



Photronics Reports Third Quarter Fiscal 2021 Results

August 25, 2021

- Revenue was a record \$170.6 million, up 7% sequentially and 8% year-over-year
- Net income attributable to Photronics, Inc. shareholders was \$17.1 million, or \$0.28 per diluted share, and includes a gain on the sale of a fixed asset of \$3.5 million, or \$0.06 per diluted share
- Cash provided by operating activities was \$54.9 million, capex was \$18.8 million, share repurchases were \$12.5 million, and ending cash balance was \$283.2 million
- Fourth quarter 2021 guidance: revenue between \$171 and \$179 million with diluted EPS between \$0.21 and \$0.29

BROOKFIELD, Conn., Aug. 25, 2021 (GLOBE NEWSWIRE) -- [Photronics, Inc.](#) (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its fiscal 2021 third quarter ended August 1, 2021.

Third quarter revenue was \$170.6 million, up 7% compared with the previous quarter and 8% compared with the same quarter last year. Integrated circuit (IC) revenue was \$117.8 million, up 5% sequentially and 8% compared with the third quarter of last year. Flat panel display (FPD) revenue was \$52.9 million, up 11% compared with last quarter and 7% compared with the same period last year.

Net income attributable to Photronics, Inc. shareholders was \$17.1 million, or \$0.28 per diluted share, compared with \$10.5 million, or \$0.17 per diluted share, for the second quarter of 2021 and \$10.8 million, or \$0.17 per diluted share, for the third quarter of 2020.

"Demand trends that we observed over the first two quarters of 2021 continued into the third quarter as we achieved record revenue on a consolidated basis as well as for both IC and FPD," said Peter Kirlin, chief executive officer. "Design activity was strong, and we were able to expand our global manufacturing presence by adding new tools to our operations. Third quarter margin expansion was in line with our demonstrated ability to keep cost under control even as production increases. Most importantly, we maintained a strong balance sheet, enabling us to invest in organic growth and return cash to shareholders through our share repurchase activity. As the leading merchant photomask manufacturer, we expect our business to continue to grow throughout the balance of this year, and remain on track to deliver on our long-term target model objectives."

Fourth Quarter 2021 Guidance

For the fourth quarter of 2021, Photronics expects revenue to be between \$171 million and \$179 million, and net income attributable to Photronics, Inc. shareholders to be between \$0.21 and \$0.29 per diluted share.

Conference Call

A conference call to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, August 25, 2021. The call can be accessed by logging onto Photronics' website at www.photronics.com. The live dial-in number is (877) 377-7095 or (408) 774-4601 outside of the United States and Canada. The call will be archived on Photronics' website.

About Photronics

[Photronics](#) is a leading worldwide manufacturer of integrated circuit (IC) and flat panel display (FPD) [photomasks](#). High precision quartz plates that contain microscopic images of electronic circuits, photomasks are a key element in the IC and FPD manufacturing process. Founded in 1969, Photronics has been a trusted photomask supplier for over 50 years. As of October 31, 2020, the company had 1,728 employees. The company operates 11 strategically located [manufacturing facilities](#) in Asia, Europe, and North America. Additional information on the company can be accessed at www.photronics.com.

Forward-Looking Statements

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of the company and its subsidiaries. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of Photronics to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may fluctuate," "will," "should," "would," "may" and "could" or similar words or expressions are generally forward-looking in nature and not historical facts. Any statements that refer to outlook, expectations or other characterizations of future events, circumstances or results are also forward-looking statements. Important risks, assumptions and other important factors that could cause future results to differ materially from those expressed in the forward-looking statements are specified in Photronics' Annual and Quarterly filings with the Securities and Exchange Commission under headings such as "Forward-Looking Statements", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in other filings and furnishings made by Photronics with the Securities and Exchange Commission from time to time. These risks and uncertainties include, but are not limited to, the current pandemic

and future recurrences and other developments with respect thereto, governmental responses to the pandemic and related matters, changes in end markets resulting therefrom, changes in investment, tax, trade, exchange and other laws and regulations, compliance with local, State and Federal laws, rules and regulations including, but not limited to, import and export controls, tariffs and penalties, fines and violations related thereto, as well as economic, competitive, legal, governmental, political, monetary and fiscal policy, and technological factors and decisions we may make in the future regarding our business, capital structure and other matters. Photonics undertakes no obligation to release publicly any revisions to any forward-looking statements or, except as required to be disclosed in filings or furnishings with the Securities and Exchange Commission, to report events or to report the occurrence of unanticipated events. There is no assurance that Photonics' expectations will be realized.

