

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

July 27, 2021
Date of Report (Date of earliest event reported)



ADVANCED MICRO DEVICES, INC.

Delaware (State of Incorporation)	(Exact name of registrant as specified in its charter) 001-07882 (Commission File Number)	94-1692300 (IRS Employer Identification Number)
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2485 Augustine Drive
Santa Clara, California 95054
(Address of principal executive offices) (Zip Code)
(408) 749-4000
(Registrant's telephone number, including area code)
N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	AMD	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

On July 27, 2021, Advanced Micro Devices, Inc. (the "Company") announced its financial position and results of operations as of and for its second quarter ended June 26, 2021 in a press release that is attached hereto as Exhibit 99.1. Attached hereto as Exhibit 99.2 is a presentation regarding the Company's second quarter 2021.

The Company will hold a conference call on July 27, 2021 at 2:00 p.m. PT (5:00 p.m. ET) to discuss its second quarter 2021 financial results and forward-looking financial guidance.

To supplement the Company's financial results presented on a U.S. Generally Accepted Accounting Principles ("GAAP") basis, the Company's earnings press release and presentation contains non-GAAP financial measures, including non-GAAP gross profit, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP earnings per share, Adjusted EBITDA and free cash flow. The Company uses a normalized tax rate in its computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. For fiscal year 2021, the Company uses a projected non-GAAP tax rate of 15%, which excludes the tax impact of pre-tax non-GAAP adjustments, reflecting currently available information. The Company believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because the Company believes it assists investors in comparing the Company's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance. The Company's non-GAAP financial measures should be viewed in addition to and not as a substitute for or superior to the Company's reported results prepared in accordance with GAAP. These non-GAAP financial measures referenced are reconciled to their most directly comparable GAAP financial measures in the data tables at the end of the earnings press release and presentation.

The information in this report furnished pursuant to Items 2.02 and 7.01, including Exhibits 99.1 and 99.2 attached hereto, shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended, if such subsequent filing specifically references the information furnished pursuant to Items 2.02 and 7.01 of this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated July 27, 2021
99.2	Second Quarter 2021 Financial Results Presentation
104	Inline XBRL for the cover page of this Current Report on Form 8-K

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AMD Reports Second Quarter 2021 Financial Results

— Revenue increased 99 percent year-over-year; Gross Margin expanded to 48 percent —

SANTA CLARA, Calif. - July 27, 2021 - AMD (NASDAQ:AMD) today announced revenue for the second quarter of 2021 of \$3.85 billion, operating income of \$831 million, net income of \$710 million and diluted earnings per share of \$0.58. On a non-GAAP* basis, operating income was \$924 million, net income was \$778 million and diluted earnings per share was \$0.63.

GAAP Quarterly Financial Results

	Q2 2021	Q2 2020	Y/Y	Q1 2021	Q/Q
Revenue (\$M)	\$3,850	\$1,932	Up 99%	\$3,445	Up 12%
Gross profit (\$M)	\$1,830	\$848	Up 116%	\$1,587	Up 15%
Gross margin %	48%	44%	Up 4pp	46%	Up 2pp
Operating expenses (\$M)	\$1,000	\$675	Up 48%	\$929	Up 8%
Operating income (\$M)	\$831	\$173	Up 380%	\$662	Up 26%
Operating margin %	22%	9%	Up 13pp	19%	Up 3pp
Net income (\$M)	\$710	\$157	Up 352%	\$555	Up 28%
Earnings per share	\$0.58	\$0.13	Up 346%	\$0.45	Up 29%

Non-GAAP* Quarterly Financial Results

	Q2 2021	Q2 2020	Y/Y	Q1 2021	Q/Q
Revenue (\$M)	\$3,850	\$1,932	Up 99%	\$3,445	Up 12%
Gross profit (\$M)	\$1,832	\$850	Up 116%	\$1,588	Up 15%
Gross margin %	48%	44%	Up 4pp	46%	Up 2pp
Operating expenses (\$M)	\$909	\$617	Up 47%	\$830	Up 10%
Operating income (\$M)	\$924	\$233	Up 297%	\$762	Up 21%
Operating margin %	24%	12%	Up 12pp	22%	Up 2pp
Net income (\$M)	\$778	\$216	Up 260%	\$642	Up 21%
Earnings per share	\$0.63	\$0.18	Up 250%	\$0.52	Up 21%

“Our business performed exceptionally well in the second quarter as revenue and operating margin doubled and profitability more than tripled year-over-year,” said AMD president and CEO Lisa Su. “We are growing significantly faster than the market with strong demand across all of our businesses. We now expect our 2021 annual revenue to grow by approximately 60 percent year-over-year driven by strong execution and increased customer preference for our leadership products.”

Q2 2021 Results

- Revenue was \$3.85 billion, up 99 percent year-over-year and 12 percent quarter-over-quarter driven by higher revenue in both the Computing and Graphics segment and Enterprise and Embedded and Semi-custom segment.
- Gross margin was 48 percent, up 4 percentage points year-over-year and 2 percentage points quarter-over-quarter. The increases were driven by a richer mix of sales, including high-end Ryzen™, Radeon™ and EPYC™ processor sales.
- Operating income was \$831 million compared to operating income of \$173 million a year ago and \$662 million in the prior quarter. Non-GAAP operating income was \$924 million compared to \$233 million a year ago and \$762 million in the prior quarter. Operating income improvements were primarily driven by higher revenue.
- Net income was \$710 million compared to \$157 million a year ago and \$555 million in the prior quarter. Non-GAAP net income was \$778 million compared to \$216 million a year ago and \$642 million in the prior quarter.
- Diluted earnings per share was \$0.58 compared to \$0.13 a year ago and \$0.45 in the prior quarter. Non-GAAP diluted earnings per share was \$0.63 compared to \$0.18 a year ago and \$0.52 in the prior quarter.
- Cash, cash equivalents and short-term investments were \$3.79 billion at the end of the quarter.
- Cash from operations was \$952 million compared to \$243 million a year ago and \$898 million in the prior quarter. Free cash flow was a record \$888 million compared to free cash flow of \$152 million a year ago and \$832 million in the prior quarter.
- In May 2021, the Company announced a \$4 billion share repurchase program. In the second quarter, the Company repurchased 3.2 million shares of common stock for \$256 million.

