
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 No.2

Commission File Number 000-24790

TOWER SEMICONDUCTOR LTD.

(Translation of registrant's name into English)

Ramat Gavriel Industrial Park
P.O. Box 619, Migdal Haemek, Israel 2310502
(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): ____

On August 8, 2022, the Registrant issued unaudited condensed interim consolidated financial statements as of June 30, 2022, and for the six- and three-month periods then ended. Attached hereto are the following exhibits.

[Exhibit 99.1 Registrant's consolidated financial statements as of June 30, 2022](#)

[Exhibit 99.2 Management's Discussion and Analysis of Financial Condition and Results of Operations.](#)

This Form 6-K, including all exhibits hereto, is hereby incorporated by reference into all effective registration statements filed by us under the Securities Act of 1933.

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.

TOWER SEMICONDUCTOR LTD.

Date: August 8, 2022

By: /s/ Nati Somekh
Name: Nati Somekh
Title: Corporate Secretary

**TOWER SEMICONDUCTOR LIMITED
AND SUBSIDIARIES**

**UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2022**

TOWER SEMICONDUCTOR LIMITED AND SUBSIDIARIES

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AS OF JUNE 30, 2022

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

	As of	
	June 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 211,177	\$ 210,930
Short-term deposits	468,298	363,648
Marketable securities (*)	176,487	190,068
Trade accounts receivable	170,552	142,228
Inventories	249,038	234,512
Other current assets	43,253	54,817
Total current assets	1,318,805	1,196,203
LONG-TERM INVESTMENTS	26,544	39,597
PROPERTY AND EQUIPMENT, NET	878,991	876,683
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	16,217	18,820
DEFERRED TAX AND OTHER LONG-TERM ASSETS, NET	83,866	99,938
TOTAL ASSETS	\$ 2,324,423	\$ 2,231,241
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 79,535	\$ 83,868
Trade accounts payable	127,762	78,712
Deferred revenue and customers' advances	38,632	39,992
Employee related liabilities	61,831	57,747
Other current liabilities	38,415	16,009
Total current liabilities	346,175	276,328
LONG-TERM DEBT	200,726	230,972
LONG-TERM CUSTOMERS' ADVANCES	60,600	69,968
EMPLOYEE RELATED LIABILITIES	13,962	14,622
DEFERRED TAX AND OTHER LONG-TERM LIABILITIES	14,410	23,962
TOTAL LIABILITIES	635,873	615,852
THE COMPANY'S SHAREHOLDERS' EQUITY	1,705,271	1,622,007
Non-controlling interest	(16,721)	(6,618)
TOTAL SHAREHOLDERS' EQUITY	1,688,550	1,615,389
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,324,423	\$ 2,231,241

(*) Marketable securities are available-for-sale securities; the amortized cost of such marketable securities of \$184,257 and \$189,543 as of June 30, 2022 and December 31, 2021, respectively, is presented net of an immaterial allowance for credit losses.

See notes to consolidated financial statements.

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

	<u>Six months ended June 30,</u>		<u>Three months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES	\$ 847,300	\$ 709,352	\$ 426,168	\$ 362,138
COST OF REVENUES	<u>630,229</u>	<u>565,783</u>	<u>313,728</u>	<u>288,383</u>
GROSS PROFIT	<u>217,071</u>	<u>143,569</u>	<u>112,440</u>	<u>73,755</u>
OPERATING COSTS AND EXPENSES:				
Research and development	40,799	41,424	20,481	21,081
Marketing, general and administrative	42,538	35,662	21,285	18,671
	<u>83,337</u>	<u>77,086</u>	<u>41,766</u>	<u>39,752</u>
OPERATING PROFIT	133,734	66,483	70,674	34,003
FINANCING AND OTHER EXPENSE, NET	<u>(10,295)</u>	<u>(8,326)</u>	<u>(8,162)</u>	<u>(484)</u>
PROFIT BEFORE INCOME TAX	123,439	58,157	62,512	33,519
INCOME TAX BENEFIT (EXPENSE), NET	<u>(9,492)</u>	<u>3,674</u>	<u>(4,339)</u>	<u>(2,202)</u>
NET PROFIT	113,947	61,831	58,173	31,317
Net income attributable to non-controlling interest	(1,837)	(2,643)	(96)	(451)
NET PROFIT ATTRIBUTABLE TO THE COMPANY	<u>\$ 112,110</u>	<u>\$ 59,188</u>	<u>\$ 58,077</u>	<u>\$ 30,866</u>
BASIC EARNINGS PER SHARE				
Earnings per share	<u>\$ 1.03</u>	<u>\$ 0.55</u>	<u>\$ 0.53</u>	<u>\$ 0.29</u>
Weighted average number of shares	<u>109,037</u>	<u>107,992</u>	<u>109,138</u>	<u>108,043</u>
DILUTED EARNINGS PER ORDINARY SHARE:				
Earnings per share	<u>\$ 1.01</u>	<u>\$ 0.54</u>	<u>\$ 0.53</u>	<u>\$ 0.28</u>
Net profit used for diluted earnings per share	<u>\$ 112,110</u>	<u>\$ 59,188</u>	<u>\$ 58,077</u>	<u>\$ 30,866</u>
Weighted average number of ordinary shares outstanding used for diluted earnings per share	<u>110,561</u>	<u>109,545</u>	<u>110,561</u>	<u>109,629</u>

