

Report Date: 31 August 2026 • Analyst: Debjit Mukherjee, Student Equity Research Analyst | Vireo Capital Research

Price, market data and multiples as of the close of 28 August 2026 (StockAnalysis / S&P Global Market Intelligence; company filings). Current price \$217.55.

Fiscal years end in late January: FY2027 ends January 2027. All valuation outputs are from the accompanying model.

RATING	PRICE TARGET	CURRENT PRICE	UPSIDE / DOWNSIDE
SELL	\$186	\$217.55	-14.5% price / -14.0% total return

MARKET CAP	52-WEEK HIGH	52-WEEK LOW	NEXT EARNINGS
\$5,254bn	\$229.26	\$86.62	~18 Nov 2026 (est.)

P/E (TTM)	EV/EBITDA (TTM)	REVENUE (TTM)	EBITDA MARGIN
27.5x reported / 31.9x core	25.98x	\$302.97bn	66.4%

1. INVESTMENT THESIS

This report rates NVIDIA a SELL with a fair value of \$186 against \$217.55, -14.5% on price and -14.0% including the 0.46% dividend yield. The rating does not rest on the business being weak, on the quarter being poor, or on the shares being expensive against near-term earnings. It rests on one thing: the market is paying for growth to last longer than we are willing to underwrite. Almost everything else in this note is in the company's favour.

Nothing here disputes the second quarter. Revenue of \$96.2bn beat the company's own \$91.0bn guide by 5.7% and grew 106% year on year. Data Center reached \$89.0bn, up 117%. Third-quarter guidance is \$108.0bn, another 12% sequentially and 89% above the prior year. Vera Rubin entered production shipments in August with purchase orders from every major hyperscaler, and management called it the fastest product ramp in the company's history. Management returned \$26bn to shareholders in the quarter. We are not disputing any of it, and we are not the cheap-stock police: NVIDIA earns a 92% return on invested capital and a 63.7% net margin, and holds \$23.2bn of net treasury cash. On any conventional screen this is not an expensive share.

The disagreement is a duration call, and it is visible in the spread between our own three methods. The discounted cash flow gives \$157 a share. The two market-based methods — 22x forward earnings on FY2028E and 18x EV/EBITDA on FY2028E, both discounted back two years — give \$229 and \$230. That 46% divergence is not a defect in the work; it is the thesis. The comps say the shares are fairly priced against what comparable businesses fetch today. The cash-flow model says the price requires the growth to persist far longer than we will underwrite. Under Vireo's growth-track weighting of 60% discounted cash flow, 20% EV/EBITDA and 20% forward P/E, the blend is \$186.07. The analyst's own published note used 40/35/25 and produced \$200.44. The rating is unchanged on either weighting; only the published number moves.

The strongest objection to this rating is that the company has just told us we are wrong, and it deserves answering here rather than in the risk section. On the 26 August call the chief financial officer gave the first year-ahead forecast the company has ever given: revenue growth of roughly 70% in FY2028, against the roughly 44% analysts carried into the print. We forecast 42%. Run management's own guided rate through our model, changing nothing else, and it returns \$251 a share and a BUY — not a SELL. Fair value equals the market price at FY2028 growth of about 56%. So our rating survives our own +42% and the Street's +44%; it does not survive the company's own ~70%. A reader who believes management's guidance should own the stock, and we would rather state that plainly than bury it.

BULL CASE vs. BEAR CASE

KEY BULL CASE	KEY BEAR CASE
Q2 revenue of \$96.2bn beat the \$91.0bn guide by 5.7% and grew 106% year on year; Q3 is guided to \$108.0bn, up 89%.	74.7% of the discounted cash flow sits in terminal value beyond FY2031 — the rating is a judgement about FY2032 and later, not the next two years.
Management guided FY2028 revenue growth to roughly 70%, its first ever year-ahead forecast; at that rate our model returns \$251 and a BUY.	Free cash flow margin has fallen from 46.97% to 41.92% over one quarter while trailing revenue grew 19.5%; growth is consuming working capital.
Vera Rubin began production shipments in August 2026 with orders from every major hyperscaler; guidance assumes no China revenue at all, so any relaxation is unmodelled upside.	Gross margin has been guided down for the first time this cycle — 74.0% in Q3 against 75.0% delivered, bottoming at 71–72% in Q4.
At 23.5x forward earnings NVIDIA is 26% below the peer median and cheaper than five of seven peers, while growing faster than all but one.	The \$42.78bn marketable equity book is 3.3x larger than six months ago and is marked through the income statement; it is correlated with the operating business, not diversifying it.

