# CFO Commentary on Third Quarter Fiscal 2027 Results

## Q3 Fiscal 2027 Summary

**GAAP**

| *($ in billions, except earnings per share)* | Q3 FY27 | Q2 FY27 | Q3 FY26 | Q/Q* | Y/Y* |
|---|---|---|---|---|---|
| Revenue | $115.8 | $96.2 | $57.0 | 20 % | 103 % |
| Gross margin | 74.8 % | 75.0 % | 73.4 % | (0.2) pts | 1.4 pts |
| Operating expenses | $9.2 | $8.4 | $5.8 | 9 % | 57 % |
| Operating income | $77.5 | $63.7 | $36.0 | 22 % | 115 % |
| Net income | $65.3 | $59.7 | $31.9 | 9 % | 105 % |
| Diluted earnings per share | $2.70 | $2.46 | $1.30 | 10 % | 108 % |

**Q/Q and Y/Y calculated based on $ in millions*

**Non-GAAP**

| *($ in billions, except earnings per share)* | Q3 FY27 | Q2 FY27 | Q3 FY26 | Q/Q* | Y/Y* |
|---|---|---|---|---|---|
| Revenue | $115.8 | $96.2 | $57.0 | 20 % | 103 % |
| Gross margin | 74.9 % | 75.0 % | 73.5 % | (0.1) pts | 1.4 pts |
| Operating expenses | $8.8 | $8.2 | $5.8 | 7 % | 52 % |
| Operating income | $77.9 | $64.0 | $36.1 | 22 % | 116 % |
| Net income | $64.9 | $54.0 | $31.0 | 20 % | 109 % |
| Diluted earnings per share | $2.68 | $2.22 | $1.27 | 21 % | 111 % |

**Q/Q and Y/Y calculated based on $ in millions*

**Revenue by Reportable Segments**

| *($ in billions)* | Q3 FY27 | Q2 FY27 | Q3 FY26 | Q/Q* | Y/Y* |
|---|---|---|---|---|---|
| Compute & Networking | $106.0 | $88.3 | $50.9 | 20 % | 108 % |
| Graphics | 9.8 | 7.9 | 6.1 | 25 % | 62 % |
| Total | $115.8 | $96.2 | $57.0 | 20 % | 103 % |

**Q/Q and Y/Y calculated based on $ in millions*

**Revenue by Market Platform**

| *($ in billions)* | Q3 FY27 | Q2 FY27 | Q3 FY26 | Q/Q* | Y/Y* |
|---|---|---|---|---|---|
| Data Center | $107.6 | $89.0 | $51.2 | 21 % | 110 % |
| Hyperscale | 60.1 | 48.7 | 35.1 | 23 % | 71 % |
| AI Clouds, Industrial, & Enterprise | 47.5 | 40.3 | 16.1 | 18 % | 195 % |
| Edge Computing | 8.2 | 7.2 | 5.8 | 14 % | 42 % |
| Total | $115.8 | $96.2 | $57.0 | 20 % | 103 % |

**Q/Q and Y/Y calculated based on $ in millions*

We specialize in markets where our computing platforms can provide tremendous acceleration for applications. These platforms incorporate processors, interconnects, software, algorithms, systems, and services to deliver unique value. Our platforms address large markets where our expertise is critical: Data Center and Edge Computing.

We plan to file our 10-Q in the coming weeks. In the interim, we have provided a supplemental document with additional financial information on our investor website.

## Revenue

Revenue for the third quarter was a record $115.8 billion, up 103% from a year ago and up 20% sequentially.

Data Center revenue for the third quarter was a record $107.6 billion, up 110% from a year ago and up 21% sequentially. Our Hyperscale and AI Clouds, Industrial, & Enterprise platforms both grew substantially, driven by the introduction of our Rubin infrastructure, our fastest architecture ramp ever, standalone Vera CPUs and the continued growth of Blackwell Ultra. Shipments of Data Center Hopper products to China during the quarter were $2.4 billion.

Edge Computing revenue for the third quarter was $8.2 billion, up 42% from a year ago and up 14% sequentially. Strong Blackwell workstation sales and edge compute for Physical AI applications drove the increases, while higher memory and system prices continue to affect consumer PC demand.

