



Photronics Reports First Quarter Fiscal 2024 Results

February 21, 2024

BROOKFIELD, Conn., Feb. 21, 2024 (GLOBE NEWSWIRE) -- [Photronics, Inc.](#) (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its first quarter of fiscal year 2024 ended January 28, 2024.

"First quarter revenue increased year-over-year even though typically lower seasonal demand was weaker than anticipated, especially in the beginning of the quarter. Order rates improved through the quarter, continuing into second quarter," said Frank Lee, chief executive officer. "High-end IC revenue increased both sequentially and year-over-year, primarily in 22nm and 28nm nodes, as customers continue migration to these nodes for improved performance and optimal cost. High-end FPD also increased over last year's first quarter, but decreased from the fourth quarter due to typically lower seasonal demand for premium smartphone displays that use AMOLED technology. Operating margin increased year-over-year, but contracted sequentially, resulting from operating leverage in the year-over-year result and the impact of higher operating expenses in the sequential comparison. Cash generation remains strong, further strengthening our balance sheet with ample liquidity for our profitable growth investments. The Photronics team continues their outstanding performance, and with expectations for growth in the second quarter, we are building momentum for another record year in 2024."

First Quarter Fiscal 2024 Results

- Revenue was \$216.3 million, up 2% year-over-year and down 5% sequentially
- GAAP net income attributable to Photronics, Inc. shareholders was \$26.2 million, or \$0.42 per diluted share, compared with \$14.0 million, or \$0.23 per diluted share in the first quarter 2023 and \$44.6 million, or \$0.72 per diluted share in the fourth quarter of 2023
- Non-GAAP net income attributable to Photronics, Inc. shareholders was \$29.9 million, or \$0.48 per diluted share, compared with \$24.4 million, or \$0.40 per diluted share in the first quarter 2023 and \$37.2 million, or \$0.60 per diluted share in the fourth quarter of 2023
- IC revenue was \$157.6 million, up 1% year-over-year and down 4% sequentially
- FPD revenue was \$58.7 million, up 8% from the same quarter last year and down 7% sequentially
- Cash generated from operating activities was \$41.5 million, and cash invested in organic growth through capital expenditures was \$43.3 million; we received \$1.1 million in government incentives for investments made
- Cash balance at the end of the quarter was \$508.5 million, with \$13.0 million in short-term investments and \$23.4 million in debt

Second Quarter Fiscal 2024 Guidance

For the second quarter of fiscal 2024, Photronics expects revenue to be between \$226 million and \$236 million and non-GAAP net income attributable to Photronics, Inc. shareholders to be between \$0.50 and \$0.58 per diluted share.

Webcast

A webcast to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, February 21, 2024. The call will be broadcast live and on-demand on the [Events and Presentations](#) link on the Photronics website. Analysts and investors who wish to participate in the Q&A portion of the call should click [here](#). It is suggested that participants register fifteen minutes prior to the call's scheduled start time.

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, 2023, the company had approximately 1,885 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" 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](#). 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.

Non-GAAP Financial Measures

Non-GAAP Net Income attributable to Photronics, Inc. shareholders and non-GAAP earnings per share, Free Cash Flow, and Net Cash are "non-GAAP financial measures" as such term is defined by the Securities and Exchange Commission, and may differ from similarly named non-GAAP financial measures used by other companies. The attached financial supplement reconciles Photronics, Inc. financial results under GAAP to non-GAAP financial information. We believe these non-GAAP financial measures that exclude certain items are useful for analysts and investors to evaluate our future on-going performance because they enable a more meaningful comparison of our projected performance with our historical results. These non-GAAP metrics are not intended to represent funds available for our discretionary use and are not intended to represent, or be used as a substitute for, gross profit, operating income, net income, cash and cash equivalents, or cash flows from operations, as measured under GAAP. The items excluded from these non-GAAP metrics, but included in the calculation of their closest GAAP equivalent, are significant components of the condensed consolidated balance sheets and statement of cash flows and must be considered in performing a comprehensive assessment of overall financial performance. Please refer to the non-GAAP reconciliations on the following pages.

For Further Information:

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

	Three Months Ended		
	January 28, 2024	October 31, 2023	January 29, 2023
Revenue	\$ 216,334	\$ 227,473	\$ 211,090
Cost of goods sold	137,079	142,591	135,013
Gross Profit	79,255	84,882	76,077
Operating Expenses:			
Selling, general and administrative	18,321	16,731	16,818
Research and development	3,445	3,367	3,302
Total Operating Expenses	21,766	20,098	20,120
Operating Income	57,489	64,784	55,957
Non-operating (loss) income, net	(3,747)	18,660	(14,425)
Income Before Income Tax Provision	53,742	83,444	41,532
Income tax provision	14,660	20,288	12,582
Net Income	39,082	63,156	28,950
Net income attributable to noncontrolling interests	12,902	18,545	14,964
Net income attributable to Photronics, Inc. shareholders	\$ 26,180	\$ 44,611	\$ 13,986
Earnings per share:			
Basic	\$ 0.43	\$ 0.73	\$ 0.23
Diluted	\$ 0.42	\$ 0.72	\$ 0.23
Weighted-average number of common shares outstanding:			
Basic	61,455	61,290	60,894

Diluted	62,283	62,067	61,470
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PHOTRONICS, INC.
Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)

