

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT



Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934

Date of report (Date of earliest event reported)

December 13, 2023

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Connecticut

(State or Other Jurisdiction of Incorporation)

0-15451

(Commission File Number)

06-0854886

(IRS Employer Identification No.)

15 Secor Road, Brookfield, CT

(Address of principal executive offices)

06804

(Zip Code)

Registrant's Telephone Number, including area code

(203) 775-9000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
COMMON STOCK, \$0.01 par value per share	PLAB	NASDAQ Global Select Market

Item 2.02. Results of Operations and Financial Condition.

On December 13, 2023, Photonics, Inc. (the "Company") issued a press release reporting fourth quarter fiscal 2023 results.

A copy of the press release is furnished as Exhibit 99.1 to this report. The information contained in this Item 2.02 and the attached Exhibits 99.1, 99.2, 99.3, 99.4, 99.5, 99.6 and 99.7, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be incorporated by reference in any filing under the Securities Act of 1933 except as shall be expressly set forth by specific reference in such filing.

On December 13, 2023, the Company will conduct a conference call during which certain unaudited, non-GAAP financial information related to the Company's operations for its fiscal 2023 full year and the three months ended October 31, 2023 may be disclosed. This information is set forth in Exhibit 99.7.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- [99.1](#) Press Release December 13, 2023.
 - [99.2](#) Condensed Consolidated Statements of Income.
 - [99.3](#) Condensed Consolidated Balance Sheets.
 - [99.4](#) Condensed Consolidated Statements of Cash Flows.
 - [99.5](#) Reconciliation of GAAP to Non-GAAP Financial Information.
 - [99.6](#) Reconciliation of GAAP to Non-GAAP Financial Information (cont.).
 - [99.7](#) Photonics Q4 2023 Financial Results Conference Call December 13, 2023 slides.
-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHOTRONICS, INC.
(Registrant)

By: /s/ Richelle E. Burr
Name: Richelle E. Burr
Title: Executive Vice President,
Chief Administrative Officer,
General Counsel and Secretary

Date: December 13, 2023



For Further Information:
 John P. Jordan
 Executive Vice President & CFO
 203.740.5671
jjordan@photronics.com

Photronics Reports Full Year and Fourth Quarter Fiscal 2023 Results

BROOKFIELD, Conn., Dec. 13, 2023 (GLOBE NEWSWIRE) — Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its full year and fourth quarter of fiscal year 2023 ended October 31, 2023.

“We delivered our sixth consecutive year of record revenue with growth in fourth quarter amidst a prolonged industry downturn,” said Frank Lee, chief executive officer. “Fourth quarter and full year revenue increased 8% year-over-year, and fourth quarter increased 1% sequentially. Both IC and FPD increased, as demand for our design-driven products remained strong. Operating expenses were lower sequentially, partially offsetting lower gross profit, resulting in operating margins of 28.5% for the fourth quarter and 28.4% for the year. Strong cash generation and our disciplined strategy of investing in growth strengthened the balance sheet while positioning us for sustained solid performance. I am proud of our team’s performance and look forward to even greater achievements as we execute our strategy in the year to come.”

Full Year Fiscal 2023 Results

- Revenue was \$892.1 million, up 8% over the previous year – the sixth consecutive year of record revenue
- GAAP net income attributable to Photronics, Inc. shareholders was \$125.5 million, or \$2.03 per diluted share, compared with \$118.8 million, or \$1.94 per diluted share in 2022
- Non-GAAP net income attributable to Photronics, Inc. shareholders was \$126.0 million, or \$2.04 per diluted share, compared with \$101.7 million, or \$1.66 per diluted share in 2022
- IC revenue was \$651.3 million, up 10%
- FPD revenue was \$240.8 million, up 4%
- Cash generated from operating activities was \$302.2 million, and cash invested in organic growth through capital expenditures was \$131.3 million

