Risk Factors Comparison 2024-02-21 to 2023-02-24 Form: 10-K

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The ~~In evaluating NVIDIA, the~~ following risk factors should be considered in addition to the other information in this Annual Report on Form 10- K. **The** ~~Purchasing or owning NVIDIA common stock involves investment risks including, but not limited to, the risks described below. Any one of the~~ following risks could harm our business, financial condition, results of operations or reputation, which could cause our stock price to decline ~~, and you may lose all or a part of your investment~~ . Additional risks, trends and uncertainties not presently known to us or that we currently believe are immaterial may also harm our business, financial condition, results of operations or reputation. Risk Factors Summary Risks Related to Our Industry and Markets • Failure to meet the evolving needs of our industry ~~and markets~~ may adversely impact our financial results. • Competition ~~in our current and target markets~~ could **adversely impact our** ~~cause us to lose~~ market share and ~~revenue~~ **financial results** . Risks Related to Demand, Supply and Manufacturing • Failure to estimate customer demand ~~properly~~ **accurately** has led and could lead to mismatches between supply and demand. • Dependency on third- party suppliers and their technology **to manufacture, assemble, test, or package our products** reduces our control over product quantity and quality, manufacturing yields, ~~development, enhancement,~~ and product delivery schedules and could harm our business. • Defects in our products have caused and could cause us to incur significant expenses to remediate and ~~can~~ **could** damage our business. Risks Related to Our Global Operating Business • Adverse economic conditions may harm our business. • International **sales and** operations are a significant part of our business, ~~and economic, political, business, and other changes in the regions in~~ which ~~we operate may expose~~ **exposes** us to risks that could harm our business. • Product, system security ~~,~~ and data breaches and cyber- attacks could disrupt our operations and adversely affect our financial condition, stock price and reputation. • Business disruptions could harm our operations and financial results. • Climate change may have a long- term impact on our business. • We may not be able to realize the potential benefits of business investments or acquisitions, nor successfully integrate acquisition targets. • A significant amount of our revenue stems from a limited number of **partners and distributors and we have a concentration of sales to end** customers **,** and **our revenue** could be adversely affected if we lose or are prevented from selling to any of these **end** customers. • We may be unable to attract, retain and motivate our executives and key employees. • Modification or interruption of our business processes and information systems may disrupt our business, ~~processes~~ and internal controls ~~. • The COVID- 19 pandemic has affected and could continue to have a material adverse impact on our financial condition and results of operations~~ . • Our operating results have in the past fluctuated and may in the future fluctuate, and if our operating results are below the expectations of securities analysts or investors, our stock price could decline. Risks Related to Regulatory, Legal, Our Stock and Other Matters • We are subject to complex laws, rules and regulations, and political and other actions, which may adversely impact our business. • Increased scrutiny from shareholders, regulators, and others regarding our **corporate sustainability practices** ~~environmental, social and governance responsibilities~~ could result in financial, reputational ~~and~~ **, or** operational harm **and liability** . • Issues relating to the responsible use of our technologies, including AI, may result in reputational ~~and~~ **or** financial harm and liability. • Adequately protecting our IP rights could be costly, and our ability to compete could be harmed if we are unsuccessful or if we are prohibited from making or selling our products. • We are subject to stringent and changing data privacy and security laws, rules, regulations, and other obligations. **These areas** ~~Privacy or security concerns relating to our products and services~~ could damage our reputation, deter customers **, affect product design** , or result in legal or regulatory proceedings and liability. • Our operating results may be adversely impacted by additional tax liabilities, higher than expected tax rates **, changes in tax laws,** and other tax- related factors. • Our business is exposed to the risks associated with litigation, investigations **,** and regulatory proceedings. • Our indebtedness could adversely affect our financial position and cash flows from operations and prevent us from implementing our strategy or fulfilling our contractual obligations. • Delaware law, provisions in our governing documents ~~,~~ and our agreement with Microsoft could delay or prevent a change in control **. Failure to meet the evolving needs of our industry and markets may adversely impact our financial results** . Our accelerated computing platforms experience rapid changes in technology, customer requirements, competitive products, and industry standards. Our success depends on our ability to: • timely identify industry changes, adapt our strategies, and develop new or enhance **and maintain** existing products and technologies that meet the evolving needs of these markets, including due to unexpected changes in industry standards or disruptive technological innovation that could render our products incompatible with products developed by other companies; • develop **or acquire** new products and technologies through investments in research and development; • launch new offerings with new business models including ~~standalone~~ software, **services, and** cloud solutions, ~~and~~ **as well as** software-, infrastructure-, or platform- as- a- service solutions; • expand the ecosystem for our products and technologies; • meet evolving and prevailing customer and industry safety **, security, reliability expectations,** and compliance standards; • manage product and software lifecycles to maintain customer and end **-** user satisfaction; • develop, acquire, ~~and~~ maintain **, and secure access to** the internal and external infrastructure needed to scale our business, including **sufficient energy for powering data centers using** our **products,** ~~acquisitions~~ - **acquisition** integrations, customer support, e- commerce, IP licensing capabilities and cloud service capacity; and • complete technical, financial, **operational,** compliance, sales and marketing investments for ~~some of~~ the above activities. We **have** ~~invest~~ **invested** in research and development in markets where we have a limited operating history, which may not produce meaningful revenue for several years, if at all. If we fail to develop or monetize new products and technologies, or if they do not become widely adopted, our financial results could be adversely affected. Obtaining design wins may involve a lengthy process and ~~depend~~ **depends** on our ability to anticipate and provide features and functionality that customers will demand. They also do not guarantee revenue. Failure to obtain a design win may prevent us from obtaining future design wins in subsequent generations. We cannot ensure that the products and technologies we bring to market will provide value to our customers and partners. If we fail any of these key success criteria, our financial results may be harmed. We ~~will~~ **have begun** ~~offer~~ **offering** enterprise customers NVIDIA ~~AI~~ **DGX** ~~cloud~~ **Cloud** services directly and through our network of partners **, which** ~~. Examples of these services~~ include ~~NVIDIA DGX Cloud, which is~~ cloud- based infrastructure ~~and~~ **,** software **and services** for training **and deploying** AI models, and **NVIDIA AI Foundations for** customizable pretrained AI models. ~~NVIDIA has~~ **We have** partnered with **CSPs** ~~leading cloud service providers~~ to host ~~these~~ **such software and** services in their data centers, and we entered **and may continue to enter** into multi- year cloud service agreements ~~in the second half of fiscal year 2023~~ to support these offerings and our research and development activities. **The timing and availability of these cloud services has changed and may continue to change, impacting our revenue, expenses, and development timelines.** NVIDIA ~~AI~~ **DGX** ~~cloud~~ **Cloud** services may not be successful and will take time, resources **,** and investment. We also offer or plan to offer standalone software solutions **,** ~~for AI~~ including NVIDIA AI Enterprise, NVIDIA Omniverse, NVIDIA DRIVE ~~for automotive~~, and several other software solutions. These new business models or strategies may not be successful **,** and we may fail to sell any meaningful standalone software or ~~as- a- service~~ **services** ~~solutions~~. We may incur significant costs and may not achieve any significant revenue from these offerings. Our target markets remain competitive, and competition may intensify with expanding and changing product and service offerings, industry standards, customer needs, new entrants and consolidations. Our competitors' products, services and technologies, including those mentioned above in this Annual Report on Form 10- K, may be cheaper or provide better functionality or features than ours, which has resulted and may in the future result in lower **-** than **-** expected selling prices for our products. Some of our competitors operate their own fabrication facilities, **and** have longer operating histories, larger customer bases, more comprehensive IP portfolios and patent protections, ~~new designs and~~ more design wins, and greater financial, sales, marketing and distribution resources than we do. These competitors may be able to acquire market share and / or prevent us from doing so, more effectively identify and capitalize upon opportunities in new markets and end **-** user ~~customer~~ trends, more quickly transition their products, and ~~secure~~ **impinge on our ability to procure** sufficient foundry capacity and ~~packaging~~ **scarce input** materials during a supply- constrained environment, which could harm our business. Some of our customers have in- house expertise and internal development capabilities similar to some of ours and can use or develop their own solutions to replace those we are providing. For example, others may offer cloud- based services that compete with our AI cloud service offerings, and we may not be able to establish market share sufficient to achieve **the** scale necessary to meet our business objectives. If we are unable to successfully compete in this environment, demand for our products, services and technologies could decrease ~~, which would cause our~~ **and we may not establish meaningful** revenue ~~to decline~~. We use third parties to manufacture and assemble our products, and we ~~have had and may in the future~~ have long manufacturing lead times. We are not provided guaranteed wafer, component and capacity supply, and our supply deliveries and production may be non- linear within a quarter or year. If our estimates of customer demand are ~~ultimately~~ inaccurate, as we have experienced **in the past** ~~from time to time~~, there could be a significant mismatch between supply and demand. This mismatch has resulted in both product shortages and excess inventory, has varied across our market platforms, and has significantly harmed our financial results. We build finished products and maintain inventory in advance of anticipated demand. While we have in the past entered and may in the future enter into long- term supply and capacity commitments, we may not be able to secure sufficient commitments for capacity to address our business needs **,** or our long- term demand expectations may change. **These risks may increase as we shorten our product development cycles, enter new lines of business, or integrate new suppliers or components into our supply chain, creating additional supply chain complexity.** Additionally, our ability to sell certain products has been and could be impeded if components **necessary for the finished products are not available** from third parties ~~that are necessary for the finished product are not available~~ **. This risk may increase as a result of our platform strategy** . In periods of shortages impacting the semiconductor industry and / or limited supply or capacity in our supply chain, the lead times on our orders may be extended. We have previously experienced **and may continue to experience** extended lead times of more than 12 months. We have paid premiums and provided deposits to secure future supply and capacity, which have increased our product costs and may continue to do so. **If our existing suppliers are unable to scale their capabilities to meet our supply needs, we may require additional sources of capacity, which may require additional deposits.** We may not have the ability to reduce our supply commitments at the same rate or at all if our revenue declines. ~~Demand for our products is based on many~~ **Many additional** factors ~~in addition to the lead times described above that~~ have caused and / or could in the future cause us to either underestimate or overestimate our customers' future demand for our products, or otherwise cause a mismatch between supply and demand for our products and impact the timing and volume of our revenue, including: • **changes in product development cycles and time to market; •** competing technologies and competitor product releases and announcements; • changes in business and economic conditions resulting in decreased end demand; • sudden or sustained government lockdowns or actions to control case spread of ~~COVID- 19 or other~~ global or local health issues; • rapidly changing technology or customer requirements; • ~~time~~ **the availability of sufficient data center capacity and energy for customers** to ~~market~~ **procure** ; • new product introductions and transitions resulting in less demand for existing products; • new or unexpected end **-** use cases; • increase in demand for competitive products, including competitive actions; • business decisions made by third parties; • the demand for accelerated or AI- related cloud services, including our own software and ~~AI~~ **NVIDIA DGX** ~~cloud~~ **Cloud** ~~service~~ **services** ~~offerings~~ ; • **changes that impact the ecosystem for the architectures underlying our products and technologies; •** the demand for ~~cryptocurrency mining~~ **our products** ; or • government actions or changes in governmental policies, such as **export controls or** increased restrictions on gaming usage. ~~Our~~ **Demand for our data center systems and products surged in fiscal year 2024. Entering fiscal year 2025, we are gathering customer demand indications across several product transitions. We have demand visibility for our new data center products ramping later in fiscal year 2025. We have increased our** supply ~~, which includes inventory on hand~~ - **and capacity purchases with existing suppliers** , **added new**