PHOTRONICS, INC.
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended			Nine Months Ended	
	August 1, 2021	May 2, 2021	August 2, 2020	August 1, 2021	August 2, 2020
Revenue	\$ 170,643	\$ 159,763	\$ 157,895	\$ 482,473	\$ 460,405
Cost of goods sold	125,318	120,514	120,161	367,370	357,636
Gross Profit	45,325	39,249	37,734	115,103	102,769
Operating Expenses:					
Selling, general and administrative	15,083	14,067	13,306	43,203	40,792
Research and development	5,305	4,375	4,492	14,390	13,034
Total Operating Expenses	20,388	18,442	17,798	57,593	53,826
Other operating income, net	3,525	-	-	3,525	-
Operating Income	28,462	20,807	19,936	61,035	48,943
Other non-operating income (expense), net	3,735	(772)	(2,135)	3,643	610
Income Before Income Tax Provision	32,197	20,035	17,801	64,678	49,553
Income tax provision	7,842	3,714	4,937	14,493	17,789
Net Income	24,355	16,321	12,864	50,185	31,764
Net income attributable to noncontrolling interests	7,279	5,795	2,088	14,547	4,404
Net income attributable to Photonics, Inc. shareholders	\$ 17,076	\$ 10,526	\$ 10,776	\$ 35,638	\$ 27,360
Earnings per share:					
Basic	\$ 0.28	\$ 0.17	\$ 0.17	\$ 0.58	\$ 0.42
Diluted	\$ 0.28	\$ 0.17	\$ 0.17	\$ 0.57	\$ 0.42
Weighted-average number of common shares outstanding:					
Basic	60,884	62,054	64,780	61,804	65,090

Diluted	61,515	62,568	65,247	62,362	65,704
---------	--------	--------	--------	--------	--------

PHOTRONICS, INC.
Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)

	August 1, 2021	October 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 283,249	\$ 278,665
Accounts receivable	151,190	134,470
Inventories	53,165	57,269
Other current assets	42,860	29,735
Total current assets	530,464	500,139
Property, plant and equipment, net	699,609	631,475
Intangible assets, net	904	3,437
Other assets	50,780	53,131
Total assets	\$ 1,281,757	\$ 1,188,182
Liabilities and Equity		
Current liabilities:		
Debt	\$ 25,163	\$ 13,678
Accounts payable and accrued liabilities	142,454	129,261
Total current liabilities	167,617	142,939
Long-term debt	92,740	54,980
Other liabilities	26,939	27,997
Photronics, Inc. shareholders' equity	817,892	804,962
Noncontrolling interests	176,569	157,304
Total equity	994,461	962,266
Total liabilities and equity	\$ 1,281,757	\$ 1,188,182

PHOTRONICS, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended	
	August 1, 2021	August 2, 2020
Cash flows from operating activities:		
Net income	\$ 50,185	\$ 31,764
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69,305	71,120
Share-based compensation	4,034	3,773
Changes in operating assets, liabilities and other	(10,428)	(28,393)
Net cash provided by operating activities	<u>113,096</u>	<u>78,264</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(92,301)	(36,693)
Government incentives	5,775	5,263
Purchases of intangible assets	(170)	(139)
Net cash used in investing activities	<u>(86,696)</u>	<u>(31,569)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	20,858	5,699
Purchases of treasury stock	(35,750)	(16,894)
Repayments of debt	(13,311)	(5,929)
Contribution from noncontrolling interest	-	17,596
Proceeds from share-based arrangements	2,251	3,869
Net settlements of restricted stock awards	(403)	(248)
Net cash (used in) provided by financing activities	<u>(26,355)</u>	<u>4,093</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>4,602</u>	<u>3,486</u>
Net increase in cash, cash equivalents, and restricted cash	4,647	54,274
Cash, cash equivalents, and restricted cash, beginning of period	<u>281,602</u>	<u>209,291</u>
Cash, cash equivalents, and restricted cash, end of period	\$ 286,249	\$ 263,565

For Further Information:

R. Troy Dewar, CFA
Vice President, Investor Relations
(203) 740-5610
tdewar@photonics.com



Source: Photronics, Inc.