

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended	
	April 1, 2023	March 26, 2022
Net revenue	\$ 5,353	\$ 5,887
Cost of sales	2,689	2,883
Amortization of acquisition-related intangibles	305	186
Total cost of sales	2,994	3,069
Gross profit	2,359	2,818
Gross margin %	44%	48%
Research and development	1,411	1,060
Marketing, general and administrative	585	597
Amortization of acquisition-related intangibles	518	293
Licensing gain	(10)	(83)
Operating income (loss)	(145)	951
Interest expense	(25)	(13)
Other income (expense), net	43	(42)
Income (loss) before income taxes and equity income	(127)	896
Income tax provision	13	113
Equity income in investee	1	3
Net income (loss)	\$ (139)	\$ 786
Earnings (loss) per share		
Basic	\$ (0.09)	\$ 0.56
Diluted	\$ (0.09)	\$ 0.56
Shares used in per share calculation		
Basic	1,611	1,393
Diluted	1,611	1,410

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

	April 1, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,825	\$ 4,835
Short-term investments	2,114	1,020
Accounts receivable, net	4,040	4,126
Inventories	4,235	3,771
Receivables from related parties	2	2
Prepaid expenses and other current assets	1,442	1,265
Total current assets	15,658	15,019
Property and equipment, net	1,500	1,513
Operating lease right-of use assets	447	460
Goodwill	24,177	24,177
Acquisition-related intangibles, net	23,291	24,118
Investment: equity method	84	83
Deferred tax assets	67	58
Other non-current assets	2,410	2,152
Total Assets	\$ 67,634	\$ 67,580
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,518	\$ 2,493
Payables to related parties	353	463
Accrued liabilities	3,167	3,077
Other current liabilities	539	336
Total current liabilities	6,577	6,369
Long-term debt	2,467	2,467
Long-term operating lease liabilities	381	396
Deferred tax liabilities	1,641	1,934
Other long-term liabilities	1,874	1,664
Stockholders' equity:		
Capital stock:		
Common stock, par value	16	16
Additional paid-in capital	58,331	58,005
Treasury stock, at cost	(3,362)	(3,099)
Accumulated deficit	(270)	(131)
Accumulated other comprehensive loss	(21)	(41)
Total stockholders' equity	54,694	54,750
Total Liabilities and Stockholders' Equity	\$ 67,634	\$ 67,580

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

	Three Months Ended	
	April 1, 2023	March 26, 2022
Net cash provided by (used in)		
Operating activities	\$ 486	\$ 995
Investing activities	\$ (1,237)	\$ 3,158
Financing activities	\$ (259)	\$ (1,948)

ADVANCED MICRO DEVICES, INC.

SELECTED CORPORATE DATA

(Millions) (Unaudited)

Segment and Category Information ⁽¹⁾	Three Months Ended	
	April 1, 2023	March 26, 2022
Data Center		
Net revenue	\$ 1,295	\$ 1,293
Operating income	\$ 148	\$ 427
Client		
Net revenue	\$ 739	\$ 2,124
Operating income (loss)	\$ (172)	\$ 692
Gaming		
Net revenue	\$ 1,757	\$ 1,875
Operating income	\$ 314	\$ 358
Embedded		
Net revenue	\$ 1,562	\$ 595
Operating income	\$ 798	\$ 277
All Other		
Net revenue	\$ -	\$ -
Operating loss	\$ (1,233)	\$ (803)
Total		
Net revenue	\$ 5,353	\$ 5,887
Operating income (loss)	\$ (145)	\$ 951
Other Data		
Capital expenditures	\$ 158	\$ 71
Adjusted EBITDA ⁽²⁾	\$ 1,257	\$ 1,967
Cash, cash equivalents and short-term investments	\$ 5,939	\$ 6,532
Free cash flow ⁽³⁾	\$ 328	\$ 924
Total assets	\$ 67,634	\$ 66,915
Total debt	\$ 2,467	\$ 1,787

See footnotes on the next page

(1) The Data Center segment primarily includes server microprocessors (CPUs) and graphics processing units (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 CPUs, accelerated processing units that integrate microprocessors and GPUs (APUs), and chipsets for desktop and notebook personal computers.

