

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended			Six Months Ended	
	July 1, 2023	April 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Net revenue	\$ 5,359	\$ 5,353	\$ 6,550	\$ 10,712	\$ 12,437
Cost of sales	2,704	2,689	3,115	5,393	5,998
Amortization of acquisition-related intangibles	212	305	407	517	593
Total cost of sales	2,916	2,994	3,522	5,910	6,591
Gross profit	2,443	2,359	3,028	4,802	5,846
Gross margin	46%	44%	46%	45%	47%
Research and development	1,443	1,411	1,300	2,854	2,360
Marketing, general and administrative	547	585	592	1,132	1,189
Amortization of acquisition-related intangibles	481	518	616	999	909
Licensing gain	(8)	(10)	(6)	(18)	(89)
Operating income (loss)	(20)	(145)	526	(165)	1,477
Interest expense	(28)	(25)	(25)	(53)	(38)
Other income (expense), net	46	43	(4)	89	(46)
Income (loss) before income taxes and equity income	(2)	(127)	497	(129)	1,393
Income tax provision (benefit)	(23)	13	54	(10)	167
Equity income in investee	6	1	4	7	7
Net income (loss)	\$ 27	\$ (139)	\$ 447	\$ (112)	\$ 1,233
Earnings (loss) per share					
Basic	\$ 0.02	\$ (0.09)	\$ 0.28	\$ (0.07)	\$ 0.82
Diluted	\$ 0.02	\$ (0.09)	\$ 0.27	\$ (0.07)	\$ 0.81
Shares used in per share calculation					
Basic	1,612	1,611	1,618	1,612	1,506
Diluted	1,627	1,611	1,632	1,612	1,521

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

	<u>July 1, 2023</u>	<u>December 31, 2022</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,841	\$ 4,835
Short-term investments	2,444	1,020
Accounts receivable, net	4,312	4,126
Inventories	4,567	3,771
Receivables from related parties	2	2
Prepaid expenses and other current assets	1,339	1,265
Total current assets	<u>16,505</u>	<u>15,019</u>
Property and equipment, net	1,541	1,513
Operating lease right-of-use assets	461	460
Goodwill	24,177	24,177
Acquisition-related intangibles, net	22,598	24,118
Investment: equity method	90	83
Deferred tax assets	68	58
Other non-current assets	2,527	2,152
Total Assets	<u>\$ 67,967</u>	<u>\$ 67,580</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,779	\$ 2,493
Payables to related parties	313	463
Accrued liabilities	2,971	3,077
Current portion of long-term debt, net	753	–
Other current liabilities	756	336
Total current liabilities	<u>7,572</u>	<u>6,369</u>
Long-term debt, net of current portion	1,714	2,467
Long-term operating lease liabilities	393	396
Deferred tax liabilities	1,365	1,934
Other long-term liabilities	1,787	1,664
Stockholders' equity:		
Capital stock:		
Common stock, par value	16	16
Additional paid-in capital	58,825	58,005
Treasury stock, at cost	(3,430)	(3,099)
Accumulated deficit	(243)	(131)
Accumulated other comprehensive loss	(32)	(41)
Total stockholders' equity	<u>55,136</u>	<u>54,750</u>
Total Liabilities and Stockholders' Equity	<u>\$ 67,967</u>	<u>\$ 67,580</u>

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions) (Unaudited)

