

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549  
**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended August 3, 2025**
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_ to \_\_\_

Commission file number 0-15451



**PHOTRONICS, INC.**

(Exact name of registrant as specified in its charter)

**Connecticut**

(State or other jurisdiction of incorporation or organization)

**06-0854886**

(IRS Employer Identification No.)

**15 Secor Road, Brookfield, Connecticut**  
(Address of principal executive offices)

**06804**  
(Zip Code)

Registrant's telephone number, including area code

**(203) 775-9000**

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	PLAB	NASDAQ Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large Accelerated  
Filer

Accelerated Filer

Non-Accelerated Filer

Smaller  
Reporting Company

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The registrant had 59,004,625 shares of common stock outstanding as of September 4, 2025.

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## Glossary of Terms and Acronyms

Definitions of certain terms and acronyms that may appear in this report are provided below.

<b>AMOLED</b>	Active-matrix organic light-emitting diode. A technology used in mobile devices.
<b>ASC</b>	Accounting Standards Codification
<b>ASP</b>	Average Selling Price
<b>ASU</b>	Accounting Standards Update
<b>CNY</b>	Chinese Yuan
<b>DNP</b>	Dai Nippon Printing Co., Ltd.
<b>Exchange Act</b>	The Securities Exchange Act of 1934 (as amended)
<b>Form 10-K</b>	Annual Report on Form 10-K
<b>Form 10-Q</b>	Quarterly Report on Form 10-Q
<b>FPD</b>	Flat Panel Display
<b>FY</b>	Fiscal Year
<b>Generation</b>	In reference to flat panel displays, it refers to the size range of the underlying substrate to which a photomask is applied. Higher generation (or “G”) numbers represent larger substrates
<b>High-end (photomasks)</b>	For IC, photomasks that service IC nodes at 28nm or smaller; for FPD, AMOLED, G10.5+, and LTPS photomasks
<b>IC</b>	Integrated circuit
<b>LTPS</b>	Low-Temperature Poly Silicon, a polycrystalline silicon synthesized at relatively low temperatures; polycrystalline silicon in thin-film transistors (TFTs) are used in liquid-crystal display (LCD) flat panels and to drive organic light-emitting diode (OLED) displays
<b>Mainstream (photomasks)</b>	For IC, photomasks that service IC nodes greater than 28nm; for FPD, G8 and smaller photomasks
<b>PDMCX</b>	Xiamen American Japan Photonics Mask Co., Ltd., a joint venture of Photonics and DNP
<b>ROU (assets)</b>	Right-of-use asset
<b>SEC</b>	Securities and Exchange Commission
<b>U.S. GAAP</b>	Accounting principles generally accepted in the United States of America
<b>VIE</b>	Variable Interest Entity
<b>Wafer</b>	A wafer, or silicon wafer, is a thin slice of semiconductor material that, in the fabrication of microelectronics, serves as the substrate for microelectronic devices built in and upon the wafer

## Forward-Looking Statements

This Form 10-Q contains forward-looking statements, as defined by the SEC. The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements made by us, or on our behalf. Forward-looking statements are statements other than statements of historical fact, including, without limitation, those statements that include such words as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “predicts”, and similar expressions, and, without limitation, may address our future plans, objectives, goals, strategies, events, or performance, as well as underlying assumptions and other statements that are other than statements of historical facts. On occasion, in other documents filed with the SEC, press releases, conferences, or by other means, we may discuss, publish, disseminate, or otherwise make available, forward-looking statements, including statements contained within Part I, Item 2 – “Management’s Discussion & Analysis of Financial Condition and Results of Operations” of this Form 10-Q.

Forward-looking statements involve risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed. Our expectations, beliefs, and projections are expressed in good faith and are believed by us to have a reasonable basis, including, without limitation, management’s examination of historical operating trends, information contained in our records, and information we have obtained from other parties. However, we can offer no assurance that our expectations, beliefs, or projections will be realized, accomplished, or achieved.

Forward-looking statements within this Form 10-Q speak only as of the date of its filing, and we undertake no obligation to update any such statements to reflect changes in events or circumstances that may subsequently occur. Users of this Form 10-Q are cautioned that various factors may cause actual results to differ materially from those contained in any forward-looking statements found within this Form 10-Q and that they should not place undue reliance on any forward-looking statement. In addition, all forward-looking statements, whether written or oral and whether made by us or on our behalf, are expressly qualified by the risk factors provided in Part I, Item 1A “Risk Factors” contained in Form 10-K for the year ended October 31, 2024, filed with the SEC on December 19, 2024, as well as any additional risk factors we may provide in Part II, Item 1A in this Quarterly Report on Form 10-Q.

**PART I. FINANCIAL INFORMATION**

**Item 1. FINANCIAL STATEMENTS**

**PHOTRONICS, INC.**  
**Condensed Consolidated Balance Sheets**  
*(in thousands, except per share amounts)*  
*(unaudited)*

	<u>August 3, 2025</u>	<u>October 31, 2024</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 479,521	\$ 598,485
Short-term investments	96,277	42,184
Accounts receivable, net of allowance of \$1,184 in 2025 and \$1,126 in 2024	190,875	200,830
Inventories	63,490	56,527
Other current assets	42,073	33,036
Total current assets	872,236	931,062
Property, plant and equipment, net	838,988	745,257
Deferred income taxes	26,419	23,059
Other assets	15,122	12,681
Total assets	\$ 1,752,765	\$ 1,712,059
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 11	\$ 17,972
Accounts payable	100,351	78,717
Accrued liabilities	74,563	87,122
Total current liabilities	174,925	183,811
Long-term debt	16	25
Other liabilities	39,824	47,464
Total liabilities	214,765	231,300
Commitments and contingencies (Note 12)		
Equity:		
Preferred stock, \$0.01 par value, 2,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.01 par value, 150,000 shares authorized, 57,587 shares issued and outstanding as of August 3, 2025, and 61,949 shares issued and outstanding as of October 31, 2024	576	619
Additional paid-in capital	483,081	514,757
Retained earnings	710,398	691,807
Accumulated other comprehensive loss	(68,504)	(86,319)
Total Photronics, Inc. shareholders' equity	1,125,551	1,120,864
Noncontrolling interests	412,449	359,895
Total equity	1,538,000	1,480,759
Total liabilities and equity	\$ 1,752,765	\$ 1,712,059

*See accompanying notes to condensed consolidated financial statements.*

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

	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Revenue	\$ 210,394	\$ 210,984	\$ 633,524	\$ 644,318
Cost of goods sold	139,539	135,846	409,228	410,674
Gross profit	<u>70,855</u>	<u>75,138</u>	<u>224,296</u>	<u>233,644</u>
Operating expenses:				
Selling, general, and administrative	18,423	19,436	55,624	56,753
Research and development	4,271	3,555	12,618	11,291
Total operating expenses	<u>22,694</u>	<u>22,991</u>	<u>68,242</u>	<u>68,044</u>
Other operating income, net	-	1	-	90
Operating income	<u>48,161</u>	<u>52,148</u>	<u>156,054</u>	<u>165,690</u>
Other income (expense):				
Foreign currency transactions impact, net	(14,258)	4,068	(26,925)	9,926
Interest income and other income, net	4,830	6,135	16,745	17,263
Interest expense	-	(58)	(52)	(258)
Income before income tax provision	<u>38,733</u>	<u>62,293</u>	<u>145,822</u>	<u>192,621</u>
Income tax provision	9,594	14,124	34,209	48,998
Net income	<u>29,139</u>	<u>48,169</u>	<u>111,613</u>	<u>143,623</u>
Net income attributable to noncontrolling interests	<u>6,248</u>	<u>13,781</u>	<u>37,009</u>	<u>46,804</u>
Net income attributable to Photronics, Inc. shareholders	<u>\$ 22,891</u>	<u>\$ 34,388</u>	<u>\$ 74,604</u>	<u>\$ 96,819</u>
Earnings per share:				
Basic	\$ 0.40	\$ 0.56	\$ 1.24	\$ 1.57
Diluted	<u>\$ 0.39</u>	<u>\$ 0.55</u>	<u>\$ 1.23</u>	<u>\$ 1.55</u>
Weighted-average number of common shares outstanding:				
Basic	57,937	61,815	60,274	61,681
Diluted	<u>58,068</u>	<u>62,414</u>	<u>60,567</u>	<u>62,369</u>

*See accompanying notes to condensed consolidated financial statements.*

**PHOTRONICS, INC.**  
**Condensed Consolidated Statements of Comprehensive Income**  
*(in thousands)*  
*(unaudited)*

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>August 3, 2025</b>	<b>July 28, 2024</b>	<b>August 3, 2025</b>	<b>July 28, 2024</b>
Net income	\$ 29,139	\$ 48,169	\$ 111,613	\$ 143,623
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	29,171	(6,114)	33,380	(13,819)
Other	(28)	48	(20)	103
Net other comprehensive (loss) income	29,143	(6,066)	33,360	(13,716)
Comprehensive income	58,282	42,103	144,973	129,907
Less: comprehensive income attributable to noncontrolling interests	16,600	12,263	52,555	44,834
Comprehensive income attributable to Photronics, Inc. shareholders	<u>\$ 41,682</u>	<u>\$ 29,840</u>	<u>\$ 92,418</u>	<u>\$ 85,073</u>

*See accompanying notes to condensed consolidated financial statements.*

**PHOTRONICS, INC.**  
**Condensed Consolidated Statements of Equity**  
*(in thousands)*  
*(unaudited)*

**Three Months Ended August 3, 2025**

<b>Photronics, Inc. Shareholders</b>								
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Non- controlling Interests</b>		<b>Total Equity</b>
	<b>Shares</b>	<b>Amount</b>						
<b>Balance as of May 4, 2025</b>	58,711	\$ 587	\$ 489,205	\$ 698,423	\$ (87,295)	\$ 395,849		\$ 1,496,769
Net income	-	-	-	22,891	-	6,248		29,139
Other comprehensive income	-	-	-	-	18,791	10,352		29,143
Shares issued under equity plans	54	1	394	-	-	-		395
Share-based compensation expense	-	-	3,294	-	-	-		3,294
Purchase and retirement of common stock through repurchase program	(1,178)	(12)	(9,812)	(10,916)	-	-		(20,740)
<b>Balance as of August 3, 2025</b>	57,587	\$ 576	\$ 483,081	\$ 710,398	\$ (68,504)	\$ 412,449		\$ 1,538,000