vendors and entered into prepaid manufacturing and capacity agreements. These increased purchase **volumes** ~~obligations and prepaid supply agreements~~ , ~~has grown significantly due to current~~ **the number of suppliers, and the integration of new vendors into our** supply chain ~~conditions,~~ **may create more** complexity ~~of our products,~~ and **execution risk** ~~recent reductions in demand~~ . ~~At~~ **We may continue to enter into new supplier and capacity arrangements. Our purchase commitments and obligations for inventory and manufacturing capacity at** the end of fiscal year ~~2023~~ **2024 were impacted by shortening lead times for certain components. Supply of Hopper architecture products is improving** , ~~purchase obligations~~ and ~~prepaid~~ **demand remains very strong. We expect our next- generation products to be** supply **- constrained based upon demand indications** ~~agreements represented more than half of our total supply~~ . We may incur inventory provisions **or impairments** if our inventory or supply **or capacity** commitments **exceed** ~~are misaligned with~~ demand for our products **or demand declines** . Our **customer orders and longer- term** demand ~~predictions~~ **estimates may change or** may not be correct, as we have experienced **in the past** ~~from time to time~~ . Product transitions are complex and **can** ~~frequently negatively~~ impact our revenue as we often ship both new and ~~legacy~~ **prior** architecture products simultaneously and we and our channel partners prepare to ship and support new products. ~~Our~~ **Due to our product introduction cycles, we are almost always in various stages of transitioning the** architecture ~~transitions~~ of **our** Data Center, Professional Visualization, and Gaming products ~~may impair our ability~~ **. We will have a broader and faster Data Center product launch cadence** to ~~predict~~ **meet a growing and diverse set of AI opportunities. The increased frequency of these transitions may magnify the challenges associated with managing our supply and** demand ~~and impact our supply mix~~ **due to long manufacturing lead times** . Qualification time for new products, customers anticipating product transitions and channel partners reducing channel inventory of ~~legacy~~ **prior** architectures ahead of new product introductions can create reductions or volatility in our revenue. We have experienced and may in the future experience reduced demand for current generation architectures when customers anticipate transitions, and we may be unable to sell multiple product architectures at the same time for current and future architecture transitions. **If we are unable to execute our architectural transitions as planned for any reason, our financial results may be negatively impacted. The increasing frequency and complexity of newly introduced products may result in unanticipated quality or production issues that could increase the magnitude of inventory provisions, warranty or other costs or result in product delays. Deployment of new products to customers creates additional challenges due to the complexity of our technologies, which has impacted and may in the future impact the timing of customer purchases or otherwise impact our demand.** While we have managed prior product transitions and have previously sold multiple product architectures at the same time, these transitions are difficult **,** ~~and prior trends~~ may **impair our ability to predict demand and impact our supply mix, and we may incur additional costs. Many end customers often do** not **purchase directly from us but instead purchase indirectly** ~~continue. If we are unable to execute our architectural transitions as planned for any reason, our financial results may be negatively impacted. We sell most of our products~~ through **multiple OEMs, ODMs, system integrators, distributors, and other** channel partners ~~, who sell to distributors, retailers, and / or end customers~~ . As a result, the decisions made by our **multiple OEMs, ODMs, system integrators, distributors, and other** channel partners ~~, distributors, retailers~~ , and in response to changing market conditions and changes in end **-** user demand for our products **,** have impacted and could in the future continue to impact our ability to properly forecast demand, particularly as they are based on estimates provided by various downstream parties. If we underestimate our customers' future demand for our products, our foundry partners may not have adequate lead- time or capacity to increase production and we may not be able to obtain sufficient inventory to fill orders on a timely basis. Even if we are able to increase **supply** ~~production levels~~ to meet customer demand, we may not be able to do so in a ~~cost- effective or~~ timely manner, or our contract manufacturers may experience supply constraints. If we **cannot procure sufficient supply to meet demand or otherwise** fail to fulfill our customers’ orders on a timely basis, or at all, our customer relationships could be damaged, we could lose revenue and market share and our reputation could be harmed. **Additionally, since some of our products are part of a complex data center buildout, supply constraints or availability issues with respect to any one component have had and may have a broader revenue impact.** If we overestimate our customers’ future demand for our products, or if customers cancel or defer orders or choose to purchase from our competitors, we may not be able to reduce our inventory or other contractual purchase commitments. In the past, we have experienced a reduction in average selling prices, including due to channel pricing programs that we have implemented and may continue to implement, as a result of our overestimation of future demand, and we may need to continue these reductions. We have had to increase prices for certain of our products as a result of our suppliers’ increase in prices, and we may need to continue to do so for other products in the future. We have also written ~~-~~ down our inventory, incurred cancellation penalties, and recorded impairments **and may have to do so in the future** . These impacts were amplified by our placement of non- cancellable and non- returnable purchasing terms ~~,~~ well in advance of our historical lead times and could be exacerbated if we need to make changes to the design of future products. The risk of these impacts has increased **and may continue to increase** as our purchase obligations and prepaids have grown **and are expected to continue to grow** and become a greater portion of our total supply ~~while our revenue has sequentially declined~~ . All of these factors may negatively impact our gross margins and financial results. We build technology and **introduce** products for **new and innovative** use cases and applications **, such as NVIDIA DGX Cloud services, NVIDIA AI Foundations,** ~~that may be new or may not yet exist. Examples include our~~ Omniverse platform **, LLMs,** ~~and third- party large language models~~ and generative **AI** models. Our demand estimates for ~~these~~ **new** use cases ~~and~~ **,** applications **, and services** can be incorrect and create volatility in our revenue or supply levels, and we may not be able to generate ~~any~~ **significant** revenue from these use cases ~~and~~ **,** applications **, and services. Recent technologies, such as generative AI models, have emerged, and while they have driven increased demand for Data Center, the long- term trajectory is unknown. Because our products may be used in multiple use cases and applications, it is difficult for us to estimate with any reasonable degree of precision the impact of generative AI models on our reported revenue or forecasted demand. Additionally, we started shipping our CPU product offerings, the Grace CPU and Grace Hopper Superchips, in the third**

quarter of fiscal year 2024. Our ability to adequately predict our CPU demand may create volatility in our revenue or supply levels. Challenges in estimating demand could become more pronounced or volatile in the future on both a global and regional basis. Extended lead times may occur if we experience other supply constraints caused by natural disasters, pandemics or other events ~~, such as the COVID- 19 pandemic~~. In addition, geopolitical tensions, such as those involving Taiwan and China, which comprise a significant portion of our revenue and where we have suppliers, contract manufacturers, and assembly partners who are critical to our supply continuity, could have a material adverse impact on us. The use of our GPUs ~~for~~ other than that for which they were designed and marketed, including new and unexpected use cases, has impacted and can in the future impact demand for our products, including by leading to inconsistent spikes and drops in demand. For example, **several** ~~a number of~~ years ago, our Gaming GPUs began to be used for **mining** digital ~~currency~~ **currencies** ~~mining~~, ~~including blockchain-based platforms~~ such as Ethereum. It is difficult for us to estimate with any reasonable degree of precision ~~,~~ the past or current impact of cryptocurrency mining, or forecast the future impact of cryptocurrency mining, on demand for our products. Volatility in the cryptocurrency market, including new compute technologies, price changes in cryptocurrencies, government cryptocurrency policies and regulations, new cryptocurrency standards ~~,~~ and changes in the method of verifying blockchain transactions, has impacted and can in the future impact cryptocurrency mining and demand for our products and can further impact our ability to estimate demand for our products. Changes to cryptocurrency standards and processes including, but not limited to, the ~~recently implemented~~ Ethereum 2. 0 merge **in 2022, have reduced and** may **in the future** decrease the usage of GPUs for Ethereum mining **. This** ~~as~~ **has** ~~well as~~ **created and may in the future** create increased aftermarket sales of our GPUs, which could negatively impact retail prices for our GPUs and reduce demand for our new GPUs. ~~We previously introduced Lite Hash Rate, or LHR, GeForce GPUs with limited Ethereum mining capability and provided CMP products in an effort to address demand from gamers and direct miners to CMP. With the Ethereum 2. 0 merge, NVIDIA Ampere and Ada Lovelace architectures no longer include LHR.~~ In ~~addition~~ **general**, our new products or previously sold products may be resold online or on the unauthorized " gray market, " which also makes demand forecasting difficult. Gray market products and reseller marketplaces compete with our new products and distribution channels. Additionally, we depend on developers **, customers** and other third parties to build **, enhance, and maintain** accelerated computing applications that leverage our platforms. We also rely on third- party content providers and publishers to make their content available on our platforms **,** such as GeForce NOW. Failure by developers **, customers, and other third parties** to build **, enhance, and maintain** applications that leverage our platforms, or failure by third- party content providers or publishers to make their content available on reasonable terms or at all for use by our customers or end users on our platforms, could adversely affect customer demand. ~~Dependency on third- party suppliers and their technology to manufacture, assemble, test, package or design our products reduces our control over product quantity and quality, manufacturing yields, development, enhancement and product delivery schedules and could harm our business.~~ We depend on foundries to manufacture our semiconductor wafers using their fabrication equipment and techniques. We do not assemble, test **,** or package our products, but instead contract with independent subcontractors. **These subcontractors** ~~We also rely on third- party software development tools to~~ assist ~~us~~ **with procuring components used** in ~~the design~~ **our systems**, ~~simulation~~ **boards,** and ~~verification of new~~ products ~~or product enhancements. The design requirements necessary to meet consumer demands for greater functionality from our products may exceed the capabilities of available software development tools~~. We face several risks which have adversely affected or could adversely affect our ability to meet customer demand and scale our supply chain, negatively impact longer- term demand for our products and services, and adversely affect our business operations, gross margin, revenue and / or financial results, including: • lack of guaranteed supply of wafer, component and capacity or decommitment and potential higher wafer and component prices, from incorrectly estimating demand and failing to place orders with our suppliers with sufficient quantities or in a timely manner; • failure by our foundries or contract manufacturers to procure raw materials or ~~to~~ provide adequate levels of manufacturing or test capacity for our products; • failure by our foundries to develop, obtain or successfully implement high quality process technologies, including transitions to smaller geometry process technologies such as advanced process node technologies and memory designs needed to manufacture our products; • **failure by our suppliers to comply with our policies and expectations and emerging regulatory requirements; •** limited number and geographic concentration of global suppliers, foundries, contract manufacturers, assembly and test providers ~~,~~ and memory manufacturers; • loss of a supplier and additional expense and / or production delays as a result of qualifying a new foundry or subcontractor and commencing volume production or testing in the event of a loss **, addition** ~~of or a decision to add~~ or change **of** a supplier; • lack of direct control over product quantity, quality and delivery schedules; • suppliers or their suppliers failing to supply high quality products and / or making changes to their products without our qualification; • delays in product shipments, shortages, a decrease in product quality and / or higher expenses in the event our subcontractors or foundries prioritize our competitors' or other customers' orders over ours; • requirements to place orders that are not cancellable upon changes in demand or requirements to prepay for supply in advance; • low manufacturing yields resulting from a failure in our product design or a foundry' s proprietary process technology; and • disruptions in manufacturing, assembly and other processes due to closures related to heat waves **, earthquakes, fires,** or other natural disasters and electricity conservation efforts. Defects in our products have caused and could cause us to incur significant expenses to remediate, which can damage our reputation and cause us to lose market share. Our hardware and software product **and service** offerings are complex ~~and~~ **.** ~~they~~ **They** have in the past and may in the future contain defects or security vulnerabilities ~~,~~ or experience failures or unsatisfactory performance due to any number of issues in design, fabrication, packaging, materials **, bugs** and / or use within a system. These risks may increase as our products are introduced into new devices, markets, technologies and applications or as new versions are released. These risks further increase when we rely on partners to supply and manufacture components that are used in our products, as these arrangements reduce our direct control over production. **AI software products we or our partners offer rely on training data that may originate from third parties and new training methods, and the resulting products may contain unknown or undetected defects and errors, or**

