Tower Semiconductor Reports Third Quarter Record Results, Providing Record Fourth Quarter Guidance Resulting in 2026 $2 Billion Annual Revenue

November 2, 2026 at 7:00 AM EST

Third quarter revenue of $526 million, representing 33% year-over-year growth; Guiding fourth quarter revenue of $600 million, 36% year-over-year growth

MIGDAL HAEMEK, Israel, Nov. 02, 2026 (GLOBE NEWSWIRE) -- Tower Semiconductor (NASDAQ/TASE: TSEM) reports today its results for the third quarter ended September 30, 2026.

Third Quarter of 2026 Results Overview
Record revenue for the third quarter of 2026 of $526 million, representing revenue growth of 33% year over year, as compared to $396 million in the third quarter of 2025.

Record gross profit for the third quarter of 2026 of $179 million, 92% higher than $93 million in the third quarter of 2025.

Operating profit for the third quarter of 2026 was a record of $127 million (excluding non-recurring items), a multiple of 2.5X as compared to the $51 million operating profit for the third quarter of 2025.

Net profit for the third quarter of 2026 was a record of $120 million (excluding non-recurring items), representing 23% net margin and reflecting $1.06 basic and $1.05 diluted earnings per share. This net profit is a multiple of 2.2X of the $54 million net profit in the third quarter of 2025.

Cash from operating activities in the third quarter of 2026 was $185 million and investments in property and equipment, net, were $191 million. In the third quarter of 2025, cash flow generated from operating activities was $139 million and investments in property and equipment, net, were $103 million.

Business Outlook
The Company provides revenue guidance of $600 million for the fourth quarter of 2026, with an upward or downward range of 5%. Mid-range revenue guidance represents an increase of 36% year-over-year and 14% quarter-over-quarter.

Russell Ellwanger, Chief Executive Officer of Tower Semiconductor, said: “We are entering the strongest growth phase in our history, according to fourth quarter guidance, closing the year at $2 billion annual revenue and a $2.4 billion annualized revenue run rate. We target to begin 2027 avoiding first quarter’s typical industry seasonality, with clear visibility to incremental sequential revenues with accompanying margins’ growth.”

Ellwanger further added: “With a background of growth and strong increasing demand in each of our core businesses, infrastructure (SiPho and SiGe) demand specifically is driving exceptional growth in our high-speed connectivity business. We target to achieve an annualized $1.1 billion run rate in the fourth quarter of 2026 of SiPho revenue alone, namely 5X of the 2025 SiPho annual revenue. Our on-going capacity investments, including the announced Track-1 Japan 300mm buildout, are progressing ahead of schedule, supported by customer contracts which are being extended through 2029, providing great assurance to achieve our 2028 revenue and margins model, and a well-defined path for accretive margins thereafter. The combination of Tower’s technology leadership, expanding capacity and deep alignment with our customers, positions Tower to deliver significant long-term growth and shareholder value.”

Teleconference and Webcast
Tower Semiconductor will host an investor conference call today, Monday, November 2, 2026, at 10:00 a.m. Eastern time (9:00 a.m. Central time, 8:00 a.m. Mountain time, 7:00 a.m. Pacific time and 5:00 p.m. Israel time) to discuss the Company’s financial results for the third quarter of 2026 and its business outlook.

The call will be webcast and available through the Investor Relations section of Tower Semiconductor’s website at ir.towersemi.com. The pre-registration form required for dial-in participation is accessible **here**. Upon completing the registration, participants will receive the dial-in details, a unique PIN, and a confirmation email with all necessary information. To access the webcast, click **here**. The teleconference will be available for replay for 90 days.

Non-GAAP Financial Measures
The Company presents its financial statements in accordance with U.S. generally accepted accounting principles (“GAAP”). The financial information in the tables below includes unaudited condensed financial data. Some of the financial information, which may be used and/or presented in this release and/or prior earnings related filings and/or in related public disclosures or filings with respect to the financial statements and/or results of the Company, which we may describe as adjusted financial measures and/or reconciled financial measures, are non-GAAP financial measures as defined in Regulation G and related reporting requirements promulgated by the Securities and Exchange Commission (the “SEC”) as they apply to our Company. These adjusted financial measures are calculated excluding the following: (i) amortization of acquired intangible assets as included in our costs and expenses, and (ii) compensation expenses in respect of equity grants to directors, officers, and employees as included in our costs and expenses. These adjusted financial measures should be evaluated in conjunction with, and are not a substitute for, GAAP financial measures. The tables also present the GAAP financial measures, which are most comparable to the adjusted financial measures used and/or presented in this release, as well as a reconciliation between the adjusted financial measures and the comparable GAAP financial measures. As used and/or presented in this release and/or prior earnings related filings and/or in related public disclosures or filings with respect to the financial statements and/or results of

