NVIDIA TO ACQUIRE ARM

September 13, 2020
Forward Looking Statements

All statements included or incorporated by reference in this communication, other than statements or characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are based on NVIDIA’s current expectations, estimates and projections about its business and industry, management’s beliefs, and certain assumptions made by NVIDIA and Arm, all of which are subject to change. Forward-looking statements can often be identified by words such as “anticipates,” “expects,” “intends,” “plans,” “predicts,” “believes,” “seeks,” “goals,” “likely,” “might,” “project,” “target,” “estimates,” “may,” “will,” “should,” “would,” “could,” “potential,” “continue,” “ongoing,” or similar expressions, and variations or negatives of these words. Certain statements in this press release including, but not limited to, statements as to the proposed transaction and acquisition of Arm by NVIDIA, including statements regarding the benefits of the transaction and what the combined companies will offer, the timing, price and closing conditions of the transaction; statements regarding the companies’ products and markets; expanding Arm’s IP licensing portfolio, ecosystem and R&D capacity; the combined company’s target addressable market; the users of the companies’ products and technologies; the companies’ growth and growth drivers; the financial impact of the transaction; and other predictions and estimates are forward-looking statements that are subject to risks and uncertainties that could cause results to be materially different than expectations.

These forward-looking statements are based on current expectations and are not guarantees of future results. Many factors could cause actual future events to differ materially from the forward looking statements in this document, including the following, among others: the risk that the transaction may not be completed in a timely manner or at all, which may adversely affect NVIDIA’s business and the price of its stock; uncertainties as to the timing of the consummation of the transaction and the failure to satisfy the conditions to the consummation of the transaction, including the receipt of certain governmental and regulatory approvals; the potential for regulatory authorities to require divestitures, behavioral remedies or other concessions in order to obtain their approval of the proposed transaction; the occurrence of any event, change or other circumstance that could give rise to the termination of the purchase agreement; the effect of the announcement or pendency of the transaction on NVIDIA’s business relationships, operating results, and business generally; delays, disruptions or increased costs in the integration of Arm’s technology into existing or new products; expected financial benefits and other benefits of the transaction may not be realized; integration of the acquisition post-closing, and the combined companies’ ability to achieve the growth prospects and synergies expected from the transaction, may not occur as anticipated, and there may be delays, challenges and expenses associated with integrating the combined companies’ existing businesses; litigation related to the transaction or otherwise or limitations or restrictions imposed by regulatory authorities may delay or negatively impact the transaction; unanticipated restructuring costs may be incurred or undiscovered liabilities assumed; attempts to retain key personnel and customers may not succeed; risks related to diverting management’s attention from NVIDIA’s ongoing business operations; the business combination or the combined company’s products may not be supported by third parties; actions by competitors may negatively impact results; potential adverse reactions or changes to business relationships resulting from the announcement or completion of the transaction; the short-term and long-term effects of the COVID-19 pandemic; there may be negative changes in general economic conditions in the regions or the industries in which NVIDIA and Arm operate; and other risks described in NVIDIA’s filings with the SEC. In addition, please refer to the documents that NVIDIA files with the SEC on Forms 10-K, 10-Q, and 8-K. These filings identify and address other important risks and uncertainties that could cause events and results to differ materially from those contained in the forward-looking statements set forth in this document. Actual results are subject to other risks and uncertainties that relate more broadly to NVIDIA’s overall business, including those more fully described in NVIDIA’s filings with the SEC. In addition, the foregoing review of important factors that could cause actual events to differ from expectations should not be construed as exhaustive and should be read in conjunction with statements that are included herein and NVIDIA’s filings with the SEC. These forward-looking statements are not guarantees of future events performance and speak only as of the date hereof, and, except as required by law, NVIDIA disclaims any obligation to update these forward-looking statements to reflect future events or circumstances.

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NVIDIA FULL-STACK COMPUTING FOR THE AGE OF AI
THE AGE OF AI
From Cloud to Edge

Internet of People

Cloud Data Centers
Thousands of DC
Each with Millions of Nodes

Internet of Things

Edge Data Centers
Millions of Edge DC
Each with Thousands of Nodes

PERSONAL COMPUTING
Billions of People

AUTONOMOUS MACHINES
Trillions of Devices
NVIDIA + ARM

Creates the premier computing company for the age of AI — combining NVIDIA’s leading AI computing platform with Arm’s vast CPU ecosystem

Expands Arm’s IP licensing portfolio with NVIDIA’s technology in large end markets — including Mobile and PCs

Turbocharges Arm’s server CPU roadmap pace and accelerates Data Center, Edge AI, and IoT opportunities

Expands NVIDIA’s computing platform reach from 2 to over 15 million developers

Financially attractive: immediately accretive to non-GAAP gross margins and non-GAAP EPS upon closing
ARM’S COMPUTING ARCHITECTURE
A Vast CPU Ecosystem

