

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)

May 22, 2024

**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 May 22, 2024, Photonics, Inc. (the "Company") issued a press release reporting second quarter fiscal 2024 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 May 22, 2024, the Company will conduct a conference call during which certain unaudited, non-GAAP financial information related to the Company's operations for the three months ended April 28, 2024 may be disclosed. This information is set forth in Exhibit 99.7.

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**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

- [99.1](#) Press Release May 22, 2024.
  - [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 Q2 2024 Financial Results Conference Call May 22, 2024 slides.
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**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: May 22, 2024

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**For Further Information:**  
Eric Rivera  
Vice President & Interim CFO  
203.740.5283  
[erivera@photronics.com](mailto:erivera@photronics.com)

### Photronics Reports Second Quarter Fiscal 2024 Results

BROOKFIELD, Conn. May 22, 2024 (GLOBE NEWSWIRE) — Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in photomask technologies and solutions, today reported financial results for its second quarter of fiscal year 2024 ended April 28, 2024.

“Second quarter revenue and gross margin were in line with the first quarter as positive seasonality trends were offset by business headwinds primarily related to temporary soft demand following the Chinese New Year holiday and the impact from earthquakes in Taiwan beginning in early April,” said Frank Lee, chief executive officer. “Order rates, which typically pause during Lunar New Year, have recovered at a slower rate than we typically observe. In addition, the recent earthquakes in Taiwan caused a loss of production across both IC and FPD, resulting in an approximately \$3 million revenue impact. Despite these challenges, we maintained gross margin as the global Photronics team performed well, serving our customers by quickly and efficiently recovering from the disruptions. We achieved good earnings and cash generation, further strengthening our balance sheet and positioning us to continue investing in profitable growth. We are building momentum for solid performance in 2024 and beyond.”

#### Second Quarter Fiscal 2024 Results

- Revenue was \$217.0 million, down 5% year-over-year and up 0.3% sequentially
- GAAP net income attributable to Photronics, Inc. shareholders was \$36.3 million, or \$0.58 per diluted share, compared with \$39.9 million, or \$0.65 per diluted share in the second quarter 2023 and \$26.2 million, or \$0.42 per diluted share in the first quarter of 2024
- Non-GAAP net income attributable to Photronics, Inc. shareholders was \$28.7 million, or \$0.46 per diluted share, compared with \$32.9 million, or \$0.54 per diluted share in the second quarter 2023 and \$29.9 million, or \$0.48 per diluted share in the first quarter of 2024
- IC revenue was \$160.9 million, down 4% year-over-year and up 2% sequentially
- FPD revenue was \$56.1 million, down 10% from the same quarter last year and 5% sequentially
- Cash generated from operating activities was \$76.5 million, and cash invested in organic growth through capital expenditures was \$20.0 million
- Cash balance at the end of the quarter was \$539.2 million, with \$20.7 million in short-term investments and \$21.8 million in debt

### Third Quarter Fiscal 2024 Guidance

For the third quarter of fiscal 2024, Photronics expects revenue to be between \$221 million and \$229 million and non-GAAP net income attributable to Photronics, Inc. shareholders to be between \$0.53 and \$0.59 per diluted share.

#### Webcast

A webcast to discuss these results is scheduled for 8:30 a.m. Eastern time on Wednesday, May 22, 2024. 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, 2023, the company had approximately 1,885 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](http://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 in our most recent SEC filings. 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, non-GAAP earnings per share, 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.