Fourth Quarter Fiscal 2023 Results

- Revenue was \$227.5 million, up 8% year-over-year and 1% sequentially
- GAAP net income attributable to Photronics, Inc. shareholders was \$44.6 million, or \$0.72 per diluted share, compared with \$37.1 million, or \$0.60 per diluted share in the fourth quarter 2022 and \$27.0 million, or \$0.44 per diluted share in the third quarter of 2023
- Non-GAAP net income attributable to Photronics, Inc. shareholders was \$37.2 million, or \$0.60 per diluted share, compared with \$31.2 million, or \$0.51 per diluted share in the fourth quarter 2022 and \$31.6 million, or \$0.51 per diluted share in the third quarter of 2023
- IC revenue was \$164.5 million, up 5% year-over-year and 1% sequentially
- FPD revenue was a record at \$63.0 million, up 17% from the same quarter last year and 3% sequentially
- Cash generated from operating activities was \$106.6 million, and cash invested in organic growth through capital expenditures was \$52.5 million
- Cash balance at the end of the quarter was \$499.3 million, with \$12.9 million in short-term investments and \$24.6 million in debt

First Quarter Fiscal 2024 Guidance

For the first quarter of fiscal 2024, Photronics expects revenue to be between \$217 million and \$225 million and non-GAAP net income attributable to Photronics, Inc. shareholders to be between \$0.45 and \$0.53 per diluted share.

Webcast

A webcast to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, December 13, 2023. 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, 2022, the company had 1,828 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 at www.photronics.com/riskfactors. 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, 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 pages.

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

	Three Months Ended			Year Ended	
	October 31, 2023	July 30, 2023	October 31, 2022	October 31, 2023	October 31, 2022
Revenue	\$ 227,473	\$ 224,206	\$ 210,266	\$ 892,076	\$ 824,549
Cost of goods sold	142,591	137,405	129,997	555,914	530,336
Gross Profit	84,882	86,801	80,269	336,162	294,213
Operating Expenses:					
Selling, general and administrative	16,731	18,032	15,683	69,458	63,989
Research and development	3,367	3,505	4,045	13,654	18,341
Total Operating Expenses	20,098	21,537	19,728	83,112	82,330
Other operating loss	-	-	-	-	(17)
Operating Income	64,784	65,264	60,541	253,050	211,866
Non-operating (loss) income, net	18,660	(911)	10,797	16,896	27,167
Income Before Income Tax Provision	83,444	64,353	71,338	269,946	239,033
Income tax provision	20,288	16,098	16,074	70,312	59,791
Net Income	63,156	48,255	55,264	199,634	179,242
Net income attributable to noncontrolling interests	18,545	21,296	18,204	74,149	60,456
Net income attributable to Photronics, Inc. shareholders	\$ 44,611	\$ 26,959	\$ 37,060	\$ 125,485	\$ 118,786
Earnings per share:					
Basic	\$ 0.73	\$ 0.44	\$ 0.61	\$ 2.05	\$ 1.96
Diluted	\$ 0.72	\$ 0.44	\$ 0.60	\$ 2.03	\$ 1.94
Weighted-average number of common shares outstanding:					
Basic	61,290	61,233	60,773	61,139	60,559
Diluted	62,067	61,974	61,374	61,755	61,189

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

	October 31, 2023	October 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 499,292	\$ 319,680
Short-term investments	12,915	38,820
Accounts receivable	194,927	198,147
Inventories	49,963	50,753
Other current assets	28,353	37,252
Total current assets	785,450	644,652
Property, plant and equipment, net	709,244	643,873
Other assets	31,527	27,305
Total assets	\$ 1,526,221	\$ 1,315,830
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	\$ 6,621	\$ 10,024
Accounts payable and accrued liabilities	178,602	183,773
Total current liabilities	185,223	193,797
Long-term debt	17,998	32,310
Other liabilities	47,391	27,634
Photronics, Inc. shareholders' equity	975,008	831,527
Noncontrolling interests	300,601	230,562
Total equity	1,275,609	1,062,089
Total liabilities and equity	\$ 1,526,221	\$ 1,315,830

