

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Millions except per share amounts and percentages) (Unaudited)

	Three Months Ended		Six Months Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Net revenue	\$ 6,550	\$ 3,850	\$ 12,437	\$ 7,295
Cost of sales	3,115	2,020	5,998	3,878
Amortization of acquisition-related intangibles	407	-	593	-
Total cost of sales	3,522	2,020	6,591	3,878
Gross profit	3,028	1,830	5,846	3,417
Gross margin %	46%	48%	47%	47%
Research and development	1,300	659	2,360	1,269
Marketing, general and administrative	592	341	1,189	660
Amortization of acquisition-related intangibles	616	-	909	-
Licensing gain	(6)	(1)	(89)	(5)
Operating income	526	831	1,477	1,493
Interest expense	(25)	(10)	(38)	(19)
Other income (expense), net	(4)	-	(46)	(11)
Income before income taxes and equity income	497	821	1,393	1,463
Income tax provision	54	113	167	202
Equity income in investee	4	2	7	4
Net income	\$ 447	\$ 710	\$ 1,233	\$ 1,265
Earnings per share				
Basic	\$ 0.28	\$ 0.58	\$ 0.82	\$ 1.04
Diluted	\$ 0.27	\$ 0.58	\$ 0.81	\$ 1.03
Shares used in per share calculation				
Basic	1,618	1,216	1,506	1,214
Diluted	1,632	1,232	1,521	1,231

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

	<u>June 25, 2022</u>	<u>December 25, 2021</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,964	\$ 2,535
Short-term investments	1,028	1,073
Accounts receivable, net	4,050	2,706
Inventories	2,648	1,955
Receivables from related parties	3	2
Prepaid expenses and other current assets	769	312
Total current assets	<u>13,462</u>	<u>8,583</u>
Property and equipment, net	1,441	702
Operating lease right-of use assets	482	367
Goodwill	24,193	289
Acquisition-related intangibles, net	26,159	-
Investment: equity method	76	69
Deferred tax assets	32	931
Other non-current assets	1,657	1,478
Total Assets	<u>\$ 67,502</u>	<u>\$ 12,419</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,518	\$ 1,321
Payables to related parties	361	85
Accrued liabilities	3,074	2,424
Short-term debt	312	312
Other current liabilities	258	98
Total current liabilities	<u>5,523</u>	<u>4,240</u>
Long-term debt, net	2,465	1
Long-term operating lease liabilities	422	348
Deferred tax liabilities	2,805	-
Other long-term liabilities	1,118	333
Stockholders' equity:		
Capital stock:		
Common stock, par value	16	12
Additional paid-in capital	57,297	11,069
Treasury stock, at cost	(1,893)	(2,130)
Accumulated deficit	(218)	(1,451)
Accumulated other comprehensive income	(33)	(3)
Total stockholders' equity	<u>\$ 55,169</u>	<u>\$ 7,497</u>
Total Liabilities and Stockholders' Equity	<u>\$ 67,502</u>	<u>\$ 12,419</u>

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

	Three Months Ended		Six Months Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Net cash provided by (used in)				
Operating activities	\$ 1,038	\$ 952	\$ 2,033	\$ 1,850
Investing activities	\$ (928)	\$ 119	\$ 2,230	\$ (603)
Financing activities	\$ 114	\$ (211)	\$ (1,834)	\$ (219)

ADVANCED MICRO DEVICES, INC.

SELECTED CORPORATE DATA

(Millions) (Unaudited)