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

	Three Months Ended			Six Months Ended	
	April 28, 2024	January 28, 2024	April 30, 2023	April 28, 2024	April 30, 2023
Revenue	\$ 217,000	\$ 216,334	\$ 229,306	\$ 433,334	\$ 440,397
Cost of goods sold	137,749	137,079	140,904	274,828	275,918
Gross Profit	79,251	79,255	88,402	158,506	164,479
Operating Expenses:					
Selling, general and administrative	18,996	18,321	17,878	37,317	34,696
Research and development	4,292	3,445	3,479	7,736	6,781
Total Operating Expenses	23,288	21,766	21,357	45,053	41,477
Other operating gain	89	-	-	89	-
Operating Income	56,052	57,489	67,045	113,542	123,002
Non-operating (loss) income, net	20,534	(3,747)	13,571	16,786	(854)
Income Before Income Tax Provision	76,586	53,742	80,616	130,328	122,148
Income tax provision	20,214	14,660	21,343	34,874	33,925
Net Income	56,372	39,082	59,273	95,454	88,223
Net income attributable to noncontrolling interests	20,121	12,902	19,344	33,023	34,308
Net income attributable to Photonics, Inc. shareholders	\$ 36,251	\$ 26,180	\$ 39,929	\$ 62,431	\$ 53,915
Earnings per share:					
Basic	\$ 0.59	\$ 0.43	\$ 0.65	\$ 1.01	\$ 0.88
Diluted	\$ 0.58	\$ 0.42	\$ 0.65	\$ 1.00	\$ 0.88
Weighted-average number of common shares outstanding:					
Basic	61,771	61,455	61,138	61,613	61,016
Diluted	62,409	62,283	61,507	62,346	61,489

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

	April 28, 2024	October 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 539,160	\$ 499,292
Short-term investments	20,732	12,915
Accounts receivable	197,523	194,927
Inventories	54,257	49,963
Other current assets	32,461	28,353
Total current assets	844,133	785,450
Property, plant and equipment, net	729,489	709,244
Other assets	29,831	31,527
Total assets	\$ 1,603,453	\$ 1,526,221
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 19,318	\$ 6,621
Accounts payable and accrued liabilities	176,249	178,602
Total current liabilities	195,567	185,223
Long-term debt	2,456	17,998
Other liabilities	37,401	47,391
Photronics, Inc. shareholders' equity	1,034,857	975,008
Noncontrolling interests	333,172	300,601
Total equity	1,368,029	1,275,609
Total liabilities and equity	\$ 1,603,453	\$ 1,526,221



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

	<b>Six Months Ended</b>	
	<b>April 28, 2024</b>	<b>April 30, 2023</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 95,454	\$ 88,223
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	41,487	39,085
Share-based compensation	6,499	3,830
Changes in operating assets, liabilities and other	(25,446)	(21,461)
<b>Net cash provided by operating activities</b>	<b>117,994</b>	<b>109,677</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(63,311)	(57,728)
Purchases of available-for-sale debt securities	(16,551)	(9,837)
Proceeds from maturities of available-for-sale debt securities	9,000	4,000
Government incentives	1,419	1,393
Other	(6)	(88)
<b>Net cash used in investing activities</b>	<b>(69,449)</b>	<b>(62,260)</b>
<b>Cash flows from financing activities:</b>		
Repayments of debt	(2,844)	(14,720)
Proceeds from share-based arrangements	1,055	730
Net settlements of restricted stock awards	(2,938)	(1,252)
<b>Net cash used in financing activities</b>	<b>(4,727)</b>	<b>(15,242)</b>
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(3,839)	15,621
Net increase in cash, cash equivalents, and restricted cash	39,979	47,796
Cash, cash equivalents, and restricted cash, beginning of period	501,867	322,409
<b>Cash, cash equivalents, and restricted cash, end of period</b>	<b>\$ 541,846</b>	<b>\$ 370,205</b>

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

	Three Months ended		
	April 28, 2024	January 28, 2024	April 30, 2023
<b>Reconciliation of GAAP to Non-GAAP Net Income:</b>			
GAAP Net Income	\$ 36,251	\$ 26,180	\$ 39,929
FX (gain) loss	(14,766)	8,909	(10,718)
Estimated tax effects of above	3,743	(2,244)	2,823
Estimated noncontrolling interest effects of above	3,489	(2,939)	901
Non-GAAP Net Income	<u>\$ 28,717</u>	<u>\$ 29,906</u>	<u>\$ 32,935</u>
<b>Weighted-average number of common shares outstanding - Diluted</b>	<u>62,409</u>	<u>62,283</u>	<u>61,507</u>
<b>Reconciliation of GAAP to Non-GAAP EPS:</b>			
GAAP diluted earnings per share	\$ 0.58	\$ 0.42	\$ 0.65
Effects of the above adjustments	\$ (0.12)	\$ 0.06	\$ (0.11)
Non-GAAP diluted earnings per share	<u>\$ 0.46</u>	<u>\$ 0.48</u>	<u>\$ 0.54</u>

