

BE THE INVESTOR

NVIDIA Q2 FY2027 Investment Research

A plain-English guide to the income statement, balance sheet, cash flow, business metrics, growth outlook and valuation.

Q2 REVENUE

\$96.2B

+106% year over year

DATA CENTER

\$89.0B

92.5% of total revenue

GAAP OP. MARGIN

66.2%

+5.4 pts year over year

Q2 FREE CASH FLOW

\$21.3B

Down 56% sequentially

Q3 REVENUE GUIDE

\$108B

+/- 2%; no China DC compute

REFERENCE PRICE

\$209.66

Aug. 26 close; \$5.09T market cap

Research stance: Constructive, but valuation-sensitive

The operating thesis strengthened. The cash-quality and balance-sheet-financing thesis became more complex. This report treats recurring earnings, working capital, commitments and customer financing as central inputs rather than footnotes.

Report date: 27 August 2026

Financial data cutoff: 26 August 2026 results, 10-Q and incorporated subsequent-event disclosure

Market data cutoff: 27 August 2026, 09:47 UTC

Evidence confidence: High for reported financials; Medium for forward scenarios

01 | INVESTOR VIEW

The quarter strengthened the company thesis, not every part of the stock thesis

NVIDIA's operating performance is extraordinary. The investor question is whether the balance-sheet support, working-capital build and gross-margin reset are temporary costs of scaling or the beginning of structurally lower cash returns.

Bottom line

Revenue, Data Center demand and operating leverage were materially stronger than the prior-year comparison and above the pre-print expectation set. But GAAP EPS was lifted by equity gains, Q2 free cash flow fell sharply, and NVIDIA disclosed very large supply and ecosystem commitments. The most useful stance is constructive watchlist: positive on the business, disciplined on the price and strict about cash conversion.

THEESIS CHANGE

Stronger

Demand and operating leverage improved

ESTIMATE DIRECTION

Up

Q3 guide above pre-print consensus

CASH QUALITY

Mixed

FCF hit by receivables and inventory

VALUATION SKEW

Wide

\$145 bear to \$493 bull

NEXT PROOF

Rubin

Q3 mix, supply and gross margin

ACTION DISCIPLINE

Watchlist

Do not capitalize investment gains

Three load-bearing beliefs

Belief	Why it matters	What proves it	What breaks it
AI compute demand stays supply-constrained	Supports exceptional revenue growth and pricing	Q3 revenue at or above guide; ACIE and Hyperscale both expand	Order deferrals, utilization weakness, or supply commitments without revenue conversion
NVIDIA captures more of each AI factory	Raises revenue per deployment and protects the moat	Rubin, networking, CPU and software attach rise	Custom accelerators or modular systems reduce platform share
Cash returns catch up with accounting profit	Determines whether earnings deserve a premium multiple	DSO and inventory normalize; FCF conversion improves	Extended terms, commitments and investments keep absorbing cash

Sources: S1, S2, S3, S4, S8. Forward conclusions are analyst judgment, not company guidance.

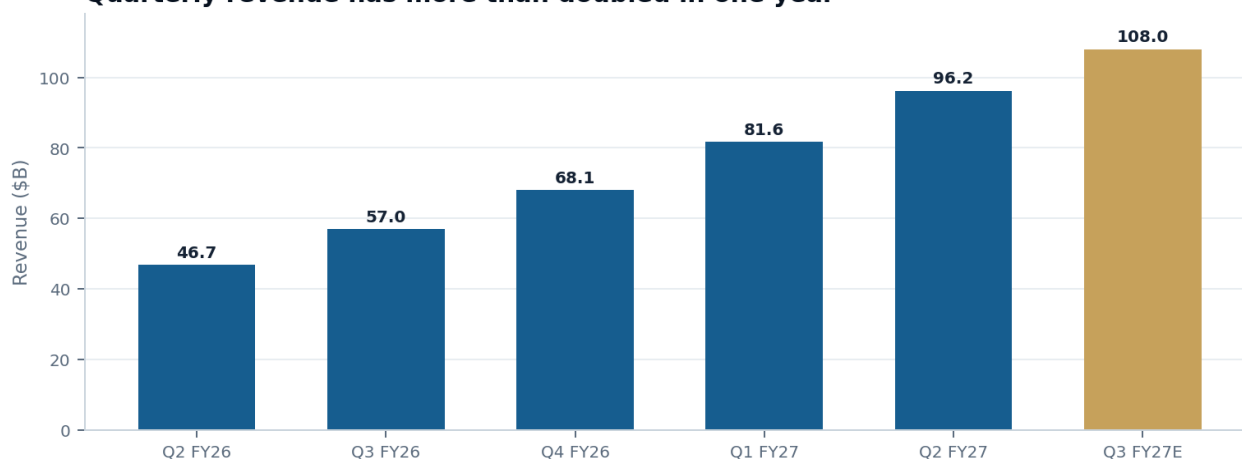
02 | EARNINGS SCORECARD

Q2 beat the prior guide and the pre-print bar

The result was not merely a year-over-year comparison against a smaller base. Actual revenue also exceeded NVIDIA's own prior midpoint and the external consensus available before the print.

