

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

October 26, 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 October 26, 2021, Advanced Micro Devices, Inc. (the "Company") announced its financial position and results of operations as of and for its third quarter ended September 25, 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 third quarter 2021.

The Company will hold a conference call on October 26, 2021 at 2:00 p.m. PT (5:00 p.m. ET) to discuss its third 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 October 26, 2021
99.2	Third 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 Third Quarter 2021 Financial Results

— Revenue increased 54 percent year-over-year —
 — Gross Margin grew more than 4 percentage points year-over-year to 48 percent —

SANTA CLARA, Calif. – October 26, 2021 - AMD (NASDAQ: AMD) today announced revenue for the third quarter of 2021 of \$4.3 billion, operating income of \$948 million, net income of \$923 million and diluted earnings per share of \$0.75. On a non-GAAP* basis, operating income was \$1.1 billion, net income was \$893 million and diluted earnings per share were \$0.73.

GAAP Quarterly Financial Results

	Q3 2021	Q3 2020	Y/Y	Q2 2021	Q/Q
Revenue (\$M)	\$4,313	\$2,801	Up 54%	\$3,850	Up 12%
Gross profit (\$M)	\$2,086	\$1,230	Up 70%	\$1,830	Up 14%
Gross margin %	48%	44%	Up 450 bps	48%	Up 80 bps
Operating expenses (\$M)	\$1,141	\$781	Up 46%	\$1,000	Up 14%
Operating income (\$M)	\$948	\$449	Up 111%	\$831	Up 14%
Operating margin %	22%	16%	Up 6pp	22%	Flat
Net income (\$M)	\$923	\$390	Up 137%	\$710	Up 30%
Earnings per share	\$0.75	\$0.32	Up 134%	\$0.58	Up 29%

Non-GAAP* Quarterly Financial Results

	Q3 2021	Q3 2020	Y/Y	Q2 2021	Q/Q
Revenue (\$M)	\$4,313	\$2,801	Up 54%	\$3,850	Up 12%
Gross profit (\$M)	\$2,087	\$1,231	Up 70%	\$1,832	Up 14%
Gross margin %	48%	44%	Up 440 bps	48%	Up 80 bps
Operating expenses (\$M)	\$1,035	\$706	Up 47%	\$909	Up 14%
Operating income (\$M)	\$1,055	\$525	Up 101%	\$924	Up 14%
Operating margin %	24%	19%	Up 5pp	24%	Flat
Net income (\$M)	\$893	\$501	Up 78%	\$778	Up 15%
Earnings per share	\$0.73	\$0.41	Up 78%	\$0.63	Up 16%

“AMD had another record quarter as revenue grew 54% and operating income doubled year-over-year,” said AMD president and CEO Dr. Lisa Su. “3rd Gen EPYC processor shipments ramped significantly in the quarter as our data center sales more than doubled year-over-year. Our business significantly accelerated in 2021, growing faster than the market based on our leadership products and consistent execution.”

Q3 2021 Results

- Revenue was \$4.3 billion, up 54 percent year-over-year and 12 percent quarter-over-quarter driven by higher revenue in both the Computing and Graphics segment and Enterprise, Embedded and Semi-Custom segment.
- Gross margin was 48 percent, up over 400 basis points year-over-year and up 80 basis points quarter-over-quarter. The year-over-year and quarter-over-quarter increases were primarily driven by a richer mix of EPYC™, Ryzen™ and Radeon™ processor sales.
- Operating income was \$948 million compared to operating income of \$449 million a year ago and \$831 million in the prior quarter. Non-GAAP operating income was \$1.1 billion compared to \$525 million a year ago and \$924 million in the prior quarter. Operating income improvements were primarily driven by higher revenue.
- Net income was \$923 million compared to \$390 million a year ago and \$710 million in the prior quarter. Non-GAAP net income was \$893 million compared to \$501 million a year ago and \$778 million in the prior quarter.
- Diluted earnings per share was \$0.75 compared to \$0.32 a year ago and \$0.58 in the prior quarter. Non-GAAP diluted earnings per share was \$0.73 compared to \$0.41 a year ago and \$0.63 in the prior quarter.
- Cash, cash equivalents and short-term investments were \$3.6 billion at the end of the quarter. The Company repurchased more than 7 million shares of common stock for \$750 million during the quarter.
- Cash from operations was \$849 million compared to \$339 million a year ago and \$952 million in the prior quarter. Free cash flow was \$764 million compared to \$265 million a year ago and \$888 million in the prior quarter. Third quarter 2021 cash from operations and free cash flow included strategic investments in long-term supply chain capacity to support future revenue growth.