the Company, as well as may be included and calculated in the tables herein, the term Earnings Before Interest Taxes, Depreciation and Amortization which we define as EBITDA consists of operating profit in accordance with GAAP, excluding (i) depreciation expenses, which include depreciation recorded in cost of revenue and in operating cost and expenses lines (e.g., research and development related equipment and/or fixed other assets depreciation), (ii) stock-based compensation expense, and (iii) amortization of acquired intangible assets. EBITDA is reconciled in the tables below and/or prior earnings-related filings and/or in related public disclosures or filings with respect to the financial statements and/or results of the Company from GAAP operating profit. EBITDA and the adjusted financial information presented herein and/or prior earnings-related filings and/or in related public disclosures or filings with respect to the financial statements and/or results of the Company, are not a required GAAP financial measure and may not be comparable to a similarly titled measure employed by other companies. EBITDA and the adjusted financial information presented herein and/or prior earnings-related filings and/or in related public disclosures or filings with respect to the financial statements and/or results of the Company, should not be considered in isolation or as a substitute for operating profit, net profit or loss, cash flows provided by operating, investing and financing activities, per share data or other profit or cash flow statement data prepared in accordance with GAAP. The term Net Cash, as may be used and/or presented in this release and/or prior earnings-related filings and/or in related public disclosures or filings with respect to the financial statements and/or results of the Company, is comprised of cash, cash equivalents and short-term deposits less debt amounts as presented in the balance sheets included herein. The term Net Cash is not a required GAAP financial measure, may not be comparable to a similarly titled measure employed by other companies and should not be considered in isolation or as a substitute for cash, debt, operating profit, net profit or loss, cash flows provided by operating, investing and financing activities, per share data or other profit or cash flow statement data prepared in accordance with GAAP. The term Free Cash Flow, as used and/or presented in this release and/or prior earnings related filings and/or in related public disclosures or filings with respect to the financial statements and/or results of the Company, is calculated to be net cash provided by operating activities (in the amounts of: $185 million for the three months period ended September 30, 2026 that includes $23 million increase in customers' advances; $177 million for the three months period ended June 30, 2026; $139 million for the three months period ended September 30, 2025; $872 million for the nine months period ended September 30, 2026 that includes $305 million increase in customers' advances, net; 356 million for the nine months period ended September 30, 2025) less cash used for investments in property and equipment, net (in the amounts of $191 million, $187 million and $103 million for the three months periods ended September 30, 2026, June 30, 2026 and September 30, 2025, respectively and in the amounts of $534 million and $326 million for the nine months periods ended September 30, 2026 and September 30, 2025, respectively). The term Free Cash Flow is not a required GAAP financial measure, may not be comparable to a similarly titled measure employed by other companies and should not be considered in isolation or as a substitute for operating profit, net profit or loss, cash flows provided by operating, investing, and financing activities, per share data or other profit or cash flow statement data prepared in accordance with GAAP.

About Tower Semiconductor

Tower Semiconductor Ltd. (NASDAQ/TASE: TSEM) is a leading foundry of high-value analog semiconductor solutions, serving growing markets including industrial, automotive, mobile, infrastructure, medical, and aerospace & defense. The company offers a broad portfolio of advanced and innovative analog technologies, including silicon photonics (SiPho), SiGe, RF CMOS, CMOS image sensors, power management, and mixed-signal, supported by world-class design enablement and process transfer services. Tower operates a global manufacturing network with 200mm and 300mm fabs in Israel, the U.S., Japan, and Italy, providing customers with scalable capacity and multi-fab sourcing. Learn more at www.towersemi.com.

