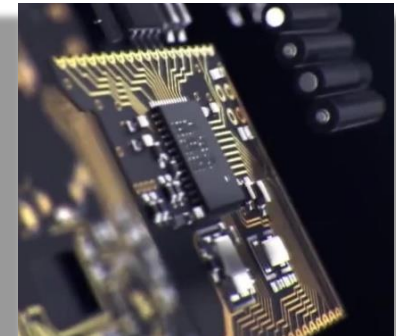
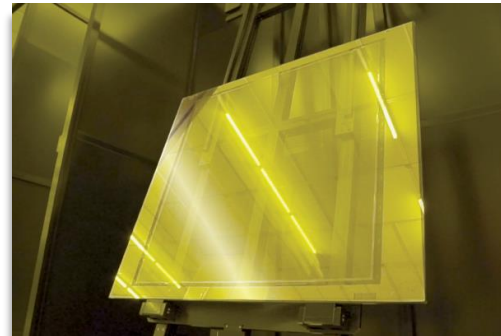
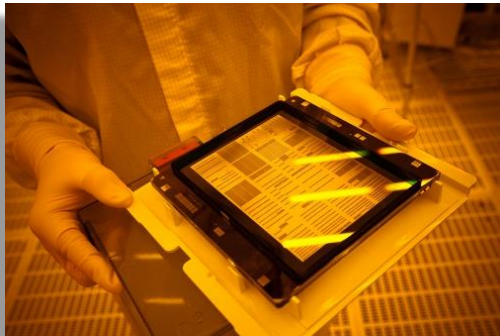


Photronics, Inc.

Q3 2023 Financial Results Conference Call
September 6, 2023



Safe Harbor Statement

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

Q3 2023 Summary

\$224.2M Revenue



IC: -2% Q/Q, +1% Y/Y

FPD: -2% Q/Q, +4% Y/Y

\$448.5M Cash
balance

\$27.3M Short-term
investments

\$85.9M generated from operating activity

\$21.1M invested in capex

\$26.7M total debt

- Maintaining margins and strong cash flow as demand softens Q/Q; favorable long-term demand drivers remain
- GAAP Net income* was \$27.0M, or \$0.44/share; non-GAAP was \$31.6M, or \$0.51/share
- Investing in IC capacity to capitalize on market growth trends

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

*Net income attributable to Photronics, Inc. shareholders

Favorable Long-term Photomask Demand Drivers

- On pace for record year in 2023 with continued growth in 2024
- Drivers in place for continued growth in photomask demand
 - IC industry forecast to reach \$1T by 2030
 - New IC designs across high-end and mainstream for secular forces such as AI, data centers, IoT, automotive, industrial, and ML
 - Display innovation in mobile applications with integrated technologies (e.g., biometric identification) and foldable screens
- On-shoring trends support additional investments in global semiconductor manufacturing capacity
- Ongoing resurgence in legacy IC demand and limited growth in reticle supply supports price and investment in point tools
- As largest merchant photomask provider with expansive geographic footprint, Photronics uniquely positioned to benefit from these trends
- Capital allocation strategy and prudent balance sheet management support growth initiatives while increasing ROIC and resilience



