



Third Quarter 2021 Financial Results Highlights

November 08, 2021

Safe Harbor

This presentation contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, statements regarding expected (i) customer demand, (ii) utilization of our Fabs, (iii) demand from our end markets, (iv) market and technology trends, and (v) results and expected or forecasted results regarding revenues, cash flow, margins and net profits are all forward-looking statements. Actual results may differ materially from those projected or implied by such forward-looking statements due to various risks and uncertainties applicable to Tower Semiconductor’s business as described in the reports filed by Tower Semiconductor Ltd. (“Tower”) with the Securities and Exchange Commission (the “SEC”) and the Israel Securities Authority (“ISA”), including the risks identified under the heading "Risk Factors" in Tower’s most recent filings on Forms 20-F and 6-K. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what impact they will have on the results of operations or financial condition of Tower Semiconductor. In addition, some of the financial information in this presentation, is non-GAAP financial measures, including, but not limited to, EBITDA, adjusted net profit, adjusted EPS (earnings per share), cash, debt, free cash flow, net debt and/ or net cash. These non-GAAP financial measures have the same definition as appear in our previously filed quarterly financial results related announcements and/ or other public filings.

Tower Semiconductor is providing this information as of the date of this presentation and expressly disclaims any obligation to update any of the forward-looking statements or other information contained in this presentation as a result of new information, future events or otherwise.

Q3 2021 Financials Release Highlights

Tower Semiconductor Reports Record Revenues and Strong Margins' Growth

Third quarter 2021 with 25% total and 40% organic year over year revenue growth

Further Expansion Guided for Fourth Quarter Indicating over \$1.6 Billion Annual Revenue Run Rate

- Third quarter revenue of \$387 million, reflecting another quarter of record revenue for the company, with year over year 40% organic growth and 25% total growth.
- Significant year over year (YoY) and quarter over quarter (QoQ) dollar increases in gross profit (60% YoY, 16% QoQ), operating profit (131% YoY, 30% QoQ), and net profit (157% YoY, 27% QoQ).
- Record cash from operations of \$107 million for the third quarter, demonstrating significant year over year growth of 56% and 15% quarter over quarter, with record shareholders' equity as of September 30, 2021.
- Net profit of \$39 million for the third quarter, resulting in \$0.36 basic and diluted earnings per share and adjusted net profit of \$45 million, resulting in adjusted basic and diluted earnings per share of \$0.42 and \$0.41, respectively.

Q3 2021 P&L Highlights

(\$ in million, except per share data)	Q3'2021	Q2'2021	Q3'21 / Q2'21	Q3'2020	Q3'21 / Q3'20
Revenue	387	362	+7%	310	+25%
Gross Profit	85	74	+16%	53	+60%
Operating Profit	44	34	+30%	19	+131%
Net Profit	39	31	+27%	15	+157%
EPS basic	\$0.36	\$0.29	+24%	\$0.14	+157%
Adjusted EPS, diluted*	\$0.41	\$0.34	+20%	\$0.18	+132%
Processed Layers (KLPQ)**	Q3'2021	Q2'2021	Q3'21 / Q2'21	Q3'2020	Q3'21 / Q3'20
150mm	455	451	+1%	293	+55%
200mm	6,197	5,921	+5%	4,850	+28%
300mm	1,539	1,404	+10%	981	+57%

* As reconciled in Q3'2021 press release dated November 8, 2021

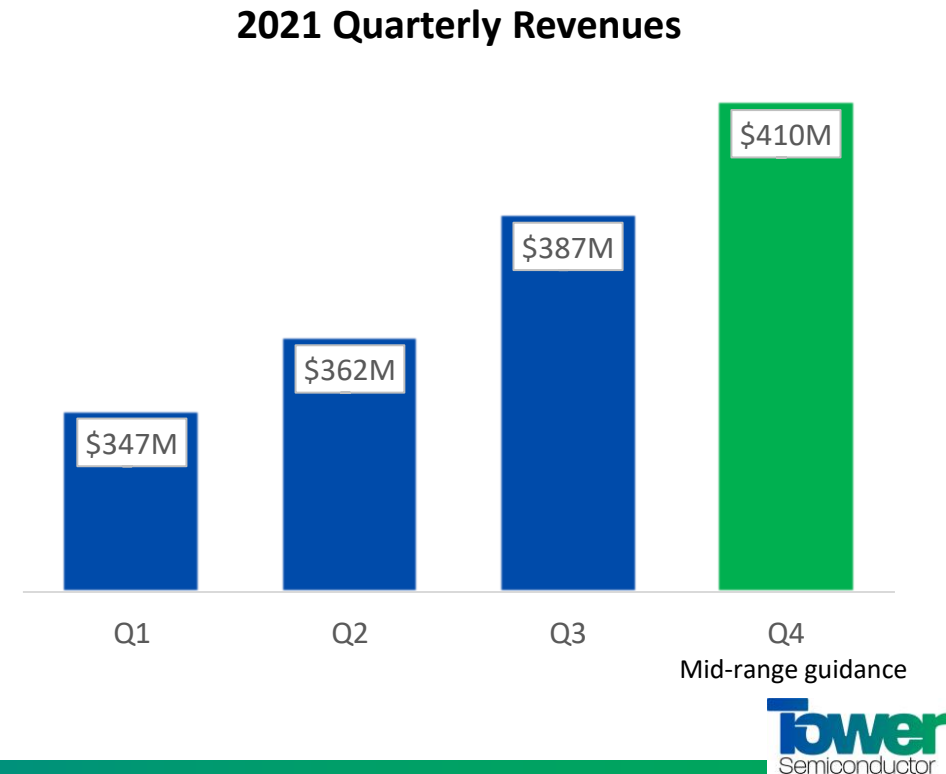
** KLPQ = thousands of processed layers per quarter | In 8" equivalent | Excluding Nuvoton business in the Japanese fabs (in 2020, Panasonic) and Maxim in San Antonio fab



