

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended			Year Ended	
	December 30, 2023	September 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Net revenue	\$ 6,168	\$ 5,800	\$ 5,599	\$ 22,680	\$ 23,601
Cost of sales	3,042	2,843	2,753	11,278	11,550
Amortization of acquisition-related intangibles	215	210	443	942	1,448
Total cost of sales	3,257	3,053	3,196	12,220	12,998
Gross profit	2,911	2,747	2,403	10,460	10,603
Gross margin	47%	47%	43%	46%	45%
Research and development	1,511	1,507	1,366	5,872	5,005
Marketing, general and administrative	644	576	590	2,352	2,336
Amortization of acquisition-related intangibles	420	450	601	1,869	2,100
Licensing gain	(6)	(10)	(5)	(34)	(102)
Operating income (loss)	342	224	(149)	401	1,264
Interest expense	(27)	(26)	(19)	(106)	(88)
Other income (expense), net	49	59	32	197	8
Income (loss) before income taxes and equity income	364	257	(136)	492	1,184
Income tax benefit	(297)	(39)	(154)	(346)	(122)
Equity income in investee	6	3	3	16	14
Net income	\$ 667	\$ 299	\$ 21	\$ 854	\$ 1,320
Earnings per share					
Basic	\$ 0.41	\$ 0.18	\$ 0.01	\$ 0.53	\$ 0.85
Diluted	\$ 0.41	\$ 0.18	\$ 0.01	\$ 0.53	\$ 0.84
Shares used in per share calculation					
Basic	1,616	1,616	1,613	1,614	1,561
Diluted	1,628	1,629	1,618	1,625	1,571

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

	<u>December 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,933	\$ 4,835
Short-term investments	1,840	1,020
Accounts receivable, net	5,376	4,126
Inventories	4,351	3,771
Receivables from related parties	9	2
Prepaid expenses and other current assets	1,259	1,265
Total current assets	<u>16,768</u>	<u>15,019</u>
Property and equipment, net	1,589	1,513
Operating lease right-of-use assets	633	460
Goodwill	24,262	24,177
Acquisition-related intangibles, net	21,363	24,118
Investment: equity method	99	83
Deferred tax assets	366	58
Other non-current assets	2,805	2,152
Total Assets	<u>\$ 67,885</u>	<u>\$ 67,580</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,055	\$ 2,493
Payables to related parties	363	463
Accrued liabilities	3,082	3,077
Current portion of long-term debt, net	751	–
Other current liabilities	438	336
Total current liabilities	<u>6,689</u>	<u>6,369</u>
Long-term debt, net of current portion	1,717	2,467
Long-term operating lease liabilities	535	396
Deferred tax liabilities	1,202	1,934
Other long-term liabilities	1,850	1,664
Stockholders' equity:		
Capital stock:		
Common stock, par value	17	16
Additional paid-in capital	59,676	58,005
Treasury stock, at cost	(4,514)	(3,099)
Retained earnings (Accumulated deficit)	723	(131)
Accumulated other comprehensive loss	(10)	(41)
Total stockholders' equity	<u>55,892</u>	<u>54,750</u>
Total Liabilities and Stockholders' Equity	<u>\$ 67,885</u>	<u>\$ 67,580</u>

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions) (Unaudited)

	Three Months Ended		Year Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Cash flows from operating activities:				
Net income	\$ 667	\$ 21	\$ 854	\$ 1,320
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	799	1,220	3,453	4,174
Stock-based compensation	374	315	1,384	1,081
Amortization of operating lease right-of-use assets	25	25	98	88
Amortization of inventory fair value adjustment	-	2	3	189
Loss on sale or disposal of property and equipment	1	1	11	16
Deferred income taxes	(219)	(177)	(1,019)	(1,505)
(Gains) losses on equity investments, net	-	5	(1)	62
Other	(24)	(5)	(67)	(14)
Changes in operating assets and liabilities				
Accounts receivable, net	(321)	210	(1,250)	(1,091)
Inventories	94	(404)	(580)	(1,401)
Receivables from related parties	(8)	(12)	(7)	(13)
Prepaid expenses and other assets	(92)	(372)	(472)	(1,197)
Payables to related parties	37	66	(100)	379
Accounts payable	(181)	120	(419)	931
Accrued and other liabilities	(771)	(448)	(221)	546
Net cash provided by operating activities	381	567	1,667	3,565
Cash flows from investing activities:				
Purchases of property and equipment	(139)	(124)	(546)	(450)
Purchases of short-term investments	(410)	(268)	(3,722)	(2,667)
Proceeds from maturity of short-term investments	770	1,446	2,687	4,310
Proceeds from sale of short-term investments	52	-	300	-
Cash received from acquisition of Xilinx	-	-	-	2,366
Acquisitions, net of cash acquired	(117)	14	(131)	(1,544)
Other	(6)	(1)	(11)	(16)
Net cash provided by (used in) investing activities	150	1,067	(1,423)	1,999
Cash flows from financing activities:				
Proceeds from debt, net of issuance costs	-	-	-	991
Repayment of debt	-	-	-	(312)
Proceeds from sales of common stock through employee equity plans	120	88	268	167
Repurchases of common stock	(233)	(250)	(985)	(3,702)
Common stock repurchases for tax withholding on employee equity plans	(45)	(35)	(427)	(406)
Other	(1)	-	(2)	(2)
Net cash used in financing activities	(159)	(197)	(1,146)	(3,264)
Net increase (decrease) in cash and cash equivalents	372	1,437	(902)	2,300
Cash and cash equivalents at beginning of period	3,561	3,398	4,835	2,535
Cash and cash equivalents at end of period	\$ 3,933	\$ 4,835	\$ 3,933	\$ 4,835

