Dear Shareholders:

There has never been a more exciting time for AMD. We are in a high-performance computing mega cycle with strong demand across our leadership product portfolio driven by the acceleration of digital transformation across every industry, increasing adoption of cloud computing services, and the explosion of data coming from tens of billions of connected devices.

Against this backdrop, 2021 was an excellent year for AMD as we exceeded our ambitious goals and delivered record results. Each of our businesses grew significantly year-over-year driven by customer preference for our leadership products and strong execution. Importantly, by successfully delivering on our technology, product and operational commitments throughout the year we have built a strong foundation and are well positioned to continue our best-in-class growth.

Annual revenue grew 68% to a record $16.4 billion, exceeding the strong 45% topline growth we achieved in 2020. We also expanded gross margin by 370 basis points, increased operating margin by 8 percentage points and delivered another year of significant net income growth.

Computing and Graphics segment revenue grew 45% with strong demand for our AMD Ryzen™ desktop and mobile PC processors and AMD Radeon™ graphics cards. We delivered record annual client revenue and set a record for mobile processor unit share as our PC partners introduced more than 150 premium consumer, gaming and commercial notebooks powered by our latest Ryzen mobile processors.

In graphics, we had record annual revenue driven by strong demand for our expanded family of Radeon RX 6000 desktop and notebook GPUs. For gamers, we expanded our AMD RDNA™ 2-based desktop GPUs to offer a top-to-bottom family of leadership solutions and launched our first AMD Advantage notebooks that combine high-performance Ryzen CPUs, Radeon GPUs and AMD software with premium design features to deliver best-in-class gaming experiences.
For the data center and supercomputing markets, we introduced the industry’s fastest accelerator for High Performance Computing (HPC) and AI with our AMD Instinct™ MI200 GPUs that power the Frontier supercomputer at Oak Ridge National Laboratory – the first exascale supercomputer in the United States.

Enterprise, Embedded and Semi-Custom segment revenue grew 113% in 2021 with very strong demand for the latest AMD-powered game consoles and increased cloud, enterprise and HPC adoption of our AMD EPYC™ processors.

Server processor revenue more than doubled for the third straight year to set a new annual record. We launched 3rd Gen EPYC processors in March, delivering 25% more performance-per-watt compared to our previous generation and both per-socket and per-core leadership across multiple workloads. In cloud, the world’s largest cloud providers nearly doubled the number of AMD-powered instances from 200 to approximately 400 in the year and expanded their use of EPYC processors to power their internal infrastructure. AMD is now designed into the data centers of the 10 largest hyperscale cloud companies in the world, with AWS, Alibaba Cloud, Baidu, Google, IBM Cloud, Meta, Microsoft Azure, Oracle, Tencent Cloud and Twitter all adopting EPYC processors as the critical compute engine behind their leadership technology offerings.

Enterprise server adoption was driven by Cisco, Dell, HPE, Lenovo and Supermicro expanding their AMD portfolios with the launches of more than 100 platforms powered by 3rd Gen EPYC processors. In HPC, we tripled the number of AMD-powered systems on the November Top500 supercomputer list to 73 and power eight of the top 10 most efficient supercomputers in the world based on the latest Green500 list.

Our embedded business also delivered record annual revenue as we expanded our presence across key verticals including automotive, networking and storage. In addition to powering new enterprise and cloud storage solutions by Hewlett Packard Enterprise and others, our strategic move into the automotive market was highlighted by Tesla adopting AMD Ryzen Embedded APUs to power the infotainment systems across their entire family of vehicles.

LEADING BEYOND THE PRODUCT PORTFOLIO

I am pleased to report that we increased our focus on Environmental, Social and Governance (ESG) in 2021 as a key element of our business strategy. We are committed to driving meaningful impact across our value chain through our new ESG goals for 2025 that span strategic areas including digital impact, environmental stewardship, supply chain responsibility and diversity, belonging and inclusion. As part of our leadership roadmaps and environmental efforts, we announced a goal to deliver a 30x increase in energy efficiency for AMD EPYC CPUs and AMD Instinct accelerators in AI training and HPC applications running on accelerated compute nodes by 2025.