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

*Reconciliation of Cash and cash equivalents to Net Cash:*

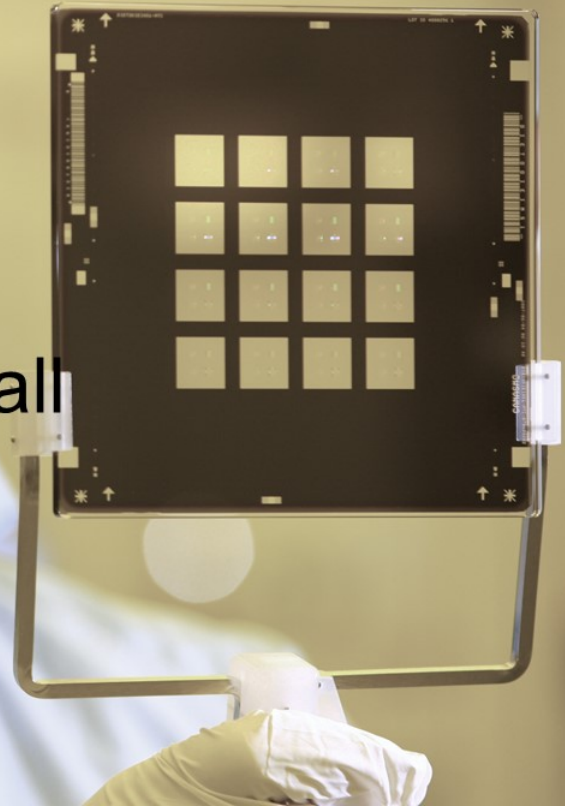
	As of		
	April 28, 2024	October 31, 2023	April 30, 2023
Cash and cash equivalents	\$ 539,160	\$ 499,292	\$ 367,485
Current portion of Long-term debt	(19,318)	(6,621)	(7,017)
Long-term Debt	(2,456)	(17,998)	(21,322)
Net Cash	<u>\$ 517,386</u>	<u>\$ 474,673</u>	<u>\$ 339,146</u>



# Q2 2024 Financial Results Conference Call

May 22, 2024

PHOTRONICS, INC.



# 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 in our most recent SEC filings. 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.

# Q2 2024 Summary

<b>\$217.0M</b> Revenue	<b>25.8%</b> Operating Margin	<b>\$0.58</b> EPS	<b>\$0.46</b> Adjusted EPS <sup>1</sup>	<b>\$76.5M</b> OCF	<b>\$539.2M</b> Cash
(5%) Y/Y +0.3% Q/Q	(340) bps Y/Y (80) bps Q/Q	(11%) Y/Y 38% Q/Q	(15%) Y/Y (4%) Q/Q	(7%) Y/Y 84% Q/Q	+47% Y/Y +6% Q/Q

Revenue slightly higher Q/Q as positive seasonal trends were mostly offset by business headwinds primarily related to temporary soft demand following the Lunar New Year and the impact from Taiwan earthquakes

Operating income and adjusted EPS decreased due to an increase in qualification activity that raised operating expense

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

Investing in IC capacity to capitalize on market growth trends

**Navigated Q2 Challenges; Positioned for Long-Term Profitable Growth and Sustainable Shareholder Value Creation**

<sup>1</sup>Adjusted EPS is a non-GAAP measure; see reconciliation included in this presentation.