Quarterly Financial Segment Summary

- Computing and Graphics segment revenue was \$2.4 billion, up 44 percent year-over-year and 7 percent quarter-over-quarter. The year-over-year and quarter-over-quarter increases were driven by higher Ryzen, Radeon and AMD Instinct processor sales.
 - Client processor average selling price (ASP) grew year-over-year and quarter-over-quarter driven by a richer mix of Ryzen processor sales.
 - GPU ASP grew year-over-year and quarter-over-quarter driven by high-end Radeon graphics product sales and AMD Instinct data center GPU sales.
 - Operating income was \$513 million compared to \$384 million a year ago and \$526 million in the prior quarter. The year-over-year increase was primarily driven by higher revenue, partially offset by

higher operating expenses. The quarter-over-quarter decrease was primarily due to higher operating expenses.

- Enterprise, Embedded and Semi-Custom segment revenue was \$1.9 billion, up 69 percent year-over-year and 20 percent quarter-over-quarter. The increases were driven by higher EPYC processor and semi-custom product sales.
 - Operating income was \$542 million compared to \$141 million a year ago and \$398 million in the prior quarter. The increases were primarily driven by higher revenue and richer product mix, partially offset by higher operating expenses.
- All Other operating loss was \$107 million compared to \$76 million a year ago and \$93 million in the prior quarter.

Recent PR Highlights

- AMD saw increased adoption of AMD EPYC processors in the third quarter.
 - Argonne National Labs selected AMD EPYC processors to power a new supercomputer, known as Polaris, to allow scientists and developers to test and optimize software codes and applications for AI, engineering, and scientific projects.
 - Google Cloud announced the public preview of N2D Virtual Machines powered by AMD EPYC™ 7003 Series processors.
 - AMD announced that 2nd Gen AMD EPYC CPUs and AMD Radeon Pro V520 GPUs will power new sizes for Amazon EC2 G4ad instances, giving customers the flexibility to provision resources on demand, as needs dictate, rather than being limited to their inventory of physical, on-premise hardware.
 - Cloudflare chose 3rd Gen AMD EPYC processors for its 11th Gen servers, which power the company's DNS network.
- AMD partnered with Microsoft to bring powerful, reliable computing to users with Windows 11, powered by Ryzen processors and Radeon graphics. Through this collaboration, more than 175 AMD CPUs are now compatible with Windows 11 operating systems to drive ultimate PC and gaming experiences.
- Customer adoption of Ryzen processors expanded, with Lenovo starting shipments of the Ryzen-based Thinkbook and Thinkpad E series business laptops featuring Windows 11 , Lenovo announcing the Ryzen-powered Yoga Slim 7 Carbon and Yoga Slim 7 Pro, HP releasing two AiO devices with Ryzen processors and ASUS unveiling the Ryzen 5000 Series-based Zenbook, Zenbook PRO, ProArt StudioBook and VivoBook.
- AMD launched Ryzen 5000 G-Series Desktop Processors with Radeon Graphics, bringing high-performance integrated graphics and powerful features to satisfy the most demanding gamers, creators and enthusiasts.

