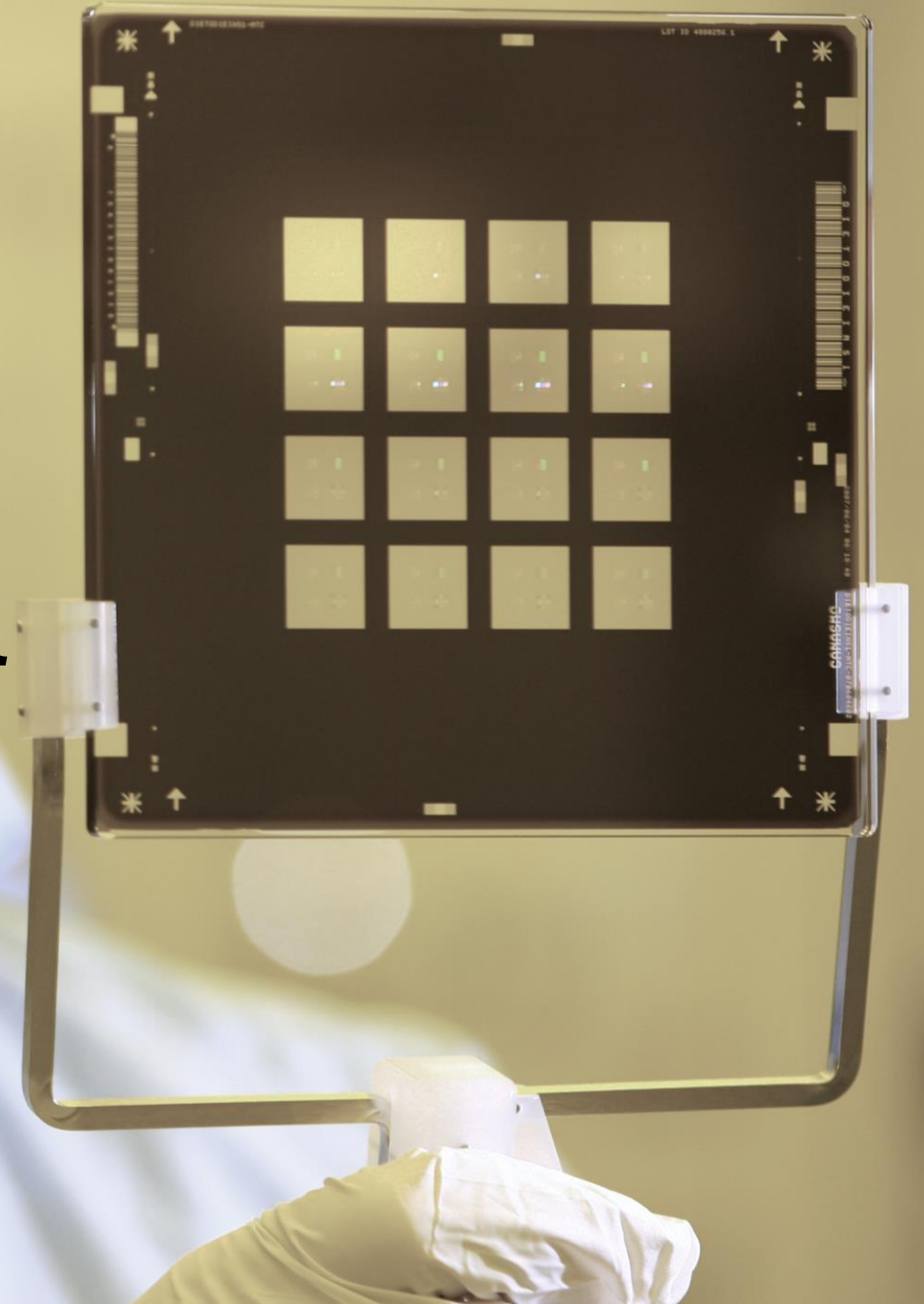




Q1 2024 Financial Results Conference Call

February 21, 2024



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 2024 Summary

\$216.3M Revenue	26.6% Operating Margin	\$0.42 EPS ¹	\$0.48 Adjusted ² EPS ¹	\$41.5M OCF	\$508.5M Cash
+2% Y/Y (5%) Q/Q	+10 bps Y/Y (190) bps Q/Q	+83% Y/Y (42%) Q/Q	+20% Y/Y (20%) Q/Q	+50% Y/Y (61%) Q/Q	+52% Y/Y +2% Q/Q

Revenue improved Y/Y and down Q/Q; slow start to quarter for IC; demand strengthened during the quarter, positioning for stronger Q2

