
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 OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of July 2023 No.4

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

On July 27, 2023, the Registrant issued unaudited condensed interim consolidated financial statements as of June 30, 2023, and for the six- and three-month periods then ended. Attached hereto are the following exhibits.

[Exhibit 99.1](#) [Registrant's unaudited condensed interim consolidated financial statements as of June 30, 2023.](#)
[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: July 27, 2023

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, 2023

TOWER SEMICONDUCTOR LIMITED AND SUBSIDIARIES

INDEX TO UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2023

	Page
BALANCE SHEETS	F-2
STATEMENTS OF OPERATIONS	F-3
STATEMENTS OF COMPREHENSIVE INCOME	F-4
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	F-5
STATEMENTS OF CASH FLOWS	F-6 - F-7
NOTES TO FINANCIAL STATEMENTS	F-8 - F-9

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

	As of	
	June 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 318,195	\$ 340,759
Short-term deposits	419,528	495,359
Marketable securities (*)	175,872	169,694
Trade accounts receivable	163,293	152,935
Inventories	330,819	302,108
Other current assets	32,396	34,319
Total current assets	1,440,103	1,495,174
LONG-TERM INVESTMENTS	8,829	8,796
PROPERTY AND EQUIPMENT, NET	1,018,636	962,258
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	13,049	14,031
DEFERRED TAX AND OTHER LONG-TERM ASSETS, NET	53,459	67,349
TOTAL ASSETS	\$ 2,534,076	\$ 2,547,608
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 41,300	\$ 62,275
Trade accounts payable	154,507	150,930
Deferred revenue and customers' advances	22,402	38,911
Employee related liabilities	58,399	58,920
Other current liabilities	25,231	76,352
Total current liabilities	301,839	387,388
LONG-TERM DEBT	178,865	210,069
LONG-TERM CUSTOMERS' ADVANCES	31,209	40,893
EMPLOYEE RELATED LIABILITIES	8,349	7,711
DEFERRED TAX AND OTHER LONG-TERM LIABILITIES	2,709	13,006
TOTAL LIABILITIES	522,971	659,067
TOTAL SHAREHOLDERS' EQUITY	2,011,105	1,888,541
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,534,076	\$ 2,547,608

(*) Marketable securities are available-for-sale securities; the amortized cost of such marketable securities of \$184,974 and \$181,247 as of June 30, 2023 and December 31, 2022, 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)

	Six months ended June 30,		Three months ended June 30,	
	2023	2022	2023	2022
REVENUES	\$ 712,802	\$ 847,300	\$ 357,191	\$ 426,168
COST OF REVENUES	530,568	630,229	270,674	313,728
GROSS PROFIT	182,234	217,071	86,517	112,440
OPERATING COSTS AND EXPENSES:				
Research and development	38,783	40,799	19,452	20,481
Marketing, general and administrative	36,016	42,538	17,387	21,285
Restructuring gain from sale of machinery and equipment, net	(50,282)	-	(1,952)	-
Restructuring expense	17,776	-	1,101	-
	42,293	83,337	35,988	41,766
OPERATING PROFIT	139,941	133,734	50,529	70,674
FINANCING AND OTHER INCOME (EXPENSE), NET	10,921	(10,295)	3,924	(8,162)
PROFIT BEFORE INCOME TAX	150,862	123,439	54,453	62,512
INCOME TAX EXPENSE, NET	(20,788)	(9,492)	(5,747)	(4,339)
NET PROFIT	130,074	113,947	48,706	58,173
Net loss (income) attributable to non-controlling interest	(7,482)	(1,837)	2,484	(96)
NET PROFIT ATTRIBUTABLE TO THE COMPANY	\$ 122,592	\$ 112,110	\$ 51,190	\$ 58,077
BASIC EARNINGS PER SHARE				
Earnings per share	\$ 1.11	\$ 1.03	\$ 0.46	\$ 0.53
Weighted average number of shares	110,025	109,037	110,088	109,138
DILUTED EARNINGS PER ORDINARY SHARE:				
Earnings per share	\$ 1.10	\$ 1.01	\$ 0.46	\$ 0.53
Net profit used for diluted earnings per share	122,592	112,110	51,190	58,077
Weighted average number of ordinary shares outstanding used for diluted earnings per share	111,153	110,561	111,234	110,561

See notes to consolidated financial statements.