## Gross Margin

GAAP and non-GAAP gross margins for the third quarter increased from a year ago on improved mix from Blackwell Ultra. GAAP and non-GAAP gross margins decreased slightly sequentially, reflecting the initial Rubin ramp.

## Expenses

GAAP operating expenses for the third quarter were up 57% from a year ago and up 9% sequentially, and non-GAAP operating expenses were up 52% from a year ago and up 7% sequentially. These increases were driven by higher compute infrastructure and employee compensation and benefits costs.

## Other Income, Net and Income Tax

GAAP other income, net includes equity securities gains or losses, interest income, interest expense, and other income and expense. Non-GAAP other income, net excludes equity securities gains or losses and certain other income and expense.

Net gains from equity securities for the third quarter were $1.8 billion, comprised of net gains of $2.8 billion from our publicly held equity securities and a net loss of $1.0 billion from our non-marketable equity securities, including impairment of $1.8 billion.

GAAP effective tax rate for the third quarter was 17.4%, an increase from a year ago, primarily due to higher revenue. Non-GAAP effective tax rate for the third quarter was 17.0%.

## Commitments

We have entered into strategic commitments across our supply, infrastructure, and partner ecosystems to capitalize on future growth opportunities and support our business.

We've partnered with our extensive network of suppliers to secure the critical components needed to meet demand for the next several years. Our supply commitments increased from $279 billion last quarter to $390 billion, primarily related to the multi-year procurement of memory supply.

Our cloud service agreements and data center lease commitments together of $102 billion, an increase from last quarter's $74 billion, provide the physical and cloud infrastructure that powers our research and development — from the engineering, product design, and testing of our compute chips, networking products, and systems, to the development of our open models, such as NVIDIA Nemotron™, NVIDIA Cosmos™, and GR00T, and our autonomous vehicle software. Our upcoming data center leases have terms up to twenty years and have not commenced. These leases are expected to commence between the fourth quarter of fiscal 2027 and fiscal 2033. We may assign some of these leases to third parties in the future.

Our equity investments are focused on frontier labs, infrastructure financiers, and other private companies, subject to certain contingencies.

Future commitments by fiscal year as of October 25, 2026, were as follows:

| | Remainder of 2027 | 2028 | 2029 | 2030 | 2031 | 2032 and thereafter | Total |
|---|---|---|---|---|---|---|---|
| | | | | *(In billions)* | | | |
| Supply and capacity | $ 69 | $ 203 | $ 92 | $ 10 | $ 8 | $ 8 | $ 390 |
| Cloud service agreements | 2 | 7 | 7 | 6 | 4 | 2 | 28 |
| Data center leases not commenced | — | 1 | 2 | 4 | 4 | 63 | 74 |
| Equity investments | 5 | 11 | 2 | 2 | — | — | 20 |
| Capital expenditures | 6 | — | — | — | — | — | 6 |
| Total | $ 82 | $ 222 | $ 103 | $ 22 | $ 16 | $ 73 | $ 518 |

## Additional Commitments

Securing land, power and shell for data centers has become the next critical phase in the AI infrastructure buildout. Neoclouds and frontier labs are seeing extraordinary demand for AI infrastructure, yet many are growing faster than their balance sheets and long-term credit profiles can support. In response, we have entered into arrangements that help select customers secure the land, power and data center capacity needed to support their growth. We will focus on exceptional sites where visible, durable demand can support multiple generations of NVIDIA compute.

We have partnered with leading neoclouds to enable broader access to our AI infrastructure to serve AI startups, model builders, enterprises, research organizations and sovereign customers. Our commitments take effect only if the neoclouds secure financing to purchase the data center infrastructure products and the related compute capacity is deployed, made operational, and accepted by us. The maximum commitment presented assumes these contingencies are satisfactorily resolved. If they are not timely resolved, the amount and timing of our commitments

may be affected, and certain commitments could be reduced or eliminated. Under these agreements, we will earn revenue on the upfront sale of our infrastructure and if certain criteria are met, we will participate in revenue share generated by the neoclouds from their third-party customers.