reflect unintended bias. Although arrangements with component providers may contain provisions for product defect expense reimbursement, we generally remain responsible to the customer for warranty product defects that may occur from time to time. Some failures in our products or services have been in the past and may in the future be only discovered after a product or service has been shipped or used. Undiscovered vulnerabilities in our products or services could result in loss of data or intangible property, or expose our ~~end~~ customers to unscrupulous third parties who develop and deploy malicious software programs that could attack our products or services. Defects or failure of our ~~products~~ **offerings** to perform to specifications could lead to substantial damage to the products ~~or the product~~ in which our ~~device has~~ **offerings have** been integrated by OEMs, ODMs, AIBs and automotive manufacturers and tier 1 automotive suppliers, and to the user of such end product. Any such defect may cause us to incur significant warranty, support and repair or replacement costs as part of a product recall or otherwise, write- off the value of related inventory, and divert the attention of our engineering and management personnel from our product development efforts to find and correct the issue. Our efforts to remedy these issues may not be timely or satisfactory to our customers. An error or defect in new products, releases ~~,~~ or related software drivers after commencement of commercial shipments could result in failure to achieve market acceptance, loss of design wins, temporary or permanent withdrawal from a product or market ~~,~~ and harm to our relationships with existing and prospective customers and partners and consumers' perceptions of our brand, which would in turn negatively impact our business operations, gross margin, revenue and / or financial results. We may be required to reimburse our customers, partners or consumers, including for costs to repair or replace products in the field or in connection with indemnification obligations, or pay fines imposed by regulatory agencies. For example **, in fiscal year 2023** , a defect was identified in a third- party component embedded in certain Data Center products. This defect has had, and other defects may in the future have, an adverse effect on our cost and supply of components and finished goods. These costs could be significant in future periods. We recorded a net warranty liability during fiscal year 2023 primarily in connection with this defect. While we believe we have accurately recorded for warranty obligations, we may need to record additional amounts in the future if our estimate proves to be incorrect. In general, if a product liability claim regarding any of our products is brought against us, even if the alleged damage is due to the actions or inactions of a third party, such as within our supply chain, the cost of defending the claim could be significant and would divert the efforts of our technical and management personnel and harm our business. Further, our business liability insurance may be inadequate or future coverage may be unavailable on acceptable terms, which could adversely impact our financial results. Economic and industry uncertainty or changes, including recession or slowing growth, inflation, changes or uncertainty in fiscal, monetary ~~,~~ or trade policy, disruptions to capital markets **and the banking system** , currency fluctuations, higher interest rates, tighter credit, lower capital expenditures by businesses, including on IT infrastructure, increases in unemployment, labor shortages, and lower consumer confidence and spending, **global supply chain constraints and global economic and geopolitical developments** have in the past and / or could in the future have adverse, wide- ranging effects on our business and financial results, including: • increased costs for wafers, components, logistics, and other supply chain expenses, which have negatively impacted our gross margin **in the past** and may ~~continue to~~ do so **in the future** ; • increased supply, employee, facilities and infrastructure costs and volatility in the financial markets, which have reduced and may in the future reduce our margins; • decrease in demand for our products, services and technologies and those of our customers, partners or licensees; • the inability of our suppliers to deliver on their supply commitments to us and our customers' or our licensees' inability to supply products to customers and / or end users; • limits on our ability to forecast operating results and make business decisions; • the insolvency of key suppliers, distributors, customers ~~or~~ **, cloud service providers, data center providers,** licensing parties **or other third parties we rely on** ; **•** reduced profitability **of customers, which** may ~~also~~ cause **them** ~~some customers~~ to scale back operations, exit businesses, ~~or~~ file for bankruptcy protection and potentially cease operations ~~;~~ **, or** lead to mergers, consolidations or strategic alliances among other companies, which could adversely affect our ability to compete effectively; and • increased credit and collectability risks, higher borrowing costs or reduced availability of capital markets, reduced liquidity, adverse impacts on our **customers and** suppliers, failures of counterparties **,** including financial institutions and insurers, asset impairments, and declines in the value of our financial instruments. **Adverse developments affecting financial institutions, such as bank failures or instability, or concerns or speculation about similar events or risks, could lead to market- wide liquidity problems and other disruptions, which could impact our customers' ability to fulfill their payment obligations to us, our vendors' ability to fulfill their contractual obligations to us, or our ability to fulfill our own obligations. Additionally, we maintain an investment portfolio of various holdings, types, and maturities. These investments are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by market downturns or events that affect global financial markets, as described above. A majority of our investment portfolio comprises USG securities. A decline in global financial markets for long periods or a downgrade of the USG credit rating due to an actual or threatened default on government debt could result in higher interest rates, a decline in the value of the U. S. dollar, reduced market liquidity or other adverse conditions. These factors could cause an unrealized or realized loss position in our investments or require us to record impairment charges. We sell our products** ~~International~~ **internationally , and we also have** operations **and conduct** ~~are a significant part of our~~ business **internationally** ~~, which exposes us to us to risks that could harm our business. We conduct our business and have offices worldwide~~ . Our semiconductor wafers are manufactured, assembled, tested and packaged by third parties located outside of the United States, and we generated ~~69~~ **56** % of our revenue ~~during~~ **in fiscal year 2024 from sales outside of the United States. Our sales to China decreased as a percentage of total Data Center revenue from 19 % in** fiscal year 2023 **to 14 % in fiscal year 2024. Although we have not received licenses** from ~~sales outside of~~ the ~~United States~~ **USG to ship restricted products to China, we have started to ship alternatives to the China market in small volumes. China represented a mid- single digit percentage of our Data Center revenue in the fourth quarter of fiscal year 2024 due to USG licensing requirements and we expect China to be in a similar range in the first quarter of fiscal year 2025** . The global nature of our business subjects us to a number of risks and uncertainties, which have had in the past and could in the future have a material adverse effect on our business, financial condition and results of operations ~~,~~ **. These** ~~including~~ **include** domestic and international economic and political conditions ~~between~~ **in** countries in which we and our suppliers and manufacturers do business, government lockdowns to control case spread of ~~COVID- 19 or other~~ global or local health issues, differing legal standards with respect to protection of IP and employment practices, **different** domestic and international business and cultural practices ~~that differ~~ , disruptions to capital markets, counter- inflation policies, ~~and / or~~ currency fluctuations, ~~and~~ natural disasters, acts of war or other military actions, terrorism, public health issues ~~,~~ and other catastrophic events. Product, system security, and data protection breaches, as well as cyber- attacks, could disrupt our operations, reduce our expected revenue ~~and~~ **,** increase our expenses, ~~which could adversely affect our stock price~~ and ~~damage~~ **significantly harm** our **business and** reputation. Security breaches, computer malware, social- engineering attacks, denial- of- service attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, and other cyber- attacks are **becoming** increasingly sophisticated, making it more difficult to successfully detect, defend against them or implement adequate preventative measures. Cyber- attacks, including ransomware attacks by organized criminal threat actors, nation- states, and nation- state- supported actors, may become more prevalent and severe. Our ability to recover from ransomware attacks may be limited if our backups have been affected by the attack, or if restoring from backups is delayed or not feasible. **Individuals** ~~Threat actors~~ , **groups of hackers and** sophisticated **organizations, including** nation- states ~~,~~ and nation- state- supported actors ~~now~~ **, and other threat actors have** ~~engage~~ **engaged** and are expected to continue to engage in cyber- attacks. **Additionally, some actors are using AI technology to launch more automated, targeted and coordinated attacks.** Due to ~~increasing~~ geopolitical conflicts and during times of war or other major conflicts, we and the third parties ~~upon which~~ we rely **upon** may be vulnerable to a heightened risk of cyber- attacks that could materially disrupt our ability to provide services and products. **We may also face cybersecurity threats due to error or intentional misconduct by employees, contractors or other third- party service providers. Certain aspects of effective cybersecurity are dependent upon our employees, contractors and / or other third- party service providers safeguarding our sensitive information and adhering to our security policies and access control mechanisms. We have in the past experienced, and may in the future experience, security incidents arising from a failure to properly handle sensitive information or adhere to our security policies and access control mechanisms and, although no such events have had a material adverse effect on our business, there can be no assurance that an insider threat will not result in an incident that is material to us.