

**ADVANCED MICRO DEVICES, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	Three Months Ended		Nine Months Ended	
	September 24, 2022	September 25, 2021	September 24, 2022	September 25, 2021
Net revenue	\$ 5,565	\$ 4,313	\$ 18,002	\$ 11,608
Cost of sales	2,799	2,227	8,797	6,105
Amortization of acquisition-related intangibles	412	-	1,005	-
Total cost of sales	3,211	2,227	9,802	6,105
Gross profit	2,354	2,086	8,200	5,503
Gross margin %	42%	48%	46%	47%
Research and development	1,279	765	3,639	2,034
Marketing, general and administrative	557	376	1,746	1,036
Amortization of acquisition-related intangibles	590	-	1,499	-
Licensing gain	(8)	(3)	(97)	(8)
Operating income (loss)	(64)	948	1,413	2,441
Interest expense	(31)	(7)	(69)	(26)
Other income (expense), net	22	62	(24)	51
Income (loss) before income taxes and equity income	(73)	1,003	1,320	2,466
Income tax provision (benefit)	(135)	82	32	284
Equity income in investee	4	2	11	6
Net income	\$ 66	\$ 923	\$ 1,299	\$ 2,188
Earnings per share				
Basic	\$ 0.04	\$ 0.76	\$ 0.84	\$ 1.80
Diluted	\$ 0.04	\$ 0.75	\$ 0.84	\$ 1.78
Shares used in per share calculation				
Basic	1,615	1,214	1,542	1,214
Diluted	1,625	1,230	1,555	1,231

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

	<u>September 24, 2022</u>	<u>December 25, 2021</u>
	(Unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,398	\$ 2,535
Short-term investments	2,193	1,073
Accounts receivable, net	4,336	2,706
Inventories	3,369	1,955
Receivables from related parties	4	2
Prepaid expenses and other current assets	1,120	312
<b>Total current assets</b>	<u>14,420</u>	<u>8,583</u>
Property and equipment, net	1,486	702
Operating lease right-of use assets	490	367
Goodwill	24,187	289
Acquisition-related intangibles, net	25,162	-
Investment: equity method	80	69
Deferred tax assets	32	931
Other non-current assets	1,954	1,478
<b>Total Assets</b>	<u>\$ 67,811</u>	<u>\$ 12,419</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 2,337	\$ 1,321
Payables to related parties	397	85
Accrued liabilities	3,598	2,424
Short-term debt	-	312
Other current liabilities	359	98
<b>Total current liabilities</b>	<u>6,691</u>	<u>4,240</u>
Long-term debt, net	2,466	1
Long-term operating lease liabilities	424	348
Deferred tax liabilities	2,078	12
Other long-term liabilities	1,610	321
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value	16	12
Additional paid-in capital	57,581	11,069
Treasury stock, at cost	(2,815)	(2,130)
Accumulated deficit	(152)	(1,451)
Accumulated other comprehensive loss	(88)	(3)
<b>Total stockholders' equity</b>	<u>54,542</u>	<u>\$ 7,497</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 67,811</u>	<u>\$ 12,419</u>

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 24, 2022</b>	<b>September 25, 2021</b>	<b>September 24, 2022</b>	<b>September 25, 2021</b>
<b>Net cash provided by (used in)</b>				
Operating activities	\$ 965	\$ 849	\$ 2,998	\$ 2,699
Investing activities	\$ (1,298)	\$ (83)	\$ 932	\$ (686)
Financing activities	\$ (1,233)	\$ (949)	\$ (3,067)	\$ (1,168)

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

Segment and Category Information <sup>(1)</sup>	Three Months Ended		Nine Months Ended	
	September 24, 2022	September 25, 2021	September 24, 2022	September 25, 2021
Data Center				
Net revenue	\$ 1,609	\$ 1,108	\$ 4,388	\$ 2,531
Operating income	\$ 505	\$ 308	\$ 1,404	\$ 622
Client				
Net revenue	\$ 1,022	\$ 1,692	\$ 5,298	\$ 5,058
Operating income (loss)	\$ (26)	\$ 490	\$ 1,342	\$ 1,558
Gaming				
Net revenue	\$ 1,631	\$ 1,434	\$ 5,161	\$ 3,844
Operating income	\$ 142	\$ 231	\$ 687	\$ 527
Embedded				
Net revenue	\$ 1,303	\$ 79	\$ 3,155	\$ 175
Operating income	\$ 635	\$ 23	\$ 1,553	\$ 26
All Other				
Net revenue	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (1,320)	\$ (104)	\$ (3,573)	\$ (292)
<b>Total</b>				
<b>Net revenue</b>	<b>\$ 5,565</b>	<b>\$ 4,313</b>	<b>\$ 18,002</b>	<b>\$ 11,608</b>
<b>Operating income (loss)</b>	<b>\$ (64)</b>	<b>\$ 948</b>	<b>\$ 1,413</b>	<b>\$ 2,441</b>
<b>Other Data</b>				
Capital expenditures	\$ 123	\$ 85	\$ 326	\$ 215
Adjusted EBITDA <sup>(2)</sup>	\$ 1,427	\$ 1,152	\$ 5,533	\$ 3,030
Cash, cash equivalents and short-term investments	\$ 5,591	\$ 3,608	\$ 5,591	\$ 3,608
Free cash flow <sup>(3)</sup>	\$ 842	\$ 764	\$ 2,672	\$ 2,484
Total assets	\$ 67,811	\$ 11,153	\$ 67,811	\$ 11,153
Total debt	\$ 2,466	\$ 313	\$ 2,466	\$ 313