Quarterly Financial Segment Summary

- Computing and Graphics segment revenue was \$2.25 billion, up 65 percent year-over-year and 7 percent quarter-over-quarter driven by higher client and graphics processor sales.
 - Client processor average selling price (ASP) grew year-over-year and quarter-over-quarter driven by a richer mix of Ryzen desktop and notebook processor sales.
 - GPU ASP grew year-over-year and quarter-over-quarter driven by high-end graphics product sales, including data center GPU sales.
 - Operating income was \$526 million compared to \$200 million a year ago and \$485 million in the prior quarter. The increases were primarily driven by higher revenue.
- Enterprise, Embedded and Semi-Custom segment revenue was \$1.60 billion, up 183 percent year-over-year and 19 percent quarter-over-quarter. The increases were driven by higher EPYC processor revenue and semi-custom product sales.
 - Operating income was \$398 million compared to \$33 million a year ago and \$277 million in the prior quarter. The increases were primarily driven by higher revenue.
- All Other operating loss was \$93 million compared to \$60 million a year ago and \$100 million in the prior quarter.

Recent PR Highlights

- AMD announced that stockholders overwhelmingly approved its acquisition of Xilinx. The proposed acquisition remains on-track to close by the end of the year.
- AMD announced a \$4 billion share repurchase program. AMD expects to fund repurchases through cash generated from operations.
- The Top500 organization announced the world's fastest supercomputers. The number of AMD-powered systems on the list grew by almost five times in the past year. AMD EPYC processors power half of the 58 new systems added to the June 2021 listing.
- AMD and its technology partners announced numerous new high-performance computing systems taking advantage of AMD EPYC processors. These systems include Microsoft Azure supercomputers for UK Met Office, The Perlmutter supercomputer and The Singapore National Supercomputing Centre supercomputer.
- Google Cloud and AMD announced a new instance (T2D) based on 3rd Gen AMD EPYC processors. According to Google Cloud, by using 3rd Gen EPYC processors, T2D provides up to 56 percent better absolute performance and more than 40 percent higher price-performance for scale-out workloads compared to other cloud instances.
- AMD continued advances in industry-leading packaging innovations to push the envelope in high-performance computing with new 3D chiplet technology. This packaging breakthrough combines AMD's innovative chiplet architecture with 3D stacking using an industry-leading hybrid bond approach.
- AMD announced the AMD Advantage Design Framework designed to deliver best-in-class gaming experiences on notebook PCs by combining AMD Radeon RX 6000M Series Mobile Graphics processors, AMD Radeon Software and AMD Ryzen 5000 Series Mobile Processors with exclusive AMD smart technologies and other advanced system design characteristics.
- The adoption of AMD's high-performance "Zen" CPUs and AMD RDNA™ 2 GPUs expanded into new markets.
 - AMD announced Tesla is using AMD Ryzen Embedded Processors and AMD RDNA 2 based GPUs to power the infotainment system in the new Tesla Model S and Model X vehicles.
 - AMD announced 2nd Gen AMD EPYC processors are powering the new HPE Alletra 6000 storage solutions, enabling up to 3x more performance compared to previous HPE Nimble storage all flash arrays.
 - Valve announced Steam Deck, a handheld gaming console powered by a semi-custom AMD processor that can play the latest AAA PC games and access the entire Steam library on the go.
- AMD launched FidelityFX Super Resolution (FSR), a state-of-the-art spatial upscaling algorithm feature designed to boost framerates and deliver high-quality, high-resolution gaming experiences. AMD also announced that more than 40 game developers pledged support for FSR, with more expected in the future.

Current Outlook

AMD's outlook statements are based on current expectations. The following statements are forward-looking and actual results could differ materially depending on market conditions and the factors set forth under "Cautionary Statement" below.

For the third quarter of 2021, AMD expects revenue to be approximately \$4.1 billion, plus or minus \$100 million, an increase of approximately 46 percent year-over-year and approximately 6 percent quarter-over-quarter. The year-over-year increase is expected to be driven by growth across all businesses. The quarter-over-quarter increase is expected to be primarily driven by growth in AMD's data center and gaming businesses. AMD expects non-GAAP gross margin to be approximately 48 percent in the third quarter of 2021.

For the full year 2021, AMD now expects revenue growth of approximately 60 percent, up from prior guidance of approximately 50 percent, driven by strong growth across all businesses. AMD now expects non-GAAP gross margin to be approximately 48 percent for the full year 2021, up from prior guidance of approximately 47 percent.

AMD Teleconference

AMD will hold a conference call for the financial community at 2:00 p.m. PT (5:00 p.m. ET) today to discuss its second quarter 2021 financial results. AMD will provide a real-time audio broadcast of the teleconference on the Investor Relations page of its website at www.amd.com.

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
<i>GAAP gross margin %</i>	48 %	46 %	44 %
Stock-based compensation	2	1	2
Non-GAAP gross profit	\$ 1,832	\$ 1,588	\$ 850
<i>Non-GAAP gross margin %</i>	48 %	46 %	44 %
GAAP operating expenses	\$ 1,000	\$ 929	\$ 675
<i>GAAP operating expenses/revenue %</i>	26 %	27 %	35 %
Stock-based compensation	81	84	58
Acquisition-related costs	10	15	—
Non-GAAP operating expenses	\$ 909	\$ 830	\$ 617
<i>Non-GAAP operating expenses/revenue%</i>	24 %	24 %	32 %
GAAP operating income	\$ 831	\$ 662	\$ 173
<i>GAAP operating margin %</i>	22 %	19 %	9 %
Stock-based compensation	83	85	60
Acquisition-related costs	10	15	—
Non-GAAP operating income	\$ 924	\$ 762	\$ 233
<i>Non-GAAP operating margin %</i>	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.