PHOTRONICS, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Year Ended	
	October 31, 2023	October 31, 2022
Cash flows from operating activities:		
Net income	\$ 199,634	\$ 179,242
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80,835	80,330
Share-based compensation	8,001	6,308
Changes in operating assets, liabilities and other	13,706	9,307
Net cash provided by operating activities	<u>302,176</u>	<u>275,187</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(131,295)	(112,338)
Purchases of available-for-sale debt securities	(20,192)	(38,854)
Proceeds from maturity of available-for-sale debt securities	47,537	-
Government incentives	2,522	3,615
Other	(117)	(180)
Net cash used in investing activities	<u>(101,545)</u>	<u>(147,757)</u>
Cash flows from financing activities:		
Repayments of debt	(18,439)	(65,440)
Purchases of treasury stock	-	(2,522)
Contributions from noncontrolling interest	-	24,995
Proceeds from share-based arrangements	1,248	5,749
Net settlements of restricted stock awards	(1,302)	(1,471)
Net cash used in financing activities	<u>(18,493)</u>	<u>(38,689)</u>
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(2,680)</u>	<u>(46,012)</u>
Net increase in cash, cash equivalents, and restricted cash	179,458	42,729
Cash, cash equivalents, and restricted cash, beginning of period	<u>322,409</u>	<u>279,680</u>
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 501,867</u>	<u>\$ 322,409</u>

PHOTRONICS, INC.
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands)
(Unaudited)

	Three Months ended			Year ended	
	October 31, 2023	July 30, 2023	October 31, 2022	October 31, 2023	October 31, 2022
Reconciliation of GAAP to Non-GAAP Non-operating (loss) Income:					
GAAP Non-operating (loss) income, net	\$ 18,660	\$ (911)	\$ 10,797	\$ 16,896	\$ 27,167
FX (gain) loss	(13,234)	4,543	(10,369)	(2,466)	(27,344)
Non-GAAP Non-operating (loss) income, net	<u>\$ 5,426</u>	<u>\$ 3,632</u>	<u>\$ 428</u>	<u>\$ 14,430</u>	<u>\$ (177)</u>
Reconciliation of GAAP to Non-GAAP Income tax provision:					
GAAP Income tax provision	\$ 20,288	\$ 16,098	\$ 16,074	\$ 70,312	\$ 59,791
Estimated tax effects of FX (gain) loss	3,437	(1,193)	2,522	317	5,933
Non-GAAP Income tax provision	<u>\$ 16,851</u>	<u>\$ 17,291</u>	<u>\$ 13,552</u>	<u>\$ 69,995</u>	<u>\$ 53,858</u>
Reconciliation of GAAP to Non-GAAP Noncontrolling interests:					
GAAP Noncontrolling interests	\$ 18,545	\$ 21,296	\$ 18,204	\$ 74,149	\$ 60,456
Estimated noncontrolling interest effects of above	2,431	1,328	1,990	2,676	4,275
Non-GAAP Noncontrolling interests	<u>\$ 16,114</u>	<u>\$ 19,968</u>	<u>\$ 16,214</u>	<u>\$ 71,473</u>	<u>\$ 56,181</u>
Reconciliation of GAAP to Non-GAAP Net Income:					
GAAP Net Income	\$ 44,611	\$ 26,959	\$ 37,060	\$ 125,485	\$ 118,786
FX (gain) loss	(13,234)	4,543	(10,369)	(2,466)	(27,344)
Estimated tax effects of above	3,437	(1,193)	2,522	317	5,933
Estimated noncontrolling interest effects of above	2,431	1,328	1,990	2,676	4,275
Non-GAAP Net Income	<u>\$ 37,245</u>	<u>\$ 31,637</u>	<u>\$ 31,203</u>	<u>\$ 126,012</u>	<u>\$ 101,650</u>
Weighted-average number of common shares outstanding - Diluted	<u>62,067</u>	<u>61,974</u>	<u>61,374</u>	<u>61,755</u>	<u>61,189</u>
Reconciliation of GAAP to Non-GAAP EPS:					
GAAP diluted earnings per share	\$ 0.72	\$ 0.44	\$ 0.60	\$ 2.03	\$ 1.94
Effects of the above adjustments	(0.12)	0.07	(0.10)	0.01	(0.28)
Non-GAAP diluted earnings per share	<u>\$ 0.60</u>	<u>\$ 0.51</u>	<u>\$ 0.51</u>	<u>\$ 2.04</u>	<u>\$ 1.66</u>