See footnotes on the next page

(1) The Data Center segment primarily includes server microprocessors and GPUs, data processing units (DPUs), Field Programmable Gate Arrays (FPGAs) and adaptive System-on-Chip (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 SoC products and development services.

The Embedded segment primarily includes embedded microprocessors and 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		Nine Months Ended	
	September 24, 2022	September 25, 2021	September 24, 2022	September 25, 2021
GAAP net income	\$ 66	\$ 923	\$ 1,299	\$ 2,188
Interest expense	31	7	69	26
Other (income) expense, net	(22)	(62)	24	(51)
Income tax provision (benefit)	(135)	82	32	284
Equity income in investee	(4)	(2)	(11)	(6)
Stock-based compensation	269	99	702	267
Depreciation and amortization	163	97	450	289
Amortization of acquired intangible assets	1,002	-	2,504	-
Acquisition-related costs	57	8	464	33
Adjusted EBITDA	\$ 1,427	\$ 1,152	\$ 5,533	\$ 3,030

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 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 nine months ended September 24, 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		Nine Months Ended	
	September 24, 2022	September 25, 2021	September 24, 2022	September 25, 2021
GAAP net cash provided by operating activities	\$ 965	\$ 849	\$ 2,998	\$ 2,699
Operating cash flow margin %	17%	20%	17%	23%
Purchases of property and equipment	(123)	(85)	(326)	(215)
Free cash flow	\$ 842	\$ 764	\$ 2,672	\$ 2,484
Free cash flow margin %	15%	18%	15%	21%

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 measures.

## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

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

	Three Months Ended	
	September 24, 2022	September 25, 2021
<b>GAAP gross profit</b>	<b>\$ 2,354</b>	<b>\$ 2,086</b>
<i>GAAP gross margin %</i>	<i>42%</i>	<i>48%</i>
Stock-based compensation	8	1
Acquisition-related costs <sup>(1)</sup>	2	-
Amortization of acquired intangible assets	412	-
<b>Non-GAAP gross profit</b>	<b>\$ 2,776</b>	<b>\$ 2,087</b>
<i>Non-GAAP gross margin %</i>	<i>50%</i>	<i>48%</i>
<b>GAAP operating expenses</b>	<b>\$ 2,426</b>	<b>\$ 1,141</b>
<i>GAAP operating expenses/revenue %</i>	<i>44%</i>	<i>26%</i>
Stock-based compensation	261	98
Acquisition-related costs <sup>(1)</sup>	55	8
Amortization of acquired intangible assets	590	-
<b>Non-GAAP operating expenses</b>	<b>\$ 1,520</b>	<b>\$ 1,035</b>
<i>Non-GAAP operating expenses/revenue %</i>	<i>27%</i>	<i>24%</i>
<b>GAAP operating income (loss)</b>	<b>\$ (64)</b>	<b>\$ 948</b>
<i>GAAP operating margin %</i>	<i>(1%)</i>	<i>22%</i>
Stock-based compensation	269	99
Acquisition-related costs <sup>(1)</sup>	57	8
Amortization of acquired intangible assets	1,002	-
<b>Non-GAAP operating income</b>	<b>\$ 1,264</b>	<b>\$ 1,055</b>
<i>Non-GAAP operating margin %</i>	<i>23%</i>	<i>24%</i>

	Three Months Ended			
	September 24, 2022		September 25, 2021	
<b>GAAP net income / diluted earnings per share</b>	<b>\$ 66</b>	<b>\$ 0.04</b>	<b>\$ 923</b>	<b>\$ 0.75</b>
(Gains) losses on equity investments, net	3	-	(60)	(0.05)
Stock-based compensation	269	0.16	99	0.08
Equity income in investee	(4)	-	(2)	-
Acquisition-related costs <sup>(1)</sup>	57	0.04	8	0.01
Amortization of acquired intangible assets	1,002	0.62	-	-
Income tax provision	(298)	(0.19)	(75)	(0.06)
<b>Non-GAAP net income / diluted earnings per share</b>	<b>\$ 1,095</b>	<b>\$ 0.67</b>	<b>\$ 893</b>	<b>\$ 0.73</b>

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