Segment and Category Information ⁽¹⁾	Three Months Ended		Six Months Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Data Center				
Net revenue	\$ 1,486	\$ 813	\$ 2,779	\$ 1,423
Operating income	\$ 472	\$ 204	\$ 899	\$ 314
Client				
Net revenue	\$ 2,152	\$ 1,728	\$ 4,276	\$ 3,366
Operating income	\$ 676	\$ 538	\$ 1,368	\$ 1,068
Gaming				
Net revenue	\$ 1,655	\$ 1,255	\$ 3,530	\$ 2,410
Operating income	\$ 187	\$ 175	\$ 545	\$ 296
Embedded				
Net revenue	\$ 1,257	\$ 54	\$ 1,852	\$ 96
Operating income	\$ 641	\$ 6	\$ 918	\$ 3
All Other				
Net revenue	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (1,450)	\$ (92)	\$ (2,253)	\$ (188)
Total				
Net revenue	\$ 6,550	\$ 3,850	\$ 12,437	\$ 7,295
Operating income	\$ 526	\$ 831	\$ 1,477	\$ 1,493
Other Data				
Capital expenditures	\$ 132	\$ 64	\$ 203	\$ 130
Adjusted EBITDA ⁽²⁾	\$ 2,139	\$ 1,021	\$ 4,106	\$ 1,878
Cash, cash equivalents and short-term investments	\$ 5,992	\$ 3,793	\$ 5,992	\$ 3,793
Free cash flow ⁽³⁾	\$ 906	\$ 888	\$ 1,830	\$ 1,720
Total assets	\$ 67,502	\$ 10,691	\$ 67,502	\$ 10,691
Total debt	\$ 2,777	\$ 313	\$ 2,777	\$ 313

See footnotes on the next page

(1) The Data Center segment primarily includes server microprocessors, GPUs, data processing units (DPUs), Field Programmable Gate Arrays (FPGAs) and adaptive SoC products for data centers.

The Client segment primarily includes microprocessors, accelerated processing units (APUs) that integrate microprocessors and graphics, and chipsets for desktop and notebook personal computers.

The Gaming segment primarily includes discrete graphics processing units (GPUs), semi-custom System-on-Chip (SoC) products and development services.

The Embedded segment primarily includes embedded microprocessors, GPUs, FPGAs, adaptive SoC products, and Adaptive Compute Acceleration Platform (ACAP) products.

From time to time, the Company may also sell or license portions of its IP portfolio.

All Other category primarily includes certain expenses and credits that are not allocated to any of the operating segments. Also included in this category are acquisition-related intangible asset amortization expense, stock-based compensation expense, acquisition-related costs and licensing gain.

(2) **Reconciliation of GAAP Net Income to Adjusted EBITDA**

	Three Months Ended		Six Months Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
GAAP net income	\$ 447	\$ 710	\$ 1,233	\$ 1,265
Interest expense	25	10	38	19
Other (income) expense, net	4	-	46	11
Income tax provision	54	113	167	202
Equity income in investee	(4)	(2)	(7)	(4)
Stock-based compensation	259	83	433	168
Depreciation and amortization	157	97	287	192
Amortization of acquired intangible assets	1,023	-	1,502	-
Acquisition-related costs	174	10	407	25
Adjusted EBITDA	\$ 2,139	\$ 1,021	\$ 4,106	\$ 1,878

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, depreciation and amortization expense and acquisition-related costs. The Company also included amortization of acquired intangible assets for the three months and six months ended June 25, 2022. 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.

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

	Three Months Ended		Six Months Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
GAAP net cash provided by operating activities	\$ 1,038	\$ 952	\$ 2,033	\$ 1,850
Operating cash flow margin %	16%	25%	16%	25%
Purchases of property and equipment	(132)	(64)	(203)	(130)
Free cash flow	\$ 906	\$ 888	\$ 1,830	\$ 1,720
Free cash flow margin %	14%	23%	15%	24%

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.

