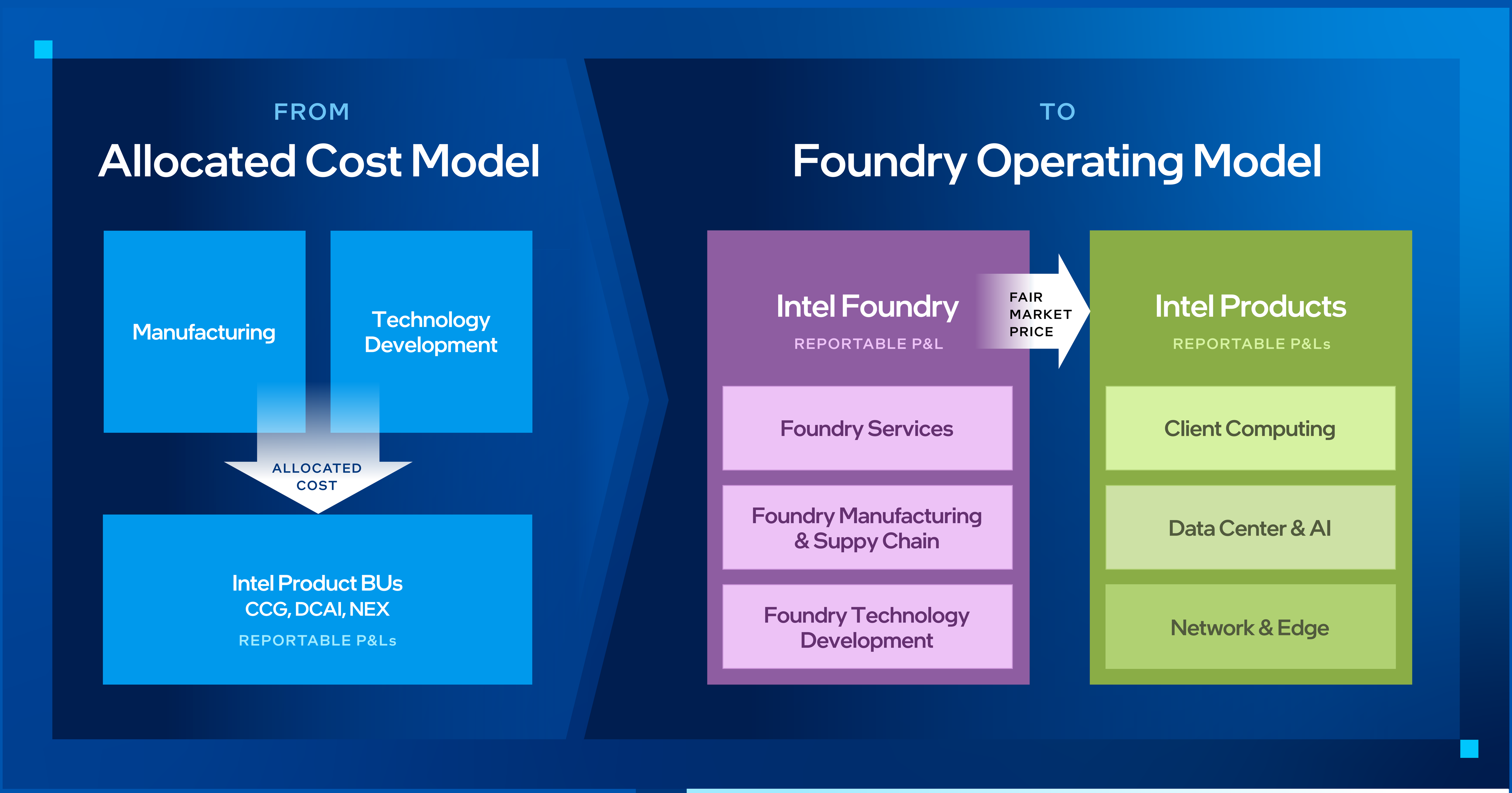
Intel's New Financial Reporting Structure

This year, Intel launched Intel Foundry, a world-class systems foundry for the AI era that serves internal and external customers. It complements Intel Products, a collection of world-class hardware, software and solutions that compete and win in the marketplace. Intel has established a foundry relationship between Intel Foundry and Intel Products, which it calls its foundry operating model. Starting with first-quarter 2024 earnings, Intel will shift to a new financial reporting structure aligned with this model.



"Intel's unique position in the industry as both a world-class semiconductor manufacturer and a fabless technology leader creates vast opportunities to drive long-term sustainable growth. Implementing this new model marks a key achievement in our transformation as we hone our execution engine, stand up the industry's first and only systems foundry with geographically diverse, leading-edge manufacturing capacity, and launch our mission to bring 'AI Everywhere.'"

– Pat Gelsinger, Intel CEO

"This model is designed to unlock significant cost savings, operational efficiencies and asset value. As it begins to take hold, we expect to accelerate on our path toward achieving our ambition of 60% non-GAAP gross margins and 40% non-GAAP operating margins by the end of 2030. Ultimately, improved cost competitiveness will help us deliver process technology, product and foundry leadership while driving significant financial upside for Intel and our owners."

– Dave Zinsner, Intel CFO

Benefits of new operating model:

- Provides greater transparency and accountability.
- Enables better benchmarking of performance against peers.
- Drives better decision-making across segments.
- Increases operational efficiencies and improves cost competitiveness.
- Ultimately, delivers higher returns for Intel and its shareholders.

What's changing:

- Intel Foundry, comprising Foundry Technology Development, Foundry Manufacturing and Supply Chain, and Foundry Services, is now a separate operating segment with its own profit and loss (P&L) statement.
- Intel Foundry will recognize revenue from external customers and Intel Products at market-based pricing, as well as development and manufacturing costs historically allocated to Intel's product segments.
- Intel Products includes the product segments Client Computing Group (CCG), Data Center and AI (DCAI) and Network and Edge (NEX).
- Altera, which was previously reported under DCAI, is a new reportable segment, following the separation of the Programmable Solutions Group (PSG).

New financial disclosures:

- Intel Foundry's operating losses are expected to peak in 2024.
- Intel Foundry is driving to achieve break-even operating margins midway between now and the end of 2030, when it targets 40% non-GAAP gross margins and 30% non-GAAP operating margins.
- Intel Products is targeting 60% non-GAAP gross margin and 40% non-GAAP operating margin by the end of 2030.
- As the model takes hold, Intel expects to accelerate on its path toward achieving 60% non-GAAP gross margins and 40% non-GAAP operating margins in 2030.

Intel Foundry margin improvement expected as:

- Intel completes five nodes in four years in 2025.
- Customers take advantage of leading-edge technologies.
- Significant up-front manufacturing investments stabilize.
- Business drives continued customer momentum and scale.
- Intel drives cost and capital efficiencies across all aspects of the business.

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Forward-looking non-GAAP financial measures and targets contained herein should not be considered a substitute for, or superior to, financial measures prepared in accordance with GAAP and cannot be reconciled to GAAP without unreasonable efforts as Intel is unable to provide the reconciling adjustments over the forward-looking period. This infographic also contains forward-looking statements with respect to Intel's business plans and strategy, and anticipated benefits therefrom, that are subject to risks and uncertainties as set out in Intel's most recent Annual Report on Form 10-K and reflects expectations only as of the April 2, 2024. See intc.com for the 10-K with risk factors and Intel's Q4/FYE 2023 earnings release with a full explanation of non-GAAP financial measures.