Sources: NVIDIA Q2 FY2027 results release and earnings call (26 August 2026); FY2026 Form 10-K; Q2 FY2027 Form 10-Q; StockAnalysis / S&P Global Market Intelligence (28 August 2026); accompanying valuation model.

2. COMPANY OVERVIEW

NVIDIA designs accelerated-computing processors and, more importantly, owns the software layer that makes them useful. CUDA is the reason a customer who has written against NVIDIA hardware finds it expensive to write against anything else, and it is the most durable feature of the business. Manufacturing is outsourced, principally to TSMC, so the company carries the margin of a design house rather than the capital intensity of a foundry.

From Q2 fiscal 2027 the company reports two market platforms: Data Center — GPUs, networking and the CUDA ecosystem — at 92.5% of revenue, and Edge Computing at 7.5%. The prior Gaming, Professional Visualisation and Automotive lines are no longer disclosed separately, which removes a layer of visibility that had been useful. Data Center and Edge Computing are platform disclosures rather than GAAP reportable segments, which remain Compute & Networking and Graphics; the revenue discussion in this note uses the platform split.

Revenue is transactional rather than contracted. There is no subscription line and no backlog disclosure, so each quarter is sold afresh into a customer base that is extraordinarily concentrated: a handful of hyperscalers and AI clouds account for the majority of Data Center revenue. That concentration has been a strength through the build-out — a small number of buyers with very large budgets — and it is the same feature that would transmit any slowdown quickly.

Vera Rubin, the platform succeeding Blackwell, entered production shipments in August 2026. The company has held to a roughly annual cadence of platform launches, and each generation has raised both performance and power draw — a point Section 8 returns to, because it has become a constraint on the customer rather than on the company. The fiscal year ends in late January.

3. INDUSTRY AND COMPETITIVE LANDSCAPE

The addressable market here is not chips, it is data-centre capital expenditure, and it is still expanding. Microsoft, Alphabet, Amazon and Meta guided to roughly \$725bn of capital expenditure in calendar 2026, and sell-side consensus carries about \$935bn for 2027 — a 29% increase, though the 2027 figure is an analyst projection rather than company guidance. JPMorgan and Goldman Sachs both now model \$1trn or more of AI capital expenditure in 2027. On the demand side there is no evidence of deceleration at all, and any bear case must start by conceding that.

Competitively, NVIDIA's position at the frontier is not currently contested. The credible pressure comes from custom silicon — Trainium, TPU and MTIA — which targets the highest-volume inference workloads, where cost per token rather than frontier performance decides the purchase. Broadcom is the clearest beneficiary of that shift and the closest competitive threat in this peer set. AMD competes on merchant GPUs without the software moat. TSMC is not a competitor at all; it manufactures for NVIDIA, and its multiple is best read as a check on the supply chain rather than on NVIDIA itself.

The table below is the strongest single argument against this report's rating, and it is presented at full strength rather than trimmed. Against seven peers struck at the same 28 August close, NVIDIA is 26% below the median forward P/E and 11% below the median EV/EBITDA, and it is cheaper than five of seven and four of seven names respectively. It is dearer on only one measure, EV/Revenue, at a 15% premium to the median. The reconciling item is margin: a 66.4% EBITDA margin, second only to Micron and TSMC in this group. A reader who prefers relative valuation to intrinsic valuation gets a HOLD from this table, not a SELL.

Two qualifications, both of which cut against our own reading. First, the forward P/E comparison is biased in NVIDIA's favour and the bias is not small: each name uses the first fiscal year ending after the anchor date, and that window runs three days for Micron against five months for NVIDIA. Micron's 12.71x is close to a trailing multiple wearing a forward label, and it anchors the cheap end of the range. Second, these are not independent observations. Broadcom, AMD, Marvell and TSMC are priced off the same AI capital-expenditure cycle as NVIDIA. Benchmarking NVIDIA against them asks whether it is cheap relative to other bets on an identical outcome, which is not the question worth answering. The peer group is one trade, not seven.

