

[Table of Contents](#)

NVIDIA Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
(Continued)

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncement

In November 2023, the Financial Accounting Standards Board, or FASB, issued a new accounting standard requiring disclosures of significant expenses in operating segments. We adopted this standard in our fiscal year 2025 annual report. Refer to Note 16 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further information.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued a new accounting standard which includes new and updated income tax disclosures, including disaggregation of information in the rate reconciliation and income taxes paid. We expect to adopt this standard in our fiscal year 2026 annual report. We do not expect the adoption of this standard to have a material impact on our Consolidated Financial Statements other than additional disclosures.

In November 2024, the FASB issued a new accounting standard requiring disclosures of certain additional expense information on an annual and interim basis, including, among other items, the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization included within each income statement expense caption, as applicable. We expect to adopt this standard in our fiscal year 2028 annual report. We do not expect the adoption of this standard to have a material impact on our Consolidated Financial Statements other than additional disclosures.

Note 2 - Business Combination

Termination of the Arm Share Purchase Agreement

In February 2022, NVIDIA and SoftBank Group Corp, or SoftBank, announced the termination of the Share Purchase Agreement whereby NVIDIA would have acquired Arm from SoftBank. The parties agreed to terminate it due to significant regulatory challenges preventing the completion of the transaction. We recorded an acquisition termination cost of \$1.4 billion in fiscal year 2023 reflecting the write-off of the prepayment provided at signing.

Note 3 - Stock-Based Compensation

Stock-based compensation expense is associated with RSUs, PSUs, market-based PSUs, and our ESPP.

Consolidated Statements of Income include stock-based compensation expense, net of amounts capitalized into inventory and subsequently recognized to cost of revenue, as follows:

	Year Ended		
	Jan 26, 2025	Jan 28, 2024	Jan 29, 2023
Cost of revenue	\$ 178	\$ 141	\$ 138
Research and development	3,423	2,532	1,892
Sales, general and administrative	1,136	876	680
Total	<u>\$ 4,737</u>	<u>\$ 3,549</u>	<u>\$ 2,710</u>

Stock-based compensation capitalized in inventories was not significant during fiscal years 2025, 2024, and 2023.