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

	<u>Year ended</u> <u>October 31,</u> <u>2023</u>
GAAP Net cash provided by operating activities	\$ 302,176
Purchases of property, plant and equipment	(131,295)
Free Cash Flow	<u>\$ 170,881</u>

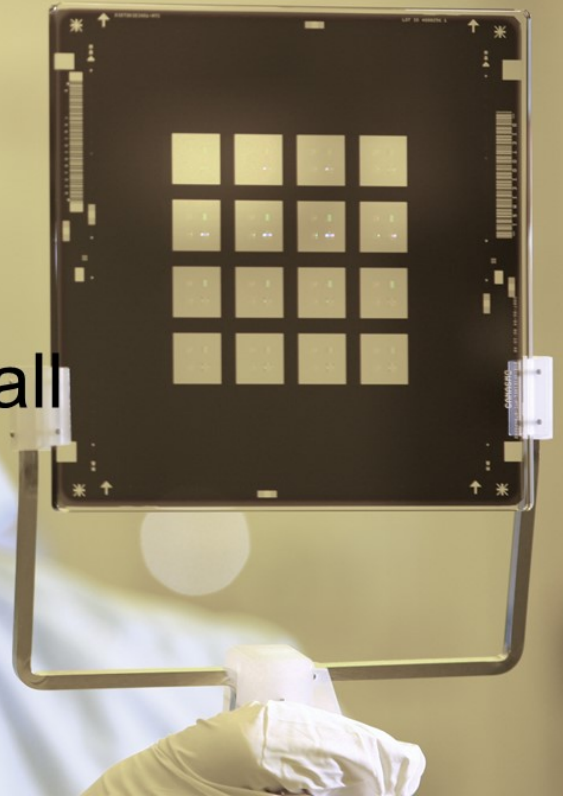
Reconciliation of Cash and cash equivalents to Net Cash:

	<u>As of</u>	
	<u>October 31,</u> <u>2023</u>	<u>October 31,</u> <u>2022</u>
Cash and cash equivalents	\$ 499,292	\$ 319,680
Current portion of Long-term debt	(6,621)	(10,024)
Long-term Debt	(17,998)	(32,310)
Net Cash	<u>\$ 474,673</u>	<u>\$ 277,346</u>



Q4 2023 Financial Results Conference Call

December 13, 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.photronics.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.

2023 Summary

\$892.1M Revenue	\$125.5M Net Income ¹	\$2.03 EPS ¹	\$2.04 Adjusted ² EPS ¹	\$302.2M OCF	\$499.3M Cash
+8% Y/Y	+6% Y/Y	+5% Y/Y	+23% Y/Y	+10% Y/Y	+56% Y/Y

6th consecutive year of record revenue

Photomask industry flat in 2023 amidst general slowdown in semiconductor and display sector

Margins improved on operating leverage, favorable pricing, and cost control

As largest merchant photomask provider with expansive geographic footprint, Photronics uniquely positioned to benefit from expected long-term growth in photomask demand

Capital allocation strategy and prudent balance sheet management support growth initiatives while increasing ROIC and resilience

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

¹Net income attributable to Photronics, Inc. shareholders. ²Adjusted EPS is a non-GAAP measure. See reconciliation included in this presentation.

Q4 2023 Summary

\$227.5M Revenue	\$44.6M Net Income ¹	\$0.72 EPS ¹	\$0.60 Adjusted ² EPS ¹	\$106.6M OCF	\$499.3M Cash
+8% Y/Y +1% Q/Q	+20% Y/Y +65% Q/Q	+20% Y/Y +64% Q/Q	+18% Y/Y +18% Q/Q	+35% Y/Y +24% Q/Q	+56% Y/Y +11% Q/Q

Revenue grew on strong demand across both IC and FPD as customers released new designs and ramped new fabs

Adjusted EPS increased as lower operating profit was more than offset by below-the-line items

Balance sheet fortified due to strong free cash flow generation, debt reduction, and effective management of working capital