Metric	Q2 FY27 actual	Comparison	Delta	Investor reading
Revenue	\$96.22B	\$91.0B prior company guide midpoint	+\$5.22B / +5.7%	Demand converted faster than the prior guide implied
Revenue	\$96.22B	\$92.17B LSEG consensus	+\$4.05B / +4.4%	A clean top-line beat
Data Center	\$89.0B	\$85.08B LSEG consensus	+\$3.92B / +4.6%	The main growth engine beat expectations
Adjusted EPS	\$2.22	\$2.10 LSEG consensus	+\$0.12 / +5.7%	Operating earnings beat, but definition matters
Q3 revenue guide	\$108B +/- 2%	\$104.19B LSEG consensus	+3.7% at midpoint	Forward estimate revisions should be positive

Quarterly revenue has more than doubled in one year



Plain-English interpretation

NVIDIA sold more than analysts and the company itself had expected, then set the next-quarter sales midpoint above the existing consensus. That normally supports upward estimate revisions. The offset is a lower gross-margin path caused mainly by memory and component costs.

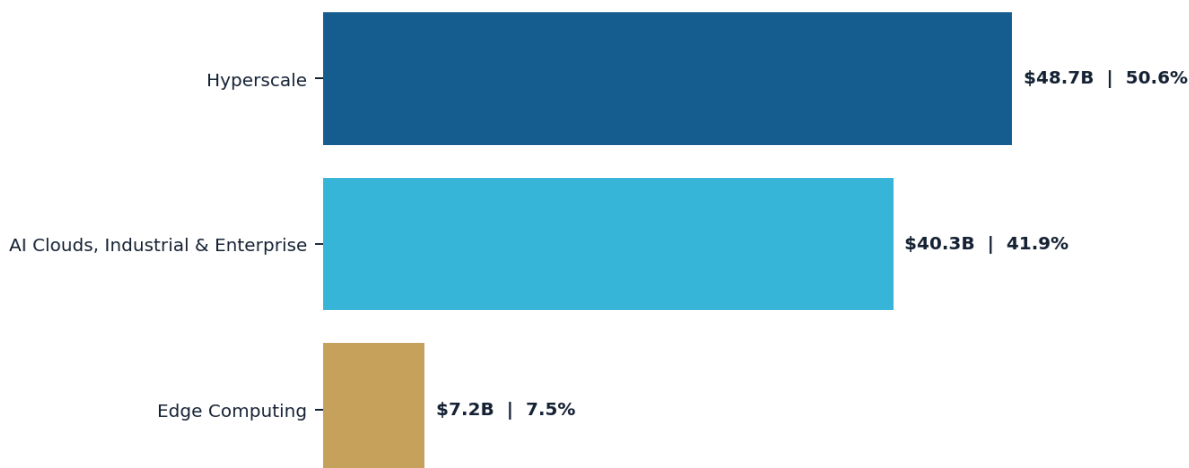
Sources: S1, S4, S5, S6, S7. Consensus values are LSEG snapshots reported by Reuters; no licensed post-print consensus refresh was available.

03 | BUSINESS MODEL

NVIDIA is now overwhelmingly a Data Center company

The old image of NVIDIA as a gaming-chip company is obsolete for financial analysis. Q2 Data Center revenue represented 92.5% of total sales.

Q2 FY2027 revenue mix



Revenue stream	Q2 revenue	Q/Q	Y/Y	What the investor is really buying
Hyperscale	\$48.71B	+13%	+102%	Large cloud and consumer-internet platforms
AI Clouds, Industrial & Enterprise	\$40.31B	+25%	+138%	Neoclouds, AI natives, sovereigns, enterprises and industrial customers
Edge Computing	\$7.20B	+13%	+27%	PCs, workstations, robotics, automotive and other edge devices

How the revenue model works

- NVIDIA sells complete AI infrastructure: GPUs, CPUs, networking, systems and software.
- A larger product stack increases revenue captured per data-center deployment.
- CUDA and broad model compatibility make capacity more fungible across customers and workloads.
- A new revenue-sharing model may add recurring usage-linked revenue on top of hardware sales.

What is not yet proven

- Management's revenue-per-gigawatt claims are not audited segment economics.
- AI-cloud revenue depends on financing, power, construction and customer utilization.
- Custom accelerators may capture selected workloads even if NVIDIA remains the broad platform.
- The new recurring economics must be evaluated after guarantees and commitments.

Sources: S1, S2, S3. Revenue mix is filed; statements about platform economics and future recurring revenue are management claims.

