

ADVANCED MICRO DEVICES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Millions except per share amounts and percentages) (Unaudited)

	Three Months Ended			Nine Months Ended	
	September 26, 2020	June 27, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net revenue	\$ 2,801	\$ 1,932	\$ 1,801	\$ 6,519	\$ 4,604
Cost of sales	1,571	1,084	1,024	3,623	2,685
Gross profit	1,230	848	777	2,896	1,919
Gross margin %	44%	44%	43%	44%	42%
Research and development	508	460	406	1,410	1,152
Marketing, general and administrative	273	215	185	687	544
Licensing gain	-	-	-	-	(60)
Operating income	449	173	186	799	283
Interest expense	(11)	(14)	(24)	(38)	(76)
Other income (expense), net	(37)	1	(36)	(32)	(40)
Income before income taxes and equity income	401	160	126	729	167
Income tax provision (benefit)	12	4	7	22	(4)
Equity income in investee	1	1	1	2	-
Net Income	\$ 390	\$ 157	\$ 120	\$ 709	\$ 171
Earnings per share					
Basic	\$ 0.33	\$ 0.13	\$ 0.11	\$ 0.60	\$ 0.16
Diluted	\$ 0.32	\$ 0.13	\$ 0.11	\$ 0.59	\$ 0.15
Shares used in per share calculation					
Basic	1,184	1,174	1,097	1,176	1,075
Diluted	1,215	1,227	1,117	1,208	1,107

**ADVANCED MICRO DEVICES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Millions)

	<u>September 26, 2020</u>	<u>December 28, 2019</u>
	(Unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,296	\$ 1,466
Short-term investments	475	37
Accounts receivable, net	2,134	1,859
Inventories	1,292	982
Receivables from related parties	4	20
Prepaid expenses and other current assets	299	233
<b>Total current assets</b>	<u>5,500</u>	<u>4,597</u>
Property and equipment, net	595	500
Operating lease right-of use assets	215	205
Goodwill	289	289
Investment: equity method	60	58
Other non-current assets	364	379
<b>Total Assets</b>	<u><u>\$ 7,023</u></u>	<u><u>\$ 6,028</u></u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 752	\$ 988
Payables to related parties	115	213
Accrued liabilities	1,478	1,084
Other current liabilities	72	74
<b>Total current liabilities</b>	<u>2,417</u>	<u>2,359</u>
Long-term debt, net	373	486
Long-term operating lease liabilities	205	199
Other long-term liabilities	161	157
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value	12	12
Additional paid-in capital	10,362	9,963
Treasury stock, at cost	(126)	(53)
Accumulated deficit	(6,386)	(7,095)
Accumulated other comprehensive income	5	-
<b>Total stockholders' equity</b>	<u>\$ 3,867</u>	<u>\$ 2,827</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$ 7,023</u></u>	<u><u>\$ 6,028</u></u>

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

	Three Months Ended			Nine Months Ended	
	September 26, 2020	June 27, 2020	September 28, 2019	September 26, 2020	September 28, 2019
<b>Net cash provided by (used in)</b>					
Operating activities	\$ 339	\$ 243	\$ 234	\$ 517	\$ 51
Investing activities	\$ (549)	\$ (36)	\$ 57	\$ (658)	\$ (123)
Financing activities	\$ (269)	\$ 238	\$ (98)	\$ (29)	\$ 150

**ADVANCED MICRO DEVICES, INC.**  
**SELECTED CORPORATE DATA**  
**(Millions) (Unaudited)**

Segment and Category Information	Three Months Ended			Nine Months Ended	
	September 26, 2020	June 27, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Computing and Graphics <sup>(1)</sup>					
Net revenue	\$ 1,667	\$ 1,367	\$ 1,276	\$ 4,472	\$ 3,047
Operating income	\$ 384	\$ 200	\$ 179	\$ 846	\$ 217
Enterprise, Embedded and Semi-Custom <sup>(2)</sup>					
Net revenue	\$ 1,134	\$ 565	\$ 525	\$ 2,047	\$ 1,557
Operating income	\$ 141	\$ 33	\$ 61	\$ 148	\$ 218
All Other <sup>(3)</sup>					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (76)	\$ (60)	\$ (54)	\$ (195)	\$ (152)
<b>Total</b>					
<b>Net revenue</b>	<b>\$ 2,801</b>	<b>\$ 1,932</b>	<b>\$ 1,801</b>	<b>\$ 6,519</b>	<b>\$ 4,604</b>
<b>Operating income</b>	<b>\$ 449</b>	<b>\$ 173</b>	<b>\$ 186</b>	<b>\$ 799</b>	<b>\$ 283</b>
<b>Other Data</b>					
Capital expenditures	\$ 74	\$ 91	\$ 55	\$ 220	\$ 175
Adjusted EBITDA <sup>(4)</sup>	\$ 607	\$ 305	\$ 300	\$ 1,216	\$ 593
Cash, cash equivalents and short-term investments	\$ 1,771	\$ 1,775	\$ 1,209	\$ 1,771	\$ 1,209
Free cash flow <sup>(5)</sup>	\$ 265	\$ 152	\$ 179	\$ 297	\$ (124)
Total assets	\$ 7,023	\$ 6,583	\$ 5,253	\$ 7,023	\$ 5,253
Total debt	\$ 373	\$ 690	\$ 872	\$ 373	\$ 872

See footnotes on the next page

- (1) The Computing and Graphics segment, which primarily includes desktop and notebook processors and chipsets, discrete and integrated 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, which 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.