** Furthermore, we rely on products and services provided by third- party suppliers to operate certain critical business systems, including without limitation, cloud- based infrastructure, encryption and authentication technology, employee email ~~,~~ and other functions, which exposes us to supply- chain attacks or other business disruptions. We cannot guarantee that third parties and infrastructure in our supply chain or our partners' supply chains have not been compromised or that they do not contain exploitable **vulnerabilities,** defects or bugs that could result in a breach of or disruption to our information technology systems, including our products and services, or the third- party information technology systems that support our services **. We may also incorporate third- party data into our AI algorithms or use open- source datasets to train our algorithms. These datasets may be flawed, insufficient, or contain certain biased information, and may otherwise be vulnerable to security incidents. We may have limited insight into the data privacy or security practices of third- party suppliers, including for our AI algorithms** . Our ability to monitor these third parties' information security practices is limited, and ~~these~~ **they** may not have adequate information security measures in place. In addition, if one of our third- party suppliers suffers a security ~~breach~~ **incident (which has happened in the past and may happen in the future)** , our response may be limited or more difficult because we may not have direct access to their systems, logs and other information related to the security ~~breach~~ **incident** . Additionally, we are incorporated into the supply chain of a large number of entities worldwide and, as a result, if our products or services are compromised, a significant number of our customers and their data could be affected, which could result in potential liability and harm our business. To defend against **security incidents** ~~cyber- attacks~~ , we must continuously engineer more secure products and enhance security and reliability features, which is expected to result in increased expenses. We must also continue to develop our security measures, **including training programs and security awareness initiatives, designed to** ensure our suppliers have appropriate security measures in place, and continue to meet the evolving security requirements of our customers, applicable industry standards, and government regulations. While we **invest in training programs and security awareness initiatives and** take steps to detect and remediate certain vulnerabilities that we have identified, we may not always be able to **prevent threats or** detect **and mitigate** all vulnerabilities in our security controls, systems or software, including third- party software we have installed, as such threats and techniques change frequently and may not be detected until after a security incident has occurred. Further, we may experience delays in developing and deploying remedial measures designed to address identified vulnerabilities. These vulnerabilities could result in reputational and financial harm **, and if exploited, these vulnerabilities could result in a security incident** . We hold confidential **, sensitive, personal** and proprietary information, including information from partners and customers. Breaches of our security measures, along with reported or perceived vulnerabilities or unapproved dissemination of proprietary information or sensitive or confidential data about us or third parties **,** could expose us and the parties affected to a risk of loss **,** or misuse of this information, potentially resulting in litigation and subsequent liability, regulatory inquiries or actions, damage to our brand and reputation or other harm, including financial, to our business. For example, we hold ~~propriety~~ **proprietary** game source code from third- party partners in our GFN service. Breaches of our GFN security measures, which have happened in the past, could expose our partners to a risk of loss or misuse of this source code, damage both us and our partners, and expose NVIDIA to potential litigation and liability. If we or a third party we rely on experience a security incident, which has occurred in the past, or are perceived to have experienced a security incident, we may experience adverse consequences, including government enforcement actions, additional reporting requirements and / or oversight, restrictions on processing data, litigation, indemnification obligations, reputational harm, diversion of funds, **diversion of management attention,** financial loss, loss of data, material disruptions in our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services, and other similar harms. Inability to fulfill orders, delayed sales, lower margins or lost customers as a result of these disruptions could adversely affect our financial results, stock price and reputation **. Applicable data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators and investors, of security incidents, and mandatory disclosure of such incidents could lead to negative publicity. In addition to experiencing a security incident, third parties may gather, collect or infer sensitive information about us from public sources, data brokers or other means that reveals competitively sensitive details about our organization and could be used to harm our business** . Business disruptions could harm our operations, lead to a decline in revenue and increase our costs. Our worldwide operations could be disrupted by natural disasters and extreme weather conditions, power or water shortages, telecommunications failures, **supplier disruptions** ~~cloud service provider outages~~ , terrorist attacks, ~~or~~ acts of violence, political and / or civil unrest, acts of war or other military actions, epidemics or pandemics **, abrupt regulatory deterioration,** and other natural or man- made disasters and catastrophic events. Our corporate headquarters, a large portion of our current data center capacity, and a portion of our research and development activities are located in California, and other critical business operations, finished goods inventory ~~,~~ and some of our suppliers are located in Asia, making our operations vulnerable to natural disasters such as earthquakes, wildfires ~~,~~ or other business disruptions occurring in these geographical areas. Catastrophic events can also have an impact on third- party vendors who provide us critical infrastructure services for IT and research and development systems and personnel. **Our business continuity and disaster recovery planning may not be sufficient for all eventualities.** Geopolitical and domestic political developments and other events beyond our control, can increase economic volatility globally. Political instability, changes in government or adverse political developments in or around any of the major countries in which we do business **may** ~~would also likely~~ harm our business, financial condition and results of operations. Worldwide geopolitical tensions and conflicts, including but not limited to China, Hong Kong, Israel, Korea and Taiwan where the manufacture of our product components and final assembly of our products are concentrated may result in changing regulatory requirements, and other disruptions that could impact our operations and operating strategies, product demand, access to global markets, hiring, and profitability. For example, other countries have restricted and may continue in the future to restrict business with the State of Israel, where we have engineering, sales support operations and manufacturing, and companies with Israeli operations, including by economic boycotts. Our operations could be harmed and our costs could increase if manufacturing, logistics or other operations are disrupted for any reason, including natural disasters, high heat events or water shortages, **power shortages,** information technology system failures **or cyber- attacks** , military actions or economic, business, labor, environmental, public health, or political issues. The ultimate impact on us, our third- party foundries and other suppliers of being located and consolidated in certain geographical areas is unknown. In the event a disaster, war or catastrophic event affects us, the third- party systems on which we rely, or our customers, our business could be harmed as a result of declines in revenue, increases in expenses, and substantial expenditures and time spent to fully resume operations. All of these risks and conditions could materially adversely affect our future sales and operating results. **We are monitoring the impact of the geopolitical conflict in and around Israel on our operations, including the health and safety of our approximately 3, 700 employees in the region who primarily support the research and development, operations, and sales and marketing of our networking products. Our operating expenses in fiscal year 2024 include expenses for financial support to impacted employees and charitable activity. We believe our global supply chain for our networking products has not experienced any significant impact. Further, in connection with the conflict, a substantial number of our employees in the region have been called- up for active military duty in Israel. Accordingly, some of our employees in Israel have been absent for an extended period and they or others may continue to be absent, which may cause disruption to our product development or operations. We did not experience any significant impact or expense to our business; however, if the conflict is further extended, it could impact future product development, operations, and revenue or create other uncertainty for our business. Additionally, interruptions or delays in services from CSPs, data center co- location partners, and other third parties on which we rely, including due to the events described above or other events such as the insolvency of these parties, could impair our ability to provide our products and services and harm our business. As we increase our reliance on these third- party systems and services, our exposure to damage from service interruptions, defects, disruptions, outages, shortages and other performance and quality problems may increase. Data centers depend on access to clean water and predictable energy. Power or water shortages, or regulations that limit energy or water availability, could impair the ability of our customers to expand their data center capacity and consume our products and services.** Climate change may have an increasingly adverse impact on our business and **on** ~~those of~~ our customers, partners and vendors. Water and energy availability and reliability in the ~~communities~~ **regions** where we conduct business is critical, and certain of our facilities may be vulnerable to the impacts of extreme weather events. Extreme heat and wind coupled with dry conditions in Northern California may lead to power safety shut offs due to wildfire risk, which can have adverse implications for our Santa Clara, California headquarter offices and data centers, including impairing the ability of our employees to work effectively. Climate change, its impact on our supply chain and critical infrastructure worldwide ~~,~~ and its potential to increase political instability in regions where we, our customers, partners and our vendors do business, may disrupt our business and cause us to experience higher attrition, losses and costs to maintain or resume operations. Although we maintain insurance coverage for a variety of property, casualty, and other risks, the types and amounts of insurance we obtain vary depending on availability and cost. Some of our policies have large deductibles and broad exclusions, and our insurance providers may be unable or unwilling to pay a claim. Losses not covered by insurance may be large, which could harm our results of operations and financial condition. Our business and those of our suppliers and customers ~~,~~ may also be subject to climate- related laws, regulations and lawsuits. **New or proposed** ~~Regulations~~ **regulations** ~~such as~~ **relating to** carbon taxes, fuel or energy taxes, ~~and~~ pollution limits **, sustainability- related disclosure and governance and supply chain governance** could result in greater direct costs, including costs associated with changes to manufacturing processes or the procurement of raw materials used in manufacturing processes, increased capital expenditures to improve facilities and equipment, and higher compliance and energy costs to reduce emissions **, other compliance costs** , as well as greater indirect costs resulting from our customers ~~,~~ **and / or** suppliers ~~or both~~ incurring additional compliance costs that are passed on to us. These costs and restrictions could harm our business and results of operations by increasing our expenses or requiring us to alter our operations and product design activities. Stakeholder groups may find us insufficiently responsive to the implications of climate change, and therefore we may face legal action or reputational harm. We may not achieve our stated **sustainability- related** ~~goal~~ **goals** ~~to source 100 % of our global electricity use from renewable energy by the end of fiscal year 2025~~ , which could harm our reputation, or we may incur additional, unexpected costs to achieve such ~~a goal~~ **goals** . We may also experience contractual disputes due to supply chain delays arising from climate change- related disruptions, which could result in increased litigation and costs. We also face risks related to business trends that may be influenced by climate change concerns. ~~We may face decreased demand for computationally powerful but~~ **Our business could be negatively impacted by concerns around the high absolute** energy **requirements of** ~~intensive products, such as~~ our GPUs, despite their **much more** energy efficient design and operation **relative to alternative computing platforms** ~~, and / or increased consumer or customer expectations around the energy efficiency of our products, could negatively impact our business~~ . We may not be able to realize the potential benefits of business investments or acquisitions, and we may not be able to successfully integrate ~~acquisition targets~~ **acquired companies** , which could hurt our ability to grow our business, develop new products or sell our products. We have acquired and invested and may continue to do so in businesses that offer products, services and technologies that we believe will help expand or enhance our ~~existing~~ strategic objectives. Acquisitions or investments involve significant challenges and risks and could impair our ability to grow our business, develop new products or sell our products and ultimately could have a negative impact on our financial results. If we pursue a particular transaction, we may limit our ability to enter into other transactions that could help us achieve our other strategic objectives. If we are unable to timely complete acquisitions, including due to delays and challenges in obtaining regulatory approvals, we may be unable to pursue other transactions, we may not be able to retain critical talent from the target company, technology may evolve and make the acquisition less attractive, and other changes can take place **,** which could reduce the anticipated benefits of the transaction and negatively impact our business ~~. For example, in February 2022, NVIDIA and SoftBank announced the termination of the Share Purchase Agreement whereby NVIDIA would have acquired Arm from SoftBank due to significant regulatory challenges preventing the completion of the transaction. We recorded in operating expenses a $ 1. 