UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2022

Commission File Number 001-40974

GLOBALFOUNDRIES Inc.

400 Stonebreak Road Extension
Malta, NY 12020
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Attached hereto are the following exhibits.

Part I - Financial Information

Exhibit 99.1	Unaudited Interim Condensed Consolidated Financial Statements as of and for the three and six months ended June 30, 2022.
Exhibit 99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2022.

Part II - Other Information

Exhibit 99.3	Risk Factors

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	GLOBALFOUNDRIES Inc.	
Date: August 19, 2022	By:	/s/ Dr. Thomas Caulfield
	Name:	Dr. Thomas Caulfield
	Title:	President & Chief Executive Officer

GLOBALFOUNDRIES INC.

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GLOBALFOUNDRIES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND DECEMBER 31, 2021

(in millions except for share amounts)	**As of June 30, 2022**	**As of December 31, 2021**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,474	$ 2,939
Marketable Securities	525	—
Receivables, prepayments and other assets	1,191	1,208
Other current financial assets	56	23
Inventories	1,262	1,121
Total current assets	**5,508**	**5,291**
Noncurrent assets:		
Property, plant and equipment, net	9,410	8,713
Goodwill and intangible assets, net	329	377
Other noncurrent financial assets	72	40
Deferred tax assets	313	353
Receivables, prepayments and other assets	562	254
Total noncurrent assets	**10,686**	**9,737**
Total assets	**$ 16,194**	**$ 15,028**
LIABILITIES AND EQUITY		
Current liabilities:		
Trade payables and other current liabilities	$ 2,793	$ 2,586
Provisions	115	116
Current portion of deferred income from government grants	30	29
Current portion of lease obligations	113	135
Current portion of long-term debt	262	297
Total current liabilities	**3,313**	**3,163**
Noncurrent liabilities		
Noncurrent portion of deferred income from government grants	218	147
Provisions	231	233
Noncurrent portion of lease obligations	301	291
Noncurrent portion of long-term debt	1,908	1,716
Other noncurrent liabilities	1,565	1,445
Total noncurrent liabilities	**4,223**	**3,832**
Total liabilities	**$ 7,536**	**$ 6,995**
Equity:		
Share capital		
Ordinary shares, $0.02 par value, 540,142 thousand and 531,846 thousand shares issued and outstanding as of June 30, 2022 and December 31, 2021	11	11
Additional paid-in capital	23,673	23,487
Accumulated deficit	(15,026)	(15,469)
Accumulated other comprehensive loss	(51)	(54)
Equity attributable to the shareholders of GLOBALFOUNDRIES INC.	**8,607**	**7,975**
Non-controlling interest	51	58
Total equity	**8,658**	**8,033**
Total liabilities and equity	**$ 16,194**	**$ 15,028**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

GLOBALFOUNDRIES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(in millions except per share amounts)	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2022	**2021**	**2022**	**2021**
Net revenue	$ 1,993	$ 1,620	$ 3,933	$ 3,038
Cost of revenue	1,455	1,389	2,926	2,708
Gross profit	**538**	**231**	**1,007**	**330**
Research and development expenses	120	132	248	235
Selling, general and administrative expenses	121	202	237	293
Operating expenses	**241**	**334**	**485**	**528**
Profit (loss) from operations	**297**	**(103)**	**522**	**(198)**
Finance expenses, net	(19)	(28)	(47)	(55)
Share of profit of joint ventures	1	1	2	2
Other income (expense), net	15	(24)	24	(20)
Profit (loss) before income taxes	**294**	**(154)**	**501**	**(271)**
Income tax expense	(30)	(20)	(59)	(30)
Net income (loss) for the period	**$ 264**	**$ (174)**	**$ 442**	**$ (301)**
Attributable to:				
Shareholders of GLOBALFOUNDRIES INC.	264	(173)	443	(299)
Non-controlling interest	—	(1)	(1)	(2)
Net income (loss) for the period	**$ 264**	**$ (174)**	**$ 442**	**$ (301)**
Net earnings (loss) per share attributable to the equity holders of the Company:				
Basic weighted average common shares outstanding	535	500	534	500
Diluted weighted average common shares outstanding	550	500	550	500
Basic earnings (loss) per share	$ 0.49	$ (0.35)	$ 0.83	$ (0.60)
Diluted earnings (loss) per share	$ 0.48	$ (0.35)	$ 0.81	$ (0.60)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

GLOBALFOUNDRIES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss) for the period				
Attributable to:				
Shareholders of GLOBALFOUNDRIES INC.	264	(173)	443	(299)
Non-controlling interest	—	(1)	(1)	(2)
Net income (loss) for the period	**$ 264**	**$ (174)**	**$ 442**	**$ (301)**
Other comprehensive income (loss), net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Share of foreign exchange fluctuation reserve of joint ventures	(9)	2	(11)	(5)
Effective portion of changes in the fair value of cash flow hedges	(66)	3	13	(19)
Fair value (loss) on investments measured at fair value through other comprehensive income	(3)	—	(3)	—
Income tax effect	—	—	(2)	1
Total other comprehensive income (loss) for the period	**$ (78)**	**$ 5**	**$ (3)**	**$ (23)**
Attributable to:				
Shareholders of GLOBALFOUNDRIES INC.	$ (72)	$ 7	$ 3	$ (21)
Non-controlling interest	$ (6)	$ (2)	$ (6)	$ (2)
Total other comprehensive income (loss) for the period	**$ (78)**	**$ 5**	**$ (3)**	**$ (23)**
Total comprehensive income (loss) for the period	$ 186	$ (169)	$ 439	$ (324)
Attributable to:				
Shareholders of GLOBALFOUNDRIES INC.	192	(166)	446	(321)
Non-controlling interest	(6)	(3)	(7)	(3)
Total comprehensive income (loss) for the period	**$ 186**	**$ (169)**	**$ 439**	**$ (324)**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