- AMD launched the Radeon RX 6600 XT graphics card, designed to deliver high-framerate, high-fidelity 1080p gaming experiences. Built on breakthrough AMD RDNA™ 2 gaming architecture, the graphics card offers on average 11 percent higher gaming performance with Smart Access Memory enabled across a range of popular titles compared to the competition.
- AMD announced availability of the Radeon PRO W6000X series GPUs for Mac Pro, harnessing the high-performance AMD RDNA 2 architecture, AMD Infinity Cache and other advanced technologies to power demanding professional design and content creation workloads.
- AMD was named by Forbes as one of the World's Best Employers of 2021.
- AMD announced its 26th annual Corporate Responsibility Report highlighting AMD's accomplishments from the previous year and unveiling new goals through 2025 and 2030, including a new goal to increase energy efficiency of processors running AI training and high performance computing applications 30x by 2025.

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 fourth quarter 2021, AMD expects revenue to be approximately \$4.5 billion, plus or minus \$100 million, an increase of approximately 39 percent year-over-year and approximately 4 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 driven by higher server and semi-custom revenue. AMD expects non-GAAP gross margin to be approximately 49.5 percent in the fourth quarter 2021.

For the full year 2021, AMD now expects revenue to grow approximately 65 percent driven by growth across all businesses, up from prior guidance of 60 percent growth. AMD expects non-GAAP gross margin to be approximately 48 percent for the full year 2021.

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 third 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		
	September 25, 2021	June 26, 2021	September 26, 2020
GAAP gross profit	\$ 2,086	\$ 1,830	\$ 1,230
<i>GAAP gross margin %</i>	48 %	48 %	44 %
Stock-based compensation	1	2	1
Non-GAAP gross profit	\$ 2,087	\$ 1,832	\$ 1,231
<i>Non-GAAP gross margin %</i>	48 %	48 %	44 %
GAAP operating expenses	\$ 1,141	\$ 1,000	\$ 781
<i>GAAP operating expenses/revenue %</i>	26 %	26 %	28 %
Stock-based compensation	98	81	75
Acquisition-related costs	8	10	—
Non-GAAP operating expenses	\$ 1,035	\$ 909	\$ 706
<i>Non-GAAP operating expenses/revenue%</i>	24 %	24 %	25 %
GAAP operating income	\$ 948	\$ 831	\$ 449
<i>GAAP operating margin %</i>	22 %	22 %	16 %
Stock-based compensation	99	83	76
Acquisition-related costs	8	10	—
Non-GAAP operating income	\$ 1,055	\$ 924	\$ 525
<i>Non-GAAP operating margin %</i>	24 %	24 %	19 %

	Three Months Ended					
	September 25, 2021		June 26, 2021		September 26, 2020	
GAAP net income / earnings per share	\$ 923	\$ 0.75	\$ 710	\$ 0.58	\$ 390	\$ 0.32
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)	—
Non-GAAP net income / earnings per share	\$ 893	\$ 0.73	\$ 778	\$ 0.63	\$ 501	\$ 0.41

Shares used and net income adjustment in earnings per share calculation ⁽¹⁾

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

(1) 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.

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 the features, functionality, performance, availability, timing and expected benefits of AMD products; AMD's goal to increase energy efficiency of processors running AI training and high performance computing applications 30x by 2025; and AMD's expected fourth 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 presentation 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 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 October 26, 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.

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AMD, the AMD Arrow logo, EPYC, Radeon, Ryzen, AMD 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			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 (Unaudited)	December 26, 2020
ASSETS		
Current assets:		
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
Total current assets	7,988	6,143
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
Total Assets	\$ 11,153	\$ 8,962
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
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
Total current liabilities	3,564	2,417
Long-term debt, net	1	330
Long-term operating lease liabilities	269	201
Other long-term liabilities	183	177
Stockholders' equity:		
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 ⁽¹⁾	(2,425)	(4,605)
Accumulated other comprehensive income	—	17
Total stockholders' equity	\$ 7,136	\$ 5,837
Total Liabilities and Stockholders' Equity	\$ 11,153	\$ 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			Nine Months Ended	
	September 25, 2021	June 26, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Net cash provided by (used in)					
Operating activities	\$ 849	\$ 952	\$ 339	\$ 2,699	\$ 517
Investing activities	\$ (83)	\$ 119	\$ (549)	\$ (686)	\$ (658)
Financing activities	\$ (949)	\$ (211)	\$ (269)	\$ (1,168)	\$ (29)