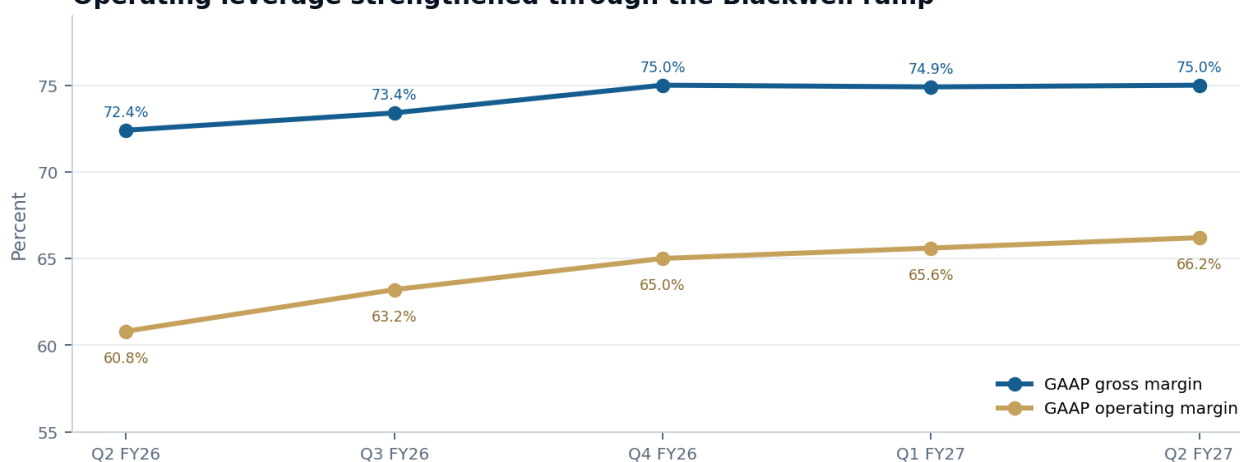
04 | INCOME STATEMENT

The core operation produced extraordinary leverage

An income statement answers three questions: how much the company sold, what it cost to deliver, and what remained after operating expenses, taxes and non-operating items.

Line item	Q2 FY27	Y/Y	Margin	Simple meaning
Revenue	\$96.22B	+106%	100.0%	Value of products and systems recognized as delivered
Cost of revenue	\$24.08B	+87%	25.0%	Semiconductors, memory, packaging, systems, warranty and logistics
Gross profit	\$72.14B	+113%	75.0%	Profit after direct product costs, before R&D and selling costs
R&D	\$7.05B	+64%	7.3%	Investment in future chips, systems, software and engineering
SG&A	\$1.35B	+21%	1.4%	Sales, administration and corporate costs
Operating income	\$63.73B	+124%	66.2%	Profit from the core business before investments and taxes
Other income	\$7.77B	+181%	8.1%	Mostly investment-related gains, not core product profit
Net income	\$59.69B	+126%	62.0%	Bottom-line GAAP profit after tax and non-operating items

Operating leverage strengthened through the Blackwell ramp



Why operating margin matters more than net margin this quarter

Operating margin measures the economics of selling NVIDIA products. Net margin also includes investment gains. Because Q2 other income was unusually large, operating income and non-GAAP net income provide a cleaner recurring signal than GAAP net income alone.

Sources: S1, S2, S5, S6, S7. Margins are calculated from filed GAAP values.

05 | EARNINGS QUALITY

GAAP EPS was real accounting income, but not all of it was recurring

The company booked substantial gains on equity securities. Those gains belong in GAAP earnings, yet they should not be valued like repeatable profit from selling AI systems.

GAAP EPS

\$2.46

Includes investment-related gains

NON-GAAP EPS

\$2.22

Better recurring anchor for Q2

DIFFERENCE

\$0.24

9.8% of GAAP EPS

Bridge	\$B	Treatment	Investor reading
GAAP net income	\$59.69	Starting point	Reported accounting profit
Less: net pre-tax non-GAAP adjustments	(\$7.25)	Remove mainly investment-related gains	These gains can reverse and are not product revenue
Add: tax effect of adjustments	\$1.52	Normalize tax impact	Keeps the bridge on an after-tax basis
Non-GAAP net income	\$53.95	Recurring operating proxy	Still not the same as cash flow

Important accounting change

Beginning in Q1 FY2027, NVIDIA's non-GAAP measures no longer exclude stock-based compensation. This makes the current non-GAAP measure more conservative than the older convention. Historical comparison still requires care because prior releases may use the older presentation unless recast.

What investors should use

Question	Best metric	Reason
Is the core product business improving?	Operating income and operating margin	Excludes most investment marks and focuses on operations
What is a reasonable earnings base?	Non-GAAP net income / EPS	Removes the material investment gain while retaining stock compensation
Did earnings become cash?	Operating cash flow and free cash flow	Captures receivables, inventory and other cash timing
What can support valuation?	Recurring EPS plus normalized FCF	Prevents capitalizing one-time gains or temporary working-capital releases

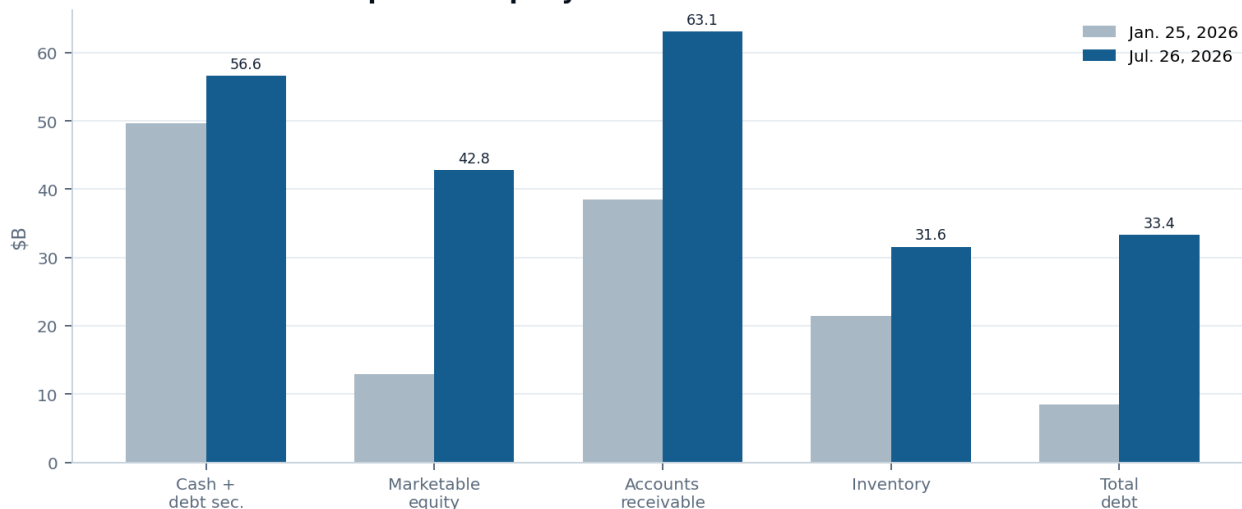
Sources: S1, S2. Q2 pre-tax and tax adjustments are from NVIDIA's GAAP-to-non-GAAP reconciliation.