About AMD

For more than 50 years, AMD has driven innovation in high-performance computing, graphics and visualization technologies – the building blocks for gaming, immersive platforms and the data center. Hundreds of millions of consumers, leading Fortune 500 businesses and cutting-edge scientific research facilities around the world rely on AMD technology daily to improve how they live, work and play. AMD employees around the world are focused on building great products that push the boundaries of what is possible. For more information about how AMD is enabling today and inspiring tomorrow, visit the AMD (NASDAQ: AMD) website, blog, Facebook and Twitter pages.

Cautionary Statement

This press release contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as AMD's expectation for annual revenue growth and the expected drivers; AMD's acquisition of Xilinx remaining on track to close by the end of the year; the features, functionality, performance, availability, timing and expected benefits of AMD products; and AMD's expected third quarter 2021 and fiscal 2021 financial outlook, including revenue and non-GAAP gross margin and expected drivers based on current expectations, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are commonly identified by words such as "would," "may," "expects," "believes," "plans," "intends," "projects" and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this press release are based on current beliefs, assumptions and expectations, speak only as of the date of this press release and involve risks and uncertainties that could cause actual results to differ materially from current expectations. Such statements are subject to certain known and unknown risks and uncertainties, many of which are difficult to predict and generally beyond AMD's control, that could cause actual results and other future events to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: Intel Corporation's dominance of the microprocessor market and its aggressive business practices; global economic uncertainty; the loss of a significant customer; the impact of the COVID-19 pandemic on AMD's business, financial condition and results of operations; the competitive markets in which AMD's products are sold; quarterly and seasonal sales patterns; market conditions of the industries in which AMD products are sold; the cyclical nature of the semiconductor industry; AMD's ability to adequately protect its technology or other intellectual property; unfavorable currency exchange rate fluctuations; the ability of third party manufacturers to manufacture AMD's products on a timely basis in sufficient quantities and using competitive technologies; the availability of essential equipment, materials, substrates or manufacturing processes; expected manufacturing yields for AMD's products; AMD's ability to introduce products on a timely basis with features and performance levels that provide value to its customers; AMD's ability to generate revenue from its semi-custom SoC products; potential security vulnerabilities; potential security incidents including IT outages, data loss, data breaches and cyber-attacks; uncertainties involving the ordering and shipment of AMD's products; AMD's reliance on third-party intellectual property to design and introduce new products in a timely manner; AMD's reliance on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components; AMD's reliance on Microsoft Corporation and other software vendors' support to design and develop software to run on AMD's products; AMD's reliance on third-party distributors and add-in-board partners; the impact of modification or interruption of AMD's internal business processes and information systems; compatibility of AMD's products with some or all industry-standard software and hardware; costs related to defective products; the efficiency of AMD's supply chain; AMD's ability to rely on third party supply-chain logistics functions; AMD's ability to effectively control the sales of its products on the gray market; the impact of government actions and regulations such as export administration regulations, tariffs and trade protection measures; AMD's ability to realize its deferred tax assets; potential tax liabilities; current and future claims and litigation; the impact of environmental laws, conflict minerals-related provisions and other laws or regulations; the impact of acquisitions, joint ventures and/or investments on AMD's business, including the announced acquisition of Xilinx, and the failure to integrate acquired businesses; AMD's ability to complete the Xilinx merger; the impact of the announcement and pendency of the Xilinx merger on AMD's business; the impact of any impairment of the combined company's assets on the combined company's financial position and results of operation; the restrictions imposed by agreements governing AMD's notes and the revolving credit facility; AMD's indebtedness; AMD's ability to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD's ability to repurchase its outstanding debt in the event of a change of control; AMD's ability to generate sufficient revenue and operating cash flow or obtain external financing for research and development or other strategic investments; political, legal, economic risks and natural disasters; future impairments of goodwill and technology license purchases; AMD's ability to attract and retain qualified personnel; AMD's stock price volatility; and worldwide political conditions. Investors are urged to review in detail the risks and uncertainties in AMD's Securities and Exchange Commission filings, including but not limited to AMD's most recent reports on Forms 10-K and 10-Q.

* In this earnings press release, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross profit, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income and non-GAAP earnings per share. AMD uses a normalized tax rate in its computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. For fiscal 2021, AMD uses a projected non-GAAP tax rate of 15%, which excludes the tax impact of pre-tax non-GAAP adjustments, reflecting currently available information. AMD also provided adjusted EBITDA and free cash flow as supplemental non-GAAP measures of its performance. These items are defined in the footnotes to the selected corporate data tables provided at the end of this earnings press release. AMD is providing these financial measures because it believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because AMD believes it assists investors in comparing AMD's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance and for the other reasons described in the footnotes to the selected data tables. The non-GAAP financial measures disclosed in this earnings press release should be viewed in addition to and not as a substitute for or superior to AMD's reported results prepared in accordance with GAAP and should be read only in conjunction with AMD's Consolidated Financial Statements prepared in accordance with GAAP. These non-GAAP financial measures referenced are reconciled to their most directly comparable GAAP financial measures in the data tables at the end of this earnings press release. This earnings press release also contains forward-looking non-GAAP gross margin concerning AMD's financial outlook, which is based on current expectations as of July 27, 2021 and assumptions and beliefs that involve numerous risks and uncertainties. AMD undertakes no intent or obligation to publicly update or revise its outlook statements as a result of new information, future events or otherwise, except as may be required by law.

AMD, the AMD Arrow logo, EPYC, Radeon, Ryzen, Instinct, Threadripper and combinations thereof, are trademarks of Advanced Micro Devices, Inc. Other names are for informational purposes only and used to identify companies and products and may be trademarks of their respective owner.