COMPARABLE COMPANY ANALYSIS

Company	Ticker	Mkt Cap (\$bn)	EV (\$bn)	Rev TTM (\$bn)	EV/Rev	EV/EBITDA	P/E (Fwd)	Rev Growth
NVIDIA	NVDA	5,250	5,230	303.0	17.26x	25.98x	23.47x	+83.4%
Advanced Micro Devices	AMD	760	751	41.3	18.19x	78.56x	61.50x	+39.5%
Broadcom	AVGO	1,750	1,800	75.5	23.85x	42.77x	31.71x	+32.3%
Taiwan Semiconductor	TSM	2,165	2,088	139.6	14.96x	20.97x	24.54x	+30.6%
Micron Technology	MU	1,050	1,030	90.3	11.41x	15.10x	12.71x	+167.0%
Marvell Technology	MRVL	190	191	9.5	20.24x	67.12x	53.49x	+30.6%
Qualcomm	QCOM	175	182	44.1	4.14x	15.20x	15.61x	+1.9%
Intel	INTC	470	491	57.0	8.60x	29.14x	59.25x	+7.5%
Peer median (n = 7, NVDA excluded)					14.96x	29.14x	31.71x	+30.6%
NVIDIA vs peer median					+15.4%	-10.8%	-26.0%	—

All market data at the close of 28 August 2026. Sources: StockAnalysis; GuruFocus and CompaniesMarketCap as second sources on market capitalisation and enterprise value for seven of the eight names (Marvell rests on one source, a 2.5% unresolved variance). EV/EBITDA is trailing and on a single vendor basis throughout, because vendor EBITDA definitions diverge materially. Forward P/E is non-GAAP consensus on the first fiscal year ending after the anchor date for every row — never a next-twelve-months blend — and the fiscal years are not aligned: Micron's ends 31 August 2026, NVIDIA's 31 January 2027. Intel is retained in every statistic: its forward P/E is computable at 59.25x on positive consensus earnings of \$1.51; it is its trailing multiple, on a TTM loss of \$2.11 a share, that is not meaningful. TSMC's market capitalisation is a correction — the vendor figure of \$1.98trn is inconsistent with its own share count and ADR price; on the vendor figure the peer median EV/Revenue reverts to 13.65x and NVIDIA's premium widens from 15% to 26%.

4. FINANCIAL ANALYSIS

Revenue has gone from \$26.97bn in FY2023 to \$215.90bn in FY2026 and, on our forecast, \$403.60bn in FY2027E — a 5.8% upgrade to the number we carried into the Q2 print, driven by Q1 of \$81.6bn actual, Q2 of \$96.2bn actual, Q3 guided at \$108.0bn and our Q4 estimate of \$117.8bn. Growth on that path is +86.9% in FY2027E, decelerating to +42% in FY2028E.

Conversion is the line that moved the other way, and it got far less attention than the revenue beat. Gross margin is guided to 74.0% for Q3 against 75.0% delivered in Q2 — the first guided step-down of this cycle, and it came from the company rather than from us. Management has since said margin bottoms at 71% to 72% in Q4, partly on memory prices. Weighting that guided path against the Q1 and Q2 actuals implies a full-year FY2027 gross margin near 73.7%, marginally below the 74.27% our model carries; correcting it would lower the forecast, not raise it, and is worth roughly \$0.08 on FY2027E core earnings.

More striking is cash. Trailing free cash flow margin has fallen from 46.97% to 41.92% while trailing revenue grew 19.5%, and operating cash flow margin fell from 49.6% to 44.3%. The dollar figure still rose, from \$119.1bn to \$127.0bn; it is conversion that weakened. Growing at this rate is consuming working capital, and the cash conversion that made the last two years remarkable is quietly deteriorating. Our forecast fades free cash flow margin from 42% in FY2027E to 38% by FY2031E, anchored to the 41.92% actually delivered rather than the 47% we used before the print.

The reported earnings line is running backwards and it is worth stating precisely, because a loose version of this claim is easy to attack. For the second consecutive quarter GAAP earnings per share (\$2.46) exceeded non-GAAP (\$2.22). GAAP net income of \$59.69bn, less \$7.77bn of net gains on equity securities, plus \$2.03bn of stock-based compensation and small other items, gives the \$53.95bn non-GAAP figure. The gains are why the ordering inverts; stock-based compensation offsets roughly a third of them, leaving a net gap of \$5.73bn, or \$0.24 a share. Across the first half, gains totalled \$23.71bn. The underlying activity is what has changed: NVIDIA purchased \$15.82bn of equity securities in the quarter and \$42.40bn across the half, taking the marketable equity book from \$12.89bn at the FY2026 year-end to \$42.78bn — 3.3 times larger in six months — while total debt rose from \$12.81bn to \$38.35bn.

