

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended			Six Months Ended	
	June 29, 2024	March 30, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net revenue	\$ 5,835	\$ 5,473	\$ 5,359	\$ 11,308	\$ 10,712
Cost of sales	2,740	2,683	2,704	5,423	5,393
Amortization of acquisition-related intangibles	231	230	212	461	517
Total cost of sales	2,971	2,913	2,916	5,884	5,910
Gross profit	2,864	2,560	2,443	5,424	4,802
Gross margin	49%	47%	46%	48%	45%
Research and development	1,583	1,525	1,443	3,108	2,854
Marketing, general and administrative	650	620	547	1,270	1,132
Amortization of acquisition-related intangibles	372	392	481	764	999
Licensing gain	(10)	(13)	(8)	(23)	(18)
Operating income (loss)	269	36	(20)	305	(165)
Interest expense	(25)	(25)	(28)	(50)	(53)
Other income (expense), net	55	53	46	108	89
Income (loss) before income taxes and equity income	299	64	(2)	363	(129)
Income tax provision (benefit)	41	(52)	(23)	(11)	(10)
Equity income in investee	7	7	6	14	7
Net income (loss)	\$ 265	\$ 123	\$ 27	\$ 388	\$ (112)
Earnings (loss) per share					
Basic	\$ 0.16	\$ 0.08	\$ 0.02	\$ 0.24	\$ (0.07)
Diluted	\$ 0.16	\$ 0.07	\$ 0.02	\$ 0.24	\$ (0.07)
Shares used in per share calculation					
Basic	1,618	1,617	1,612	1,617	1,612
Diluted	1,637	1,639	1,627	1,638	1,612

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

	June 29, 2024	December 30, 2023
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,113	\$ 3,933
Short-term investments	1,227	1,840
Accounts receivable, net	5,749	5,376
Inventories	4,991	4,351
Receivables from related parties	24	9
Prepaid expenses and other current assets	1,361	1,259
Total current assets	17,465	16,768
Property and equipment, net	1,666	1,589
Operating lease right-of-use assets	635	633
Goodwill	24,262	24,262
Acquisition-related intangibles, net	20,138	21,363
Investment: equity method	113	99
Deferred tax assets	617	366
Other non-current assets	2,990	2,805
Total Assets	\$ 67,886	\$ 67,885
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,699	\$ 2,055
Payables to related parties	420	363
Accrued liabilities	3,629	3,082
Current portion of long-term debt, net	-	751
Other current liabilities	447	438
Total current liabilities	6,195	6,689
Long-term debt, net of current portion	1,719	1,717
Long-term operating lease liabilities	526	535
Deferred tax liabilities	1,192	1,202
Other long-term liabilities	1,716	1,850
Stockholders' equity:		
Capital stock:		
Common stock, par value	17	17
Additional paid-in capital	60,542	59,676
Treasury stock, at cost	(5,103)	(4,514)
Retained earnings	1,111	723
Accumulated other comprehensive loss	(29)	(10)
Total stockholders' equity	56,538	55,892
Total Liabilities and Stockholders' Equity	\$ 67,886	\$ 67,885

