



Photronics Reports Second Quarter Fiscal 2022 Results and Updates Long-Term Target Model

May 25, 2022

BROOKFIELD, Conn., May 25, 2022 (GLOBE NEWSWIRE) -- [Photronics, Inc.](#) (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its fiscal 2022 second quarter ended May 1, 2022.

"Second quarter was another excellent quarter, as strong end-market demand and higher pricing across both mainstream and high-end IC products propelled us to our fifth consecutive quarter of record revenue," said Frank Lee, chief executive officer. "As revenue grew, our operating leverage and disciplined cost management expanded gross and operating margins to 36% and 25%, respectively. Our balance sheet continues to strengthen and support our growth strategy of investing to align our operations and technology to serve the strongest sectors of the market. We expect favorable demand trends to continue for advanced mobile displays, high-end logic devices and mainstream IC applications as our customers release new designs and build out new capacity."

Second Quarter 2022 Results

- Revenue was \$204.5 million, up 8% sequentially and 28% year-over-year
- Net income attributable to Photronics, Inc. shareholders was \$29.8 million (\$0.49 per diluted share), up 29% over first quarter 2022 net income of \$23.1 million (\$0.38 per diluted share) and nearly triple the second quarter 2021 net income of \$10.5 million (\$0.17 per diluted share)
- Integrated circuit (IC) revenue in the second quarter was \$145.8 million, up 12% sequentially and 30% compared with the second quarter of last year
- Flat panel display (FPD) revenue was \$58.7 million, down 2% from last quarter and up 23% over the same period last year

Lee continued, "As I begin my tenure as CEO, Photronics is in a very strong place with a strong global team, leading technology, quality products, and growing market share. We expect to continue to grow sequentially throughout 2022. In fact, market dynamics and Photronics execution have again driven profitability levels that propelled the Company well beyond the projections in the target model we provided just last quarter." Lee concluded, "Significant indicators from the market and other market participants are that these conditions will continue well into the future. We have therefore included an updated target model in the supplemental information issued in connection with our conference call later today."

Third Quarter 2022 Guidance

For the third quarter of 2022, Photronics expects revenue to be between \$205 million and \$215 million, and net income attributable to Photronics, Inc. shareholders to be between \$0.45 and \$0.55 per diluted share.

Conference Call

A conference call to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, May 25, 2022. 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, 2021, 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.

For Further Information:

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

	Three Months Ended			Six Months Ended	
	May 1, 2022	January 30, 2022	May 2, 2021	May 1, 2022	May 2, 2021
Revenue	\$ 204,509	\$ 189,827	\$ 159,763	\$ 394,336	\$ 311,830
Cost of goods sold	<u>131,582</u>	<u>129,964</u>	<u>120,514</u>	<u>261,546</u>	<u>242,052</u>
Gross Profit	72,927	59,863	39,249	132,790	69,778
Operating Expenses:					
Selling, general and administrative	16,613	15,727	14,067	32,340	28,120
Research and development	<u>4,206</u>	<u>5,939</u>	<u>4,375</u>	<u>10,145</u>	<u>9,085</u>
Total Operating Expenses	<u>20,819</u>	<u>21,666</u>	<u>18,442</u>	<u>42,485</u>	<u>37,205</u>
Operating Income	52,108	38,197	20,807	90,305	32,573
Non-operating income (expense), net	<u>8,021</u>	<u>4,707</u>	<u>(772)</u>	<u>12,728</u>	<u>(92)</u>
Income Before Income Tax Provision	60,129	42,904	20,035	103,033	32,481
Income tax provision	<u>14,689</u>	<u>11,178</u>	<u>3,714</u>	<u>25,867</u>	<u>6,651</u>
Net Income	45,440	31,726	16,321	77,166	25,830
Net income attributable to noncontrolling interests	<u>15,597</u>	<u>8,662</u>	<u>5,795</u>	<u>24,259</u>	<u>7,268</u>
Net income attributable to Photonics, Inc. shareholders	\$ 29,843	\$ 23,064	\$ 10,526	\$ 52,907	\$ 18,562
Earnings per share:					
Basic	\$ 0.49	\$ 0.38	\$ 0.17	\$ 0.88	\$ 0.30
Diluted	\$ 0.49	\$ 0.38	\$ 0.17	\$ 0.87	\$ 0.30
Weighted-average number of common shares outstanding:					
Basic	60,606	60,158	62,054	60,382	62,265
Diluted	61,145	60,936	62,568	61,041	62,786

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

	May 1, 2022	October 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 329,282	\$ 276,670
Accounts receivable	190,259	174,447
Inventories	58,437	55,249
Other current assets	52,864	44,250
Total current assets	630,842	550,616
Property, plant and equipment, net	659,881	696,553
Other assets	41,661	47,033
Total assets	\$ 1,332,384	\$ 1,294,202
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	\$ 12,410	\$ 22,248
Accounts payable and accrued liabilities	172,205	153,900
Total current liabilities	184,615	176,148
Long-term debt	70,138	89,446
Other liabilities	25,048	28,046
Photronics, Inc. shareholders' equity	836,752	823,692
Noncontrolling interests	215,831	176,870
Total equity	1,052,583	1,000,562
Total liabilities and equity	\$ 1,332,384	\$ 1,294,202

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

	Six Months Ended	
	May 1, 2022	May 2, 2021
Cash flows from operating activities:		

Net income	\$	77,166	\$	25,830
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		41,405		47,121
Share-based compensation		3,041		2,723
Changes in operating assets, liabilities and other		<u>(18,323)</u>		<u>(17,455)</u>
Net cash provided by operating activities		<u>103,289</u>		<u>58,219</u>
Cash flows from investing activities:				
Purchases of property, plant and equipment		(34,809)		(73,516)
Government incentives		1,394		5,775
Other		<u>(199)</u>		<u>(157)</u>
Net cash used in investing activities		<u>(33,614)</u>		<u>(67,898)</u>
Cash flows from financing activities:				
Repayments of debt		(27,571)		(8,636)
Purchases of treasury stock		(2,522)		(23,250)
Contribution from noncontrolling interest		24,995		-
Proceeds from share-based arrangements		4,384		1,180
Proceeds from long-term debt		-		12,439
Net settlements of restricted stock awards		<u>(1,452)</u>		<u>(371)</u>
Net cash used in financing activities		<u>(2,166)</u>		<u>(18,638)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash		<u>(14,917)</u>		<u>5,686</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash		52,592		(22,631)
Cash, cash equivalents, and restricted cash, beginning of period		<u>279,680</u>		<u>281,602</u>
Cash, cash equivalents, and restricted cash, end of period	\$	332,272	\$	<u><u>258,971</u></u>



Source: Photronics, Inc.