06 | BALANCE SHEET

Liquidity is strong, but the balance sheet is changing shape

A balance sheet is a snapshot: assets are resources or expected economic value; liabilities are obligations; shareholder equity is the residual after liabilities.

The balance sheet expanded rapidly in six months



Balance-sheet item	Jul. 2026	Jan. 2026	Change	Interpretation
Cash + marketable debt securities	\$56.59B	\$49.67B	+14%	Core liquidity increased
Marketable equity securities	\$42.78B	\$12.89B	+232%	More exposure to public-market volatility
Non-marketable securities	\$51.16B	\$22.25B	+130%	Larger private-company and strategic investment exposure
Accounts receivable	\$63.06B	\$38.47B	+64%	More sales have not yet converted to cash
Inventory	\$31.58B	\$21.40B	+48%	Supply positioned for Rubin, but execution risk rose
Total debt	\$33.37B	\$8.47B	+294%	\$25B senior-note issuance changed the capital structure
Shareholder equity	\$228.98B	\$157.29B	+46%	Retained profit and investment marks expanded book equity

CURRENT RATIO

4.59x

Current assets / current liabilities

NET CASH

\$23.2B

Cash + debt securities - debt

DEBT / EQUITY

14.6%

Low, but rising

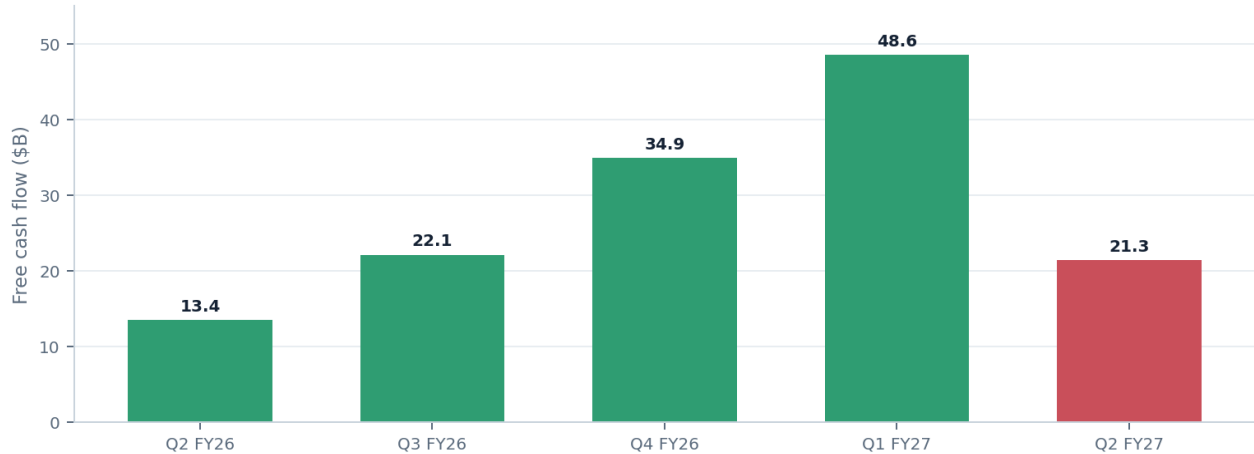
Sources: S2. Net cash excludes marketable and non-marketable equity investments because their values are volatile and strategic.

07 | CASH FLOW

Q2 profit did not convert to cash at the same pace

Cash flow tells the investor when accounting earnings actually arrive. NVIDIA remained strongly cash generative, but Q2 conversion was much weaker than Q1.

Q2 cash generation fell as working capital absorbed cash



Cash-flow measure	Q2 FY27	Q1 FY27	Q/Q	Meaning
Operating cash flow	\$24.08B	\$50.34B	-52%	Cash from the business after working-capital movements
Capital and intangible purchases	(\$2.68B)	(\$1.76B)	+52% use	Investment in property, equipment and intangible assets
Free cash flow	\$21.34B	\$48.55B	-56%	Cash left after NVIDIA's defined capital deductions
FCF margin	22.2%	59.5%	-37.3 pts	Free cash flow as a share of revenue
FCF / non-GAAP net income	39.6%	106.6%	-67.0 pts	How much recurring profit became free cash

This is a warning signal, not yet a thesis break

The main cash drains were accounts receivable, inventory and other working-capital needs. The six-month free-cash-flow total was still \$69.9 billion. The next two quarters must show that these assets convert into customer cash rather than remain a permanent financing burden.