Adjusted EPS improved Y/Y on operating leverage; lower Q/Q on decreased volume and higher operating expense

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

Year-over-year Growth in Earnings and Cash Flow as we Effectively Manage Costs and Working Capital

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

Income Statement Summary

\$M (except EPS)	GAAP			Non-GAAP ¹		
	Q124	Q/Q	Y/Y	Q124	Q/Q	Y/Y
Revenue	216.3	(5%)	2%			
Gross Profit	79.3	(7%)	4%			
Gross Margin	36.6%	(70) bps	60 bps			
Operating Income	57.5	(11%)	3%			
Operating Margin	26.6%	(190) bps	10 bps			
Non-operating (loss) income	(3.7)	(22.4)	10.7	5.2	(0.3)	2.6
Income tax provision	14.7	(28%)	17%	16.9	0%	(1%)
Minority interest	12.9	(30%)	(14%)	15.8	(2%)	(7%)
Net income ²	26.2	(41%)	87%	29.9	(20%)	23%
Diluted EPS ²	0.42	(0.30)	0.19	0.48	(0.12)	0.08
Days in quarter	89	(4)	(1)			

Gross margins down Q/Q and up Y/Y on operating leverage and change in revenue

Opex increased due to higher SG&A driven by higher compensation expense

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

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

Revenue by Product Line

IC			
\$M	Q124	Q/Q	Y/Y
High-End*	60.9	6%	27%
Mainstream	96.7	(9%)	(11%)
Total	157.6	(4%)	1%



■ High-End* 39%
■ Mainstream 61%


High-end increased on strong demand from Asia foundries; Y/Y also saw contribution from US

Mainstream softness primarily in Asia

Growth drivers:

- 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			
\$M	Q124	Q/Q	Y/Y
High-End*	50.6	(5%)	11%
Mainstream	8.1	(16%)	(8%)
Total	58.7	(7%)	8%



■ High-End* 86%
■ Mainstream 14%

High-end grew Y/Y on strong AMOLED demand; Q/Q softer due to premium smartphone seasonality

Mainstream lower due to soft demand at beginning of Q1

Growth drivers:

- 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

*IC: 28nm and smaller; FPD: ≥G10.5, AMOLED and LTPS. Totals may differ due to rounding.

Balance Sheet and Cash Flow Metrics

\$M	Q124	Y/Y	Q/Q
Cash	508.5	52%	2%
Short-term Investments	13.0	(67%)	1%
Debt	23.4	(31%)	(5%)
Net Cash*	485.1	61%	2%
Operating Cash Flow	41.5	50%	(61%)
Capital Expenditures	43.3	39%	(17%)

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.

Q2 2024 Guidance

Revenue (\$M)	226 – 236
Operating Margin	27% - 29%
Taxes (\$M)	17 – 19
Diluted non-GAAP EPS	\$0.50 - \$0.58
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