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

Segment and Category Information ⁽¹⁾	Three Months Ended			Year Ended	
	December 30, 2023	September 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Data Center					
Net revenue	\$ 2,282	\$ 1,598	\$ 1,655	\$ 6,496	\$ 6,043
Operating income	\$ 666	\$ 306	\$ 444	\$ 1,267	\$ 1,848
Client					
Net revenue	\$ 1,461	\$ 1,453	\$ 903	\$ 4,651	\$ 6,201
Operating income (loss)	\$ 55	\$ 140	\$ (152)	\$ (46)	\$ 1,190
Gaming					
Net revenue	\$ 1,368	\$ 1,506	\$ 1,644	\$ 6,212	\$ 6,805
Operating income	\$ 224	\$ 208	\$ 266	\$ 971	\$ 953
Embedded					
Net revenue	\$ 1,057	\$ 1,243	\$ 1,397	\$ 5,321	\$ 4,552
Operating income	\$ 461	\$ 612	\$ 699	\$ 2,628	\$ 2,252
All Other					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (1,064)	\$ (1,042)	\$ (1,406)	\$ (4,419)	\$ (4,979)
Total					
Net revenue	\$ 6,168	\$ 5,800	\$ 5,599	\$ 22,680	\$ 23,601
Operating income (loss)	\$ 342	\$ 224	\$ (149)	\$ 401	\$ 1,264
Other Data					
Capital expenditures	\$ 139	\$ 124	\$ 124	\$ 546	\$ 450
Adjusted EBITDA ⁽²⁾	\$ 1,576	\$ 1,439	\$ 1,438	\$ 5,496	\$ 6,971
Cash, cash equivalents and short-term investments	\$ 5,773	\$ 5,785	\$ 5,855	\$ 5,773	\$ 5,855
Free cash flow ⁽³⁾	\$ 242	\$ 297	\$ 443	\$ 1,121	\$ 3,115
Total assets	\$ 67,885	\$ 67,626	\$ 67,580	\$ 67,885	\$ 67,580
Total debt	\$ 2,468	\$ 2,467	\$ 2,467	\$ 2,468	\$ 2,467

See footnotes on the next page

(1) The Data Center segment primarily includes server microprocessors (CPUs), graphics processing units (GPUs), accelerated processing units (APUs), data processing units (DPUs), Field Programmable Gate Arrays (FPGAs), Smart Network Interface Cards (SmartNICs), Artificial Intelligence (AI) accelerators and Adaptive System-on-Chip (SoC) products for data centers.

The Client segment primarily includes CPUs, APUs, and chipsets for desktop, notebook and handheld personal computers.

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

The Embedded segment primarily includes embedded CPUs, GPUs, APUs, FPGAs, System on Modules (SOMs), 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 to Adjusted EBITDA**

	Three Months Ended			Year Ended	
	December 30,	September 30,	December 31,	December 30,	December 31,
	2023	2023	2022	2023	2022
GAAP net income	\$ 667	\$ 299	\$ 21	\$ 854	\$ 1,320
Interest expense	27	26	19	106	88
Other (income) expense, net	(49)	(59)	(32)	(197)	(8)
Income tax benefit	(297)	(39)	(154)	(346)	(122)
Equity income in investee	(6)	(3)	(3)	(16)	(14)
Stock-based compensation	374	353	310	1,380	1,012
Depreciation and amortization	164	163	176	642	626
Amortization of acquisition-related intangibles	635	660	1,044	2,811	3,548
Acquisition-related and other costs	61	39	57	262	521
Adjusted EBITDA	\$ 1,576	\$ 1,439	\$ 1,438	\$ 5,496	\$ 6,971