See notes to consolidated financial statements.

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(dollars in thousands)

	<u>Six months ended June 30,</u>		<u>Three months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net profit	\$ 113,947	\$ 61,831	\$ 58,173	\$ 31,317
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	(25,206)	(9,741)	(16,921)	1,209
Change in employees plan assets and benefit obligations, net of taxes	(20)	(100)	(10)	(50)
Unrealized gain (loss) on derivatives	(14,922)	(523)	(8,151)	1,134
Comprehensive income	<u>73,799</u>	<u>51,467</u>	<u>33,091</u>	<u>33,610</u>
Comprehensive loss (income) attributable to non-controlling interest	(1,837)	2,021	(96)	(552)
Comprehensive income attributable to the Company	<u>\$ 71,962</u>	<u>\$ 53,488</u>	<u>\$ 32,995</u>	<u>\$ 33,058</u>

See notes to consolidated financial statements.

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(dollars and share data in thousands)

THE COMPANY'S SHAREHOLDERS' EQUITY											
	Ordinary shares issued	Ordinary shares amount	Additional paid-in capital	Unearned compensation	Accumulated other comprehensive loss	Foreign currency translation adjustments	Accumulated deficit	Treasury stock	Comprehensive income	Non controlling interest	Total
BALANCE AS OF JANUARY 1, 2022	108,970	\$ 435,453	\$ 1,389,051	\$ 149,906	\$ (412)	\$ (27,471)	\$ (315,448)	\$ (9,072)		\$ (6,618)	\$ 1,615,389
Changes during the period:											
Exercise of options and RSUs	402	1,812	(1,768)								44
Employee stock-based compensation				11,258							11,258
Other comprehensive income:											
Profit							112,110		\$ 112,110	1,837	113,947
Foreign currency translation adjustments						(25,206)			(25,206)	(11,940)	(37,146)
Change in employees plan assets and benefit obligations					(20)				(20)		(20)
Unrealized loss on derivatives					(14,922)				(14,922)		(14,922)
Comprehensive income									<u>\$ 71,962</u>		
BALANCE AS OF JUNE 30, 2022	<u>109,372</u>	<u>\$ 437,265</u>	<u>\$ 1,387,283</u>	<u>\$ 161,164</u>	<u>\$ (15,354)</u>	<u>\$ (52,677)</u>	<u>\$ (203,338)</u>	<u>\$ (9,072)</u>		<u>\$ (16,721)</u>	<u>\$ 1,688,550</u>
OUTSTANDING SHARES, NET OF TREASURY STOCK AS OF JUNE 30, 2022	<u>109,285</u>										

See notes to consolidated financial statements.

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

	<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
CASH FLOWS - OPERATING ACTIVITIES		
Net profit for the period	\$ 113,947	\$ 61,831
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	137,787	127,535
Effect of exchange rate differences	946	(1,994)
Other expense (income), net	1,907	(3,227)
Changes in assets and liabilities:		
Trade accounts receivable	(31,603)	12,722
Other current assets	10,519	(8,983)
Inventories	(28,958)	(15,484)
Trade accounts payable	53,010	(14,568)
Deferred revenue and customers' advances	(10,646)	16,207
Employee related liabilities and other current liabilities	26,077	19,696
Long-term employee related liabilities	357	140
Deferred tax, net and other long-term liabilities	1,325	(13,212)
Net cash provided by operating activities	<u>274,668</u>	<u>180,663</u>
CASH FLOWS - INVESTING ACTIVITIES		
Investments in property and equipment, net	(130,217)	(105,599)
Investments in marketable securities and other assets, net	(94,745)	(18,666)
Net cash used in investing activities	<u>(224,962)</u>	<u>(124,265)</u>
CASH FLOWS - FINANCING ACTIVITIES		
Exercise of options, net	44	364
Loans repayment	-	(11,163)
Principal payments on account of capital lease obligation	(17,778)	(17,903)
Debentures repayment	(20,972)	(20,078)
Net cash used in financing activities	<u>(38,706)</u>	<u>(48,780)</u>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGE	<u>(10,753)</u>	<u>(3,546)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	247	4,072
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>210,930</u>	<u>211,683</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 211,177</u>	<u>\$ 215,755</u>

See notes to consolidated financial statements.