SELECTED CORPORATE DATA
(Millions) (Unaudited)

	Three Months Ended			Nine Months Ended	
	September 25, 2021	June 26, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Segment Information					
Computing and Graphics ⁽¹⁾					
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 ⁽²⁾					
Net revenue	\$ 1,915	\$ 1,600	\$ 1,134	\$ 4,860	\$ 2,047
Operating income	\$ 542	\$ 398	\$ 141	\$ 1,217	\$ 148
All Other ⁽³⁾					
Net revenue	\$ —	\$ —	\$ —	\$ —	\$ —
Operating loss	\$ (107)	\$ (93)	\$ (76)	\$ (300)	\$ (195)
Total					
Net revenue	\$ 4,313	\$ 3,850	\$ 2,801	\$ 11,608	\$ 6,519
Operating income	\$ 948	\$ 831	\$ 449	\$ 2,441	\$ 799

Other Data					
Capital expenditures	\$ 85	\$ 64	\$ 74	\$ 215	\$ 220
Adjusted EBITDA ⁽⁴⁾	\$ 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 ⁽⁵⁾	\$ 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

(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 Flow****

	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.



THIRD QUARTER 2021 FINANCIAL RESULTS

OCTOBER 26, 2021

CAUTIONARY STATEMENT

This presentation contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as the features, functionality, performance, availability, timing and expected benefits of AMD products; the Xilinx, Inc. transaction remaining on track to close by end of year; AMD's expected fourth quarter 2021 and fiscal year 2021 financial outlook, 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, increasing market share, execution excellence 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 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 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 presentation. 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 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 data tables at the end of this presentation. This presentation also contains forward-looking non-GAAP gross margin concerning AMD's financial outlook, which is based on current expectations as of October 26, 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

OUR JOURNEY

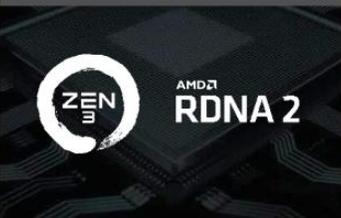
Best Product
Portfolio in
History

Expanding
Customer & Partner
Ecosystem

Significant
Business
Acceleration

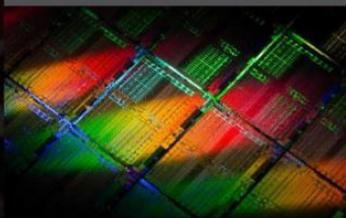
Best-in-Class
Financial
Performance

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

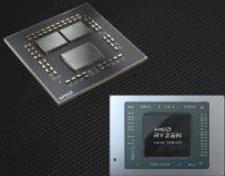
Innovation in Cloud, Enterprise and Accelerated Computing