**Three Months Ended July 28, 2024**

<b>Photronics, Inc. Shareholders</b>								
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Non- controlling Interests</b>		<b>Total Equity</b>
	<b>Shares</b>	<b>Amount</b>						
<b>Balance as of April 28, 2024</b>	61,799	\$ 618	\$ 506,621	\$ 623,550	\$ (95,932)	\$ 333,172		\$ 1,368,029
Net income	-	-	-	34,388	-	13,781		48,169
Other comprehensive loss	-	-	-	-	(4,548)	(1,518)		(6,066)
Shares issued under equity plans	40	-	(45)	-	-	-		(45)
Share-based compensation expense	-	-	3,342	-	-	-		3,342
<b>Balance as of July 28, 2024</b>	61,839	\$ 618	\$ 509,918	\$ 657,938	\$ (100,480)	\$ 345,435		\$ 1,413,429

**Nine Months Ended August 3, 2025**

<b>Photronics, Inc. Shareholders</b>									
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Non- controlling Interests</b>	<b>Total Equity</b>		
	<b>Shares</b>	<b>Amount</b>							
<b>Balance as of October 31, 2024</b>	61,949	\$ 619	\$ 514,757	\$ 691,807	\$ (86,319)	\$ 359,895	\$ 1,480,759		
Net income	-	-	-	74,604	-	37,009	111,613		
Other comprehensive income	-	-	-	-	17,815	15,545	33,360		
Shares issued under equity plans	626	6	(319)	-	-	-	(313)		
Share-based compensation expense	-	-	10,003	-	-	-	10,003		
Purchase and retirement of common stock through repurchase program	(4,988)	(49)	(41,360)	(56,013)	-	-	(97,422)		
<b>Balance as of August 3, 2025</b>	57,587	\$ 576	\$ 483,081	\$ 710,398	\$ (68,504)	\$ 412,449	\$ 1,538,000		

**Nine Months Ended July 28, 2024**

<b>Photronics, Inc. Shareholders</b>									
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Non- controlling Interests</b>	<b>Total Equity</b>		
	<b>Shares</b>	<b>Amount</b>							
<b>Balance as of October 31, 2023</b>	61,310	\$ 613	\$ 502,010	\$ 561,119	\$ (88,734)	\$ 300,601	\$ 1,275,609		
Net income	-	-	-	96,819	-	46,804	143,623		
Other comprehensive loss	-	-	-	-	(11,746)	(1,970)	(13,716)		
Shares issued under equity plans	529	5	(1,933)	-	-	-	(1,928)		
Share-based compensation expense	-	-	9,841	-	-	-	9,841		
<b>Balance as of July 28, 2024</b>	61,839	\$ 618	\$ 509,918	\$ 657,938	\$ (100,480)	\$ 345,435	\$ 1,413,429		

*See accompanying notes to condensed consolidated financial statements.*

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

	<b>Nine Months Ended</b>	
	<b>August 3, 2025</b>	<b>July 28 2024</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 111,613	\$ 143,623
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	59,234	61,613
Share-based compensation	10,003	9,841
Changes in assets and liabilities:		
Accounts receivable	12,378	(5,181)
Inventories	(6,094)	(5,788)
Other current assets	(8,007)	(2,778)
Accounts payable, accrued liabilities, and other	(19,153)	(8,256)
<b>Net cash provided by operating activities</b>	<b>159,974</b>	<b>193,074</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(120,588)	(87,733)
Purchases of short-term investments	(96,571)	(100,558)
Proceeds from maturities of short-term investments	42,148	44,696
Government incentives	1,469	1,541
Other	(57)	(4)
<b>Net cash used in investing activities</b>	<b>(173,599)</b>	<b>(142,058)</b>
<b>Cash flows from financing activities:</b>		
Repayments of debt	(17,969)	(4,500)
Common stock repurchases	(97,422)	-
Proceeds from share-based arrangements	2,120	1,074
Net settlements of restricted stock awards	(2,013)	(3,002)
<b>Net cash used in financing activities</b>	<b>(115,284)</b>	<b>(6,428)</b>
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	10,129	(6,454)
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>(118,780)</b>	<b>38,134</b>
Cash, cash equivalents, and restricted cash at beginning of period	601,243	501,867
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>482,463</b>	<b>540,001</b>
Less: Ending restricted cash	2,942	2,670
<b>Cash and cash equivalents at end of period</b>	<b>\$ 479,521</b>	<b>\$ 537,331</b>
<b>Supplemental disclosure of non-cash information:</b>		
Accruals for property, plant and equipment purchased not yet paid	\$ 27,366	\$ 9,163

*See accompanying notes to condensed consolidated financial statements.*

**PHOTRONICS, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**  
**(in thousands, except share amounts and per share data)**

**NOTE 1 – NATURE OF BUSINESS AND BASIS OF PRESENTATION**

***Description of Business***

Photronics, Inc. (“Photronics”, “the Company”, “we”, “our”, or “us”) is one of the world’s leading manufacturers of photomasks, which are high-precision photographic quartz or glass plates containing microscopic images of electronic circuits. Photomasks are a key element in the manufacture of ICs and FPDs and are used as masters to transfer circuit patterns onto semiconductor wafers and FPD substrates during the fabrication of ICs, a variety of FPDs and, to a lesser extent, other types of electrical and optical components. The Company operates eleven manufacturing facilities, which are located in Taiwan (3), South Korea (1), China (2), the United States (3), and Europe (2).

***Basis of Presentation***

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect amounts reported in them. The Company’s estimates are based on historical experience and on various assumptions that the Company believes to be reasonable under the facts and circumstances at the time they are made. Actual results may differ from such estimates. The Company reviews these estimates periodically and reflects any effects of revisions in the period in which they are determined.

***Principles of Consolidation***

The accompanying unaudited condensed consolidated financial statements (“the financial statements”) have been prepared in accordance with U.S. GAAP for interim financial reporting information, and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, adjustments, all of which are of a normal recurring nature, considered necessary for a fair presentation have been included. The financial statements include the accounts of Photronics, its wholly owned subsidiaries, and the majority-owned subsidiaries which it controls. All intercompany balances and transactions have been eliminated in consolidation. These financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company’s Form 10-K for the fiscal year ended October 31, 2024, which provides additional information about the Company’s accounting policies and the methods and assumptions used in the Company’s estimates.

The Company’s business is typically impacted during the first quarter of the Company’s fiscal year by the North American, European, and Asian holiday periods, as some customers reduce their development and buying activities during this period. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending October 31, 2025.

***Recent Accounting Pronouncements***

In November 2024, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (“ASU 2024-03”) and in January 2025, the FASB issued ASU No. 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date, which clarified the effective date of ASU 2024-03. ASU 2024-03 will require the Company to disclose the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization, as applicable, as well as qualitatively describe remaining amounts included in those captions. The guidance in this ASU will be effective for Photronics in its fiscal year 2028 Form 10-K, with early application of the amendments allowed. The Company is currently evaluating the impact the adoption of this ASU may have on the Company’s consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”, to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this ASU related to the rate reconciliation and income taxes paid disclosures to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The amendments allow investors to better assess, in their capital allocation decisions, how an entity’s worldwide operations and related tax risks and tax planning and operational opportunities affect its income tax rate and prospects for future cash flows. The guidance in this ASU will be effective for Photonics in its fiscal year 2026 Form 10-K, with early application of the amendments allowed. The Company is currently evaluating the effect of this ASU adoption on its disclosures.

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance in this ASU is effective for Photonics in its fiscal year 2025 Form 10-K. The Company is currently evaluating the effect the adoption of this ASU may have on the Company’s disclosures.

## NOTE 2 – ACCOUNTS RECEIVABLE, NET

The components of *Accounts Receivable, net* at the balance sheet dates are presented below.

	August 3, 2025	October 31, 2024
Accounts Receivable	\$ 161,658	\$ 172,741
Unbilled Receivables	30,401	29,215
Allowance for Credit Losses	(1,184)	(1,126)
	<u>\$ 190,875</u>	<u>\$ 200,830</u>

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Company invests excess cash in bank time deposits and various marketable securities. The Company’s classification of investments is as follows:

- Maturing within three months or less from the date of purchase	Cash and cash equivalents
- Maturing, as of the date of purchase, more than three months, but with remaining maturities of less than one year, from the balance sheet date	Short-term investments
- Maturing one year or more from the balance sheet date	Long-term marketable investments

The accounting framework for determining fair value includes a hierarchy for ranking the quality and reliability of the information used to measure fair value, which enables the reader of the financial statements to assess the inputs used to develop those measurements. The fair value hierarchy consists of three tiers as follows:

Level 1- These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Company has the ability to access.

Level 2- These are investments where values are based on quoted market prices that are not active or model derived valuations in which all significant inputs are observable in active markets.

Level 3- These are investments where values are derived from techniques in which one or more significant inputs are unobservable.

The following are cash, cash equivalents and investments measured at fair value:

	August 3, 2025			October 31, 2024		
	Cash and cash equivalents	Short-term investments	Total Fair Value	Cash and cash equivalents	Short-term investments	Total Fair Value
Cash	\$ 171,146	\$ -	\$ 171,146	\$ 414,074	\$ -	\$ 414,074
Level 1						
<i>U.S. Government Securities</i>	5,503	24,986	30,489	-	-	-
<i>Money market funds</i>	14,782	-	14,782	36,322	-	36,322
Level 2						
<i>Commercial paper</i>	43,093	2,618	45,711	-	-	-
<i>Time deposits</i>	244,997	68,673	313,670	148,089	42,184	190,273
	<u>\$ 479,521</u>	<u>\$ 96,277</u>	<u>\$ 575,798</u>	<u>\$ 598,485</u>	<u>\$ 42,184</u>	<u>\$ 640,669</u>
Restricted Cash <sup>(1)</sup>	2,942			2,758		
Cash, cash equivalents, and restricted cash	<u>\$ 482,463</u>			<u>\$ 601,243</u>		

(1) Restricted cash is included in other assets and primarily relates to customs requirements and land lease agreements.