Clear Strategy for Sustainable, Long-Term Profitable Growth

Revenue Growth

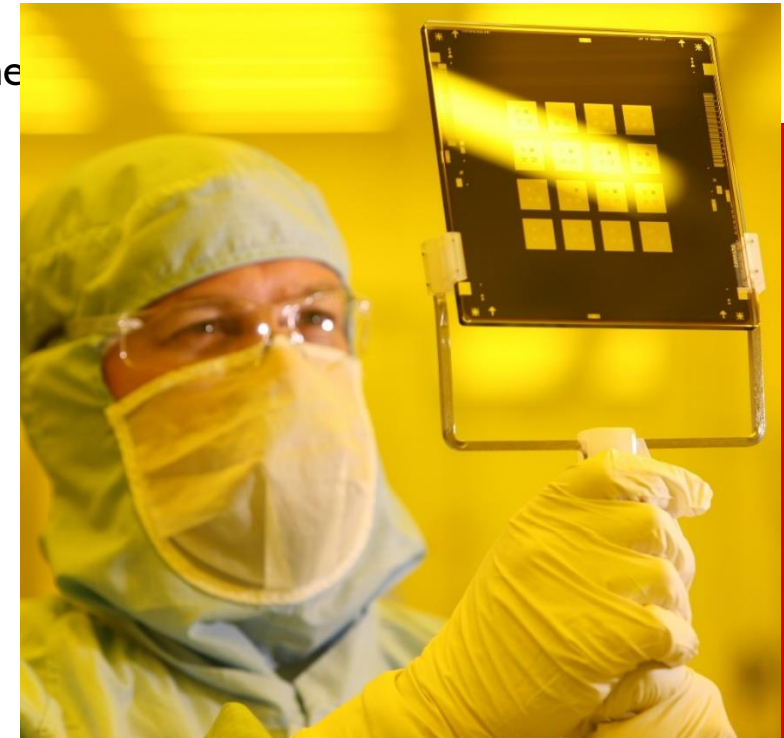
- Win lion's share of the growth in TAM for IC and FPD
- Continue targeted expansion of IC capacity, including mainstream point tool investment
- Leverage global footprint to exploit expansion of IC foundry business
- Capitalize on FPD technology leadership in AMOLED to continue improving mix

Margin Expansion

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

Explore Strategic Partnerships

- Long-term Purchase Agreements



Income Statement Summary

<u>\$M (except EPS)</u>	<u>GAAP</u>			<u>Non-GAAP¹</u>		
	<u>Q323</u>	<u>Q223</u>	<u>Q322</u>	<u>Q323</u>	<u>Q223</u>	<u>Q322</u>
Revenue	224.2	229.3	219.9			
Gross Profit	86.8	88.4	83.9			
Gross Margin	38.7%	38.6%	38.1%			
Operating Income	65.3	67.0	63.7			
Operating Margin	29.1%	29.2%	29.0%			
Non-operating income (loss)	(0.9)	13.6	3.6	3.6	2.9	(0.2)
Income tax provision	16.1	21.3	18.1	17.3	18.5	17.2
Minority interest	21.3	19.3	18.0	20.0	18.4	17.5
Net income ²	27.0	39.9	31.2	31.6	32.9	28.9
Diluted EPS ²	0.44	0.65	0.51	0.51	0.54	0.47
Days in quarter	91	91	91			

- Maintained margins Q/Q while demand softened across IC and FPD
- GAAP Non-operating income primarily consists of unrealized FX gain/loss;
- Non-GAAP removes effect of FX gain/loss
- Minority interest reflects net income of IC JVs in Taiwan and China

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

IC Photomask Revenue

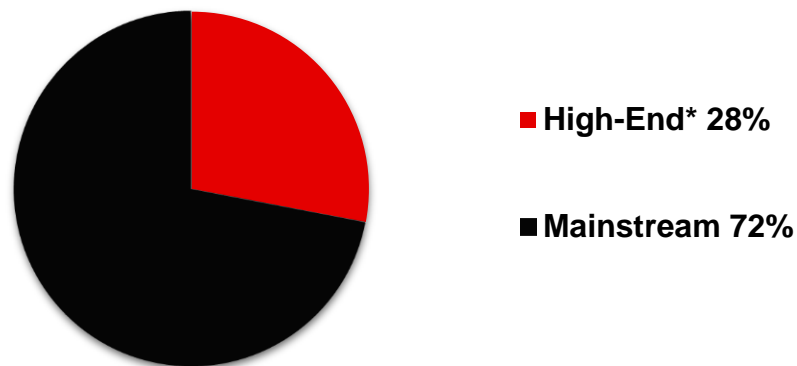
\$M	Q323	Q223	Q/Q	Q322	Y/Y
High-End*	45.3	43.9	3%	52.7	(14%)
Mainstream	117.8	123.1	(4%)	108.6	9%
Total	163.1	167.1	(2%)	161.3	1%

*28nm and smaller

Note: Totals may differ due to rounding

- High-end increased Q/Q on stronger foundry/logic demand in Asia
- Mainstream softness Q/Q more than offset better high-end demand
- Outlook
 - New designs by customers to gain market share and support technology roadmap
 - Regionalization driving investments for global chip capacity
 - ASPs continue to expand, reflecting the demand/supply dynamic