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Forward-Looking Statements

This release, as well as other statements and reports filed, stated and published, include certain "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, among others, projections and statements with respect to our future business, financial performance and activities. The use of words such as "projects", "expects", "may", "targets", "plans", "forecast", "intends", "committed to", "tracking", or variations or words of similar import, may identify a statement as "forward-looking." However, the absence of these words does not mean that a statement is not forward-looking. Actual results may vary from those projected or implied by such forward-looking statements and you should not unduly rely on such forward-looking statements, which speak only as of the date of this release. Factors that could cause actual results to differ materially from those projected or implied by such forward-looking statements include, without limitation, risks and uncertainties associated with: (i) fluctuating demand in our customers' end markets and/or SiPho, SiGe and other customer demand may not increase to the levels currently forecasted by the Company, (ii) reliance on acquisitions, establishing new fabs and/or gaining additional capacity for growth, (iii) difficulties in achieving acceptable operational metrics and indices as a result of operational, technological or process-related problems, (iv) identifying and negotiating with third-party buyers for the sale of any excess and/or unused equipment, inventory and/or other assets, (v) maintaining current key customers and attracting new key customers, (vi) over demand for our foundry services and/ or products that may result in operational bottlenecks, extend cycle times, reduce yield, delay delivery schedules, that may result in compensation, penalties and/ or prepayment repayments, loss of customers, revenues, profits and/ or reputation, including with respect to SiPho customer prepayments received for certain minimum capacity commitments, due to inability to fulfill, in whole or in part, all such demand and commitments in a timely manner or at all, (vii) fluctuation of our financial results from quarter to quarter, (viii) the additional 300mm manufacturing facility the Company plans to establish adjacent to Fab 7 and maximization of the Company's Fab 7 300mm output (including risks associated with the repurposing of the Arai facility), including risks associated with delays in construction period and cost, obtaining necessary equipment and/ or obtaining necessary permits, Government of Japan and/or METI grants terms and covenants relating thereto (which may result in loss of a portion or all of the grant funds), and/ or other consents required, and the negotiation of definitive agreements with vendors and others, that may result in lower profitability than currently expected and/ or added costs and losses, longer return on investment period, including risks associated with the ability to obtain any financing required to fund the establishment, facilities and machinery cost net investments on favorable terms, or at all, (ix) our debt and other liabilities may impact our financial position and operations, (x) our ability to successfully execute acquisitions, integrate them into our business, utilize our expanded capacity and find new business, (xi) fluctuations in cash flow, (xii) our ability to satisfy the covenants stipulated in our agreements with our debt holders and/ or possible incurrence of additional indebtedness, (xiii) pending litigation, (xiv) meeting the conditions set in approval certificates and other regulations under which we received grants and/or royalties and/or any type of funding from the Israeli, US and/or Japan governmental agencies, (xv) receipt of orders that are lower than the customer purchase commitments or forecast and/or failure to receive customer orders currently expected, (xvi) the effects of global recession, credit crisis and/or unfavorable macro-economic conditions, such as the imposition of regulatory requirements, tariffs, import and export restrictions and other trade barriers and restrictions, including the timing and availability of export licenses and permits, (xvii) our ability to accurately forecast financial performance, which is affected by limited order backlog and lengthy sales cycles which may cause financial results to fluctuate from quarter to quarter, (xviii) possible situations of obsolete inventory or overcapacity if forecasted demand exceeds actual demand when we create inventory before receipt of customer orders, (xix) the cyclical nature of the semiconductor industry and the resulting periodic overcapacity, fluctuations in operating results and future average selling price erosion, (xx) capacity and capability expansion and acquisition related transactions in

