

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

	Three Months Ended		
	March 27, 2021	December 26, 2020	March 28, 2020
Net revenue	\$ 3,445	\$ 3,244	\$ 1,786
Cost of sales	1,858	1,793	968
Gross profit	1,587	1,451	818
Gross margin %	46%	45%	46%
Research and development	610	573	442
Marketing, general and administrative	319	308	199
Licensing gain	(4)	-	-
Operating income	662	570	177
Interest expense	(9)	(9)	(13)
Other income (expense), net	(11)	(15)	4
Income before income taxes and equity income	642	546	168
Income tax provision (benefit)	89	(1,232)	6
Equity income in investee	2	3	-
Net Income	\$ 555	\$ 1,781	\$ 162
Earnings per share			
Basic	\$ 0.46	\$ 1.48	\$ 0.14
Diluted	\$ 0.45	\$ 1.45	\$ 0.14
Shares used in per share calculation			
Basic	1,213	1,205	1,170
Diluted	1,231	1,226	1,224

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

	<b>March 27, 2021</b>	<b>December 26, 2020</b>
	(Unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,763	\$ 1,595
Short-term investments	1,353	695
Accounts receivable, net	2,178	2,066
Inventories	1,653	1,399
Receivables from related parties	7	10
Prepaid expenses and other current assets	243	378
<b>Total current assets</b>	<b>7,197</b>	<b>6,143</b>
Property and equipment, net	681	641
Operating lease right-of use assets	241	208
Goodwill	289	289
Investment: equity method	65	63
Deferred tax assets	1,162	1,245
Other non-current assets	412	373
<b>Total Assets</b>	<b>\$ 10,047</b>	<b>\$ 8,962</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 949	\$ 468
Payables to related parties	40	78
Accrued liabilities	1,779	1,796
Other current liabilities	96	75
<b>Total current liabilities</b>	<b>2,864</b>	<b>2,417</b>
Long-term debt, net	313	330
Long-term operating lease liabilities	238	201
Other long-term liabilities	155	177
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value	12	12
Additional paid-in capital	10,658	10,544
Treasury stock, at cost	(141)	(131)
Accumulated deficit <sup>(1)</sup>	(4,058)	(4,605)
Accumulated other comprehensive income	6	17
<b>Total stockholders' equity</b>	<b>\$ 6,477</b>	<b>\$ 5,837</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 10,047</b>	<b>\$ 8,962</b>

<sup>(1)</sup> 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)

	<b>Three Months Ended</b>		
	<b>March 27, 2021</b>	<b>December 26, 2020</b>	<b>March 28, 2020</b>
<b>Net cash provided by (used in)</b>			
Operating activities	\$ 898	\$ 554	\$ (65)
Investing activities	\$ (722)	\$ (294)	\$ (73)
Financing activities	\$ (8)	\$ 35	\$ 2

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

Segment Information	Three Months Ended		
	March 27, 2021	December 26, 2020	March 28, 2020
Computing and Graphics <sup>(1)</sup>			
Net revenue	\$ 2,100	\$ 1,960	\$ 1,438
Operating income	\$ 485	\$ 420	\$ 262
Enterprise, Embedded and Semi-Custom <sup>(2)</sup>			
Net revenue	\$ 1,345	\$ 1,284	\$ 348
Operating income (loss)	\$ 277	\$ 243	\$ (26)
All Other <sup>(3)</sup>			
Net revenue	\$ -	\$ -	\$ -
Operating loss	\$ (100)	\$ (93)	\$ (59)
<b>Total</b>			
<b>Net revenue</b>	<b>\$ 3,445</b>	<b>\$ 3,244</b>	<b>\$ 1,786</b>
<b>Operating income</b>	<b>\$ 662</b>	<b>\$ 570</b>	<b>\$ 177</b>
<b>Other Data</b>			
Capital expenditures	\$ 66	\$ 74	\$ 55
Adjusted EBITDA <sup>(4)</sup>	\$ 857	\$ 753	\$ 304
Cash, cash equivalents and short-term investments	\$ 3,116	\$ 2,290	\$ 1,385
Free cash flow <sup>(5)</sup>	\$ 832	\$ 480	\$ (120)
Total assets	\$ 10,047	\$ 8,962	\$ 5,864
Total debt	\$ 313	\$ 330	\$ 488

