

Zhen Ding's Results in the Fourth Quarter of 2023 Reached the Peak of the Year, and the Company is Expected to Grow Moderately in 2024

Zhen Ding Technology Holding Limited (Ticker: 4958), a global leading PCB manufacturer, today hosted an investor conference and announced its consolidated financial results for the fourth quarter of 2023, with revenue of NT\$54,396 million, net income of NT\$5,070 million, net income to parent of NT\$3,504 million and EPS of NT\$3.71. For the full year of 2023, revenue reached NT\$151,398 million, with net income of NT\$9,432 million, net income to parent of NT\$6,189 million and EPS of \$6.55.

According to Chairman Shen, due to the weak global demand for consumer electronics in 2023, Zhen Ding's revenue declined for the first time since 2017. However, thanks to the success of the One ZDT strategy, its product portfolio has been diversified into multiple applications, and its 2023 revenue decline was 11.6% YoY, which is better than the industry average decline of 15%. Chairman Shen pointed out that the company expects shipments of consumer electronics to recover moderately in 2024, and for other diversified applications, including IC substrates, servers, and automotive revenue to grow by double digits. Overall, it is optimistic about achieving a moderate revenue growth in 2024. The company continues to focus on the high-end PCB demand, and after further optimizing its product mix this year, it expects revenue growth to accelerate next year.

For the fourth quarter of 2023, Zhen Ding's revenue was NT\$54,396 million, up 29.8% QoQ and up 2.8% YoY, reaching a quarterly peak for the whole year. Its revenue for Mobile Communication, Automotive/Server/Base Station, and IC Substrates all delivered double digit QoQ and YoY growth. With the recovery of revenue and the high utilization rate, its gross margin in the fourth quarter reached 21.5%, an increase of 1.0 percentage points from the previous quarter, which is consistent with the performance during traditional peak season. Its operating margin was 11.5%, an increase of 3.0 percentage points from the previous quarter.

Chairman Shen emphasized that although Zhen Ding's consolidated revenue declined in 2023 due to the challenging macro environment, its long-term efforts in the server (including AI servers) and automotive applications have been recognized by customers. The new customers in these two applications drove a 19% YoY increase in revenue for automotive/server/base station in 2023. With the gradual increase in shipments of high-end automotive PCBs for ADAS, automotive batteries, and domain control unit of autonomous driving, together with the certifications received for customers' AI server motherboards, Zhen Ding expects its revenue CAGR for automotive and server will reach double digits over the next five years.

Looking ahead to 2024, Chairman Shen expects Zhen Ding's IC substrate business to achieve significant growth. In particular, the capacity utilization rate for BT substrates exceeded 70% in 4Q23, ahead of

previous expectations. In 2024, the utilization rate is expected to further increase to over 80%, and the BT business may turn profitable. For ABF substrates, Zhen Ding has been actively expanding its presence in AI and automotive-related customers. It has obtained customer qualifications and entered mass production, with revenue and utilization rate expected to increase quarter by quarter this year.

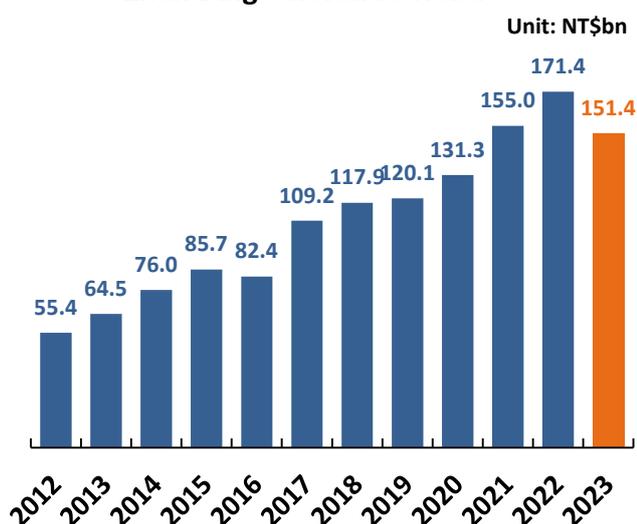
Chairman Shen stated that the company remains optimistic about the industry's mid-to-long-term trends. Zhen Ding adheres to the strategy of "Production Bases on Both Sides of the Strait, Expanding Global Footprint, and Developing High-End Products.", actively building up the company's global manufacturing footprint. In the second half of 2024, the new fab for high-end FPC and advanced modules in Kaohsiung is expected to enter mass production. Meanwhile, the construction of the new fab in Prachinburi Province, Thailand, has started in December last year, and it is currently progressing according to plan with the goal of trial production in 1H25 and mass production in small scale in 2H25. In the future, Zhen Ding will continue to execute its growth strategy. Under the One ZDT strategy, it will leverage its four product lines to penetrate fast-growing application markets, meeting and supporting customer development with innovation, further strengthening its leading position in the PCB industry.

Unit: NT\$ million, except for EPS

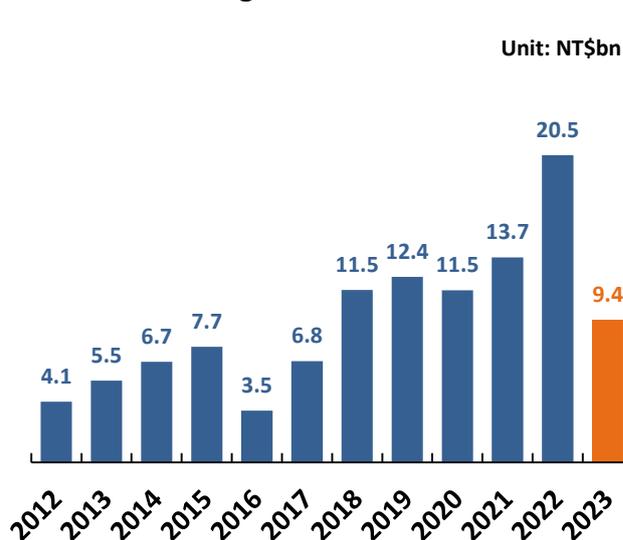
Period	4Q23	3Q23	QoQ	4Q22	YoY	2023	2022	YoY
Revenue	54,396	41,919	29.8%	52,902	2.8%	151,398	171,356	-11.6%
Gross Profit	11,679	8,583	36.1%	13,913	-16.1%	27,459	39,888	-31.2%
Operating Profit	6,254	3,575	74.9%	8,694	-28.1%	9,160	22,447	-59.2%
Net Income	5,070	3,349	51.4%	6,857	-26.1%	9,432	20,535	-53.8%
Net Income to Parent	3,504	2,271	54.3%	4,705	-25.5%	6,189	14,197	-56.4%
EPS (NT\$)	3.71	2.40	54.6%	4.98	-25.5%	6.55	15.02	-56.4%
Gross Margin	21.5%	20.5%	+1.0ppts	26.3%	-4.8ppts	18.1%	23.3%	-5.2ppts
Operating Margin	11.5%	8.5%	+3.0ppts	16.4%	-4.9ppts	6.1%	13.1%	-7.0ppts
Net Margin	9.3%	8.0%	+1.3ppts	13.0%	-3.7ppts	6.2%	12.0%	-5.8ppts

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

Zhen Ding's Revenue Trend



Zhen Ding's Net Income Trend



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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