Strip the non-operating line and the picture changes materially. Across the trailing twelve months, pretax income of \$229.7bn sat \$32.2bn above operating income of \$197.6bn. Taxing the remainder at the 16.05% effective rate gives core earnings of \$6.83 a share against the \$7.91 reported. At \$217.55 the shares are on 31.9 times operating earnings rather than the 27.5 times the headline shows — about 16% dearer than the screen suggests. We value the operating business throughout and treat the investment book separately.

The balance sheet is a strength but a smaller one than commonly reported. Net cash is \$23.22bn on treasury liquidity only: cash of \$22,443m plus marketable debt securities of \$34,143m, less \$1,000m of short-term and \$32,366m of long-term debt. Data providers commonly report NVIDIA cash near \$99bn because they include the \$42,783m of marketable equity securities. Those are non-operating investments whose gains already sit below the operating line, and including them would overstate the discounted-cash-flow equity value by roughly \$1.77 a share. Carrying the equity book at full value while arguing it is correlated with the operating business would be incoherent, so we use the smaller figure.

FINANCIAL SUMMARY

Metric (\$m unless stated)	FY2023A	FY2024A	FY2025A	FY2026A	FY2027E	FY2028E
Revenue	26,974	60,922	130,497	215,900	403,600	573,112
Revenue growth	+0.2%	+125.9%	+114.2%	+65.4%	+86.9%	+42.0%

Metric (\$m unless stated)	FY2023A	FY2024A	FY2025A	FY2026A	FY2027E	FY2028E
Gross margin	56.93%	72.72%	75.00%	74.80%	74.27%	n/a
Gross profit	15,356	44,302	97,873	161,493	299,754	n/a
Operating expenses	11,132	11,350	16,312	22,216	35,113	n/a
Operating income	4,224	32,953	81,561	139,277	264,641	368,511
Operating margin	15.66%	54.09%	62.50%	64.51%	65.57%	64.30%
Net income (core, ex investment gains)	3,546	27,664	68,470	116,923	222,166	309,364
Effective tax rate	16.05%	16.05%	16.05%	16.05%	16.05%	16.05%
Diluted shares (m)	24,940	24,690	24,800	24,500	24,338	23,957
Core EPS (\$)	\$0.14	\$1.12	\$2.76	\$4.77	\$9.13	\$12.91
Core EPS growth	—	+700.0%	+146.4%	+72.8%	+91.4%	+41.4%

FY2023A–FY2026A from NVIDIA Form 10-K filings; FY2027E is Q1 and Q2 actual plus guided H2; FY2028E from the accompanying model. Core figures strip non-operating gains on equity securities and tax operating income at the 16.05% effective rate. FY2028E operating income and core net income are derived from modelled FY2028E core EPS of \$12.913 on 23,957m diluted shares. The model does not project a separate FY2028E gross margin, and none is estimated here: both FY2028E valuation legs are struck on EBITDA and on core earnings, neither of which requires it. Trailing reported EPS is \$7.91 against core EPS of \$6.83; at \$217.55 that is 27.5x reported and 31.9x core.

5. VALUATION

Three methods, weighted to Vireo's growth track: 60% discounted cash flow, 20% EV/EBITDA and 20% forward P/E. The two relative methods are struck on FY2028E and discounted back two years at the cost of equity, so all three are expressed in today's money and are directly comparable.

The discounted cash flow gives \$157.24. Five explicit years from FY2027E to FY2031E, revenue decelerating from 87% to 10%, and free cash flow margin fading from 42% to 38% — anchored to the 41.92% actually delivered over the trailing twelve months. Cost of equity is 11.41%, built from a 4.66% risk-free rate, a forward beta of 1.50 and a 4.50% equity risk premium; terminal growth is 4.0%, and \$23.2bn of net cash is added. Its weakness is stark and we will not dress it up: terminal value is 74.7% of enterprise value.

The forward P/E leg gives \$228.88 — FY2028E core earnings of \$12.91 at 22x is \$284 in two years, discounted back at the cost of equity. The EV/EBITDA leg gives \$229.75 — FY2028E EBITDA of \$378bn at 18x, plus net cash, on the FY2028E share count and discounted on the same basis. Blending 60/20/20 gives \$186.07, a total expected return of –14.0% after the dividend, and a SELL.

Where the intrinsic method and the comps disagree is where this thesis lives, so it is worth being explicit about the mechanism. Both market-based methods land about 5% above the current price. The cash-flow model lands 28% below it. The relative methods are asking what a business with these FY2028 earnings should fetch on today's multiples, and the answer is roughly the current price. The cash-flow model is asking what the whole future stream is worth, and three-quarters of its answer sits beyond FY2031. The methods are not in conflict about the next two years — they agree. They disagree about the decade after, and the 60% weighting on the discounted cash flow is what converts that disagreement into a SELL.

