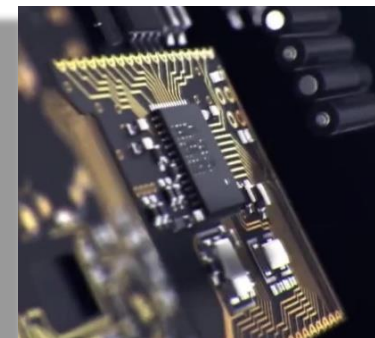
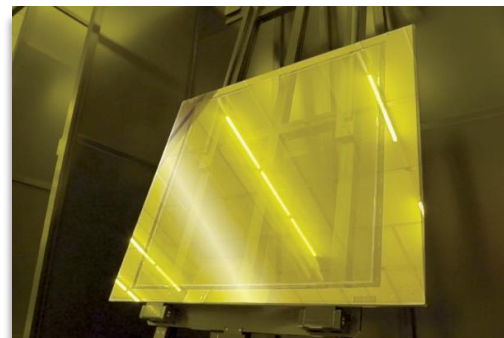
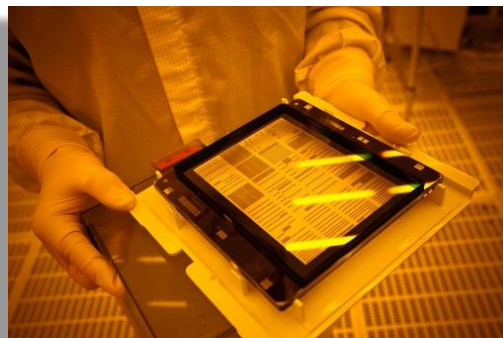


Photronics, Inc.

Q1 2023 Financial Results Conference Call
February 22, 2023

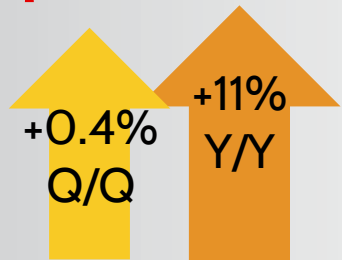


Safe Harbor Statement

This presentation and some of our comments during this presentation may contain projections or other forward-looking statements regarding future events, our future financial performance, and/or the future performance of the industry. These statements are predictions and contain risks and uncertainties. We refer you to the documents the Company files from time to time with the Securities and Exchange Commission. These documents contain and identify important factors that could cause the actual results for the Company to differ materially from those contained in our projections or forward-looking statements. These certain factors can be found at www.photonics.com/riskfactors. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee the accuracy of any forecasts or estimates, and we are not obligated to update any forward-looking statements if our expectations change.

Q1 2023 Summary

Revenue was
\$211.1M



IC: +0.2% Q/Q, +21% Y/Y

FPD: +0.8% Q/Q, -9% Y/Y

To China: -10% Q/Q; +18% Y/Y

\$335M Cash
balance
\$ 39M S-T
Investments

\$28M generated from operating activity

\$31M invested in capex

\$34M total long-term debt

- Net income attributable to Photronics, Inc. shareholders of \$14.0M (\$0.23/share); non-GAAP net income was \$24.4M (\$0.40/share)
- Investing in mainstream IC capacity to capitalize on market growth trends

Committed to driving long-term, profitable growth through strategic investments

Investment Strategy

Revenue Growth

- Win lion's share of the impressive growth in TAM for China IC and FPD
- Supplement capacity with point tool investments and targeted expansions
- Capitalize on technology leadership in AMOLED to continue improving mix
- Leverage global footprint to exploit growth in “legacy foundry” business

Margin Expansion

- Sustainable pricing strength in high-end and mainstream IC
- Optimize asset tool set to match end-market demand
- Increasing benefit from operating leverage

Explore Strategic Partnerships

Delivering on Updated Target Model

<u>\$M (except EPS)</u>	<u>2021</u>	<u>2022</u>	<u>Q1 2023</u> <u>LTM</u>	<u>Illustrative FY 24 Target Model</u>		
Revenue	\$664	\$825	\$846	\$900	\$950	\$975
Gross Margin	25%	36%	37%	38-40%	40-42%	42-43%
Operating Margin	14%	26%	27%	28-30%	30-32%	32-33%
Operating Cash Flow	\$151	\$275	\$244	\$350-375	\$365-380	\$375-400
Free Cash Flow*	\$47	\$166	\$124	\$250-275	\$235-280	\$275-300
Diluted EPS	\$0.89	\$1.94	\$1.79	\$2.35-2.45	\$2.50-2.55	\$2.60-2.65