Investing in IC capacity to capitalize on market growth trends

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

Long-Term Trends Driving Photomask Demand

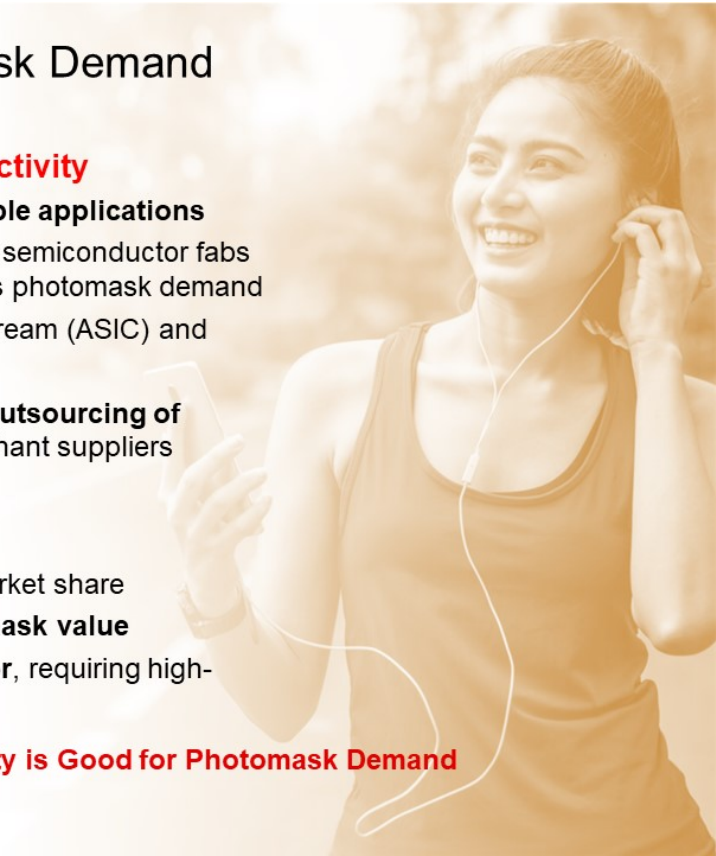
Semiconductor: growing capacity and design activity

1. More extensive use of semiconductors **across multiple applications**
2. **Supply chain regionalization** driving investments in semiconductor fabs that creates redundant production capacity and drives photomask demand
3. **Differentiation by design** becoming factor in mainstream (ASIC) and leading-edge applications
4. Expanding EUV adoption drives semi manufacturer **outsourcing of legacy technology nodes**, increasing TAM for merchant suppliers

Display: advanced displays driving innovation

1. Global panel makers **innovating** to win AMOLED market share
2. Growing competition drives innovation and **greater mask value**
3. AMOLED manufacturing moving to **larger form factor**, requiring high-quality, advanced photomask

Design and Manufacturing Complexity is Good for Photomask Demand



Strategic Investment Strategy Sustains Profitable Growth

STRATEGIC APPROACH TO CAPITAL INVESTMENTS

Organic growth through high-return targeted capacity expansion
Enter LTPAsto mitigate investment risk and quickly ramp revenues

GROW REVENUE IN EXCESS OF MARKET

- Win market share in growing IC and FPD markets
- Leverage global footprint to benefit from IC regionalization trends
- Capitalize on FPD technology leadership to continue improving mix
- Enter long-term purchase agreements and obtain process of record

MARGIN EXPANSION IMPROVES PROFITS

- Improved pricing environment in high-end and mainstream IC
- Dynamically align asset tool set to match end-market demand
- Increasing benefit from operating leverage

WINNING THROUGH COMPETITIVE ADVANTAGES

- Operational Excellence
- Commercial Excellence
- Technology Leader
- Global Footprint

Proven Approach to Profitably Grow Revenue, Capture Market Share, and Improve ROIC