our existing fabrications, strategic and/or other in-organic capacity and/ or capability growth and/ or M&A transactions and opportunities, and/ or the acquisition of and/ or the establishment of a new factory or factories, including the additional 300mm manufacturing facility the Company plans to establish adjacent to Fab 7 and maximization of the Company's Fab 7 300mm output (including risks associated with the repurposing of the Arai facility), which could require funding needs beyond our existing cash, the availability of which cannot be assured on favorable terms, if at all, and which may have adverse impact on the market value of the Company and the price of the Company's ordinary shares, (xxi) operating our facilities at sufficient utilization rates necessary to generate and maintain positive and sustainable gross, operating and net profit, (xxii) the purchase of equipment and/or raw material (including purchases under committed contracts), the timely completion of the equipment installation, technology transfer and raising the funds therefor, (xxiii) product returns and defective products, (xxiv) our ability to maintain and develop our technology processes and services to keep pace with new technology, including artificial intelligence, evolving standards, changing customer and end-user requirements, new product introductions and short product life cycles, (xxv) competing effectively, (xxvi) our dependence on increased use of outsourced foundry services for specialty process technologies, (xxvii) our dependence on intellectual property rights of others, our ability to operate our business without infringing others' intellectual property rights and our ability to enforce our intellectual property against infringement, including risks and uncertainties associated with the infringement claims that the Company is currently party to, brought by GlobalFoundries and certain affiliate alleging infringement of certain of its patents, (xxviii) Fab 3 landlord's alleged claims regarding noise abatement and request for judicial declaration of material non-curable breach of the Fab3 lease, and in addition, alleged claims by a third-party with whom the landlord is engaged pertaining to the Fab3 site, to enforce certain rights with respect to the lease extension, (xxix) retention of key employees and recruitment and retention of skilled qualified personnel, (xxx) exposure to inflation, currency rates (mainly the Israeli Shekel and the Japanese Yen) and interest rate fluctuations and risks associated with doing business locally and internationally, as well as fluctuations in the market price of our traded securities, (xxxi) meeting regulatory requirements worldwide, including export, environmental and governmental regulations, as well as risks related to international operations, (xxxii) engagements for fab establishment, joint venture and/or capital lease transactions for capacity enhancement in advanced technologies, including risks and uncertainties associated with the Agrate fab, such as its qualification schedule, technology, equipment and process qualification, facility operational ramp-up, customer engagements, cost structure, required investments and other terms, which may require additional funding to cover significant capacity investment needs and other payments, (xxxiii) potential liabilities, cost and other impact due to reorganization and consolidation of fabrication facilities, or cessation of operations, (xxxiv) potential security, cyber and privacy breaches, (xxxv) workforce that is not unionized which may become unionized, and/or workforce that is unionized and may take action such as strikes that may create increased cost and operational risks, (xxxvi) the issuance of ordinary shares as a result of exercise and/or vesting of any of our employee equity, as well as any sale of shares by any of our shareholders, or any market expectation thereof, as well as the issuance of additional employees' restricted stock units, or any market expectation thereof, which may depress the market value of the Company and the price of the Company's ordinary shares, and in addition may impair our ability to raise future capital, (xxxvii) the dispute resolution process regarding Intel's determination not to perform its agreement to build a capacity corridor to enable Intel to manufacture wafers for Tower's customers, which process may be costly and/ or may result in losses and/or other adverse impact, (xxxviii) Pillar Two tax rules and regulations previously released by the OECD, which require a minimum effective corporate income tax rate of 15% applicable in every jurisdiction in which the company operates, which will result in additional income tax expenses for the years 2026 and beyond, mainly with respect to the Company's Israeli operations in which the Company was subject to 7.5% preferred tax rate until 2025 under Israeli laws, and (xxxix) climate change, business interruptions due to floods, fires, pandemics, earthquakes and other natural disasters, the security situation in Israel and global trade "war", including the potential inability to continue uninterrupted operations of the Israeli fab, impact on global supply chain to and from the Israeli fab, delays in the delivery, installation and qualification of equipment, power interruptions, chemicals or other leaks or damages as a result therefrom, absence of workforce due to military service as well as risk that certain countries will restrict doing business with Israeli companies, including imposing restrictions due to hostilities in Israel or political instability in the region that may continue or exacerbate, and other events beyond our control. Due to hostilities and instability in neighboring states, Israel could be subject to additional political, economic, and military confines, and our Israeli facility's operations could be materially adversely affected. Any current or future hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could have a material adverse effect on our business, financial condition and results of operations.

A more complete discussion of risks and uncertainties that may affect the forward-looking statements included in this release or which may otherwise affect our business is included under the heading "Risk Factors" in the Company's most recent filings on Forms 20-F and 6-K, as were filed with the SEC and the Israel Securities Authority. Future results may differ materially from those previously reported. The Company does not intend to update and expressly disclaims any obligation to update or revise any forward-looking information contained in this release to reflect any changes in expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement is based.