GLOBALFOUNDRIES INC

INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2022

(in millions, except share amounts)	Equity Attributable to Shareholders of GLOBALFOUNDRIES Inc.									
	Common Shares		Additional Paid-In Capital	Loan from Shareholder	Accumulated Deficit	Hedging Reserve	Foreign Currency Translation and Investments Reserves	Total	Non Controlling Interest	Total Equity
	Shares	Amount								
As of December 31, 2020	**500,000,000**	**$ 10**	**$ 11,708**	**$ 10,681**	**$ (15,219)**	**$ (15)**	**$ 12**	**$ 7,177**	**$ 65**	**$ 7,242**
Repayment of loan from shareholder	—	—	—	(126)	—	—	—	$ (126)	—	$ (126)
Share-based compensation	—	—	141	—	—	—	—	$ 141	—	$ 141
Net loss	—	—	—	—	(299)	—	—	$ (299)	(2)	$ (301)
Other comprehensive loss	—	—	—	—	—	(18)	(4)	$ (22)	(1)	$ (23)
As of June 30, 2021	**500,000,000**	**$ 10**	**$ 11,849**	**$ 10,555**	**$ (15,518)**	**$ (33)**	**$ 8**	**$ 6,871**	**$ 62**	**$ 6,933**
As of December 31, 2021	**531,845,744**	**$ 11**	**$ 23,487**	**$ —**	**$ (15,469)**	**$ (57)**	**$ 3**	**$ 7,975**	**$ 58**	**$ 8,033**
Proceeds from issuance of equity instruments	8,296,241	—	82	—	—	—	—	$ 82	—	$ 82
Share-based compensation	—	—	104	—	—	—	—	$ 104	—	$ 104
Net income (loss)	—	—	—	—	443	—	—	$ 443	(1)	$ 442
Other comprehensive income (loss)	—	—	—	—	—	11	(8)	$ 3	(6)	$ (3)
As of June 30, 2022	**540,141,985**	**$ 11**	**$ 23,673**	**$ —**	**$ (15,026)**	**$ (46)**	**$ (5)**	**$ 8,607**	**$ 51**	**$ 8,658**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

GLOBALFOUNDRIES INC

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(in millions)	**Six Months Ended June 30,**	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 442	$ (301)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	719	680
Amortization of intangible assets	100	104
Share-based compensation	104	144
Interest and income taxes paid	(48)	(54)
Finance expenses, net	47	55
Amortization of deferred income from government grants	(15)	(16)
Gain on disposal of property, plant and equipment and other	(24)	(24)
Change in assets and liabilities:		
Receivables, prepayments, other assets and other noncurrent assets	(34)	(246)
Deferred income taxes	41	33
Inventories	(141)	(86)
Trade and other payables	263	293
Net cash provided by operating activities	**1,454**	**582**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,408)	(657)
Purchases of intangible assets	(47)	(68)
Advances and proceeds from sale of property, plant and equipment and intangible assets	24	265
Purchase of investment in marketable securities	(790)	—
Other investing activities	(22)	(2)
Net cash used in investing activities	**(2,243)**	**(462)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity instruments and other	94	85
Repayments of shareholder loan	—	(126)
Net proceeds from borrowings	443	265
Repayments of debt and finance lease obligations	(212)	(448)
Net cash provided by (used in) financing activities	**325**	**(224)**
Effect of exchange rate changes on cash and cash equivalents	(1)	1
Net decrease in cash and cash equivalents	(465)	(103)
Cash and cash equivalents at the beginning of the period	2,939	908
Cash and cash equivalents at the end of the period	**$ 2,474**	**$ 805**
Noncash investing and financing activities:		
Amounts payable for property, plant and equipment	$ 532	$ 270
Property, plant and equipment acquired through lease	$ 61	$ 92
Amounts payable for intangible assets	$ 106	$ 122

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Note 1. Corporate Information

Company Operations

GLOBALFOUNDRIES Inc. (“GLOBALFOUNDRIES”) is an exempted company with limited liability incorporated under the laws of the Cayman Islands. The address of GLOBALFOUNDRIES’ registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands.

GLOBALFOUNDRIES and its subsidiaries (together referred to as the “Company”, “GlobalFoundries”, “GF”, “we”, or “us”) is one of the world’s leading semiconductor foundries and offers a full range of mainstream wafer fabrication services and technologies. The Company manufactures a broad range of semiconductor devices, including microprocessors, mobile application processors, baseband processors, network processors, radio frequency modems, microcontroller, and power management units.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Statement of Compliance— The accompanying interim condensed consolidated financial statements have been prepared by management of the Company in accordance with the rules and regulations of the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB and should be read in conjunction with the Company’s annual consolidated financial statements, included in GLOBALFOUNDRIES' Annual Report on Form 20-F for the year ended December 31, 2021.

The interim condensed consolidated financial statements were authorized by the Audit, Risk and Compliance Committee of GLOBALFOUNDRIES’ Board of Directors on August 19, 2022, to be issued and subsequent events have been evaluated for their potential effect on the interim condensed consolidated financial statements through August 19, 2022.

Significant Accounting Judgments, Estimates and Assumptions — The preparation of financial statements in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated, have been included. The results for the three and six month periods ended June 30, 2022, are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

Change in Presentation — After a review of the Company’s financial statements, certain format changes have been made to the statements of financial position as of December 31, 2021. These format changes include the presentation of the Company’s current assets, noncurrent assets, current liability, noncurrent liability and equity based on degree of liquidity. IAS 1 does not mandate a specific order or classification of accounts on the statement of financial position. This change is not a change in estimate or a change in accounting policy. The format changes did not result in a change to the previously reported financial position.

Significant Accounting Policies —The accounting policies (including accounting judgements, estimates and assumptions) adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual audited consolidated financial statements contained in our Annual Report on Form 20-F for the year ended December 31, 2021.

Recent Accounting Pronouncements, Adopted:

Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform (“IBOR reform”)

Refer to the audited consolidated financial statements included in the Company's Annual Report on Form 20-F for the year ended December 31, 2021.