Sources: S1, S2, S5, S6, S7. NVIDIA defines FCF as operating cash flow less capital/intangible purchases and related principal payments.

08 | WORKING CAPITAL

Receivables and inventory explain the cash-flow gap

Working capital is the cash tied up between ordering components, building systems, delivering them and collecting from customers.

ACCOUNTS RECEIVABLE

\$63.1B

+64% since fiscal year-end

INVENTORY

\$31.6B

+48% since fiscal year-end

DSO

~60 days

Management disclosure

TOP-5 AR CONCENTRATION

70%

22% + 14% + 13% + 11% + 10%

Q2 AR CASH USE

\$22.3B

Quarterly operating-cash-flow bridge

Q2 INVENTORY CASH USE

\$5.8B

Quarterly operating-cash-flow bridge

Observation	Benign explanation	Risk explanation	Next check
Receivables grew faster than revenue	Large multi-quarter orders use longer payment terms for investment-grade customers	NVIDIA is financing customer deployments and cash arrives later	DSO, aging, credit losses and cash collections
Raw materials rose to \$11.3B	Inventory is being staged for the Vera Rubin launch	Supply mismatch or transition risk could create write-downs	Rubin shipments, yields and inventory provisions
Finished goods fell to \$6.9B	Products are moving through the channel	Raw/WIP concentration increases dependence on successful conversion	Product mix, cycle time and gross-margin bridge
Customer concentration remains high	Large cloud buyers have scale and strong credit	A delayed buyer can move both revenue and cash flow	Top-customer share and receivable concentration

Plain-English rule

Fast revenue growth is higher quality when receivables and inventory grow more slowly than revenue and cash collection remains stable. Q2 moved in the opposite direction, so cash conversion is now a primary monitoring metric.

Sources: S2, S3. Top-five receivable concentration is calculated from filed percentages; quarterly cash uses are from the earnings-release cash-flow bridge.

09 | OPERATING METRICS

The next growth leg depends on Rubin, ACIE and platform breadth

Management's forward case is broader than GPU units. It assumes more customers, more components per system and more recurring economics around deployed compute.

Driver	Current evidence	Forward claim	Confidence	What to watch
Blackwell Ultra	Drove Q2 Data Center growth and most system shipments	Continued strong demand during Rubin transition	High for current; Medium forward	Mix, supply, gross margin and order continuity
Vera Rubin	Production shipments began in Q3	About 20% of Q3 Data Center revenue; fastest NVIDIA ramp	Medium	Revenue mix, yields, pricing and customer deployments
ACIE	\$40.3B Q2 revenue; +25% Q/Q	Roughly half of Data Center over time	High current; Medium forward	Neocloud utilization, sovereign projects and enterprise adoption
Networking	Record quarter; +18% Q/Q management disclosure	Greater system attach and AI-factory share	Medium	Spectrum-X, InfiniBand and networking mix
CPU	>\$5B trailing-twelve-month Grace revenue management disclosure	CPU revenue more than doubles in FY2028	Medium	Vera CPU adoption and standalone shipments
Usage-linked revenue	New AI-cloud structure disclosed	Potential billions over medium to long term	Low-Medium	Revenue share, guarantees, accounting and cash returns

Company-guided outlook

FY2028 REVENUE GROWTH

~70%

Management says supply-constrained

Q3 RUBIN SHARE

~20%

Of Data Center revenue

Analyst interpretation

- The guide implies unprecedented absolute revenue expansion from an already enormous base.
- Supply, memory and power are the immediate constraints, not stated customer demand.
- A supply-constrained guide can still disappoint if commitments do not convert into delivered systems.
- The base valuation case deliberately uses 60% FY2028 growth, below management's 70% outlook.

Sources: S1, S2, S3, S4. Forward growth and product-ramp statements are management claims unless explicitly labeled model assumptions.

10 | CAPITAL COMMITMENTS

NVIDIA is using its balance sheet to accelerate the ecosystem

The company is no longer only reserving semiconductor supply. It is also supporting cloud capacity, infrastructure, investments and selected guarantees.

\$366B of disclosed future commitments



Disclosure	Amount	What it is	What it is not
Primary commitment table	\$366B	\$279B supply/capacity plus cloud services, leases, equity investments and capex	Not all debt and not all due immediately
Additional AI-cloud agreements	\$36B	Commitments that decline as capacity is used by others or NVIDIA	Not automatically a loss
Third-party leases not commenced	\$20B	Long-duration leases expected to be reassigned	Not yet a current lease liability
Land, power and shell guarantees	\$3.5B max gross exposure	Guarantees triggered by selected partner defaults	Not a funded payment today
SB Energy / OpenAI guarantees	\$105B cumulative cap	Initial 4.25 GW; phases in as nine leases commence from FY2029	Not a present liability or certain cash payment
June senior-note issuance	\$25B	Actual debt raised across seven tranches	Separate from operating commitments

Do not simply add every disclosed number

The 10-Q presents a \$366 billion commitment table, a separate \$56 billion additional-commitment table and \$108.5 billion of maximum gross guarantee exposure. This report keeps them separate because overlap was not fully confirmed. The \$105 billion SB Energy cap is conditional: it phases in as leases commence, is triggered by specified OpenAI defaults and recovery shortfalls, and is backed by an OpenAI reimbursement and indemnity obligation. It is not a present funded liability.