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

	<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
NON-CASH ACTIVITIES:		
Investments in property and equipment	\$ 82,526	\$ 74,142
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash received during the period from interest, net	\$ 1,495	\$ 769
Cash paid during the period for income taxes, net	\$ 8,718	\$ 5,016

See notes to consolidated financial statements.

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AS OF JUNE 30, 2022
(dollars in thousands, except per share data)

NOTE 1 - GENERAL

Basis for Presentation

The unaudited condensed interim consolidated financial statements of Tower Semiconductor Ltd. (“Tower” or “the Company”) as of June 30, 2022 include the financial statements of Tower and (i) its wholly-owned subsidiary Tower US Holdings Inc., the sole owner of: (1) Tower Semiconductor NPB Holdings, Inc. and its wholly-owned subsidiary, Tower Semiconductor Newport Beach, Inc. and (2) Tower Semiconductor San Antonio, Inc. (ii) its 51% owned subsidiary, Tower Partners Semiconductor Co., Ltd. (“TPSCo”) and (iii) its wholly-owned subsidiary, Tower Semiconductor Italy S.r.l. (“TSIT”). Tower and its subsidiaries are collectively referred to as the “Company”.

The Company’s unaudited condensed interim consolidated financial statements are presented after elimination of inter-company transactions and balances and are presented in accordance with U.S. generally accepted accounting principles (“US GAAP”).

The unaudited condensed interim consolidated financial statements of the Company should be read in conjunction with the audited consolidated financial statements of the Company as of December 31, 2021 and for the year then ended, including the notes thereto.

In the opinion of the Company’s management, the unaudited condensed interim consolidated financial statements include all adjustments necessary for a fair presentation of the Company’s financial position as of the dates presented and results of operations for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results to be expected on a full-year basis.

NOTE 2 - INITIAL ADOPTION OF NEW STANDARDS

During the period there was no initial adoption of new accounting standards.

NOTE 3 - RECENT DEVELOPMENTS

On February 15, 2022, Intel Corporation (“Intel”) and Tower announced the signing of a definitive agreement under which Intel will acquire all of Tower’s outstanding Ordinary Shares for cash consideration of \$53 per share. The transaction was approved by the boards of directors of both Intel and Tower, by Tower’s shareholders and is subject to certain regulatory approvals and customary closing conditions.

As part of the agreement between the Company, Nuvoton Technology Corporation Japan (“NTCJ”) and TPSCo, it has been decided to re-organize and re-structure operations in Japan such that, while operations at the Uozu and Tonami facilities will remain unchanged, the Arai manufacturing factory, which manufactured products solely for NTCJ and was not serving the Company’s customers, ceased operations effective June 30, 2022. The Company evaluated the need for impairment and concluded there was no material impairment to its long-lived assets as of June 30, 2022. All other restructuring related costs will be reported as incurred.

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AS OF JUNE 30, 2022

(dollars in thousands, except per share data)

NOTE 4 - SUBSEQUENT EVENTS

On July 1, 2022, the Company's affiliates, including TPSCo, have extended their existing capital lease lines with JA Mitsui Leasing, Ltd., described in Note 11D to the Company's annual financial statements as of December 31, 2021, whereby the ability to utilize such lines was extended by one year to mature in June 2023 with an increased remaining amount available for future utilization, totaling up to approximately JPY 7 billion (approximately \$50,000 as of July 1, 2022), as compared to approximately JPY 3.5 billion prior to such extension (approximately \$25,000 as of June 30, 2022). The lease agreements' terms did not change and contain annual interest rates of approximately 2%.