Based upon the Company's intent and ability to hold its time deposits to maturity (which maturities range up to twelve months at purchase), such securities have been classified as held-to-maturity and are carried at amortized cost, which approximates market value. The Company's U.S. Government Securities, Commercial paper and Money market funds are classified as available-for-sale. Available-for-sale investments are reported at fair value, with unrealized gains or losses (net of tax) reported in *Accumulated other comprehensive income (loss)*. In the event of a sale of these securities, the Company would determine the cost of the investment sold at the specific individual security level and would include any gain or loss in *Interest income and other income, net*, where the Company also reports periodic interest earned and the amortization (accretion) of discounts (premiums) related to these investments. For the periods ended August 3, 2025, and October 31, 2024, the unrealized gains or losses related to short-term investments were immaterial.

#### NOTE 4 - INVENTORIES

The components of *Inventories* at the balance sheet dates are presented below.

	August 3, 2025	October 31, 2024
Raw materials	\$ 61,908	\$ 56,128
Work in process	1,560	398
Finished goods	22	1
	<u>\$ 63,490</u>	<u>\$ 56,527</u>

**NOTE 5 - PROPERTY, PLANT AND EQUIPMENT, NET**

Presented below are the components of *Property, plant and equipment, net* at the balance sheet dates.

	<b>August 3, 2025</b>	<b>October 31, 2024</b>
Land	\$ 12,298	\$ 11,419
Buildings and improvements	192,625	188,756
Machinery and equipment	2,143,635	1,990,610
Leasehold improvements	21,037	19,268
Furniture, fixtures, and office equipment	18,598	18,091
Construction in progress	108,743	91,213
	<u>2,496,936</u>	<u>2,319,357</u>
Accumulated depreciation and amortization	(1,657,948)	(1,574,100)
	<u>\$ 838,988</u>	<u>\$ 745,257</u>

Information on ROU assets resulting from finance leases, at the balance sheet dates, is presented below. During the first half of 2025, the Company exercised its early buy-out option for a high-end lithography tool and a high-end inspection tool. Please refer to Note 7 for further information.

	<b>August 3, 2025</b>	<b>October 31, 2024</b>
Machinery and equipment	\$ 55	\$ 42,815
Accumulated amortization	(50)	(10,522)
	<u>\$ 5</u>	<u>\$ 32,293</u>

The following table presents depreciation expense (including the amortization of ROU assets), related to property, plant and equipment incurred during the reporting periods.

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>August 3, 2025</b>	<b>July 28, 2024</b>	<b>August 3, 2025</b>	<b>July 28, 2024</b>
Depreciation Expense	\$ 18,764	\$ 20,036	\$ 58,971	\$ 61,332

**NOTE 6 - PDMCX JOINT VENTURE**

In January 2018, Photronics, Inc., through its wholly-owned Photronics Singapore PTE. LTD. subsidiary (hereinafter, within this Note “we”, “Photronics”, “us”, or “our”), and DNP, through its wholly owned subsidiary DNP Asia Pacific PTE, Ltd., entered into a joint venture under which DNP obtained a 49.99% interest in the Company’s IC business in Xiamen, China. The joint venture, which the Company refers to as “PDMCX”, was established to develop and manufacture photomasks for semiconductors. The Company entered into this joint venture to enable the Company to compete more effectively for the merchant photomask business in China, and to benefit from the additional resources and investment that DNP provides to enable the Company to offer advanced-process technology to the Company’s customers.

Under the joint venture agreement, should either Photronics’ or DNP’s ownership interest fall below 20.0% for a period of more than six consecutive months, such party (an “exiting party”) has the option to sell to the other party, and the other party has the option to purchase from such exiting party, the exiting party’s remaining ownership interest. In either case, the sales of ownership interests would be at the exiting party’s ownership percentage of the joint venture’s net book value, with closing to take place within three business days of obtaining required approvals and clearance.

The following table presents the net income the Company recorded from the operations of PDMCX during the reporting periods.

	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Net income from PDMCX	\$ 3,485	\$ 4,369	\$ 14,410	\$ 16,296

As required by the guidance in ASC Topic 810 - "Consolidation", the Company evaluated the Company's involvement in PDMCX for the purpose of determining whether the Company should consolidate its results in the Company's financial statements. The initial step of the Company's evaluation was to determine whether PDMCX was a VIE. Due to its lack of sufficient equity at risk to finance its activities without additional subordinated financial support, the Company determined that it is a VIE. Having made this determination, the Company then assessed whether the Company was the primary beneficiary of the VIE and concluded that the Company was the primary beneficiary during the current and prior years reporting periods; thus, as required, the PDMCX financial results have been consolidated with Photronics. The Company's conclusion was based on the fact that the Company held a controlling financial interest in PDMCX (which resulted from the Company's having the power to direct the activities that most significantly impacted its economic performance) and had both the obligation to absorb losses and the right to receive benefits that could potentially be significant to PDMCX. The Company's conclusion that the Company had the power to direct the activities that most significantly affected the economic performance of PDMCX during the current and prior year periods were based on the Company's right to appoint the majority of its Board of Directors, which has, among others, the powers to manage the business (through its rights to appoint and evaluate PDMCX's management), incur indebtedness, enter into agreements and commitments, and acquire and dispose of PDMCX's assets. In addition, as a result of the 50.01% variable interest the Company held during the current and prior year periods, the Company had the obligation to absorb losses, and the right to receive benefits, which could potentially be significant to PDMCX.

The following table presents the carrying amounts of PDMCX assets and liabilities included in the Company's consolidated balance sheets. General creditors of PDMCX do not have recourse to the assets of Photronics (other than the net assets of PDMCX); therefore, the Company's maximum exposure to loss from PDMCX is the Company's interest in the carrying amount of the net assets of the joint venture.

Classification	August 3, 2025		October 31, 2024	
	Carrying Amount	Photronics Interest	Carrying Amount	Photronics Interest
Current assets	\$ 169,077	\$ 84,555	\$ 174,059	\$ 87,047
Noncurrent assets	166,996	83,515	151,039	75,535
Total assets	336,073	168,070	325,098	162,582
Current liabilities	26,852	13,429	40,691	20,350
Noncurrent liabilities	2,407	1,204	3,320	1,660
Total liabilities	29,259	14,633	44,011	22,010
Net assets	\$ 306,814	\$ 153,437	\$ 281,087	\$ 140,572

**NOTE 7 - DEBT**

The balance of long-term debt and its current portion was comprised of the following finance leases as described below:

	August 3, 2025	October 31, 2024
Principal due:		
Next 12 months	\$ 11	\$ 17,972
Months 13 – 24	\$ 12	\$ 12
Months 25 – 36	4	12
Months 37 – 48	-	1
Months 49 – 60	-	-
Long-term debt	16	25
Total debt	\$ 27	\$ 17,997
Interest rate at balance sheet date	N/A	N/A
Basis spread on interest rates	N/A	N/A
Interest rate reset	N/A	N/A
Maturity date	N/A	N/A
Periodic payment amount	Varies as Lease matures	Varies as Lease matures
Periodic payment frequency	Monthly	Monthly
Loan collateral (carrying amount) <sup>(1)</sup>	\$ 5	\$ 32,293

<sup>(1)</sup> Represents the carrying amount at the balance sheet date of the related ROU assets, in which the lessors have secured interests.

**Finance Leases**

In February 2021, the Company entered into a five-year \$7.2 million finance lease for a high-end inspection tool. Monthly payments on the lease, which commenced in February 2021, were \$0.1 million per month. The lease agreement provided an early buyout option to purchase the tool for \$2.4 million upon the fiftieth monthly payment and prior to the fifty-first monthly payment, which the Company exercised during the second quarter of fiscal year 2025.

In December 2020, the Company entered into a five-year \$35.5 million finance lease for a high-end lithography tool. Monthly payments on the lease, which commenced in January 2021, increased from \$0.04 million during the first three months to \$0.6 million for the following nine months, followed by forty-eight monthly payments of \$0.5 million. The lease agreement provided an early buyout option to purchase the tool for \$14.1 million, which the Company exercised during the first quarter of fiscal year 2025.

**Xiamen Working Capital Loans**

In November 2018, PDMCX obtained approval for revolving, unsecured credit of CNY 200 million (\$25 million), pursuant to which PDMCX may enter into separate loan agreements with varying terms to maturity. In December 2022, the Company repaid the Company's entire outstanding balance of CNY 25.6 million (\$3.6 million). The interest rates are variable, based on the CNY Loan Prime Rate of the National Interbank Funding Center. Interest incurred on the loans related to the amount borrowed was eligible for reimbursement through incentives provided by the Xiamen Torch Hi-Tech Industrial Development Zone, which provided such reimbursements up to a prescribed limit and duration. This facility is subject to annual reviews and extensions. In July 2025, the Company was issued an extension to the revolving, unsecured credit agreement for CNY 200 million or USD 25 million with an expiration date of July 31, 2026. As of August 3, 2025, PDMCX had no outstanding borrowings against the approval.

**NOTE 8 – REVENUE**

The Company recognizes revenue when, or as, control of a good or service transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those goods or services. The Company accounts for an arrangement as a revenue contract when each party has approved and is committed to perform under the contract, the rights of the contracting parties regarding the goods or services to be transferred and the payment terms are identifiable, the arrangement has commercial substance, and collection of consideration is probable. Substantially all of the Company's revenue comes from the sales of photomasks. The Company typically contracts with the Company's customers to sell sets of photomasks, which are comprised of multiple layers, the predominance of which the Company invoices as they ship to customers. As the photomasks are manufactured to customer specifications, they have no alternative use to the Company and, as the Company's contracts generally provide the Company with the right to payment for work completed to date, the Company recognizes revenue as the Company performs, or "over time," on most of the Company's contracts. The Company measures the Company's performance to date using an input method, which is based on the Company's estimated costs to complete the various manufacturing phases of a photomask. At the end of a reporting period, there are a number of uncompleted revenue contracts on which the Company has performed; for any such contracts under which the Company is entitled to be compensated for the Company's costs incurred plus a reasonable profit, the Company recognizes revenue and a corresponding contract asset for such performance. The Company accounts for shipping and handling activities that the Company performs after a customer obtains control of a good as being activities to fulfill the Company's promise to transfer the good to the customer, rather than as promised services, or performance obligations, under the contract. The Company reports the Company's revenue net of any sales or similar taxes the Company collects on behalf of governmental entities.