Sources: S2, S3, S9. The commitment and guarantee amounts are filed; expected returns, redeployment protection and indemnity recoverability require future proof.

11 | MOAT AND COMPETITIVE RISK

NVIDIA's advantage is a platform, but customers are motivated to reduce dependence

A good company thesis does not eliminate substitution risk. The relevant question is whether alternatives can match system-level economics, software support and utilization across multiple workloads.

Moat layer	Why it is durable	How it can weaken	Observable signal
CUDA software ecosystem	Large developer base and optimized libraries	Open software and rival toolchains improve	Workload share, developer adoption and porting cost
Full-stack system design	GPU, CPU, networking, systems and software co-designed	Customers accept lower flexibility for cheaper specialized chips	Networking attach, CPU mix and rack-scale share
Supply-chain scale	Early commitments secure advanced capacity	Large commitments create mismatch or write-down risk	Inventory provisions, yields and supply conversion
Cross-cloud fungibility	Capacity can serve many models and workloads	Custom accelerators dominate high-volume specific inference	Utilization, rental pricing and custom-silicon deployments
Ecosystem financing	Unlocks projects constrained by capital or infrastructure	Circularity, defaults or returns below NVIDIA's cost of capital	Guarantees, impairments, lease assignments and FCF

Major external constraints

- Memory pricing: management expects gross margin to bottom at 71%-72% in Q4 before settling at 72%-73% in FY2028.
- China: Q3 guidance assumes no China Data Center compute revenue; the 10-Q says NVIDIA is effectively foreclosed from broad competition in that market under current rules.
- Power and construction: land, power, shell, cooling and labor can delay deployments even when chip demand exists.
- Customer concentration: one direct customer represented 16% of Q2 revenue; indirect concentration is also meaningful.
- Valuation: a high-quality business can still be a poor stock if investors overpay for perfect execution.

Sources: S2, S3. Competitive conclusions are analyst judgment informed by management Q&A; and filed risk disclosures.

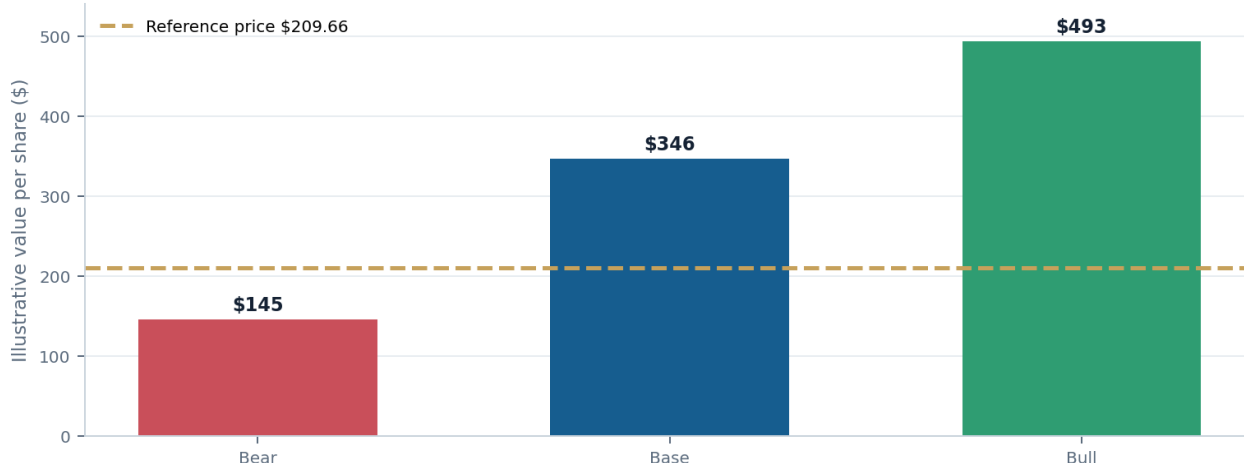
12 | FORECAST MODEL

The base case haircuts management's annual growth outlook

There is no licensed post-print consensus model in this report. The scenarios are transparent BE THE INVESTOR assumptions designed to show the variables that matter, not to imitate consensus precision.

Assumption	Bear	Base	Bull	Comment
FY2027 revenue	\$395B	\$408B	\$422B	H1 actual plus Q3 guide range and Q4 assumptions
FY2028 revenue growth	15%	60%	75%	Management outlook is approximately 70%
FY2028 revenue	\$454.3B	\$652.8B	\$738.5B	Scenario-derived
FY2028 gross margin	67%	72%	74%	Memory cost and pricing power
FY2028 operating expenses	\$60B	\$54B	\$51B	Higher investment in weaker cases
Recurring other income	\$1B	\$3B	\$4B	Excludes equity-security gains
Tax rate	20%	17.5%	16.5%	Scenario assumption
Diluted shares	24.3B	24.0B	23.7B	Buyback impact varies
Recurring EPS	\$8.08	\$14.40	\$17.60	Model-derived
Applied P/E	18x	24x	28x	Reflects growth and confidence
Illustrative value	\$145	\$346	\$493	12-18 month framework

Wide outcomes reflect growth, margin and multiple uncertainty



Valuation conclusion

The distribution is asymmetric but extremely assumption-sensitive. The base case indicates material upside from the August 26 closing price. The bear case shows meaningful downside if FY2028 growth collapses, gross margin resets lower and the market assigns a mature multiple. This is a framework for updating evidence, not a guaranteed target.