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(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
(Millions)

	June 26, 2021 (Unaudited)	December 26, 2020
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
(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

SELECTED CORPORATE DATA
(Millions) (Unaudited)

	Three Months Ended			Six Months Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Segment Information					
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

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

	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.



SECOND QUARTER 2021 FINANCIAL RESULTS

JULY 27, 2021

CAUTIONARY STATEMENT

This presentation contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as AMD's journey; the features, functionality, performance, availability, timing and expected benefits of AMD products; AMD's financial outlook for the third quarter of 2021 and full year 2021, including revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating expenses as a percentage of revenue, non-GAAP interest expense, taxes and other; non-GAAP tax rates and diluted share count; and AMD's leadership roadmaps, execution excellence, revenue market share gains and strong shareholder returns, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are commonly identified by words such as "would," "may," "expects," "believes," "plans," "intends," "projects" and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this presentation are based on current beliefs, assumptions and expectations, speak only as of the date of this presentation and involve risks and uncertainties that could cause actual results to differ materially from current expectations. Such statements are subject to certain known and unknown risks and uncertainties, many of which are difficult to predict and generally beyond AMD's control, that could cause actual results and other future events to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: Intel Corporation's dominance of the microprocessor market and its aggressive business practices; global economic uncertainty; the loss of a significant customer; the impact of the COVID-19 pandemic on AMD's business, financial condition and results of operations; the competitive markets in which AMD's products are sold; quarterly and seasonal sales patterns; market conditions of the industries in which AMD products are sold; the cyclical nature of the semiconductor industry; AMD's ability to adequately protect its technology or other intellectual property; unfavorable currency exchange rate fluctuations; the ability of third party manufacturers to manufacture AMD's products on a timely basis in sufficient quantities and using competitive technologies; the availability of essential equipment, materials, substrates, or manufacturing processes; expected manufacturing yields for AMD's products; AMD's ability to introduce products on a timely basis with features and performance levels that provide value to its customers; AMD's ability to generate revenue from its semi-custom SoC products; potential security vulnerabilities; potential security incidents including IT outages, data loss, data breaches and cyber-attacks; uncertainties involving the ordering and shipment of AMD's products; AMD's reliance on third-party intellectual property to design and introduce new products in a timely manner; AMD's reliance on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components; AMD's reliance on Microsoft Corporation and other software vendors' support to design and develop software to run on AMD's products; AMD's reliance on third-party distributors and add-in-board partners; the impact of modification or interruption of AMD's internal business processes and information systems; compatibility of AMD's products with some or all industry-standard software and hardware; costs related to defective products; the efficiency of AMD's supply chain; AMD's ability to rely on third party supply-chain logistics functions; AMD's ability to effectively control the sales of its products on the gray market; the impact of government actions and regulations such as export administration regulations, tariffs and trade protection measures; AMD's ability to realize its deferred tax assets; potential tax liabilities; current and future claims and litigation; the impact of environmental laws, conflict minerals-related provisions and other laws or regulations; the impact of acquisitions, joint ventures and/or investments on AMD's business, including the announced acquisition of Xilinx, and the failure to integrate acquired businesses; AMD's ability to complete the Xilinx merger; the impact of the announcement and pendency of the Xilinx merger on AMD's business; the impact of any impairment of the combined company's assets on the combined company's financial position and results of operation; the restrictions imposed by agreements governing AMD's notes and the revolving credit facility; AMD's indebtedness; AMD's ability to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD's ability to repurchase its outstanding debt in the event of a change of control; AMD's ability to generate sufficient revenue and operating cash flow or obtain external financing for research and development or other strategic investments; political, legal, economic risks and natural disasters; future impairments of goodwill and technology license purchases; AMD's ability to attract and retain qualified personnel; AMD's stock price volatility; and worldwide political conditions. Investors are urged to review in detail the risks and uncertainties in AMD's Securities and Exchange Commission filings, including but not limited to AMD's most recent reports on Forms 10-K and 10-Q.

NON-GAAP FINANCIAL MEASURES

In this presentation, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross profit, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP earnings per share and free cash flow. AMD uses a normalized tax rate in its computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. For full year 2021, AMD uses a projected non-GAAP tax rate of 15%, which excludes the tax impact of pre-tax non-GAAP adjustments, reflecting currently available information. AMD uses a projected cash tax rate of approximately 2% that includes the projected current income tax liability plus known foreign withholding tax obligations paid expressed as a percentage of non-GAAP profit before tax. AMD is providing these financial measures because it believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because AMD believes it assists investors in comparing AMD's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance. The non-GAAP financial measures disclosed in this presentation should be viewed in addition to and not as a substitute for or superior to AMD's reported results prepared in accordance with GAAP and should be read only in conjunction with AMD's Consolidated Financial Statements prepared in accordance with GAAP. These non-GAAP financial measures referenced are reconciled to their most directly comparable GAAP financial measures in the Appendices at the end of this presentation. This presentation also contains forward-looking non-GAAP measures concerning AMD's financial outlook such as gross margin, operating expenses, interest expense, taxes and other. These forward-looking non-GAAP measures are based on current expectations as of July 27, 2021, and assumptions and beliefs that involve numerous risks and uncertainties. AMD undertakes no intent or obligation to publicly update or revise its forward-looking statements made in this presentation except as may be required by law.