Future additional commitments by fiscal year as of October 25, 2026, were as follows:

| | Remainder of 2027 | 2028 | 2029 | 2030 | 2031 | 2032 and thereafter | Total |
|---|---|---|---|---|---|---|---|
| | | | | *(In billions)* | | | |
| Neocloud agreements (1) | $ — | $ 6 | $ 7 | $ 6 | $ 5 | $ 8 | $ 32 |

*(1) Formerly referred to as "AI cloud agreements"*

## Guarantees

We have land, power, shell, and hardware financing arrangements, under which we may be required to make payments to third parties if certain of our partners default on their obligations.

In August 2026, we entered into guarantees to provide credit support on the land, power, and shell buildout to secure approximately 4.25 gigawatts (GW) across nine buildings at SB Energy's PORTS-Pike Technology Campus in Ohio, which will exclusively host NVIDIA infrastructure under 20-year leases to OpenAI, subject to limited exceptions. Our guarantees take effect phase by phase, with each one becoming effective only when its related building is completed and ready for service. The first is expected in fiscal 2029. Our exposure therefore builds over time as each building comes online, up to a maximum of $105 billion, and then declines over each 20-year lease term as OpenAI makes lease payments. We also have the option to provide credit support in phases for approximately 3.8 additional GW as the site scales.

To date, we have not made any payments related to our guarantees.

The following table summarizes the maximum gross exposure related to our guarantees:

| | October 25, 2026 |
|---|---|
| | *(In billions)* |
| Land, power, and shell guarantees for neoclouds | $ 3.5 |
| SB Energy Corp. credit support guarantees | 105.0 |
| Power and systems credit support guarantees | 9.5 |
| Total | $ 118.0 |

## Balance Sheet and Cash Flow

Cash, cash equivalents, and marketable debt securities were $53.5 billion, down from $56.7 billion a year ago and down from $56.6 billion a quarter ago. These changes were driven by strong free cash flow generation and a record $28.1 billion of capital returned to shareholders in the third quarter through share repurchases and cash dividends.

In September 2026, our Board of Directors approved an increase of $150 billion to our share repurchase authorization, without expiration. At the end of our third quarter, we had $227.3 billion of share repurchase authorization remaining which we plan to utilize through fiscal 2028.

Accounts receivable was $81.0 billion with 64 days sales outstanding (DSO), up from 60 days sequentially, driven by shipment linearity from our Rubin launch and extended payment terms on large, multi-quarter agreements with certain investment-grade customers.

Inventory was $39.7 billion, up from $31.6 billion sequentially, to support our Rubin product ramp.

Cash flow from operating activities was $48.3 billion, up from $23.8 billion a year ago and up from $24.1 billion a quarter ago. The year-on-year increases reflect growth in revenue, while the sequential increase was also impacted by the timing of federal cash tax payments.

We repaid $1.0 billion of senior notes in the third quarter.

## Outlook

Outlook for the fourth quarter of fiscal 2027, which includes an additional week, is as follows:

- Revenue is expected to be $130.0 billion, plus or minus 3%. We are not assuming any Data Center compute revenue from China in our outlook.
- GAAP and non-GAAP gross margins are expected to be between 71.0% and 72.0%.
- GAAP and non-GAAP operating expenses are expected to be approximately $11.0 billion and $10.7 billion, respectively.

For the full year fiscal 2027, we expect GAAP and non-GAAP tax rates to be between 16.0% and 18.0%, excluding any discrete items and material changes to our tax environment.

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## Non-GAAP Measures

To supplement NVIDIA's condensed consolidated financial statements presented in accordance with GAAP, the company uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP other income (expense), net, non-GAAP net income, non-GAAP net income, or earnings, per diluted share, and free cash flow. For NVIDIA's investors to be better able to compare its current results with those of previous periods, the company has shown a reconciliation of GAAP to non-GAAP financial measures. These reconciliations adjust the related GAAP financial measures to exclude acquisition-related and other costs, other, legal settlement costs, gains/losses from equity securities, net, certain other income and expense, and the associated tax impact of these items where applicable. Beginning in the first quarter of fiscal 2027, NVIDIA's non-GAAP financial measures no longer exclude stock-based compensation expense. The historical non-GAAP financial information presented has been updated to include stock-based compensation expense. Free cash flow is calculated as GAAP net cash provided by operating activities less both purchases related to property and equipment and intangible assets and principal payments on property and equipment and intangible assets. NVIDIA believes the presentation of its non-GAAP financial measures enhances the users' overall understanding of the company's historical financial performance. The presentation of the company's non-GAAP financial measures is not meant to be considered in isolation or as a substitute for the company's financial results prepared in accordance with GAAP, and the company's non-GAAP measures may be different from non-GAAP measures used by other companies.