Sources: S1, S2, S3, S4, S8. All scenario values are model-derived; they are not company guidance or consensus targets.

13 | WHAT IS PRICED IN

The reference price discounts a large miss versus management's FY2028 outlook

Reverse valuation starts with the share price and asks what earnings must be delivered to justify it under different valuation multiples.

REFERENCE PRICE \$209.66 Aug. 26 closing price	MARKET CAP \$5.09T Current price x 24.285B diluted shares	TRAILING GAAP P/E 26.3x Distorted upward EPS from investment gains
Q2 RUN-RATE P/E 23.6x Price / (\$2.22 x 4)	PREMARKET INDICATION \$223.71 +6.7% before the bell	CORE NET CASH \$23.2B Excludes equity investments

Assumed FY2028 P/E	EPS required at \$209.66	Approx. recurring net income	Approx. revenue at 52% net margin	Interpretation
18x	\$11.65	\$283B	\$544B	Price allows a major miss versus the base case
24x	\$8.74	\$212B	\$408B	Price requires little FY2028 growth if the multiple holds
30x	\$6.99	\$170B	\$326B	A premium multiple requires even less earnings, but is less defensible if growth fades

Why the market may still be skeptical

- The 70% FY2028 growth outlook is a rare long-range company claim and may be discounted heavily until supply and orders convert.
- Gross margin is guided lower before a recovery, while memory and system costs remain volatile.
- Cash conversion weakened and the balance sheet is supporting customers and ecosystem partners.
- The premarket reaction already raises the reference price; future entry points should use updated market data.
- GAAP P/E understates risk if investment gains are treated as recurring earnings.

Sources: S1, S2, S3, S4, S8. Reverse-valuation revenue assumes a 52% recurring net margin and 24.3B shares solely for illustration.

14 | CATALYSTS AND FALSIFIERS

The next three months can confirm or weaken the thesis

A useful catalyst is not merely an event date. It must reveal evidence about revenue, margin, cash conversion, competitive position or capital risk.

Date / window	Event	Bull evidence	Bear evidence
10 Sep. 2026	Goldman Sachs technology conference	More detail on supply, Rubin and commitments	Higher required support or weaker margin confidence
21 Oct. 2026	GTC Berlin keynote	Product and ecosystem adoption broadens	Announcements without measurable customer economics
Q3 FY2027	Vera Rubin reaches revenue	Approximately 20% Data Center mix with stable execution	Ramp delay, yield issues or weak system economics
Q4 FY2027	Expected gross-margin trough	71%-72% trough followed by credible recovery	Memory inflation or pricing delay pushes margins below range
17 Nov. 2026	Q3 earnings call	\$108B guide met, ACIE expands, DSO improves	Guide miss, cash conversion remains weak, commitments rise
FY2028 planning	Long-range outlook validation	Supply supports approximately 70% growth with healthy returns	Demand or financing fails to convert into shipments

Ranked risks by thesis impact

Rank	Risk	Early indicator	Potential stock mechanism
1	Growth commitments do not convert	Orders, shipments, DSO, lease assignments	Estimate cuts plus multiple compression
2	Gross-margin reset is deeper or longer	Memory costs, Q4 guide, pricing timing	Recurring EPS misses despite revenue growth
3	Custom accelerators gain economic share	Hyperscaler mix, attach rates, utilization	Lower terminal growth and lower multiple
4	Investment and financing losses	Impairments, defaults, guarantees and VIE exposure	Cash loss and credibility discount
5	China and export controls	License policy and competitor ecosystem growth	Permanent TAM loss and strategic disadvantage

Sources: S1, S2, S3. Catalyst windows are confirmed where dated; Q4 and FY2028 items are management outlook milestones.

15 | INVESTOR DASHBOARD

What to monitor every quarter

The thesis should be updated from observable metrics, not from the narrative alone.

Metric	Current	Constructive signal	Warning signal	Why it matters
Revenue growth	+106% Y/Y	Q3 at/above \$108B midpoint	Below \$105.84B guide low	Demand conversion
Data Center mix	92.5%	Hyperscale and ACIE both grow	One engine stalls	Breadth of demand
ACIE growth	+25% Q/Q	Remains above Hyperscale growth	Sharp deceleration	Non-hyperscaler expansion
Gross margin	75.0%	Trough stays within 71%-72% and recovers	Below range or delayed pricing	Recurring EPS power
Operating margin	66.2%	Opex grows slower than gross profit	Operating leverage reverses	Scalability
Free-cash-flow conversion	39.6% Q2	Returns above 70% over rolling periods	Below 60% for several quarters	Earnings quality
DSO	~60 days	Normalizes as agreements collect	Continues rising	Customer financing
Inventory	\$31.6B	Converts with Rubin ramp	Provisions and write-downs rise	Supply execution
Commitments	\$366B table	Revenue and cash scale faster	Commitments outpace conversion	Balance-sheet risk
Customer concentration	16% top direct customer	Concentration declines	Single-customer dependence rises	Bargaining and timing risk
Recurring EPS	\$2.22 Q2	Tracks operating profit and FCF	GAAP gap widens	Valuation base

Kill criteria

Re-underwrite the positive thesis if two or more of the following occur together: revenue misses the guide low; Rubin ramp materially slips; gross margin falls below the stated trough range; DSO and commitments continue rising without cash conversion; or custom accelerators cause sustained share loss at major customers.