35 billion charge in fiscal year 2023 reflecting the write- off of the prepayment provided at signing~~ . Regulators could also impose conditions that reduce the ultimate value of our acquisitions. In addition, to the extent that our perceived ability to consummate acquisitions has been harmed, future acquisitions may be more difficult, complex or expensive. Further, **our** ~~if we hold~~ investments in publicly traded companies ~~, they~~ could create volatility in our results and may generate losses up to the value of the investment. **In addition, we have invested and may continue to invest in private companies to further our strategic objectives and to support certain key business initiatives. These companies can include early- stage companies still defining their strategic direction. Many of the instruments in which we invest are non- marketable and illiquid at the time of our initial investment, and we are not always able to achieve a return. To the extent any of the companies in which we invest are not successful, we could recognize an impairment and / or lose all or part of our investment. Our investment portfolio contains industry sector concentration risks, and a decline in any one or multiple industry sectors could increase our impairment losses. We face** ~~Additional~~ **additional** risks related to acquisitions ~~or~~ **and** strategic investments ~~include, but are not limited to: • difficulty in integrating the technology, systems, products, policies, processes, or operations and integrating and retaining the employees~~ , including ~~key personnel, of~~ the ~~acquired business; •~~ diversion of capital and other resources, including management' s attention **; difficulty in realizing a satisfactory return and uncertainties to realize the benefits of an acquisition or strategic investment, if at all; difficulty or inability in obtaining governmental, regulatory approval or restrictions or other consents and approvals or financing; legal proceedings initiated as a result of an acquisition or investment; and potential failure of our due diligence processes to identify significant issues with the assets or company in which we are investing or are acquiring. Additional risks related to acquisitions include, but are not limited to: • difficulty in integrating the technology, systems, products, policies, processes, or operations and integrating and retaining the employees, including key personnel, of the acquired business** ; • assumption of liabilities and incurring amortization expenses, impairment charges to goodwill or write- downs of acquired assets; • integrating accounting, forecasting and controls, procedures and reporting cycles; • coordinating and integrating operations, particularly in countries in which we do not currently operate; • ~~difficulty in realizing a satisfactory return and uncertainties to realize the benefits of an acquisition or strategic investment, if at all; • difficulty or inability in obtaining governmental, regulatory approval or restrictions or other consents and approvals or financing; •~~ stock price impact, fines, fees or reputation harm if we are unable to obtain regulatory approval for an acquisition or are otherwise unable to close an acquisition ~~; • legal proceedings initiated as a result of an acquisition or investment~~ ; • potential issuances of debt to finance our acquisitions, resulting in increased debt, increased interest expense, and compliance with debt covenants or other restrictions; • the potential for our acquisitions to result in dilutive issuances of our equity securities; • the potential variability of the amount and form of any performance- based consideration; • negative changes in general economic conditions in the regions or the industries in which we or our target operate; • exposure to additional cybersecurity risks and vulnerabilities; ~~• potential failure of our due diligence processes to identify significant issues with the assets or company in which we are investing or are acquiring;~~ and • impairment of relationships with, or loss of our or our target' s employees, vendors and customers. For example, when integrating acquisition target systems into our own, we have experienced and may continue to experience challenges including lengthy and costly systems integration, delays in purchasing and shipping products, difficulties with system integration via electronic data interchange and other processes with our key suppliers and customers, and training and change management needs of integration personnel. These challenges have impacted our results of operations and may continue to do so in the future.

We receive a significant amount of our revenue from a limited number of **partners and distributors and we have a concentration of sales to** customers **who purchase directly or indirectly from us,** and our revenue could be adversely affected if we lose or are prevented from selling to any of these customers. We receive a significant amount of our revenue from a limited number of customers within our distribution and partner network. **Sales to one customer, Customer A, represented 13 % of total revenue for fiscal year 2024, which was attributable to the Compute & Networking segment.** With several of these **channel** ~~distributors and~~ partners, we are selling multiple ~~target market platforms~~ **products and systems in our portfolio** through their channels. Our operating results depend on sales within our partner network, as well as the ability of these partners to sell products that incorporate our processors. In the future, these partners may decide to purchase fewer products, not to incorporate our products into their ecosystem, or to alter their purchasing patterns in some other way. Because most of our sales are made on a purchase order basis, our customers can **generally** cancel, change or delay product purchase commitments with little ~~or no~~ notice to us and without penalty. Our partners or customers may develop their own solutions; our customers may purchase products from our competitors; and our partners may discontinue sales or lose market share in the markets for which they purchase our products, all of which may alter partners' or customers' purchasing patterns. **Many of our customers often do not purchase directly from us but purchase through multiple OEMs, ODMs, system integrators, distributors and other channel partners. One indirect customer which primarily purchases our products through system integrators and distributors, including through Customer A, is estimated to have represented approximately 19 % of total revenue for fiscal year 2024, attributable to the Compute & Networking segment. If end demand increases or our finished goods supply availability is concentrated near a quarter end, the system integrators, distributors and channel partners may have limited ability to increase their credit, which could impact the timing and amount of our revenue.** The loss of any of our large customers, a significant reduction in purchases by them, our inability to sell to a customer due to U. S. or other countries' trade restrictions ~~,~~ or any difficulties in collecting accounts receivable would likely harm our financial condition and results of operations. If we are unable to attract, retain and motivate our executives and key employees, our business may be harmed. To be competitive and execute our business strategy successfully, we must attract, retain and motivate our executives and key employees and recruit and develop **capable and** diverse talent. Labor is subject to external factors that are beyond our control, including our industry' s highly competitive market for skilled workers and leaders, cost inflation ~~, the COVID- 19 pandemic~~ and workforce participation rates. Changes in immigration and work permit regulations or in their administration or interpretation could impair our ability to attract and retain qualified employees. Competition for personnel results in increased costs in the form of cash and stock- based compensation, and in times of stock price volatility, as we have experienced in the past and may experience in the future, the retentive value of our stock- based compensation may decrease. Additionally, we are highly dependent on the services of our longstanding executive team. Failure to ensure effective succession planning, transfer of knowledge and smooth transitions involving executives and key employees could hinder our strategic planning and execution and long- term success. Our business is dependent upon the proper functioning of our business processes and information systems and modification or interruption of such systems may disrupt our business, ~~processes~~ and internal controls. We rely upon internal processes and information systems to support key business functions, including our assessment of internal controls over financial reporting as required by Section 404 of the Sarbanes- Oxley Act. The efficient operation and scalability of these processes and systems is critical to support our growth. **We** ~~In fiscal year 2023, we continued~~ - **continue** ~~the~~ **to design and** ~~implementation~~ ----- **implement** ~~of~~ **updated** accounting ~~and consolidation~~ functionality related to a new enterprise resource planning, or ERP, system. Any ERP system **implementation may introduce** problems ~~upon implementation~~ , such as quality issues or programming errors, **that** could **have an** impact **on** our continued ability to successfully operate our business or to timely and accurately report our financial results. These changes may be costly and disruptive to our operations and could impose substantial demands on management time. Failure to implement new or updated controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. Identification of material weaknesses in our internal controls, even if quickly remediated once disclosed, may cause investors to lose confidence in our financial statements and our stock price may decline. Remediation of any material weakness could require us to incur significant expenses, and if we fail to remediate any material weakness, our financial statements may be inaccurate, we may be required to restate our financial statements, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, our stock price may decline, and we may be subject to sanctions or investigation by regulatory authorities. ~~The COVID- 19 pandemic has impacted and may continue to impact our workforce and operations and those of our customers, partners, vendors and suppliers. COVID- 19- related disruptions have created and may continue to create supply chain and logistics constraints, and COVID- 19 containment around the world has put restrictions on, among other areas, manufacturing facilities, commerce, and support operations. Restrictions may be imposed or reinstated as the pandemic resurfaces, such as lockdown measures due to COVID- 19 containment efforts in China. End customer sales for our products in China have been negatively impacted by lockdowns and this impact may continue if lockdowns return. COVID- 19 has also resulted in, and may continue to result in, disruption of and volatility in global financial markets, which could impact overall technology spending or negatively affect our stock price and liquidity. All of these factors have had or could in the future have a material negative impact on our business. We modified our business and workforce practices in response to COVID- 19, including with respect to flexible work and social distancing measures, and we may take further actions as required by government regulations or in the best interests of our employees, customers, partners and suppliers. These and other measures have caused and may in the future cause us to incur incremental expenses and costs. The extent of the impact of the COVID- 19 pandemic on our operational and financial performance and our ability to timely execute our business strategies may continue to be difficult to measure and predict. The impact of COVID- 19 can also exacerbate other risks discussed in these risk factors.~~ Our operating results have in the past fluctuated and may continue to fluctuate due to numerous **of** ~~factors described in~~ these risk factors. Therefore, investors should not rely on **our** past ~~comparisons of our~~ results of operations as an indication of our future performance. Additional factors that could affect our results of operations include, but are not limited to: • our ability to adjust spending ~~to offset revenue shortfalls~~ due to the multi- year development cycle for some of our products and services; • our ability to comply with our ~~customers'~~ contractual obligations **to customers** ; • our extended payment term arrangements with certain customers, the inability of some customers to make required payments, our ability to obtain credit insurance for ~~these~~ customers **with** ~~and their~~ extended payment terms, and customer bad debt write- offs; • our vendors' payment requirements; • unanticipated costs associated with environmental liabilities; and • changes in financial accounting standards or interpretations of existing standards. Any ~~one or more~~ of the factors discussed above could prevent us from achieving our anticipated ~~future~~ financial results. For example, we have granted and may continue to grant extended payment terms to some customers, particularly during macroeconomic downturns, which could impact our ability to collect payment. Our vendors have requested and may continue to ask for shorter payment terms, which may impact our cash flow generation. These arrangements reduce the cash we have available for general business operations **. In addition, the pace of growth in our operating expenses and investments may lag our revenue growth, creating volatility or periods where profitability levels may not be sustainable** . Failure to meet our expectations or the expectations of our investors or security analysts is likely to cause our stock price to decline, as it has in the past, or experience substantial price volatility. Our operations could be affected by the complex laws, rules and regulations to which our business is subject, and political and other actions may adversely impact our business. We are subject to laws and regulations domestically and worldwide, affecting our operations in areas including, but not limited to, IP ownership and infringement; taxes; import and export requirements and tariffs; anti- corruption, including the Foreign Corrupt Practices Act; business acquisitions; foreign exchange controls and cash repatriation restrictions; data privacy requirements; competition and antitrust; advertising; employment; product regulations; cybersecurity; environmental, health, and safety requirements; the responsible use of AI; **sustainability** ~~climate change~~ ; cryptocurrency; and consumer laws. Compliance