# Long-Term Trends Driving Photomask Demand

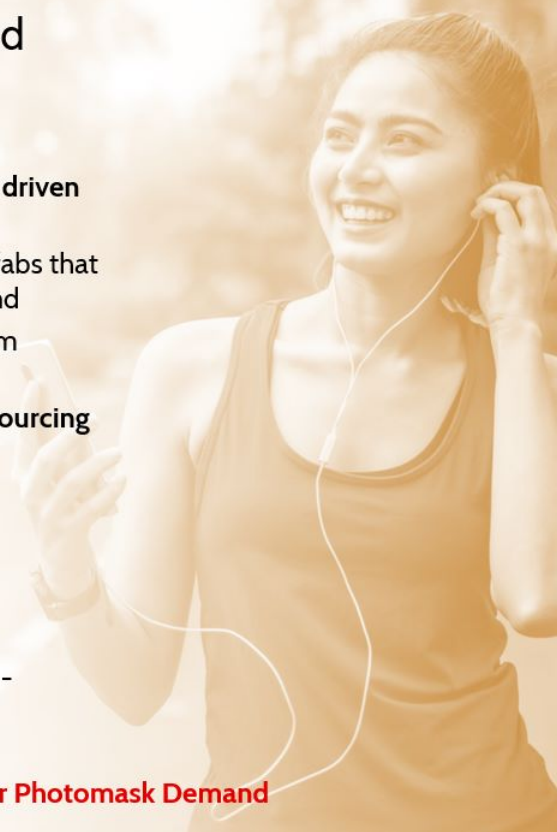
## Semiconductor: growing capacity and design activity

1. More extensive use of semiconductors **across multiple applications**, driven by megatrends such as AI and IoT
2. **Supply chain regionalization** driving investments in semiconductor fabs that creates redundant production capacity and drives photomask demand
3. **Differentiation by design** becoming competitive factor in mainstream (ASIC) and leading-edge applications
4. Expanding EUV adoption drives semi manufacturer **photomask 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 photomasks

**Design and Manufacturing Complexity is Good for Photomask Demand**



# Revenue by Product Line

## IC

\$M	Q224	Q/Q	Y/Y
High-End*	58.1	(5%)	32%
Mainstream	102.9	6%	(16%)
Total	160.9	2%	(4%)



■ High-End\* 36%  
■ Mainstream 64%

High-end down Q/Q on lower US demand; Y/Y up on strong demand from Asia foundries

Mainstream up Q/Q as legacy demand was robust; lower Y/Y demand largely driven by Asia fabs

**Growth drivers:**

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

## FPD

\$M	Q224	Q/Q	Y/Y
High-End*	48.0	(5%)	(8%)
Mainstream	8.1	(0.4%)	(22%)
Total	56.1	(5%)	(10%)



■ High-End\* 86%  
■ Mainstream 14%

High-end down due to lower demand for low-end smartphones

Mainstream lower due to soft design activity on legacy technology

**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
- AMOLED moving to larger form factors driving need to collaborate on mask development

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



# Balance Sheet and Cash Flow Metrics

\$M	Q224	Y/Y	Q/Q
Cash	539.2	47%	6%
Short-term Investments	20.7	(54%)	60%
Debt	21.8	(23%)	(7%)
Net Cash*	517.4	53%	7%
Operating Cash Flow	76.5	(7%)	84%
Capital Expenditures	20.0	(25%)	(54%)

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

## Q3 2024 Guidance

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**Revenue (\$M)** 221 – 229

**Operating Margin** 28% - 30%

**Taxes (\$M)** 18 – 19

**Diluted non-GAAP  
EPS** \$0.53 - \$0.59

**Diluted Shares (M)** ~62

**Full-year Capex (M)** ~140

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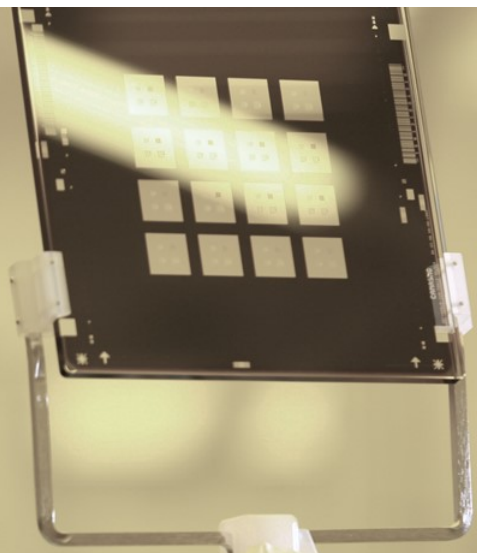
Incorporation of chips in IoT, 5G, Crypto and consumer products