The Gaming segment primarily includes discrete GPUs, semi-custom SoC products and development services.

The Embedded segment primarily includes embedded CPUs and GPUs, FPGAs, and Adaptive SoC 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, such as amortization of acquisition-related intangible asset, employee stock-based compensation expense, acquisition-related costs and licensing gain.

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

	Three Months Ended	
	April 1, 2023	March 26, 2022
GAAP net income (loss)	\$ (139)	\$ 786
Interest expense	25	13
Other (income) expense, net	(43)	42
Income tax provision	13	113
Equity income in investee	(1)	(3)
Stock-based compensation	305	174
Depreciation and amortization	159	130
Amortization of acquired intangible assets	823	479
Acquisition-related costs	115	233
Adjusted EBITDA	<u>\$ 1,257</u>	<u>\$ 1,967</u>

The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting GAAP net income (loss) for interest expense, other income (expense), net, income tax provision, equity income in investee, stock-based compensation, depreciation and amortization expense (including amortization of acquired intangible assets) and acquisition-related costs. 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	
	April 1, 2023	March 26, 2022
GAAP net cash provided by operating activities	\$ 486	\$ 995
<i>Operating cash flow margin %</i>	9%	17%
Purchases of property and equipment	(158)	(71)
Free cash flow	<u>\$ 328</u>	<u>\$ 924</u>
<i>Free cash flow margin %</i>	6%	16%

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, and free cash flow margin % is free cash flow expressed as a percentage of the Company's net revenue. 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	
	April 1, 2023	March 26, 2022
GAAP gross profit	\$ 2,359	\$ 2,818
<i>GAAP gross margin %</i>	<i>44%</i>	<i>48%</i>
Stock-based compensation	8	4
Acquisition-related costs ⁽¹⁾	3	92
Amortization of acquired intangible assets	305	186
Non-GAAP gross profit	\$ 2,675	\$ 3,100
<i>Non-GAAP gross margin %</i>	<i>50%</i>	<i>53%</i>
GAAP operating expenses	\$ 2,514	\$ 1,950
<i>GAAP operating expenses/revenue %</i>	<i>47%</i>	<i>33%</i>
Stock-based compensation	297	170
Acquisition-related costs ⁽¹⁾	112	141
Amortization of acquired intangible assets	518	293
Non-GAAP operating expenses	\$ 1,587	\$ 1,346
<i>Non-GAAP operating expenses/revenue %</i>	<i>30%</i>	<i>23%</i>
GAAP operating income (loss)	\$ (145)	\$ 951
<i>GAAP operating margin %</i>	<i>(3%)</i>	<i>16%</i>
Stock-based compensation	305	174
Acquisition-related costs ⁽¹⁾	115	233
Amortization of acquired intangible assets	823	479
Non-GAAP operating income	\$ 1,098	\$ 1,837
<i>Non-GAAP operating margin %</i>	<i>21%</i>	<i>31%</i>

	Three Months Ended			
	April 1, 2023		March 26, 2022	
GAAP net income (loss) / earnings (loss) per share	\$ (139)	\$ (0.09)	\$ 786	\$ 0.56
(Gains) losses on equity investments, net	(1)	-	44	0.03
Stock-based compensation	305	0.19	174	0.12
Equity income in investee	(1)	-	(3)	-
Acquisition-related costs ⁽¹⁾	115	0.07	233	0.17
Amortization of acquired intangible assets	823	0.51	479	0.34
Income tax provision	(132)	(0.08)	(124)	(0.09)
Non-GAAP net income / earnings per share	\$ 970	\$ 0.60	\$ 1,589	\$ 1.13

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