

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

	Three Months Ended			Six Months Ended	
	June 27, 2020	March 28, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net revenue	\$ 1,932	\$ 1,786	\$ 1,531	\$ 3,718	\$ 2,803
Cost of sales	1,084	968	910	2,052	1,661
Gross margin	848	818	621	1,666	1,142
Gross margin %	44%	46%	41%	45%	41%
Research and development	460	442	373	902	746
Marketing, general and administrative	215	199	189	414	359
Licensing gain	-	-	-	-	(60)
Operating income	173	177	59	350	97
Interest expense	(14)	(13)	(25)	(27)	(52)
Other income (expense), net	1	4	3	5	(4)
Income before income taxes and equity income (loss)	160	168	37	328	41
Income tax provision (benefit)	4	6	2	10	(11)
Equity income (loss) in investee	1	-	-	1	(1)
Net Income	\$ 157	\$ 162	\$ 35	\$ 319	\$ 51
Earnings per share					
Basic	\$ 0.13	\$ 0.14	\$ 0.03	\$ 0.27	\$ 0.05
Diluted	\$ 0.13	\$ 0.14	\$ 0.03	\$ 0.27	\$ 0.05
Shares used in per share calculation					
Basic	1,174	1,170	1,084	1,172	1,064
Diluted	1,227	1,224	1,109	1,225	1,102

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

	<u>June 27, 2020</u>	<u>December 28, 2019</u>
	(Unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,775	\$ 1,466
Marketable securities	-	37
Accounts receivable, net	1,789	1,859
Inventories	1,324	982
Receivables from related parties	10	20
Prepaid expenses and other current assets	211	233
<b>Total current assets</b>	<u>5,109</u>	<u>4,597</u>
Property and equipment, net	585	500
Operating lease right-of use assets	215	205
Goodwill	289	289
Investment: equity method	59	58
Other non-current assets	326	379
<b>Total Assets</b>	<u>\$ 6,583</u>	<u>\$ 6,028</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Short-term debt	\$ 200	\$ -
Accounts payable	802	988
Payables to related parties	192	213
Accrued liabilities	1,172	1,084
Other current liabilities	68	74
<b>Total current liabilities</b>	<u>2,434</u>	<u>2,359</u>
Long-term debt, net	490	486
Long-term operating lease liabilities	204	199
Other long-term liabilities	150	157
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value	12	12
Additional paid-in capital	10,127	9,963
Treasury stock, at cost	(54)	(53)
Accumulated deficit	(6,776)	(7,095)
Accumulated other comprehensive loss	(4)	-
<b>Total stockholders' equity</b>	<u>\$ 3,305</u>	<u>\$ 2,827</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 6,583</u>	<u>\$ 6,028</u>

**ADVANCED MICRO DEVICES, INC.**  
**SELECTED CASH FLOW INFORMATION**  
**(Millions) (Unaudited)**

	Three Months Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
<b>Net cash provided by (used in)</b>				
Operating activities	\$ 243	\$ 30	\$ 178	\$ (183)
Investing activities	\$ (36)	\$ (7)	\$ (109)	\$ (180)
Financing activities	\$ 238	\$ (38)	\$ 240	\$ 248

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

Segment and Category Information	Three Months Ended			Six Months Ended	
	June 27, 2020	March 28, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Computing and Graphics <sup>(1)</sup>					
Net revenue	\$ 1,367	\$ 1,438	\$ 940	\$ 2,805	\$ 1,771
Operating income	\$ 200	\$ 262	\$ 22	\$ 462	\$ 38
Enterprise, Embedded and Semi-Custom <sup>(2)</sup>					
Net revenue	\$ 565	\$ 348	\$ 591	\$ 913	\$ 1,032
Operating income (loss)	\$ 33	\$ (26)	\$ 89	\$ 7	\$ 157
All Other <sup>(3)</sup>					
Net revenue	-	-	-	-	-
Operating loss	\$ (60)	\$ (59)	\$ (52)	\$ (119)	\$ (98)
<b>Total</b>					
<b>Net revenue</b>	<b>\$ 1,932</b>	<b>\$ 1,786</b>	<b>\$ 1,531</b>	<b>\$ 3,718</b>	<b>\$ 2,803</b>
<b>Operating income</b>	<b>\$ 173</b>	<b>\$ 177</b>	<b>\$ 59</b>	<b>\$ 350</b>	<b>\$ 97</b>
<b>Other Data</b>					
Capital expenditures	\$ 91	\$ 55	\$ 58	\$ 146	\$ 120
Adjusted EBITDA <sup>(4)</sup>	\$ 305	\$ 304	\$ 163	\$ 609	\$ 293
Cash, cash equivalents and marketable securities	\$ 1,775	\$ 1,385	\$ 1,128	\$ 1,775	\$ 1,128
Free cash flow <sup>(5)</sup>	\$ 152	\$ (120)	\$ (28)	\$ 32	\$ (303)
Total assets	\$ 6,583	\$ 5,864	\$ 5,102	\$ 6,583	\$ 5,102
Total debt	\$ 690	\$ 488	\$ 1,031	\$ 690	\$ 1,031

See footnotes on the next page

- (1) The Computing and Graphics segment primarily includes desktop and notebook processors and chipsets, discrete and integrated graphics processing units (GPUs), data center and professional GPUs, and development services. The Company also licenses portions of its intellectual property 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. The Company also licenses portions of its intellectual property 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.