PC/GAMING SOLUTIONS

Driving Leadership PC Experiences and Gaming Solutions

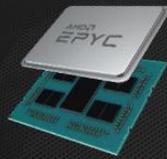
OUR BEST EVER **PRODUCT PORTFOLIO**



Z

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 **RADEON**

Performance and power efficiency with AMD RDNA™ 2 Architecture



AMD **INSTINCT**

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



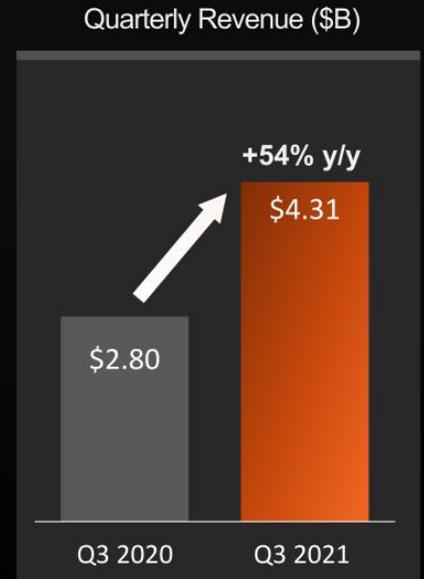
SEMI-CUSTOM

Latest game consoles powered by "Zen" and AMD RDNA Architectures

PERFORMANCE LEADERSHIP IN PCs, DATA CENTER AND GAMING

SUMMARY Q3 2021¹

- Record revenue \$4.3 billion, up 54% y/y and 12% q/q
- Gross margin 48%, up over 400 bps y/y and up 80 bps q/q
- OpEx \$1.14 billion; Non-GAAP OpEx \$1.04 billion
- Significant y/y growth in profitability
 - Operating income \$948 million; Non-GAAP operating income \$1.06 billion
 - Operating margin 22%; Non-GAAP operating margin 24%
 - Net income \$923 million; Non-GAAP net income \$893 million
 - Diluted EPS \$0.75; Non-GAAP diluted EPS \$0.73
- Cash, cash equivalents and short-term investments \$3.6 billion
- Operating cash flow \$849 million; Free cash flow \$764 million
- Repurchased more than 7 million shares for \$750 million
- Xilinx acquisition remains on track to close by end of year



1. See Appendices for GAAP to Non-GAAP reconciliation

COMPUTING AND GRAPHICS SEGMENT Q3 2021

- Revenue \$2.4 billion
 - Up 44% y/y and 7% q/q driven by higher Ryzen™, Radeon™ and AMD Instinct™ processor sales
- Higher Average Selling Prices (ASP)
 - Client processor ASP grew y/y and q/q driven by a richer mix of Ryzen processor sales
 - GPU ASP grew y/y and q/q driven by high-end Radeon graphics product sales and AMD Instinct data center GPU sales
- Operating Income
 - Operating income \$513 million compared to \$384 million a year ago and \$526 million in the prior quarter
 - Up y/y driven by higher revenue, partially offset by higher operating expenses; Down q/q due to higher operating expenses
- Strategic news and highlights
 - Launched Ryzen 5000 desktop processors with integrated Radeon graphics to strong demand and third-party reviews
 - Acer, Asus, HP and Lenovo expanded mobile offerings powered by Ryzen 5000 mobile processors to drive momentum
 - Significant y/y growth in commercial notebook deployments across public sector and Fortune 1000 companies
 - RDNA 2 GPUs grew significantly driven by high-end Radeon 6000 GPUs and the launch of Radeon RX 6600 XT GPUs
 - Data center graphics revenue more than doubled y/y and q/q led by shipments of new CDNA 2 GPUs

ENTERPRISE, EMBEDDED AND SEMI-CUSTOM SEGMENT Q3 2021

- Revenue \$1.9 billion
 - Up 69% y/y and 20% q/q driven by higher EPYC processor and semi-custom product sales
- Higher Operating Income
 - Operating income \$542 million compared to \$141 million a year ago and \$398 million in the prior quarter
 - Up y/y and q/q driven by higher revenue and richer product mix, partially offset by higher operating expenses
- Strategic news and highlights
 - 6th straight quarter of record server processor revenue; 3rd Gen EPYC contributed majority of server CPU revenue
 - Microsoft Azure and Google announced multiple new instances powered by 3rd Gen EPYC data center processors; additional cloud deployment announcements include Cloudflare, Vimeo and Netflix
 - Strong Enterprise growth driven by the ramp of server platforms from Dell, HPE, Lenovo, Supermicro, Cisco and others
 - Won multiple supercomputing installations including Argonne National Laboratory's new Polaris supercomputer
 - Semi-custom revenue grew y/y and q/q as demand for Microsoft and Sony game consoles remains very strong

