

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended		
	March 30, 2024	December 30, 2023	April 1, 2023
Net revenue	\$ 5,473	\$ 6,168	\$ 5,353
Cost of sales	2,683	3,042	2,689
Amortization of acquisition-related intangibles	230	215	305
Total cost of sales	2,913	3,257	2,994
Gross profit	2,560	2,911	2,359
Gross margin	47%	47%	44%
Research and development	1,525	1,511	1,411
Marketing, general and administrative	620	644	585
Amortization of acquisition-related intangibles	392	420	518
Licensing gain	(13)	(6)	(10)
Operating income (loss)	36	342	(145)
Interest expense	(25)	(27)	(25)
Other income (expense), net	53	49	43
Income (loss) before income taxes and equity income	64	364	(127)
Income tax provision (benefit)	(52)	(297)	13
Equity income in investee	7	6	1
Net income (loss)	\$ 123	\$ 667	\$ (139)
Earnings (loss) per share			
Basic	\$ 0.08	\$ 0.41	\$ (0.09)
Diluted	\$ 0.07	\$ 0.41	\$ (0.09)
Shares used in per share calculation			
Basic	1,617	1,616	1,611
Diluted	1,639	1,628	1,611

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

	March 30, 2024	December 30, 2023
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,190	\$ 3,933
Short-term investments	1,845	1,840
Accounts receivable, net	5,038	5,376
Inventories	4,652	4,351
Receivables from related parties	31	9
Prepaid expenses and other current assets	1,328	1,259
Total current assets	17,084	16,768
Property and equipment, net	1,624	1,589
Operating lease right-of-use assets	632	633
Goodwill	24,262	24,262
Acquisition-related intangibles, net	20,741	21,363
Investment: equity method	106	99
Deferred tax assets	433	366
Other non-current assets	3,013	2,805
Total Assets	\$ 67,895	\$ 67,885
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,418	\$ 2,055
Payables to related parties	438	363
Accrued liabilities	3,444	3,082
Current portion of long-term debt, net	750	751
Other current liabilities	424	438
Total current liabilities	6,474	6,689
Long-term debt, net of current portion	1,718	1,717
Long-term operating lease liabilities	530	535
Deferred tax liabilities	1,199	1,202
Other long-term liabilities	1,776	1,850
Stockholders' equity:		
Capital stock:		
Common stock, par value	17	17
Additional paid-in capital	60,053	59,676
Treasury stock, at cost	(4,690)	(4,514)
Retained earnings	846	723
Accumulated other comprehensive loss	(28)	(10)
Total stockholders' equity	56,198	55,892
Total Liabilities and Stockholders' Equity	\$ 67,895	\$ 67,885

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions) (Unaudited)

	Three Months Ended	
	March 30, 2024	April 1, 2023
Cash flows from operating activities:		
Net income (loss)	\$ 123	\$ (139)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	784	982
Stock-based compensation	371	309
Amortization of operating lease right-of-use assets	26	24
Deferred income taxes	(66)	(308)
Inventory loss at contract manufacturer	65	-
Other	(22)	5
Changes in operating assets and liabilities		
Accounts receivable, net	338	86
Inventories	(368)	(464)
Prepaid expenses and other assets	(322)	(191)
Receivables from and payables to related parties, net	53	(109)
Accounts payable	(636)	73
Accrued and other liabilities	175	218
Net cash provided by operating activities	521	486
Cash flows from investing activities:		
Purchases of property and equipment	(142)	(158)
Purchases of short-term investments	(433)	(1,703)
Proceeds from maturity of short-term investments	441	473
Proceeds from sale of short-term investments	2	145
Other	(3)	6
Net cash used in investing activities	(135)	(1,237)
Cash flows from financing activities:		
Proceeds from sales of common stock through employee equity plans	5	3
Repurchases of common stock	(4)	(241)
Common stock repurchases for tax withholding on employee equity plans	(129)	(21)
Other	(1)	-
Net cash used in financing activities	(129)	(259)
Net increase (decrease) in cash and cash equivalents	257	(1,010)
Cash and cash equivalents at beginning of period	3,933	4,835
Cash and cash equivalents at end of period	\$ 4,190	\$ 3,825