On July 14, 2022, TSNB entered into an agreement with Wells Fargo Capital Finance, part of Wells Fargo & Company ("Wells Fargo"), under which it extended its secured asset-based revolving credit line in the total amount of up to \$70,000, to mature in September 2023, under substantially similar terms as the terms and conditions of the line described in Note 11F to the Company's annual financial statements as of December 31, 2021. As of June 30, 2022, no loan amounts were outstanding under the TSNB Credit Line Agreement and the borrowing availability under the TSNB Credit Line Agreement was approximately \$54,000, of which approximately \$1,000 was utilized through letters of credit.

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

The information contained in this section should be read in conjunction with (1) our unaudited condensed interim consolidated financial statements as of June 30, 2022 and for the six months then ended and related notes included in this report and (2) our audited consolidated financial statements and related notes included in our Annual Report on Form 20-F for the year ended December 31, 2021 and the other information contained in such annual report, particularly the information in Item 5 - "Operating and Financial Review and Prospects". Our financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP").

Results of Operations

The following table sets forth certain statement of operations data as a percentage of total revenues for the six months ended June 30, 2022 and 2021:

Details	2022	2021
Revenues	100%	100%
Cost of Revenues	74.4	79.8
Gross profit	25.6	20.2
Research and Development expense	4.8	5.8
Marketing, general and administrative expense	5.0	5.0
Operating profit	15.8	9.4
Financing and other expense, net	(1.2)	(1.2)
Profit before income tax	14.6	8.2
Income tax benefit (expense), net	(1.2)	0.5
Net profit	13.4	8.7
Net income attributable to non-controlling interest	(0.2)	(0.4)
Net profit attributable to the company	13.2%	8.3%

The following table sets forth certain statement of operations data for the six months ended June 30, 2022 and 2021 (in thousands):

Details	2022	2021
Revenues	\$ 847,300	\$ 709,352
Cost of Revenues	630,229	565,783
Gross profit	217,071	143,569
Research and Development expense	40,799	41,424
Marketing, general and administrative expense	42,538	35,662
Operating profit	133,734	66,483
Financing and other expense, net	(10,295)	(8,326)
Profit before income tax	123,439	58,157
Income tax benefit (expense), net	(9,492)	3,674
Net profit	113,947	61,831
Net income attributable to non-controlling interest	(1,837)	(2,643)
Net profit attributable to the company	\$ 112,110	\$ 59,188

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Six months ended June 30, 2022 compared to six months ended June 30, 2021

Revenues

Revenues for the six months ended June 30, 2022 were \$847.3 million, as compared to \$709.4 million for the six months ended June 30, 2021. The \$137.9 million revenue increase is attributed mainly to an increase in the quantity of products (CMOS silicon wafers) manufactured and shipped to our foundry customers from our factories in Israel, USA & Japan during the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, as well as to the increase in the average selling price per product we experienced.

Cost of Revenues

Cost of revenues for the six months ended June 30, 2022 amounted to \$630.2 million as compared to \$565.8 million for the six months ended June 30, 2021. The \$64.4 million increase in manufacturing cost is mainly due to the increased quantity of wafers manufactured and shipped to our foundry customers from our factories as described above, which resulted in additional variable and other manufacturing cost.

Gross Profit

Gross profit for the six months ended June 30, 2022 amounted to \$217.1 million as compared to \$143.6 million for the six months ended June 30, 2021. The \$73.5 million increase in gross profit resulted from the \$137.9 million revenue increase, net of the \$64.4 million increased cost of revenues, as described above.

Research and Development

Research and development expense for the six months ended June 30, 2022, amounted to \$40.8 million, reflecting a \$0.6 million cost reduction as compared to \$41.4 million in the six months ended June 30, 2021.

Marketing, General and Administrative

Marketing, general and administrative expense for the six months ended June 30, 2022 amounted to \$42.5 million, an increase of \$6.8 million as compared to \$35.7 million recorded in the six months ended June 30, 2021, both reflecting 5.0% of revenues.

Operating Profit

Operating profit for the six months ended June 30, 2022 amounted to \$133.7 million as compared to \$66.5 million for the six months ended June 30, 2021. The \$67.2 million increase in operating profit resulted mainly from the \$73.5 million increase in gross profit described above, offset by the \$6.8 million increase in marketing, general and administrative expense described above.

**TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

Financing and other expense, net

Financing and other expense, net for the six months ended June 30, 2022 amounted to \$10.3 million as compared to \$8.3 million for the six months ended June 30, 2021.