REVENUE TREND

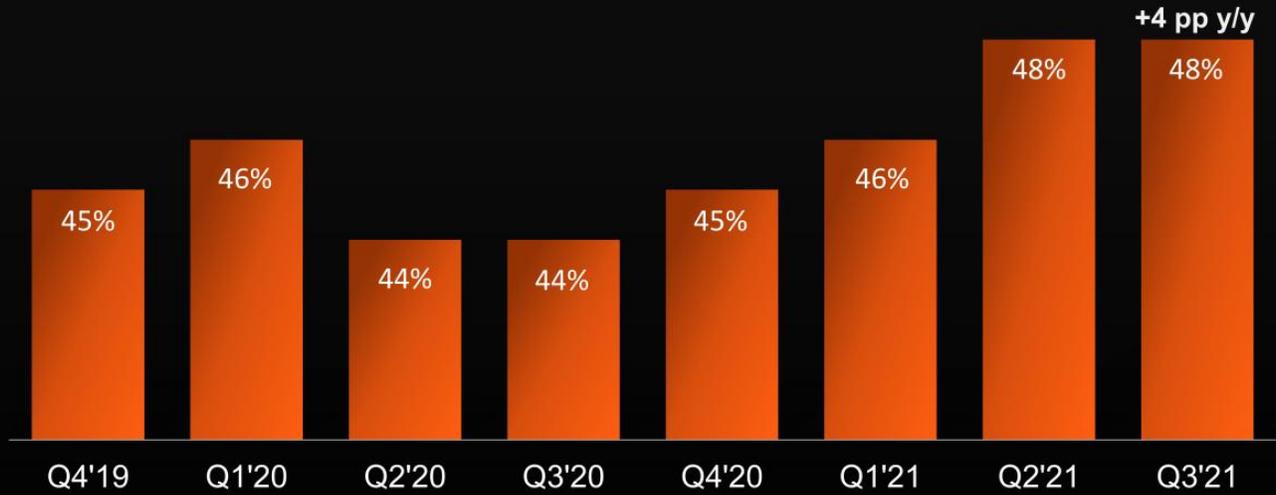
(\$ IN MILLIONS)



SIGNIFICANT REVENUE TRAJECTORY

GROSS MARGIN TREND

(GAAP AND NON-GAAP)¹



+4 pp y/y

STRONG GROSS MARGIN EXPANSION

EARNINGS PER SHARE TREND

(GAAP)



OUTSTANDING GROWTH IN PROFITABILITY

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.

EARNINGS PER SHARE TREND

(NON-GAAP)¹



OUTSTANDING GROWTH IN PROFITABILITY

Q3 2021 SUMMARY P&L – GAAP

(\$ in millions, except per share data)	Q3'21	Q3'20	Y/Y	Q2'21	Q/Q
Revenue	\$4,313	\$2,801	Up 54%	\$3,850	Up 12%
Gross Profit	\$2,086	\$1,230	Up 70%	\$1,830	Up 14%
Gross Margin %	48%	44%	Up 450 bps	48%	Up 80 bps
Operating Expenses	\$1,141	\$781	Up 46%	\$1,000	Up 14%
Operating Expense/Revenue %	26%	28%	Down 2pp	26%	Flat
Operating Income	\$948	\$449	Up 111%	\$831	Up 14%
Operating Margin %	22%	16%	Up 6pp	22%	Flat
Net Income ¹	\$923	\$390	Up 137%	\$710	Up 30%
Earnings Per Share ^{1,2}	\$0.75	\$0.32	Up 134%	\$0.58	Up 29%

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

Q3 2021 SUMMARY P&L – NON-GAAP¹

(\$ in millions, except per share data)	Q3'21	Q3'20	Y/Y	Q2'21	Q/Q
Revenue	\$4,313	\$2,801	Up 54%	\$3,850	Up 12%
Gross Profit	\$2,087	\$1,231	Up 70%	\$1,832	Up 14%
Gross Margin %	48%	44%	Up 440 bps	48%	Up 80 bps
Operating Expenses	\$1,035	\$706	Up 47%	\$909	Up 14%
Operating Expense/Revenue %	24%	25%	Down 1pp	24%	Flat
Operating Income	\$1,055	\$525	Up 101%	\$924	Up 14%
Operating Margin %	24%	19%	Up 5pp	24%	Flat
Net Income ²	\$893	\$501	Up 78%	\$778	Up 15%
Earnings Per Share ²	\$0.73	\$0.41	Up 78%	\$0.63	Up 16%

