%	0.49%
Intangible assets, net	6.21%	1.83%	0.62%	0.19%	0.06%	0.02%	0.02%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%
Deferred income tax assets	12.59%	9.98%	8.41%	2.51%	2.85%	1.14%	1.63%	0.77%	1.26%	0.65%	1.11%	0.59%	1.03%
Other assets	14.16%	7.39%	4.92%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%	4.63%
Total assets	152.67%	107.89%	85.52%	105.06%	121.65%	144.30%	173.60%	208.27%	248.88%	294.93%	346.19%	400.55%	456.36%
Liabilities and Shareholders' Equity													
Current liabilities:													
Accounts payable	4.42%	4.43%	4.84%	5.73%	5.73%	5.73%	5.73%	5.73%	5.73%	5.73%	5.73%	5.73%	5.73%
Accrued and other current liabilities	15.27%	10.97%	8.99%	11.29%	11.29%	11.29%	11.29%	11.29%	11.29%	11.29%	11.29%	11.29%	11.29%
Short-term debt	4.63%	2.05%	0.00%	0.76%	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%	0.76%	0.76%	0.75%
Total current liabilities	24.33%	17.45%	13.83%	17.78%	17.78%	17.79%	17.79%	17.79%	17.79%	17.79%	17.78%	17.78%	17.77%
Long-term debt	35.97%	13.88%	6.49%	6.59%	7.90%	7.26%	7.11%	6.87%	6.87%	6.73%	6.76%	6.66%	6.68%
Long-term operating lease liabilities	3.34%	1.84%	1.16%	3.60%	3.58%	3.49%	3.43%	3.38%	3.35%	3.33%	3.32%	3.31%	3.31%
Other long-term liabilities	7.09%	4.17%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Total liabilities	70.74%	37.34%	24.73%	31.22%	32.51%	31.78%	31.58%	31.29%	31.26%	31.10%	31.12%	31.00%	31.01%
Shareholders' equity:													
Additional paid-in capital	44.39%	21.56%	8.63%	9.67%	6.08%	4.37%	3.48%	2.98%	2.68%	2.49%	2.36%	2.27%	2.19%
Treasury stock, at cost	0.00%	0.00%	0.00%	-1.41%	-1.89%	-2.08%	-2.23%	-2.40%	-2.61%	-2.84%	-3.08%	-3.33%	-3.57%
Accumulated other comprehensive income (loss)	-0.16%	0.04%	0.02%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retained earnings	37.71%	48.94%	52.14%	65.56%	84.94%	110.22%	140.77%	176.39%	217.54%	264.17%	315.79%	370.61%	426.73%
Total shareholders' equity	81.93%	70.55%	60.79%	73.84%	89.14%	112.52%	142.02%	176.97%	217.62%	263.83%	315.08%	369.55%	425.34%
Total liabilities and shareholders' equity	152.67%	107.89%	85.52%	105.06%	121.65%	144.30%	173.60%	208.27%	248.88%	294.93%	346.19%	400.55%	456.36%

