A FINANCIAL AND STRATEGIC ANALYSIS OF AMD'S Q3 2026 FINANCIAL RESULTS PRESS RELEASE ISSUED NOVEMBER 3, 2026

ADVANCED MICRO DEVICES Q3 2026 EARNINGS BREAKDOWN



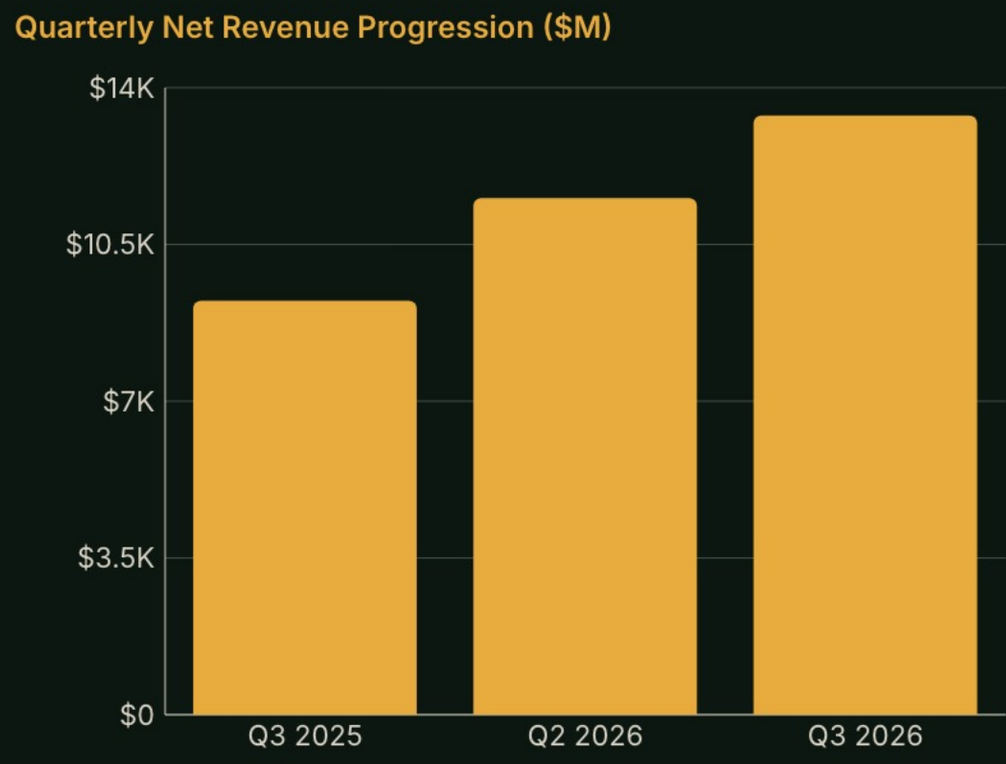
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Executive Overview: Record Top-Line Performance

Bar chart displaying AMD quarterly net revenue across Q3 2025, Q2 2026, and Q3 2026 in millions of dollars.

- AMD reported historic net revenue of $13.38 billion for the third quarter of 2026, surpassing the upper bound of company guidance.
- Top-line revenue expanded 45% year-over-year compared to $9.25 billion in Q3 2025, and 16% sequentially from Q2 2026.
- Expansion was primarily anchored by rapid customer adoption of Instinct AI accelerators and server-class EPYC processors.
- Operating results underscore the company's accelerating shift into a data center-first semiconductor architecture provider.



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Strategic Direction: Leadership Commentary

Quote card featuring statement by Dr. Lisa Su regarding Data Center demand and manufacturing scale.

- Chair and CEO Dr. Lisa Su highlighted that Data Center segment sales nearly doubled year-over-year, driving company-wide outperformance.
- Executive commentary emphasized accelerating fourth-quarter momentum tied to scaling Helios rackscale systems and "Venice" architectures.
- CFO Jean Hu emphasized operating leverage, noting that non-GAAP EPS grew 74% alongside 45% revenue expansion.
- Management signaled ongoing gross margin resiliency supported by high-value enterprise and hyperscale shipments.

“We delivered a record quarter with revenue exceeding the high end of our guidance as Data Center segment sales nearly doubled year-over-year. Demand for our Instinct and EPYC products continued to strengthen, and we expect growth to accelerate further in the fourth quarter as we scale Helios and 'Venice' production.”