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

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Cash flows from operating activities:				
Net income (loss)	\$ 265	\$ 27	\$ 388	\$ (112)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	769	849	1,553	1,831
Stock-based compensation	346	348	717	657
Amortization of operating lease right-of-use assets	26	24	52	48
Deferred income taxes	(190)	(274)	(256)	(582)
Inventory loss at contract manufacturer	-	-	65	-
Other	(15)	(13)	(37)	(8)
Changes in operating assets and liabilities				
Accounts receivable, net	(711)	(272)	(373)	(186)
Inventories	(342)	(332)	(710)	(796)
Prepaid expenses and other assets	88	(46)	(234)	(237)
Receivables from and payables to related parties, net	(11)	(41)	42	(150)
Accounts payable	280	236	(356)	309
Accrued and other liabilities	88	(127)	263	91
Net cash provided by operating activities	<u>593</u>	<u>379</u>	<u>1,114</u>	<u>865</u>
Cash flows from investing activities:				
Purchases of property and equipment	(154)	(125)	(296)	(283)
Purchases of short-term investments	(132)	(1,113)	(565)	(2,816)
Proceeds from maturity of short-term investments	761	698	1,202	1,171
Proceeds from sale of short-term investments	-	103	2	248
Other	(89)	(1)	(92)	5
Net cash provided by (used in) investing activities	<u>386</u>	<u>(438)</u>	<u>251</u>	<u>(1,675)</u>
Cash flows from financing activities:				
Repayment of debt	(750)	-	(750)	-
Proceeds from sales of common stock through employee equity plans	143	141	148	144
Repurchases of common stock	(352)	-	(356)	(241)
Common stock repurchases for tax withholding on employee equity plans	(97)	(66)	(226)	(87)
Other	-	-	(1)	-
Net cash used in financing activities	<u>(1,056)</u>	<u>75</u>	<u>(1,185)</u>	<u>(184)</u>
Net increase (decrease) in cash and cash equivalents	<u>(77)</u>	<u>16</u>	<u>180</u>	<u>(994)</u>
Cash and cash equivalents at beginning of period	4,190	3,825	3,933	4,835
Cash and cash equivalents at end of period	<u>\$ 4,113</u>	<u>\$ 3,841</u>	<u>\$ 4,113</u>	<u>\$ 3,841</u>

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

Segment and Category Information ⁽¹⁾	Three Months Ended			Six Months Ended	
	June 29, 2024	March 30, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Data Center					
Net revenue	\$ 2,834	\$ 2,337	\$ 1,321	\$ 5,171	\$ 2,616
Operating income	\$ 743	\$ 541	\$ 147	\$ 1,284	\$ 295
Client					
Net revenue	\$ 1,492	\$ 1,368	\$ 998	\$ 2,860	\$ 1,737
Operating income (loss)	\$ 89	\$ 86	\$ (69)	\$ 175	\$ (241)
Gaming					
Net revenue	\$ 648	\$ 922	\$ 1,581	\$ 1,570	\$ 3,338
Operating income	\$ 77	\$ 151	\$ 225	\$ 228	\$ 539
Embedded					
Net revenue	\$ 861	\$ 846	\$ 1,459	\$ 1,707	\$ 3,021
Operating income	\$ 345	\$ 342	\$ 757	\$ 687	\$ 1,555
All Other					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (985)	\$ (1,084)	\$ (1,080)	\$ (2,069)	\$ (2,313)
Total					
Net revenue	\$ 5,835	\$ 5,473	\$ 5,359	\$ 11,308	\$ 10,712
Operating income (loss)	\$ 269	\$ 36	\$ (20)	\$ 305	\$ (165)
Other Data					
Capital expenditures	\$ 154	\$ 142	\$ 125	\$ 296	\$ 283
Adjusted EBITDA ⁽²⁾	\$ 1,430	\$ 1,295	\$ 1,224	\$ 2,725	\$ 2,481
Cash, cash equivalents and short-term investments	\$ 5,340	\$ 6,035	\$ 6,285	\$ 5,340	\$ 6,285
Free cash flow ⁽³⁾	\$ 439	\$ 379	\$ 254	\$ 818	\$ 582
Total assets	\$ 67,886	\$ 67,895	\$ 67,967	\$ 67,886	\$ 67,967
Total debt	\$ 1,719	\$ 2,468	\$ 2,467	\$ 1,719	\$ 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**

(Millions) (Unaudited)	Three Months Ended			Six Months Ended	
	June 29, 2024	March 30, 2024	July 1, 2023	June 29, 2024	July 1, 2023
GAAP net income (loss)	\$ 265	\$ 123	\$ 27	\$ 388	\$ (112)
Interest expense	25	25	28	50	53
Other (income) expense, net	(55)	(53)	(46)	(108)	(89)
Income tax provision (benefit)	41	(52)	(23)	(11)	(10)
Equity income in investee	(7)	(7)	(6)	(14)	(7)
Stock-based compensation	346	371	348	717	653
Depreciation and amortization	166	162	156	328	315
Amortization of acquisition-related intangibles	603	622	693	1,225	1,516
Inventory loss at contract manufacturer	-	65	-	65	-
Acquisition-related and other costs	46	39	47	85	162
Adjusted EBITDA	\$ 1,430	\$ 1,295	\$ 1,224	\$ 2,725	\$ 2,481