with such requirements can be onerous and expensive, could impact our competitive position, and may negatively impact our business operations and ability to manufacture and ship our products. There can be no assurance that our employees, contractors, suppliers, customers or agents will not violate applicable laws or the policies, controls, and procedures that we have designed to help ensure compliance with such laws, and violations could result in fines, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business, and damage to our reputation. Changes to the laws, rules and regulations to which we are subject, or changes to their interpretation and enforcement **,** could lead to materially greater compliance and other costs and / or further restrictions on our ability to manufacture and supply our products and operate our business. For example, we may face increased compliance costs as a result of changes or increases in **antitrust** ~~anti- competition~~ legislation, regulation, administrative rule making, increased focus from regulators on cybersecurity vulnerabilities and risks ~~, and enforcement activity~~ **. Our position in markets** ~~resulting~~ -- **relating to AI has led to increased interest in our business** from ~~growing public concern over concentration of economic power~~ **regulators worldwide, including the European Union, the United States, the United Kingdom and China. For example, the French Competition Authority collected information from us regarding our business and competition** in ~~corporations~~ **the graphics card and cloud service provider market as part of an ongoing inquiry into competition in those markets. We have also received requests for information from regulators in the European Union, the United Kingdom, and China regarding our sales of GPUs, our efforts to allocate supply, foundation models and our investments, partnerships and other agreements with companies developing foundation models, and we expect to receive additional requests for information in the future. Governments and regulators are considering imposing restrictions on the hardware, software, and systems used to develop frontier foundation models and generative AI. If implemented, such restrictions could increase the costs and burdens to us and our customers, delay or halt deployment of new systems using our products, and reduce the number of new entrants and customers, negatively impacting our business and financial results** . Revisions to laws or regulations or their interpretation and enforcement could also result in increased taxation, trade sanctions, the imposition of or increase to import duties or tariffs, restrictions and controls on imports or exports, or other retaliatory actions, which could have an adverse effect on our business plans or impact the timing of our shipments. Additionally, changes in the public perception of governments in the regions where we operate or plan to operate could negatively impact our business and results of operations. Government actions, including trade protection and national **and economic** security policies of U. S. and foreign government bodies, such as tariffs, import or export regulations, including deemed export restrictions **and restrictions on the activities of U. S. persons** , trade and economic sanctions, decrees, quotas or other trade barriers and restrictions could affect our ability to ship products, provide services to our customers and employees, do business without an export license with entities on the U. S. Department of Commerce' s U. S. Entity List or other **USG** ~~U. S. government~~ restricted parties lists (which is expected to change from time to time), and generally fulfill our contractual obligations and have a material adverse effect on our business. If we were ever found to have violated export control laws or sanctions of the U. S. or similar applicable non- U. S. laws, even if the violation occurred without our knowledge, we may be subject to various penalties available under the laws, any of which could have a material and adverse impact on our business, operating results and financial condition. For example, in response to the war in Ukraine, the United States and other jurisdictions imposed economic sanctions and export control measures which blocked the passage of our products, services and support into Russia, Belarus, and certain regions of Ukraine. In fiscal year 2023, we stopped direct sales to Russia and closed business operations in Russia. Concurrently, the war in Ukraine has impacted ~~end customer~~ sales in EMEA and may continue to do so in the future. The increasing focus on the **risks and** strategic importance of AI technologies has ~~already~~ resulted in regulatory restrictions that target products and services capable of enabling or facilitating AI ~~,~~ and may in the future result in additional restrictions impacting some or all of our product and service offerings **. Concerns regarding third- party use of AI for purposes contrary to local governmental interests, including concerns relating to the misuse of AI applications, models, and solutions, has resulted in and could in the future result in unilateral or multilateral restrictions on products that can be used for training, modifying, tuning, and**

deploying LLMs. Such restrictions have limited and could in the future limit the ability of downstream customers and users worldwide to acquire, deploy and use systems that include our products, software, and services, and negatively impact our business and financial results . Such restrictions could include additional unilateral or multilateral export controls on certain products or technology, including but not limited to AI technologies. As geopolitical tensions have increased, semiconductors associated with AI, including GPUs and associated products, are increasingly the focus of export control restrictions proposed by stakeholders in the U. S. and its allies **. The United States has imposed unilateral controls restricting GPUs and associated products** , and it is likely that additional unilateral or multilateral controls will be adopted. Such controls **have been and** may **again** be very broad in scope and application, prohibit us from exporting our products to any or all customers in one or more markets, including but not limited to China, and could negatively impact our manufacturing, testing ~~,~~ and warehousing locations and options, or could impose other conditions that limit our ability to serve demand abroad and could negatively and materially impact our business, revenue ~~,~~ and financial results. Export controls targeting GPUs and semiconductors associated with AI, which **have been imposed and** are increasingly likely **to be further tightened** , would **further** restrict our ability to export our technology, products, or services even though competitors may not be subject to similar restrictions, creating a competitive disadvantage for us and negatively impacting our business and financial results. ~~Increasing~~ **Export controls targeting GPUs and semiconductors associated with AI have subjected and may in the future subject downstream users of our products to additional restrictions on the** use **, resale, repair, or transfer** of ~~economic sanctions~~ **our products, negatively impacting our business and financial results. Controls could negatively impact our cost and / or ability to provide services such as NVIDIA AI cloud services and could impact the cost and / or ability for our cloud service providers and customers to provide services to their end customers, even outside China. Export controls could disrupt our supply chain and distribution channels, negatively impacting our ability to serve demand, including in markets outside China and for our gaming products. The possibility of additional export controls has negatively impacted and** may ~~also~~ **in the future negatively** impact demand for our products **, benefiting competitors that offer alternatives less likely to be restricted by further controls. Repeated changes in the export control rules are likely to impose compliance burdens on our business and our customers, negatively and materially impacting our business. Increasing use of economic sanctions and export controls has impacted and may in the future impact demand for our products** or services, negatively impacting our business and financial results **. Reduced demand due to export controls could also lead to excess inventory or cause us to incur related supply charges** . Additional unilateral or multilateral controls are also likely to include deemed export control limitations that negatively impact the ability of our research and development teams to execute our roadmap or other objectives in a timely manner. Additional export restrictions may not only impact our ability to serve overseas markets, but also provoke responses from foreign governments, including China, that negatively impact our supply chain or our ability to provide our products and services to customers in all markets worldwide, which could also substantially reduce our revenue. **Regulators in China have inquired about our sales and efforts to supply the China market and our fulfillment of the commitments we entered at the close of our Mellanox acquisition. If the regulators conclude that we have failed to fulfill such commitments or we have violated any applicable law in China, we could be subject to various penalties or restrictions on our ability to conduct our business, any of which could have a material and adverse impact on our business, operating results and financial condition.** During the third quarter of fiscal year 2023, the ~~U. S. government, or~~ USG ~~,~~ announced ~~new~~ export restrictions and export licensing requirements targeting China' s semiconductor and supercomputing industries. These restrictions impact exports of certain chips, as well as software, hardware, equipment ~~,~~ and technology used to develop, produce ~~,~~ and manufacture certain chips ~~,~~ to China (including Hong Kong and Macau) and Russia, and specifically impact our A100 and H100 integrated circuits, DGX or any other systems or boards which incorporate A100 or H100 integrated circuits ~~and our A100X~~ . The ~~new license~~ **licensing** requirements also apply to any future NVIDIA integrated circuit achieving certain peak performance and chip- to- chip I / O performance thresholds, as well as any system or board that includes those circuits. There are also now licensing requirements to export a wide array of products, including networking products, destined for certain end users and for certain end uses in China. **During the second quarter of fiscal year 2024, the USG also informed us of an additional licensing requirement for a subset of A100 and H100 products destined to certain customers and other regions, including some countries in the Middle East. In October 2023, the USG announced new and updated licensing requirements that became effective in our fourth quarter of fiscal year 2024 for exports to China and Country Groups D1, D4, and D5 (including but not limited to, Saudi Arabia, the United Arab Emirates, and Vietnam, but excluding Israel) of our products exceeding certain performance thresholds, including A100, A800, H100, H800, L4, L40, L40S and RTX 4090. The licensing requirements also apply to the export of products exceeding certain performance thresholds to a party headquartered in, or with an ultimate parent headquartered in, Country Group D5, including China. On October 23, 2023, the USG informed us that the licensing requirements were effective immediately for shipments of our A100, A800, H100, H800, and L40S products.** We ~~are required~~ **have not received licenses** to **ship these restricted products to China. Following these export controls, we** ~~transition~~ **transitioned some operations, including** certain **testing, validation, and supply and distribution** operations out of China **and** ~~(including~~ Hong Kong ~~), which~~ **. Any future transitions** could be costly and time consuming, and adversely affect our research and development and supply and distribution operations, as well as our revenue, during any such transition period. We **are working** ~~have engaged with customers in China~~ to ~~provide alternative~~ **expand our Data Center** ~~products~~ - **product portfolio to offer new solutions, including those for which the USG does** not **require a** ~~subject to the new~~ license ~~requirements, such as our~~ - **or** ~~new A800 offering~~ **advance notice before each shipment** . To the extent that a customer requires products covered by the ~~new license~~ **licensing** requirements, we may seek a license for the customer ~~but~~ **. However, the licensing process is time-consuming. We** have no assurance that the USG will grant **such a** ~~any exemptions or licenses~~ - **license** ~~for any customer,~~ or that the USG will act on ~~them~~ - **the license application** in a timely manner **or at all. Even if a license is offered, it may impose**