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

Q3 2021 SEGMENT RESULTS

(\$ in millions)	Q3'21	Q3'20	Y/Y	Q2'21	Q/Q
Computing and Graphics					
Net Revenue	\$2,398	\$1,667	Up 44%	\$2,250	Up 7%
Operating Income	\$513	\$384	Up 34%	\$526	Down 2%
Enterprise, Embedded and Semi-Custom					
Net Revenue	\$1,915	\$1,134	Up 69%	\$1,600	Up 20%
Operating Income	\$542	\$141	Up 284%	\$398	Up 36%
All Other Category					
Operating Loss	\$(107)	\$(76)	Down 41%	\$(93)	Down 15%
TOTAL					
Net Revenue	\$4,313	\$2,801	Up 54%	\$3,850	Up 12%
Operating Income	\$948	\$449	Up 111%	\$831	Up 14%

Q3 2021 SUMMARY BALANCE SHEET ITEMS

(\$ in millions)	Q3'21	Q3'20	Y/Y	Q2'21	Q/Q
Cash, Cash Equivalents and Short-term Investments	\$3,608	\$1,771	Up \$1,837	\$3,793	Down \$185
Accounts Receivable, Net	\$2,224	\$2,134	Up \$90	\$2,020	Up \$204
Inventories	\$1,902	\$1,292	Up \$610	\$1,765	Up \$137
Total Debt (principal amount) ¹	\$313	\$398	Down \$85	\$313	Flat
Total Debt, Net ¹	\$313	\$373	Down \$60	\$313	Flat

OUTSTANDING BALANCE SHEET

FINANCIAL OUTLOOK – NON-GAAP¹

	Q4 2021	FY 2021
Revenue	\$4.5 Billion +/- \$100 Million	Growth of ~65% y/y
Gross Margin %	~49.5%	~48%
Operating Expenses	~\$1.15 Billion	~24%
Operating Expenses/Revenue %	~25%	
Interest Expense, Taxes and Other	~\$170 Million	--
Effective Tax Rate	~15% of pre-tax income	
Cash Tax Rate	~2% of pre-tax income	
Diluted Share Count ²	~1.22 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 October 26, 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

Q3 2021 SUMMARY

Quarterly Revenue
Up 54% Y/Y, 12% Q/Q

Gross Margin Grew
More Than 4 pp Y/Y

Operating Income
Doubled Y/Y

Repurchased \$750M
of Common Stock

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

[NEW CORPORATE RESPONSIBILITY REPORT ON AMD.COM](https://www.amd.com)

AMD

BUILDING **THE BEST**

Leadership
Roadmaps

Increasing
Market Share

Execution
Excellence

Strong
Shareholder
Returns

APPENDICES

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

(Millions)	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21
GAAP gross profit	\$ 949	\$ 818	\$ 848	\$ 1,230	\$ 1,451	\$ 1,587	\$ 1,830	\$ 2,086
GAAP gross margin %	45%	46%	44%	44%	45%	46%	48%	48%
Stock-based compensation	1	2	2	1	1	1	2	1
Non-GAAP gross profit	\$ 950	\$ 820	\$ 850	\$ 1,231	\$ 1,452	\$ 1,588	\$ 1,832	\$ 2,087
Non-GAAP gross margin %	45%	46%	44%	44%	45%	46%	48%	48%

Reconciliation of GAAP to Non-GAAP Operating Expenses

(Millions)	Q3'21	Q3'20	Q2'21
GAAP operating expenses	\$ 1,141	\$ 781	\$ 1,000
GAAP operating expenses/revenue %	26%	28%	26%
Stock-based compensation	98	75	81
Acquisition-related costs	8	—	10
Non-GAAP operating expenses	\$ 1,035	\$ 706	\$ 909
Non-GAAP operating expenses/revenue %	24%	25%	24%

APPENDICES

Reconciliation of GAAP Operating Income to Non-GAAP Operating Income

(Millions)	Q3'21	Q3'20	Q2'21
GAAP operating income	\$ 948	\$ 449	\$ 831
GAAP operating margin %	22%	16%	22%
Stock-based compensation	99	76	83
Acquisition-related costs	8	—	10
Non-GAAP operating income	\$ 1,055	\$ 525	\$ 924
Non-GAAP operating margin %	24%	19%	24%

