

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions except per share amounts and percentages) (Unaudited)

	Three Months Ended			Six Months Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Net revenue	\$ 3,850	\$ 3,445	\$ 1,932	\$ 7,295	\$ 3,718
Cost of sales	2,020	1,858	1,084	3,878	2,052
Gross profit	1,830	1,587	848	3,417	1,666
Gross margin %	48%	46%	44%	47%	45%
Research and development	659	610	460	1,269	902
Marketing, general and administrative	341	319	215	660	414
Licensing gain	(1)	(4)	-	(5)	-
Operating income	831	662	173	1,493	350
Interest expense	(10)	(9)	(14)	(19)	(27)
Other income (expense), net	-	(11)	1	(11)	5
Income before income taxes and equity income	821	642	160	1,463	328
Income tax provision	113	89	4	202	10
Equity income in investee	2	2	1	4	1
Net Income	\$ 710	\$ 555	\$ 157	\$ 1,265	\$ 319
Earnings per share					
Basic	\$ 0.58	\$ 0.46	\$ 0.13	\$ 1.04	\$ 0.27
Diluted	\$ 0.58	\$ 0.45	\$ 0.13	\$ 1.03	\$ 0.27
Shares used in per share calculation					
Basic	1,216	1,213	1,174	1,214	1,172
Diluted	1,232	1,231	1,227	1,231	1,225

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)

	June 26, 2021	December 26, 2020
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,623	\$ 1,595
Short-term investments	1,170	695
Accounts receivable, net	2,020	2,066
Inventories	1,765	1,399
Receivables from related parties	6	10
Prepaid expenses and other current assets	234	378
Total current assets	7,818	6,143
Property and equipment, net	671	641
Operating lease right-of use assets	247	208
Goodwill	289	289
Investment: equity method	67	63
Deferred tax assets	1,090	1,245
Other non-current assets	509	373
Total Assets	\$ 10,691	\$ 8,962
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 836	\$ 468
Payables to related parties	36	78
Accrued liabilities	1,911	1,796
Other current liabilities	109	75
Total current liabilities	2,892	2,417
Long-term debt, net	313	330
Long-term operating lease liabilities	240	201
Other long-term liabilities	181	177
Stockholders' equity:		
Capital stock:		
Common stock, par value	12	12
Additional paid-in capital	10,795	10,544
Treasury stock, at cost	(401)	(131)
Accumulated deficit ⁽¹⁾	(3,348)	(4,605)
Accumulated other comprehensive income	7	17
Total stockholders' equity	\$ 7,065	\$ 5,837
Total Liabilities and Stockholders' Equity	\$ 10,691	\$ 8,962

⁽¹⁾ During the first quarter of 2021, the Company adopted ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, using the modified retrospective adoption method, which resulted in \$8 million of deferred tax liability associated with book-tax differences in a foreign equity method investment recognized in Accumulated deficit.

ADVANCED MICRO DEVICES, INC.
SELECTED CASH FLOW INFORMATION
(In millions) (Unaudited)

	Three Months Ended			Six Months Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Net cash provided by (used in)					
Operating activities	\$ 952	\$ 898	\$ 243	\$ 1,850	\$ 178
Investing activities	\$ 119	\$ (722)	\$ (36)	\$ (603)	\$ (109)
Financing activities	\$ (211)	\$ (8)	\$ 238	\$ (219)	\$ 240

ADVANCED MICRO DEVICES, INC.
SELECTED CORPORATE DATA
(In millions) (Unaudited)

Segment Information	Three Months Ended			Six Months Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Computing and Graphics ⁽¹⁾					
Net revenue	\$ 2,250	\$ 2,100	\$ 1,367	\$ 4,350	\$ 2,805
Operating income	\$ 526	\$ 485	\$ 200	\$ 1,011	\$ 462
Enterprise, Embedded and Semi-Custom ⁽²⁾					
Net revenue	\$ 1,600	\$ 1,345	\$ 565	\$ 2,945	\$ 913
Operating income	\$ 398	\$ 277	\$ 33	\$ 675	\$ 7
All Other ⁽³⁾					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (93)	\$ (100)	\$ (60)	\$ (193)	\$ (119)
Total					
Net revenue	\$ 3,850	\$ 3,445	\$ 1,932	\$ 7,295	\$ 3,718
Operating income	\$ 831	\$ 662	\$ 173	\$ 1,493	\$ 350
Other Data					
Capital expenditures	\$ 64	\$ 66	\$ 91	\$ 130	\$ 146
Adjusted EBITDA ⁽⁴⁾	\$ 1,021	\$ 857	\$ 305	\$ 1,878	\$ 609
Cash, cash equivalents and short-term investments	\$ 3,793	\$ 3,116	\$ 1,775	\$ 3,793	\$ 1,775
Free cash flow ⁽⁵⁾	\$ 888	\$ 832	\$ 152	\$ 1,720	\$ 32
Total assets	\$ 10,691	\$ 10,047	\$ 6,583	\$ 10,691	\$ 6,583
Total debt	\$ 313	\$ 313	\$ 690	\$ 313	\$ 690

See footnotes on the next page

- (1) The Computing and Graphics segment primarily includes desktop and notebook microprocessors, accelerated processing units that integrate microprocessors and graphics, chipsets, discrete graphics processing units (GPUs), data center and professional GPUs and development services. From time to time, the Company may also sell or license portions of its IP portfolio.
- (2) The Enterprise, Embedded and Semi-Custom segment primarily includes server and embedded processors, semi-custom System-on-Chip (SoC) products, development services and technology for game consoles. From time to time, the Company may also sell or license portions of its IP portfolio.
- (3) All Other category primarily includes certain expenses and credits that are not allocated to any of the operating segments. Also included in this category is stock-based compensation expense and acquisition-related costs.