(4) **Reconciliation of GAAP Net Income to Adjusted EBITDA\***

	Three Months Ended			Six Months Ended	
	June 27, 2020	March 28, 2020	June 29, 2019	June 27, 2020	June 29, 2019
GAAP net income	\$ 157	\$ 162	\$ 35	\$ 319	\$ 51
Interest expense	14	13	25	27	52
Other (income) expense, net	(1)	(4)	(3)	(5)	4
Income tax provision (benefit)	4	6	2	10	(11)
Equity (income) loss in investee	(1)	-	-	(1)	1
Stock-based compensation	60	59	45	119	86
Depreciation and amortization	72	68	52	140	98
Loss contingency on legal matter	-	-	7	-	12
Adjusted EBITDA	\$ 305	\$ 304	\$ 163	\$ 609	\$ 293

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

	Three Months Ended			Six Months Ended	
	June 27, 2020	March 28, 2020	June 29, 2019	June 27, 2020	June 29, 2019
GAAP net cash provided by (used in) operating activities	\$ 243	\$ (65)	\$ 30	\$ 178	\$ (183)
Purchases of property and equipment	(91)	(55)	(58)	(146)	(120)
Free cash flow	\$ 152	\$ (120)	\$ (28)	\$ 32	\$ (303)

\* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting GAAP net income for interest expense, other income (expense), net, income tax provision (benefit), equity income (loss) on investee, stock-based compensation, and depreciation and amortization expense. The Company also included a loss contingency on legal matter in the three and six months ended June 29, 2019. 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 (used in) operating activities for capital expenditures. The Company calculates and communicates free cash flow in the financial earnings press release because management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view free cash flow as an alternative to GAAP liquidity measures of cash flows from operating activities.

The Company has provided reconciliations within the earnings press release of these Non-GAAP financial measures to the most directly comparable GAAP financial measures.

**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**

(In millions, except per share data) (Unaudited)

	Three Months Ended		
	June 27, 2020	March 28, 2020	June 29, 2019
<b>GAAP gross margin</b>	<b>\$ 848</b>	<b>\$ 818</b>	<b>\$ 621</b>
<i>GAAP gross margin %</i>	<i>44%</i>	<i>46%</i>	<i>41%</i>
Stock-based compensation	2	2	2
<b>Non-GAAP gross margin</b>	<b>\$ 850</b>	<b>\$ 820</b>	<b>\$ 623</b>
<i>Non-GAAP gross margin %</i>	<i>44%</i>	<i>46%</i>	<i>41%</i>
<b>GAAP operating expenses</b>	<b>\$ 675</b>	<b>\$ 641</b>	<b>\$ 562</b>
<i>GAAP operating expenses/revenue %</i>	<i>35%</i>	<i>36%</i>	<i>37%</i>
Stock-based compensation	58	57	43
Loss contingency on legal matter	-	-	7
<b>Non-GAAP operating expenses</b>	<b>\$ 617</b>	<b>\$ 584</b>	<b>\$ 512</b>
<i>Non-GAAP operating expenses/revenue%</i>	<i>32%</i>	<i>33%</i>	<i>33%</i>
<b>GAAP operating income</b>	<b>\$ 173</b>	<b>\$ 177</b>	<b>\$ 59</b>
<i>GAAP operating margin %</i>	<i>9%</i>	<i>10%</i>	<i>4%</i>
Stock-based compensation	60	59	45
Loss contingency on legal matter	-	-	7
<b>Non-GAAP operating income</b>	<b>\$ 233</b>	<b>\$ 236</b>	<b>\$ 111</b>
<i>Non-GAAP operating margin %</i>	<i>12%</i>	<i>13%</i>	<i>7%</i>

	Three Months Ended					
	June 27, 2020		March 28, 2020		June 29, 2019	
<b>GAAP net income / earnings per share</b>	<b>\$ 157</b>	<b>\$ 0.13</b>	<b>\$ 162</b>	<b>\$ 0.14</b>	<b>\$ 35</b>	<b>\$ 0.03</b>
Non-cash interest expense related to convertible debt	2	-	2	-	6	-
Stock-based compensation	60	0.05	59	0.04	45	0.04
Equity income in investee	(1)	-	-	-	-	-
Loss contingency on legal matter	-	-	-	-	7	0.01
Income tax provision	(2)	-	(1)	-	(1)	-
<b>Non-GAAP net income / earnings per share</b>	<b>\$ 216</b>	<b>\$ 0.18</b>	<b>\$ 222</b>	<b>\$ 0.18</b>	<b>\$ 92</b>	<b>\$ 0.08</b>

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

Shares used in per share calculation (GAAP)		1,227		1,224		1,109
Interest expense add-back to GAAP net income	\$	3	\$	4	\$	-
Shares used in per share calculation (Non-GAAP)		1,227		1,224		1,210
Interest expense add-back to Non-GAAP net income	\$	1	\$	2	\$	5

(1) For the three months ended June 27, 2020 and March 28, 2020, GAAP diluted EPS calculations include 31 million shares related to the Company's 2026 Convertible Notes and the associated \$3 million and \$4 million interest expense, respectively, add-back to net income under the "if converted" method.

For the three months ended June 29, 2019, the 100.6 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 June 27, 2020, March 28, 2020 and June 29, 2019, Non-GAAP diluted EPS calculations include 31 million, 31 million and 100.6 million shares, respectively, related to the Company's 2026 Convertible Notes and the associated \$1 million, \$2 million and \$5 million interest expense, respectively, add-back to net income under the "if converted" method.