Note 3. Net Revenue

On an ongoing basis the Company reviews the categories that best depict how the nature, timing and uncertainty of revenue cash flows are affected by economic factors. The following table presents the Company’s revenue disaggregated based on revenue source and timing of revenue recognition for the three and six month periods ended June 30, 2022 and 2021. The Company believes these categories best depict how the nature, timing and uncertainty of revenue cash flows are affected by economic factors:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Type of goods and services:				
Wafer fabrication	$ 1,884	$ 1,527	$ 3,709	$ 2,855
Engineering and other pre-fabrication services	109	93	224	183
	$ 1,993	**$ 1,620**	**$ 3,933**	**$ 3,038**
Timing of revenue recognition:				
Revenue recognized over time	$ 106	$ 88	$ 233	$ 171
Revenue recognized at a point in time	1,887	1,532	3,700	2,867
	$ 1,993	**$ 1,620**	**$ 3,933**	**$ 3,038**

Note 4. Investment in Joint Ventures

The following table presents the change in investment in joint ventures:

(in millions)	June 30, 2022	December 31, 2021
Balance, beginning of period	$ 38	$ 36
Share of profits for the period	2	4
Dividends declared during the period	(1)	(2)
Balance, end of period	**$ 39**	**$ 38**

The Company disposed of its Sensry GmBH joint ventures interest during the second quarter of 2022. The transaction was immaterial to our overall results of operations.

The Company's investment in joint ventures is included in Other noncurrent financial assets in the interim condensed consolidated statements of financial positions.

Note 5. Income taxes

For tax reporting purposes, the Company consolidates its entities under GLOBALFOUNDRIES Inc., a Cayman Islands entity. As a Cayman Islands corporation, the Company’s domestic statutory income tax rate is 0.0%. The difference between the Company’s domestic statutory income tax rate and its (provision) benefit for income taxes is due to the effect of the tax rates in the other jurisdictions in which the Company operates.

The effective tax rate for the six months ended June 30, 2022 and 2021 was 11.8% and (11.1)%, respectively. The increase for the six months ended June 30, 2022 compared to the prior year was primarily due to a higher mix of income in jurisdictions with higher tax rates than the Cayman statutory tax rate and incremental withholding taxes incurred.

Note 6. Earnings (Loss) Per Share

Basic earnings per share ("EPS") are based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share are based upon the weighted average number of common shares outstanding during the period assuming the issuance of common shares for all potentially dilutive common shares outstanding.

The following table sets forth the computation of basic and diluted earnings (loss) per share:

(in millions except per share amounts)	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2022	**2021**	**2022**	**2021**
Net income (loss) attributable to equity shareholders of the Company	$ 264	$ (173)	$ 443	$ (299)
Weighted average shares outstanding				
Basic	535	500	534	500
Diluted	550	500	550	500
Total basic and diluted EPS attributable to equity shareholders				
Basic	$ 0.49	$ (0.35)	$ 0.83	$ (0.60)
Diluted	$ 0.48	$ (0.35)	$ 0.81	$ (0.60)

Note 7. Receivables, Prepayments and Other Assets

(in millions)	**June 30, 2022**	**December 31, 2021**
Current:		
Trade receivables, other than related parties	$ 845	$ 872
Unbilled accounts receivable (1)	30	43
Other receivables	260	239
Receivables from government grants	47	46
Receivables from related parties	9	8
	$ 1,191	**$ 1,208**
Noncurrent:		
Advances to suppliers (2)	$ 246	$ 199
Non-trade receivables	12	13
Marketable securities	263	—
Other	41	42
Total	**$ 562**	**$ 254**

(1) Unbilled accounts receivable represents amounts recognized on revenue contracts less associated advances and progress billings. These amounts will be billed in accordance with the agreed-upon contractual terms or rendering services.

(2) Primarily represents advances to suppliers to offset against future purchases.

The following table summarizes the activity in the Company's unbilled accounts receivable for the six months ended June 30, 2022 and the twelve months ended December 31, 2021, respectively:

(in millions)	June 30, 2022	December 31, 2021
Balance, beginning of period	$ 43	$ 62
Revenue recognized during the period	48	44
Amounts invoiced	(61)	(69)
Other	—	6
Balance, end of period	**$ 30**	**$ 43**

Note 8. Inventories

The Company records inventories at the lower of cost or net realizable value for finished goods, work-in-progress, raw materials, and supplies. The Company makes inventory write-downs on an item-by-item basis, except where it may be appropriate to group similar or related items.

(in millions)	June 30, 2022	December 31, 2021
Work in progress, net	$ 1,033	$ 916
Raw materials and supplies, net	229	205
Total	**$ 1,262**	**$ 1,121**

Note 9. Long Term Debt

The following table outlines the terms and amounts of the Company's debt:

Description	Currency	Nominal Interest Rate	Year of Maturity	June 30, 2022		December 31, 2021	
				(in millions)			
2018 Tool Equipment Purchase and Lease Financing	USD	LIBOR + 1.60%	2023		56		75
2019 Tool Equipment Purchase and Lease Financing	USD	LIBOR + 1.75%	2024		84		84
2019 USD Dresden Equipment Financing	USD	LIBOR + 1.75%	2024		36		36
2020 USD Equipment Financing	USD	LIBOR + 1.90%	2025		59		59
2019 EUR Dresden Equipment Financing	EUR	EURIBOR + 1.75%	2026		13		14
Various	EUR, USD	Various	2024,2026		14		29
Current total					**262**		**297**
2019 Tool Equipment Purchase and Lease Financing	USD	LIBOR + 1.75%	2024		64		106
2019 USD Dresden Equipment Financing	USD	LIBOR + 1.75%	2024		126		144
2020 USD Equipment Financing	USD	LIBOR + 1.90%	2025		123		152
USD Term Loan A	USD	LIBOR + 2.90%	2025		648		647
EUR Term Loan A	EUR	EURIBOR + 2.60%	2025		86		94
2019 EUR Dresden Equipment Financing	EUR	EURIBOR + 1.75%	2026		384		423
2021 SGD EDB Loan	SGD	1.40%	2041		448		90
Various	EUR, USD, SGD	Various	2024-2027		29		60
Noncurrent total					**1,908**		**1,716**
Total				**$**	**2,170**	**$**	**2,013**

The following table summarizes unutilized credit facilities available to the Company to maintain liquidity necessary to fund operations:

(in millions)	June 30, 2022		December 31, 2021	
SGD EDB Loan	$	552	$	1,029
Citibank Revolving Credit Facility		1,010		1,010
Societe Generale Singapore Revolving Credit Facility(1)		—		27
Societe Generale Singapore Factoring		27		75
Other(1)		4		4
Total	**$**	**1,593**	**$**	**2,145**

(1) subject to lender approval before draw-down or being usable.