— Dr. Lisa Su, AMD Chair and CEO

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Consolidated Results: GAAP Versus Non-GAAP Comparison

Comparison table detailing GAAP and non-GAAP gross profit, operating income, net income, and diluted EPS for Q3 2026.

- GAAP gross margin registered at 54%, expanding 200 basis points year-over-year from 52% in Q3 2025.
- Non-GAAP gross margin reached 56%, matching Q2 2026 and increasing 200 basis points over prior-year levels.
- The gap between GAAP and non-GAAP gross profit was primarily driven by $257 million in acquisition-related intangibles amortization.
- Non-GAAP operating income reached $3.92 billion compared to GAAP operating income of $2.83 billion.

Q3 2026 GAAP vs. Non-GAAP Financial Metrics

METRIC	GAAP	NON-GAAP	VARIANCE
Gross Profit	$7,210M	$7,483M	+$273M
Gross Margin	54%	56%	+2 ppts
Operating Income	$2,832M	$3,923M	+$1,091M
Operating Margin	21%	29%	+8 ppts
Net Income	$2,428M	$3,471M	+$1,043M
Diluted EPS	$1.46	$2.09	+$0.63

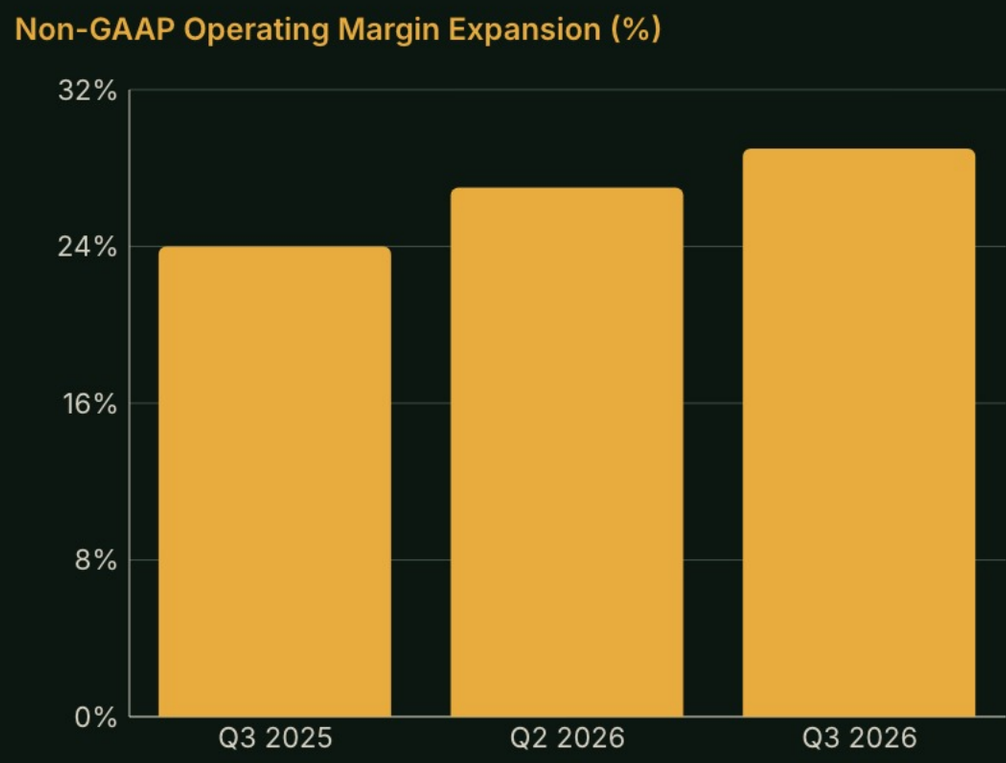
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Operating Leverage and Margin Profile

Bar chart tracking GAAP operating margin and non-GAAP operating margin across Q3 2025, Q2 2026, and Q3 2026.

- GAAP operating income grew 123% year-over-year to $2.83 billion, lifting operating margin from 14% to 21%.
- Non-GAAP operating margin expanded to 29%, up 500 basis points year-over-year and 200 basis points sequentially.
- Total GAAP operating expenses grew 25% year-over-year to $4.38 billion, trailing top-line growth of 45%.
- Research and development represented the largest expense component at $2.80 billion, supporting next-generation silicon design.