AMD

OUR JOURNEY

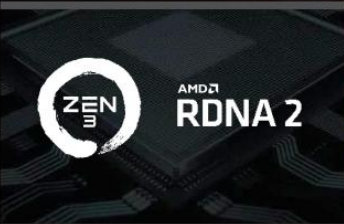
Best Product
Portfolio in
History

Expanding
Customer & Partner
Ecosystem

Significant
Business
Acceleration

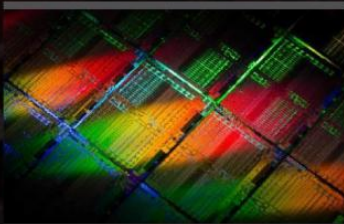
Best-in-Class
Financial
Performance

OUR LEADERSHIP TECHNOLOGY



INDUSTRY-LEADING IP

Delivering Multi-generational Leadership CPU and GPU Roadmaps



ADVANCED TECHNOLOGY

Leadership Process Technology and Innovative 3D Chiplet Packaging



DATA CENTER LEADERSHIP

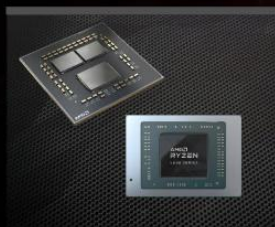
Innovation in Cloud, Enterprise and Accelerated Computing



PC/GAMING SOLUTIONS

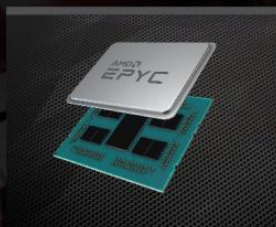
Driving Leadership PC Experiences and Gaming Solutions

OUR BEST EVER **PRODUCT PORTFOLIO**



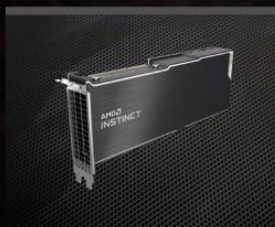
AMD **RYZEN**

Desktop and mobile processors provide world's fastest gaming, leadership performance and advanced battery life



AMD **EPYC**

3rd Gen AMD EPYC™ extends performance and TCO advantages



AMD **INSTINCT**

Heterogenous computing re-imagined for the exascale era with AMD CDNA™ Architecture



AMD **RADEON**

Performance and power efficiency with AMD RDNA™ 2 Architecture



SEMI-CUSTOM

Latest game consoles powered by "Zen" and RDNA Architectures

PERFORMANCE LEADERSHIP IN PCs, DATA CENTER AND GAMING

FINANCIAL SUMMARY Q2 2021¹

- Record revenue \$3.85 billion, up 99% y/y and 12% q/q
- Gross margin 48%, up 4pp y/y and 2 pp q/q
- OpEx \$1.00 billion; Non-GAAP OpEx \$909 million
- Significant growth in profitability
 - Operating income \$831 million; Non-GAAP operating income \$924 million
 - Operating margin 22%; Non-GAAP operating margin 24%
 - Net income \$710 million; Non-GAAP net income \$778 million
 - Diluted EPS \$0.58; Non-GAAP diluted EPS \$0.63
- Cash, cash equivalents and short-term investments \$3.79 billion
- Operating cash flow \$952 million; Record free cash flow \$888 million
- Repurchased 3.2 million shares of common stock for \$256 million



1. See Appendices for GAAP to Non-GAAP reconciliation

COMPUTING AND GRAPHICS SEGMENT Q2 2021

- Revenue \$2.25 billion
 - Up 65% y/y and 7% q/q driven by higher client and graphics processor sales
 - Record client revenue and 5th straight quarter of revenue share gains
 - Graphics revenue growth led by demand for Radeon™ 6000 Series and AMD Instinct™ GPUs
- Higher Average Selling Prices (ASP)
 - Client processor ASP grew y/y and q/q driven by a richer mix of Ryzen™ desktop and notebook processor sales
 - GPU ASP grew y/y and q/q driven by high-end graphics product sales, including data center GPU sales
- Higher Operating Income
 - Operating income \$526 million compared to \$200 million a year ago and \$485 million in the prior quarter
 - Operating margin 23% compared to 15% a year ago and 23% in the prior quarter
- Strategic news and highlights
 - Won multiple high-volume Enterprise deployments with Fortune 500 companies
 - Strong RDNA 2 GPU shipments including the first notebooks powered by Radeon RX 6000M series GPUs
 - Launched FidelityFX Super Resolution for gaming graphics with support from more than 40 game developers
 - Initial shipments of next-generation AMD Instinct accelerators featuring 2nd Gen CDNA architecture

ENTERPRISE, EMBEDDED AND SEMI-CUSTOM SEGMENT Q2 2021

- Revenue \$1.60 billion
 - Up 183% y/y and 19% q/q driven by higher EPYC processor revenue and semi-custom product sales
 - 5th straight quarter of record server processor revenue, including strong demand for 2nd and 3rd Gen EPYC processors
 - Semi-custom revenue grew y/y and q/q driven by increasing demand for game consoles
- Higher Operating Income
 - Operating income \$398 million compared to \$33 million a year ago and \$277 million in the prior quarter
 - Operating margin 25% compared to 6% a year ago and 21% in the prior quarter
- Strategic news and highlights
 - Cloud demand accelerated with growing internal adoption and expansion of AMD-powered instances
 - Google chose AMD EPYC processors to exclusively power the first offering in its Tau VM family for Cloud scale-out workloads
 - AMD-based systems on the Top500 list of world's fastest supercomputers increased by almost 5X in the last year
 - Announced 3D Chiplet Packaging combining chiplets with 3D stacking and industry-leading hybrid bond approach
 - Tesla selected AMD Ryzen embedded CPU processors and Radeon RDNA2 GPUs and we started production shipments to power the in-dash infotainment systems in the latest Model S and Model X vehicles
 - Valve chose AMD to power their SteamDeck handheld game console scheduled to launch December 2021