Research conclusion

NVIDIA remains the clearest large-scale beneficiary of the global AI infrastructure buildout. Q2 proved demand and operating leverage, while the 10-Q revealed a more capital-intensive and financially interconnected growth model. The attractive scenario skew is real only if recurring earnings become cash and ecosystem commitments produce returns above their risk. Until those conditions are demonstrated, the appropriate posture is constructive with strict valuation and monitoring discipline.

Sources: S1, S2, S3, S4, S8. Thresholds labeled as kill criteria are BE THE INVESTOR monitoring rules, not company guidance.

APPENDIX | SOURCES AND METHOD

Evidence register, assumptions and limitations

Reported facts were tied to NVIDIA's earnings release and filed 10-Q. Management commentary was treated as a company claim. Consensus snapshots and market data were frozen at the stated cutoff.

ID	Source	Date	Role
S1	NVIDIA Q2 FY2027 earnings release	2026-08-26	Authoritative earnings release; user-provided markdown copy was cross-checked to this source.
S2	NVIDIA Form 10-Q for quarter ended July 26, 2026	2026-08-26	Controlling source for financial statements, balance-sheet commitments, customer concentration and risks.
S3	NVIDIA Q2 FY2027 earnings call transcript	2026-08-26	Used for management commentary and Q&A; filed statements control numeric conflicts.
S4	Reuters post-earnings report with LSEG consensus	2026-08-26	Source for LSEG pre/post-print consensus references and immediate market interpretation.
S5	NVIDIA Q1 FY2027 earnings release	2026-05-20	Used for sequential comparisons and prior guidance.
S6	NVIDIA Q4 and FY2026 earnings release	2026-02-25	Used for five-quarter trend and annual baseline.
S7	NVIDIA Q3 FY2026 earnings release	2025-11-19	Used for five-quarter trend.
S8	NVDA market data snapshot	2026-08-27	Reference price \$209.66 at August 26 close; Reuters reported a pre-market indication of \$223.71 on August 27. Valuation uses the closing price.
S9	NVIDIA Form 8-K: SB Energy residual-value guarantees	2026-08-17	NVIDIA disclosed an initial cumulative guarantee cap of \$105 billion for approximately 4.25 GW; guarantees generally become effective as leases commence and are conditional on specified tenant defaults and recovery shortfalls.

Evidence labels used

Label	Meaning
Fact	Directly supported by a current primary or reliable source
Company claim	Forward or interpretive statement from NVIDIA management; not independently verified
Street estimate	Consensus or third-party forecast with a dated source
Model-derived	Calculated from sourced inputs and disclosed assumptions
Analyst judgment	BE THE INVESTOR interpretation of the evidence

Key limitations

- No licensed post-print consensus model was available. External consensus values are dated pre/post-print snapshots reported by Reuters and S&P/Visible Alpha where cited.
- The August 27 premarket price was volatile. The valuation anchor is the August 26 closing price of \$209.66.
- The commitment tables and maximum gross guarantees are kept separate because overlap was not fully confirmed from the available disclosure.

- The \$105 billion SB Energy guarantee is a cumulative conditional cap, not a present funded obligation; its economic cost depends on lease commencement, tenant performance, recovery values and indemnity collectability.
- Scenario targets are highly sensitive to growth, margin, tax, shares and valuation multiple. They are not guarantees or personalized advice.
- The report uses NVIDIA's fiscal-year convention: FY2028 ends in January 2028.

Core model assumptions

Input	Base-case assumption	Why it matters
Valuation anchor	\$209.66 closing price	Avoids using a moving premarket indication
FY2028 revenue growth	60%	Below management's approximately 70% outlook
FY2028 gross margin	72%	Reflects the stated margin reset and partial recovery
FY2028 operating expenses	\$54B	Funds the Rubin and full-stack platform roadmap
Tax / diluted shares	17.5% / 24.0B	Translates operating profit into recurring EPS
Valuation multiple	24x P/E	A premium multiple, but below the bull-case assumption

Questions the next filings must answer

- How much FY2028 demand is supported by non-cancelable orders rather than customer forecasts?
- How quickly do receivables, DSO and inventory normalize as multi-quarter agreements ship?
- What portion of cloud, lease and guarantee exposure can be reassigned without economic loss?
- Can Vera Rubin scale while gross margin stays inside the stated 71%-73% trough-and-recovery range?

Disclosure

This document is independent general research prepared by BE THE INVESTOR for educational and analytical use. It is not personalized investment advice, an offer, a solicitation, or a guarantee of future performance. Investors should verify current price, filings, tax circumstances and risk tolerance before acting.

Prepared 27 August 2026 | Version 1.0 | BE THE INVESTOR