

Zhen Ding Announced Its Operating Results for the First Half of 2023, Expecting a Moderate Recovery in the Second Half of the Year

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 second quarter of 2023, with revenue of NT\$23,537 million and net income of NT\$150 million. For the first half of 2023, revenue was NT\$55,082 million and net income was NT\$1,013 million.

According to Chairman Charles Shen, in the first half of the year, due to weak demand for consumer electronics and ongoing inventory adjustments in the supply chain, coupled with pricing pressures from customers, the company's revenue experienced a 19.5% year-on-year decrease, making its revenue even weaker than the traditional low season. However, its operations have hit a bottom in the first half. As the industry enters the traditional peak season in the second half, lots of the company's production lines are gradually ramping up to near full capacity. Zhen Ding expects that the demand for customers' new products will drive a moderate recovery in its operations.

For the first half of 2023, Zhen Ding's revenue was NT\$55,082 million, down 19.5% YoY. Among the four major product applications, revenue for Mobile Communication and Automotive Radar/Base Station/Server delivered year-on-year growth, while Computers & Consumer Electronics and IC Substrate faced year-on-year declines. Compared with the same period last year, gross margin decreased by 5.9 percentage points to 13.1%, and net income decreased by 84.4% YoY to NT\$1,013 million. Net income attributable to the parent company was NT\$414 million, and earnings per share was NT\$0.44. According to Chairman Shen, the company remains optimistic about the industry's mid-to long-term trend. As a result, despite facing headwinds, Zhen Ding continues to invest in research and development as well as capital expenditures. These ongoing investments have put short-term profitability under pressure but will support the company's mid-to long term growth.

Chairman Shen pointed out that Zhen Ding has been strategically developing server and automotive PCBs for many years. The PCBs used in AI servers and intelligent vehicles are diverse, ranging from mature process PCBs used in edge computing to advanced process PCBs used in the core processing, and Zhen Ding is capable of providing one-stop shopping solutions to meet customers' need. Its high-end automotive PCBs have entered mass production last year, and AI server motherboards have also received customer certifications. Growing with customers' increasing shipments, Zhen Ding is optimistic about the growth potential of related products in the future.

For IC substrates, Chairman Shen stated that the demand for BT substrates has bottomed in the first quarter and is gradually recovering. As for ABF substrates, customers' inventory adjustments are still ongoing, and the overall demand is expected to bottom out at the end of this year. In the first half of the year, Zhen Ding focused on improving the yield and efficiency of its new fabs. Currently, its yield

is on par with Tier 1 players, and it has received positive feedback from customers. Chairman Shen pointed out that the development of the IC substrate industry is expected to be delayed by about 1.5 years from the original projections. However, the mid-to long-term growth trend remains unchanged. The high-speed computing demand driven by 5G, AI servers, and automotive electronics will boost the future growth of ABF substrates. Over the next three years, Zhen Ding's revenue and profit from IC substrates will increase significantly. In addition, to comply with China's regulations and in accordance with Zhen Ding's organization plan, General Manager D.J. Lee will transition to Leading Tech's Chairman and General Manager.

On the other hand, in response to customer demands and to expand the group's global footprint, Zhen Ding has announced its plan to establish a new fab in Prachinburi Province, Thailand. The total investment amount for the first phase will be US\$250 million, and the trial production is planned for the first half of 2025. Chairman Shen emphasized that Zhen Ding adheres to the strategy of "Production Bases on Both Sides of the Strait, Expanding Global Footprint, and Developing High-End Products." The company continues to consider Mainland China as its primary production base while providing customers with more flexible regional production capacity allocation. The company is committed to achieving the goal of exceeding a 10% global market share by 2030.

Unit: NT\$ million, except for EPS

Period	1H23	1H22	YoY%
Revenue	55,082	68,450	-19.5%
Gross Profit	7,198	12,990	-44.6%
Operating Profit	(669)	5,686	-
Net Income	1,013	6,506	-84.4%
Net Income to Parent	414	4,507	-90.8%
EPS	0.44	4.77	-90.8%
Gross Margin	13.1%	19.0%	-5.9ppts
Operating Margin	-1.2%	8.3%	-9.5ppts
Net Margin	1.8%	9.5%	-7.7ppts

* 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.



Spokesperson

Duen Ling

Corporate Governance & Investor Relations Division

Tel: 886 3 3830101

Email: duen.t.ling@zdtco.com