Business Outlook: Q4 & FY 2021 Revenue Guidance

- Guides revenue for the fourth quarter of 2021 to be **\$410 million**, with an upward or downward range of 5%
 - Mid-range revenue guidance demonstrates **19%** total and **26%** organic year over year growth.

- Based on Q4'21 mid-range guidance -
FY 2021 revenues are expected to be \$1.51 billion vs. \$1.27 billion in FY 2020, demonstrating year over year growth of 19% total and 28% organic.



Q3 2021 Balance Sheet Highlights

\$ in thousands

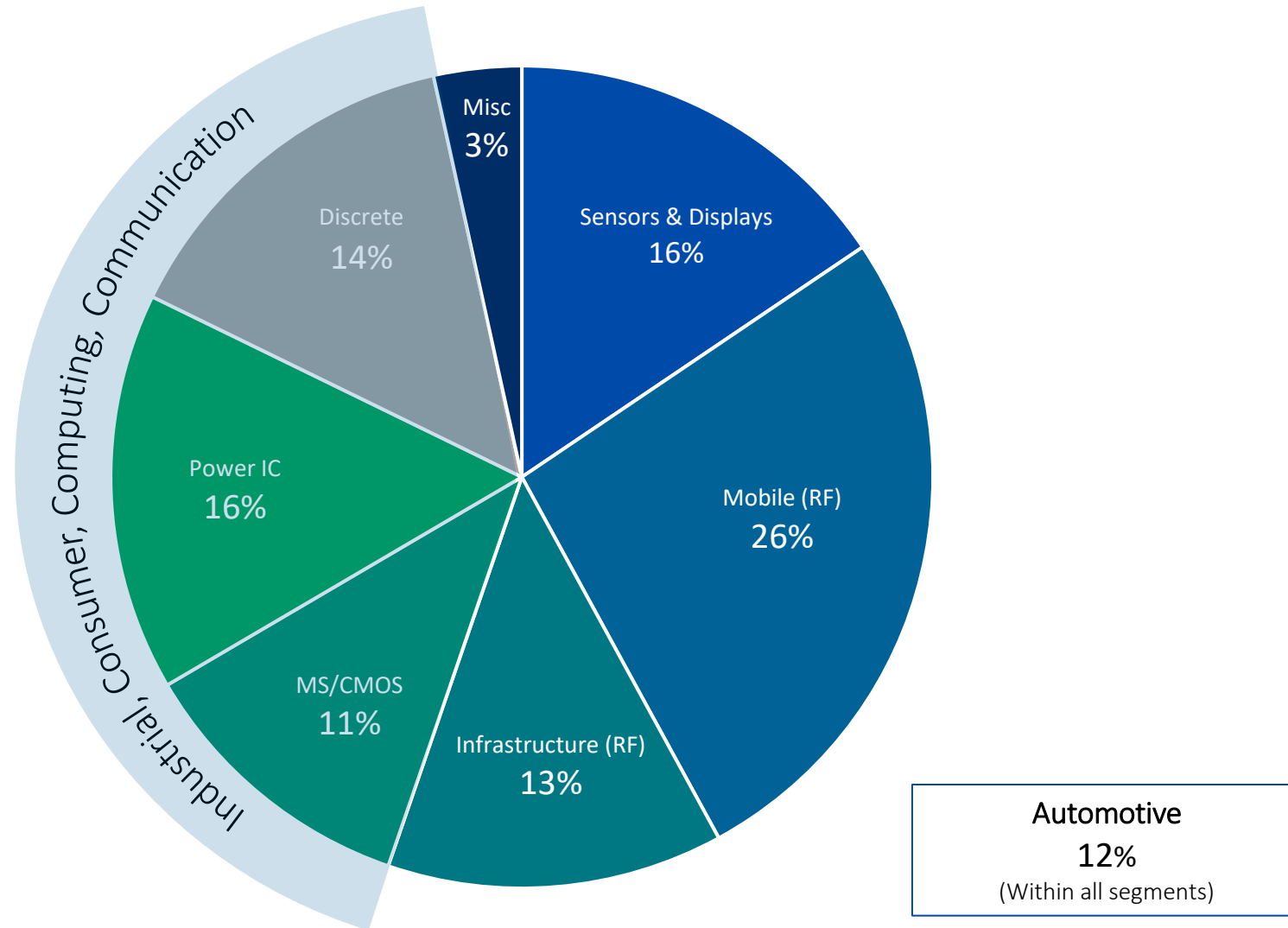
	September 30, 2021	June 30, 2021	December 31, 2020
Cash and Cash Equivalents	211,503	215,755	211,683
Short-term deposits and Marketable securities	506,487	513,202	499,197
Trade accounts receivable	144,878	144,868	162,100
Inventories	220,668	209,306	199,126
PP&E, net	879,323	859,589	839,171
Total Assets	2,155,036	2,132,392	2,094,149
Total Current Liabilities	300,065	302,507	272,912
Long-term Debt	212,271	234,500	283,765
Total Liabilities	595,580	614,783	639,247
Total Shareholders Equity	1,559,456	1,517,609	1,454,902