APPENDICES

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

(Millions, except per share data)	Q4'19		Q1'20		Q2'20		Q3'20		Q4'20		Q1'21		Q2'21		Q3'21	
GAAP net income / earnings per share	\$ 170	\$ 0.15	\$ 162	\$ 0.14	\$ 157	\$ 0.13	\$ 390	\$ 0.32	\$ 1,781	\$ 1.45	\$ 555	\$ 0.45	\$ 710	\$ 0.58	\$ 923	\$ 0.75
Loss on debt redemption/conversion	128	0.10	—	—	—	—	38	0.03	16	0.01	6	0.01	1	—	—	—
(Gains) losses on equity investments, net	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(60)	(0.05)
Non-cash interest expense related to convertible debt	4	—	2	—	2	—	2	—	—	—	—	—	—	—	—	—
Stock-based compensation	57	0.05	59	0.04	60	0.05	76	0.06	79	0.06	85	0.07	83	0.06	99	0.08
Equity income in investee	—	—	—	—	(1)	—	(1)	—	(3)	—	(2)	—	(2)	—	(2)	—
Acquisition-related costs	—	—	—	—	—	—	—	—	14	0.01	15	0.01	10	0.01	8	0.01
Release of valuation allowance on deferred tax assets	—	—	—	—	—	—	—	—	(1,301)	(1.06)	—	—	—	—	—	—
Impairment of investment	—	—	—	—	—	—	—	—	—	—	8	0.01	—	—	—	—
Income tax provision (benefit)	24	0.02	(1)	—	(2)	—	(4)	—	50	0.05	(25)	(0.03)	(24)	(0.02)	(75)	(0.06)
Non-GAAP net income / earnings per share	\$ 383	\$ 0.32	\$ 222	\$ 0.18	\$ 216	\$ 0.18	\$ 501	\$ 0.41	\$ 636	\$ 0.52	\$ 642	\$ 0.52	\$ 778	\$ 0.63	\$ 893	\$ 0.73

Shares used and net income adjustment in earnings per share calculation

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

(1) 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	Q4'21	2021
	Actual	Actual	Actual	Estimate	Estimate
Basic Shares	1,213	1,216	1,214	1,212	1,215
Dilutive impact from:					
Employee Equity Grants ⁽²⁾	18	16	16	12	15
Diluted Shares (without 2026 Convertible Notes)	1,231	1,232	1,230	1,224	1,230
2026 Convertible Notes – GAAP ⁽³⁾	-	-	-	-	-
Diluted Shares (with 2026 Convertible Notes) – GAAP	1,231	1,232	1,230	1,224	1,230
2026 Convertible Notes – Non-GAAP ⁽³⁾	2	-	-	-	-
Diluted Shares (with 2026 Convertible Notes) – Non-GAAP	1,233	1,232	1,230	1,224	1,230

The table above provides actual share count for Q1'21, Q2'21 and Q3'21 and an estimate of share count that may be used when calculating GAAP and non-GAAP diluted earnings per share for Q4'21 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, Q2'21 and Q3'21 average stock price was \$86.88, \$80.20, and \$101.58, respectively. The Q3'21 average stock price of \$101.58 was assumed for the Q4'21 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)	Q3'21
GAAP net cash provided by operating activities	\$ 849
Purchases of property and equipment	(85)
Free cash flow	\$ 764

Total Debt (Net)

(Millions)	Q3'21	Q3'20	Q2'21
7.50% Senior Notes due 2022	\$ 312	\$ 312	\$ 312
2.125% Convertible Senior Notes due 2026	1	86	1
Borrowings from secured revolving line of credit	–	–	–
Total Debt (principal amount)	\$ 313	\$ 398	\$ 313
Unamortized debt discount associated with 2.125% Convertible Senior Notes due 2026	–	(23)	–
Unamortized debt issuance costs	–	(2)	–
Total Debt (net)	\$ 313	\$ 373	\$ 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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