NVIDIA

NVDA • TECHNOLOGY • INDEX CONSTITUENT

NVIDIA makes the chips that train and run AI models. In the quarter ended July 26, 2026, its revenue reached $96.2B, up 106% from a year earlier.

THIS ISSUE NVDA

NVIDIA Corporation, a current Nasdaq-100® constituent at **~8.18% index weight as of October 20, 2026**, designs chips, the networking that links them and the software that programs them, and pays outside factories to make the chips. It reports revenue in two markets, Data Center and Edge Computing. Founded in 1993 and based in Santa Clara, California, it is led by founder and CEO Jensen Huang.

$96.2B	75.0%	$21.3B	~$108B	~18.0×
REVENUE (Q2 FY27)	GROSS MARGIN (Q2 FY27)	FREE CASH FLOW (Q2 FY27)	REVENUE GUIDE (Q3 FY27)	FORWARD P/E (10/20/26)

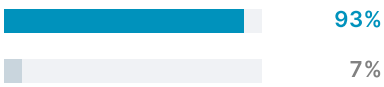
BUSINESS MODEL & REVENUE DRIVERS

Where NVIDIA's Revenue Comes From

NVIDIA designs chips and pays outside factories, mainly Taiwan Semiconductor Manufacturing Co. (TSMC), to make them (per Bloomberg research). Its main product is the graphics processing unit, or GPU, a chip that runs thousands of calculations at once. Most go into data centers run by cloud companies, AI labs and other businesses. NVIDIA's fiscal year ends in late January, so its fiscal calendar runs about a year ahead of the standard calendar year: the quarter it calls Q2 FY2027 ended July 26, 2026 (per company filings). In that quarter, data centers brought in **$89.0B of NVIDIA's $96.2B in revenue** (per company filings).

The rest, which NVIDIA reports as Edge Computing, comes from chips outside the data center, in PCs, cars and robots. Windows PCs built on its RTX Spark chip went on sale in October 2026, and Edge Computing revenue rose 27% from a year earlier in Q2 FY2027 (per company disclosures).

SHARE OF REVENUE BY MARKET (Q2 FY27)



COMPETITIVE POSITIONING

GPUs, the Networking That Links Them, and CUDA

Alongside its chips, NVIDIA sells the networking that links them and CUDA, the software developers use to program its GPUs. Its switches, sold as NVLink, connect 72 GPUs so that software can treat them as one large chip (per Bloomberg research).

NVIDIA spent **$7.05B on research and development in Q2 FY2027**, up from $4.29B a year earlier (per company filings). According to company filings and Bloomberg research, that spending and a software platform developers have used for two decades may contribute to NVIDIA's competitive positioning.

RESEARCH & DEVELOPMENT SPENDING (FY2023 VS FY2026)



OPERATING METRICS

Three Operating Measures

+117%

DATA CENTER GROWTH (Q2 FY27)

Data Center revenue rose from **$41.1B a year earlier**, on continued demand for NVIDIA's Blackwell chips (per company disclosures).

~2/3

SOLD AS FULL RACKS (Q2 FY27)

About two-thirds of Blackwell revenue came from **ready-built racks sold as GB300 systems**, rather than single chips (per Bloomberg research).

$26.0B

CASH RETURNED (Q2 FY27)

NVIDIA returned about $26.0B through share buybacks and dividends, **up from $10.0B a year earlier** (per company disclosures).

GROWTH CATALYSTS

Vera Rubin Racks and New Chips for AI

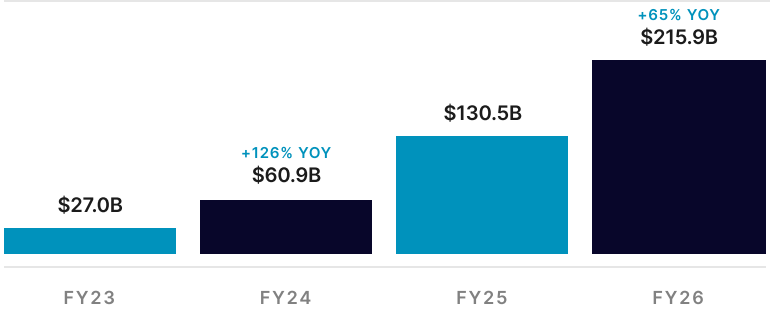
Vera Rubin, NVIDIA's next AI platform, puts its newest GPUs, its own Vera processor and its networking in one ready-built rack. Production shipments began in early August 2026, with racks running at cloud providers including CoreWeave, Google Cloud, Microsoft Azure, Oracle Cloud Infrastructure and Nebius (per company disclosures).

- **More revenue per data center.** Vera Rubin is expected to bring in about $40B of NVIDIA revenue per gigawatt (a billion watts) of data center power, versus $25B for Blackwell (per Bloomberg research estimates)
- **Processors sold on their own.** The Vera CPU, a general-purpose processor, is expected to bring in about $20B of standalone revenue in FY2027 (per Bloomberg research)
- **Faster AI answers.** Groq 3 LPX, a chip designed to answer AI requests quickly, is in full production (per company disclosures)

HISTORICAL CONTEXT

Revenue, FY2023 to FY2026

8× REVENUE GROWTH, FY2023 TO FY2026



SOURCE NVIDIA REVENUE BY MARKET PLATFORM, BLOOMBERG RESEARCH

Revenue more than doubled in both FY2024 and FY2025 as companies built data centers for AI (per Bloomberg research). In FY2026, large cloud companies accounted for $123.8B of Data Center revenue, versus $70.0B from AI cloud, industrial and enterprise customers (per company disclosures). FY2026 ended January 25, 2026.