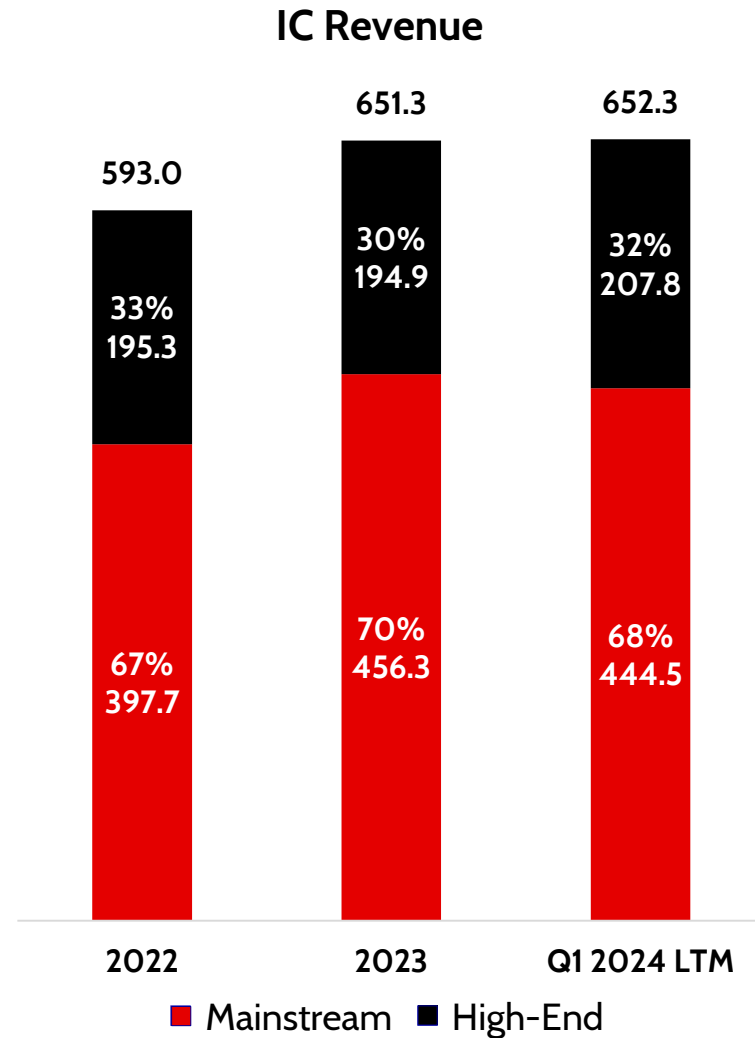
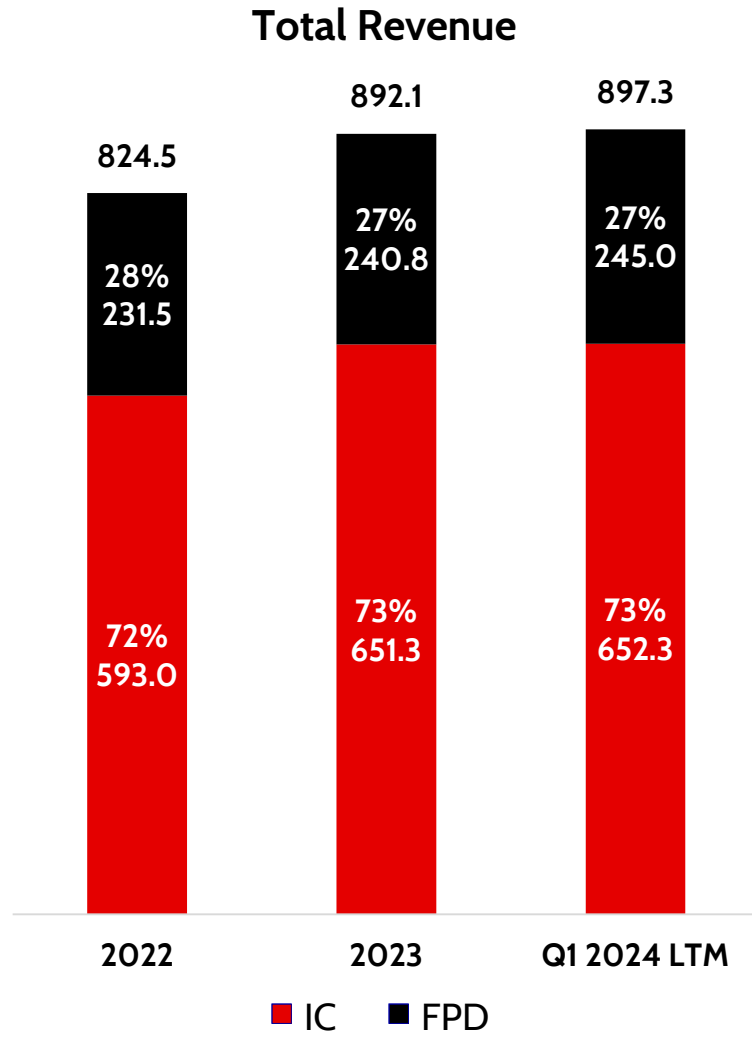
Outlook clouded by geopolitical uncertainty and macro-economic headwinds