We believe prioritizing diversity, belonging and inclusion are key to creating a culture of innovation. AMD was recognized as one of Fortune’s World’s Most Admired Companies and Fast Company’s Most Innovative Companies in Consumer Electronics as well as being included in both the Bloomberg Gender-Equality Index and Human Rights Campaign Foundation’s Corporate Equality Index in 2021.
2022: THE HIGH-PERFORMANCE & ADAPTIVE COMPUTING LEADER

While 2021 was an exceptional year for AMD, I am very excited about what’s ahead of us in 2022 as we ramp our latest products and launch our next generation of “Zen 4” CPUs and AMD RDNA 3 GPUs.

- In notebooks, our AMD Ryzen 6000 series mobile processors combine the powerful and efficient “Zen 3+” and AMD RDNA 2 graphics architectures to deliver leadership performance, graphics and battery life for ultrathin, gaming and commercial notebooks.

- Our 3rd Gen AMD EPYC processors with AMD 3D V-Cache are the industry’s first high-performance server processors featuring advanced 3D die stacking technology, a breakthrough in chip packaging that delivers leadership performance for technical computing workloads. We will bring the same advanced 3D die stacking to the PC market with our AMD Ryzen 7 5800X3D desktop processor that delivers leadership gaming performance.

- We are on-track to introduce our next-generation 5nm Ryzen and EPYC processors that will extend our leadership PC and server product portfolios by combining our newest “Zen 4” core with next-generation memory and I/O technologies and the industry’s most advanced manufacturing.

- And for gaming, we plan to deliver another significant leap in performance and performance-per-watt with the introduction of our next-generation AMD RDNA 3 GPUs later this year.

Looking longer term, I am even more excited about the opportunities ahead now that we have closed the largest semiconductor acquisition in history. Our acquisition of Xilinx, the industry’s #1 provider of FPGAs and Adaptive SoCs, brings together two companies with a highly complementary set of products, customers and markets. In addition to now offering the industry’s strongest portfolio of leadership CPUs, GPUs, FPGAs and Adaptive SoCs, the acquisition significantly expands our R&D scale while also bringing deep, established partnerships and solutions across a diverse set of new markets where AMD has
traditionally not had a significant presence. This is an exciting start to the next chapter for AMD as we now have more than 15,000 of the industry’s best engineers working together to deliver differentiated IP and leadership products.

As we enter the next stage of our journey, AMD has the strongest product portfolio and deepest customer relationships in our history. We remain focused on aggressively driving our product and technology roadmaps to set the pace of innovation for high-performance and adaptive computing and driving broader adoption with customers who now view AMD as a long-term strategic enabler of their products and services.

With our success over the last several years and our strategic acquisition of Xilinx, AMD is now an industry leader at scale with product leadership across multiple large and diverse markets. While we have accomplished so much, we have very ambitious goals and believe there is so much more we will accomplish over the coming years as the semiconductor industry’s premier growth company. Thank you as always for your continued support and for joining us on this journey.

Dr. Lisa Su
Chair and Chief Executive Officer

**CAUTIONARY STATEMENT**

This letter contains forward-looking statements, including but not limited to, the features, functionality, availability, timing, performance, expectations, adoption and expected benefits of AMD’s products and future products; the strong demand for AMD’s products; AMD being well positioned to continue best-in-class growth; being on-track to introduce 5nm Ryzen and EPYC processors; and the expected benefits of AMD’s acquisition of Xilinx, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements contained herein involve risk and uncertainties that could cause actual results to differ materially from current expectations. We urge investors to review in detail the risk and uncertainties in our Securities and Exchange Commission filings, including but not limited to our most recent reports on Forms 10-K and 10-Q.