As stated above, photomasks are manufactured to customer specifications in accordance with their proprietary designs; thus, they are individually unique. Due to their uniqueness and other factors, their transaction prices are individually established through negotiations with customers; consequently, the Company's photomasks do not have standard or "list" prices. The transaction prices of the vast majority of the Company's revenue contracts include only fixed amounts of consideration. In certain instances, such as when the Company offers a customer an early payment discount, an estimate of variable consideration would be included in the transaction price, but only to the extent that a significant reversal of revenue would not occur when the uncertainty related to the variability was resolved.

***Contract Assets, Contract Liabilities, and Accounts Receivable***

The Company recognizes a contract asset when its performance under a contract precedes the Company's receipt of consideration from a customer, or before payment is due, and the right to receive consideration is conditional upon factors other than the passage of time. Contract assets reflect the Company's transfer of control to customers of photomasks that are in process or completed but not yet shipped to customers. A receivable is recognized when the Company has an unconditional right to payment, which generally occurs upon the shipment of the photomasks. The Company's contract assets primarily consist of in-process production orders and fully manufactured photomasks which have not yet shipped, for which the Company has an enforceable right to consideration (including a reasonable profit) in the event the in-process orders are cancelled by customers. On an individual contract basis, the Company nets contract assets with contract liabilities (deferred revenue) for financial reporting purposes. The Company did not identify impairment indicators for any outstanding contract assets during the three-month or nine-month periods ended August 3, 2025, or July 28, 2024.

The following table provides information about the Company’s contract balances at the balance sheet dates.

<b>Classification</b>	<b>August 3, 2025</b>	<b>October 31, 2024</b>
<b>Contract Assets</b>		
<i>Other current assets</i>	\$ 15,233	\$ 11,532
<b>Contract Liabilities</b>		
<i>Accrued liabilities</i>	\$ 11,349	\$ 12,375
<i>Other liabilities</i>	5,760	8,910
	<u>\$ 17,109</u>	<u>\$ 21,285</u>

The Company did not recognize any revenue from performance obligations satisfied in the previous periods. The following table presents revenue recognized from contract liabilities that existed at the beginning of the reporting periods.

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>August 3, 2025</b>	<b>July 28, 2024</b>	<b>August 3, 2025</b>	<b>July 28, 2024</b>
Revenue recognized from beginning liability	\$ 1,873	\$ 7,057	\$ 7,273	\$ 11,072

The Company generally records accounts receivable at their billed amounts. All outstanding past due customer invoices are reviewed for collectability during, and at the end of, every reporting period. To the extent the Company believes a loss on the collection of a customer invoice is probable, the Company would record the loss and credit an allowance for credit losses. In the event that an amount is determined to be uncollectible, the Company charges the allowance for credit losses and derecognizes the related receivable. The Company did not incur any credit losses on the Company’s accounts receivable during the three-month or nine-month periods ended August 3, 2025, or July 28, 2024.

The Company’s invoice terms generally range from net thirty to ninety days, depending on both the geographic market in which the transaction occurs and the Company’s payment agreements with specific customers. In the event that the Company’s evaluation of a customer’s business prospects, and financial condition indicate that the customer presents a collectability risk, the Company will modify terms of sale, which may require payment in advance of performance. At the time of adoption, the Company elected the practical expedient allowed under ASC Topic 606 “Revenue from Contracts with Customers” (“Topic 606”) that permits the Company not to adjust a contract’s promised amount of consideration to reflect a financing component when the period between when the Company transfers control of goods or services to customers and when the Company is paid is one year or less.

In instances when the Company is paid in advance of the Company’s performance, the Company records a contract liability and, as allowed under the practical expedient in Topic 606, recognizes interest expense only if the period between when the Company receives payment from the customer and the date when the Company expects to be entitled to the payment is greater than one year. Historically, advance payments the Company has received from customers have generally not preceded the completion of the Company’s performance obligations by more than one year.

### Disaggregation of Revenue

The following tables present the Company's revenue for the three-month and nine-month periods ended August 3, 2025, and July 28, 2024, disaggregated by product type, geographic origin, and timing of recognition.

Revenue by Product Type	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
<b>IC</b>				
High-end	\$ 53,648	\$ 49,499	\$ 173,053	\$ 168,417
Mainstream	94,176	106,385	284,605	305,984
Total IC	\$ 147,824	\$ 155,884	\$ 457,658	\$ 474,401
<b>FPD</b>				
High-end	\$ 53,486	\$ 48,394	\$ 146,778	\$ 146,987
Mainstream	9,084	6,706	29,088	22,930
Total FPD	\$ 62,570	\$ 55,100	\$ 175,866	\$ 169,917
	\$ 210,394	\$ 210,984	\$ 633,524	\$ 644,318

Revenue by Geographic Origin*	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Taiwan	\$ 68,429	\$ 68,182	\$ 216,524	\$ 218,557
China	50,618	55,301	162,919	172,131
South Korea	43,716	38,412	121,547	118,033
United States	37,754	38,833	105,379	104,880
Europe	9,050	9,759	25,143	29,390
Other	827	497	2,012	1,327
	\$ 210,394	\$ 210,984	\$ 633,524	\$ 644,318

\* This table disaggregates revenue by the location in which it was earned.

Revenue by Timing of Recognition	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Over time	\$ 201,986	\$ 202,177	\$ 607,249	\$ 616,893
At a point in time	8,408	8,807	26,275	27,425
	210,394	210,984	633,524	644,318

### Contract Costs

The Company pays commissions to third-party sales agents for certain sales they procure on the Company's behalf. However, the basis of the commissions are the transaction prices of the sales, which are completed in less than one year; thus, no relationship is established with a customer that will result in future business. Therefore, the Company does not recognize any portion of these sales commissions as costs of obtaining a contract, nor does the Company currently foresee other circumstances under which the Company would recognize contract obtainment costs as assets.

**Remaining Performance Obligations**

As the Company is typically required to fulfill customer orders within a short time period, the Company’s backlog of orders is generally not in excess of one to two weeks for IC photomasks and two to three weeks for FPD photomasks. However, the demand for some IC photomasks can extend beyond the traditional time period; thus, the backlog, in some individual cases, can extend to as long as two to three months. More recently however, backlogs for most high demand products have returned to historical levels of less than a month. As allowed under ASC 606 – *Revenue Contracts with Customers*, the Company has elected not to disclose the Company’s remaining performance obligations, which represent the costs associated with the completion of the manufacturing process of in-process photomasks related to contracts that have an original duration of one year or less.

**Product Warranties**

The Company’s photomasks are sold under warranties that generally range from one to twenty-four months. The Company warrants that the Company’s photomasks conform to customer specifications, and the Company will typically repair, replace, or issue a refund for any photomasks that fail to do so. The warranties do not represent separate performance obligations in the Company’s revenue contracts. Historically, customer claims under warranties have been immaterial.

**NOTE 9 - SHARE-BASED COMPENSATION**

On April 2, 2025, at its annual meeting of shareholders, the shareholders of Photronics, Inc., approved the Company’s 2025 Equity Incentive Compensation Plan (the “2025 Plan”) under which incentive stock options, non-qualified stock options, stock grants, stock-based awards, restricted stock, restricted stock units, stock appreciation rights, performance units, performance stock, and other stock or cash awards may be granted. The maximum number of shares of common stock that may be issued under the 2025 Plan is five million shares. At the time of approval of the 2025 Plan, the Company’s 2016 Equity Incentive Compensation Plan (which was largely replicated by the 2025 Plan) was due to expire in early 2026 and had a limited quantity of shares remaining available for issuance. Awards may be granted to officers, employees, directors, consultants, advisors, and independent contractors of Photronics or its subsidiaries. In the event of a change in control (as defined in the 2025 Plan), the vesting of awards may be accelerated. The 2025 Plan prohibits further awards from being issued under prior plans. The table below presents information on the Company’s share-based compensation expenses.

	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Expense reported in:				
<i>Cost of goods sold</i>	\$ 816	\$ 683	\$ 2,378	\$ 1,946
<i>Selling, general, and administrative</i>	2,174	2,388	6,729	7,126
<i>Research and development</i>	304	271	896	769
Total expense incurred	\$ 3,294	\$ 3,342	\$ 10,003	\$ 9,841
Expense by award type:				
Restricted stock awards	\$ 2,943	\$ 3,342	\$ 9,029	\$ 9,841
Restricted stock units	294	-	803	-
Employee stock purchase plan	57	-	171	-
Total expense incurred	\$ 3,294	\$ 3,342	\$ 10,003	\$ 9,841
Income tax benefits on share-based compensation	\$ 461	\$ 323	\$ 1,313	\$ 745

**Restricted Stock Awards**

The Company has historically granted restricted stock awards on a periodic basis, the restrictions on which typically lapse over a service period of one to four years. The fair value of the awards is determined on the date of grant, based on the closing price of the Company's common stock. The table below presents information on the Company's restricted stock awards.

	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Number of shares granted in period	-	-	583,238	825,050
Weighted-average grant-date fair value of awards (in dollars per share)	\$ -	\$ -	\$ 23.42	\$ 29.77
Compensation cost not yet recognized	\$ 24,414	\$ 25,750	\$ 24,414	\$ 25,750
Weighted-average amortization period for cost not yet recognized (in years)	2.8	2.9	2.8	2.9
Shares outstanding at balance sheet date	1,421,897	1,513,827	1,421,897	1,513,827

**Restricted Stock Units**

Commencing Q2 FY25, the Company began granting restricted stock units, the restrictions on which typically lapse over a service period of one to four years. The fair value of the awards is determined on the date of grant, based on the closing price of the Company's common stock. The table below presents information on the Company's restricted stock unit awards.

