



Photronics Reports Third Quarter Fiscal 2024 Results and Share Repurchase Authorization

August 29, 2024

BROOKFIELD, Conn., Aug. 29, 2024 (GLOBE NEWSWIRE) -- [Photronics, Inc.](#) (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its third quarter of fiscal year 2024 ended July 28, 2024.

"Market softness in some segments during the quarter impacted photomask demand, reducing both IC and FPD revenue," said Frank Lee, chief executive officer. "The photomask demand recovery that started to take shape early in the third quarter slowed during the period due to select regional and end-use customer order patterns. This was combined with broader customer focus on rising semiconductor channel inventory that limited chip design activity through the quarter. In response, we tuned our mix and sales strategy, allowing us to optimize margins despite lower demand. Megatrends such as AI, supply chain regionalization, and edge computing are driving secular photomask value and demand, supporting our optimistic view of the long-term global photomask industry outlook. Our leadership position gives us confidence we can drive future margins while at the same time execute smart investment and deployment strategies that can deliver top line growth and shareholder value."

Third Quarter Fiscal 2024 Results

- Revenue was \$211.0 million, down 6% year-over-year and 3% sequentially.
- GAAP Net income attributable to Photronics, Inc. shareholders was \$34.4 million, or \$0.55 per diluted share, compared with \$27.0 million, or \$0.44 per diluted share in the third quarter of 2023 and \$36.3 million, or \$0.58 per diluted share in the second quarter of 2024.
- Non-GAAP Net income attributable to Photronics, Inc. shareholders was \$32.0 million, or \$0.51 per diluted share, compared with \$31.6 million, or \$0.51 per diluted share in the third quarter of 2023 and \$28.7 million, or \$0.46 per diluted share in the second quarter of 2024.
- IC revenue was \$155.9 million, down 4% year-over-year and 3% sequentially.
- FPD revenue was \$55.1 million, down 10% from the same quarter last year and 2% sequentially.
- Cash generated from operating activities was \$75.1 million, and cash invested in organic growth through capital expenditures was \$24.4 million.
- Cash and Short-term investments at the end of the quarter were \$606.4 million, and Debt was \$20.1 million.

Share Repurchase

In addition, the Board of Directors has authorized an increase of the Company's existing share repurchase program from the \$31.7 million remaining up to a total of \$100 million of its common stock. Any purchases will occur pursuant to a repurchase plan under SEC Rule 10b5-1.

"This announcement is a testament to our ability to generate strong cash flows and maintain a solid balance sheet over various economic conditions," continued Dr. Lee. "We are taking this step to demonstrate our commitment to enhancing shareholder returns by returning cash to our shareholders and investing in the value we see in our equity."

This authorization does not obligate the Company to repurchase any dollar amount or number of shares of common stock. The repurchase program may be suspended or discontinued at any time.

Fourth Quarter Fiscal 2024 Guidance

For the fourth quarter of fiscal 2024, Photronics expects Revenue to be between \$213 million and \$221 million and non-GAAP Net income attributable to Photronics, Inc. shareholders to be between \$0.48 and \$0.54 per diluted share.

Webcast

A webcast to discuss these results is scheduled for 8:30 a.m. Eastern time on Thursday, August 29, 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 in our most recent SEC filings. 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 are "non-GAAP financial measures" as such term is defined by Regulation G of 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 a measure of consolidated operating results under U.S. GAAP and should not be considered as an alternative to Net income (loss), Net income (loss) per share, or any other measure of consolidated results under U.S. 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 statement of income and must be considered in performing a comprehensive assessment of overall financial performance. Please refer to the non-GAAP reconciliations below.

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

	Three Months Ended			Nine Months Ended	
	July 28, 2024	April 28, 2024	July 30, 2023	July 28, 2024	July 30, 2023
Revenue	\$ 210,984	\$ 217,000	\$ 224,206	\$ 644,318	\$ 664,603
Cost of goods sold	135,846	137,749	137,405	410,674	413,323
Gross Profit	75,138	79,251	86,801	233,644	251,280
Operating Expenses:					
Selling, general and administrative	19,436	18,996	18,032	56,753	52,728
Research and development	3,555	4,292	3,505	11,291	10,287
Total Operating Expenses	22,991	23,288	21,537	68,044	63,015
Other operating gain	1	89	-	90	-
Operating Income	52,148	56,052	65,264	165,690	188,265
Non-operating (loss) income, net	10,145	20,534	(911)	26,931	(1,764)
Income Before Income Tax Provision	62,293	76,586	64,353	192,621	186,501
Income tax provision	14,124	20,214	16,098	48,998	50,023
Net Income	48,169	56,372	48,255	143,623	136,478
Net income attributable to noncontrolling interests	13,781	20,121	21,296	46,804	55,604
Net income attributable to Photronics, Inc. shareholders	\$ 34,388	\$ 36,251	\$ 26,959	\$ 96,819	\$ 80,874