Note 10. Related Party Disclosures

Related party balances disclosed in the interim condensed consolidated statements of financial position relates to Silicon Manufacturing Partners Pte Ltd. ("SMP"). SMP is a joint venture with LSI Technology (Singapore) Pte. Ltd. The Company holds a 49% interest in SMP and manages all aspects of its manufacturing operations. The total amounts of $9 million and $8 million due from related parties as of June 30, 2022 and December 31, 2021, respectively, have been included in receivables, prepayments and other assets (see Note 7). The $10 million and $9 million due to related parties balance as of June 30, 2022 and December 31, 2021, respectively, have been included in trade and other payables.

The following table presents the related party transactions included in the interim condensed consolidated statements of operations and comprehensive loss:

(in millions)	Three months ended June 30,				Six months ended June 30,			
	2022		2021		2022		2021	
Purchases from: *								
SMP	$	13	$	13	$	27	$	29
Other transactions with:								
SMP (reimbursement of expenses and contribution of tools)	$	12	$	11	$	22	$	22

* Purchases from SMP were primarily comprised of wafer purchases.

Note 11. Commitments and Contingencies

Commitments – The Company’s unconditional purchase commitments are as follows:

(in millions)	June 30, 2022	December 31, 2021
Contracts for capital expenditures	$ 4,249	$ 2,995
Contracts for operating expenditures	3,553	3,405
	$ 7,802	**$ 6,400**
Due within the next 12 months	**$ 4,636**	**$ 3,543**

In addition to the above, the Company obtained letters of credit to primarily guarantee payments for utility supplies and foreign statutory payroll related charges. The Company has available letters of credit of $20 million as of June 30, 2022 and December 31, 2021 and has drawn down bank guarantees of $3 million as of June 30, 2022 and December 31, 2021.

Contingencies — From time to time, the Company is a party to claims that arise in the normal course of business. These claims include allegations of infringement of intellectual property rights of others as well as other claims of liability. In addition, the Company, on a case by case basis, includes intellectual property indemnification provisions in the terms of sale and technology licenses with third parties. The Company is also subject to various taxes in the different jurisdictions in which it operates. These include property, goods and services, and other non-income taxes. The Company accrues costs associated with these matters when they become probable and reasonably estimable. The Company does not believe it is probable that losses associated with these matters beyond those already recognized will be incurred in amounts that would be material to the interim condensed consolidated statements of financial position or interim condensed consolidated statements of operations and comprehensive income (loss).

On April 28, 2021, International Business Machines (“IBM”) sent the Company a letter alleging that the Company did not fulfill the Company’s obligations under the contracts the Company entered into with IBM in 2014 associated with the Company’s acquisition of IBM’s Microelectronics business. IBM asserted that the Company engaged in fraudulent misrepresentations during the underlying negotiations, and claimed the Company owed them at least $2.5 billion in damages and restitution. On June 7, 2021, the Company filed a complaint with the New York State Supreme Court (the “Court”) seeking a declaratory judgment that the Company did not breach the relevant contracts. IBM subsequently filed its complaint with the Court on June 8, 2021. On September 14, 2021, the Court granted the Company's motion to dismiss IBM’s claims of fraud, unjust enrichment and breach of the implied covenant of good faith and fair dealing. IBM appealed its fraud claim, and on April 7, 2022, the New York Appellate Division reversed the Court’s decision. The Company believes, based on discussions with legal counsel, that it has meritorious defenses against IBM’s claims. The Company disputes IBM’s claims and intends to vigorously defend against them.

Note 12. Fair Value Measurements

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices in active markets in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for similar assets or liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability; and
- Level 3: unobservable inputs for which little or no market data exists, therefore requiring management judgment to develop the Company's own models with estimates and assumptions.

Cash Equivalents - Cash equivalents include investments in government obligation-based money market funds, other money market instruments and interest-bearing deposits with initial or remaining terms of three months or less. The fair value of cash equivalents approximates its carrying value due to the short-term nature of these instruments.

Marketable Securities - Marketable securities utilizing Level 1 inputs include U.S. Treasury Securities, U.S. Government Sponsored Enterprises, floating rate securities, money market mutual funds, corporate debt instruments and other Notes, bonds or debt securities issued by non-U.S. sovereign or multilateral entities, as these securities all have quoted prices in active markets.

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis:

(in millions)	Total	Quoted Prices Identical Assets/ Liabilities (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Assets:				
Cash equivalents(1)	$ 2,175	$ 2,150	$ 25	$ —
Investments in equity instruments(2)	$ 17	$ 1	$ —	$ 16
Derivatives(3)	$ 26	$ —	$ 26	$ —
Liabilities:				
Derivatives(3)	$ 66	$ —	$ 66	$ —
June 30, 2022				
Assets:				
Cash equivalents(1)	$ 1,704	$ 1,679	$ 25	$ —
Investments in equity instruments(2)	$ 17	$ —	$ —	$ 17
Derivatives(3)	$ 89	$ —	$ 89	$ —
Marketable securities(4)	$ 788	$ 788	$ —	$ —
Liabilities:				
Derivatives(3)	$ 169	$ —	$ 169	$ —

(1) Included in cash and cash equivalents on the Company's interim condensed consolidated statements of financial position.

(2) Included in current and noncurrent receivables, prepayments and other assets on the Company's interim condensed consolidated statements of financial position.