	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Number of units granted in period	109,830	-	162,666	-
Weighted-average grant-date fair value of awards (in dollars per share)	\$ 18.21	\$ -	\$ 19.61	\$ -
Compensation cost not yet recognized	\$ 2,387	\$ -	\$ 2,387	\$ -
Weighted-average amortization period for cost not yet recognized (in years)	3.3	-	3.3	-
Restricted stock units outstanding at balance sheet date	132,474	-	132,474	-

**Stock Options**

Option awards generally vest in one to four years and have a ten-year contractual term. All incentive and non-qualified stock option grants must have an exercise price no less than the market value of the underlying common stock on the date of grant. The grant-date fair values of options are based on closing prices of the Company's common stock on the dates of grant and are calculated using the Black-Scholes option pricing model. Expected volatility is based on the historical volatility of the Company's common stock. The Company uses historical option exercise behavior and employee termination data to estimate expected term, which represents the period of time that options are expected to remain outstanding. The risk-free rate of return for the estimated term of an option is based on the U.S. Treasury yield curve in effect at the date of grant. The table below presents information on the Company's stock options.

	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Number of options granted in period	-	-	-	-
Cash received from options exercised	\$ 400	\$ 20	\$ 1,698	\$ 1,074
Compensation cost not yet recognized	\$ -	\$ -	\$ -	\$ -
Weighted-average amortization period for cost not yet recognized (in years)	-	-	-	-

Information regarding outstanding and exercisable option awards as of August 3, 2025, is presented below.

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding and exercisable at August 3, 2025	115,075	\$ 10.31	1.88	\$ 1,091

**NOTE 10 - INCOME TAXES**

The Company calculates its provision for income taxes at the end of each interim reporting period on the basis of an estimated annual effective tax rate adjusted for tax items that are discrete to each period. The table below sets forth the primary reasons that the Company's effective income tax rates differed from the U.S. statutory tax rates in effect during the periods ended August 3, 2025, and July 28, 2024.

Reporting Period	U.S. Statutory Tax Rates	Photronics Effective Tax Rates	Primary Reasons for Differences
Three months ended August 3, 2025	21.0%	24.8%	Non-recognition of the tax benefit of losses that, in certain jurisdictions, have been offset by valuation allowances, non-U.S. pre-tax income being taxed at higher statutory rates in the non-U.S. jurisdictions, and changes in uncertain tax positions in non-U.S. jurisdictions.
Three months ended July 28, 2024	21.0%	22.7%	Non-recognition of the tax benefit of losses that, in certain jurisdictions, have been offset by valuation allowances, non-U.S. pre-tax income being taxed at higher statutory rates in the non-U.S. jurisdictions and the establishment of uncertain tax positions in non-U.S. jurisdictions.
Nine Months Ended August 3, 2025	21.0%	23.5%	Non-recognition of the tax benefit of losses that, in certain jurisdictions, have been offset by valuation allowances, non-U.S. pre-tax income being taxed at higher statutory rates in the non-U.S. jurisdictions, and changes in uncertain tax positions in non-U.S. jurisdictions.
Nine Months Ended July 28, 2024	21.0%	25.4%	Non-recognition of the tax benefit of losses that, in certain jurisdictions, have been offset by valuation allowances, non-U.S. pre-tax income being taxed at higher statutory rates in the non-U.S. jurisdictions, and the establishment of uncertain tax positions in non-U.S. jurisdictions.

United States Tax Law Change

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the United States. The OBBBA includes a number of tax provisions and multiple effective dates commencing in fiscal year 2026. The Company is currently evaluating the effect of the OBBBA enactment on its consolidated financial statements.

Uncertain Tax Positions

Although the timing of reversal of uncertain tax positions may be indeterminate at this time, the Company believes the resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our results of operations and financial condition. Resolution of these uncertain tax positions may result from either or both the lapses of statutes of limitations and tax settlements. The Company is no longer subject to tax authority examinations in the U.S., major foreign, or state tax jurisdictions for years prior to fiscal year 2019. The table below presents information on unrecognized tax benefits as of the balance sheet dates.

	August 3, 2025	October 31, 2024
Unrecognized tax benefits related to uncertain tax positions	\$ 15,028	\$ 14,720
Unrecognized tax benefits that, if recognized, would impact the effective tax rate	\$ 15,028	\$ 14,720
Accrued interest and penalties related to uncertain tax positions	\$ 1,484	\$ 1,028

Subsequent to the balance sheet date, the Company was notified that it will be subject to a routine income tax audit by authorities in a foreign jurisdiction. The audit process is in its initial stages, and at this time, the Company is unable to reasonably estimate any potential impact from the tax audit.

**NOTE 11 - EARNINGS PER SHARE**

The following sets forth the computation of basic and diluted earnings per share:

	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Net income attributable to Photronics, Inc. shareholders	\$ 22,891	\$ 34,388	\$ 74,604	\$ 96,819
Weighted-average common shares outstanding (in thousands):				
Basic	57,937	61,815	60,274	61,681
Effect of dilutive securities:				
Share-based awards	131	599	293	688
Dilutive common shares	131	599	293	688
Weighted-average common shares - Diluted	58,068	62,414	60,567	62,369
Earnings per share attributable to Photronics, Inc. shareholders:				
Basic	\$ 0.40	\$ 0.56	\$ 1.24	\$ 1.57
Diluted	\$ 0.39	\$ 0.55	\$ 1.23	\$ 1.55

The table below illustrates the outstanding weighted-average share-based awards that were excluded from the calculation of diluted earnings per share because their exercise price exceeded the average market value of the common shares for the period or, under application of the treasury stock method, they were otherwise determined to be antidilutive.

	Three Months Ended		Nine Months Ended	
	August 3, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Share-based payment awards, in shares	1,094	551	894	264
Total potentially dilutive shares excluded	1,094	551	894	264

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

As of August 3, 2025, the Company's unrecognized commitments for the acquisition of property, plant and equipment were \$147.2 million, including commitments with a remaining term in excess of one year of approximately \$32.5 million. This amount does not include the Company's commitments under the Company's debt and lease arrangements.

The Company is subject to various other claims that arise in the ordinary course of business. The Company believes that the Company's potential liability under such claims, individually or in the aggregate, will not have a material effect on the Company's consolidated financial statements.

**NOTE 13 - CHANGES IN ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME BY COMPONENT**

The following tables set forth the changes in the Company's accumulated other comprehensive (loss) income by component (net of tax) for the three-month and nine-month periods ended August 3, 2025, and July 28, 2024.

	<b>Three Months Ended August 3, 2025</b>		
	<b>Foreign Currency</b>		
	<b>Translation Adjustments</b>	<b>Other</b>	<b>Total</b>
Balance at May 4, 2025	\$ (86,568)	\$ (727)	\$ (87,295)
Other comprehensive (loss) income	29,171	(28)	29,143
Other comprehensive (loss) income attributable to noncontrolling interests	(10,365)	13	(10,352)
Balance at August 3, 2025	<u>\$ (67,762)</u>	<u>\$ (742)</u>	<u>\$ (68,504)</u>

	<b>Three Months Ended July 28, 2024</b>		
	<b>Foreign Currency</b>		
	<b>Translation Adjustments</b>	<b>Other</b>	<b>Total</b>
Balance at April 28, 2024	\$ (95,271)	\$ (661)	\$ (95,932)
Other comprehensive (loss) income	(6,114)	48	(6,066)
Other comprehensive (loss) income attributable to noncontrolling interests	1,534	(16)	1,518
Balance at July 28, 2024	<u>\$ (99,851)</u>	<u>\$ (629)</u>	<u>\$ (100,480)</u>

	<b>Nine Months Ended August 3, 2025</b>		
	<b>Foreign Currency</b>		
	<b>Translation Adjustments</b>	<b>Other</b>	<b>Total</b>
Balance at October 31, 2024	\$ (85,587)	\$ (732)	\$ (86,319)
Other comprehensive (loss) income	33,380	(20)	33,360
Other comprehensive (loss) income attributable to noncontrolling interests	(15,555)	10	(15,545)
Balance at August 3, 2025	<u>\$ (67,762)</u>	<u>\$ (742)</u>	<u>\$ (68,504)</u>

	<b>Nine Months Ended July 28, 2024</b>		
	<b>Foreign Currency</b>		
	<b>Translation</b>		
	<b>Adjustments</b>	<b>Other</b>	<b>Total</b>
Balance at October 31, 2023	\$ (88,044)	\$ (690)	\$ (88,734)
Other comprehensive (loss) income	(13,819)	103	(13,716)
Other comprehensive (loss) income attributable to noncontrolling interests	2,012	(42)	1,970
Balance at July 28, 2024	<u>\$ (99,851)</u>	<u>\$ (629)</u>	<u>\$ (100,480)</u>

**NOTE 14 – SHARE REPURCHASE PROGRAM**

In September 2020, the Company's Board of Directors authorized the repurchase of up to \$100 million of its common stock, pursuant to a repurchase plan under Rule 10b-18 of the Exchange Act. The repurchase authorization by the Board of Directors has no expiration date, does not obligate the Company to acquire any common stock, and is subject to market conditions. From September 2020 through October 2022, the Company repurchased 5.8 million shares at a cost of \$68.3 million. No shares were repurchased during the three- or nine-month periods ended July 28, 2024. In August 2024, the Board of Directors authorized an increase to the Company's existing share repurchase program from the remaining \$31.7 million up to \$100 million. During the three-month period ended August 3, 2025, the Company repurchased 1.2 million shares at a cost of \$20.7 million pursuant to Rule 10b-18 of the Exchange Act. During the nine-month period ended August 3, 2025, the Company repurchased 5 million shares at a cost of \$97.4 million pursuant to Rule 10b-18 of the Exchange Act. In June 2025, the Board of Directors authorized an additional \$25 million share repurchase. As a result, as of August 3, 2025, \$27.6 million remained available under this authorization. All shares repurchased under the program have been retired.

## Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

Management’s discussion and analysis (“MD&A”) of the Company’s financial condition and results of operations should be read in conjunction with its condensed consolidated financial statements and related notes. Various sections of this MD&A contain forward-looking statements, all of which are presented based on current expectations, which may be adversely affected by uncertainties and risk factors (presented throughout this filing and in the Company’s Form 10-K for fiscal year 2024), that may cause actual results to materially differ from these expectations. See “Forward-Looking Statements”.