(4) **Reconciliation of GAAP Net Income to Adjusted EBITDA***

	Three Months Ended			Six Months Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
GAAP net income	\$ 710	\$ 555	\$ 157	\$ 1,265	\$ 319
Interest expense	10	9	14	19	27
Other (income) expense, net	-	11	(1)	11	(5)
Income tax provision	113	89	4	202	10
Equity income in investee	(2)	(2)	(1)	(4)	(1)
Stock-based compensation	83	85	60	168	119
Depreciation and amortization	97	95	72	192	140
Acquisition-related costs	10	15	-	25	-
Adjusted EBITDA	\$ 1,021	\$ 857	\$ 305	\$ 1,878	\$ 609

(5) **Free Cash Flow Reconciliation****

	Three Months Ended			Six Months Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
GAAP net cash provided by operating activities	\$ 952	\$ 898	\$ 243	\$ 1,850	\$ 178
Purchases of property and equipment	(64)	(66)	(91)	(130)	(146)
Free cash flow	\$ 888	\$ 832	\$ 152	\$ 1,720	\$ 32

* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting GAAP net income for interest expense, other income (expense), net, income tax provision, equity income on investee, stock-based compensation, and depreciation and amortization expense. The Company also included acquisition-related costs for the quarter ended June 27, 2021 and March 27, 2021. The Company calculates and presents Adjusted EBITDA because management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the GAAP operating measure of income or GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities that can affect cash flows.

** The Company also presents free cash flow as a supplemental Non-GAAP measure of its performance. Free cash flow is determined by adjusting GAAP net cash provided by operating activities for capital expenditures. The Company calculates and communicates free cash flow in the financial earnings press release because management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view free cash flow as an alternative to GAAP liquidity measures of cash flows from operating activities.

The Company has provided reconciliations within the earnings press release of these Non-GAAP financial measures to the most directly comparable GAAP financial measures.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data) (Unaudited)

	Three Months Ended		
	June 26, 2021	March 27, 2021	June 27, 2020
GAAP gross profit	\$ 1,830	\$ 1,587	\$ 848
GAAP gross margin %	48%	46%	44%
Stock-based compensation	2	1	2
Non-GAAP gross profit	\$ 1,832	\$ 1,588	\$ 850
Non-GAAP gross margin %	48%	46%	44%
GAAP operating expenses	\$ 1,000	\$ 929	\$ 675
GAAP operating expenses/revenue %	26%	27%	35%
Stock-based compensation	81	84	58
Acquisition-related costs	10	15	-
Non-GAAP operating expenses	\$ 909	\$ 830	\$ 617
Non-GAAP operating expenses/revenue%	24%	24%	32%
GAAP operating income	\$ 831	\$ 662	\$ 173
GAAP operating margin %	22%	19%	9%
Stock-based compensation	83	85	60
Acquisition-related costs	10	15	-
Non-GAAP operating income	\$ 924	\$ 762	\$ 233
Non-GAAP operating margin %	24%	22%	12%

	Three Months Ended					
	June 26, 2021		March 27, 2021		June 27, 2020	
GAAP net income / earnings per share	\$ 710	\$ 0.58	\$ 555	\$ 0.45	\$ 157	\$ 0.13
Loss on debt redemption/conversion	1	-	6	0.01	-	-
Non-cash interest expense related to convertible debt	-	-	-	-	2	-
Stock-based compensation	83	0.06	85	0.07	60	0.05
Equity income in investee	(2)	-	(2)	-	(1)	-
Acquisition-related costs	10	0.01	15	0.01	-	-
Impairment of investment	-	-	8	0.01	-	-
Income tax provision	(24)	(0.02)	(25)	(0.03)	(2)	-
Non-GAAP net income / earnings per share	\$ 778	\$ 0.63	\$ 642	\$ 0.52	\$ 216	\$ 0.18

Shares used and net income adjustment in earnings per share calculation ⁽¹⁾

Shares used in per share calculation (GAAP)		1,232		1,231		1,227
Interest expense add-back to GAAP net income	\$	-	\$	-	\$	3
Shares used in per share calculation (Non-GAAP)		1,232		1,233		1,227
Interest expense add-back to Non-GAAP net income	\$	-	\$	-	\$	1

(1) For the three months ended June 27, 2020, GAAP diluted EPS calculations include 31 million shares related to the Company's 2026 Convertible Notes and the associated \$3 million interest expense add-back to net income under the "if converted" method.

For the three months ended March 27, 2021 and June 27, 2020, Non-GAAP diluted EPS calculations include 2 million and 31 million shares, respectively, related to the Company's 2026 Convertible Notes and the associated \$0 million and \$1 million interest expense, respectively, add-back to net income under the "if converted" method.