(3) Consists of foreign currency forward contracts, interest rate swaps, cross currency swaps and commodity hedge. Included in other current and noncurrent financial assets on the Company's interim condensed consolidated statements of financial position.

(4) Included in current assets and receivables, prepayments and other assets within noncurrent assets on the Company's interim condensed consolidated statements of financial position.

During the six months ended June 30, 2022 and 2021, there were no transfers between Level 1, Level 2 or Level 3 fair value measurements.

Assets Measured and Recorded at Fair Value on a Non- Recurring Basis

Certain assets and liabilities, such as equity method investments, intangible assets and property, plant and equipment, and other non-financial assets are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis
Financial instruments not recorded at fair value on a recurring basis include grants receivable, loans receivable, lease obligations and the Company’s current and noncurrent portion of long-term debt.

The carrying and fair values of the Company’s financial instruments not recorded at fair value on a recurring basis are presented in the following table, classified according to the categories of financial liabilities at amortized cost (“FLAC”):

(in millions)		June 30, 2022		December 31, 2021	
Financial Liabilities	**Category**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Long-term debt	FLAC	2,170	2,101	2,013	2,006
Total		**$ 2,170**	**$ 2,101**	**$ 2,013**	**$ 2,006**

Estimated fair values of long-term debt are based on quoted prices for similar liabilities for which significant inputs are observable and represents a Level 2 valuation. The fair values are estimated based on the type of debt and their maturities. The Company estimates the fair value using market interest rates of debts with similar maturities.

Note 13. Share-Based Compensation

We measure and recognize compensation expense related to share-based transactions, including employee, consultant, and non-employee director share option awards, in our consolidated financial statements based on fair value. We estimate the share option fair value at the date of grant using the Black-Scholes option pricing model, which requires management to make certain assumptions of future expectations based on historical and current data. The assumptions include the expected term of the share option, expected volatility, dividend yield, and risk-free interest rate. The expected term represents the amount of time that options granted are expected to be outstanding, based on forecasted exercise behavior. The risk-free rate is based on the rate at grant date of zero-coupon U.S. Treasury notes with a term comparable to the expected term of the option. We estimate expected volatility based on the historical volatility of comparable public entities’ share price from the same industry. We base our dividend yield on forecasted expected payments, which we expect to be zero for the immediate future. We recognize compensation expense over the vesting period of the award on a graded attribution basis, and we estimate forfeitures.

Employee Stock Purchase Plan

In connection with, and prior to the consummation of, the Company's initial public offering, the Company's board of directors adopted the GLOBALFOUNDRIES Inc. 2021 Employee Stock Purchase Plan (the “ESPP”). The ESPP is administered by the Company's board of directors or, as applicable, its delegate (the “ESPP Administrator”).

Subject to certain equitable adjustments in connection with certain events affecting the outstanding ordinary shares reserved for issuance as awards, the maximum aggregate number of our ordinary shares that may be issued or transferred under the ESPP with respect to awards is 7,500,000 ordinary shares; provided that the share reserve under the ESPP will, unless otherwise determined by our board of directors, automatically increase on January 1 of each year for 8 years commencing on January 1, 2023 and ending on (and including) January 1, 2031 in an amount equal to 0.25% of the total number of ordinary shares outstanding on December 31 of the preceding year. In no event will the number of ordinary shares that may be issued or transferred pursuant to rights granted under the ESPP exceed 18,750,000, in the aggregate, subject to the adjustments described above.

Performance Stock Units

During the second quarter of 2022, the Company awarded Performance Stock Units (“PSUs”) to certain senior level employees, which will vest if certain financial performance objectives are achieved over a two to three year performance period and the grantee remains employed by the Company through that performance period. Each PSU represents a contingent right to receive shares of the Company’s stock if the Company meets certain performance measures over the requisite period. The PSU awards entitle recipients to receive, upon vesting, a number of shares that ranges from 0% to 200% of the number of PSUs awarded, depending on the level of achievement of the specified performance conditions.

Management Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This document includes “forward-looking statements” that reflect our current expectations and views of future events. These forward-looking statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and include but are not limited to, statements regarding our financial outlook, future guidance, product development, business strategy and plans, and market trends, opportunities and positioning. These statements are based on current expectations, assumptions, estimates, forecasts, projections and limited information available at the time they are made. Words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall,” "outlook," "on track," and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to a broad variety of risks and uncertainties, both known and unknown. Any inaccuracy in our assumptions and estimates could affect the realization of the expectations or forecasts in these forward-looking statements. For example, our business could be impacted by the COVID-19 pandemic and supply chain disruptions due to the Russia/Ukraine conflict and actions taken in response to such events; the market for our products may develop more slowly than expected or than it has in the past; our operating results may fluctuate more than expected; there may be significant fluctuations in our results of operations and cash flows related to our revenue recognition or otherwise; a network or data security incident that allows unauthorized access to our network or data or our customers’ data could damage our reputation; we could experience interruptions or performance problems associated with our technology, including a service outage; and global economic conditions could deteriorate. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements we may make. Moreover, we operate in a competitive and rapidly changing market, and new risks may emerge from time to time. You should not rely upon forward-looking statements as predictions of future events. These statements are based on our historical performance and on our current plans, estimates and projections in light of information currently available to us, and therefore you should not place undue reliance on them.

Although we believe that the expectations reflected in our statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we, nor any other person, assumes responsibility for the accuracy and completeness of these statements. Recipients are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date such statements are made and should not be construed as statements of fact. Except to the extent required by federal securities laws, we undertake no obligation to update any information or any forward-looking statements as a result of new information, subsequent events, or any other circumstances after the date hereof, or to reflect the occurrence of unanticipated events. For a discussion of potential risks and uncertainties, please refer to the risk factors and cautionary statements in GLOBALFOUNDRIES’ Annual Report on Form 20-F for the year ended December 31, 2021, current reports on Form 6-K and other reports filed with the Securities and Exchange Commission (the “SEC”). Copies of our SEC filings are available on our Investor Relations website, investors.gf.com, or from the SEC website, www.sec.gov.