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

	Six months ended June 30,		Three months ended June 30,	
	2023	2022	2023	2022
Net profit	\$ 130,074	\$ 113,947	\$ 48,706	\$ 58,173
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	(12,818)	(25,206)	(11,904)	(16,921)
Change in employees plan assets and benefit obligations, net of taxes	185	(20)	93	(10)
Unrealized loss on derivatives	(2,727)	(14,922)	(1,964)	(8,151)
Comprehensive income	<u>114,714</u>	<u>73,799</u>	<u>34,931</u>	<u>33,091</u>
Comprehensive loss (income) attributable to non-controlling interest	(7,482)	(1,837)	2,484	(96)
Comprehensive income attributable to the Company	<u>\$ 107,232</u>	<u>\$ 71,962</u>	<u>\$ 37,415</u>	<u>\$ 32,995</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 profit (deficit)	Treasury stock	Comprehensive income	Non controlling interest	Total
BALANCE AS OF JANUARY 1, 2023	110,041	\$ 440,150	\$1,384,398	\$ 174,121	\$ (2,040)	\$ (45,497)	\$ (50,879)	\$ (9,072)		\$ (2,640)	\$1,888,541
Changes during the period:											
Proceeds from an investment in a subsidiary										1,960	1,960
Exercise of options and RSUs	169	697	(697)								-
Employee stock-based compensation				13,495							13,495
Other comprehensive income:											
Profit							122,592		\$ 122,592	7,482	130,074
Foreign currency translation adjustments						(12,818)			(12,818)	(7,605)	(20,423)
Change in employees plan assets and benefit obligations					185				185		185
Unrealized loss on derivatives					(2,727)				(2,727)		(2,727)
Comprehensive income									\$ 107,232		
BALANCE AS OF JUNE 30, 2023	<u>110,210</u>	<u>\$ 440,847</u>	<u>\$1,383,701</u>	<u>\$ 187,616</u>	<u>\$ (4,582)</u>	<u>\$ (58,315)</u>	<u>\$ 71,713</u>	<u>\$ (9,072)</u>		<u>\$ (803)</u>	<u>\$2,011,105</u>
OUTSTANDING SHARES, NET OF TREASURY STOCK											
AS OF JUNE 30, 2023	<u>110,123</u>										

See notes to consolidated financial statements.

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

	Six months ended June 30,	
	2023	2022
CASH FLOWS - OPERATING ACTIVITIES		
Net profit for the period	\$ 130,074	\$ 113,947
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	125,966	137,787
Effect of exchange rate differences and fair value adjustment	2,176	946
Other expense, net	666	1,907
Changes in assets and liabilities:		
Trade accounts receivable	(13,828)	(31,603)
Other current assets	976	10,519
Inventories	(41,105)	(28,958)
Trade accounts payable	19,830	53,010
Deferred revenue and customers' advances	(26,193)	(10,646)
Employee related liabilities and other current liabilities	(50,533)	26,077
Long-term employee related liabilities	638	357
Deferred tax, net and other long-term liabilities	(446)	1,325
Net cash provided by operating activities	<u>148,221</u>	<u>274,668</u>
CASH FLOWS - INVESTING ACTIVITIES		
Investments in property and equipment, net	(194,678)	(130,217)
Investments in marketable securities and other assets, net	66,809	(94,745)
Net cash used in investing activities	<u>(127,869)</u>	<u>(224,962)</u>
CASH FLOWS - FINANCING ACTIVITIES		
Proceeds from an investment in a subsidiary	1,932	-
Exercise of options, net	-	44
Principal payments on account of capital lease obligation	(20,396)	(17,778)
Debentures repayment	(18,493)	(20,972)
Net cash used in financing activities	<u>(36,957)</u>	<u>(38,706)</u>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGE	<u>(5,959)</u>	<u>(10,753)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(22,564)</u>	<u>247</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	340,759	210,930
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 318,195</u>	<u>\$ 211,177</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>2023</u>	<u>2022</u>
NON-CASH ACTIVITIES:		
Investments in property and equipment	\$ 156,465	\$ 82,526
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash received during the period from interest, net of interest paid	\$ 10,785	\$ 1,495
Cash paid for income taxes, net during the period	\$ 6,916	\$ 8,718

See notes to consolidated financial statements.

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AS OF JUNE 30, 2023
(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, 2023 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, 2022 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.

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AS OF JUNE 30, 2023
(dollars in thousands, except per share data)

NOTE 3 - SUBSEQUENT EVENTS

In July 2023, the Company's affiliates, including TPSCo, 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, 2022, whereby the availability period of such lines was extended to June 2024 with an updated remaining amount available for future utilization, totaling up to approximately JPY 6.5 billion (approximately \$45,000 as of July 1, 2023). The lease agreements' terms did not change and contain annual interest rates of approximately 2%.