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

	Three Months Ended			Nine Months Ended	
	September 26,	June 27,	September 28,	September 26,	September 28,
	2020	2020	2019	2020	2019
GAAP net income	\$ 390	\$ 157	\$ 120	\$ 709	\$ 171
Interest expense	11	14	24	38	76
Other (income) expense, net	37	(1)	36	32	40
Income tax provision (benefit)	12	4	7	22	(4)
Equity income in investee	(1)	(1)	(1)	(2)	-
Stock-based compensation	76	60	54	195	140
Depreciation and amortization	82	72	60	222	158
Loss contingency on legal matter	-	-	-	-	12
Adjusted EBITDA	\$ 607	\$ 305	\$ 300	\$ 1,216	\$ 593

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

	Three Months Ended			Nine Months Ended	
	September 26,	June 27,	September 28,	September 26,	September 28,
	2020	2020	2019	2020	2019
GAAP net cash provided by operating activities	\$ 339	\$ 243	\$ 234	\$ 517	\$ 51
Purchases of property and equipment	(74)	(91)	(55)	(220)	(175)
Free cash flow	\$ 265	\$ 152	\$ 179	\$ 297	\$ (124)

\* 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 (benefit), equity income on investee, stock-based compensation, and depreciation and amortization expense. The Company also included a loss contingency on legal matter in the nine months ended September 28, 2019. 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		
	September 26, 2020	June 27, 2020	September 28, 2019
<b>GAAP gross profit</b>	<b>\$ 1,230</b>	<b>\$ 848</b>	<b>\$ 777</b>
<i>GAAP gross margin %</i>	<i>44%</i>	<i>44%</i>	<i>43%</i>
Stock-based compensation	1	2	2
<b>Non-GAAP gross profit</b>	<b>\$ 1,231</b>	<b>\$ 850</b>	<b>\$ 779</b>
<i>Non-GAAP gross margin %</i>	<i>44%</i>	<i>44%</i>	<i>43%</i>
<b>GAAP operating expenses</b>	<b>\$ 781</b>	<b>\$ 675</b>	<b>\$ 591</b>
<i>GAAP operating expenses/revenue %</i>	<i>28%</i>	<i>35%</i>	<i>33%</i>
Stock-based compensation	75	58	52
<b>Non-GAAP operating expenses</b>	<b>\$ 706</b>	<b>\$ 617</b>	<b>\$ 539</b>
<i>Non-GAAP operating expenses/revenue%</i>	<i>25%</i>	<i>32%</i>	<i>30%</i>
<b>GAAP operating income</b>	<b>\$ 449</b>	<b>\$ 173</b>	<b>\$ 186</b>
<i>GAAP operating margin %</i>	<i>16%</i>	<i>9%</i>	<i>10%</i>
Stock-based compensation	76	60	54
<b>Non-GAAP operating income</b>	<b>\$ 525</b>	<b>\$ 233</b>	<b>\$ 240</b>
<i>Non-GAAP operating margin %</i>	<i>19%</i>	<i>12%</i>	<i>13%</i>

	Three Months Ended					
	September 26, 2020		June 27, 2020		September 28, 2019	
<b>GAAP net income / earnings per share</b>	<b>\$ 390</b>	<b>\$ 0.32</b>	<b>\$ 157</b>	<b>\$ 0.13</b>	<b>\$ 120</b>	<b>\$ 0.11</b>
Loss on debt redemption/conversion	38	0.03	-	-	40	0.03
Non-cash interest expense related to convertible debt	2	-	2	-	6	-
Stock-based compensation	76	0.06	60	0.05	54	0.04
Equity income in investee	(1)	-	(1)	-	(1)	-
Income tax provision	(4)	-	(2)	-	-	-
<b>Non-GAAP net income / earnings per share</b>	<b>\$ 501</b>	<b>\$ 0.41</b>	<b>\$ 216</b>	<b>\$ 0.18</b>	<b>\$ 219</b>	<b>\$ 0.18</b>

**Shares used and net income adjustment in earnings per share calculation <sup>(1)</sup>**

Shares used in per share calculation (GAAP)		1,215		1,227		1,117
Interest expense add-back to GAAP net income	\$	1	\$	3	\$	-
Shares used in per share calculation (Non-GAAP)		1,230		1,227		1,212
Interest expense add-back to Non-GAAP net income	\$	1	\$	1	\$	4

(1) For the three months ended September 26, 2020 and June 27, 2020, GAAP diluted EPS calculations include 11 million and 31 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$1 million and \$3 million interest expense, respectively, add-back to net income under the "if converted" method. For the three months ended September 26, 2020, 15 million shares related to the assumed conversion of the Company's 2026 Convertible Notes were not included in the GAAP diluted EPS calculations as their inclusion would have been anti-dilutive.

For the three months ended September 28, 2019, 95 million shares related to the assumed conversion of the Company's 2026 Convertible Notes were not included in the GAAP diluted EPS calculations as their inclusion would have been anti-dilutive.

For the three months ended September 26, 2020, June 27, 2020 and September 28, 2019, Non-GAAP diluted EPS calculations include 26 million, 31 million and 95 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$1 million, \$1 million and \$4 million interest expense, respectively, add-back to net income under the "if converted" method.