REVENUE TREND

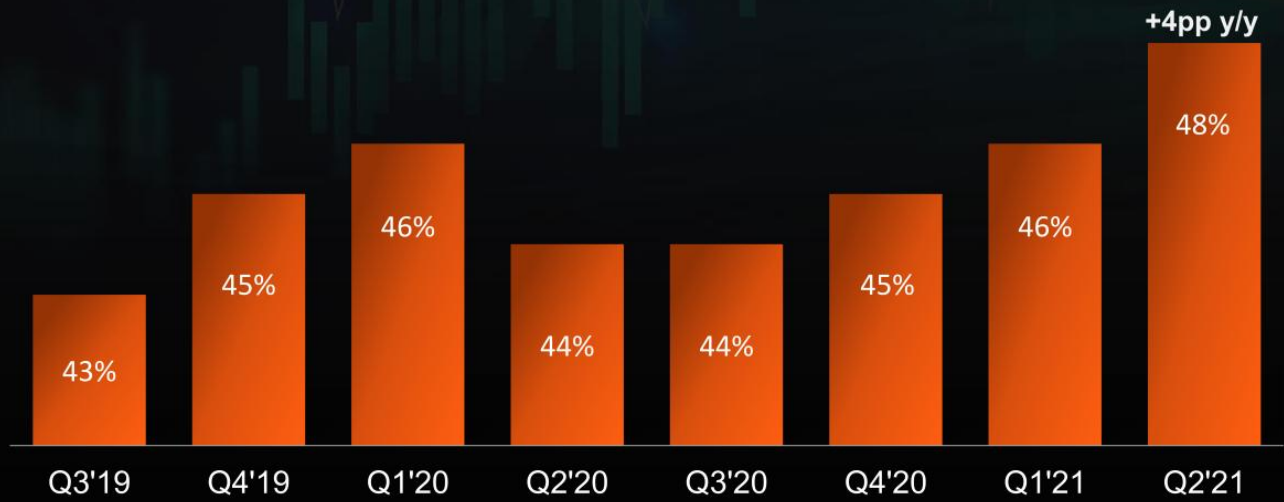
(\$ IN MILLIONS)



STRONG REVENUE TRAJECTORY

GROSS MARGIN TREND

(GAAP AND NON-GAAP)¹



CONTINUED GROSS MARGIN EXPANSION

EARNINGS PER SHARE TREND²

(GAAP)



SIGNIFICANT PROFIT GROWTH

1. In Q4 2020, AMD released \$1.3 billion of its \$2.9 billion income tax valuation allowance. The valuation allowance release had a \$1.06 benefit to Q4 2020 earnings per share.
2. Includes a higher tax rate beginning in Q1 2021.

EARNINGS PER SHARE TREND²

(NON-GAAP)¹



+\$0.45 y/y

\$0.63

\$0.18

\$0.32

\$0.18

\$0.18

\$0.41

\$0.52

\$0.52

Q3'19

Q4'19

Q1'20

Q2'20

Q3'20

Q4'20

Q1'21

Q2'21

SIGNIFICANT PROFIT GROWTH

Q2 2021 SUMMARY P&L – GAAP

(\$ in millions, except per share data)	Q2'21	Q2'20	Y/Y	Q1'21	Q/Q
Revenue	\$3,850	\$1,932	Up 99%	\$3,445	Up 12%
Gross Profit	\$1,830	\$848	Up 116%	\$1,587	Up 15%
Gross Margin %	48%	44%	Up 4pp	46%	Up 2pp
Operating Expenses	\$1,000	\$675	Up 48%	\$929	Up 8%
Operating Expense/Revenue %	26%	35%	Down 9pp	27%	Down 1pp
Operating Income	\$831	\$173	Up 380%	\$662	Up 26%
Operating Margin %	22%	9%	Up 13pp	19%	Up 3pp
Net Income ¹	\$710	\$157	Up 352%	\$555	Up 28%
Earnings Per Share ^{1,2}	\$0.58	\$0.13	Up 346%	\$0.45	Up 29%

1. Includes a higher tax rate beginning in Q1 2021
 2. See Appendices for share count reference.

Q2 2021 SUMMARY P&L – NON-GAAP¹

(\$ in millions, except per share data)	Q2'21	Q2'20	Y/Y	Q1'21	Q/Q
Revenue	\$3,850	\$1,932	Up 99%	\$3,445	Up 12%
Gross Profit	\$1,832	\$850	Up 116%	\$1,588	Up 15%
Gross Margin %	48%	44%	Up 4pp	46%	Up 2pp
Operating Expenses	\$909	\$617	Up 47%	\$830	Up 10%
Operating Expense/Revenue %	24%	32%	Down 8pp	24%	Flat
Operating Income	\$924	\$233	Up 297%	\$762	Up 21%
Operating Margin %	24%	12%	Up 12pp	22%	Up 2pp
Net Income ²	\$778	\$216	Up 260%	\$642	Up 21%
Earnings Per Share ²	\$0.63	\$0.18	Up 250%	\$0.52	Up 21%

1. See Appendices for GAAP to Non-GAAP reconciliation and share count reference.
2. Includes a higher tax rate beginning in Q1 2021

Q2 2021 SEGMENT RESULTS

(\$ in millions)	Q2'21	Q2'20	Y/Y	Q1'21	Q/Q
Computing and Graphics					
Net Revenue	\$2,250	\$1,367	Up 65%	\$2,100	Up 7%
Operating Income	\$526	\$200	Up 163%	\$485	Up 8%
Enterprise, Embedded and Semi-Custom					
Net Revenue	\$1,600	\$565	Up 183%	\$1,345	Up 19%
Operating Income	\$398	\$33	Up 1,106%	\$277	Up 44%
All Other Category					
Operating Loss	\$(93)	\$(60)	Down 55%	\$(100)	Up 7%
TOTAL					
Net Revenue	\$3,850	\$1,932	Up 99%	\$3,445	Up 12%
Operating Income	\$831	\$173	Up 380%	\$662	Up 26%

Q2 2021 SUMMARY BALANCE SHEET ITEMS

(\$ in millions)	Q2'21	Q2'20	Y/Y	Q1'21	Q/Q
Cash, Cash Equivalents and Short-term Investments	\$3,793	\$1,775	Up \$2,018	\$3,116	Up \$677
Accounts Receivable, Net	\$2,020	\$1,789	Up \$231	\$2,178	Down \$158
Inventories	\$1,765	\$1,324	Up \$441	\$1,653	Up \$112
Total Debt (principal amount) ¹	\$313	\$763	Down \$450	\$314	Down \$1
Total Debt, Net ¹	\$313	\$690	Down \$377	\$313	Flat