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

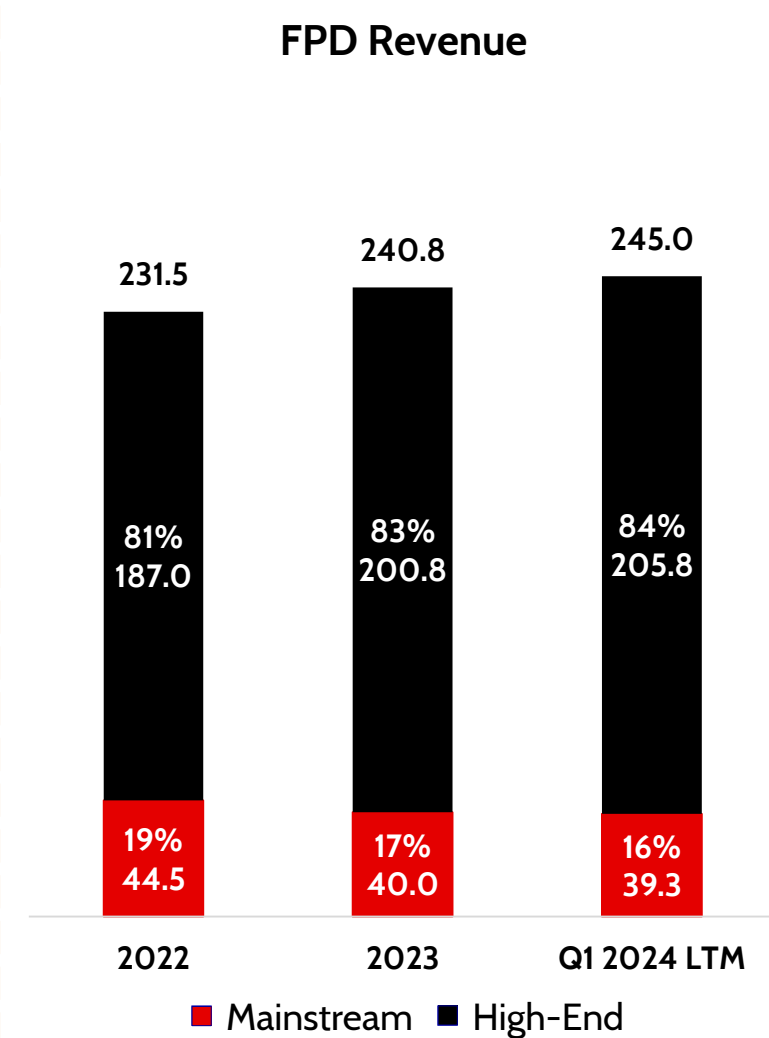
Appendix



Revenue by Product Group (\$M)



High-End: 28nm and smaller



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, 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		
	January 28, 2024	October 31, 2023	January 29, 2023
Reconciliation of GAAP to Non-GAAP Non-operating (loss) Income:			
GAAP Non-operating (loss) income, net	\$ (3,747)	\$ 18,660	\$ (14,425)
FX (gain) loss	8,909	(13,234)	16,944
Non-GAAP Non-operating (loss) income, net	<u>\$ 5,162</u>	<u>\$ 5,426</u>	<u>\$ 2,519</u>
Reconciliation of GAAP to Non-GAAP Income tax provision:			
GAAP Income tax provision	\$ 14,660	\$ 20,288	\$ 12,582
Estimated tax effects of FX (gain) loss	(2,244)	3,437	(4,506)
Non-GAAP Income tax provision	<u>\$ 16,904</u>	<u>\$ 16,851</u>	<u>\$ 17,088</u>
Reconciliation of GAAP to Non-GAAP Noncontrolling interests:			
GAAP Noncontrolling interests	\$ 12,902	\$ 18,545	\$ 14,964
Estimated noncontrolling interest effects of above	(2,939)	2,431	(2,060)
Non-GAAP Noncontrolling interests	<u>\$ 15,841</u>	<u>\$ 16,114</u>	<u>\$ 17,024</u>
Reconciliation of GAAP to Non-GAAP Net Income:			
GAAP Net Income	\$ 26,180	\$ 44,611	\$ 13,986
FX (gain) loss	8,909	(13,234)	16,944
Estimated tax effects of above	(2,244)	3,437	(4,506)
Estimated noncontrolling interest effects of above	(2,939)	2,431	(2,060)
Non-GAAP Net Income	<u>\$ 29,906</u>	<u>\$ 37,245</u>	<u>\$ 24,364</u>
Weighted-average number of common shares outstanding - Diluted	<u>62,283</u>	<u>62,067</u>	<u>61,470</u>
Reconciliation of GAAP to Non-GAAP EPS:			
GAAP diluted earnings per share	\$ 0.42	\$ 0.72	\$ 0.23
Effects of the above adjustments	\$ 0.06	\$ (0.12)	\$ 0.17
Non-GAAP diluted earnings per share	<u>\$ 0.48</u>	<u>\$ 0.60</u>	<u>\$ 0.40</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

	Three Months Ended
	January 28,
	2024
GAAP Net cash provided by operating activities	\$ 41,508
Purchases of property, plant and equipment	(43,314)
Free Cash Flow	<u>\$ (1,806)</u>

Reconciliation of Cash and cash equivalents to Net Cash:

	As of		
	January 28,	October 31,	January 29,
	2024	2023	2023
Cash and cash equivalents	\$ 508,518	\$ 499,292	\$ 334,792
Current portion of Long-term debt	(20,771)	(6,621)	(6,541)
Long-term Debt	(2,655)	(17,998)	(27,323)
Net Cash	<u>\$ 485,092</u>	<u>\$ 474,673</u>	<u>\$ 300,928</u>