We sell substantially all of our photomasks to semiconductor designers and manufacturers, and manufacturers of FPDs. Photomask technology is also being applied to the fabrication of other higher-performance electronic products such as photonics, microelectronic mechanical systems, and certain nanotechnology applications. Our selling cycle is tightly interwoven with the development and release of new semiconductor and display designs and applications, particularly as they relate to the semiconductor industry’s migration to more advanced product innovation, design methodologies, and fabrication processes. The demand for photomasks primarily depends on design activity rather than sales volumes from products manufactured using photomask technologies. Consequently, an increase in semiconductor or display sales does not necessarily result in a corresponding increase in photomask sales. However, the reduced use of customized ICs, reductions in design complexity, other changes in the technology or methods of manufacturing or designing semiconductors, or a slowdown in the introduction of new semiconductor or display designs could reduce demand for photomasks – even if the demand for semiconductors and displays increases. Advances in semiconductor, display, and photomask design and production methods that shift the burden of achieving device performance away from lithography could also reduce the demand for photomasks. Historically, the microelectronics industry has been volatile, experiencing periodic downturns and slowdowns in design activity. These negative trends have been characterized by, among other things, diminished product demand, excess production capacity, and accelerated erosion of selling prices, with a concomitant effect on revenue and profitability.

We are typically required to fulfill customer orders within a short period of time, sometimes within twenty-four hours. This results in a minimal level of backlog, typically two to three weeks of backlog for FPD photomasks and one to two weeks for IC photomasks. However, the demand for some IC photomasks has in the past expanded beyond the industry’s capacity to supply them within the traditional time period; thus, for some products, the backlog can expand to as long as two to three months.

The global semiconductor and FPD industries are driven by end markets which have been closely tied to consumer-driven applications of high-performance devices, including, but not limited to, mobile display devices, mobile communications, and computing solutions. While we cannot predict the timing of the industry’s transition to volume production of next-generation technology nodes, or the timing of up and down-cycles with precise accuracy, we believe that such transitions and cycles will continue into the future, beneficially and adversely affecting our business, financial condition, and operating results as they occur. We believe our ability to remain successful in these environments is dependent upon the achievement of our goals of being a service and technology leader and efficient solutions supplier, which we believe should enable us to continually reinvest in our global infrastructure.

**Results of Operations**

The following tables present selected operating information expressed as a percentage of revenue. The columns may not foot due to rounding.

	Three Months Ended			Nine Months Ended	
	August 3, 2025	May 4, 2025	July 28, 2024	August 3, 2025	July 28, 2024
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	66.3	63.1	64.4	64.6	63.7
Gross profit	33.7	36.9	35.6	35.4	36.3
Operating expenses:					
Selling, general, and administrative	8.8	8.6	9.2	8.8	8.8
Research and development	2.0	1.9	1.7	2.0	1.8
Operating income	22.9	26.4	24.7	24.6	25.7
Other income (expense), net	(4.5)	(12.2)	4.8	(1.6)	4.2
Income before income tax provision	18.4	14.2	29.5	23.0	29.9
Income tax provision	4.6	2.7	6.7	5.4	7.6
Net income	13.8	11.5	22.8	17.6	22.3
Net income attributable to noncontrolling interests	3.0	7.3	6.5	5.8	7.3
Net income attributable to Photronics, Inc. shareholders	10.9%	4.2%	16.3%	11.8%	15.0%

Note: All the following tabular comparisons, unless otherwise indicated, are for the three months ended August 3, 2025 (Q3 FY25), May 4, 2025 (Q2 FY25) and July 28, 2024 (Q3 FY24) and for the nine months ended August 3, 2025 (YTD FY25) and July 28, 2024 (YTD FY24).

**Revenue**

Our quarterly revenues can be affected by the seasonal purchasing practices of our customers. As a result, demand for our products is typically reduced during the first quarter of our fiscal year by the North American, European, and Asian holiday periods, as some of our customers reduce their development and, consequently, their buying activities during those periods.

The following tables present changes in revenue disaggregated by product type and geographic origin, in Q3 FY25 from revenue in prior reporting periods.

Changes in Revenue by Product Type (\$in millions)

	Q3 FY25 compared with Q2 FY25			Q3 FY25 compared with Q3 FY24		YTD FY25 compared with YTD FY24		
	Revenue in Q3 FY25	Increase (Decrease)	Percent Change	Increase (Decrease)	Percent Change	Revenue in YTD FY25	Increase (Decrease)	Percent Change
<b>IC</b>								
High-end*	\$ 53.6	\$ (5.7)	(9.5)%	\$ 4.1	8.4%	\$ 173.1	\$ 4.6	2.8%
Mainstream	94.2	(2.4)	(2.5)%	(12.2)	(11.5)%	284.6	(21.4)	(7.0)%
<b>Total IC</b>	<b>\$ 147.8</b>	<b>\$ (8.1)</b>	<b>(5.2)%</b>	<b>\$ (8.1)</b>	<b>(5.2)%</b>	<b>\$ 457.7</b>	<b>\$ (16.8)</b>	<b>(3.5)%</b>
<b>FPD</b>								
High-end*	\$ 53.5	\$ 9.9	22.6%	\$ 5.1	10.5%	\$ 146.8	\$ (0.2)	(0.1)%
Mainstream	9.1	(2.4)	(21.0)%	2.4	35.5%	29.0	6.2	26.9%
<b>Total FPD</b>	<b>\$ 62.6</b>	<b>\$ 7.5</b>	<b>13.5%</b>	<b>\$ 7.5</b>	<b>13.6%</b>	<b>\$ 175.8</b>	<b>\$ 6.0</b>	<b>3.5%</b>
<b>Total Revenue</b>	<b>\$ 210.4</b>	<b>\$ (0.6)</b>	<b>(0.3)%</b>	<b>\$ (0.6)</b>	<b>(0.3)%</b>	<b>\$ 633.5</b>	<b>\$ (10.8)</b>	<b>(1.7)%</b>

\* High-end photomasks typically have higher ASPs than mainstream products.

Changes in Revenue by Geographic Origin (\$in millions) \*\*

	Q3 FY25 compared with Q2 FY25			Q3 FY25 compared with Q3 FY24		YTD FY25 compared with YTD FY24		
	Revenue in Q3 FY25	Increase (Decrease)	Percent Change	Increase (Decrease)	Percent Change	Revenue in YTD FY25	Increase (Decrease)	Percent Change
Taiwan	\$ 68.4	\$ (6.6)	(8.8)%	\$ 0.2	0.4%	\$ 216.5	\$ (2.0)	(0.9)%
China	50.6	(8.1)	(13.8)%	(4.7)	(8.5)%	162.9	(9.2)	(5.4)%
South Korea	43.7	6.1	16.3%	5.3	13.8%	121.5	3.5	3.0%
United States	37.8	7.0	22.9%	(1.0)	(2.8)%	105.4	0.5	0.5%
Europe	9.1	0.9	11.0%	(0.7)	(7.3)%	25.2	(4.3)	(14.5)%
Other	0.8	0.1	15.5%	0.3	66.4%	2.0	0.7	51.6%
<b>Total</b>	<b>\$ 210.4</b>	<b>\$ (0.6)</b>	<b>(0.3)%</b>	<b>\$ (0.6)</b>	<b>(0.3)%</b>	<b>\$ 633.5</b>	<b>\$ (10.8)</b>	<b>(1.7)%</b>

\*\* This table disaggregates revenue by the location in which it was earned.

Revenue in Q3 FY25 of \$210.4 million represented a decrease of 0.3% compared with Q2 FY25 and Q3 FY24, as weakness in IC revenue was partially offset by strength in FPD demand. Revenue in YTD FY25 of \$633.5 million represented a decrease of 1.7% compared to the same period in FY24, primarily due to IC mainstream revenue decrease in Asia, offset slightly by an increase in FPD mainstream revenue.

IC revenue decreased \$8.1 million or 5.2% in Q3 FY25 from Q2 FY25, primarily due to a decrease in both high-end and mainstream revenue in Asia reflecting continued headwinds experienced in 2025, including geopolitical trade restrictions and unresolved tariff negotiations. Comparing Q3 FY25 to Q3 FY24, IC revenue decreased \$8.1 million or 5.2%, mainly due to reduced mainstream demand in Asia, partially offset by strong high-end order patterns in the United States. IC revenue decreased \$16.8 million or 3.5% in YTD FY25 from YTD FY24, mainly due to reduced mainstream demand in Asia and Europe, partially offset by increased high-end demand in the United States.

FPD revenue increased \$7.5 million or 13.5% in Q3 FY25 from Q2 FY25, driven by an increase in high-end of \$9.9 million or 22.6%. Comparing Q3 FY25 to Q3 FY24, FPD revenue increased \$7.5 million or 13.6%, driven by increased demand in both high-end and mainstream markets particularly in South Korea. FPD revenue increased by \$6.0 million or 3.5% in YTD FY25 from YTD FY24, mainly due to increased mainstream demand in Asia.

**Gross Margin (\$ in millions)**

	<b>Q3 FY25</b>	<b>Q2 FY25</b>	<b>Percent Change</b>	<b>Q3 FY24</b>	<b>Percent Change</b>	<b>YTD FY25</b>	<b>YTD FY24</b>	<b>Percent Change</b>
Gross profit	\$ 70.9	\$ 77.9	(9.0)%	\$ 75.1	(5.6)%	224.3	233.6	(4.0)%
Gross margin	33.7%	36.9%		35.6%		35.4%	36.3%	

Gross margin decreased by 320 basis points in Q3 FY25 compared to Q2 FY25, primarily as a result of an unfavorable product mix, reflected in material costs increase of 8.2%, or 207 basis points as a percentage of revenue as well as an increase in labor and benefits costs of 6.3%, or 70 basis points as a percentage of revenue.

Gross margin decreased by 190 basis points in Q3 FY25, from Q3 FY24, primarily as a result of an unfavorable product mix, reflected by material costs increase of 11.4%, or 278 basis points as a percentage of revenue, partially offset by a decrease in other cost of goods sold of 11.2%, or 111 basis points as a percentage of revenue.

Gross margin decreased by 90 basis points in YTD FY25 as compared to YTD FY24, mainly due to the decrease in revenue of 1.7% as well as an unfavorable product mix resulting in material costs increase by 2.5% or 102 basis points as a percentage of revenue, partially offset by decreased labor and benefits costs of 4.3%, or 31 basis points as a percentage of revenue.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses were \$18.4 million in Q3 FY25, compared with \$18.1 million in Q2 FY25, and \$19.4 million in Q3 FY24. The \$0.3 million increase from Q2 FY25 was primarily the result of an increase in professional fees of \$0.2 million. The \$1.0 million decrease from Q3 FY24 was primarily the result of decreased professional fees of \$0.8 million.