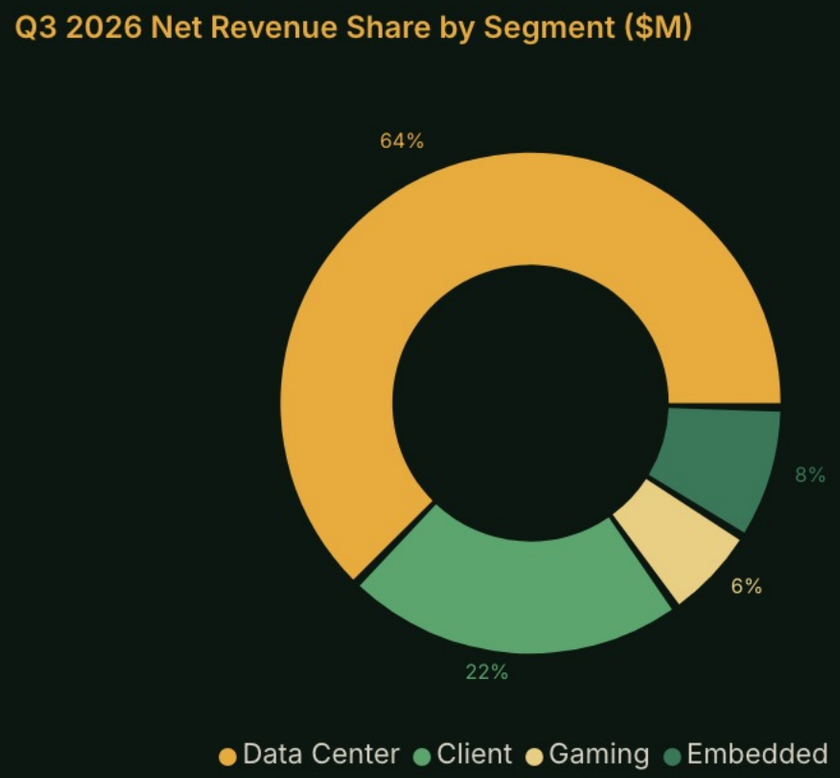
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Revenue Contribution by Operating Segment

Pie chart representing the share of net revenue contributed by Data Center, Client, Gaming, and Embedded segments in Q3 2026.

- Data Center generated $8.55 billion, representing roughly 64% of AMD's total consolidated revenue.
- Client and Gaming combined delivered $3.72 billion, accounting for approximately 28% of quarterly net revenue.
- The Embedded business contributed $1.11 billion, making up the remaining 8% of consolidated sales.
- Revenue mix confirms AMD's structural transformation from a consumer PC chipmaker to an AI infrastructure giant.



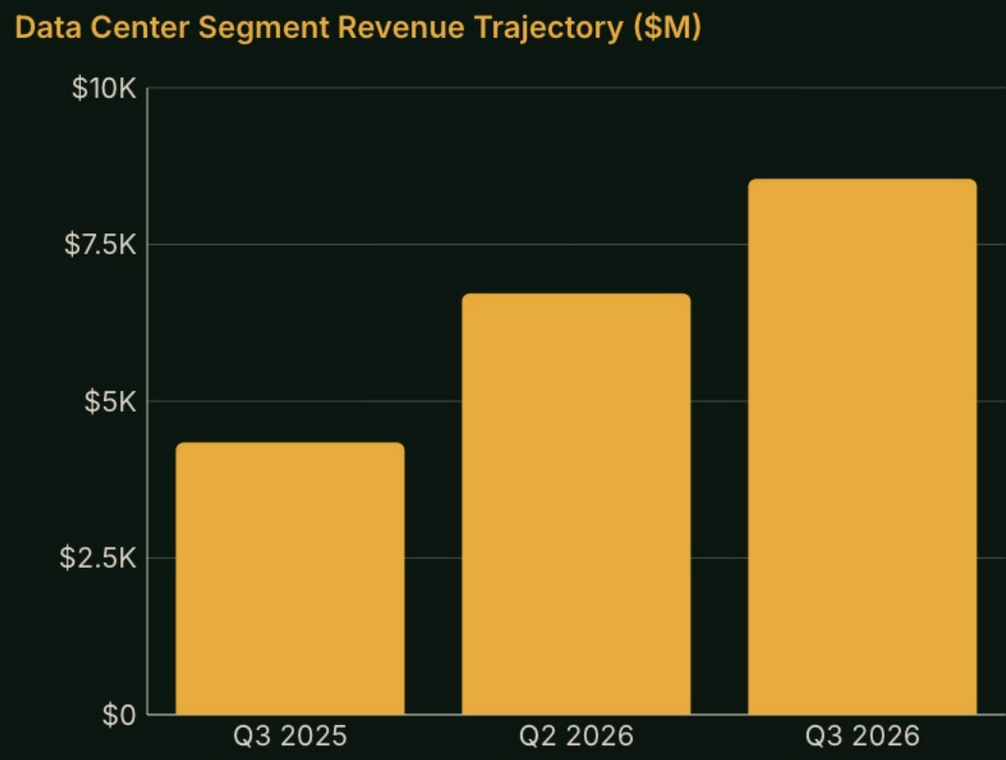
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Data Center Segment: Instinct and EPYC Scale