Income Statement Summary

\$M (except EPS)	GAAP			Non-GAAP ¹		
	Q423	Q/Q	Y/Y	Q423	Q/Q	Y/Y
Revenue	227.5	+1%	+8%			
Gross Profit	84.9	-2%	+6%			
Gross Margin	37.3%	-140 bps	-90 bps			
Operating Income	64.8	-1%	+7%			
Operating Margin	28.5%	-60 bps	-30 bps			
Non-operating income	18.7	+19.6	+7.9	5.4	+1.8	+5.0
Income tax provision	20.3	+26%	+26%	16.9	-3%	+24%
Minority interest	18.5	-13%	+2%	16.1	-19%	-1%
Net income ²	44.6	+65%	+20%	37.2	+18%	+19%
Diluted EPS ²	0.72	+0.28	+0.12	0.60	+0.09	+0.09
Days in quarter	93	+2	+1			

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

Margins declined due to lower premiums for expedited delivery

Opex decreased as percent of sales as we effectively managed costs

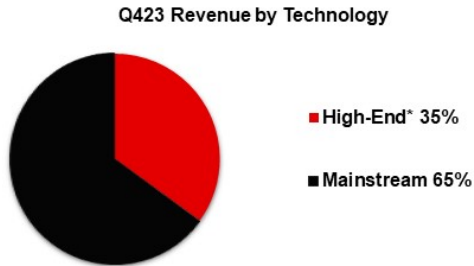
GAAP Non-operating income primarily consists of unrealized FX gain/loss

Non-GAAP removes effect of FX gain/loss

Minority interest reflects net income of IC JVs in Taiwan and China

IC Product Line

\$M	Q423	Q/Q	Y/Y
High-End*	57.7	27%	30%
Mainstream	106.8	(9%)	(5%)
Total	164.5	1%	5%



*28nm and smaller
Totals may differ due to rounding

High-end increased as stronger design activity drove demand across regions

Mainstream softness Q/Q offset by better high-end demand

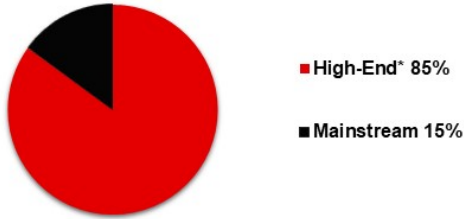
Outlook

- New designs by customers to gain market share and support technology roadmap
- Regionalization driving investments for global chip capacity
- Able to maintain pricing in favorable supply/demand dynamic

FPD Product Line

\$M	Q423	Q/Q	Y/Y
High-End*	53.3	7%	23%
Mainstream	<u>9.7</u>	<u>(13%)</u>	<u>(9%)</u>
Total	63.0	3%	17%

Q423 Revenue by Technology



*≥G10.5, AMOLED and LTPS
Totals may differ due to rounding

High-end grew on strong mobile display led by AMOLED demand

Mainstream output lowered as more production dedicated to meet strong high-end demand

Outlook

- Technology development drives demand for higher-value masks
- Mobile demand is expected to remain strong with rollout of new designs and emerging panel makers winning market share

Balance Sheet and Cash Flow Metrics

\$M	Q423	Y/Y	Q/Q
Cash	499.3	+56%	+11%
Short-term Investments	12.9	-67%	-53%
Debt	24.6	-42%	-8%
Net Cash*	474.7	+71%	+13%
Operating Cash Flow	106.6	+35%	+24%
Capital Expenditures	52.5	-20%	+149%

Continued strong operating cash flow from income generation and working capital management

Debt comprised of US equipment leases

Capex targets growth in IC capacity & facility expansion

Strong balance sheet able to fund investments, share repurchases, and strategic opportunities and remain resilient to effects of industry downturns

Balance Sheet Provides Resilience, Enables Growth Strategy and Shareholder Value Creation

*Net cash is a non-GAAP term. See reconciliation included in this presentation.