*Free Cash Flow is a non-GAAP term; see reconciliation included in this presentation

Income Statement Summary

\$M (except EPS)	GAAP			Non-GAAP ¹		
	Q123	Q422	Q122	Q123	Q422	Q122
Revenue	\$ 211.1	\$ 210.3	\$ 189.8	\$ 211.1	\$ 210.3	\$ 189.8
Gross Profit	\$ 76.1	\$ 80.3	\$ 59.9	\$ 76.1	\$ 80.3	\$ 59.9
Gross Margin	36.0%	38.2%	31.5%	36.0%	38.2%	31.5%
Operating Income	\$ 56.0	\$ 60.5	\$ 38.2	\$ 56.0	\$ 60.5	\$ 38.2
Operating Margin	26.5%	28.8%	20.1%	26.5%	28.8%	20.1%
Non-operating income	(\$ 14.4)	\$ 10.8	\$ 4.7	\$ 2.5	\$ 0.4	(\$ 0.6)
Income tax provision	\$ 12.6	\$ 16.1	\$ 11.2	\$ 8.1	\$ 18.6	\$ 12.5
Minority interest	\$ 15.0	\$ 18.2	\$ 8.7	\$ 12.9	\$ 20.2	\$ 8.8
Net income ²	\$ 14.0	\$ 37.1	\$ 23.1	\$ 24.4	\$ 31.2	\$ 19.2
Diluted EPS ²	\$ 0.23	\$ 0.60	\$ 0.38	\$ 0.40	\$ 0.51	\$ 0.32
Days in quarter	90	92	91	90	92	91

¹See reconciliation included in this presentation ²Net income attributable to Photronics, Inc. shareholders

- Margins decreased Q/Q due to unfavorable mix
- GAAP Non-operating income primarily consists of unrealized FX gain/loss resulting in \$25M headwind Q/Q
- Minority interest from strong net income of IC JVs in Taiwan and China as Asian demand remains strong
- Non-GAAP presentation removes effect of foreign exchange gain/loss

IC Photomask Revenue

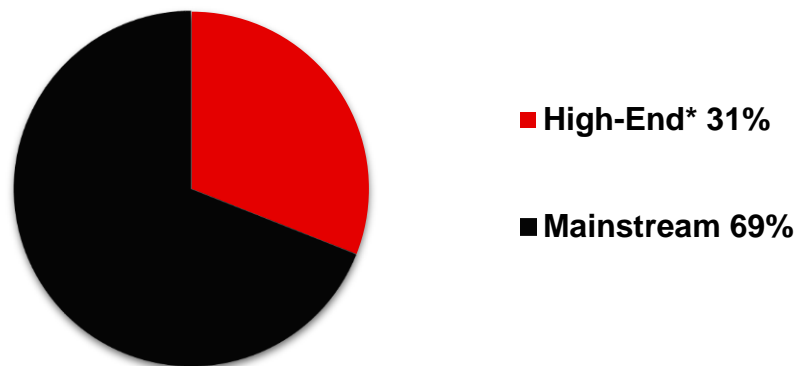
\$M	Q123	Q422	Q/Q	Q122	Y/Y
High-End*	\$ 48.0	\$ 44.3	8%	\$ 46.5	2%
Mainstream	\$ 108.6	\$ 111.9	(3%)	\$ 83.2	31%
Total	\$ 156.6	\$ 156.2	0.2%	\$129.8	21%

*28nm and smaller

Note: Totals may differ due to rounding

- High-end increased Q/Q on higher foundry/logic demand in Asia
- Softer mainstream demand on typical seasonality
- Outlook
 - New designs by customers to gain market share and support technology roadmap
 - Regionalization driving investments for global chip capacity
 - Expanding ASPs on positive supply/demand balance