Bar chart illustrating Data Center segment net revenue across Q3 2025, Q2 2026, and Q3 2026.

- Segment revenue rose 97% year-over-year from $4.34 billion in Q3 2025 to a record $8.55 billion in Q3 2026.
- Operating income for Data Center more than doubled, increasing 168% from $1.07 billion to $2.88 billion.
- Performance was driven by ramped volume shipments of the AMD Instinct MI450 Series AI accelerators.
- Complementary server market share gains continued via steady enterprise and hyperscale procurement of AMD EPYC CPUs.



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Hyperscale and Cloud Adoption Highlights

Table summarizing major hyperscale and cloud customer deployments across AMD server and accelerator architectures.

- Anthropic, Meta, Microsoft, OpenAI, and Oracle Cloud are running frontier models on AMD Helios rackscale solutions.
- Helios systems pair AMD Instinct MI450 Series GPUs with 6th Gen AMD EPYC CPUs for distributed training and inference.
- HPE announced deployment of AMD Helios by HPE clusters with infrastructure provider Vultr.
- Oracle Cloud Infrastructure revealed OCI Compute E7 instances powered exclusively by 6th Gen EPYC silicon.

Key Hyperscale Infrastructure Deployments

PARTNER / CUSTOMER	ARCHITECTURE ADOPTED	DEPLOYMENT FOCUS
Anthropic, Meta, OpenAI	Helios Rackscale (MI450 + 6th Gen EPYC)	Frontier AI Models & Workloads
Oracle Cloud Infrastructure	Helios & OCI Compute E7 Instances	Model Workloads & CPU Services
HPE / Vultr	AMD Helios by HPE Systems	Cloud Compute Infrastructure
EuroHPC JU (LUMI-AI)	Instinct MI430X & 6th Gen EPYC	Supercomputing Research
Google Cloud / Microsoft	5th Gen AMD EPYC CPUs	Storage-Optimized Cloud Instances

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Systems and Software Architecture: Helion and ROCm 10

Flow diagram outlining the AMD Helion reference architecture and ROCm 10 software stack integrating CPUs, GPUs, and developer tooling.

- AMD introduced the Helion reference architecture, an open blueprint for building rack-scale agentic systems.
- Helion permits datacenter operators to dynamically adjust the ratio of EPYC host processors to Instinct accelerators.
- ROCm 10 was deployed, introducing the ROCm.AI platform for native, turnkey developer workflows.
- Release delivered upgraded compilers, core math libraries, and out-of-the-box framework support for agentic workloads.