OPERATING AND FINANCIAL REVIEWS AND PROSPECTS

Overview

GLOBALFOUNDRIES Inc. (“We,” “GF,” or the “Company”) is one of the world’s leading semiconductor foundries. We manufacture complex, feature-rich integrated circuits (“ICs”) that enable billions of electronic devices that are pervasive throughout nearly every sector of the global economy. With our specialized foundry manufacturing processes, a library consisting of thousands of IP titles, and differentiated transistor and device technology, we serve a broad range of customers, including the global leaders in IC design, and provide optimized solutions for the function, performance and power requirements of critical applications driving key secular growth end markets.

The combination of our highly-differentiated technology and our scaled manufacturing footprint enables us to attract a large share of single-sourced products and long-term supply agreements, providing a high degree of revenue visibility and significant operating leverage, resulting in improved financial performance and bottom line growth. As of June 30, 2022, the aggregate lifetime revenue commitment reflected by these agreements amounted to $27 billion, including more than $10 billion during the period from 2022 through 2023 and more than $3.5 billion in advanced payments and capacity reservation fees. These agreements include binding, multi-year, reciprocal annual (and, in some cases, quarterly) minimum purchase and supply commitments with wafer pricing and associated mechanics outlined for the contract term. Through an intense focus on collaboration, we have built deep strategic partnerships with a broad base of more than 35 customers as of June 30, 2022, many of whom are the global leaders in their field.

Components of Results of Operations

Net Revenue

We generate the majority of our revenue from volume production and sales of semiconductor wafers, which are priced on a per-wafer basis for the applicable design. We also generate revenue from pre-fabrication services such as rendering of non-recurring engineering (“NRE”) services, mask production and post-fabrication services such as bump, test, and packaging. Pricing is typically agreed prior to production and then updated based on subsequent period negotiations.

Cost of Revenue

Cost of revenue consists primarily of material expenses, depreciation and amortization, employee-related expenses, facility costs and costs of fixed assets, including maintenance and spare parts. Material expenses primarily include the costs of raw wafers, test wafers, photomasks, resists, process gases, process chemicals, other operating supplies and external service costs for wafer manufacturing. Costs related to NRE services are also included within the cost of revenue. We expect cost of revenue to grow at a pace lower than our revenue growth. As it pertains to inflation and inflationary-headwinds we are facing within our business, while we have experienced an increase in costs for materials and energy in the current period, we continue to estimate the impact of these inflationary costs to our current year financial results to not be material.

Depreciation and amortization charges primarily include the depreciation of clean room production equipment. We depreciate equipment on a straight-line basis over a two-to-ten-year period and buildings on a straight-line basis up to 26 years (or the remaining lease term of related land on which the buildings are erected, if shorter).

Operating Expenses

Our operating expenses consist of research and development ("R&D") and selling, general and administrative expenses. Personnel costs are the most significant component of our operating expenses and consist of salaries, benefits, bonuses, share-based compensation, and commissions.

Research and Development (“R&D”)

Our R&D efforts are focused on developing highly-differentiated process technologies and solutions. As part of our strategic repositioning, we focus our efforts on technologies where we can deliver a highly-differentiated solution. Our R&D expense includes personnel costs, material costs, software license and intellectual property expenses, facility costs, supplies, professional and consulting fees, and depreciation on equipment used in R&D activities. Our development roadmap includes new platform investments, platform features and extensions, and investments in emerging technology capabilities and solutions. We expense R&D costs as incurred and we believe that continued investment in our technology portfolio is important for our future growth and acquisition of new customers.

Selling, General and Administrative ("SG&A")

SG&A expenses consist primarily of personnel-related costs, including sales commissions to independent sales representatives and professional fees, including the costs of audit, accounting, information technology, legal, regulatory and tax compliance. Additionally, costs related to advertising, trade shows, corporate marketing and allocated overhead costs are also included in SG&A expenses. We anticipate that we will incur increased audit, accounting, legal, information technology, regulatory, compliance, director and officer insurance costs as well as investor and public relations expenses associated with operating as a public company.

Finance Expenses, net

Finance expenses, net consist primarily of interest on borrowings, amortization of debt issuance costs under our term loans, revolving credit facility, finance leases and the other credit facilities we maintain with various financial institutions, net of interest income related to investing activities.

Share of Profit from Joint Ventures

Share of profit from joint ventures relates to our portion of profit and loss in investments that we do not consolidate.

Other Income (Expense), net

Other income (expense), net consists of one-time gains and losses and other miscellaneous income and expense items unrelated to our core operations.

Income Tax Expense

Income tax expense consists primarily of income taxes in jurisdictions in which we conduct business, which mainly include Germany, Singapore and the United States.

The following is a summary of certain interim condensed consolidated statement of operations data for the three and six months ended June 30, 2022 and 2021.

A. Results of Operations

The following table sets forth our consolidated statements of operations data for the periods indicated:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net revenue	$ 1,993	$ 1,620	$ 3,933	$ 3,038
Cost of revenue	1,455	1,389	2,926	2,708
Gross profit	**538**	**231**	**1,007**	**330**
Research and development expenses	120	132	248	235
Selling, general and administrative expenses	121	202	237	293
Operating expenses	**241**	**334**	**485**	**528**
Income (Loss) from operations	**297**	**(103)**	**522**	**(198)**
Finance expenses, net	(19)	(28)	(47)	(55)
Share of profit of joint ventures and associates	1	1	2	2
Other income (expense), net	15	(24)	24	(20)
Income (Loss) before income taxes	**294**	**(154)**	**501**	**(271)**
Income tax expense	(30)	(20)	(59)	(30)
Net income (loss) for the period	**$ 264**	**$ (174)**	**$ 442**	**$ (301)**

Comparison of Three Months Ended June 30, 2022 and 2021

Net Revenue

(in millions)	Three Months Ended June 30,			
	2022	2021	Change	% Change
Net revenue	$ 1,993	$ 1,620	$ 373	23.0 %

Net revenue increased by $373 million, or 23.0%, for the three months ended June 30, 2022, compared to the three months ended June 30, 2021. The increase was primarily a result of higher wafer shipment volumes and average selling prices ("ASP"). For the three months ended June 30, 2022, wafer shipments were 630 thousand (300mm equivalent), a 6% increase from the prior year. ASP per wafer increased 16% for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase was driven by ramping long-term customer agreements with better pricing, and continued improvement in product mix.