On July 3, 2023, the Company's shareholders approved the following RSU awards to the CEO and members of the Board of Directors of the Company under the Company's 2013 Plan:

(i) 75.8 thousand time-vested RSUs and 125.1 thousand performance RSUs ("PSUs") subject also to time-vesting, to the CEO, with 33% of such RSUs and PSUs to vest at the end of each year for 3 years following the grant date for a total compensation value of approximately \$7,500. The grant also includes a provision requiring the CEO to own, commencing May 2024, ordinary shares of the Company at a minimum value that equals at least three times his annual base salary as of May 2024 (the "Minimum Holding"). The CEO has until May 2024 to accumulate the Minimum Holding (whether by conversion of RSUs to ordinary shares or by purchase of ordinary shares), and during such period, until he accumulates the Minimum Holding, he must retain at least 20% of the vested time-based RSUs granted to him on or after May 2019;

(ii) 8.0 thousand time-vested RSUs to the chairman of the Board of Directors ("the Chairman") for a total compensation value of \$300, to vest 33% at the end of each year following the grant date; and

(iii) 3.3 thousand time-vested RSUs to each of the seven members of the Board of Directors then serving (other than to the Chairman and the CEO), for an aggregate compensation value of \$875, vesting over a two-year period, with 50% vesting at the first anniversary of the date of grant and 50% on the second anniversary of the date of grant.

The Chairman and the members of the Board will have to own, commencing July 2025, ordinary shares of the Company at a minimum value that equals at least 50% of their annual cash compensation (the "BOD Minimum Holding"). The Chairman and the members of the Board have until July 2025 to accumulate the BOD Minimum Holding (whether by conversion of RSUs to ordinary shares or by purchase of ordinary shares), and during such period, until they accumulate the BOD Minimum Holding, they must retain at least 20% of the vested time-based RSUs granted to them on or after July 2020.

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, 2023 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, 2022 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, 2023 and 2022:

Details	2023	2022
Revenues	100%	100%
Cost of Revenues	74.4	74.4
Gross profit	25.6	25.6
Research and Development expense	5.4	4.8
Marketing, general and administrative expense	5.1	5.0
Restructuring gain from sale of machinery and equipment, net	(7.1)	--
Restructuring expense	2.6	--
Operating profit	19.6	15.8
Financing and other income (expense), net	1.6	(1.2)
Profit before income tax	21.2	14.6
Income tax expense, net	(3.0)	(1.2)
Net profit	18.2	13.4
Net income attributable to non-controlling interest	(1.0)	(0.2)
Net profit attributable to the company	17.2%	13.2%

The following table sets forth certain statement of operations data for the six months ended June 30, 2023 and 2022 (dollars in thousands):

Details	2023	2022
Revenues	\$ 712,802	\$ 847,300
Cost of Revenues	530,568	630,229
Gross profit	182,234	217,071
Research and Development expense	38,783	40,799
Marketing, general and administrative expense	36,016	42,538
Restructuring gain from sale of machinery and equipment, net	(50,282)	--
Restructuring expense	17,776	--
Operating profit	139,941	133,734
Financing and other income (expense), net	10,921	(10,295)
Profit before income tax	150,862	123,439
Income tax expense, net	(20,788)	(9,492)
Net profit	130,074	113,947
Net income attributable to non-controlling interest	(7,482)	(1,837)
Net profit attributable to the company	\$ 122,592	\$ 112,110

Six months ended June 30, 2023 compared to six months ended June 30, 2022

Revenues

Revenues for the six months ended June 30, 2023 were \$712.8 million, as compared to \$847.3 million for the six months ended June 30, 2022. The \$134.5 million revenue decrease is attributed mainly to a decrease in the quantity of products (CMOS silicon wafers) manufactured and shipped to our foundry customers from our factories during the six months ended June 30, 2023 as compared to the six months ended June 30, 2022, as well as to the reorganization and restructuring of our Japan operations as executed during 2022, that included the cessation of operations of Arai factory in Japan, which resulted in no revenue from Arai factory for the six months ended June 30, 2023.

Cost of Revenues

Cost of revenues for the six months ended June 30, 2023 amounted to \$530.6 million as compared to \$630.2 million for the six months ended June 30, 2022. The \$99.6 million decrease in manufacturing cost is mainly due to the decreased quantity of wafers manufactured and shipped to our foundry customers from our factories as described above, which resulted in lower variable and other manufacturing cost, as well as having no cost associated with Arai factory in the six months ended June 30, 2023 due to the cessation of operations of Arai factory during 2022 as noted above.

Gross Profit

Gross profit for the six months ended June 30, 2023 amounted to \$182.2 million as compared to \$217.1 million for the six months ended June 30, 2022. The \$34.9 million decrease in gross profit resulted from the \$134.5 million revenue decrease, net of the \$99.6 million decrease in cost of revenues, as described above.

Research and Development

Research and development expense for the six months ended June 30, 2023, amounted to \$38.8 million, reflecting a decrease in cost of \$2.0 million as compared to \$40.8 million in the six months ended June 30, 2022.

