July 14, 2026

Japan 300mm Expansion and Updated 2028 Business model

Investor FAQ

1. What is Tower announcing?

Tower is announcing a dual-track strategic expansion of its 300mm Silicon Photonics (SiPho), Silicon Germanium (SiGe), and advanced packaging capabilities in Japan, with support from the Government of Japan and METI. The expansion is designed to support growing customer demand, substantially increase manufacturing capacity, and strengthen Tower's technology leadership.

2. Why is Tower making this investment and why now?

The investment reflects accelerating customer demand, expanded customer engagements, and significant technical milestones achieved through long-term strategic partnerships. The expansion positions Tower to support next-generation AI, data center, and optical connectivity growth.

3. Why is Japan the preferred location?

Japan provides a unique strategic advantage through its world-class manufacturing expertise, highly skilled engineering workforce, advanced research institutions, strong semiconductor supply chain, proven operational excellence, and government support. When combined with Tower's existing TPSCo infrastructure, long-standing customer relationships, and established manufacturing operations, presently shipping volume levels of best in world, advanced SIlicon Photonics flows serving both transmit and receive applications the expansion of this facility was not simply a good choice for Tower, it is the ideal choice for any enterprise. A Japanese “on-site” expansion offers our customers the fastest, lowest-risk pathway for additional high volume increases and our shareholders a reduced cost, minimized time schedule to ROI vs. a greenfield or fab transfer model. We will continue to further partner with our customers to utilize and further develop these

most scalable platforms to expand Silicon Photonics, Silicon Germanium, and advanced packaging technology and capacity. Tower believes this combination creates a globally differentiated technology and R&D and manufacturing hub capable of supporting sustained and profitable customer growth and industry leadership for decades to come.

4. What role does the Government of Japan and METI play in this expansion?

Tower views the Government of Japan and METI as strategic partners in building what is expected to become one of the world's leading centers for Silicon Photonics, Silicon Germanium, and advanced optical packaging. Their support demonstrates both confidence in Tower's technology leadership and a shared commitment to strengthening Japan's position at the forefront of next-generation semiconductor innovation. The partnership combines Tower's differentiated technology capabilities with Japan's world-renowned manufacturing excellence, research infrastructure, skilled workforce, and semiconductor ecosystem, creating a foundation for long-term growth, innovation, and global competitiveness.

5. What is Tower's dual-track expansion strategy?

Tower's expansion plan consists of two parallel and complementary tracks, designed to address both near-term customer demand and long-term growth opportunities. The strategy allows the Company to rapidly increase capacity using existing infrastructure while simultaneously establishing a platform for substantial expansion beyond the current planning horizon. The updated 2028 business model is based solely on Track One, while Track Two represents an additional growth opportunity beyond 2028.

Track One focuses on repurposing the former Arai facility (Fab 6) for 300mm Silicon Photonics manufacturing and advanced optical packaging capabilities, supporting and maximizing Fab 7 operations in Uozu. Full production readiness is expected during the fourth quarter of 2027 and forms the basis of the updated 2028 business model.

Track Two will commence in parallel and consists of constructing an additional 300mm manufacturing facility adjacent to Fab 7, subject to definitive agreements. This facility is expected to provide a multi-fold increase in Silicon Photonics and Silicon Germanium capacity, enabling Tower to support continued accelerating customer demand driven by AI, data center, and next-generation optical connectivity applications. Track Two is expected to become highly accretive beginning in 2029 and provide a pathway for growth well beyond 2028.

6. What is the updated 2028 business model and how does Track Two impact it?

Based solely on the expected contribution from Track One Tower is increasing its 2028 business model to *approximately $3.6 billion of revenue and $1.2 billion of net profit*. These targets are achievable without any contribution from Track Two. The additional 300mm facility contemplated under Track Two is expected to begin contributing meaningfully starting in 2029 and is therefore not required to achieve the announced 2028 targets. Management views Track Two as a separate long-term growth platform that provides a pathway for continued expansion beyond the current business model horizon.

7. What level of customer demand supports this expansion?

The expansion is supported by strong customer engagement, forecast and direct requests as a result of multi-generation strategic partnerships, and increasing long-term demand visibility. While Tower does not disclose customer-specific commitments, the investment reflects demand well beyond current available capacity.

8. What is the expected investment and funding approach?

Total investment for the dual-track expansion is currently forecasted at up to $3 billion, net of grants. Tower currently expects to fund the project through existing cash resources, on going cash generation model, and governmental grants, while maintaining disciplined capital allocation.