Cost of Revenue

(in millions)	Three Months Ended June 30,			
	2022	2021	Change	% Change
Cost of revenue	$ 1,455	$ 1,389	$ 66	4.8 %
Gross margin	27.0 %	14.3 %		*+1270bps*

Cost of revenue increased by $66 million, or 4.8%, for the three months ended June 30, 2022, compared to the three months ended June 30, 2021. The increase was driven primarily by a 6% increase in wafer shipments offset by increased fixed cost absorption from higher factory utilization. The associated gross margin improvements for the three months ended June 30, 2022 were driven by better fixed cost absorption, higher ASPs, and improved product mix.

Operating Expenses

Research and Development Expenses

(in millions)	Three Months Ended June 30,			
	2022	2021	Change	Change %
Research and development expenses	$ 120	$ 132	$ (12)	(9.1)%
As a % of revenue	6.0 %	8.1 %		

Research and development expenses decreased by $12 million, or 9.1%, for the three months ended June 30, 2022, compared to the three months ended June 30, 2021. The decrease was driven by a $10 million reduction in R&D pre-production costs.

Selling, General and Administrative Expenses

(in millions)	Three Months Ended June 30,			
	2022	2021	Change	Change %
Selling, general and administrative expenses	$ 121	$ 202	$ (81)	(40.1)%
As a % of revenue	6.1 %	12.5 %		

Selling, general and administrative expenses decreased by $81 million, or 40.1%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The decrease was primarily driven by $73 million reduction in share-based compensation expense from 2021 when an IPO was deemed probable and the Company recognized share-based compensation expense of $97 million. The decrease was also attributable to lower employee-related expenses of $13 million.

Finance expense, net

(in millions of dollars)	**Three Months Ended June 30,**						
	2022		**2021**		**Change**		**Change %**
Finance expense, net	$	(19)	$	(28)	$	9	(32.1)%

Finance expense, net decreased by $9 million, or 32.1%, for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The decrease was due to higher interest income generated from money market funds and investments in marketable securities.

Other income (expense), net

(in millions)	**Three Months Ended June 30,**						
	2022		**2021**		**Change**		**Change %**
Other income (expense), net	$	15	$	(24)	$	39	NM

Other income (expense), net increased by $39 million for the three months ended June 30, 2022 compared to the three months ended June 30, 2021. The increase was primarily driven by a $34 million provision for settlement with our previous joint venture in China in 2021.

Income Tax Expense

(in millions)	**Three Months Ended June 30,**						
	2022		**2021**		**Change**		**Change %**
Income tax (expense)	$	(30)	$	(20)	$	(10)	50.0 %

Income tax expense increased by $10 million, or 50.0%, for the three months ended June 30, 2022, compared to the three months ended June 30, 2021. The increase was primarily due to a higher mix of income in jurisdictions with higher tax rates and additional withholding tax accrued in the United States.

Comparison of Six Months Ended June 30, 2022 and 2021

Net Revenue

(in millions)	**Six Months Ended June 30,**			
	2022	**2021**	**Change**	**% Change**
Net revenue	$ 3,933	$ 3,038	$ 895	29.5 %

Net revenue increased by $895 million, or 29.5%, for the six months ended June 30, 2022, compared to the six months ended June 30, 2021. The increase was primarily a result of higher wafer shipment volumes and ASP. For the six months ended June 30, 2022, wafer shipments were approximately 1.3 million (300mm equivalent), a 10% increase from the prior year. ASP per wafer increased 17% year over year, driven by ramping long-term customer agreements with better pricing, and improved mix.

Cost of Revenue

(in millions)	**Six Months Ended June 30,**			
	2022	**2021**	**Change**	**% Change**
Cost of revenue	$ 2,926	$ 2,708	$ 218	8.1 %
Gross margin	25.6 %	10.9 %		*+1470bps*

Cost of revenue increased by $218 million, or 8.1%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. This increase was due to a 10% increase in wafer shipments offset by increased fixed cost absorption from higher factory utilization.The associated gross margin improvements for the six months ended June 30, 2022 were driven by higher ASPs, improved product mix and fixed cost absorption.

Research and development

(in millions)	**Six Months Ended June 30,**			
	2022	**2021**	**Change**	**Change %**
Research and development expenses	$ 248	$ 235	$ 13	5.5 %
As a % of revenue	6.3 %	7.7 %		

Research and development expenses increased by $13 million, or 5.5%, for the six months ended June 30, 2022, compared to the six months ended June 30, 2021. The increase was primarily due to a $9 million increase in R&D technology portfolio investments and a $10 million increase in employee-related expenses, partially offset by a $9 million reduction in R&D pre-production costs.

Selling, general, and administrative

(in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	Change %
Selling, general and administrative expenses	$ 237	$ 293	$ (56)	(19.1)%
As a % of revenue	6.0 %	9.7 %		

Selling, general and administrative expenses decreased by $56 million, or 19.1%, for the six months ended June 30, 2022, compared to the six months ended June 30, 2021. The period-over-period change was primarily attributable to a decrease in share-based compensation expense of $46 million and lower employee-related expenses of $35 million, offset by a $23 million increase in costs associated with operating as public company.

Finance expenses, net

(in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	Change %
Finance expenses, net	$ (47)	$ (55)	$ 8	(14.5)%

Finance expenses, net decreased by $8 million, or 14.5%, for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The decrease was due to higher interest income generated from money market funds and investments in marketable securities.

Other income (expense), net

(in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	Change %
Other income (expense), net	$ 24	$ (20)	$ 44	NM

Other income (expense), net increased by $44 million for the six months ended June 30, 2022 compared to the six months ended June 30, 2021. The increase was primarily driven by a $34 million provision for settlement with our previous joint venture in China in 2021.