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 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			Year Ended	
	December 30,	September 30,	December 31,	December 30,	December 31,
	2023	2023	2022	2023	2022
GAAP net cash provided by operating activities	\$ 381	\$ 421	\$ 567	\$ 1,667	\$ 3,565
Operating cash flow margin %	6%	7%	10%	7%	15%
Purchases of property and equipment	(139)	(124)	(124)	(546)	(450)
Free cash flow	\$ 242	\$ 297	\$ 443	\$ 1,121	\$ 3,115
Free cash flow margin %	4%	5%	8%	5%	13%

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			Year Ended	
	December 30, 2023	September 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
GAAP gross profit	\$ 2,911	\$ 2,747	\$ 2,403	\$ 10,460	\$ 10,603
<i>GAAP gross margin</i>	<i>47%</i>	<i>47%</i>	<i>43%</i>	<i>46%</i>	<i>45%</i>
Stock-based compensation	6	6	9	30	29
Amortization of acquisition-related intangibles	215	210	443	942	1,448
Acquisition-related and other costs ⁽¹⁾	1	-	4	4	193
Non-GAAP gross profit	\$ 3,133	\$ 2,963	\$ 2,859	\$ 11,436	\$ 12,273
<i>Non-GAAP gross margin</i>	<i>51%</i>	<i>51%</i>	<i>51%</i>	<i>50%</i>	<i>52%</i>
GAAP operating expenses	\$ 2,575	\$ 2,533	\$ 2,557	\$ 10,093	\$ 9,441
<i>GAAP operating expenses/revenue %</i>	<i>42%</i>	<i>44%</i>	<i>46%</i>	<i>45%</i>	<i>40%</i>
Stock-based compensation	368	347	301	1,350	983
Amortization of acquisition-related intangibles	420	450	601	1,869	2,100
Acquisition-related and other costs ⁽¹⁾	60	39	53	258	328
Non-GAAP operating expenses	\$ 1,727	\$ 1,697	\$ 1,602	\$ 6,616	\$ 6,030
<i>Non-GAAP operating expenses/revenue %</i>	<i>28%</i>	<i>29%</i>	<i>29%</i>	<i>29%</i>	<i>26%</i>
GAAP operating income (loss)	\$ 342	\$ 224	\$ (149)	\$ 401	\$ 1,264
<i>GAAP operating margin</i>	<i>6%</i>	<i>4%</i>	<i>(3%)</i>	<i>2%</i>	<i>5%</i>
Stock-based compensation	374	353	310	1,380	1,012
Amortization of acquisition-related intangibles	635	660	1,044	2,811	3,548
Acquisition-related and other costs ⁽¹⁾	61	39	57	262	521
Non-GAAP operating income	\$ 1,412	\$ 1,276	\$ 1,262	\$ 4,854	\$ 6,345
<i>Non-GAAP operating margin</i>	<i>23%</i>	<i>22%</i>	<i>23%</i>	<i>21%</i>	<i>27%</i>

	Three Months Ended						Year Ended			
	December 30, 2023		September 30, 2023		December 31, 2022		December 30, 2023		December 31, 2022	
GAAP net income / earnings per share	\$ 667	\$ 0.41	\$ 299	\$ 0.18	\$ 21	\$ 0.01	\$ 854	\$ 0.53	\$ 1,320	\$ 0.84
(Gains) losses on equity investments, net	1	-	(4)	-	5	-	(1)	-	62	0.04
Stock-based compensation	374	0.23	353	0.22	310	0.19	1,380	0.85	1,012	0.64
Equity income in investee	(6)	-	(3)	-	(3)	-	(16)	(0.01)	(14)	(0.01)
Amortization of acquisition-related intangibles	635	0.39	660	0.41	1,044	0.65	2,811	1.73	3,548	2.26
Acquisition-related and other costs ⁽¹⁾	61	0.04	39	0.02	57	0.04	262	0.16	521	0.33
Income tax provision	(483)	(0.30)	(209)	(0.13)	(321)	(0.20)	(988)	(0.61)	(945)	(0.60)
Non-GAAP net income / earnings per share	\$ 1,249	\$ 0.77	\$ 1,135	\$ 0.70	\$ 1,113	\$ 0.69	\$ 4,302	\$ 2.65	\$ 5,504	\$ 3.50

⁽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.