Marketing, General and Administrative

Marketing, general and administrative expense for the six months ended June 30, 2023 amounted to \$36.0 million, a decrease of \$6.5 million as compared to \$42.5 million recorded in the six months ended June 30, 2022, both reflecting approximately 5% of revenues.

Restructuring gain from sale of machinery and equipment, net

Restructuring gain from sale of machinery and equipment, net for the six months ended June 30, 2023 amounted to \$50.3 million, and resulted from the gain on sale of machinery and equipment to third parties following the reorganization and restructuring of our Japan operations executed during 2022, which included the cessation of operations of Arai factory as noted above.

Restructuring expense

Restructuring expense for the six months ended June 30, 2023 amounted to \$17.8 million, resulted from the reorganization and restructuring of our Japan operations executed during 2022, which included the cessation of operations of Arai factory as noted above.

Operating Profit

Operating profit for the six months ended June 30, 2023 amounted to \$139.9 million as compared to \$133.7 million for the six months ended June 30, 2022. The \$6.2 million increase in operating profit resulted mainly from the \$50.3 million restructuring gain from sale of machinery and equipment, net of the \$2.0 million decrease in research and development expense and the \$6.5 million decrease in marketing, general and administrative expense, described above; offset by \$34.9 million decrease in gross profit and by the \$17.8 million restructuring costs described above.

Financing and other income (expense), net

Financing and other income (expense), net for the six months ended June 30, 2023 amounted to \$10.9 million income as compared to \$10.3 million expense for the six months ended June 30, 2022. The \$21.2 million increase in financing and other income, net resulted mainly from higher interest gained from bank deposits, marketable securities and other financing income.

Income Tax Expense, net

Income tax expense, net for the six months ended June 30, 2023 amounted to \$20.8 million as compared to \$9.5 million income tax expense, net for the six months ended June 30, 2022. This \$11.3 million increase in income tax expense, net is mainly a result of \$27.4 million higher profit before tax for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022 resulting mainly from the higher operating profit and higher financing and other income as described above.

Net Profit

Net profit for the six months ended June 30, 2023 amounted to \$130.1 million as compared to a net profit of \$113.9 million for the six months ended June 30, 2022. The increase in net profit in the amount of \$16.2 million was mainly due to the increase in operating profit and the increase in financing and other income, net, offset by the increase in tax expense, net, as described above.

Net Income Attributable to Non-Controlling Interest

Net income attributable to non-controlling interest for the six months ended June 30, 2023 amounted to \$7.5 million as compared to \$1.8 million for the six months ended June 30, 2022.

Net Profit Attributable to the Company

Net profit attributable to the company for the six months ended June 30, 2023 amounted to \$122.6 million as compared to \$112.1 million for the six months ended June 30, 2022. The increase in net profit attributable to the company in the amount of \$10.5 million was mainly due to the increase in the net profit of \$16.2 million offset by the increase in net income attributable to non-controlling interest, of \$5.7 million, as described above.

Impact of Currency Fluctuations

The Company currently operates in three different regions: The United States, Japan and Israel. In addition, the Company has initial activities in Italy related to the new fabrication facility that is being established by ST in Agrate, Italy. The functional currency of our entities in the United States, Israel and Italy 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. As the establishment of the facility in Italy progresses, the Company may be further exposed to the Euro exchange rate fluctuations in relation to the USD regarding any costs denominated in Euro.

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, 2023, the USD appreciated against the NIS by 4.9%, as compared to 12.5% appreciation during the six months ended June 30, 2022.

The fluctuation of the USD against the NIS may affect our results of operations as it relates to the entity in Israel. Appreciation of the NIS may have 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 of the profit margins. The Company uses foreign currency cylinder and forward transactions to hedge a portion of this currency exposure to be contained within a pre-defined fixed range.

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, 2023, the USD appreciated against the JPY by 9.3%, as compared to 18.5% appreciation during the six months ended June 30, 2022. 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, 2023, the Company had an aggregate amount of \$318.2 million in cash and cash equivalents, as compared to \$340.8 million as of December 31, 2022. The main cash activities during the six months ended June 30, 2023 were as follows: \$148.2 million net cash provided by operating activities; \$194.7 million invested in property and equipment, net; \$66.9 million provided by investments in short-term deposits, marketable securities and other assets, net; and \$37.0 million debt repaid, net.

Short-term and long-term debt presented in the balance sheet as of June 30, 2023 amounted to \$41.3 million and \$178.9 million, respectively, and included loans, operating leases and capital leases. On March 31, 2023, we repaid the Series G debentures in full (principal and interest) and have no outstanding debentures or bonds as of June 30, 2023.