Income tax benefit (expense)

(in millions)	**Six Months Ended June 30,**			
	2022	**2021**	**Change**	**Change %**
Income tax expense	$ (59)	$ (30)	$ (29)	96.7 %

Income tax expense increased by $29 million, or 96.7%, for the six months ended June 30, 2022, compared to the six months ended June 30, 2021. The increase was primarily due to a higher mix of income in jurisdictions with higher tax rates and additional withholding tax accrued in the United States.

B. Liquidity and Capital Resources

We have financed operations primarily through cash and cash equivalents, marketable securities, as well as cash generated from our business operations, including customers' prepayments under long term agreements, debt and government funding. As of June 30, 2022, our cash, cash equivalent and marketable securities balances of $3,262 million included $2,474 million of cash and cash equivalent and $788 million of marketable securities.

As of June 30, 2022 and December 31, 2021, we had an undrawn revolving credit facility of $1,000 million. In addition to our available revolvers, which were undrawn as of June 30, 2022 and December 31, 2021, we had $2,170 million and $2,013 million of debt outstanding as of June 30, 2022 and December 31, 2021, respectively, which was primarily comprised of multiple term loans in various currencies. Our future capital requirements will depend on many factors, including our revenue growth rate, the timing and the amount we receive from customers, the timing and extent of spending to support development efforts, the introduction of new and enhanced products and solutions, and the continuing market adoption of our platform. We may from time to time seek to raise additional capital to support our growth. As of June 30, 2022, we believe that our existing cash, cash equivalents, investment in marketable securities, credit under our revolving credit facility, and expected cash generated from operations are sufficient to meet our capital requirements.

Cash Flows

The following table shows a summary of our cash flows for the periods presented:

	Six Months Ended June 30,	
	2022	**2021**
Net cash provided by operating activities	$ 1,454	$ 582
Net cash used in investing activities	(2,243)	(462)
Net cash provided by (used in) by financing activities	325	(224)
Effect of exchange rate changes on cash and cash equivalents	$ (1)	$ 1
Net decrease in cash and cash equivalents	$ (465)	$ (103)

Operating Activities

Net cash provided by operating activities was $1,454 million for the six months ended June 30, 2022, an increase of $872 million compared to $582 million for the six months ended June 30, 2021. The increase was primarily related to net income of $442 million, $819 million of depreciation and amortization and $104 million of share-based compensation expense. Favorable changes in working capital of $127 million included a decrease in receivables, prepayments and other of $212 million, which was driven principally by customer prepayments. This increase was partially offset by a $55 million increase in inventories.

Investing Activities

Net cash used in investing activities was $2,243 million for the six months ended June 30, 2022, an increase of $1,781 million from a use of $462 million for the six months ended June 30, 2021. The period-over-period change was primarily attributable to capital expenditures of $1,455 million, an increase of $730 million from prior period, principally associated with activities to expand capacity within certain of our fabrication facilities, as well as the purchase of marketable securities of $790 million.

Financing Activities

Net cash provided by financing activities was $325 million for the six months ended June 30, 2022, an increase of $549 million from a use of $224 million for the six months ended June 30, 2021. The period-over-period change was primarily attributable to $443 million of proceeds from borrowings and $82 million of proceeds from the issuance of equity instruments from options exercised, partially offset by the shareholder loan and debt repayments compared to the prior year.

Other Information

The information presented below updates, and should be read in conjunction with, the risks described under Item 3.D. “Key Information - Risk Factors,” in our Annual Report on From 20-F for the fiscal year ended December 31, 2021. Except as set forth below, there have been no material changes to the Company’s risk factors as disclosed in Item 3.D, “Key Information - Risk Factors,” in such Annual Report. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the factors mentioned under “Forward-Looking Statements”.

If we are unable to obtain adequate supplies of raw materials in a timely manner and at commercially reasonable prices our revenue and profitability may decline.

Our production operations require that we obtain adequate supplies of raw materials, such as silicon wafers, gases, chemicals and photoresist, on a timely basis and at commercially reasonable prices, many of which are not commodities easily replaced with substitutions. In the past, shortages in the supply of some materials, whether by specific vendors or by the industry generally, have resulted in occasional industry-wide price adjustments and delivery delays. Moreover, major natural disasters, trade barriers and political or economic turmoil occurring within the country of origin of such raw materials may also significantly disrupt the availability of such raw materials or increase their prices. Further, since we procure some of our raw materials from sole-sourced suppliers, there is a risk that our need for such raw materials may not be met or that back-up supplies may not be readily available. In addition, recent trade tensions between the United States and China, and the conflict in Ukraine, have resulted in pricing pressure and reduced availability of raw materials, including rare earth metals used in our products. Furthermore, sanctions imposed on Russia as a result of the conflict in Ukraine, as well as geopolitical tensions, have resulted in the reduction of availability of natural gas to Germany, where we operate some of our fabs. Tariffs, export control or other non-tariff barriers, due to global or local economic conditions could also affect material cost and availability.

Certain raw materials and other inputs, such as electricity and water, necessary for our production operations may experience substantial price volatility. Hedging transactions for many of those raw materials and other inputs are not available to us, or are not available on terms we believe are commercially acceptable. Economic and financial hedges that we enter into with respect to certain inputs, such as electricity, or alternative energy supplies we may seek to secure, may not be effective to avoid disruptions to our manufacturing operations. Additionally, once our prices with a customer are negotiated, we are generally unable to revise pricing with that customer until our next regularly scheduled price adjustment. As a result, if market prices for essential components increase, we will often be unable to pass the price increases through to our customers for products purchased under an existing agreement. Consequently, we are exposed to the risks associated with the volatility of prices for these components and our cost of revenue could increase and our gross margins could decrease in the event of price increases. Recently, as a result of demand driven by the semiconductor supply shortage, the costs of raw wafers as well as certain other raw materials are relatively high. Failure to obtain adequate supplies could result in our being unable to meet commitments under our contracts with customers, which could expose us to substantial liquidated damages and other claims, which could materially and adversely affect our results of operations, financial condition, business and prospects.