	<u>January 28, 2024</u>	<u>October 31, 2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 508,518	\$ 499,292
Short-term investments	12,996	12,915
Accounts receivable	203,607	194,927
Inventories	50,680	49,963
Other current assets	<u>31,876</u>	<u>28,353</u>
Total current assets	807,677	785,450
Property, plant and equipment, net	742,671	709,244
Other assets	<u>32,488</u>	<u>31,527</u>
Total assets	\$ 1,582,836	\$ 1,526,221
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	\$ 20,771	\$ 6,621
Accounts payable and accrued liabilities	<u>164,518</u>	<u>178,602</u>
Total current liabilities	185,289	185,223
Long-term debt	2,655	17,998
Other liabilities	47,838	47,391
Photronics, Inc. shareholders' equity	1,022,956	975,008
Noncontrolling interests	<u>324,098</u>	<u>300,601</u>
Total equity	<u>1,347,054</u>	<u>1,275,609</u>
Total liabilities and equity	\$ 1,582,836	\$ 1,526,221

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

<u>Three Months Ended</u>	
<u>January 28, 2024</u>	<u>January 29, 2023</u>

Cash flows from operating activities:

Net income	\$	39,082	\$	28,950
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		20,702		19,105
Share-based compensation		2,573		1,821
Changes in operating assets, liabilities and other		(20,849)		(22,196)
Net cash provided by operating activities		<u>41,508</u>		<u>27,680</u>
Cash flows from investing activities:				
Purchases of property, plant and equipment		(43,314)		(31,097)
Purchases of available-for-sale debt securities		(2,436)		-
Proceeds from maturities of available-for-sale debt securities		2,500		-
Government incentives		1,091		1,014
Other		(56)		(87)
Net cash used in investing activities		<u>(42,215)</u>		<u>(30,170)</u>
Cash flows from financing activities:				
Repayments of debt		(1,194)		(9,218)
Proceeds from share-based arrangements		936		672
Net settlements of restricted stock awards		(2,613)		(1,168)
Net cash used in financing activities		<u>(2,871)</u>		<u>(9,714)</u>
Effects of exchange rate changes on cash, cash equivalents, and restricted cash		<u>13,026</u>		<u>27,499</u>
Net increase in cash, cash equivalents, and restricted cash		9,448		15,295
Cash, cash equivalents, and restricted cash, beginning of period		<u>501,867</u>		<u>322,409</u>
Cash, cash equivalents, and restricted cash, end of period	\$	511,315	\$	337,704

PHOTRONICS, INC.
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands)
(Unaudited)

	Three Months ended		
	January 28, 2024	October 31, 2023	January 29, 2023
Reconciliation of GAAP to Non-GAAP Non-operating (loss) Income:			
GAAP Non-operating (loss) income, net	\$ (3,747)	\$ 18,660	\$ (14,425)
FX (gain) loss	<u>8,909</u>	<u>(13,234)</u>	<u>16,944</u>
Non-GAAP Non-operating (loss) income, net	\$ 5,162	\$ 5,426	\$ 2,519
Reconciliation of GAAP to Non-GAAP Income tax provision:			
GAAP Income tax provision	\$ 14,660	\$ 20,288	\$ 12,582
Estimated tax effects of FX (gain) loss	<u>(2,244)</u>	<u>3,437</u>	<u>(4,506)</u>
Non-GAAP Income tax provision	\$ 16,904	\$ 16,851	\$ 17,088
Reconciliation of GAAP to Non-GAAP Noncontrolling interests:			
GAAP Noncontrolling interests	\$ 12,902	\$ 18,545	\$ 14,964
Estimated noncontrolling interest effects of above	<u>(2,939)</u>	<u>2,431</u>	<u>(2,060)</u>

Non-GAAP Noncontrolling interests	\$	15,841	\$	16,114	\$	17,024
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Reconciliation of GAAP to Non-GAAP Net Income:

GAAP Net Income	\$	26,180	\$	44,611	\$	13,986
FX (gain) loss		8,909		(13,234)		16,944
Estimated tax effects of above		(2,244)		3,437		(4,506)
Estimated noncontrolling interest effects of above		(2,939)		2,431		(2,060)
Non-GAAP Net Income	\$	29,906	\$	37,245	\$	24,364

Weighted-average number of common shares outstanding - Diluted		62,283		62,067		61,470
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Reconciliation of GAAP to Non-GAAP EPS:

GAAP diluted earnings per share	\$	0.42	\$	0.72	\$	0.23
Effects of the above adjustments	\$	0.06	\$	(0.12)	\$	0.17
Non-GAAP diluted earnings per share	\$	0.48	\$	0.60	\$	0.40

PHOTRONICS, INC.
Reconciliation of GAAP to Non-GAAP Financial Information (cont.)
(in thousands)
(Unaudited)

Reconciliation of Net cash provided by operating activities to Free Cash Flow

	Three Months Ended January 28, 2024
GAAP Net cash provided by operating activities	\$ 41,508
Purchases of property, plant and equipment	(43,314)
Free Cash Flow	\$ (1,806)

Reconciliation of Cash and cash equivalents to Net Cash:

	As of		
	January 28, 2024	October 31, 2023	January 29, 2023
Cash and cash equivalents	\$ 508,518	\$ 499,292	\$ 334,792
Current portion of Long-term debt	(20,771)	(6,621)	(6,541)
Long-term Debt	(2,655)	(17,998)	(27,323)
Net Cash	\$ 485,092	\$ 474,673	\$ 300,928



Source: Photronics, Inc.