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

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

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

	Three Months Ended	
	June 25, 2022	June 26, 2021
GAAP gross profit	\$ 3,028	\$ 1,830
<i>GAAP gross margin %</i>	<i>46%</i>	<i>48%</i>
Stock-based compensation	8	2
Acquisition-related costs ⁽¹⁾	95	-
Amortization of acquired intangible assets	407	-
Non-GAAP gross profit	\$ 3,538	\$ 1,832
<i>Non-GAAP gross margin %</i>	<i>54%</i>	<i>48%</i>
GAAP operating expenses	\$ 2,508	\$ 1,000
<i>GAAP operating expenses/revenue %</i>	<i>38%</i>	<i>26%</i>
Stock-based compensation	251	81
Acquisition-related costs ⁽¹⁾	79	10
Amortization of acquired intangible assets	616	-
Non-GAAP operating expenses	\$ 1,562	\$ 909
<i>Non-GAAP operating expenses/revenue %</i>	<i>24%</i>	<i>24%</i>
GAAP operating income	\$ 526	\$ 831
<i>GAAP operating margin %</i>	<i>8%</i>	<i>22%</i>
Stock-based compensation	259	83
Acquisition-related costs ⁽¹⁾	174	10
Amortization of acquired intangible assets	1,023	-
Non-GAAP operating income	\$ 1,982	\$ 924
<i>Non-GAAP operating margin %</i>	<i>30%</i>	<i>24%</i>

	Three Months Ended			
	June 25, 2022		June 26, 2021	
GAAP net income / earnings per share	\$ 447	\$ 0.27	\$ 710	\$ 0.58
Loss on debt redemption/conversion	-	-	1	-
(Gains) losses on equity investments, net	10	-	-	-
Stock-based compensation	259	0.16	83	0.06
Equity income in investee	(4)	-	(2)	-
Acquisition-related costs ⁽¹⁾	174	0.11	10	0.01
Amortization of acquired intangible assets	1,023	0.63	-	-
Income tax provision	(202)	(0.12)	(24)	(0.02)
Non-GAAP net income / earnings per share	\$ 1,707	\$ 1.05	\$ 778	\$ 0.63

⁽¹⁾ Acquisition-related costs primarily comprised of transaction costs, purchase price adjustments for inventory and certain compensation charges

ADVANCED MICRO DEVICES, INC.

HISTORICAL & CURRENT SEGMENT RESULTS

(Millions) (Unaudited)

	Three Months Ended						Year Ended	
	March 27, 2021	June 26, 2021	September 25, 2021	December 25, 2021	March 26, 2022	June 25, 2022	December 26, 2020	December 25, 2021
Data Center								
Net revenue	\$ 610	\$ 813	\$ 1,108	\$ 1,163	\$ 1,293	\$ 1,486	\$ 1,685	\$ 3,694
Operating income	\$ 110	\$ 204	\$ 308	\$ 369	\$ 427	\$ 472	\$ 198	\$ 991
Client								
Net revenue	\$ 1,638	\$ 1,728	\$ 1,692	\$ 1,829	\$ 2,124	\$ 2,152	\$ 5,189	\$ 6,887
Operating income	\$ 530	\$ 538	\$ 490	\$ 530	\$ 692	\$ 676	\$ 1,608	\$ 2,088
Gaming								
Net revenue	\$ 1,155	\$ 1,255	\$ 1,434	\$ 1,763	\$ 1,875	\$ 1,655	\$ 2,746	\$ 5,607
Operating income (loss)	\$ 121	\$ 175	\$ 231	\$ 407	\$ 358	\$ 187	\$ (138)	\$ 934
Embedded								
Net revenue	\$ 42	\$ 54	\$ 79	\$ 71	\$ 595	\$ 1,257	\$ 143	\$ 246
Operating income (loss)	\$ (3)	\$ 6	\$ 23	\$ 18	\$ 277	\$ 641	\$ (11)	\$ 44
All Other								
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (96)	\$ (92)	\$ (104)	\$ (117)	\$ (803)	\$ (1,450)	\$ (288)	\$ (409)
Total								
Net revenue	\$ 3,445	\$ 3,850	\$ 4,313	\$ 4,826	\$ 5,887	\$ 6,550	\$ 9,763	\$ 16,434
Operating income	\$ 662	\$ 831	\$ 948	\$ 1,207	\$ 951	\$ 526	\$ 1,369	\$ 3,648

Segment Description

The Data Center segment primarily includes server microprocessors, GPUs, data processing units (DPUs), Field Programmable Gate Arrays (FPGAs) and adaptive SoC products for data centers.

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