(Financial tables follow)

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(dollars in thousands)

	September 30, 2026	December 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 250,748**	**$ 235,369**
Short-term deposits	**1,222,124**	**916,541**
Trade accounts receivable	**226,845**	**222,795**
Inventories	**263,448**	**256,855**
Other current assets	**47,548**	**78,062**
Total current assets	**2,010,713**	**1,709,622**
PROPERTY AND EQUIPMENT, NET	**1,825,403**	**1,463,056**
OTHER LONG-TERM ASSETS, NET	**181,091**	**149,612**
TOTAL ASSETS	**$ 4,017,207**	**$ 3,322,290**
LIABILITIES AND SHAREHOLDERS' EQUITY		

CURRENT LIABILITIES		
Short-term debt	**$ 13,452**	**$ 28,112**
Trade accounts payable	**193,858**	**123,915**
Deferred revenue and customers' advances	**248,930**	**25,581**
Other current liabilities	**84,673**	**86,139**
Total current liabilities	**540,913**	**263,747**
LONG-TERM DEBT	**140,275**	**133,406**
LONG-TERM CUSTOMERS' ADVANCES	**92,052**	**1,932**
OTHER LONG-TERM LIABILITIES	**35,843**	**18,622**
TOTAL LIABILITIES	**809,083**	**417,707**
TOTAL SHAREHOLDERS' EQUITY	**3,208,124**	**2,904,583**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 4,017,207**	**$ 3,322,290**

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars and share count in thousands, except per share data)

	Three months ended	
	September 30, 2026	**June 30, 2026**
REVENUE	**$ 526,161**	**$ 460,079**
COST OF REVENUE	**347,402**	**322,307**
GROSS PROFIT	**178,759**	**137,772**
OPERATING COSTS AND EXPENSES:		
Research and development	**26,625**	**23,569**
Marketing, general and administrative	**24,999**	**23,913**
	51,624	**47,482**
OPERATING PROFIT	**127,135**	**90,290**
FINANCING AND OTHER INCOME, NET	**11,943**	**15,902**
PROFIT BEFORE INCOME TAX	**139,078**	**106,192**
INCOME TAX EXPENSE, NET	**(19,193)**	**(15,573)**
NET PROFIT	**119,885**	**90,619**
Net loss attributable to non-controlling interest	**371**	**150**
NET PROFIT ATTRIBUTABLE TO THE COMPANY	**$ 120,256**	**$ 90,769**
BASIC EARNINGS PER SHARE	**$ 1.06**	**$ 0.80**
Weighted average number of shares	**113,324**	**112,910**
DILUTED EARNINGS PER SHARE	**$ 1.05**	**$ 0.79**
Weighted average number of shares	**114,463**	**114,427**
RECONCILIATION FROM GAAP NET PROFIT ATTRIBUTABLE TO THE COMPANY TO ADJUSTED NET PROFIT ATTRIBUTABLE TO THE COMPANY:		
GAAP NET PROFIT ATTRIBUTABLE TO THE COMPANY	**$ 120,256**	**$ 90,769**
Stock based compensation and amortization of acquired intangible assets	**11,042**	**9,941**
ADJUSTED NET PROFIT ATTRIBUTABLE TO THE COMPANY	**$ 131,298**	**$ 100,710**
ADJUSTED EARNINGS PER SHARE:		
Basic	**$ 1.16**	**$ 0.89**
Diluted	**$ 1.15**	**$ 0.88**

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars and share count in thousands, except per share data)

	Three months ended	
	September 30, 2026	**September 30, 2025**

REVENUE	$ 526,161	$ 395,667
COST OF REVENUE	347,402	302,622
GROSS PROFIT	178,759	93,045
OPERATING COSTS AND EXPENSES:		
Research and development	26,625	22,056
Marketing, general and administrative	24,999	20,409
	51,624	42,465
OPERATING PROFIT	127,135	50,580
FINANCING AND OTHER INCOME, NET	11,943	10,491
PROFIT BEFORE INCOME TAX	139,078	61,071
INCOME TAX EXPENSE, NET	(19,193)	(7,625)
NET PROFIT	119,885	53,446
Net loss attributable to non-controlling interest	371	199
NET PROFIT ATTRIBUTABLE TO THE COMPANY	$ 120,256	$ 53,645
BASIC EARNINGS PER SHARE	$ 1.06	$ 0.48
Weighted average number of shares	113,324	112,132
DILUTED EARNINGS PER SHARE	$ 1.05	$ 0.47
Weighted average number of shares	114,463	113,751
RECONCILIATION FROM GAAP NET PROFIT ATTRIBUTABLE TO THE COMPANY TO ADJUSTED NET PROFIT ATTRIBUTABLE TO THE COMPANY:		
GAAP NET PROFIT ATTRIBUTABLE TO THE COMPANY	$ 120,256	$ 53,645
Stock based compensation and amortization of acquired intangible assets	11,042	9,111
ADJUSTED NET PROFIT ATTRIBUTABLE TO THE COMPANY	$ 131,298	$ 62,756
ADJUSTED EARNINGS PER SHARE:		
Basic	$ 1.16	$ 0.56
Diluted	$ 1.15	$ 0.55