NVIDIA Corporation
Value Driver Estimation

Fiscal Years Ending Jan. 31	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
NOPLAT:													
EBITA:													
Revenue	26,974	60,922	130,497	241,854	384,833	534,996	672,438	785,281	872,639	938,458	989,118	1,030,859	1,069,561
Cost of revenue (-)	10,074	16,621	32,639	70,351	104,622	135,271	157,233	168,682	170,850	165,888	156,031	154,629	160,434
Sales, general and administrative (-)	2,440	2,654	3,491	7,256	11,545	16,050	20,173	23,558	26,179	28,154	29,674	30,926	32,087
Depreciation (-)	844	894	1,300	1,816	2,971	4,704	6,373	7,877	9,073	9,990	10,677	11,211	11,660
Amortization (-)	700	650	244	354	236	84	31	10	18	18	18	18	18
Research and development (-)	7,339	8,675	12,914	40,769	52,545	55,912	60,519	70,675	78,538	84,461	89,021	92,777	96,260
Implied interest on Operating Leases (+)	43	56	75	413	654	886	1,096	1,262	1,390	1,485	1,559	1,622	1,681
EBITA	5,620	31,484	79,984	121,721	213,568	323,863	429,204	515,740	589,370	651,431	705,257	742,920	770,783
Implied Marginal Tax Rate	4.50%	17.20%	18.20%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Total Adjusted Taxes													
Income tax expense	(187)	4,058	11,146	22,332	39,853	60,673	81,602	99,784	116,375	131,406	145,577	157,250	167,641
Tax shield on interest expense (+)	12	(44)	(45)	86	182	341	439	542	613	681	719	761	782
Tax on interest(or investment) income (-)	12	149	325	366	1,174	2,419	4,489	7,299	10,902	15,094	19,955	25,304	31,182
Tax on non-operating income (-)	(2)	41	188	-	-	-	-	-	-	-	-	-	-
Tax shield on acquisition termination cost. (+)													
Tax shield on implied interest on operating leases (+)	47	232	326	1,977	3,130	4,241	5,242	6,038	6,648	7,105	7,460	7,759	8,045
Total Adjusted Taxes	(138)	4,056	10,914	24,030	41,791	62,836	82,793	99,065	112,735	124,098	133,802	140,467	145,286
Total Deferred	3,396	6,081	10,979	6,081	10,979	6,081	10,980	6,080	10,980	6,079	10,981	6,078	10,981
NOPLAT	9,155	33,510	80,049	103,773	182,757	267,108	357,391	422,754	487,615	533,412	582,436	608,532	636,479
Invested Capital (IC):	15,332	20,616	33,728	63,443	101,853	141,307	177,123	206,035	277,965	292,236	303,154	264,012	270,983
Operating Working Capital													
Normal Cash	1,370	3,095	6,629	12,285	19,547	27,175	34,156	39,888	44,325	47,669	50,242	52,362	54,328
Accounts receivable (+)	3,827	9,999	23,065	34,934	56,767	79,667	100,450	117,265	129,883	138,839	144,979	149,086	151,792
Inventory (+)	5,159	5,282	10,080	27,761	44,173	61,409	77,186	90,138	100,166	107,720	113,535	118,327	122,769
Prepaid expenses (+)	791	3,080	3,771	9,660	15,370	21,368	26,858	31,365	34,854	37,482	39,506	41,173	42,719
Operating Current Assets (Non-Interest Bearing)	11,147	21,456	43,545	84,640	135,857	189,619	238,649	278,655	309,227	331,710	348,262	360,948	371,608
Accounts payable	1,193	2,699	6,310	13,863	22,059	30,667	38,545	45,013	-	5,424	8,944	59,090	61,309
Accrued expenses (+)	4,120	6,682	11,737	27,295	43,431	60,378	75,889	88,624	98,483	105,911	111,629	116,340	120,707
Operating Current Liabilities (Non-Interest-Bearing)	5,313	9,381	18,047	41,158	65,490	91,045	114,434	133,638	98,483	111,335	120,573	175,430	182,016
Net Operating Working Capital	5,834	12,075	25,498	43,482	70,367	98,575	124,215	145,017	210,744	220,375	227,689	185,518	189,592
Net PPE	3,807	3,914	6,283	10,276	16,271	22,046	27,249	31,387	34,558	36,933	38,779	40,332	41,819
Intangible assets, net	1,676	1,112	807	453	217	133	102	92	74	55	37	18	-
Operating lease assets	1,038	1,346	1,793	9,885	15,651	21,206	26,211	30,191	33,242	35,526	37,302	38,796	40,226
Other long-term assets	3,376	2,822	-	-	-	-	-	-	-	-	-	-	-
Long-term Operating Assets	6,090	5,280	2,600	10,338	15,868	21,339	26,313	30,283	33,316	35,581	37,339	38,815	40,226
Deferred revenue (2)	218	573	573	573	573	573	573	573	573	573	573	573	573
Licenses payable	181	80	80	80	80	80	80	80	80	80	80	80	80
Employee benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Operating Liabilities	399	653	653	653	653	653	653	653	653	653	653	653	653
Free Cash Flow (FCF):													
NOPLAT	9,155	33,510	80,049	103,773	182,757	267,108	357,391	422,754	487,615	533,412	582,436	608,532	636,479
Change in IC	2,922.05	5,283.38	13,112.03	29,715.60	38,409.86	39,454.14	35,816.34	28,911.11	71,930.62	14,270.72	10,918.44	(39,142.65)	6,970.99
FCF	6,233	28,226	66,937	74,057	144,347	227,654	321,575	393,843	415,685	519,141	571,517	647,674	629,508
Return on Invested Capital (ROIC):													
NOPLAT	9,155	33,510	80,049	103,773	182,757	267,108	357,391	422,754	487,615	533,412	582,436	608,532	636,479
Beginning IC	12,410	15,332	20,616	33,728	63,443	101,853	141,307	177,123	206,035	277,965	292,236	303,154	264,012
ROIC	73.77%	218.56%	388.29%	307.68%	288.06%	262.25%	252.92%	238.68%	236.67%	191.90%	199.30%	200.73%	241.08%
Economic Profit (EP):													
Beginning IC	12,410	15,332	20,616	33,728	63,443	101,853	141,307	177,123	206,035	277,965	292,236	303,154	264,012
x (ROIC - WACC)	59.83%	204.62%	374.36%	293.74%	274.13%	248.31%	238.98%	224.74%	222.73%	177.96%	185.37%	186.80%	227.14%
EP	7,425	31,373	77,176	99,073	173,916	252,915	337,700	398,072	458,905	494,678	541,713	566,287	599,689