Q123 Revenue by Technology



FPD Photomask Revenue

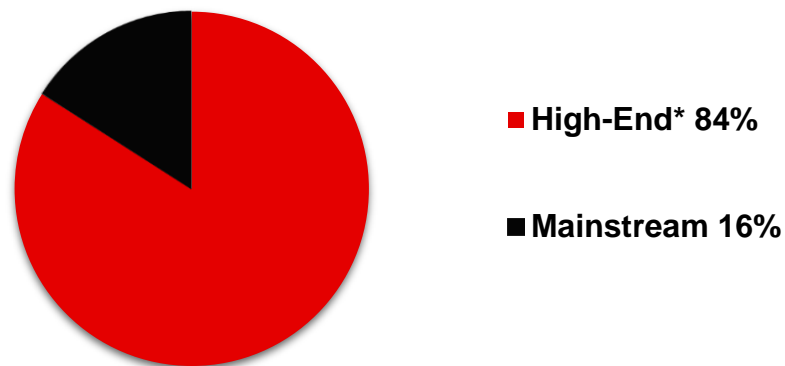
<u>\$M</u>	<u>Q123</u>	<u>Q422</u>	<u>Q/Q</u>	<u>Q122</u>	<u>Y/Y</u>
High-End*	\$ 45.7	\$ 43.4	5%	\$ 46.3	(1%)
Mainstream	\$ 8.8	\$ 10.6	(17%)	\$ 13.8	(36%)
Total	\$ 54.5	\$ 54.1	1%	\$ 60.1	(9%)

*≥G10.5, AMOLED and LTPS

Note: Totals may differ due to rounding.

- High-end grew Q/Q as G10.5+ improved and mobile display grew
- Mainstream down sequentially as we dedicated capacity to high-end
- Outlook
 - Mobile demand should continue strong with rollout of new designs
 - Technology development drives demand for higher-value masks

Q123 Revenue by Technology



Select Financial Data

<u>\$M</u>	<u>Q123</u>	<u>Q422</u>	<u>Q122</u>
Cash	\$ 374	\$ 359	\$ 314
Debt	\$ 34	\$ 42	\$ 97
Net Cash*	\$ 340	\$ 316	\$ 217
Operating Cash Flow	\$ 28	\$ 79	\$ 59
Capital Expenditures	\$ 31	\$ 66	\$ 19

- Cash includes cash equivalents and short-term investments
- Debt primarily comprised of US equipment leases and local China loans
- Capex targeting growth in mainstream IC capacity & facility expansion
- Balance sheet able to fund investments, share repurchases, and strategic opportunities

*Net cash defined is a non-GAAP term; see reconciliation included in this presentation

Q2 2023 Guidance

Revenue (\$M)	\$205 - \$215
Operating Margin	25% - 28%
Taxes (\$M)	\$12 - \$15
Diluted non-GAAP EPS	\$0.38 - \$0.48
Diluted Shares (M)	~61
Full-year Capex (M)	~\$130

- Incorporation of chips in IoT, 5G, Crypto and consumer products
 - New designs to capture market share
 - Advanced display technologies
 - Growing nationalism spurs regional investments in capacity
- Outlook clouded by geopolitical uncertainty, macro-economic headwinds and supply chain challenges
- Driving margin expansion and cash flows to achieve long-term target model

Thank you for your interest!

For Additional Information:

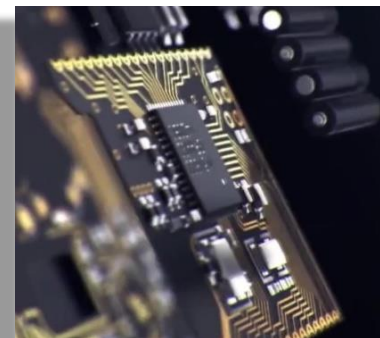
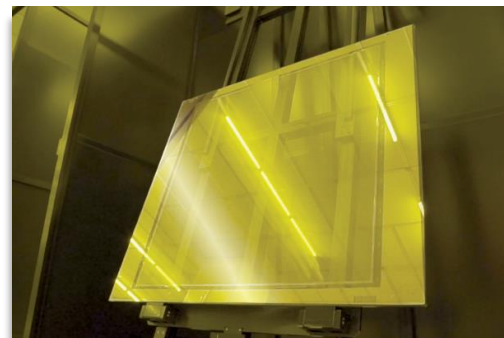
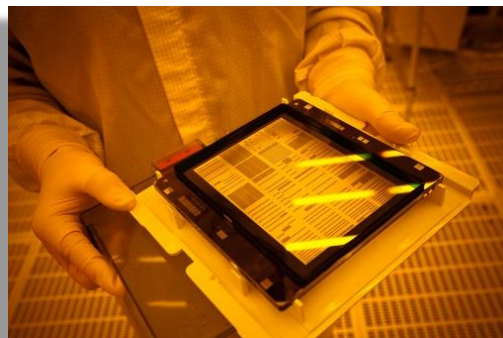
Please contact