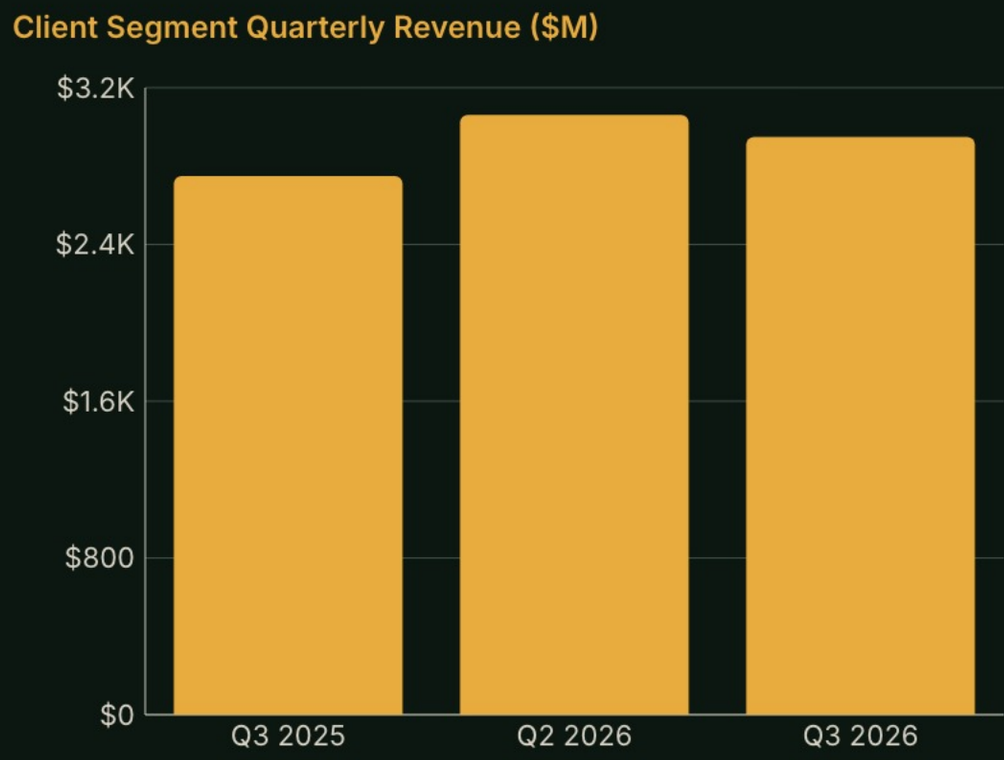
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Client Segment: Ryzen Mobile Resiliency

Bar chart displaying Client business revenue across Q3 2025, Q2 2026, and Q3 2026 in millions of dollars.

- Client revenue reached $2.95 billion, representing a 7% year-over-year increase over Q3 2025's $2.75 billion.
- Sequential performance dipped slightly from $3.06 billion in Q2 2026 due to seasonal PC OEM build timing.
- Top-line growth was sustained by enterprise and consumer demand for AMD Ryzen mobile processors.
- AMD expanded its commercial reach through Ryzen AI Max PRO 400 processors across HP, Lenovo, Framework, and GMKtec.



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Gaming Segment: Cyclical Headwinds and Semi-Custom Decline

Comparison table contrasting Client versus Gaming business performance within the combined operating segment.

- Gaming revenue dropped 40% year-over-year to $773 million, down from $1.30 billion in Q3 2025.
- The contraction reflects ongoing cyclical late-lifecycle dynamics in semi-custom console SoC volumes.
- Desktop and discrete Radeon graphics sales also experienced softer retail demand during the period.
- Combined Client and Gaming operating income declined to $573 million from $867 million in the prior-year period.

Client and Gaming Segment Performance Breakdown

SUB-SEGMENT	Q3 2025 REVENUE	Q3 2026 REVENUE	Y/Y CHANGE
Client Business	$2,750M	$2,949M	+7%
Gaming Business	$1,298M	$773M	-40%
Total Segment Revenue	$4,048M	$3,722M	-8%
Segment Operating Income	$867M	$573M	-34%

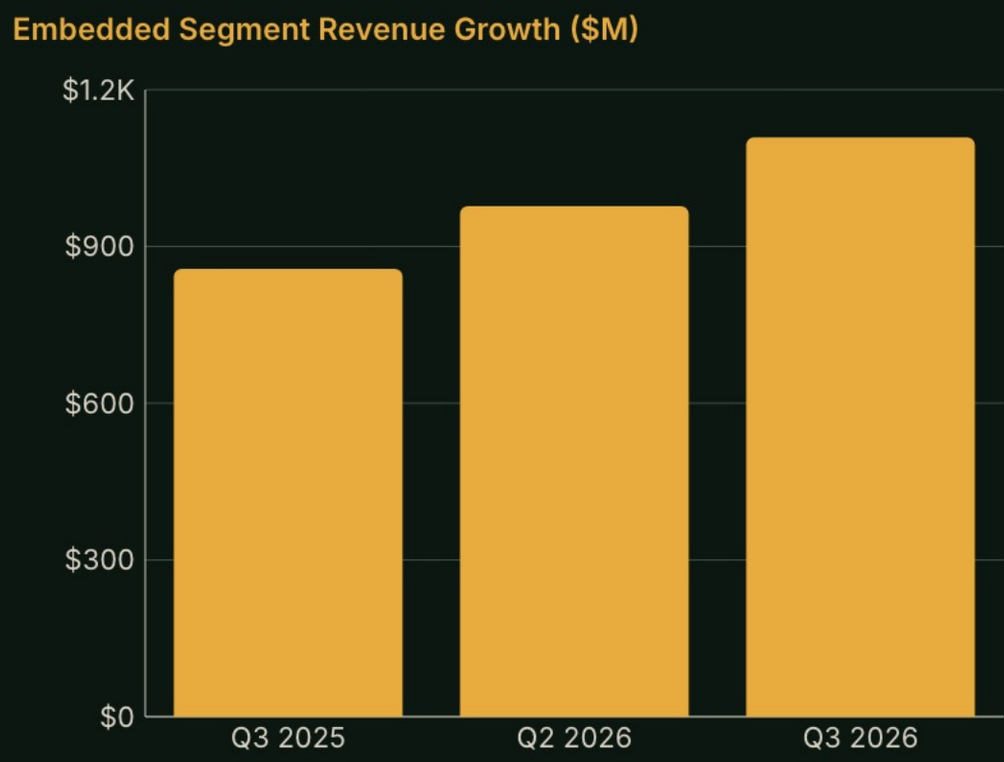
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Embedded Segment: Industrial and Aerospace Expansion