Selling, general and administrative expenses were \$55.6 million in YTD FY25, compared with \$56.8 million in YTD FY24. The \$1.2 million decrease from YTD FY24 was a result of a decrease in labor and benefits cost of \$1.1 million.

**Research and Development Expenses**

Research and development expenses, which primarily consist of development and qualification efforts related to process technologies for high-end IC and FPD applications, were \$4.3 million in Q3 FY25, compared with \$4.1 million in Q2 FY25, and \$3.6 million in Q3 FY24. The increase from Q2 FY25 and Q3 FY24 was primarily caused by increased qualification activities in Asia.

Research and development expenses were \$12.6 million in YTD FY25, compared with \$11.3 million in YTD FY24. The \$1.3 million increase from YTD FY24 was a result of increased development activities in the U.S.

**Other Income (Expense), net (\$ in millions)**

	Q3 FY25	Q2 FY25	Q3 FY24	YTD FY25	YTD FY24
Foreign currency transactions impact, net	\$ (14.3)	\$ (31.1)	\$ 4.1	\$ (26.9)	\$ 9.9
Interest expense	-	-	(0.1)	(0.1)	(0.3)
Interest income and other income, net	4.8	5.3	6.1	16.8	17.3
Other income (expense), net	<u>\$ (9.4)</u>	<u>\$ (25.8)</u>	<u>\$ 10.1</u>	<u>\$ (10.2)</u>	<u>\$ 26.9</u>

\* The columns may not foot due to rounding.

Other Expense, net decreased in Q3 FY25 from Q2 FY25 by \$16.4 million primarily driven by favorable movements of the New Taiwan dollar and the South Korean won, against the U.S. dollar. Other Expense, net increased in Q3 FY25 from Q3 FY24 by \$19.5 million primarily driven by unfavorable movements of the New Taiwan dollar and the South Korean won, against the U.S. dollar.

Other Expense, net increased in YTD FY25 from YTD FY24 by \$37.1 million, primarily due to foreign currency impacts which were driven by unfavorable movements of the New Taiwan dollar and the South Korean won, against the U.S. dollar.

**Income Tax Provision (\$ in millions)**

	Q3 FY25	Q2 FY25	Q3 FY24	YTD FY25	YTD FY24
Income tax provision	\$ 9.6	\$ 5.7	\$ 14.1	\$ 34.2	\$ 49.0
Effective income tax rate	24.8%	19.1%	22.7%	23.5%	25.4%

On December 15, 2022, the European Union (EU) Member States formally adopted the EU's Pillar Two Directive, which generally provides for a minimum effective tax rate of 15%, as established by the Organization for Economic Co-operation and Development (OECD) Pillar Two Framework. The EU effective dates are January 1, 2024, and January 1, 2025, for different aspects of the directive. A significant number of other countries are expected to also implement similar legislation with varying effective dates. The Company is currently subject to Pillar Two, but we estimate that the financial impact is immaterial. We will continue to monitor further developments to determine any potential impact in the countries in which we operate.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the United States. The OBBBA includes significant changes to federal tax law and other regulatory provisions that may impact the Company. The legislation enacted will be effective for Photonics commencing in our fiscal year 2026. We will continue to monitor and evaluate the impact of the legislative changes as more guidance becomes available.

The effective income tax rate is sensitive to the jurisdictional mix of earnings, due in part to the non-recognition of tax benefits on losses in jurisdictions with valuation allowances where the tax benefits of the losses are not available.

The effective income tax rate increases in Q3 FY25, compared with Q2 FY25 and Q3 FY24, are primarily due to changes in the jurisdictional mix of earnings.

The effective income tax rate decrease in YTD FY25 compared with YTD FY24 is primarily due to changes in the jurisdictional mix of earnings.

### **Net Income Attributable to Noncontrolling Interests**

Net income attributable to noncontrolling interests was \$6.2 million in Q3 FY25, compared with \$15.4 million in Q2 FY25 and \$13.8 million in Q3 FY24; the decrease from Q2 FY25 and Q3 FY24 was the result of the decrease in net income of the Company's joint ventures. Net income attributable to noncontrolling interests was \$37.0 million in YTD FY25, compared with \$46.8 million in YTD FY24. The decrease was a result of decreased net income at the Company's joint-venture operations.

### **Liquidity and Capital Resources**

Cash and cash equivalents were \$479.5 million and \$598.5 million as of August 3, 2025, and October 31, 2024, respectively. As of August 3, 2025, total cash and cash equivalents included \$416.1 million held by foreign subsidiaries, including an aggregate of \$328.2 million held by our joint ventures in Taiwan and China. In addition, we currently have CNY 200 million or USD 25 million of borrowing capacity in China to support local operations. See Note 7 – Debt to the consolidated financial statements for additional information on the Company's outstanding debt and currently available financing. The Company's primary sources of liquidity are the Company's cash on hand and cash we generate from operations.

We continually evaluate alternatives for efficiently funding the Company's capital expenditures and ongoing operations. These reviews may result in the Company's engagement in a variety of investing and financing transactions, in the transfer of cash among subsidiaries, and/or the repatriation of cash to the U.S. The transfer of funds among subsidiaries could be subject to foreign withholding taxes; in certain jurisdictions, repatriation of these funds to the U.S. may subject them to U.S. state income taxes and/or local country withholding taxes. We believe that the Company's liquidity, including available financing, is sufficient to meet the Company's requirements through the next twelve months and thereafter for the foreseeable future. Through the utilization of the Company's existing liquidity, the cash we generate from operations and short-term investments, we plan to continue to invest in the Company's business, with the Company's investments targeted to align with the Company's customers' technology road maps. In addition, we stand ready to invest in mergers, acquisitions, or strategic partnerships, should a suitable opportunity arise.

We estimate capital expenditures for the Company's fiscal year 2025 will be approximately \$200 million mainly in Asia and the U.S.; these investments will be targeted towards high-end and mainstream capacity that will increase the Company's operating capability and efficiency, and enable us to support customers' near-term demands. As of August 3, 2025, we had outstanding capital commitments of approximately \$147.2 million and accrued liabilities related to capital equipment purchases of approximately \$28.3 million. Although payment timing could vary, primarily as a result of the timing of tool delivery, installation and testing, we currently estimate that we will fund \$154.8 million of the Company's total \$175.5 million committed and recognized obligations for capital expenditures over the next twelve months.

On August 28, 2024, the Board of Directors authorized an increase to the Company's existing share repurchase program from the remaining \$31.7 million to \$100 million. During the nine-month period ended August 3, 2025, the Company repurchased 5 million shares for \$97.4 million. In June 2025, the Board of Directors authorized an additional \$25 million share repurchase. As a result, as of August 3, 2025, \$27.6 million remained available under this authorization. Depending on market conditions, we may utilize some or the entire remaining approved amount to reacquire additional shares.

As discussed in Note 6 – *PDMCX Joint Venture* of the Company's consolidated financial statements, DNP, the noncontrolling interest in the Company's China-based joint venture has, under certain circumstances, the right to put its interest in the joint venture to Photronics, or to purchase the Company's interest in the joint venture. Under all such circumstances, the sale of DNP's interest would be at its ownership percentage of the joint venture's net book value, with closing to take place within three business days of obtaining required approvals and clearance. As of the date of issuance of this report, DNP had not indicated its intention to exercise this right. As of August 3, 2025, Photronics and DNP each had net investments in this joint venture of approximately \$153.4 million.

**Cash Flows**

	<b>YTD FY25</b>	<b>YTD FY24</b>
Net cash provided by operating activities	\$ 160.0	\$ 193.1
Net cash used in investing activities	\$ (173.6)	\$ (142.1)
Net cash used in financing activities	\$ (115.3)	\$ (6.4)

**Operating Activities:** Net cash provided by operating activities reflects net income adjusted for certain non-cash items, including depreciation and amortization, share-based compensation, and the effects of changes in operating assets and liabilities. Net cash provided by operating activities decreased by \$33.1 million in FY25, compared with the same period of FY24, primarily due to decreased net income.

**Investing Activities:** Net cash flows used in investing activities increased by \$31.5 million in FY25, compared to the same period in FY24, primarily driven by an increase of purchases of property, plant and equipment of \$32.9 million partially offset by a decrease in purchases of short term investments of \$4.0 million.

**Financing Activities:** Net cash used in financing activities increased by \$108.9 million in FY25, compared to the same period of FY24. This was primarily driven by the repurchase of the Company's common shares as part of the Share Repurchase Program of \$97.4 million and increase of debt repayments of \$13.5 million.

Effects of exchange rate changes on the Company's cash, cash equivalents, and restricted cash balances increased by \$16.6 million from unfavorable \$6.5 million during YTD FY24 to favorable \$10.1 million during the same period of FY25.

**Non-GAAP Financial Measures**

Non-GAAP Net Income attributable to Photronics, Inc. shareholders and non-GAAP diluted earnings per share attributable to Photronics, Inc. shareholders are "non-GAAP financial measures" as such term is defined by Regulation G of the Securities and Exchange Commission and may differ from similarly named non-GAAP financial measures used by other companies. The financial tables below reconcile Photronics, Inc. financial results under U.S. GAAP to our non-GAAP financial information. We believe these non-GAAP financial measures that exclude certain items are useful for analysts and investors to evaluate the Company's on-going performance because they enable a more meaningful comparison of historical results of the Company's core business. These non-GAAP metrics are not a measure of consolidated operating results under U.S. GAAP and should not be considered as an alternative to Net income (loss), Net income (loss) per share, or any other measure of consolidated results under U.S. GAAP. The items excluded from these non-GAAP metrics but included in the calculation of their closest U.S. GAAP equivalent, are significant components of the condensed consolidated statement of income and must be considered in performing a comprehensive assessment of overall financial performance.

The following table reconciles U.S. GAAP Net Income and Earnings per Share attributable to Photronics, Inc. shareholders to the Non-GAAP Net income and Earnings per Share attributable to Photronics, Inc. shareholders for the indicated periods. The columns may not foot due to rounding.