burdensome conditions that we or our customer or end users cannot or decide not to accept . The ~~new~~ **USG is evaluating license requests in a closed process that does not have clear standards or an opportunity for review. For example, the Notified Advanced Computing, or " NAC, " process has not resulted in approvals for exports of products to customers in China. The license process for exports to D1 and D4 countries has been time- consuming and resulted in license conditions for countries outside China. The** requirements ~~may~~ have a disproportionate impact on NVIDIA and **already have disadvantaged and** may **in the future** disadvantage NVIDIA against certain of our competitors who sell products that are not subject to the new restrictions or may be able to acquire licenses for their products. Management of these new ~~license~~ **licenses** and other requirements is complicated and time consuming. Our ~~results and~~ competitive position **has been harmed, and our competitive position and future results** may be **further** harmed **, over the long- term,** if **there are further changes in the USG' s export controls, including further expansion of the geographic,** ~~customers~~ **customer,** ~~in China do not want to purchase our~~ **or** ~~alternative~~ product ~~offerings~~ **scope of the controls** , if customers purchase product from competitors, if customers develop their own internal solution, if we are unable to provide contractual warranty or other extended service obligations, if the USG does not grant licenses in a timely manner or denies licenses to significant customers ~~,~~ or if we incur significant transition costs. ~~Additionally, if we are unable to sell our alternative product offerings in China, we may have excess inventory, harming our results.~~ Even if the USG grants any requested licenses, the licenses may be temporary or impose burdensome conditions that we **or our customers or end users** cannot or choose not to fulfill. The ~~new~~ **licensing** requirements may benefit certain of our competitors, as the licensing process will make our pre- sale and post- sale technical support efforts more cumbersome and less certain ~~,~~ and encourage customers in China to pursue alternatives to our products, including semiconductor suppliers based in China, Europe, and Israel. **Given the increasing strategic importance of AI and rising geopolitical tensions, the USG has changed and may again change the export control rules at any time and further subject a wider range of our products to export restrictions and licensing requirements, negatively impacting our business and financial results. In the event of such change, we may be unable to sell our inventory of such products and may be unable to develop replacement products not subject to the licensing requirements, effectively excluding us from all or part of the China market, as well as other impacted markets, including the Middle East. For example, the USG has already imposed conditions to limit the ability of foreign firms to create and offer as a service large- scale GPU clusters, for example by imposing license conditions on the use of products to be exported to certain countries, or by requiring chip tracking and throttling mechanisms that would disable or impair GPUs if certain system or use conditions are detected. The USG has already imposed export controls restricting certain gaming GPUs, and if the USG expands such controls to restrict additional gaming products, it may disrupt a significant portion of our supply and distribution chain and negatively impact sales of such products to markets outside China, including the U. S. and Europe. Export controls may disrupt our supply and distribution chain for a substantial portion of our products, which are warehoused in and distributed from Hong Kong. Export controls restricting our ability to sell datacenter GPUs may also negatively impact demand for our networking products used in servers containing our GPUs. The USG may also impose export controls on our networking products, such as high- speed network interconnects, to limit the ability of downstream parties to create large clusters for frontier model training. Any new control that impacts a wider range of our products would likely have a disproportionate impact on NVIDIA and may disadvantage us against certain of our competitors that sell chips that are outside the scope of such control. Excessive or shifting export controls have already and may in the future encourage customers outside China and other impacted regions to " design- out " certain U. S. semiconductors from their products to reduce the compliance burden and risk, and to ensure that they are able to serve markets worldwide. Excessive or shifting export controls have already encouraged and may in the future encourage overseas governments to request that our customers purchase from our competitors rather than NVIDIA or other U. S. firms, harming our business, market position, and financial results. As a result, excessive or shifting export controls may negatively impact demand for our products and services not only in China, but also in other markets, such as Europe, Latin America, and Southeast Asia. Excessive or shifting export controls increase the risk of investing in U. S. advanced semiconductor products, because by the time a new product is ready for market, it may be subject to new unilateral export controls restricting its sale. At the same time, such controls may increase investment in foreign competitors, which would be less likely to be restricted by U. S. controls.** Additionally, restrictions imposed by the Chinese government on the duration of gaming activities and access to games may adversely affect our Gaming revenue, and increased oversight of digital platform companies may adversely affect our Data Center revenue **. The Chinese government may impose restrictions on the sale to certain customers of our products, or any products containing components made by our partners and suppliers. For example, the Chinese government announced restrictions relating to certain sales of products containing certain products made by Micron, a supplier of ours. Further restrictions on our products or the products of our suppliers could negatively impact our business and financial results. Finally, our business depends on our ability to receive consistent and reliable supply from our overseas partners, especially in Taiwan. Any new restrictions that negatively impact our ability to receive supply of components, parts, or services from Taiwan, would negatively impact our business and financial results** . Increased scrutiny from shareholders, regulators and others regarding our **corporate sustainability practices** ~~environmental, social and governance responsibilities~~ could result in additional costs or risks and adversely impact our reputation and willingness of customers and suppliers to do business with us. Shareholder advocacy groups, certain investment funds, other market participants, shareholders ~~and~~ **,** customers ~~have placed increased importance on the implications of the social~~ and ~~environmental cost of their investments and these parties, as well as~~ government regulators ~~,~~ have focused increasingly on corporate ~~ESG and~~ sustainability practices and disclosures, including those associated with climate change and human rights. Stakeholders may not be satisfied with our ~~ESG~~ **corporate sustainability** practices **and goals** or the speed of their adoption. **Further, there is an increasing number of state- level initiatives in the U. S. that may conflict with other regulatory requirements or our**

various stakeholders' expectations. Additionally, our ~~ESG~~ **corporate sustainability** practices, oversight of ~~ESG~~ **our** practices ~~,~~or disclosure controls may not meet evolving shareholder, regulator ~~,~~or other industry stakeholder expectations, or we may fail to meet **corporate** sustainability disclosure or ~~ESG~~ reporting standards. We could also incur additional costs and require additional resources to monitor, report, and comply with various ~~ESG~~ **corporate sustainability** practices, choose not to conduct business with potential customers, or discontinue or not expand business with existing customers due to our policies. These factors may negatively harm our brand, reputation and business activities or expose us to liability. Issues relating to the responsible use of our technologies, including AI in our offerings, may result in reputational ~~and~~ **or** financial harm and liability. Concerns relating to the responsible use of new and evolving technologies, such as AI, in our products and services may result in reputational ~~and~~ **or** financial harm and liability ~~,~~and may cause us to incur costs to resolve such issues. We are increasingly building AI capabilities **and protections** into many of our products and services **, and we also offer stand- alone AI applications** . AI poses emerging **legal, social, and** ethical issues and presents risks and challenges that could affect its adoption, and therefore our business. If we enable or offer solutions that draw controversy due to their perceived or actual impact on society, such as AI solutions that have unintended consequences **, infringe copyright or rights of publicity,** or are controversial because of their impact on human rights, privacy, employment ~~,~~or other social, economic ~~,~~or political issues, or if we are unable to develop effective internal policies and frameworks relating to the responsible development and use of AI models and systems offered through our sales channels, we may experience brand or reputational harm, competitive harm or legal liability. **Complying with multiple regulations from different jurisdictions related to AI could increase our cost of doing business, may change the way that we operate in certain jurisdictions, or may impede our ability to offer certain products and services in certain jurisdictions if we are unable to comply with regulations.** Compliance with **existing and proposed** government regulation ~~in the area~~ of AI ~~ethics~~ **, including in jurisdictions such as the European Union as well as under any U. S. regulation adopted in response to the Biden administration' s Executive Order on AI,** may also increase the cost of related research and development, and **create additional reporting and / or transparency requirements. For example, regulation adopted in response to the Executive Order on AI could require us to notify the USG of certain safety test results and other information. Furthermore,** changes in AI- related regulation could disproportionately impact and disadvantage us and require us to change our business practices, which may negatively impact our financial results. Our failure to **adequately** address concerns **and regulations** relating to the responsible use of AI by us or others could undermine public confidence in AI and slow adoption of AI in our products and services or cause reputational **or financial** harm. Actions to adequately protect our IP rights could result in substantial costs to us and our ability to compete could be harmed if we are unsuccessful or if we are prohibited from making or selling our products. From time to time, we are involved in lawsuits or other legal proceedings alleging patent infringement or other IP rights violations by us, our employees or parties that we have agreed to indemnify. An unfavorable ruling could include significant damages, invalidation of one or more patents, indemnification of third parties, payment of lost profits, or injunctive relief. Claims that our products or processes infringe the IP rights of others, regardless of their merit, could cause us to incur significant costs to respond to, defend, and resolve such claims, and they may also divert the efforts and attention of management and technical personnel. We may commence legal proceedings to protect our IP rights, which may increase our operating expenses. We could be subject to countersuits as a result. If infringement claims are made against us or our products are found to infringe a third party' s IP, we or one of our indemnitees may have to seek a license to the third party' s IP rights. If we or one of our indemnitees is unable to obtain such a license ~~,~~on acceptable terms or at all, we could be subject to substantial liabilities or have to suspend or discontinue the manufacture and sale of one or more of our products. We may also have to make royalty or other payments ~~,~~or cross license our technology. If these arrangements are not concluded on commercially reasonable terms, our business could be negatively impacted. Furthermore, the indemnification of a customer or other indemnitee may increase our operating expenses and negatively impact our operating results. We rely on patents, trademarks, trade secrets, employee and third- party nondisclosure agreements, licensing arrangements ~~,~~and the laws of the countries in which we operate to protect our IP. Foreign laws may not protect our products or IP rights to the same extent as United States law. This makes the possibility of piracy of our technology and products more likely. The theft or unauthorized use or publication of our trade secrets and other confidential information could harm our competitive position and reduce acceptance of our products; as a result, the value of our investment in research and development, product development ~~,~~and marketing could be reduced. We also may face risks to our IP if our employees are hired by competitors. We continuously assess whether and where to seek formal protection for existing and new innovations and technologies but cannot be certain whether our applications for such protections will be approved, and, if approved, whether they will be enforceable. We are subject to stringent and changing data privacy and security laws, rules, regulations ~~,~~and other obligations. **These areas** ~~Privacy or security concerns relating to our products and services~~ could damage our reputation, deter current and potential customers, **affect our product design,** or result in legal or regulatory proceedings and liability. We ~~may~~ process sensitive, confidential or personal data or information that is subject to privacy and security laws, regulations, industry standards, external and internal policies, contracts and other obligations that govern the processing of such data by us and on our behalf. Concerns about our practices or the ultimate use of our products and services with regard to the collection, use, retention, security or disclosure of personal information or other privacy- related matters, including for use in AI, even if unfounded, could damage our reputation and adversely affect our operating results. The theft, loss ~~,~~or misuse of personal data in our possession or by one of our partners could result in damage to our reputation, regulatory proceedings, disruption of our business activities or increased security costs and costs related to defending legal claims. In the United States, federal, state and local authorities have enacted numerous data privacy and security laws, including for data breach notification, personal data privacy ~~,~~and consumer protection. **In the past few years, numerous U. S. states have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or**