Arm-Based Chips Reported as Shipped

70% of the World’s Population uses Arm Technology

180bn

Billions

22.8bn

1991 2019

Fiscal Years (FY2019 is 12M ended 3/31/2020)
EXPAND ARM’S IP LICENSING PORTFOLIO WITH NVIDIA’S TECHNOLOGY

Arm’s Successful IP Licensing Model... Leading energy-efficiency

...Turbocharged with NVIDIA IP and Scale Leading AI, HPC and graphics performance

Business Development

1) Arm licenses technology to chip Partners
2) Partners develop chips and ship them to OEMs
3) OEMs sell products containing Arm-based chips
BOOST ARM’S VAST ECOSYSTEM WITH NVIDIA ACCELERATED COMPUTING

Arm CPU Ecosystem

NVIDIA Accelerated Computing Platform

Gaming | HPC | Healthcare | Smart City/IoT
Pro Viz | AI | Transportation | Robotics

CUDA-X
CUDA

ARCHITECTURE | SYSTEMS | DATA CENTER

ACCELERATION PLATFORMS
EXPAND ARM’S R&D CAPACITY
Turbocharge Investments and Execution Pace

NVIDIA leads in R&D intensity...

...and will boost Arm’s R&D capacity

NVIDIA trailing twelve months GAAP R&D.
Arm unaudited March-20 end trailing twelve months pro-forma IFRS R&D of IPG business.
ACCELERATE DATA CENTER, EDGE & IoT OPPORTUNITY

Data Center
Arm-based Servers

- Amazon launched Arm-based Graviton2 processors for AWS
- Marvell’s ThunderX2 Arm-based server processor will be used for Microsoft Azure
- Fujitsu launched first Arm-based supercomputer, ranked #1 on TOP500 supercomputer list
- TSMC unveiled 7nm Arm-based chiplets for HPC applications

13M+ Arm Developers
+ 2M NVIDIA Developers

Edge & IoT
Arm-based Edge Compute

- Automotive: Audi, Daimler, Mediatek, NXP, Qualcomm, Samsung
- Marvell OCTEON TX2 family of multi-core processors supporting 4-32 Arm V8 cores
- Xilinx Zinq FPGA SOCs for 5G based on Arm
- End Point AI: ALIF, BES Technic, NXP, ST, Samsung
BENEFITS TO CUSTOMERS

Offer Arm’s customers access to NVIDIA’s AI and GPU IP

Boost Arm’s vast software ecosystem with NVIDIA’s AI and accelerated computing platform

Offer cloud data center customers and the broader computer industry a strong server CPU roadmap

Offer server OEMs a fully optimized platform around Arm with NVIDIA GPU, DPU, and software stacks
$250B TARGET ADDRESSABLE MARKET BY 2023
Accelerated Computing, Energy-Efficiency, and AI will Revolutionize All Industries

DEVICES
- Computer Graphics for Gaming PCs, Workstations, Game Consoles
- Smartphones, Tablets and Laptops

DATA CENTER
- NVIDIA Accelerated Computing Platform, Mellanox Networking
- Base stations, Routers, Switches, Servers

AUTO, EDGE & IoT
- Auto, Robotics, Edge AI
- Auto, Wearables, Industrial, White Goods

$95B
$80B
$75B

Source: NVIDIA estimates, Arm estimates, incorporating data from Counterpoint, Dell’Oro, Gartner, IDC, IHS, and Strategy Analytics
ARM’S FINANCIAL PROFILE

High Margin, Recurring Revenue Business Model

Strong Financial Profile

- Pro forma revenues of ~$1.8B
- Pro forma gross margin of ~94%
- Adjusted EBITDA margin of ~35%

High Quality Business Model

- Contract-based, recurring revenues
- 1,765+ licenses, growing by 100+ per year
- 500+ licensees — Industry leaders and high-growth startups; chip companies and OEMs

Arm unaudited March-20 end trailing twelve months pro-forma IFRS financials of IPG business
## TRANSACTION SUMMARY

| TRANSACTION CONSIDERATION | Up to $40B purchase price:  
|                          | • $21.5B in NVIDIA shares  
|                          | • $12B in cash, with $2B paid at signing  
|                          | • $1.5B employee equity for post-closing retention  
|                          | • $5B performance based earn-out paid in cash or NVIDIA shares |
| FINANCIAL IMPACT | Expected to be immediately accretive to NVIDIA’s non-GAAP gross margin and non-GAAP earnings per share |
| APPROVAL PROCESS | Approved by NVIDIA, Arm and SoftBank Boards of Directors  
|                  | Subject to regulatory approvals |
| EXPECTED CLOSING | Expected close in approximately 18 months  
|                  | Customary closing conditions |