



## Photronics Reports Full Year and Fourth Quarter Fiscal 2022 Results

December 13, 2022

BROOKFIELD, Conn., Dec. 13, 2022 (GLOBE NEWSWIRE) -- [Photronics, Inc.](#) (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its fiscal 2022 full year and fourth quarter ended October 31, 2022.

"We posted a solid finish to a great year, achieving record revenue for the fifth consecutive year as demand for our design-driven products remained strong and our entire team performed well," said Frank Lee, chief executive officer. "In the quarter, IC was soft, primarily due to lower high-end logic demand from foundries in Asia. High-end FPD also declined as panel makers of premium smart phones are focused on producing new products and have temporarily slowed design activity. Profit margins were flat sequentially as positive pricing and cost management offset the impact from lower volumes. We generated strong cash from operations, allowing us to invest in organic growth and reduce debt, strengthening our balance sheet and positioning us to support our growth strategy as well as helping us to navigate economic uncertainty. The global Photronics team performed well in 2022, and we believe we will continue to achieve our goals in 2023 and beyond."

### Full Year 2022 Results

- Revenue of \$824.5 million was up 24% over the previous year and was the fifth consecutive year of record revenue
- Net income attributable to Photronics, Inc. shareholders was \$118.8 million (\$1.94 per diluted share), compared with \$55.4 million (\$0.89 per diluted share) in 2021
- Integrated circuit (IC) revenue was \$593.0 million, up 29%
- Flat panel display (FPD) revenue was \$231.5 million, up 14%
- Cash and short-term investments increased to \$359 million, with \$275 million generated from operating activities and \$112 million invested in growth through capital expenditures

### Fourth Quarter 2022 Results

- Revenue was \$210.3 million, down 4% sequentially and up 16% compared with the same period of last year
- Net income attributable to Photronics, Inc. shareholders was \$37.1 million (\$0.60 per diluted share), compared with \$31.2 million (\$0.51 per diluted share) in the third quarter of 2022 and \$19.8 million (\$0.33 per diluted share) in the fourth quarter 2021
- IC revenue was \$156.2 million, down 3% sequentially and up 25% compared with the same period of last year
- FPD revenue was \$54.1 million, down 8% sequentially and down 3% compared with the same period of last year
- Cash generated from operating activities was \$79 million and cash invested in growth through capital expenditures was \$66 million

### First Quarter 2023 Guidance

For the first quarter of 2023, Photronics expects revenue to be between \$203 million and \$213 million and net income attributable to Photronics, Inc. shareholders to be between \$0.40 and \$0.48 per diluted share.

### Webcast

A webcast to discuss these results is scheduled for 8:30 a.m. Eastern time on Tuesday, December 13, 2022. The webcast will be broadcast live and on-demand on the [Events and Presentations](#) link on the Photronics website or click [here](#). The webcast 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, 2022, the company had 1,828 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](http://www.photronics.com).

### Forward-Looking Statements

Certain statements in this press release constitute "forward-looking statements" regarding our industry, our strategic position, and our financial and operating results. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results, performance or achievements to differ materially. Please refer to the documents we file with the Securities and Exchange Commission. These documents contain and identify important factors that could cause our actual results to differ materially from those contained in these forward-looking statements. These certain factors can be found at [www.photronics.com/riskfactors](http://www.photronics.com/riskfactors). Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We are under no duty to update any of the forward-looking statements after the date of this release to conform these statements to actual results.

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

	Three Months Ended			Year Ended	
	October 31, 2022	July 31, 2022	October 31, 2021	October 31, 2022	October 31, 2021
Revenue	\$ 210,266	\$ 219,948	\$ 181,288	\$ 824,549	\$ 663,761
Cost of goods sold	129,997	136,085	129,347	530,336	496,717
Gross Profit	80,269	83,863	51,941	294,213	167,044
Operating Expenses:					
Selling, general and administrative	15,683	15,960	14,322	63,989	57,525
Research and development	4,045	4,151	4,100	18,341	18,490
Total Operating Expenses	19,728	20,111	18,422	82,330	76,015
Other operating (loss) income, net	-	(23)	-	(17)	3,525
Operating Income	60,541	63,729	33,519	211,866	94,554
Non-operating income, net	10,797	3,641	3,809	27,167	7,452
Income Before Income Tax Provision	71,338	67,370	37,328	239,033	102,006
Income tax provision	16,074	18,146	8,697	59,791	23,190
Net Income	55,264	49,224	28,631	179,242	78,816
Net income attributable to noncontrolling interests	18,204	17,994	8,820	60,456	23,367
Net income attributable to Photronics, Inc. shareholders	\$ 37,060	\$ 31,230	\$ 19,811	\$ 118,786	\$ 55,449
Earnings per share:					
Basic	\$ 0.61	\$ 0.51	\$ 0.33	\$ 1.96	\$ 0.90
Diluted	\$ 0.60	\$ 0.51	\$ 0.33	\$ 1.94	\$ 0.89
Weighted-average number of common shares outstanding:					
Basic	60,773	60,701	60,216	60,559	61,407
Diluted	61,374	61,299	60,908	61,189	61,999

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

	<u>October 31,</u> <u>2022</u>	<u>October 31,</u> <u>2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 319,680	\$ 276,670
Short-term investments	38,820	-
Accounts receivable	198,147	174,447
Inventories	50,753	55,249
Other current assets	<u>37,252</u>	<u>44,250</u>
Total current assets	644,652	550,616
Property, plant and equipment, net	643,873	696,553
Other assets	<u>27,305</u>	<u>47,033</u>
Total assets	\$ 1,315,830	\$ 1,294,202
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 10,024	\$ 22,248
Accounts payable and accrued liabilities	<u>183,773</u>	<u>153,900</u>
Total current liabilities	193,797	176,148
Long-term debt	32,310	89,446
Other liabilities	27,634	28,046
Photronics, Inc. shareholders' equity	831,527	823,692
Noncontrolling interests	<u>230,562</u>	<u>176,870</u>
Total equity	<u>1,062,089</u>	<u>1,000,562</u>
Total liabilities and equity	\$ 1,315,830	\$ 1,294,202

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

	<u>Year Ended</u>	
	<u>October 31,</u> <u>2022</u>	<u>October 31,</u> <u>2021</u>
Cash flows from operating activities:		
Net income	\$ 179,242	\$ 78,816
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80,330	90,396
Share-based compensation	6,308	5,348
Changes in operating assets, liabilities and other	<u>9,307</u>	<u>(23,788)</u>
Net cash provided by operating activities	<u>275,187</u>	<u>150,772</u>
Cash flows from investing activities:		

Purchases of property, plant and equipment	(112,338)	(109,099)
Purchases of available-for-sale debt securities	(38,854)	-
Government incentives	3,615	5,775
Other	(180)	(170)
	<u>(147,757)</u>	<u>(103,494)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Repayments of debt	(65,440)	(20,352)
Purchases of treasury stock	(2,522)	(48,249)
Contributions from noncontrolling interest	24,995	-
Dividends paid to noncontrolling interests	-	(9,597)
Proceeds from share-based arrangements	5,749	3,874
Proceeds from long-term debt	-	20,858
Net settlements of restricted stock awards	(1,471)	(437)
	<u>(38,689)</u>	<u>(53,903)</u>
Net cash used in financing activities		
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(46,012)</u>	<u>4,703</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	42,729	(1,922)
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	\$ 322,409	\$ 279,680

**For Further Information:**

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