- New designs to capture market share
- Advanced display technologies

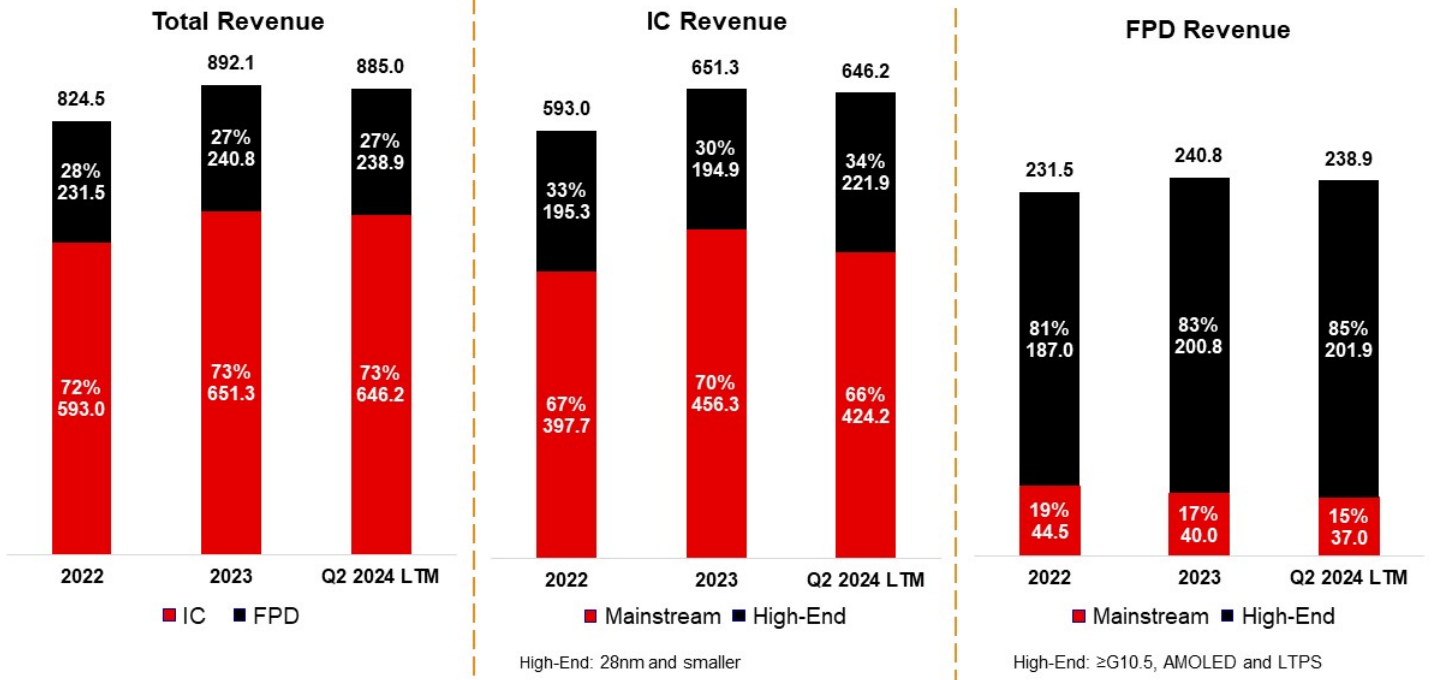
Outlook clouded by geopolitical uncertainty and macro-economic headwinds

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

# Appendix



# Revenue by Product Group (\$M)



Total may differ due to rounding

## Non-GAAP Financial Measures

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