

**ADVANCED MICRO DEVICES, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Millions except per share amounts and percentages) (Unaudited)

	Three Months Ended			Nine Months Ended	
	September 25, 2021	June 26, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Net revenue	\$ 4,313	\$ 3,850	\$ 2,801	\$ 11,608	\$ 6,519
Cost of sales	2,227	2,020	1,571	6,105	3,623
Gross profit	2,086	1,830	1,230	5,503	2,896
Gross margin %	48%	48%	44%	47%	44%
Research and development	765	659	508	2,034	1,410
Marketing, general and administrative	376	341	273	1,036	687
Licensing gain	(3)	(1)	-	(8)	-
Operating income	948	831	449	2,441	799
Interest expense	(7)	(10)	(11)	(26)	(38)
Other income (expense), net	62	-	(37)	51	(32)
Income before income taxes and equity income	1,003	821	401	2,466	729
Income tax provision	82	113	12	284	22
Equity income in investee	2	2	1	6	2
Net income	\$ 923	\$ 710	\$ 390	\$ 2,188	\$ 709
Earnings per share					
Basic	\$ 0.76	\$ 0.58	\$ 0.33	\$ 1.80	\$ 0.60
Diluted	\$ 0.75	\$ 0.58	\$ 0.32	\$ 1.78	\$ 0.59
Shares used in per share calculation					
Basic	1,214	1,216	1,184	1,214	1,176
Diluted	1,230	1,232	1,215	1,231	1,208

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

	September 25, 2021	December 26, 2020
	(Unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,440	\$ 1,595
Short-term investments	1,168	695
Accounts receivable, net	2,224	2,066
Inventories	1,902	1,399
Receivables from related parties	5	10
Prepaid expenses and other current assets	249	378
<b>Total current assets</b>	<b>7,988</b>	<b>6,143</b>
Property and equipment, net	717	641
Operating lease right-of use assets	284	208
Goodwill	289	289
Investment: equity method	69	63
Deferred tax assets	1,036	1,245
Other non-current assets	770	373
<b>Total Assets</b>	<b>\$ 11,153</b>	<b>\$ 8,962</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,048	\$ 468
Payables to related parties	36	78
Accrued liabilities	2,048	1,796
Short-term debt	312	-
Other current liabilities	120	75
<b>Total current liabilities</b>	<b>3,564</b>	<b>2,417</b>
Long-term debt, net	1	330
Long-term operating lease liabilities	269	201
Other long-term liabilities	183	177
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value	12	12
Additional paid-in capital	10,905	10,544
Treasury stock, at cost	(1,356)	(131)
Accumulated deficit <sup>(1)</sup>	(2,425)	(4,605)
Accumulated other comprehensive income	-	17
<b>Total stockholders' equity</b>	<b>\$ 7,136</b>	<b>\$ 5,837</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 11,153</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**

(Millions) (Unaudited)

	Three Months Ended			Nine Months Ended	
	September 25, 2021	June 26, 2021	September 26, 2020	September 25, 2021	September 26, 2020
<b>Net cash provided by (used in)</b>					
Operating activities	\$ 849	\$ 952	\$ 339	\$ 2,699	\$ 517
Investing activities	\$ (83)	\$ 119	\$ (549)	\$ (686)	\$ (658)
Financing activities	\$ (949)	\$ (211)	\$ (269)	\$ (1,168)	\$ (29)

**ADVANCED MICRO DEVICES, INC.**

**SELECTED CORPORATE DATA**

(Millions) (Unaudited)

Segment Information	Three Months Ended			Nine Months Ended	
	September 25, 2021	June 26, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Computing and Graphics <sup>(1)</sup>					
Net revenue	\$ 2,398	\$ 2,250	\$ 1,667	\$ 6,748	\$ 4,472
Operating income	\$ 513	\$ 526	\$ 384	\$ 1,524	\$ 846
Enterprise, Embedded and Semi-Custom <sup>(2)</sup>					
Net revenue	\$ 1,915	\$ 1,600	\$ 1,134	\$ 4,860	\$ 2,047
Operating income	\$ 542	\$ 398	\$ 141	\$ 1,217	\$ 148
All Other <sup>(3)</sup>					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (107)	\$ (93)	\$ (76)	\$ (300)	\$ (195)
<b>Total</b>					
<b>Net revenue</b>	<b>\$ 4,313</b>	<b>\$ 3,850</b>	<b>\$ 2,801</b>	<b>\$ 11,608</b>	<b>\$ 6,519</b>
<b>Operating income</b>	<b>\$ 948</b>	<b>\$ 831</b>	<b>\$ 449</b>	<b>\$ 2,441</b>	<b>\$ 799</b>
<b>Other Data</b>					
Capital expenditures	\$ 85	\$ 64	\$ 74	\$ 215	\$ 220
Adjusted EBITDA <sup>(4)</sup>	\$ 1,152	\$ 1,021	\$ 607	\$ 3,030	\$ 1,216
Cash, cash equivalents and short-term investments	\$ 3,608	\$ 3,793	\$ 1,771	\$ 3,608	\$ 1,771
Free cash flow <sup>(5)</sup>	\$ 764	\$ 888	\$ 265	\$ 2,484	\$ 297
Total assets	\$ 11,153	\$ 10,691	\$ 7,023	\$ 11,153	\$ 7,023
Total debt	\$ 313	\$ 313	\$ 373	\$ 313	\$ 373