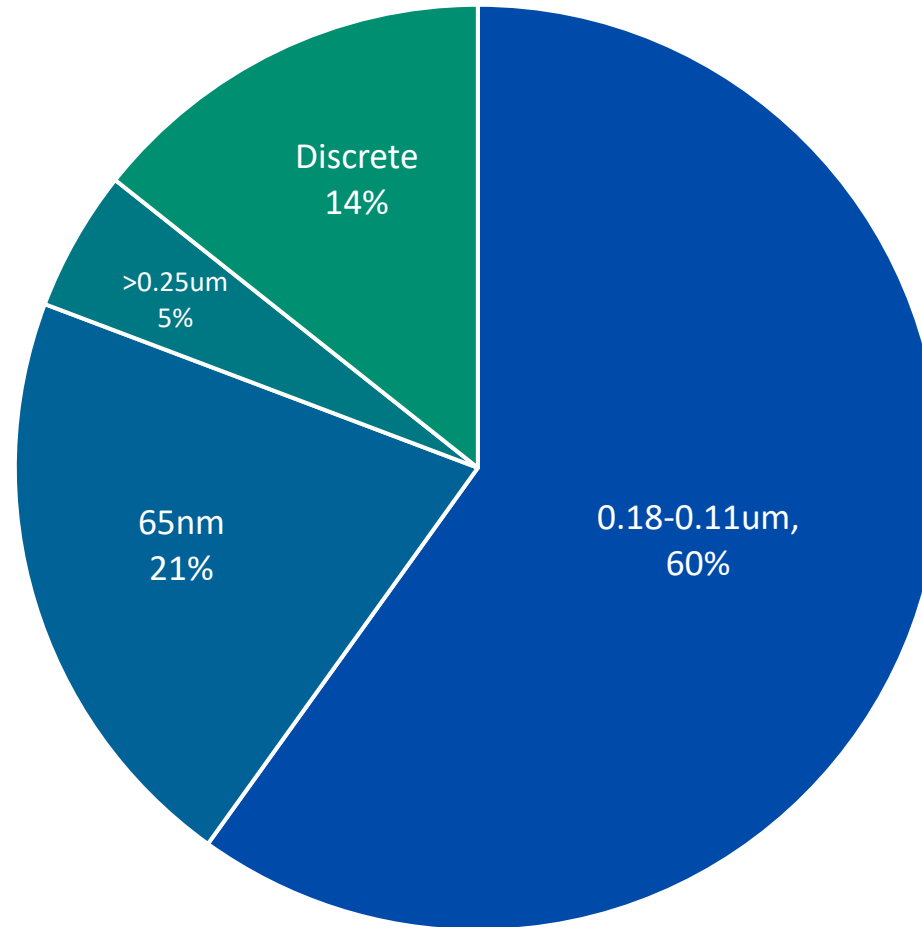
Q3 2021 Cash Flow Report Highlights

\$ in thousands	Q3 2021	Q2 2021	Q3 2020
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	215,755	215,581	258,793
Net cash provided by operating activities	106,974	93,250	68,612
Investments in property and equipment, net	(87,714)	(56,184)	(66,862)
Debt repaid, net	(29,211)	(19,769)	(26,355)
Effect of Japanese Yen exchange rate change over cash balance	(597)	(68)	2,227
Exercise of options	46	--	272
Investments in short-term deposits, marketable securities and other assets, net	6,250	(17,055)	(28,983)
CASH AND CASH EQUIVALENTS - END OF PERIOD	211,503	215,755	207,704

Q3 2021 Revenue Breakdown by Market End Applications



Q3 2021 Revenue Breakdown by Technology Nodes





Where **Analog** and **Value** Meet

Thank You

www.towersemi.com