Bar chart comparing Embedded segment revenue across Q3 2025, Q2 2026, and Q3 2026.

- Embedded segment net revenue expanded 29% year-over-year to $1.11 billion, up from $857 million in Q3 2025.
- Operating income increased 60% year-over-year to $453 million, delivering an operating margin above 40%.
- Outperformance was led by sustained inventory digestion completion across aerospace, defense, and industrial automation.
- Edge portfolio expanded with the Versal AI Core XQRVC1902 adaptive SoC, engineered for 15-year space operations.



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Strategic M&A: Full-Stack Superintelligence Capabilities

Comparison table outlining the strategic objectives and technology integration paths for World Labs and Taalas.

- AMD announced an agreement to acquire World Labs to integrate advanced neural network and world model research.
- An agreement to acquire Taalas was disclosed, providing specialized, ultra-efficient silicon for high-throughput AI inference.
- Combined transactions accelerate AMD's roadmap beyond standard hardware into co-designed system solutions.
- Acquisitions mirror AMD's broader strategy of pairing open-source models with differentiated, silicon-level execution.

Strategic Acquisition Profiles

ACQUISITION TARGET	CORE COMPETENCY	STRATEGIC INTEGRATION FOCUS
World Labs	Frontier Model & Spatial Research	Shaping superintelligence hardware & open software
Taalas	Specialized Custom Inference Silicon	Differentiating system efficiency & low-latency inference

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Local and Physical AI Expansion

Table summarizing key balance sheet line items comparing September 26, 2026 to December 27, 2025.

- Kodiak AI selected AMD EPYC server processors to power its next-generation autonomous trucking compute platform.
- Unveiled the Threadripper Halo Station, pairing Threadripper 9955WX CPUs with Instinct MI350p GPUs for local trillion-parameter models.
- Launched the AMD Ryzen AI Halo platform, providing unified system memory for on-device developer inference.
- Introduced AMD Ross, an agentic developer assistant designed to automate embedded system design and speed time to market.
- Total cash, cash equivalents, and short-term investments stood at $15.78 billion as of September 26, 2026.
- Total debt increased to $7.08 billion following $4.73 billion in net proceeds from debt and commercial paper issuance.

Consolidated Balance Sheet Highlights

BALANCE SHEET ITEM	DEC 27, 2025	SEP 26, 2026	NET CHANGE
Cash & Short-Term Investments	$10,552M	$15,776M	+$5,224M
Inventories	$7,920M	$11,463M	+$3,543M
Accounts Receivable, Net	$6,315M	$9,209M	+$2,894M
Total Debt	$3,222M	$7,079M	+$3,857M
Total Stockholders' Equity	$62,999M	$68,389M	+$5,390M
Total Assets	$76,926M	$94,812M	+$17,886M

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Cash Flow Dynamics and Working Capital Absorption

Table reconciling Q3 2026 GAAP operating cash flow from continuing operations to free cash flow.

- Operating cash flow for continuing operations reached $1.20 billion, down from $2.37 billion in Q2 2026.
- Free cash flow totaled $554 million after accounting for $648 million in capital expenditures during Q3 2026.
- Cash generation was temporarily compressed by significant working capital investments: $3.00 billion inventory absorption.
- Receivables also tied up $1.93 billion during the quarter due to back-half weighted hyperscale hardware shipments.