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, and 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**

(Millions except percentages) (Unaudited)	Three Months Ended			Six Months Ended	
	June 29, 2024	March 30, 2024	July 1, 2023	June 29, 2024	July 1, 2023
GAAP net cash provided by operating activities	\$ 593	\$ 521	\$ 379	\$ 1,114	\$ 865
Operating cash flow margin %	10%	10%	7%	10%	8%
Purchases of property and equipment	(154)	(142)	(125)	(296)	(283)
Free cash flow	\$ 439	\$ 379	\$ 254	\$ 818	\$ 582
Free cash flow margin %	8%	7%	5%	7%	5%

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		
	June 29, 2024	March 30, 2024	July 1, 2023
GAAP gross profit	\$ 2,864	\$ 2,560	\$ 2,443
<i>GAAP gross margin</i>	<i>49%</i>	<i>47%</i>	<i>46%</i>
Stock-based compensation	5	6	10
Amortization of acquisition-related intangibles	231	230	212
Acquisition-related and other costs ⁽¹⁾	1	-	-
Inventory loss at contract manufacturer ⁽²⁾	-	65	-
Non-GAAP gross profit	\$ 3,101	\$ 2,861	\$ 2,665
<i>Non-GAAP gross margin</i>	<i>53%</i>	<i>52%</i>	<i>50%</i>
GAAP operating expenses	\$ 2,605	\$ 2,537	\$ 2,471
<i>GAAP operating expenses/revenue %</i>	<i>45%</i>	<i>46%</i>	<i>46%</i>
Stock-based compensation	341	365	338
Amortization of acquisition-related intangibles	372	392	481
Acquisition-related and other costs ⁽¹⁾	45	39	47
Non-GAAP operating expenses	\$ 1,847	\$ 1,741	\$ 1,605
<i>Non-GAAP operating expenses/revenue %</i>	<i>32%</i>	<i>32%</i>	<i>30%</i>
GAAP operating income (loss)	\$ 269	\$ 36	\$ (20)
<i>GAAP operating margin</i>	<i>5%</i>	<i>1%</i>	<i>0%</i>
Stock-based compensation	346	371	348
Amortization of acquisition-related intangibles	603	622	693
Acquisition-related and other costs ⁽¹⁾	46	39	47
Inventory loss at contract manufacturer ⁽²⁾	-	65	-
Non-GAAP operating income	\$ 1,264	\$ 1,133	\$ 1,068
<i>Non-GAAP operating margin</i>	<i>22%</i>	<i>21%</i>	<i>20%</i>

	Three Months Ended					
	June 29, 2024		March 30, 2024		July 1, 2023	
GAAP net income (loss) / earnings (loss) per share	\$ 265	\$ 0.16	\$ 123	\$ 0.07	\$ 27	\$ 0.02
(Gains) losses on equity investments, net	-	-	3	-	3	-
Stock-based compensation	346	0.21	371	0.23	348	0.21
Equity income in investee	(7)	-	(7)	-	(6)	-
Amortization of acquisition-related intangibles	603	0.37	622	0.38	693	0.42
Acquisition-related and other costs ⁽¹⁾	46	0.03	39	0.02	47	0.03
Inventory loss at contract manufacturer ⁽²⁾	-	-	65	0.04	-	-
Income tax provision	(127)	(0.08)	(203)	(0.12)	(164)	(0.10)
Non-GAAP net income / earnings per share	\$ 1,126	\$ 0.69	\$ 1,013	\$ 0.62	\$ 948	\$ 0.58

⁽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.