NVIDIA Corporation
Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		ASSUMPTIONS:	
Risk-Free Rate	4.33%	10-year US Treasury Bond	
Beta	1.93	5Y Beta 4/17/25	
Equity Risk Premium	5.00%	HF consensus	
Cost of Equity	13.97%		
Number			
Cost of Debt:			
Risk-Free Rate	4.33%	10-year US Treasury Bond	
Implied Default Premium	0.78%		
Pre-Tax Cost of Debt	5.11%	10-year Nvidia Corporate Bond Estimate	
Marginal Tax Rate	18%		
After-Tax Cost of Debt	4.18%		
			MV Weights
Total Shares Outstanding	24,477		
Current Stock Price	\$101.49		
MV of Equity	2,484,171		99.60%
Short-Term Debt	-		
Current Portion of LTD	-		
Long-Term Debt	8,463		
PV of Operating Leases	1,519		
MV of Total Debt	9,982		0.40%
Market Value of the Firm	2,494,153		100.00%
Estimated WACC			13.93%

NVIDIA Corporation

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	5.00%
CV Year ROIC	241.08%
WACC	13.93%
Cost of Equity	13.97%

Fiscal Years Ending Jan. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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DCF Model:

Free Cash Flow (FCF)	74,057	144,347	227,654	321,575	393,843	415,685	519,141	571,517	647,674	629,508
Continuing Value (CV)										6,975,759
PV of FCF	64,999	111,197	153,923	190,833	205,135	190,030	208,299	201,268	200,191	2,156,155

Value of Operating Assets:	3,682,032
Non-Operating Adjustments	
Excess cash (+)	1,960
Marketable securities (+)	34,621
Total debt (-)	(8,463)
Other long-term liabilities (-)	(4,245)
ESOP (-)	(15,736)

Value of Equity	3,690,170
Shares Outstanding	24,760
Intrinsic Value of Last FYE	\$ 149.04
Implied Price as of Today	\$ 152.27

Economic Profit (EP)	99,073	173,916	252,915	337,700	398,072	458,905	494,678	541,713	566,287	599,689
Continuing Value (CV)										6,711,747
PV of EP	86,956	133,976	171,003	200,403	207,338	209,788	198,484	190,772	175,035	2,074,551

Invested Capital (last FYE)	3,648,305
Value of Operating Assets:	3,682,032
Non-Operating Adjustments	
Excess cash (+)	1,960
Marketable securities (+)	34,621
Total debt (-)	(8,463)
Other long-term liabilities (-)	(4,245)
ESOP (-)	(15,736)