	Three Months Ended		Six Months Ended	
	July 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Cash flows from operating activities:				
Net income (loss)	\$ 27	\$ 447	\$ (112)	\$ 1,233
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	849	1,180	1,831	1,789
Stock-based compensation	348	292	657	491
Amortization of operating lease right-of-use assets	24	21	48	40
Amortization of inventory fair value adjustment	1	96	3	185
Loss on sale or disposal of property and equipment	1	-	7	15
Deferred income taxes	(274)	(276)	(582)	(618)
(Gains) losses on equity investments, net	3	10	2	54
Other	(18)	(2)	(20)	(4)
Changes in operating assets and liabilities				
Accounts receivable, net	(272)	(344)	(186)	(1,016)
Inventories	(332)	(248)	(796)	(274)
Receivables from related parties	-	-	-	(1)
Prepaid expenses and other assets	(46)	23	(237)	(237)
Payables to related parties	(41)	156	(150)	277
Accounts payable	236	24	309	28
Accrued and other liabilities	(127)	(341)	91	71
Net cash provided by operating activities	379	1,038	865	2,033
Cash flows from investing activities:				
Purchases of property and equipment	(125)	(132)	(283)	(203)
Purchases of short-term investments	(1,113)	(520)	(2,816)	(620)
Proceeds from maturity of short-term investments	698	1,285	1,171	2,248
Proceeds from sale of short-term investments	103	-	248	1
Cash received from acquisition of Xilinx	-	-	-	2,366
Acquisition of Pensando, net of cash acquired	-	(1,558)	-	(1,558)
Other	(1)	(3)	5	(4)
Net cash provided by (used in) investing activities	(438)	(928)	(1,675)	2,230
Cash flows from financing activities:				
Proceeds from debt, net of issuance costs	-	991	-	991
Proceeds from sales of common stock through employee equity plans	141	76	144	78
Repurchases of common stock	-	(921)	(241)	(2,835)
Common stock repurchases for tax withholding on employee equity plans	(66)	(31)	(87)	(66)
Other	-	(1)	-	(2)
Net cash provided by (used in) financing activities	75	114	(184)	(1,834)
Net increase (decrease) in cash and cash equivalents	16	224	(994)	2,429
Cash and cash equivalents at beginning of period	3,825	4,740	4,835	2,535
Cash and cash equivalents at end of period	\$ 3,841	\$ 4,964	\$ 3,841	\$ 4,964

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

Segment and Category Information ⁽¹⁾	Three Months Ended			Six Months Ended	
	July 1, 2023	April 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
Data Center					
Net revenue	\$ 1,321	\$ 1,295	\$ 1,486	\$ 2,616	\$ 2,779
Operating income	\$ 147	\$ 148	\$ 472	\$ 295	\$ 899
Client					
Net revenue	\$ 998	\$ 739	\$ 2,152	\$ 1,737	\$ 4,276
Operating income (loss)	\$ (69)	\$ (172)	\$ 676	\$ (241)	\$ 1,368
Gaming					
Net revenue	\$ 1,581	\$ 1,757	\$ 1,655	\$ 3,338	\$ 3,530
Operating income	\$ 225	\$ 314	\$ 187	\$ 539	\$ 545
Embedded					
Net revenue	\$ 1,459	\$ 1,562	\$ 1,257	\$ 3,021	\$ 1,852
Operating income	\$ 757	\$ 798	\$ 641	\$ 1,555	\$ 918
All Other					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (1,080)	\$ (1,233)	\$ (1,450)	\$ (2,313)	\$ (2,253)
Total					
Net revenue	\$ 5,359	\$ 5,353	\$ 6,550	\$ 10,712	\$ 12,437
Operating income (loss)	\$ (20)	\$ (145)	\$ 526	\$ (165)	\$ 1,477
Other Data					
Capital expenditures	\$ 125	\$ 158	\$ 132	\$ 283	\$ 203
Adjusted EBITDA ⁽²⁾	\$ 1,224	\$ 1,257	\$ 2,139	\$ 2,481	\$ 4,106
Cash, cash equivalents and short-term investments	\$ 6,285	\$ 5,939	\$ 5,992	\$ 6,285	\$ 5,992
Free cash flow ⁽³⁾	\$ 254	\$ 328	\$ 906	\$ 582	\$ 1,830
Total assets	\$ 67,967	\$ 67,634	\$ 67,502	\$ 67,967	\$ 67,502
Total debt	\$ 2,467	\$ 2,467	\$ 2,777	\$ 2,467	\$ 2,777

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 and other costs, and licensing gain.