Certain statements in this CFO Commentary including, but not limited to, statements as to: the buildout of AI factories; our strategy and expectations regarding data center sites; expectations with respect to growth, performance and benefits of our products, services, and technologies, including Blackwell and Vera Rubin, our roadmap and related trends and drivers; expectations with respect to supply and demand for our products, services, and technologies, including Blackwell and Vera Rubin, and related matters including inventory, production and distribution; expectations with respect to our strategic commitments and their anticipated benefits; expectations with respect to our third party arrangements, including with our collaborators, partners and suppliers; expectations with respect to upcoming data center leases, including their commencement and reassignment; expectations regarding revenue under agreements with neoclouds; expectations with respect to our investments and acquisitions, including our pending acquisition of Hugging Face; expectations with respect to our financing arrangements; expectations with respect to technology developments, and related trends and drivers; our future cash dividends and stock repurchases or other returns to stockholders; our financial and business outlook for the fourth quarter of fiscal 2027 and beyond; projected market growth and trends; expectations with respect to AI and related industries; expectations with respect to our Form 10-Q for the third quarter of fiscal 2027; expectations with respect to our leadership transition and the search for a new chief executive officer and related matters; expectations with respect to the ongoing investigation by an independent committee of our board of directors and related matters; expectations with respect to litigation, government and regulatory inquiries and other actions or proceedings and related matters; and other statements that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections based on management's beliefs and assumptions and on information currently available to management and are subject to risks and uncertainties that could cause results to be materially different than expectations. Important factors that could cause actual results to differ materially include: global economic and political conditions; our reliance on third parties to manufacture, assemble, package and test our products; the impact of technological development and competition; development of new products and technologies or enhancements to our existing products and technologies; market acceptance of our products or our partners' products; design, manufacturing or software defects; changes in consumer preferences or demands; changes in industry standards and interfaces; unexpected loss of performance of our products or technologies when integrated into systems; our ability to realize the potential benefits of business investments or acquisitions; changes in applicable laws and regulations; our ability to successfully transition our leadership, identify and integrate a new chief executive officer, and recruit and retain our employees, executives and senior leadership; the scope, timing and outcome of investigations, litigation and government and regulatory actions and proceedings, as well as other factors detailed from time to time in the most recent reports NVIDIA files with the Securities and Exchange Commission, or SEC, including, but not limited to, its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Copies of reports filed with the SEC are posted on the company's website and are available from NVIDIA without charge. These forward-looking statements are not guarantees of future performance and speak only as of the date hereof, and, except as required by law, NVIDIA disclaims any obligation to update these forward-looking statements to reflect future events or circumstances.

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**NVIDIA CORPORATION**

**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**

($ In millions, except per share data)

(Unaudited)