Q1 2024 Guidance

Revenue (\$M)	217-225
Operating Margin	27%-29%
Taxes (\$M)	11-15
Diluted non-GAAP EPS	\$0.45-\$0.53
Diluted Shares (M)	~62
Full-year Capex (M)	~140

Incorporation of chips in IoT, 5G, Crypto and consumer products

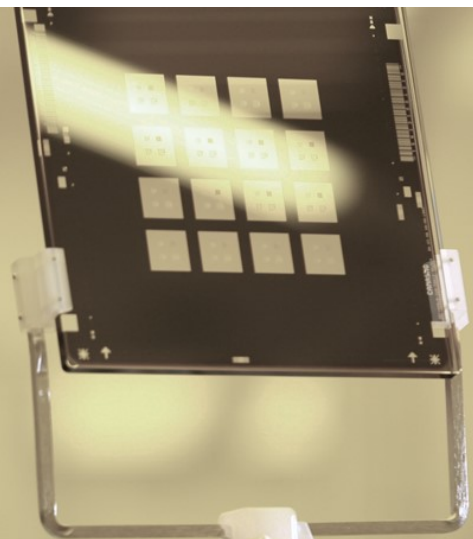
- New designs to capture market share

- Advanced display technologies

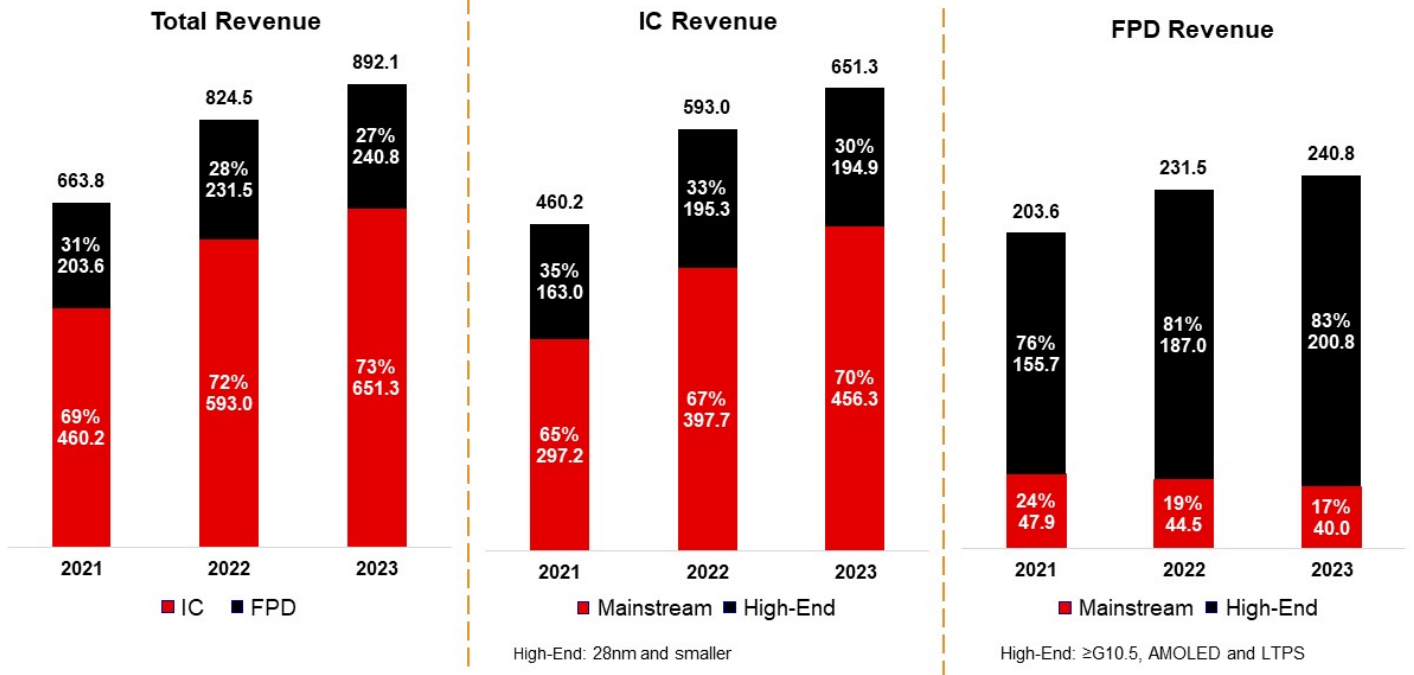
Outlook clouded by geopolitical uncertainty and macro-economic headwinds

Driving margin expansion and cash flows to deliver long-term shareholder value

Appendix



Revenue by Product Group (\$M)



Non-GAAP Financial Measures

Non-GAAP Net Income attributable to Photronics, Inc. shareholders and non-GAAP earnings per share, 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 pages.