delete certain personal data, and to opt- out of certain data processing activities, such as targeted advertising, profiling and automated decision- making. The **exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the** California Consumer Privacy Act of 2018, **as amended by the California Privacy Rights Act of 2020,** or **CPRA, or collectively the** CCPA, gives California residents the right to access, delete and opt- out of certain sharing of their personal information, and to receive detailed information about how it is used and shared. The CCPA ~~allows~~ **provides** for ~~statutory~~ fines of up to $ 7, 500 per **intentional** violation and the law created a private right of action for certain data breaches ~~. The California Privacy Rights Act of 2020, or CPRA, became operative in 2023, and restricts the use of certain categories of sensitive personal information; further restricts the use of cross- contextual advertising techniques; restricts the retention of personal information; expands the types of data breaches subject to the private right of action; and establishes the California Privacy Protection Agency which can impose administrative fines for noncompliance. Virginia, Colorado, Utah and Connecticut have each passed their own privacy legislation which differ from the CPRA and each become effective in 2023~~ . Similar laws are being considered in several other states, as well as at the federal and local levels. Additionally, several states and localities have enacted measures related to the use of artificial intelligence and machine learning in products and services. If we become subject to additional data privacy laws, the risk of enforcement action against us could increase. Worldwide regulatory authorities are also considering and have approved various legislative proposals concerning data protection. The European Union adopted the General Data Protection Regulation, or GDPR, and the United Kingdom similarly adopted the U. K. GDPR, governing the strict handling of personal data of persons within the European Economic Area, or EEA, and the United Kingdom, respectively, including its use and protection and the ability of persons whose data is stored to access, correct, and delete such data about themselves. If we are found not to comply, we could be subject to penalties of up to € 20 million or 4 % of worldwide revenue, whichever is greater, and classes of individuals or consumer protection organizations may initiate litigation related to our processing of their personal data. Furthermore, ~~there~~ -- **the EU** ~~exists a proposed European regulation related to~~ AI **Act** ~~that, if adopted,~~ could impose onerous obligations that may disproportionately impact and disadvantage us and require us to change our business practices. In the ordinary course of business, we may transfer personal data from Europe, China, and other jurisdictions to the United States or other countries. Certain jurisdictions have enacted data localization laws and cross- border personal data transfer laws. For example, the GDPR generally restricts the transfer of personal data to countries outside of the EEA. The European Commission released a set of " Standard Contractual Clauses " designed for entities to validly transfer personal data out of the EEA to jurisdictions that the European Commission has not found to provide an adequate level of protection, including the United States. ~~While~~ **Additionally,** the ~~European Union~~ **U. K.' s International Data Transfer Agreement / Addendum, as well as the EU- U. S. Data Privacy Framework** and **the U. K. extension thereto (which allows for transfers to relevant U. S.- based organizations who self- certify compliance and participate in the Framework) are mechanisms that may be used to transfer personal data from the EEA and U. K. to the** United States ~~governments have recently announced an agreement in principle on a new bilateral cross- border transfer mechanism, it is uncertain whether this agreement will be overturned in court like the previous two European Union- United States bilateral cross- border transfer agreements~~ . **However,** ~~These~~ **these** mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. Other jurisdictions have enacted or are considering similar cross- border personal data transfer laws and local personal data residency laws, any of which would increase the cost and complexity of doing business and could result in fines from regulators. For example, China **' s** law imposes various requirements relating to data processing and data localization. Data broadly defined as important under China **' s** law, including personal data, may not be transferable outside of China without prior assessment and approval by the Cyberspace Administration of China, or CAC. Compliance with these requirements, including CAC assessments and any deemed failures of such assessments, could cause us to incur liability, prevent us from using data collected in China ~~,~~ or impact our ability to transfer data outside of China. The inability to import personal data to the United States could significantly and negatively impact our business operations, limit our ability to collaborate with parties that are subject to European, China ~~,~~ and other data privacy and security laws, or require us to increase our personal data processing capabilities in Europe and / or elsewhere at significant expense. Some European regulators have prevented companies from transferring personal data out of Europe for allegedly violating the GDPR' s cross- border data transfer limitations, which could negatively impact our business. We may also be bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful or may be claimed to be non- compliant. For example, certain privacy laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. We sometimes host personal data in collaboration with our customers, and if a breach exposed or altered that personal data, it could harm those customer relationships and subject us to litigation, regulatory action, or fines. We ~~may~~ publish privacy policies, marketing materials and other statements, such as compliance with certain certifications or self- regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair ~~,~~ or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences. Data protection laws around the world are quickly changing and may be interpreted and applied in an increasingly stringent fashion and in a manner that is inconsistent with our data practices. These obligations may **affect our product design and** necessitate changes to our information technologies, systems ~~,~~ and practices and to those of any third parties that process personal data on our behalf. Despite our efforts, we or third parties ~~upon whom~~ we rely **upon** may fail to comply with such obligations. If we fail, or are perceived to have failed, to address or comply with data privacy and security obligations, we could face significant consequences, including but not limited to, government enforcement actions, litigation, additional reporting requirements and / or oversight, bans on processing personal data **,** and orders to destroy or not use personal data. Any of these events could have a material adverse effect on our reputation, business, or financial condition. We **may** have exposure to additional tax liabilities and our operating results may be adversely impacted by **changes in tax laws,** higher than expected tax rates and other tax- related factors. We are subject to complex income tax laws and regulations, as well as non- income- based taxes, in various jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. We are regularly under audit by tax authorities in different jurisdictions. ~~For example, we are currently under examination by the Internal Revenue Service for our fiscal years 2018 and 2019 and undergoing tax audits in Germany, Israel and India.~~ Although we believe our tax estimates are reasonable, any adverse outcome could increase our worldwide effective tax rate, increase the amount of non- income taxes imposed on our business, and harm our financial position, results of operations, net income, and cash flows. Further, changes in tax laws **or their interpretation by tax authorities in the U. S. or foreign jurisdictions could increase our future tax liability or cause other adverse tax impacts, which** may materially impact our results of operations, or the way we conduct our business ~~. These include changes to U. S. tax laws and regulations, such as the Inflation Reduction Act, which implements a 15 % minimum tax on book income and a 1 % excise tax on net stock repurchases and parts of which became effective for us in fiscal year 2023. It is possible that these changes, or other tax law changes, could increase our future tax liability or cause other adverse impacts~~ . Most of our income is taxable in the United States, with a significant portion qualifying for preferential treatment as foreign- derived intangible income, or FDII. If U. S. tax rates increase or the FDII deduction is reduced, our provision for income taxes, results of operations, net income and cash flows would be adversely affected. In addition, changes in the tax laws of foreign jurisdictions could arise as a result of **global implementation of** the **Inclusive Framework on** ~~base~~ **Base** ~~erosion~~ **Erosion** and ~~profit~~ **Profit** ~~shifting~~ **Shifting** ~~project undertaken~~ **and Pillar Two Model Rules announced** by ~~the~~ **The** Organization for Economic ~~Co-operation~~ **Cooperation** and Development, or OECD. ~~The~~ **These** ~~OECD recommended~~ **and other** changes **in the foreign** ~~to long- standing~~ tax **laws** ~~principles and continues to develop new proposals, including allocating greater taxing rights to countries where customers are located and establishing a minimum tax on global income. These changes~~ , as adopted by countries, may increase tax uncertainty and adversely affect our provision for income taxes, results of operations **,** and financial condition. Our future effective tax rate may also be affected by a variety of factors, including changes in our business or statutory rates, the mix of earnings in countries with differing statutory tax rates, available tax incentives, credits and deductions, the expiration of ~~statute~~ **statutes** of limitations ~~and settlements of tax audits~~ , changes in accounting principles, adjustments to income taxes upon finalization of tax returns, increases in expenses not deductible for tax purposes, the ~~valuation~~ **estimates** of our deferred tax assets and liabilities and deferred tax **asset** valuation allowances, changing interpretation of existing laws or regulations, the impact of accounting for business combinations, as well as changes in the domestic or international organization of our business and structure. Furthermore, the tax effects of accounting for stock- based compensation and volatility in our stock price may significantly impact our effective tax rate in the period in which they occur. A decline in our stock price may result in reduced future tax benefits from stock- based compensation, increase our effective tax rate ~~,~~ and adversely affect our financial results **. Our business is exposed to the risks associated with litigation, investigations and regulatory proceedings** . We currently and will likely continue to face legal, administrative and regulatory proceedings, claims, demands and / or investigations involving shareholder, consumer, competition and / or other issues relating to our business. For example, we are defending ~~on appeal the dismissal of~~ a securities class action lawsuit from multiple shareholders asserting claims that we and certain of our officers made false and / or misleading statements related to channel inventory and the impact of cryptocurrency mining on GPU demand in 2017 and 2018. Litigation and regulatory proceedings are inherently uncertain, and adverse rulings could occur, including monetary damages or fines, or an injunction stopping us from manufacturing or selling certain products, engaging in certain business practices, or requiring other remedies, such as compulsory licensing of patents. An unfavorable outcome or settlement may result in a material adverse impact. Regardless of the outcome, litigation can be costly, time- consuming, and disruptive to our operations. Our indebtedness could adversely affect our financial position and cash flows from operations, and prevent us from implementing our strategy or fulfilling our contractual obligations. As of January ~~29~~ **28** , ~~2023~~ **2024** , we had **net** outstanding a total of $ ~~11~~ **9. 7** billion in notes due by 2060. As each series of senior notes matures, unless redeemed or repurchased, we must repay or refinance the notes. If we decide to refinance, we may receive less favorable terms, or we may be unable to refinance at all, which may adversely affect our financial condition. We also have a $ 575 million commercial paper program. Maintenance of our current and future indebtedness and contractual restrictions could cause us to dedicate a substantial portion of our cash flows from operations towards debt service obligations and principal repayments; increase our vulnerability to adverse changes in general economic, industry and competitive conditions; limit our flexibility regarding changes in our business and our industry; impair our ability to obtain future financing; and restrict our ability to grant liens on property, enter into certain mergers, dispose of our assets, or materially change our business. Our ability to comply with the covenants in our indenture may be affected by events beyond our control. If we breach any of the covenants without a waiver from the note holders or lenders, then any outstanding indebtedness may be declared immediately due and payable. Changes to our credit rating may negatively impact the value and liquidity of our securities, restrict our ability to obtain future financing and affect the terms of any such financing. Delaware law and our certificate of incorporation, bylaws and agreement with Microsoft could delay or prevent a change in control. The anti- takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control. Provisions in our certificate of incorporation and bylaws could make it more difficult for a third party to acquire a majority of our outstanding stock. These provisions include the ability of our Board of Directors to create and issue preferred stock, change the number of directors, and to make, amend or repeal our bylaws without prior shareholder approval; the inability of our shareholders to act by written consent or call special meetings; advance notice requirements for director nominations and shareholder proposals; and a super- majority voting requirement to amend some provisions in our certificate of incorporation and bylaws. Under our agreement with Microsoft for the Xbox, if someone makes an offer to purchase at least 30 % of our outstanding common stock, Microsoft may have first and last rights of refusal to purchase the stock. These provisions could delay or prevent a change in control of NVIDIA, discourage proxy contests, and make it more difficult for shareholders to elect directors of their choosing and to cause us to take other corporate actions they desire.