John P. Jordan

Executive Vice President & CFO

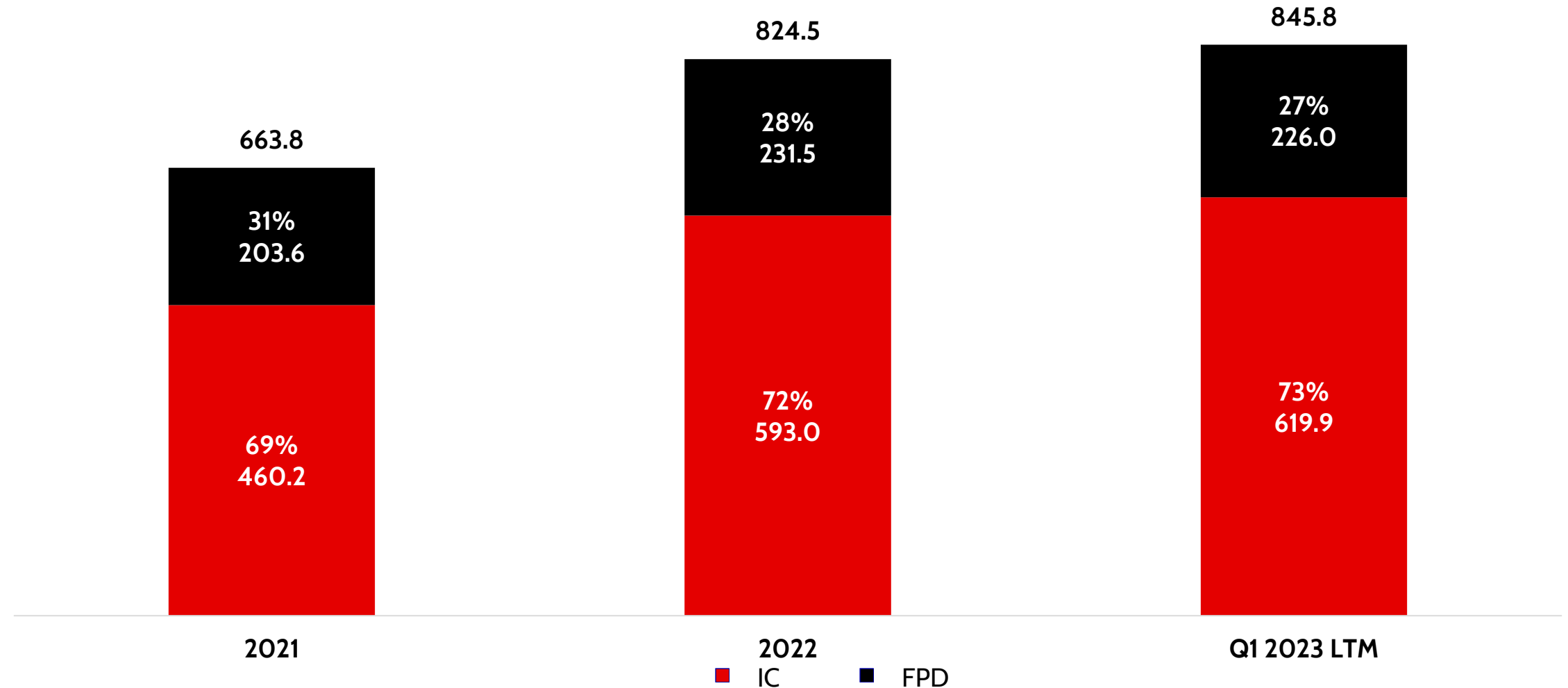
203.740.5671