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

	Three Months Ended			Six Months Ended	
	July 1, 2023	April 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
GAAP net income (loss)	\$ 27	\$ (139)	\$ 447	\$ (112)	\$ 1,233
Interest expense	28	25	25	53	38
Other (income) expense, net	(46)	(43)	4	(89)	46
Income tax provision (benefit)	(23)	13	54	(10)	167
Equity income in investee	(6)	(1)	(4)	(7)	(7)
Stock-based compensation	348	305	259	653	433
Depreciation and amortization	156	159	157	315	287
Amortization of acquisition-related intangibles	693	823	1,023	1,516	1,502
Acquisition-related and other costs	47	115	174	162	407
Adjusted EBITDA	<u>\$ 1,224</u>	<u>\$ 1,257</u>	<u>\$ 2,139</u>	<u>\$ 2,481</u>	<u>\$ 4,106</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 (benefit), equity income in investee, stock-based compensation, depreciation and amortization expense (including amortization of acquisition-related intangibles), acquisition-related and other 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			Six Months Ended	
	July 1, 2023	April 1, 2023	June 25, 2022	July 1, 2023	June 25, 2022
GAAP net cash provided by operating activities	\$ 379	\$ 486	\$ 1,038	\$ 865	\$ 2,033
Operating cash flow margin %	7%	9%	16%	8%	16%
Purchases of property and equipment	(125)	(158)	(132)	(283)	(203)
Free cash flow	<u>\$ 254</u>	<u>\$ 328</u>	<u>\$ 906</u>	<u>\$ 582</u>	<u>\$ 1,830</u>
Free cash flow margin %	5%	6%	14%	5%	15%

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		
	July 1, 2023	April 1, 2023	June 25, 2022
GAAP gross profit	\$ 2,443	\$ 2,359	\$ 3,028
<i>GAAP gross margin</i>	<i>46%</i>	<i>44%</i>	<i>46%</i>
Stock-based compensation	10	8	8
Amortization of acquisition-related intangibles	212	305	407
Acquisition-related and other costs ⁽¹⁾	-	3	95
Non-GAAP gross profit	\$ 2,665	\$ 2,675	\$ 3,538
<i>Non-GAAP gross margin</i>	<i>50%</i>	<i>50%</i>	<i>54%</i>
GAAP operating expenses	\$ 2,471	\$ 2,514	\$ 2,508
<i>GAAP operating expenses/revenue %</i>	<i>46%</i>	<i>47%</i>	<i>38%</i>
Stock-based compensation	338	297	251
Amortization of acquisition-related intangibles	481	518	616
Acquisition-related and other costs ⁽¹⁾	47	112	79
Non-GAAP operating expenses	\$ 1,605	\$ 1,587	\$ 1,562
<i>Non-GAAP operating expenses/revenue %</i>	<i>30%</i>	<i>30%</i>	<i>24%</i>
GAAP operating income (loss)	\$ (20)	\$ (145)	\$ 526
<i>GAAP operating margin</i>	<i>0%</i>	<i>(3%)</i>	<i>8%</i>
Stock-based compensation	348	305	259
Amortization of acquisition-related intangibles	693	823	1,023
Acquisition-related and other costs ⁽¹⁾	47	115	174
Non-GAAP operating income	\$ 1,068	\$ 1,098	\$ 1,982
<i>Non-GAAP operating margin</i>	<i>20%</i>	<i>21%</i>	<i>30%</i>

	Three Months Ended					
	July 1, 2023		April 1, 2023		June 25, 2022	
GAAP net income (loss) / earnings (loss) per share	\$ 27	\$ 0.02	\$ (139)	\$ (0.09)	\$ 447	\$ 0.27
(Gains) losses on equity investments, net	3	-	(1)	-	10	-
Stock-based compensation	348	0.21	305	0.19	259	0.16
Equity income in investee	(6)	-	(1)	-	(4)	-
Amortization of acquisition-related intangibles	693	0.42	823	0.51	1,023	0.63
Acquisition-related and other costs ⁽¹⁾	47	0.03	115	0.07	174	0.11
Income tax provision	(164)	(0.10)	(132)	(0.08)	(202)	(0.12)
Non-GAAP net income / earnings per share	\$ 948	\$ 0.58	\$ 970	\$ 0.60	\$ 1,707	\$ 1.05

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