Income Tax Benefit (Expense), Net

Income tax expense, net for the six months ended June 30, 2022 amounted to \$9.5 million as compared to \$3.7 million income tax benefit, net for the six months ended June 30, 2021. This difference resulted mainly from an income tax benefit recorded in the six months ended June 30, 2021 due to an expiration of a deferred tax liability recorded in prior years, offset by higher tax expenses recorded in the six months ended June 30, 2022 due to the higher profit before tax for the six months ended June 30, 2022 as compared to the six months ended June 30, 2021.

Net Profit

Net profit for the six months ended June 30, 2022 amounted to \$113.9 million as compared to a net profit of \$61.8 million for the six months ended June 30, 2021. The increase in net profit in the amount of \$52.1 million was mainly due to the increase in operating profit, offset by the increase in financing and other expense, net, and by the increase in tax expense, net, as described above.

Net Income Attributable to Non-Controlling Interest

Net income attributable to the non-controlling interest for the six months ended June 30, 2022 amounted to \$1.8 million as compared to \$2.6 million for the six months ended June 30, 2021.

Net Profit Attributable to the Company

Net profit attributable to the company for the six months ended June 30, 2022 amounted to \$112.1 million as compared to a net profit of \$59.2 million for the six months ended June 30, 2021. The increase in net profit attributable to the company in the amount of \$52.9 million was mainly due to the increase in the net profit of \$52.1 million and the decrease in net income attributable to non-controlling interest, of \$0.8 million, as described above.

For details with regards to risks associated with the COVID-19 pandemic and/or risks that may result from the pandemic, see our disclosure under Note 1 to our annual consolidated financial statements as of December 31, 2021 and the risk factors section in ITEM 3D in our Form 20-F filed on April 29, 2022.

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Impact of Currency Fluctuations

The Company currently operates in three different regions: The United States, Israel and Japan. The functional currency of our entities in the United States and Israel is the US dollar ("USD"). The functional currency of our operations in Japan is the Japanese Yen ("JPY"). Our expenses and costs are denominated mainly in USD, JPY and New Israeli Shekels ("NIS"), revenues are denominated mainly in USD and JPY, and our cash from operations, investing and financing activities are denominated mainly in USD, JPY and NIS. Therefore, the Company is exposed to the risk of currency exchange rate fluctuations in Israel and Japan.

The USD cost of our operations in Israel is influenced by changes in the USD-to-NIS exchange rate, with respect to costs that are denominated in NIS. During the six months ended June 30, 2022, the USD appreciated against the NIS by 12.5%, as compared to 1.4% appreciation during the six months ended June 30, 2021.

The fluctuation of the USD against the NIS can affect our results of operations as it relates to the entity in Israel. Appreciation of the NIS has the effect of increasing the cost, in USD terms, of some of the purchases and labor costs that are denominated in NIS, which may lead to erosion in the profit margins. The Company uses foreign currency cylinder transactions to hedge a portion of this currency exposure to be contained within a pre-defined fixed range. In addition, the Company executed swap-hedging transactions to hedge the exposure to the fluctuation of the USD against the NIS to the extent it relates to our non-convertible Series G debentures, which are denominated in NIS.

The majority of TPSCo revenues are denominated in JPY and the majority of TPSCo expenses are in JPY, which limits the exposure to fluctuations of the USD/JPY exchange rate on TPSCo's results of operations. In order to mitigate a portion of the net exposure to the USD/JPY exchange rate, the Company has engaged in cylinder hedging transactions to contain the currency's fluctuation within a pre-defined fixed range.

During the six months ended June 30, 2022, the USD appreciated against the JPY by 18.5%, as compared to 7.2% appreciation during the six months ended June 30, 2021. The net effect of USD appreciation against the JPY on TPSCo's assets and liabilities denominated in JPY is presented in the Cumulative Translation Adjustment ("CTA") as part of Other Comprehensive Income ("OCI") in the balance sheet.

Liquidity and Capital Resources

As of June 30, 2022, the Company had an aggregate amount of \$211.2 million in cash and cash equivalents, as compared to \$210.9 million as of December 31, 2021. The main cash activities during the six months ended June 30, 2022 were as follows: \$274.7 million net cash provided by operating activities; \$130.2 million invested in property and equipment, net; \$94.7 million invested in short-term deposits, marketable securities and other assets, net; and \$38.8 million repayment of debt, net.

Short-term and long-term debt presented in the balance sheet as of June 30, 2022 amounted to \$79.5 million and \$200.7 million, respectively, and included bank loans, debentures and leasing contract liabilities. As of June 30, 2022, the aggregate principal amount of debentures was \$38.2 million, and their carrying amount in the balance sheet was \$38.0 million, presented as a short-term liability.