jjordan@photronics.com



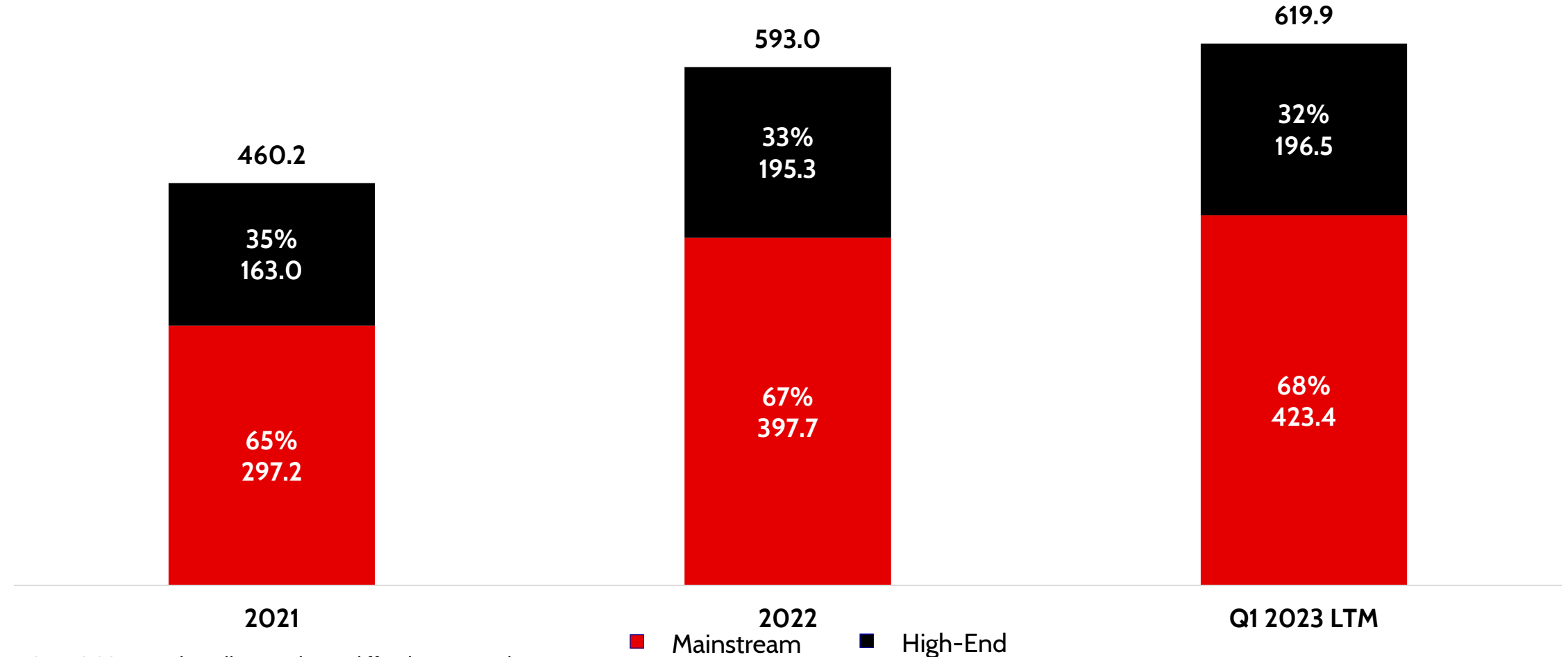
Appendix

Total Revenue (\$M)