OUTSTANDING BALANCE SHEET

FINANCIAL OUTLOOK – NON-GAAP¹

	Q3 2021	FY 2021
Revenue	\$4.1 Billion +/- \$100 Million	Growth of ~60% y/y
Gross Margin %	~48%	~48%
Operating Expenses	~\$1.0 Billion	~25%
Operating Expenses/Revenue %	~25%	
Interest Expense, Taxes and Other	~\$150 Million	--
Effective Tax Rate	~15% of pre-tax income	
Cash Tax Rate	~2% of pre-tax income	
Diluted Share Count ²	~1.23 billion shares	~1.23 billion shares

1. See Cautionary Statement on Slide 2. These forward-looking outlook statements and non-GAAP measures are based on current expectations as of July 27, 2021, and assumptions and beliefs that involve numerous risks and uncertainties. AMD undertakes no intent or obligation to publicly update or revise its outlook statements as a result of new information, future events or otherwise, except as may be required by law. All items, except revenue, are on a non-GAAP basis. Adjustments to arrive at the GAAP financial outlook typically include stock-based compensation, non-cash interest expense related to convertible debt, income tax provision, equity income in investee, and other non-recurring items such as loss on debt redemption/conversion, impairment charges and acquisition-related costs. The timing and impact of such adjustments are dependent on future events that are typically uncertain or outside of AMD's control; therefore, a reconciliation to equivalent GAAP measures is not practicable at this time.
2. Refer to Diluted Share Count overview in the Appendices

Q2 2021 SUMMARY

Quarterly Revenue
Up 99% Y/Y, 12% Q/Q

Gross Margin
Expanded to 48%,
Up 4 pp Y/Y

Profitability
More than Tripled Y/Y

Record Quarterly
Free Cash Flow

AMD'S COMMITMENT TO ESG



ENVIRONMENTAL

Steadfast commitment to environmental stewardship and contributing to our local communities



SOCIAL

Creating a culture that drives innovation by fostering diversity, inclusion and belonging



GOVERNANCE

Delivering industry leading products with integrity, innovation and quality in order to help solve global challenges

GREATER TECHNOLOGY FOR THE GREATER GOOD

AMD

BUILDING **THE BEST**

Leadership
Roadmaps

Execution
Excellence

Revenue Market
Share Gains

Strong
Shareholder
Returns

APPENDICES

Reconciliation of GAAP to Non-GAAP Gross Profit and Gross Margin

(Millions)	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
GAAP gross profit	\$ 777	\$ 949	\$ 818	\$ 848	\$ 1,230	\$ 1,451	\$ 1,587	\$ 1,830
GAAP gross margin %	43%	45%	46%	44%	44%	45%	46%	48%
Stock-based compensation	2	1	2	2	1	1	1	2
Non-GAAP gross profit	\$ 779	\$ 950	\$ 820	\$ 850	\$ 1,231	\$ 1,452	\$ 1,588	\$ 1,832
Non-GAAP gross margin %	43%	45%	46%	44%	44%	45%	46%	48%

Reconciliation of GAAP to Non-GAAP Operating Expenses

(Millions)	Q2'21	Q2'20	Q1'21
GAAP operating expenses	\$ 1,000	\$ 675	\$ 929
GAAP operating expenses/revenue %	26%	35%	27%
Stock-based compensation	81	58	84
Acquisition-related costs	10	—	15
Non-GAAP operating expenses	\$ 909	\$ 617	\$ 830
Non-GAAP operating expenses/revenue %	24%	32%	24%

APPENDICES

Reconciliation of GAAP Operating Income to Non-GAAP Operating Income

(Millions)	Q2'21	Q2'20	Q1'21
GAAP operating income	\$ 831	\$ 173	\$ 662
GAAP operating margin %	22%	9%	19%
Stock-based compensation	83	60	85
Acquisition-related costs	10	—	15
Non-GAAP operating income	\$ 924	\$ 233	\$ 762
Non-GAAP operating margin %	24%	12%	22%

APPENDICES

Reconciliation of GAAP to Non-GAAP Net Income / Earnings Per Share

(Millions, except per share data)	Q3'19		Q4'19		Q1'20		Q2'20		Q3'20		Q4'20		Q1'21		Q2'21	
GAAP net income / earnings per share	\$ 120	\$ 0.11	\$ 170	\$ 0.15	\$ 162	\$ 0.14	\$ 157	\$ 0.13	\$ 390	\$ 0.32	\$ 1,781	\$ 1.45	\$ 555	\$ 0.45	\$ 710	\$ 0.58
Loss on debt redemption/conversion	40	0.03	128	0.10	—	—	—	—	38	0.03	16	0.01	6	0.01	1	—
Non-cash interest expense related to convertible debt	6	—	4	—	2	—	2	—	2	—	—	—	—	—	—	—
Stock-based compensation	54	0.04	57	0.05	59	0.04	60	0.05	76	0.06	79	0.06	85	0.07	83	0.06
Equity income in investee	(1)	—	—	—	—	—	(1)	—	(1)	—	(3)	—	(2)	—	(2)	—
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	14	0.01	15	0.01	10	0.01
Release of valuation allowance on deferred tax assets	—	—	—	—	—	—	—	—	—	—	(1,301)	(1.06)	—	—	—	—
Impairment of investment	—	—	—	—	—	—	—	—	—	—	—	—	8	0.01	—	—
Income tax provision	—	—	24	0.02	(1)	—	(2)	—	(4)	—	50	0.05	(25)	(0.03)	(24)	(0.02)
Non-GAAP net income / earnings per share	\$ 219	\$ 0.18	\$ 383	\$ 0.32	\$ 222	\$ 0.18	\$ 216	\$ 0.18	\$ 501	\$ 0.41	\$ 636	\$ 0.52	\$ 642	\$ 0.52	\$ 778	\$ 0.63