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			Nine Months Ended	
	September 25, 2021	June 26, 2021	September 26, 2020	September 25, 2021	September 26, 2020
GAAP net income	\$ 923	\$ 710	\$ 390	\$ 2,188	\$ 709
Interest expense	7	10	11	26	38
Other (income) expense, net	(62)	-	37	(51)	32
Income tax provision	82	113	12	284	22
Equity income in investee	(2)	(2)	(1)	(6)	(2)
Stock-based compensation	99	83	76	267	195
Depreciation and amortization	97	97	82	289	222
Acquisition-related costs	8	10	-	33	-
Adjusted EBITDA	\$ 1,152	\$ 1,021	\$ 607	\$ 3,030	\$ 1,216

(5) **Reconciliation of GAAP Net Cash Provided by Operating Activities to Free Cash Flc**

	Three Months Ended			Nine Months Ended	
	September 25, 2021	June 26, 2021	September 26, 2020	September 25, 2021	September 26, 2020
GAAP net cash provided by operating activities	\$ 849	\$ 952	\$ 339	\$ 2,699	\$ 517
Purchases of property and equipment	(85)	(64)	(74)	(215)	(220)
Free cash flow	\$ 764	\$ 888	\$ 265	\$ 2,484	\$ 297

\* 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 in investee, stock-based compensation, and depreciation and amortization expense. The Company also included acquisition-related costs for the three months ended September 25, 2021 and June 26, 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		
	September 25, 2021	June 26, 2021	September 26, 2020
<b>GAAP gross profit</b>	<b>\$ 2,086</b>	<b>\$ 1,830</b>	<b>\$ 1,230</b>
<i>GAAP gross margin %</i>	<i>48%</i>	<i>48%</i>	<i>44%</i>
Stock-based compensation	1	2	1
<b>Non-GAAP gross profit</b>	<b>\$ 2,087</b>	<b>\$ 1,832</b>	<b>\$ 1,231</b>
<i>Non-GAAP gross margin %</i>	<i>48%</i>	<i>48%</i>	<i>44%</i>
<b>GAAP operating expenses</b>	<b>\$ 1,141</b>	<b>\$ 1,000</b>	<b>\$ 781</b>
<i>GAAP operating expenses/revenue %</i>	<i>26%</i>	<i>26%</i>	<i>28%</i>
Stock-based compensation	98	81	75
Acquisition-related costs	8	10	—
<b>Non-GAAP operating expenses</b>	<b>\$ 1,035</b>	<b>\$ 909</b>	<b>\$ 706</b>
<i>Non-GAAP operating expenses/revenue %</i>	<i>24%</i>	<i>24%</i>	<i>25%</i>
<b>GAAP operating income</b>	<b>\$ 948</b>	<b>\$ 831</b>	<b>\$ 449</b>
<i>GAAP operating margin %</i>	<i>22%</i>	<i>22%</i>	<i>16%</i>
Stock-based compensation	99	83	76
Acquisition-related costs	8	10	—
<b>Non-GAAP operating income</b>	<b>\$ 1,055</b>	<b>\$ 924</b>	<b>\$ 525</b>
<i>Non-GAAP operating margin %</i>	<i>24%</i>	<i>24%</i>	<i>19%</i>

	Three Months Ended					
	September 25, 2021		June 26, 2021		September 26, 2020	
<b>GAAP net income / earning per share</b>	<b>\$ 923</b>	<b>\$ 0.75</b>	<b>\$ 710</b>	<b>\$ 0.58</b>	<b>\$ 390</b>	<b>\$ 0.32</b>
Loss on debt redemption/conversion	-	-	1	-	38	0.03
(Gains) losses on equity investments, net	(60)	(0.05)	-	-	-	-
Non-cash interest expense related to convertible debt	-	-	-	-	2	-
Stock-based compensation	99	0.08	83	0.06	76	0.06
Equity income in investee	(2)	-	(2)	-	(1)	-
Acquisition-related costs	8	0.01	10	0.01	-	-
Income tax provision	(75)	(0.06)	(24)	(0.02)	(4)	-
<b>Non-GAAP net income / earnings per share</b>	<b>\$ 893</b>	<b>\$ 0.73</b>	<b>\$ 778</b>	<b>\$ 0.63</b>	<b>\$ 501</b>	<b>\$ 0.41</b>

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

Shares used in per share calculation (GAAP)		1,230		1,232		1,215
Interest expense add-back to GAAP net income	\$	-	\$	-	\$	1
Shares used in per share calculation (Non-GAAP)		1,230		1,232		1,230
Interest expense add-back to Non-GAAP net income	\$	-	\$	-	\$	1

<sup>(1)</sup> For the three months ended September 26, 2020, GAAP diluted EPS calculations include 11 million related to the Company's 2026 Convertible Notes and the associated \$1 million interest expense add-back to net income under the "if converted" method. For the three months ended September 26, 2020, 15 million shares related to 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, Non-GAAP diluted EPS calculations include 26 million shares related to the Company's 2026 Convertible Notes and the associated \$1 million interest expense add-back to net income under the "if converted" method.