Earnings per share:

Basic	\$	0.56	\$	0.59	\$	0.44	\$	1.57	\$	1.32
Diluted	\$	0.55	\$	0.58	\$	0.44	\$	1.55	\$	1.31
Weighted-average number of common shares outstanding:										
Basic		61,815		61,771		61,233		61,681		61,089
Diluted		62,414		62,409		61,974		62,369		61,650

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

	<u>July 28, 2024</u>	<u>October 31, 2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 537,331	\$ 499,292
Short-term investments	69,046	12,915
Accounts receivable	199,926	194,927
Inventories	55,472	49,963
Other current assets	<u>30,865</u>	<u>28,353</u>
Total current assets	892,640	785,450
Property, plant and equipment, net	722,638	709,244
Other assets	<u>29,823</u>	<u>31,527</u>
Total assets	\$ 1,645,101	\$ 1,526,221
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	\$ 20,090	\$ 6,621
Accounts payable and accrued liabilities	<u>171,036</u>	<u>178,602</u>
Total current liabilities	191,126	185,223
Long-term debt	28	17,998
Other liabilities	40,518	47,391
Equity:		
Photronics, Inc. shareholders' equity	1,067,994	975,008
Noncontrolling interests	<u>345,435</u>	<u>300,601</u>
Total equity	<u>1,413,429</u>	<u>1,275,609</u>
Total liabilities and equity	\$ 1,645,101	\$ 1,526,221

Condensed Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Nine Months Ended	
	July 28, 2024	July 30, 2023
Cash flows from operating activities:		
Net income	\$ 143,623	\$ 136,478
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	61,613	59,523
Share-based compensation	9,841	5,874
Changes in operating assets, liabilities and other	(22,003)	(6,319)
Net cash provided by operating activities	193,074	195,556
Cash flows from investing activities:		
Purchases of property, plant and equipment	(87,733)	(78,813)
Purchases of short-term investments	(100,558)	(9,837)
Proceeds from maturities of short-term investments	44,696	22,500
Government incentives	1,541	2,033
Other	(4)	(116)
Net cash used in investing activities	(142,058)	(64,233)
Cash flows from financing activities:		
Repayments of debt	(4,500)	(16,351)
Proceeds from share-based arrangements	1,074	1,241
Net settlements of restricted stock awards	(3,002)	(1,292)
Net cash used in financing activities	(6,428)	(16,402)
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(6,454)	13,813
Net increase in cash, cash equivalents, and restricted cash	38,134	128,734
Cash, cash equivalents, and restricted cash, beginning of period	501,867	322,409
Cash, cash equivalents, and restricted cash, end of period	\$ 540,001	\$ 451,143

PHOTRONICS, INC.

Reconciliation of GAAP Net income attributable to Photronics, Inc. shareholders to Non-GAAP Net income

(in thousands)

(Unaudited)

	Three Months ended		
	July 28, 2024	April 28, 2024	July 30, 2023
GAAP Net income attributable to Photronics, Inc. shareholders	\$ 34,388	\$ 36,251	\$ 26,959
FX (gain) loss	(4,068)	(14,766)	4,543
Estimated tax effects of FX (gain) loss	914	3,743	(1,193)
Estimated noncontrolling interest effects of above	681	3,489	1,328
Non-GAAP Net income attributable to Photronics, Inc. shareholders	\$ 31,915	\$ 28,717	\$ 31,637

Weighted-average number of common shares outstanding - Diluted	62,414	62,409	61,974
GAAP Diluted earnings per share	\$ 0.55	\$ 0.58	\$ 0.44
Effects of non-GAAP adjustments above	<u>(0.04)</u>	<u>(0.12)</u>	<u>0.07</u>
Non-GAAP Diluted earnings per share	\$ 0.51	\$ 0.46	\$ 0.51

For Further Information:

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Source: Photronics, Inc.