Shares used and net income adjustment in earnings per share calculation

Shares used in per share calculation (GAAP) ⁽¹⁾	1,117	1,188	1,224	1,227	1,215	1,226	1,231	1,232
Interest expense add back to GAAP net income ⁽¹⁾	\$ -	\$ 4	\$ 4	\$ 3	\$ 1	\$ -	\$ -	\$ -
Shares used in per share calculation (Non-GAAP)	1,212	1,216	1,224	1,227	1,230	1,232	1,233	1,232
Interest expense add back to Non-GAAP net income	\$ 4	\$ 2	\$ 2	\$ 1	\$ 1	\$ -	\$ -	\$ -

(1) Q3'19 GAAP diluted EPS calculation did not include shares related to the assumed conversion of the Company's 2026 Convertible Notes and the associated interest expense add-back to net income under the "if converted" method as their inclusion would have been anti-dilutive. Q4'19, Q1'20 and Q2'20 GAAP diluted EPS calculation includes 31 million shares related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$4 million, \$4 million and \$3 million interest expense, respectively, add-back to net income under the "if converted" method. The 53 million shares (28 million weighted-average) issued in exchange for \$428 million of convertible debt in Q4'19 were not included as their inclusion would have been anti-dilutive. Q3'20 and Q4'20 GAAP diluted EPS calculation includes 11 million and 3 million shares, respectively, related to the assumed conversion of the Company's 2026 Convertible Notes and the associated \$1 million and \$0 million interest expense, respectively, add-back to net income under the "if converted" method. The 20 million (15 million weighted-average), 8 million shares (6 million weighted-average) and 3 million shares (2 million weighted-average) issued in exchange for \$165 million, \$60 million and \$24 million of convertible debt in Q3'20, Q4'20 and Q1'21, respectively, were not included as their inclusion would have been anti-dilutive.

APPENDICES

Share Count Overview

Shares (millions) ⁽¹⁾	Q1'21	Q2'21	Q3'21	2021
	Actual	Actual	Estimate	Estimate
Basic Shares	1,213	1,216	1,217	1,216
Dilutive impact from:				
Employee Equity Grants ⁽²⁾	18	16	14	15
Diluted Shares (without 2026 Convertible Notes)	1,231	1,232	1,231	1,231
2026 Convertible Notes – GAAP ⁽³⁾	-	-	-	-
Diluted Shares (with 2026 Convertible Notes) – GAAP	1,231	1,232	1,231	1,231
2026 Convertible Notes – Non-GAAP ⁽³⁾	2	-	-	-
Diluted Shares (with 2026 Convertible Notes) – Non-GAAP	1,233	1,232	1,231	1,231

The table above provides actual share count for Q1'21 and Q2'21 and an estimate of share count that may be used when calculating GAAP and non-GAAP diluted earnings per share for Q3'21 and FY 2021.

(1) Share counts are weighted average shares.

(2) The dilutive impact of employee equity grants is based on the Treasury Stock method and is dependent upon the average stock price during the period. The Q1'21 and Q2'21 average stock price was \$86.88 and \$80.20, respectively. The Q2'21 average stock price of \$80.20 was assumed for the Q3'21 and FY 2021 estimates.

(3) The dilutive impact from the 2.125% Convertible Senior Notes due 2026 (2026 Convertible Notes) is based on the If-Converted method, where the interest costs associated with the 2026 Convertible Notes are added back to the Net Income and the shares underlying the 2026 Convertible Notes are assumed to be converted and are added to the share count. The impact from the 2026 Convertible Notes, if dilutive, is included in diluted EPS calculation. For the GAAP computation, the add-back to net income includes cash and non-cash interest expense, while only the cash interest expense is added back to the non-GAAP net income. The dilutive shares associated with the 2026 Convertible Notes reflect the weighted average shares subject to conversion during each period.

During Q1'21, 3 million shares of the Company's common stock (2 million shares weighted) were issued to convert \$24 million of the outstanding 2026 Convertible Notes.

APPENDICES

Reconciliation of Operating Cash Flow to Free Cash Flow

(Millions)	Q2'21
GAAP net cash provided by operating activities	\$ 952
Purchases of property and equipment	(64)
Free cash flow	\$ 888

Total Debt (Net)

(Millions)	Q2'21	Q2'20	Q1'21
7.50% Senior Notes due 2022	\$ 312	\$ 312	\$ 312
2.125% Convertible Senior Notes due 2026	1	251	2
Borrowings from secured revolving line of credit	–	200	–
Total Debt (principal amount)	\$ 313	\$ 763	\$ 314
Unamortized debt discount associated with 2.125% Convertible Senior Notes due 2026	–	(69)	–
Unamortized debt issuance costs	–	(4)	(1)
Total Debt (net)	\$ 313	\$ 690	\$ 313

ENDNOTES

R5K-002: Testing by AMD Performance labs as of 5/28/2021 based on the average FPS of 20 PC games at 1920x1080 with the High image quality preset using an AMD Ryzen™ 9 5900X processor vs. Core i9-11900K. For Ryzen 5000 G-Series processors testing as of 5/5/2021 based on the average FPS of 11 PC games at 1920x1080 with the low image quality preset using an AMD Ryzen™ 7 5700G vs Core i7-11700, both configured with integrated graphics. Results may vary. R5K-002.R5K-050: Testing by AMD Performance Labs as of December 11, 2020 using an AMD Ryzen 9 5900 and Intel Core i9-10900, each similarly configured and tested with an NVIDIA GeForce RTX 2080 Ti graphics card. Results may vary. R5K-002.

CZM-35: Tested by AMD Labs in December 2020. The Ryzen 5000 series mobile processors are the fastest mobile processors with the highest-performing single-thread and multi-thread performance available on an x86 mobile processor, measured with Cinebench R.20 1T and Cinebench R20 nT respectively, using similarly configured systems with Ryzen 9 4900H, Ryzen 9 5980HX and Ryzen 5980HS processors vs i9-10980HK, Core i7-1185G7 processors. Performance may vary. CZM-35.

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