That weighting deserves a paragraph of its own, because it is the strongest procedural objection to this rating and a reviewer will find it if we do not raise it. Vireo's growth track places 60% of the target on the single method that is least checkable and most sensitive to terminal growth — and in this case it is also our lowest leg. The analyst's own published note weighted 40/35/25 and produced \$200.44 against this note's \$186.07. The rating is REDUCE on his four-point scale and SELL on Vireo's three-point scale under both weightings, so the choice does not change the call, only the published number. We have applied the house standard and disclosed the tension rather than quietly using the weighting that produced the more comfortable figure.

On the discount rate, which is the input a sceptical reader should attack first: NVIDIA's realised five-year beta is 2.21. Using it raw with a 4.5% equity risk premium gives a 14.61% cost of equity and a materially lower value. We use a forward beta of 1.50, on the reasoning that realised beta is inflated by a period in which the stock rose roughly twenty-fold, and that the forward relationship to the market is more likely to normalise. This assumption is generous to the valuation and therefore cuts against our own rating; the SELL survives the more generous input and would survive the harsher one by more.

Inverting the model is the most uncomfortable exercise in this note and it belongs in the body. At \$217.55, with our free cash flow path and an 11.41% cost of equity, the market is capitalising a terminal growth rate of about 6.7% in perpetuity. At a 10.5% cost of equity it is roughly 5.6%; at 12.5%, roughly 8.0%. Congressional Budget Office projections imply long-run United States nominal GDP growth of roughly 3.8–4.0%, and we use 4.0%, having cut it from 4.5%, which flattered the model. So the price requires NVIDIA to grow faster than the American economy in perpetuity, on top of a five-year forecast in which revenue already more than doubles from \$404bn. That is not impossible. It is simply what is being bought, and it is worth saying out loud.

Two further checks, both of which weaken our case. On the price/earnings leg alone, today's price is consistent with FY2028 revenue of \$571bn and growth of 41.6% at a 22x exit multiple — which is, to within rounding, exactly the +42% we forecast. On that method the market is not asking for anything we do not already assume. And on a five-year hold to FY2031E the answer depends almost entirely on the exit multiple: at 14 times FY2031E earnings the shares return 5.0% a year, at 16 times 8.2%, at 18 times 11.2%, at 20 times 13.9%. Only the 20 and 22 times columns clear our 11.41% cost of equity, and 18 times comes within a quarter of a point of it. A 20 times exit for a business still compounding at double digits is not a heroic assumption. Our SELL is a twelve-month judgement that price has moved ahead of fundamentals; it is not a claim that NVIDIA is a poor thing to own for five years, and those are different statements.

Finally, the position relative to the Street, reported honestly. Sixty-one analysts cover NVIDIA, the consensus rating is Strong Buy and the average target is \$320.77, implying 47% upside from here. Our \$186 sits far below the range: we are not near the bears, we are past them. When one analyst lands outside a 61-strong distribution the base rate says the analyst is wrong, and the conclusion should be weighted by that base rate rather than by the confidence of the prose. Part of the gap is convention — we strike relative multiples on FY2028E and discount them back, while sell-side targets are typically quoted as forward prices. On the Street's own 55.4% three-year revenue growth path our machinery lands close to their target. The entire distance between us is the revenue forecast.

PRICE TARGET DERIVATION

Methodology	Weight	Implied Price	Key Assumptions
Discounted cash flow (FCFF)	60%	\$157.24	Five explicit years FY2027E–FY2031E; FCF margin fading 42% to 38%; cost of equity 11.41% (Rf 4.66% + beta 1.50 × ERP 4.50%); Gordon terminal growth 4.0%; net cash \$23.22bn. Terminal value is 74.7% of enterprise value.
EV/EBITDA on FY2028E	20%	\$229.75	18.0x on FY2028E EBITDA of \$378.3bn, plus net cash, on 23,957m FY2028E diluted shares, discounted two years at the cost of equity.
Forward P/E on FY2028E	20%	\$228.88	22.0x on FY2028E core EPS of \$12.91, discounted two years at the cost of equity.
Blended price target	100%	\$186.07	–14.5% on price, –14.0% total return after the 0.46% dividend yield. Rating: SELL.