	<b>Three Months Ended</b>		
	<b>August 3, 2025</b>	<b>May 4, 2025</b>	<b>July 28, 2024</b>
U.S. GAAP Net Income attributable to Photronics, Inc. shareholders	\$ 22,891	\$ 8,861	\$ 34,388
FX (gain) loss	14,258	31,111	(4,068)
Estimated tax effects of above	(3,663)	(8,337)	914
Estimated noncontrolling interest effects of above	(4,130)	(7,376)	681
Non-GAAP Net Income attributable to Photronics, Inc. shareholders	<u>\$ 29,356</u>	<u>\$ 24,259</u>	<u>\$ 31,915</u>
<b>Weighted-average number of common shares outstanding - Diluted</b>	<u>58,068</u>	<u>60,974</u>	<u>62,414</u>
U.S. GAAP diluted earnings per share attributable to Photronics, Inc. shareholders	\$ 0.39	\$ 0.15	\$ 0.55
Effects of the above non-GAAP adjustments	0.12	0.25	(0.04)
Non-GAAP diluted earnings per share attributable to Photronics, Inc. shareholders	<u>\$ 0.51</u>	<u>\$ 0.40</u>	<u>\$ 0.51</u>

### Business Outlook

Our current business outlook and guidance was provided in the Photronics Q3 FY25 earnings press release, earnings presentation, and financial results conference call, but is not incorporated herein. These can be accessed in the investor section of our website - [www.photronics.com](http://www.photronics.com). Information included on our website is not incorporated in this Form 10-Q.

Our future results of operations and the other forward-looking statements contained in this filing and in the Photronics Q3 FY25 earnings press release, and the related financial results conference call and earnings presentation involve a number of risks and uncertainties, some of which were discussed in Part I, Item 1A of our 2024 Form 10-K. These factors and a number of other unforeseeable factors could cause actual results to differ materially from our expectations.

### Critical Accounting Estimates

Please refer to Part II, Item 7 of our 2024 Form 10-K for discussion of our critical accounting estimates. There have been no changes to our critical accounting estimates since the filing of our Form 10-K for the year ended October 31, 2024.

### Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### Foreign Currency Exchange Rate Risk

We conduct business in several major currencies throughout our worldwide operations, and our financial performance may be affected by fluctuations in the exchange rates of these currencies. Changes in exchange rates can positively or negatively affect our reported revenue, operating income, assets, liabilities, and equity. The functional currencies of our Asian subsidiaries are the South Korean won, the New Taiwan dollar, the Chinese yuan, and the Singapore dollar. The functional currencies of our European subsidiaries are the British pound and the euro. In addition, we engage in transactions and have exposures to the Japanese yen.

We attempt to minimize our risk of foreign currency transaction losses by producing products in the same country in which the products are sold (thereby generating revenues and incurring expenses in the same currency), and by managing our working capital. However, in some instances, we sell products in a currency other than the functional currency of the entity where it was produced, or purchase products in a currency that differs from the functional currency of the purchasing entity. We may also enter into derivative contracts to mitigate our exposure to foreign currency fluctuations when we have a significant purchase obligation or significant receivable denominated in a currency that differs from the functional currency of the transacting subsidiary. We do not enter into derivatives for speculative purposes. There can be no assurance that this approach will protect us from the need to recognize significant foreign currency transaction gains and losses, especially in the event of a significant adverse movement in the value of any foreign currency in which we conduct business against any of our functional currencies, including the U.S. dollar.

Our primary net foreign currency exposures as of August 3, 2025, included the South Korean won, the Japanese yen, the New Taiwan dollar, the Chinese yuan, the Singapore dollar, the British pound sterling, and the euro. As of that date, a 10% adverse movement in the value of currencies different from the functional currencies of our subsidiaries would have resulted in a net unrealized pre-tax loss of \$69.7 million, which represents a decrease of \$1.6 million from our exposure at May 4, 2025. Our most significant exposures at August 3, 2025, were exposures of the New Taiwan dollar, the South Korean won and the Chinese yuan to the U.S. dollar, which were, respectively, \$36.1 million, \$24.9 million and \$5.4 million at that date. We do not believe that a 10% change in the exchange rates of non-US dollar currencies, other than the aforementioned currencies and the Japanese yen, would have had a material effect on our August 3, 2025, condensed consolidated financial statements.

#### **Interest Rate Risk**

A 10% adverse or favorable movement in the interest rates on our variable rate borrowings would not have had a material effect on the Company's August 3, 2025, condensed consolidated financial statements, as there were no variable rate borrowings outstanding as of the balance sheet date.

### **Item 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

We have established, and currently maintain, disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, designed to provide reasonable assurance that information required to be disclosed in reports filed under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this report.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in the Company's internal control over financial reporting during the third fiscal quarter ended August 3, 2025, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. LEGAL PROCEEDINGS**

Please refer to Note 12 within Part I, Item 1 of this report for information on legal proceedings involving the Company.

### **Item 1A. RISK FACTORS**

There have been no material changes, except the paragraph below, to our risk factors as set forth in “Item 1A. Risk Factors” in our 2024 Form 10-K.

#### **Risks Related to Tariffs and Global Trade Policies**

In FY25, new tariffs were announced on imports to the U.S., followed by various modifications and delays. Further changes are expected to be made in the future, which may include additional sector-based tariffs or other measures. The U.S. Department of Commerce has initiated an investigation under Section 232 of the Trade Expansion Act of 1962, as amended, into, among other things, imports of semiconductors, semiconductor manufacturing equipment, and their derivative products, including downstream products that contain semiconductors. Tariffs and trade restrictions may increase costs and complexity in our supply chain, including the procurement of semiconductor manufacturing equipment, raw materials, and critical components. They may also elevate the cost of our products, reduce demand, and negatively affect customer purchasing behavior. These risks, individually or collectively, could adversely affect our business, financial condition, and results of operations.

### **Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

#### **Issuer Purchases of Equity Securities**

In September 2020, the Company’s Board of Directors authorized the repurchase of up to \$100 million of its common stock, pursuant to a repurchase plan under Rule 10b-18 of the Exchange Act. The repurchase authorization by the Board of Directors has no expiration date, does not obligate the Company to acquire any common stock, and is subject to market conditions. From September 2020 through October 2022, the Company repurchased 5.8 million shares at a cost of \$68.3 million. No shares were repurchased during the three- or nine-month periods ended July 28, 2024. In August 2024, the Board of Directors authorized an increase to the Company’s existing share repurchase program from the remaining \$31.7 million up to \$100 million. During the three-month period ended August 3, 2025, the Company repurchased 1.2 million shares at a cost of \$20.7 million pursuant to Rule 10b-18 of the Exchange Act. During the nine-month period ended August 3, 2025, the Company repurchased 5 million shares at a cost of \$97.4 million pursuant to Rule 10b-18 of the Exchange Act. In June 2025, the Board of Directors authorized an additional \$25 million share repurchase. As a result, as of August 3, 2025, \$27.6 million remained available under this authorization. All shares repurchased under the program have been retired.

The following table provides information relating to the Company's repurchase of common stock during the third quarter of fiscal year 2025. This table excludes shares repurchased to settle employee tax withholding related to the vesting of stock awards.

	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Program</b>	<b>Dollar Value of Shares That May Yet Be Purchased (in millions)</b>
May 5, 2025 – June 1, 2025	366,900	\$ 17.34	366,900	\$ 16.9
June 2, 2025 – June 29, 2025	810,630	\$ 17.72	810,630	\$ 27.6
June 30, 2025 – August 3, 2025	-	\$ -	-	\$ 27.6
Total	<u>1,177,530</u>		<u>1,177,530</u>	

**Item 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**Item 4. MINE SAFETY DISCLOSURES**

Not applicable

**Item 5. OTHER INFORMATION**

**Rule 10b5-1 Trading Arrangements**

Our directors and officers (as defined in Rule 16a-1 under the Exchange Act) may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act.

No such plans or arrangements were adopted or terminated, including by modification, by any director or officer (as defined in Rule 16a-1 under the Exchange Act) during the quarter ended August 3, 2025.

**Item 6. EXHIBITS**

<u>Exhibit Number</u>	<u>Description</u>	<u>Incorporated by Reference</u>			<u>Filed or Furnished Herewith</u>
		<u>Form</u>	<u>Exhibit</u>	<u>Filing Date</u>	
<a href="#">31.1</a>	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
<a href="#">31.2</a>	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
<a href="#">32.1</a>	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
<a href="#">32.2</a>	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				X

## SIGNATURES

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

Photronics, Inc.  
(Registrant)

By: /s/ ERIC RIVERA

ERIC RIVERA

Executive Vice President,  
Chief Financial Officer  
(Principal Financial Officer  
/Principal Accounting Officer)

Date: September 9, 2025

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**EXHIBIT 31.1**

I, George C. Macricostas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Photronics, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GEORGE C. MACRICOSTAS

George C. Macricostas  
Chairman and Chief Executive Officer  
(Principal Executive Officer)  
September 9, 2025

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**EXHIBIT 31.2**

I, Eric Rivera, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Photronics, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ERIC RIVERA

Eric Rivera  
Executive Vice President, Chief Financial Officer  
(Principal Financial Officer / Principal Accounting Officer)  
September 9, 2025

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**EXHIBIT 32.1****Section 1350 Certification of the Chief Executive Officer**

I, George C. Macricostas, Chief Executive Officer of Photronics, Inc. (the "Company"), certify, to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended August 3, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished pursuant to 18 U.S.C. §1350 and will not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

/s/ GEORGE C. MACRICOSTAS

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George C. Macricostas  
Chairman and Chief Executive Officer  
(Principal Executive Officer)  
September 9, 2025

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**EXHIBIT 32.2****Section 1350 Certification of the Chief Financial Officer**

I, Eric Rivera, Chief Financial Officer of Photonics, Inc. (the “Company”), certify, to my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended August 3, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished pursuant to 18 U.S.C. §1350 and will not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

/s/ERIC RIVERA

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Eric Rivera  
Executive Vice President, Chief Financial Officer  
(Principal Financial Officer / Principal Accounting Officer)  
September 9, 2025

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