Value of Equity	3,690,170
Shares Outstanding	24,760
Intrinsic Value of Last FYE	\$ 149.04
Implied Price as of Today	\$ 152.27

NVIDIA Corporation

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

[illegible]

NVIDIA Corporation

Relative Valuation Models

Semiconductor Peers			EPS	EPS			Est. 5yr		
Ticker	Company	Price	2026E	2027E	P/E 26	P/E 27	EPS gr.	PEG 26	PEG 27
AMD	AMD	\$87.50	\$6.09	\$7.68	14.37	11.39	27.0	0.53	0.42
INTC	Intel	\$18.93	\$1.16	\$1.64	16.32	11.54	28.4	0.57	0.41
AVGO	Broadcom	\$170.99	\$7.83	\$9.10	21.84	18.79	29.0	0.75	0.65
QCOM	Qualcomm	\$136.66	\$12.27	\$12.54	11.14	10.90	7.2	1.55	1.51
Average					15.92	13.16		0.85	0.75
Number									
Magnificent Seven Peers			EPS	EPS			Est. 5yr		
Ticker	Company	Price	2026E	2027E	P/E 26	P/E 27	EPS gr.	PEG 26	PEG 27
GOOGL	Alphabet	\$151.16	\$10.06	\$11.54	15.03	13.10	8.3	1.81	1.58
AMZN	Amazon	\$172.61	\$7.52	\$9.35	22.95	18.46	9.4	2.44	1.96
AAPL	Apple	\$196.98	\$8.00	\$8.79	24.62	22.41	7.4	3.33	3.03
META	Meta	\$501.48	\$28.24	\$32.30	17.76	15.53	12.9	1.38	1.20
MSFT	Microsoft	\$367.78	\$14.91	\$17.62	24.67	20.87	10.1	2.44	2.07
TSLA	Tesla	\$241.37	\$3.59	\$4.70	67.23	51.36	13.4	5.02	3.83
Average					28.71	23.62		2.74	2.28
NVDA	NVIDIA Corporation	\$101.49	\$4.08	\$7.20	24.9	14.1	43.67	0.6	0.3

Implied Relative Value Semiconductor Peer:

P/E (EPS26)	\$ 64.89
P/E (EPS27)	\$ 94.75
PEG (EPS26)	\$ 151.63
PEG (EPS27)	\$ 235.08

Implied Relative Value Mag 7:

P/E (EPS26)	\$ 117.05
P/E (EPS27)	\$ 170.12
PEG (EPS26)	\$ 487.10
PEG (EPS27)	\$ 716.69

Implied Relative Value Peer Average:

P/E (EPS26)	\$ 90.97
P/E (EPS27)	\$ 132.44
PEG (EPS26)	\$ 319.36
PEG (EPS27)	\$ 475.89

NVIDIA Corporation
Key Management Ratios

Fiscal Years Ending Jan. 31	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Liquidity Ratios:													
Current Ratio Current Assets / Current Liabilities	3.52	4.17	4.44	4.91	5.87	7.28	8.92	10.93	13.19	15.82	18.68	21.78	24.90
Quick Ratio (Current Assets - Inventory) / Current Liabilities	2.73	3.67	3.88	4.26	5.23	6.63	8.27	10.28	12.54	15.18	18.04	21.13	24.26
Cash Ratio (Cash + Marketable Securities) / Current Liabilities	0.70	1.14	1.34	1.84	2.28	3.12	4.06	5.24	6.53	8.07	9.71	11.52	13.31
Asset-Management Ratios:													
Asset Turnover Ratio Sales/ Average Total Assets	-17.95	4.96	5.69	3.39	3.60	3.52	3.40	3.36	3.25	3.15	3.01	2.93	2.84
Inventory Turnover Ratio COGS / Average Inventory	7.89	270.26	13.61	7.96	12.75	15.70	19.93	26.05	34.08	43.91	53.67	64.55	72.23
Accounts Receivable Turnover Sales/ Average Accounts Receivable	-65.55	19.74	19.98	40.75	35.25	46.72	64.71	93.41	138.31	209.57	322.19	502.00	790.47
Financial Leverage Ratios:													
Debt-to-Assets Ratio (Short-term Debt + Long-term Debt) / Total Assets	0.27	0.15	0.08	0.07	0.07	0.06	0.05	0.04	0.03	0.03	0.02	0.02	0.02
Debt-to-Equity Ratio (Short-term Debt + Long-term Debt) / Total Equity	0.50	0.23	0.11	0.10	0.10	0.07	0.06	0.04	0.04	0.03	0.02	0.02	0.02
Interest Coverage Ratio EBIT / Interest Expense	42.49	-44.08	-66.42	111.05	70.55	42.24	36.78	34.79	34.15	33.08	33.00	32.52	32.85
Profitability Ratios:													
Return on Assets Net Income / Total Assets	65%	93%	117%	95.19%	82.20%	69.30%	57.60%	48.02%	40.18%	33.91%	28.89%	24.97%	21.91%
Return on Equity Net Income / Beg Total Equity	101%	276%	304%	304.88%	215.50%	155.96%	111.71%	82.23%	62.79%	49.42%	39.95%	33.08%	28.08%
Gross Margin Gross Profit / Sales	57%	73%	75%	70.01%	71.98%	73.82%	75.67%	77.52%	79.38%	81.26%	83.14%	83.91%	83.91%
Operating Margin Operating Profit / Sales	41%	19%	13%	19.86%	16.65%	13.45%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Net Margin Net Profit / Sales	16%	49%	56%	41.50%	46.31%	50.97%	54.54%	57.11%	59.94%	62.93%	66.15%	68.56%	70.45%
Payout Policy Ratios:													
Dividend Payout Ratio Dividend / EPS	91%	13%	11%	9.81%	5.55%	3.63%	2.69%	2.20%	1.89%	1.67%	1.51%	1.39%	1.31%
Total Payout Ratio ((Dividends + Repurchases) / Net Income)	239%	33%	47%	13.20%	7.73%	5.04%	3.75%	3.06%	2.63%	2.32%	2.10%	1.94%	1.82%

NVIDIA Corporation
Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	272
Average Time to Maturity (years):	0.50
Expected Annual Number of Options Exercised:	544

Current Average Strike Price:	\$ 44.59
Cost of Equity:	13.97%
Current Stock Price:	\$101.49

Number	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Fiscal Years Ending Jan. 31											
Increase in Shares Outstanding:	272	0	0	0	0	0	0	0	0	0	0
Average Strike Price:	\$ 44.59	\$ 44.59	\$ 44.59	\$ 44.59	\$ 44.59	\$ 44.59	\$ 44.59	\$ 44.59	\$ 44.59	\$ 44.59	\$ 44.59
Increase in Common Stock Account:	12,128	-	-	-	-	-	-	-	-	-	-
Share Repurchases (\$)	3,400	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,870	3,871
Expected Price of Repurchased Shares:	\$ 101.49	\$ 115.63	\$ 131.74	\$ 150.10	\$ 171.02	\$ 194.85	\$ 222.00	\$ 252.93	\$ 288.17	\$ 328.33	\$ 374.08
Number of Shares Repurchased:	34	33	29	26	23	20	17	15	13	12	10
Shares Outstanding (beginning of the year)	24,555	24,793	24,760	24,731	24,705	24,682	24,662	24,645	24,630	24,616	24,604
Plus: Shares Issued Through ESOP	272	0	0	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	34	33	29	26	23	20	17	15	13	12	10
Shares Outstanding (end of the year)	24,793	24,760	24,731	24,705	24,682	24,662	24,645	24,630	24,616	24,604	24,594

NVIDIA Corporation*Valuation of Options Granted under ESOP*

Current Stock Price	\$101.49
Risk Free Rate	4.33%
Current Dividend Yield	0.04%
Annualized St. Dev. of Stock Returns	43.56% via Bloomberg

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	272	44.59	0.50	\$ 57.85	\$ 15,736
Total	272	\$ 44.59	0.50	\$ 57.87	\$ 15,736