Non-GAAP Financial Measures

PHOTRONICS, INC.
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands)
(Unaudited)

	Three Months ended			Year ended	
	October 31, 2023	July 30, 2023	October 31, 2022	October 31, 2023	October 31, 2022
Reconciliation of GAAP to Non-GAAP Non-operating (loss) income:					
GAAP Non-operating (loss) income, net	\$ 18,660	\$ (911)	\$ 10,797	\$ 16,896	\$ 27,167
FX (gain) loss	(13,234)	4,543	(10,369)	(2,466)	(27,344)
Non-GAAP Non-operating (loss) income, net	<u>\$ 5,426</u>	<u>\$ 3,632</u>	<u>\$ 428</u>	<u>\$ 14,430</u>	<u>\$ (177)</u>
Reconciliation of GAAP to Non-GAAP Income tax provision:					
GAAP Income tax provision	\$ 20,288	\$ 16,098	\$ 16,074	\$ 70,312	\$ 59,791
Estimated tax effects of FX (gain) loss	3,437	(1,193)	2,522	317	5,933
Non-GAAP Income tax provision	<u>\$ 16,851</u>	<u>\$ 17,291</u>	<u>\$ 13,552</u>	<u>\$ 69,995</u>	<u>\$ 53,858</u>
Reconciliation of GAAP to Non-GAAP Noncontrolling interests:					
GAAP Noncontrolling interests	\$ 18,545	\$ 21,296	\$ 18,204	\$ 74,149	\$ 60,456
Estimated noncontrolling interest effects of above	2,431	1,328	1,990	2,676	4,275
Non-GAAP Noncontrolling interests	<u>\$ 16,114</u>	<u>\$ 19,968</u>	<u>\$ 16,214</u>	<u>\$ 71,473</u>	<u>\$ 56,181</u>
Reconciliation of GAAP to Non-GAAP Net Income:					
GAAP Net Income	\$ 44,611	\$ 26,959	\$ 37,060	\$ 125,485	\$ 118,786
FX (gain) loss	(13,234)	4,543	(10,369)	(2,466)	(27,344)
Estimated tax effects of above	3,437	(1,193)	2,522	317	5,933
Estimated noncontrolling interest effects of above	2,431	1,328	1,990	2,676	4,275
Non-GAAP Net Income	<u>\$ 37,245</u>	<u>\$ 31,637</u>	<u>\$ 31,203</u>	<u>\$ 126,012</u>	<u>\$ 101,650</u>
Weighted-average number of common shares outstanding - Diluted	<u>62,067</u>	<u>61,974</u>	<u>61,374</u>	<u>61,755</u>	<u>61,189</u>
Reconciliation of GAAP to Non-GAAP EPS:					
GAAP diluted earnings per share	\$ 0.72	\$ 0.44	\$ 0.60	\$ 2.03	\$ 1.94
Effects of the above adjustments	\$ (0.12)	\$ 0.07	\$ (0.10)	\$ 0.01	\$ (0.28)
Non-GAAP diluted earnings per share	<u>\$ 0.60</u>	<u>\$ 0.51</u>	<u>\$ 0.51</u>	<u>\$ 2.04</u>	<u>\$ 1.66</u>

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

	<u>Year ended</u> <u>October 31,</u> <u>2023</u>
GAAP Net cash provided by operating activities	\$ 302,176
Purchases of property, plant and equipment	(131,295)
Free Cash Flow	<u>\$ 170,881</u>

Reconciliation of Cash and cash equivalents to Net Cash:

	<u>As of</u>	
	<u>October 31,</u> <u>2023</u>	<u>October 31,</u> <u>2022</u>
Cash and cash equivalents	\$ 499,292	\$ 319,680
Current portion of Long-term debt	(6,621)	(10,024)
Long-term Debt	(17,998)	(32,310)
Net Cash	<u>\$ 474,673</u>	<u>\$ 277,346</u>