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

Segment and Category Information ⁽¹⁾	Three Months Ended		
	March 30, 2024	December 30, 2023	April 1, 2023
Data Center			
Net revenue	\$ 2,337	\$ 2,282	\$ 1,295
Operating income	\$ 541	\$ 666	\$ 148
Client			
Net revenue	\$ 1,368	\$ 1,461	\$ 739
Operating income (loss)	\$ 86	\$ 55	\$ (172)
Gaming			
Net revenue	\$ 922	\$ 1,368	\$ 1,757
Operating income	\$ 151	\$ 224	\$ 314
Embedded			
Net revenue	\$ 846	\$ 1,057	\$ 1,562
Operating income	\$ 342	\$ 461	\$ 798
All Other			
Net revenue	\$ -	\$ -	\$ -
Operating loss	\$ (1,084)	\$ (1,064)	\$ (1,233)
Total			
Net revenue	\$ 5,473	\$ 6,168	\$ 5,353
Operating income (loss)	\$ 36	\$ 342	\$ (145)
Other Data			
Capital expenditures	\$ 142	\$ 139	\$ 158
Adjusted EBITDA ⁽²⁾	\$ 1,295	\$ 1,576	\$ 1,257
Cash, cash equivalents and short-term investments	\$ 6,035	\$ 5,773	\$ 5,939
Free cash flow ⁽³⁾	\$ 379	\$ 242	\$ 328
Total assets	\$ 67,895	\$ 67,885	\$ 67,634
Total debt	\$ 2,468	\$ 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, inventory loss at contract manufacturer, and licensing gain.

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

	Three Months Ended		
	March 30, 2024	December 30, 2023	April 1, 2023
GAAP net income (loss)	\$ 123	\$ 667	\$ (139)
Interest expense	25	27	25
Other (income) expense, net	(53)	(49)	(43)
Income tax provision (benefit)	(52)	(297)	13
Equity income in investee	(7)	(6)	(1)
Stock-based compensation	371	374	305
Depreciation and amortization	162	164	159
Amortization of acquisition-related intangibles	622	635	823
Inventory loss at contract manufacturer	65	-	-
Acquisition-related and other costs	39	61	115
Adjusted EBITDA	\$ 1,295	\$ 1,576	\$ 1,257

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), inventory loss at contract manufacturer, 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		
	March 30, 2024	December 30, 2023	April 1, 2023
GAAP net cash provided by operating activities	\$ 521	\$ 381	\$ 486
Operating cash flow margin %	10%	6%	9%
Purchases of property and equipment	(142)	(139)	(158)
Free cash flow	\$ 379	\$ 242	\$ 328
Free cash flow margin %	7%	4%	6%

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		
	March 30, 2024	December 30, 2023	April 1, 2023
GAAP gross profit	\$ 2,560	\$ 2,911	\$ 2,359
<i>GAAP gross margin</i>	<i>47%</i>	<i>47%</i>	<i>44%</i>
Stock-based compensation	6	6	8
Amortization of acquisition-related intangibles	230	215	305
Acquisition-related and other costs ⁽¹⁾	-	1	3
Inventory loss at contract manufacturer ⁽²⁾	65	-	-
Non-GAAP gross profit	\$ 2,861	\$ 3,133	\$ 2,675
<i>Non-GAAP gross margin</i>	<i>52%</i>	<i>51%</i>	<i>50%</i>
GAAP operating expenses	\$ 2,537	\$ 2,575	\$ 2,514
<i>GAAP operating expenses/revenue %</i>	<i>46%</i>	<i>42%</i>	<i>47%</i>
Stock-based compensation	365	368	297
Amortization of acquisition-related intangibles	392	420	518
Acquisition-related and other costs ⁽¹⁾	39	60	112
Non-GAAP operating expenses	\$ 1,741	\$ 1,727	\$ 1,587
<i>Non-GAAP operating expenses/revenue %</i>	<i>32%</i>	<i>28%</i>	<i>30%</i>
GAAP operating income (loss)	\$ 36	\$ 342	\$ (145)
<i>GAAP operating margin</i>	<i>1%</i>	<i>6%</i>	<i>(3%)</i>
Stock-based compensation	371	374	305
Amortization of acquisition-related intangibles	622	635	823
Acquisition-related and other costs ⁽¹⁾	39	61	115
Inventory loss at contract manufacturer ⁽²⁾	65	-	-
Non-GAAP operating income	\$ 1,133	\$ 1,412	\$ 1,098
<i>Non-GAAP operating margin</i>	<i>21%</i>	<i>23%</i>	<i>21%</i>

	Three Months Ended					
	March 30, 2024		December 30, 2023		April 1, 2023	
GAAP net income (loss) / earnings (loss) per share	\$ 123	\$ 0.07	\$ 667	\$ 0.41	\$ (139)	\$ (0.09)
(Gains) losses on equity investments, net	3	-	1	-	(1)	-
Stock-based compensation	371	0.23	374	0.23	305	0.19
Equity income in investee	(7)	-	(6)	-	(1)	-
Amortization of acquisition-related intangibles	622	0.38	635	0.39	823	0.51
Acquisition-related and other costs ⁽¹⁾	39	0.02	61	0.04	115	0.07
Inventory loss at contract manufacturer ⁽²⁾	65	0.04	-	-	-	-
Income tax provision	(203)	(0.12)	(483)	(0.30)	(132)	(0.08)
Non-GAAP net income / earnings per share	\$ 1,013	\$ 0.62	\$ 1,249	\$ 0.77	\$ 970	\$ 0.60

⁽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.

⁽²⁾ Inventory loss at contract manufacturer is related to an incident at a third-party contract manufacturing facility.