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		
	March 27, 2021	December 26, 2020	March 28, 2020
GAAP net income	\$ 555	\$ 1,781	\$ 162
Interest expense	9	9	13
Other (income) expense, net	11	15	(4)
Income tax provision (benefit)	89	(1,232)	6
Equity income in investee	(2)	(3)	-
Stock-based compensation	85	79	59
Depreciation and amortization	95	90	68
Acquisition-related costs	15	14	-
Adjusted EBITDA	<u>\$ 857</u>	<u>\$ 753</u>	<u>\$ 304</u>

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

	Three Months Ended		
	March 27, 2021	December 26, 2020	March 28, 2020
GAAP net cash provided by operating activities	\$ 898	\$ 554	\$ (65)
Purchases of property and equipment	(66)	(74)	(55)
Free cash flow	<u>\$ 832</u>	<u>\$ 480</u>	<u>\$ (120)</u>

\* 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 acquisition-related costs for the quarter ended March 27, 2021 and December 26, 2020. 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

\*\* 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		
	March 27, 2021	December 26, 2020	March 28, 2020
<b>GAAP gross profit</b>	<b>\$ 1,587</b>	<b>\$ 1,451</b>	<b>\$ 818</b>
<i>GAAP gross margin %</i>	<i>46%</i>	<i>45%</i>	<i>46%</i>
Stock-based compensation	1	1	2
<b>Non-GAAP gross profit</b>	<b>\$ 1,588</b>	<b>\$ 1,452</b>	<b>\$ 820</b>
<i>Non-GAAP gross margin %</i>	<i>46%</i>	<i>45%</i>	<i>46%</i>
<b>GAAP operating expenses</b>	<b>\$ 929</b>	<b>\$ 881</b>	<b>\$ 641</b>
<i>GAAP operating expenses/revenue %</i>	<i>27%</i>	<i>27%</i>	<i>36%</i>
Stock-based compensation	84	78	57
Acquisition-related costs	15	14	-
<b>Non-GAAP operating expenses</b>	<b>\$ 830</b>	<b>\$ 789</b>	<b>\$ 584</b>
<i>Non-GAAP operating expenses/revenue%</i>	<i>24%</i>	<i>24%</i>	<i>33%</i>
<b>GAAP operating income</b>	<b>\$ 662</b>	<b>\$ 570</b>	<b>\$ 177</b>
<i>GAAP operating margin %</i>	<i>19%</i>	<i>18%</i>	<i>10%</i>
Stock-based compensation	85	79	59
Acquisition-related costs	15	14	-
<b>Non-GAAP operating income</b>	<b>\$ 762</b>	<b>\$ 663</b>	<b>\$ 236</b>
<i>Non-GAAP operating margin %</i>	<i>22%</i>	<i>20%</i>	<i>13%</i>

	Three Months Ended					
	March 27, 2021		December 26, 2020		March 28, 2020	
<b>GAAP net income / earnings per share</b>	<b>\$ 555</b>	<b>\$ 0.45</b>	<b>\$ 1,781</b>	<b>\$ 1.45</b>	<b>\$ 162</b>	<b>\$ 0.14</b>
Loss on debt redemption/conversion	6	0.01	16	0.01	-	-
Non-cash interest expense related to convertible debt	-	-	-	-	2	-
Stock-based compensation	85	0.07	79	0.06	59	0.04
Equity income in investee	(2)	-	(3)	-	-	-
Acquisition-related costs	15	0.01	14	0.01	-	-
Release of valuation allowance on deferred tax assets	-	-	(1,301)	(1.06)	-	-
Impairment of investment	8	0.01	-	-	-	-
Income tax provision (benefit)	(25)	(0.03)	50	0.05	(1)	-
<b>Non-GAAP net income / earnings per share</b>	<b>\$ 642</b>	<b>\$ 0.52</b>	<b>\$ 636</b>	<b>\$ 0.52</b>	<b>\$ 222</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)		1,231		1,226		1,224
Interest expense add-back to GAAP net income	\$	-	\$	-	\$	4
Shares used in per share calculation (Non-GAAP)		1,233		1,232		1,224
Interest expense add-back to Non-GAAP net income	\$	-	\$	-	\$	2

(1) For the three months ended December 26, 2020 and March 28, 2020, GAAP diluted EPS calculations include 3 million and 31 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$0 million and \$4 million interest expense, respectively, add-back to net income under the "if converted" method.

For the three months ended March 27, 2021, December 26, 2020 and March 28, 2020, Non-GAAP diluted EPS calculations include 2 million, 9 million and 31 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$0 million, \$0 million and \$2 million interest expense, respectively, add-back to net income under the "if converted" method.