Weights follow Vireo's house standard for growth names — 60% intrinsic / 20% EV-EBITDA / 20% P/E — applied here to the discounted cash flow as the intrinsic method. The analyst's own published note of 28 August 2026 weighted 40/35/25 and produced \$200.44; the rating is REDUCE on his four-point scale and SELL on Vireo's three-point scale under both weightings. All three legs are expressed in today's money and are directly comparable.

6. CATALYSTS

Q3 FY2027 results. The date has not been announced. The last eight prints have each landed on a Wednesday roughly 24 days after quarter end, which points to 18 November 2026, with a window of 11–18 November. Guidance is \$108.0bn plus or minus 2% with gross margin of 74.0% plus or minus 50bp. This is the first quarter to carry material Vera Rubin revenue and the first test of the guided margin step-down; a miss on either would remove the principal objection to this rating, and a beat of the size delivered in Q2 would push fair value toward the bull column.

Q4 FY2027 gross margin trough, likely late February 2027. This is where the conversion argument in Section 4 stops being a forecast and becomes a fact. Our FY2027E gross margin of 74.27% sits marginally above the path management has now described, and roughly 250bp of gross margin is worth approximately \$0.08 on FY2027E core earnings. A shallower trough than guided would mean our cash-flow leg is too low; a deeper one would confirm that the cost of holding share at this scale is rising.

Vera Rubin ramp. Production shipments began in August 2026, at the early edge of the original second-half guidance rather than late, with purchase orders from every major hyperscaler, AI cloud and system OEM. Management has called it the fastest product ramp in the company's history, and it is effectively the whole of the guided step from \$96.2bn to \$108.0bn. Rubin CPX, a separate part carrying 128GB of GDDR7 for long-context inference, is guided to general availability at the end of 2026. This catalyst cuts against our rating and is the one we would watch most closely.

China. What is licensed today is the H200 — not the H20, and not Blackwell or Rubin, which remain excluded from China approval. ByteDance and Tencent each took roughly 10,000 units in the week of 19 August, about 13% of the reported per-customer cap, and Hopper shipments to China were under 1% of Data Center revenue in Q2. Because company guidance, consensus and our own forecast all assume zero China Data Center revenue, any relaxation is upside nobody has modelled rather than a risk to any number in this note.

The AI compute financing platform. On 10 August 2026 NVIDIA announced partnerships with Apollo, BlackRock, Blackstone, Brookfield, Goldman Sachs and KKR to mobilise over \$500bn of third-party capital for AI infrastructure. Reaching definitive agreements is the catalyst: the release states the partnerships remain subject to execution of final agreements, and NVIDIA's own contribution is not disclosed. If signed, demand gets funded by the world's largest asset managers rather than by NVIDIA's balance sheet, which weakens the reflexivity objection considerably. This is a different \$500bn from the Blackwell-and-Rubin revenue-visibility figure management gave in October 2025, corrected afterwards, and has since raised to at least \$1trn through 2027; the two are routinely conflated and should not be.

7. RISKS TO OUR THESIS

Revenue does not decelerate on our schedule. This is the whole call. Q2 was evidence against us: a 5.7% beat, Q3 guided up 89% year on year, and the company's own first-ever year-ahead forecast of roughly 70% FY2028 growth against the roughly 44% analysts expected beforehand. Break-even for our fair value is FY2028 growth of about 56%. At the company's guided rate the model returns \$251 and a BUY. Quantified: the gap between our +42% and the guided ~70% is worth roughly \$65 a share, which is the entire distance between this rating and the opposite one.

The terminal assumption is too conservative. 74.7% of the discounted cash flow sits in terminal value beyond FY2031, so the rating is driven by FY2032 and later. If AI infrastructure spending compounds for a decade rather than five years, our 4.0% terminal growth is far too low and the stock is not expensive. This is a weaker foundation than a cheap-versus-dear argument and readers deserve to know it: the market is currently capitalising about 6.7% in perpetuity, and it does not take much to close a 270bp gap.

The power-constraint mechanism does not bind. Our deceleration to +24%, +16% and +10% in FY2029 to FY2031 rests on electricity rather than budgets. Roughly 2,060 gigawatts of generation and storage sat in United States interconnection queues at the end of 2025 — more than the country's entire installed capacity, though down about 10% and falling for a second year, which cuts against us. Grid approval in major markets runs 24 to 36 months and interconnection waits exceed five years in many regions. Against that, Georgia Power has removed 33 projects totalling 11,332 MW since 2023, some 65% of all announced load in its territory, which suggests a material share of announced demand is speculative and may never need energising — relieving the constraint by removing the demand rather than adding supply. Without a binding mechanism in the outer years, a duration call is an opinion about the far future dressed up in a spreadsheet.