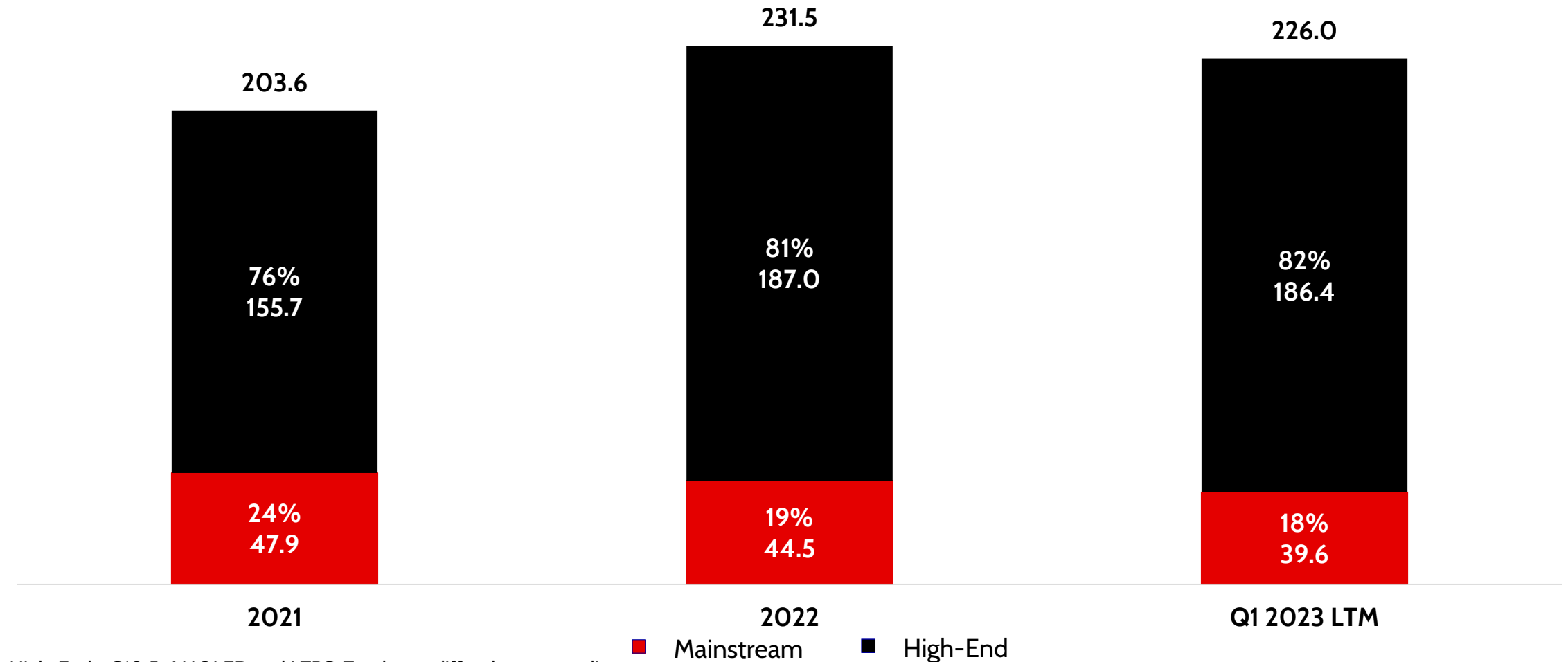
Total may differ due to rounding

IC Photomask Revenue (\$M)



High-End: 28nm and smaller; Total may differ due to rounding

FPD Photomask Revenue (\$M)



High-End: ≥G10.5, AMOLED and LTPS; Total may differ due to rounding

Non-GAAP Financial Measures

Non-GAAP Net Income attributable to Photronics, Inc. shareholders and non-GAAP earnings per share, Free Cash Flow, LTM 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 page.

Non-GAAP Financial Measures

PHOTRONICS, INC.

Reconciliation of GAAP to Non-GAAP Financial Information

(in thousands)

(Unaudited)

	Three Months ended		
	January 29, 2023	October 31, 2022	January 30, 2022
<i>Reconciliation of GAAP to Non-GAAP Net Income:</i>			
GAAP Net Income	\$ 13,986	\$ 37,060	\$ 23,064
FX (gain) loss	16,944	(10,369)	(5,268)
Estimated tax effects of above	(4,506)	2,522	1,337
Estimated noncontrolling interest effects of above	(2,060)	1,990	96
Non-GAAP Net Income	<u>\$ 24,364</u>	<u>\$ 31,203</u>	<u>\$ 19,229</u>
<i>Weighted-average number of common shares outstanding - Diluted</i>			
	<u>61,470</u>	<u>61,374</u>	<u>60,936</u>
<i>Reconciliation of GAAP to Non-GAAP EPS:</i>			
GAAP diluted earnings per share	\$ 0.23	\$ 0.60	\$ 0.38
Effects of the above adjustments	\$ 0.17	\$ (0.10)	\$ (0.06)
Non-GAAP diluted earnings per share	<u>\$ 0.40</u>	<u>\$ 0.51</u>	<u>\$ 0.32</u>

Note: Totals may differ due to rounding

Non-GAAP Financial Measures

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	Year ended		
	January 29, 2023	October 31, 2022	October 31, 2021	Target Model Two-year Horizon
GAAP Net cash provided by operating activities	\$ 27,680	\$ 275,187	\$ 150,772	\$ 350,000 - 400,000
Purchases of property, plant and equipment	(31,097)	(112,338)	(109,099)	(100,000)
Government Incentives	1,014	3,615	5,775	-
Free Cash Flow	<u>\$ (2,403)</u>	<u>\$ 166,464</u>	<u>\$ 47,448</u>	<u>\$ 250,000 - 300,000</u>

Reconciliation of Free Cash flow to LTM Free Cash Flow:

	Free Cash Flow
Three Months ended January 29, 2023	\$ (2,403)
Year-ended October 31, 2022	166,464
Three Months ended January 30, 2022	(39,955)
LTM January 29, 2023	<u>\$ 124,106</u>

Reconciliation of Cash and cash equivalents to Net Cash:

	As of		
	January 29, 2023	October 31, 2022	January 30, 2022
Cash and cash equivalents	\$ 334,792	\$ 319,680	\$ 314,195
Short-term investments	39,199	38,820	-
Current portion of Long-term debt	(6,541)	(10,024)	(18,307)
Long-term Debt	(27,323)	(32,310)	(78,540)
Net Cash	<u>\$ 340,127</u>	<u>\$ 316,166</u>	<u>\$ 217,348</u>