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | October 25, 2026 | July 26, 2026 | October 26, 2025 | October 25, 2026 | October 26, 2025 |
| GAAP cost of revenue | $ 29,168 | $ 24,079 | $ 15,157 | $ 73,705 | $ 45,441 |
| GAAP gross profit | $ 86,676 | $ 72,142 | $ 41,849 | $ 219,976 | $ 102,370 |
| *GAAP gross margin* | *74.8 %* | *75.0 %* | *73.4 %* | *74.9 %* | *69.3 %* |
| Acquisition-related and other costs (A) | 47 | 46 | 48 | 140 | 219 |
| Other | 1 | — | — | 29 | 4 |
| **Non-GAAP cost of revenue** | **$ 29,120** | **$ 24,033** | **$ 15,109** | **$ 73,536** | **$ 45,218** |
| **Non-GAAP gross profit** | **$ 86,724** | **$ 72,188** | **$ 41,897** | **$ 220,145** | **$ 102,593** |
| ***Non-GAAP gross margin**** | ***74.9 %*** | ***75.0 %*** | ***73.5 %*** | ***75.0 %*** | ***69.4 %*** |
| GAAP operating expenses | $ 9,156 | $ 8,408 | $ 5,839 | $ 25,185 | $ 16,282 |
| Acquisition-related and other costs (A) | (208) | (176) | (39) | (556) | (113) |
| Legal settlement costs | (107) | — | — | (107) | (15) |
| **Non-GAAP operating expenses** | **$ 8,841** | **$ 8,232** | **$ 5,800** | **$ 24,522** | **$ 16,154** |
| GAAP operating income | $ 77,520 | $ 63,734 | $ 36,010 | $ 194,791 | $ 86,088 |
| Total impact of non-GAAP adjustments to operating income | 363 | 222 | 87 | 832 | 351 |
| **Non-GAAP operating income*** | **$ 77,883** | **$ 63,956** | **$ 36,097** | **$ 195,623** | **$ 86,439** |
| GAAP other income, net | $ 1,497 | $ 7,773 | $ 1,926 | $ 25,636 | $ 4,964 |
| Gains from equity securities, net | (1,767) | (7,771) | (1,354) | (25,474) | (3,426) |
| Other (B) | 523 | 298 | 1 | 848 | 3 |
| **Non-GAAP other income, net** | **$ 253** | **$ 300** | **$ 573** | **$ 1,010** | **$ 1,541** |
| GAAP net income | $ 65,287 | $ 59,688 | $ 31,910 | $ 183,297 | $ 77,107 |
| Total pre-tax impact of non-GAAP adjustments | (881) | (7,251) | (1,266) | (23,794) | (3,072) |
| Income tax impact of non-GAAP adjustments | 464 | 1,517 | 335 | 4,871 | 753 |
| Tax expense from OBBBA** | — | — | — | — | 48 |
| **Non-GAAP net income*** | **$ 64,870** | **$ 53,954** | **$ 30,979** | **$ 164,374** | **$ 74,836** |

| | | | | | |
|---|---|---|---|---|---|
| Diluted net income per share | | | | | |
| GAAP | $ 2.70 | $ 2.46 | $ 1.30 | $ 7.55 | $ 3.14 |
| Non-GAAP* | $ 2.68 | $ 2.22 | $ 1.27 | $ 6.77 | $ 3.05 |
| Weighted average shares used in diluted net income per share computation | 24,186 | 24,285 | 24,483 | 24,287 | 24,542 |
| GAAP net cash provided by operating activities | $ 48,253 | $ 24,077 | $ 23,750 | $ 122,675 | $ 66,530 |
| Purchases related to property and equipment and intangible assets | (4,422) | (2,677) | (1,637) | (8,856) | (4,758) |
| Principal payments on property and equipment and intangible assets | (54) | (59) | (24) | (147) | (97) |
| **Free cash flow** | **$ 43,777** | **$ 21,341** | **$ 22,089** | **$ 113,672** | **$ 61,675** |

**Includes H20 charges/(releases), net, which were $4.3 billion and insignificant for the first nine months of fiscal years 2026 and 2027, respectively. For all quarters presented above, the impact was insignificant.*

***Tax expense included represents impact from OBBBA (One Big Beautiful Bill Act).*

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

| | Three Months Ended | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | October 25, 2026 | July 26, 2026 | October 26, 2025 | October 25, 2026 | October 26, 2025 |
| Cost of revenue | $ 47 | $ 46 | $ 48 | $ 140 | $ 219 |
| Research and development | $ 193 | $ 170 | $ 35 | $ 529 | $ 93 |
| Sales, general and administrative | $ 15 | $ 6 | $ 4 | $ 27 | $ 20 |

(B) Comprised of impact related to equity derivatives, equity method investments, convertible debt, dividend income, and interest expense related to accrued purchase consideration.

**NVIDIA CORPORATION**
**RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK**

| | Q4 FY2027 Outlook |
|---|---|
| | ($ in billions) |
| GAAP gross margin | 71.0% - 72.0% |
| Impact of acquisition-related costs and other costs | — |
| **Non-GAAP gross margin** | **71.0% - 72.0%** |
| | |
| GAAP operating expenses | $ 11.0 |
| Acquisition-related costs and other costs | (0.3) |
| **Non-GAAP operating expenses** | **$ 10.7** |