Cash conversion recovers. Free cash flow margin fell five points in a quarter, from 46.97% to 41.92%, while trailing revenue grew 19.5%. We extend that direction; if working capital stops absorbing growth, our fade from 42% to 38% is too harsh and the cash-flow leg is too low. Each percentage point of terminal free cash flow margin is worth roughly \$9 a share on that leg, so this assumption alone spans a wider range than the gap between our target and the current price.

The investment book cuts both ways. \$42.78bn of marketable equity securities marked through the income statement, up 3.3 times in six months, against \$24.9bn of debt issued in the quarter; in H1 it added \$23.71bn of gains. The mechanism runs in both directions, and the exposure is correlated with the operating business rather than diversifying it: a drawdown in the AI complex would hit reported earnings and customer demand simultaneously.

Custom silicon takes the volume tier. Section 3 describes the competitive shape; the reason it belongs here is timing. It does not touch FY2027 or FY2028, where allocation is already committed, but it is the most credible mechanism by which our terminal assumption proves right for the wrong reason — share loss rather than a power ceiling. If that is what happens, the rating is correct and the analysis behind it is not, which is worth separating. The beneficiary is Broadcom rather than AMD, and Broadcom's accelerator disclosures are the earliest signal available.

8. ESG NOTE

The financially material ESG factor for NVIDIA is electricity, and it is material because it is a potential constraint on the company's own revenue rather than a reputational matter. NVIDIA named it as such for the first time in the FY2026 10-K, which states that the availability of data centers, energy, and capital to support the buildout of NVIDIA AI infrastructure by its customers and partners is crucial, and that any shortage could impact future revenue and financial performance. That language does not appear in the FY2025 filing, where energy was only a demand-forecasting caveat; the elevation to a named revenue risk happened this year, in the company's own words. Rack power draw has risen with each generation — 132 kW for GB200 NVL72 and 142 kW for GB300 NVL72 on the reference architectures NVIDIA co-developed with Vertiv — and independent forecasters have converged on the consequence: Lawrence Berkeley National Laboratory's 2025 update, published in June 2026, puts United States data-centre consumption at 649 TWh, or 11.8% of national electricity, by 2030, within a 9.5–15.3% range, and EPRI's 2026 work spans 380–790 TWh on a separate methodology. The constraint stopped being hypothetical in the last eight weeks: New York enacted the first statewide moratorium on 14 July 2026, and Texas paused Batch Zero large-load interconnection on 3 August 2026 against roughly 474 GW of requests, some 90% of them data centres. Two honest qualifications. NVIDIA's own answer is performance per watt, which has improved materially with each generation, so the energy required per unit of computation is falling even as the rack figure rises. And a substantial share of announced load may never be built — Georgia Power alone has removed 65% of announced projects since 2023 — which would relieve the constraint by removing demand rather than adding supply. On disclosure specifically, NVIDIA does not report Scope 3 Category 11, the use-of-sold-products category that would capture its installed base's electricity draw, and its only target in that area is intensity-based with no absolute baseline. Intel and AMD both report the category. For a company whose principal environmental exposure runs through the power consumed by what it sells, that is the disclosure gap that matters, and it is the one we would want closed before treating the company's own efficiency argument as settled.

9. MANAGEMENT AND OWNERSHIP

Jensen Huang co-founded NVIDIA in 1993 and has been chief executive throughout, which is unusual for a company of this size and is a genuine part of the investment case: the decision to fund CUDA for a decade before it paid was a founder's decision that a hired manager would have struggled to defend. Colette Kress has been chief financial officer since 2013, and it was her guidance on the 26 August call — roughly 70% FY2028 revenue growth, the first year-ahead forecast the company has given — that constitutes the single strongest argument against this report's rating.

Two changes below that line post-date both the 10-K and the proxy. Ajay Puri retired as executive vice president of worldwide field operations on 24 August 2026 after two decades in the role, and Nicholas Parker, previously chief business officer for worldwide sales at Microsoft, started the same day. Scott Gawel, formerly chief accounting officer at Intel, became chief accounting officer on 4 May 2026. The sales leadership handover happens at the start of the largest product ramp in the company's history; that is a coordination risk rather than a thesis risk, but it is not nothing, and it is recent enough that most published research still names the predecessor.