DATA CENTER REVENUE (FY2025 TO FY2026)

$115.2B → $193.7B **+68%**

EDGE COMPUTING REVENUE (FY2025 TO FY2026)

$15.3B → $22.2B **+45%**

NET MARGIN (FY2023 TO FY2026)

16.2% → 55.6% **+39 pts**

NVIDIA's newest systems link 72 AI chips together. **Software sees them as one large chip.**

VALUATION & INVESTMENT THESIS

Earnings Multiple and Consensus Estimates

On 10/20/2026, the shares traded at **approximately 18.0× forward earnings**, based on Bloomberg consensus estimates for the next twelve months. NVIDIA pays a quarterly dividend of $0.25 per share (per company disclosures).

Bloomberg consensus estimates put FY2027 revenue at about $411B, up from $215.9B in FY2026 (per Bloomberg research). At approximately 18.0× forward earnings, investors may consider whether future growth in data center chips and systems supports current valuation levels.

KEY RISKS

What Could Change the Story

- **Custom chips.** Large cloud companies are designing AI chips of their own, such as Google's TPU and Amazon's Trainium, which may perform better on some tasks (per Bloomberg research)
- **Export rules.** NVIDIA's Q3 FY2027 outlook assumes no data center compute revenue from China, and tighter U.S. export rules could reduce sales there further (per company disclosures and Bloomberg research)
- **Customer concentration.** Five large cloud providers make up more than half of Data Center revenue (per Bloomberg research)
- **Supply.** NVIDIA relies on TSMC to make its most advanced chips, so limits on that capacity could slow its growth (per Bloomberg research)
- **Spending cycles.** A pullback in AI server spending by large cloud companies could reduce demand for NVIDIA's chips (per Bloomberg research)

WHAT THIS MEANS FOR YOU

The Index Angle, in Plain Terms

IN YOUR INDEX FUND

If you hold a fund that tracks the Nasdaq-100 Index®, you already own this.

- Index composition follows transparent eligibility criteria, and NVDA is a current constituent at **~8.18% index weight as of October 20, 2026**: about $8.18 of every $100 tracking the Nasdaq-100 sits in NVIDIA
- Apple's Private Cloud Compute, the servers that handle some of its AI requests, now uses NVIDIA GPUs for confidential processing (per company disclosures)
- Mercedes-Benz and Volvo Cars each expanded partnerships with NVIDIA on automated driving in October 2026 (per company disclosures)

DECODING THE JARGON

Two terms doing the heavy lifting in this issue.

- **CUDA.** NVIDIA's programming software, introduced in 2006, that developers use to write programs for its GPUs
- **Rack.** A tall cabinet of servers, chips and cables; NVIDIA sells many AI systems as ready-built racks

BOTTOM LINE

Inside the Nasdaq-100®, NVIDIA began with PC graphics chips. Data centers now bring in most of its sales.

ABOUT THE SERIES

The **Nasdaq-100®** *is a globally recognized index of 100 of the most innovative large cap companies listed on the Nasdaq Stock Market®. The* **Inside the Index** *series profiles one constituent each issue, from software to soft drinks and computer chips to potato chips, exploring what makes each business distinctive and the metrics investors should know.*

SOURCES NASDAQ GLOBAL INDEXES. NVIDIA SEC FILINGS VIA SEC EDGAR: FORM 10-K ANNUAL REPORTS, FORM 10-Q QUARTERLY REPORTS; Q2 FY2027 FORM 10-Q (QUARTER ENDED JULY 26, 2026); Q2 FY2027 RESULTS RELEASE (AUGUST 26, 2026); Q2 FY2027 INVESTOR PRESENTATION; Q2 FY2027 REVENUE BY MARKET PLATFORM; NVIDIA NEWSROOM ON RTX SPARK PCS, MERCEDES-BENZ AND VOLVO CARS (OCTOBER 2026); NVIDIA INVESTOR RELATIONS. BLOOMBERG RESEARCH AND BLOOMBERG CONSENSUS ESTIMATES. REVENUE, GROSS MARGIN, FREE CASH FLOW AND Q3 FY2027 REVENUE GUIDE PER COMPANY DISCLOSURES; FORWARD P/E PER BLOOMBERG RESEARCH. FISCAL YEARS END IN LATE JANUARY (FY2026 ENDED JANUARY 25, 2026). DATA AS OF 10/20/2026.

Nasdaq®, Nasdaq-100®, Nasdaq-100 Index®, Nasdaq Stock Market®, and NDX® are registered trademarks of Nasdaq, Inc. The information contained above is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. Neither Nasdaq, Inc. nor any of its affiliates makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Statements regarding Nasdaq-listed companies or Nasdaq proprietary indexes are not guarantees of future performance. Actual results may differ materially from those expressed or implied. Past performance is not indicative of future results. Investors should undertake their own due diligence and carefully evaluate companies before investing.

Information set forth contains forward-looking statements that involve a number of risks and uncertainties. Nasdaq cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Forward-looking statements can be identified by words such as "will," "believe" and other words and terms of similar meaning. Such forward-looking statements include, but are not limited to, statements related to listing on Nasdaq. Forward-looking statements involve a number of risks, uncertainties or other factors beyond Nasdaq's control. These risks and uncertainties are detailed in Nasdaq's filings with the U.S. Securities and Exchange Commission, including its annual reports on Form 10-K and quarterly reports on Form 10-Q which are available on Nasdaq's investor relations website at http://ir.nasdaq.com and the SEC's website at www.sec.gov. Nasdaq undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.

© 2026. Nasdaq, Inc. All Rights Reserved.