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars and share count in thousands, except per share data)

	Nine months ended	
	September 30, 2026	September 30, 2025
REVENUE	$ 1,399,871	$ 1,125,898
COST OF REVENUE	972,389	879,656
GROSS PROFIT	427,482	246,242
OPERATING COSTS AND EXPENSES:		
Research and development	73,724	61,646
Marketing, general and administrative	71,768	61,253
	145,492	122,899
OPERATING PROFIT	281,990	123,343
FINANCING AND OTHER INCOME , NET	37,363	35,476
PROFIT BEFORE INCOME TAX	319,353	158,819
INCOME TAX EXPENSE, NET	(41,284)	(20,064)
NET PROFIT	278,069	138,755
Net loss (profit) attributable to non-controlling interest	(2,012)	1,583
NET PROFIT ATTRIBUTABLE TO THE COMPANY	$ 276,057	$ 140,338
BASIC EARNINGS PER SHARE	$ 2.44	$ 1.25
Weighted average number of shares	112,935	111,841
DILUTED EARNINGS PER SHARE	$ 2.41	$ 1.24
Weighted average number of shares	114,383	113,397
RECONCILIATION FROM GAAP NET PROFIT ATTRIBUTABLE TO THE COMPANY TO ADJUSTED NET PROFIT ATTRIBUTABLE TO THE COMPANY:		

GAAP NET PROFIT ATTRIBUTABLE TO THE COMPANY	$ 276,057	$ 140,338
Stock based compensation and amortization of acquired intangible assets	30,424	30,041
ADJUSTED NET PROFIT ATTRIBUTABLE TO THE COMPANY	$ 306,481	$ 170,379
ADJUSTED EARNINGS PER SHARE:		
Basic	$ 2.71	$ 1.52
Diluted	$ 2.68	$ 1.50

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
CONSOLIDATED SOURCES AND USES REPORT (UNAUDITED)
(dollars in thousands)

	Three months ended	
	September 30, 2026	September 30, 2025
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	$ 231,188	$ 265,293
Net cash provided by operating activities, excluding customers' advances, net	162,311	142,005
Increase (decrease) in customers' advances, net	22,848	(2,582)
Investments in property and equipment, net	(190,683)	(103,490)
Debt repaid, net	(7,301)	(6,875)
Effect of foreign currency exchange rate change	2,385	(1,609)
Proceeds from (investments in) deposits	30,000	(20,000)
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 250,748	$ 272,742

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Three months ended	
	September 30, 2026	September 30, 2025
CASH FLOWS - OPERATING ACTIVITIES		
Net profit for the period	$ 119,885	$ 53,446
Adjustments to reconcile net profit for the period to net cash provided by operating activities:		
Income and expense items not involving cash flows:		
Depreciation and amortization *	90,461	76,456
Other expense (income), net	3,512	(122)
Changes in assets and liabilities, net:		
Trade accounts receivable	(23,270)	1,853
Other current assets	8,182	6,770
Inventories	(16,573)	(1,983)
Other long term assets	(41,337)	--
Trade accounts payable	22,615	(6,516)
Deferred revenue	(3,278)	6,805
Other current liabilities	(8,016)	2,958
Other long-term liabilities	10,130	2,338
Increase (decrease) in customers' advances, net	22,848	(2,582)
Net cash provided by operating activities	185,159	139,423
CASH FLOWS - INVESTING ACTIVITIES		
Investments in property and equipment, net	(190,683)	(103,490)
Proceeds from (investments in) deposits	30,000	(20,000)
Net cash used in investing activities	(160,683)	(123,490)
CASH FLOWS - FINANCING ACTIVITIES		
Debt repaid, net	(7,301)	(6,875)
Net cash used in financing activities	(7,301)	(6,875)
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGE	2,385	(1,609)

INCREASE IN CASH AND CASH EQUIVALENTS	**19,560**	**7,449**
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	**231,188**	**265,293**
CASH AND CASH EQUIVALENTS - END OF PERIOD	**$ 250,748**	**$ 272,742**

*** Includes stock based compensation and amortization of acquired intangible assets in the amounts of $11,042 and $9,111 for the 3 months periods ended September 30, 2026 and September 30, 2025, respectively.**

Source: Tower Semiconductor