NVIDIA has no chairman. The board operates with a lead independent director, Stephen Neal, on the stated reasoning that each member should have an equal voice. Board size is eleven, following the resignation of Persis Drell in January 2026 and the appointment of Suzanne Nora Johnson, a former vice chairman of Goldman Sachs, to the audit committee in July 2026.

On ownership, the notable features are the founder's stake and the complete absence of pressure. Huang holds roughly 812.0m shares, about 3.4% of the company, and we found no open-market sale by him in the Form 4 filings reviewed for

the last six months — the March 2026 activity was grantor-retained-annuity-trust restructuring and tax withholding on vesting, not selling. Short interest is 1.26% of float at the 31 July settlement and falling, down 9.7% from mid-July: there is no bear position of consequence in this stock, which is worth knowing when reading a SELL. Capital return is now substantial: an additional \$80.0bn buyback was authorised on 18 May 2026, \$99.3bn of authorisation remained at 26 July, \$19.7bn was repurchased in the quarter, and the quarterly dividend was raised from \$0.01 to \$0.25 with effect from 18 May 2026 — a rate of \$1.00 a year and a 0.46% yield at the current price.

MANAGEMENT TEAM

Name	Role	Background
Jensen Huang	President and Chief Executive Officer	Co-founder; in the role since 1993. Previously LSI Logic and AMD. MSEE, Stanford.
Colette Kress	Executive Vice President and Chief Financial Officer	In post since 2013. Previously CFO of Cisco's services business; twelve years at Microsoft.
Nicholas Parker	Executive Vice President, Worldwide Field Operations	Started 24 August 2026, succeeding Ajay Puri. Twenty-six years at Microsoft, latterly Chief Business Officer, Worldwide Sales.
Debora Shoquist	Executive Vice President, Operations	Joined 2007; EVP since 2009. Previously EVP Operations at JDS Uniphase; senior roles at Coherent and Quantum.
Timothy Teter	Executive Vice President, General Counsel and Secretary	Joined 2017; EVP since 2018. Twenty years at Cooley LLP in patent and technology litigation.
Scott Gawel	Vice President and Chief Accounting Officer	Appointed 4 May 2026. Previously Corporate VP and Chief Accounting Officer at Intel; eighteen years at Oracle.

Insider Ownership: 3.9% | Institutional Ownership: 70.5% | Short Interest: 1.26% of float (31 Jul 2026 settlement) | Dividend Yield: 0.46%

Executive roster verified against NVIDIA's Form 10-Q for the quarter ended 26 July 2026 (Sarbanes-Oxley certifications), Item 5.02 Form 8-K filings to 30 August 2026, and the company's current leadership page. Ownership and short interest per StockAnalysis; the chief executive's holding is summed from his Form 4 of 23 June 2026 and expressed against shares outstanding. Institutional ownership is vendor-reported and sources disagree materially (70.5% against 90.0%); the lower figure is used and the divergence is noted rather than resolved.

10. CONCLUSION

Both things are true at once. NVIDIA has just delivered one of the strongest quarters any company of its size has produced — revenue up 106%, a 5.7% beat, Data Center up 117%, the fastest product ramp in its history now shipping — and on our numbers the shares are worth \$186 against \$217.55. The rating is a statement about price, not about direction. Our base case has revenue rising from \$403.6bn in FY2027E to \$906.8bn in FY2031E, roughly 2.25 times in four years. We are forecasting that NVIDIA roughly doubles. The SELL sits on top of that forecast rather than instead of it, because an investor is compensated for the difference between what happens and what was priced, not for what happens being good. A company whose revenue rises every year can still lose you money if you paid for it rising faster.

What would change our mind is specific, and we would rather name it than leave it implied. Fair value equals the current price at FY2028 revenue growth of about 56%; the company has guided to roughly 70%, and at that rate our model returns \$251 and a BUY. Three-quarters of the discounted-cash-flow value sits beyond FY2031, so this is a judgement about how long the growth lasts rather than how fast it is over the next two years, and it rests on a power-constraint mechanism that has become materially more visible in the last two months but is not yet proven to bind. Sixty-one analysts disagree with us and the base rate favours them. We publish because the arithmetic is transparent and the disagreement is isolated to one identifiable input — the revenue forecast — and a reader who believes management's guidance on that input should reach the opposite conclusion from the same model.

ANALYST CERTIFICATION

I, Debjit Mukherjee, Student Equity Research Analyst, Vireo Capital Research, certify that the views expressed in this report accurately reflect my personal views about NVIDIA Corporation and its securities. I further certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report. I do not hold a position in NVIDIA Corporation.

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