Q3 2026 Free Cash Flow Reconciliation

CASH FLOW METRIC	AMOUNT ($M)	PERCENTAGE OF REVENUE
GAAP Operating Cash Flow (Continuing Ops)	$1,202M	9%
Purchases of Property and Equipment (CapEx)	($648M)	5%
Free Cash Flow	$554M	4%

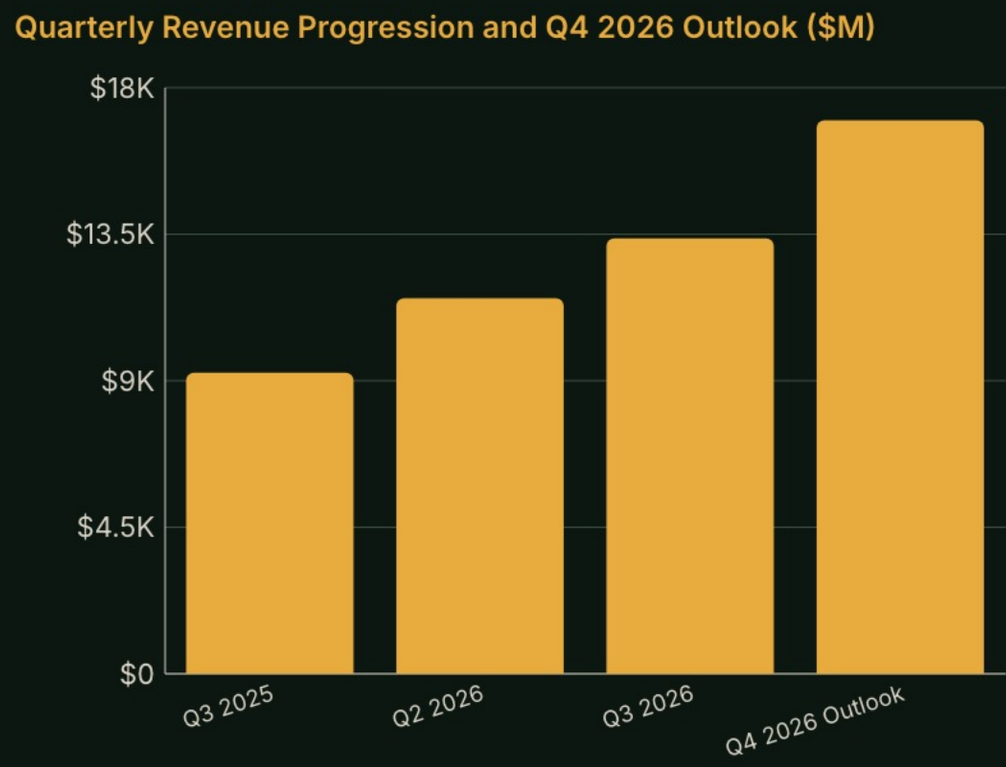
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Guidance and Outlook: Fourth Quarter 2026

Bar chart contrasting quarterly net revenue from Q3 2025 through Q3 2026 with the Q4 2026 guidance midpoint.

- AMD projects Q4 2026 revenue of approximately $17.00 billion, plus or minus 3%.
- Guidance midpoint represents 66% year-over-year revenue growth and 27% sequential acceleration.
- Non-GAAP gross margin is anticipated to remain strong at approximately 55%.
- Growth trajectory is anchored by full-volume rackscale deployments of Helios systems and initial "Venice" silicon delivery.



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Strategic Summary: The Enterprise and Cloud AI Transition

Table summarizing AMD's segment revenue and operating profit growth trajectory across fiscal 2026.

- Document confirms AMD has successfully established a dual-engine architecture anchored by EPYC and Instinct processors.
- Operating leverage has demonstrated structural resilience, with operating profit doubling year-over-year.
- The company enters Q4 2026 positioned as a premier provider of hyperscale rack computing, with top-line growth pacing toward $17.0 billion.
- Inventory investments and M&A signal management's conviction in sustaining elevated AI datacenter infrastructure demand.

AMD Segment Trajectory Summary (Q3 2026)

SEGMENT	REVENUE ($M)	Y/Y REVENUE GROWTH	OPERATING MARGIN
Data Center	$8,546M	+97%	34%
Client & Gaming	$3,722M	-8%	15%
Embedded	$1,109M	+29%	41%
Consolidated AMD	$13,377M	+45%	21% (GAAP)

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