

Zhen Ding Achieved Record Revenue and Net Profit for the Fourth Quarter and Full Year of 2021

Aggressive expansion in IC substrate business, aiming to become one of the top five in the world by 2030

Zhen Ding Technology Holding Limited (Ticker: 4958), a leading global PCB manufacturer, today hosted an investor conference and announced its consolidated financial results for the fourth quarter of 2021, with revenue of NT\$56,442 million and net income of NT\$6,861 million, as well as full-year revenue of NT\$155,022 million and net income of NT\$13,694 million - all record highs. Chairman Charles Shen explained that profits for the IC substrate business began to increase significantly in the fourth quarter of 2021. Shen also noted that while Zhen Ding will maintain its leadership for the existing PCB business, it will make every effort to boost its IC substrate business and aggressively invest in new production capacity. The planned capital expenditures in the IC substrate business will reach NT\$60 billion in the next four years, and the company aims for its IC substrate revenue to account for over 15% of total revenue in 2025.

For the fourth quarter of 2021, Zhen Ding's revenue was NT\$56,442 million, up 35.6% QoQ and 2.3% YoY, which was a record high for a single quarter, mainly driven by strong shipments of Mini LED, substrate-like PCB (SLP), and IC substrate. Compared with the same period last year, gross margin for the fourth quarter decreased by 1.2 percentage points to 21.6% due to increased depreciation. However, given stringent control on operating expenses, operating margin increased by 0.1 percentage point to 14.7%. Earnings per share was NT\$5.15, up 9.3% YoY, which was also a record high for a single quarter.

For the full year of 2021, Zhen Ding's consolidated revenue also reached a record high of NT\$155,022 million, up 18.1% YoY. Compared with the same period last year, gross margin decreased by 0.6 percentage points to 19.7%, mainly due to an increase in depreciation and amortization of NT\$3.5 billion given increased capital expenditures for long-term customer demand. Net income for the year was NT\$13,694 million and net income attributable to the parent company was NT\$9,651 million, with earnings per share reaching NT\$10.21. The Board of Directors today also approved the distribution of the 2021 earnings, with a cash dividend of NT\$5.0, representing a dividend payout ratio of 49%.

According to Charles Shen, Zhen Ding's revenue and profitability continued to grow in 2021 mainly benefiting from execution of the One ZDT strategy. Not only has the company continued to lead in market share of flexible PCBs (FPC), but the contribution from high-end HDI (including SLP and Mini LED), IC substrate, and high-frequency and high-speed

multi-layer rigid PCBs (RPCB) has also increased year by year, effectively optimizing the overall product portfolio. In terms of 2021 revenue mix by product application, mobile communication accounted for 61.5% of total revenue, computers and consumer electronics accounted for 31.0%, IC substrate accounted for 3.3%, and automotive radar/base station/server and others accounted for 4.2%.

Charles Shen emphasized that, in the future, Zhen Ding will not only further strengthen its leading position in the PCB industry, but also put strong emphasis on the IC substrate business for the next 10 years. The company has already signed long-term capacity contracts with a number of important customers. With upcoming new capacity in Qinhuangdao and Shenzhen coming online in the next few years, Zhen Ding will quickly catch up in the IC substrate industry. The company's near-term target is to grow its IC substrate revenue by more than 50% per year in the next four years, and longer term, it will strive to become one of the top five global IC substrate suppliers by 2030.

Looking ahead to 2022, Zhen Ding aims to achieve double-digit growth in both consolidated revenue and net income. The company is optimistic that its FPC business will maintain stable growth and expects meaningful growth in high-end HDI and Mini LED with its industry-leading quality and yield. It also expects significant growth in the IC substrate business. In the future, Zhen Ding will continue to execute its growth plan and offer a diversified portfolio of products in various fields under the "One ZDT" strategy.

Unit: NT\$ million, except for EPS

Period	4Q21	3Q21	QoQ%	4Q20	YoY%	2021	2020	YoY%
Revenue	56,442	41,619	+35.6%	55,199	+2.3%	155,022	131,279	+18.1%
Gross Profit	12,167	8,783	+38.5%	12,606	-3.5%	30,537	26,584	+14.9%
Net Income	6,861	4,345	+57.9%	6,055	+13.3%	13,694	11,508	+19.0%
Net Income to Parent	4,870	3,074	+58.4%	4,318	+12.8%	9,651	8,095	+19.2%
EPS	5.15	3.25	+58.5%	4.71	+9.3%	10.21	8.90	+14.7%
Gross Margin	21.6%	21.1%	+0.5 <i>ppts</i>	22.8%	-1.2 <i>ppts</i>	19.70%	20.25%	-0.6 <i>ppts</i>
Operating Margin	14.7%	11.9%	+2.8 <i>ppts</i>	14.6%	+0.1 <i>ppts</i>	10.18%	10.77%	-0.6 <i>ppts</i>
Net Margin	12.2%	10.4%	+1.8 <i>ppts</i>	11.0%	+1.2 <i>ppts</i>	8.83%	8.77%	+0.1 <i>ppts</i>

For further details, please visit "[Investors](#)" section on the company website.

About Zhen Ding Technology Holding Limited

Zhen Ding Technology Holding Limited (Taiwan Stock Exchange Ticker: 4958) is engaged in the research, development, production and sales of a wide range of flexible printed circuit boards (FPC) and modules, high-density interconnect (HDI) PCBs, substrate-like PCBs (SLP),



Mini LED ultra-thin boards, IC substrate and multi-layer rigid printed circuit boards (RPCB) for a wide range of applications including computer information, consumer electronics, networking, automotive electronics, high-performance computing and medical fields. We provide one-stop shopping for all-round solutions to our customers. For more information please visit the Company's website: www.zdtco.com.

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