Q323 Revenue by Technology



FPD Photomask Revenue

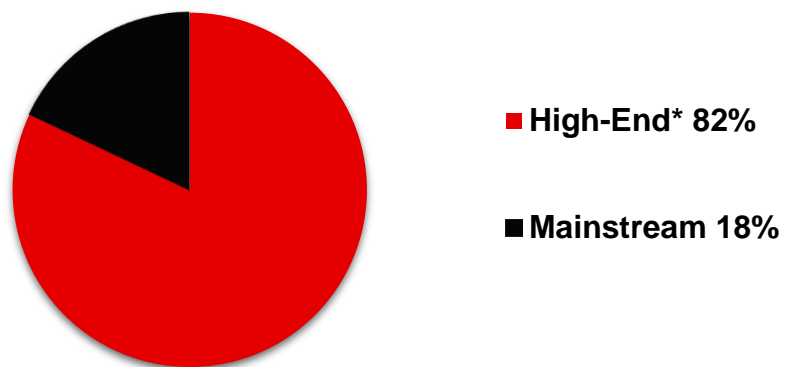
\$M	Q323	Q223	Q/Q	Q322	Y/Y
High-End*	50.0	51.9	(4%)	50.7	(1%)
Mainstream	11.1	10.4	7%	8.0	39%
Total	61.1	62.3	(2%)	58.7	4%

*≥G10.5, AMOLED and LTPS

Note: Totals may differ due to rounding.

- High-end down Q/Q as strong AMOLED sales offset by lower G10.5+ and LTPS demand
- Mainstream production expanded to maintain high utilization rate
- Outlook
 - Technology development drives demand for higher-value masks
 - Mobile demand is expected to improve with rollout of new designs and emerging competitors winning market share

Q323 Revenue by Technology



Select Financial Data

<u>\$M</u>	<u>Q323</u>	<u>Q223</u>	<u>Q322</u>
Cash	448.4	367.5	380.8
Short-term Investments	27.3	45.4	-
Debt	26.7	28.3	57.3
Net Cash*	421.8	339.1	323.5
Operating Cash Flow	85.9	82.0	92.6
Capital Expenditures	21.1	26.6	11.5

- Continued strong operating cash flow from income generation and working capital management
- Debt comprised of US equipment leases
- Capex targets growth in IC capacity & facility expansion
- Strong balance sheet able to fund investments, share repurchases, and strategic opportunities and resilient to effects of industry downturns

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

Q4 2023 Guidance

Revenue (\$M)	222 – 232
Operating Margin	29% - 31%
Taxes (\$M)	15 – 17
Diluted non-GAAP EPS	\$0.51 - \$0.59
Diluted Shares (M)	~62
Full-year Capex (M)	~130

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

Thank you for your interest!

For Additional Information:

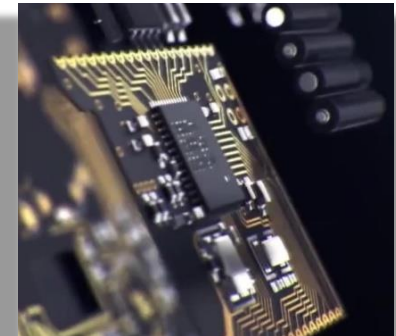
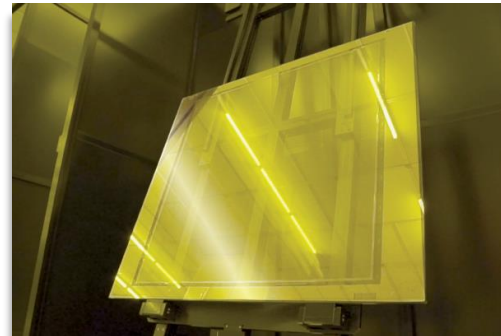
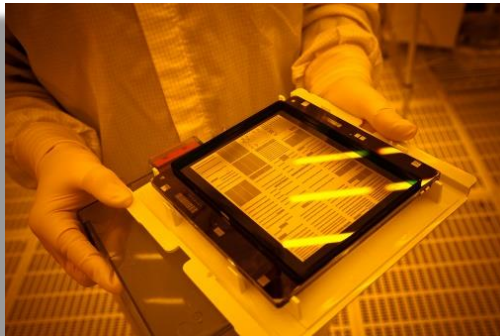
Please contact

John P. Jordan

Executive Vice President & CFO

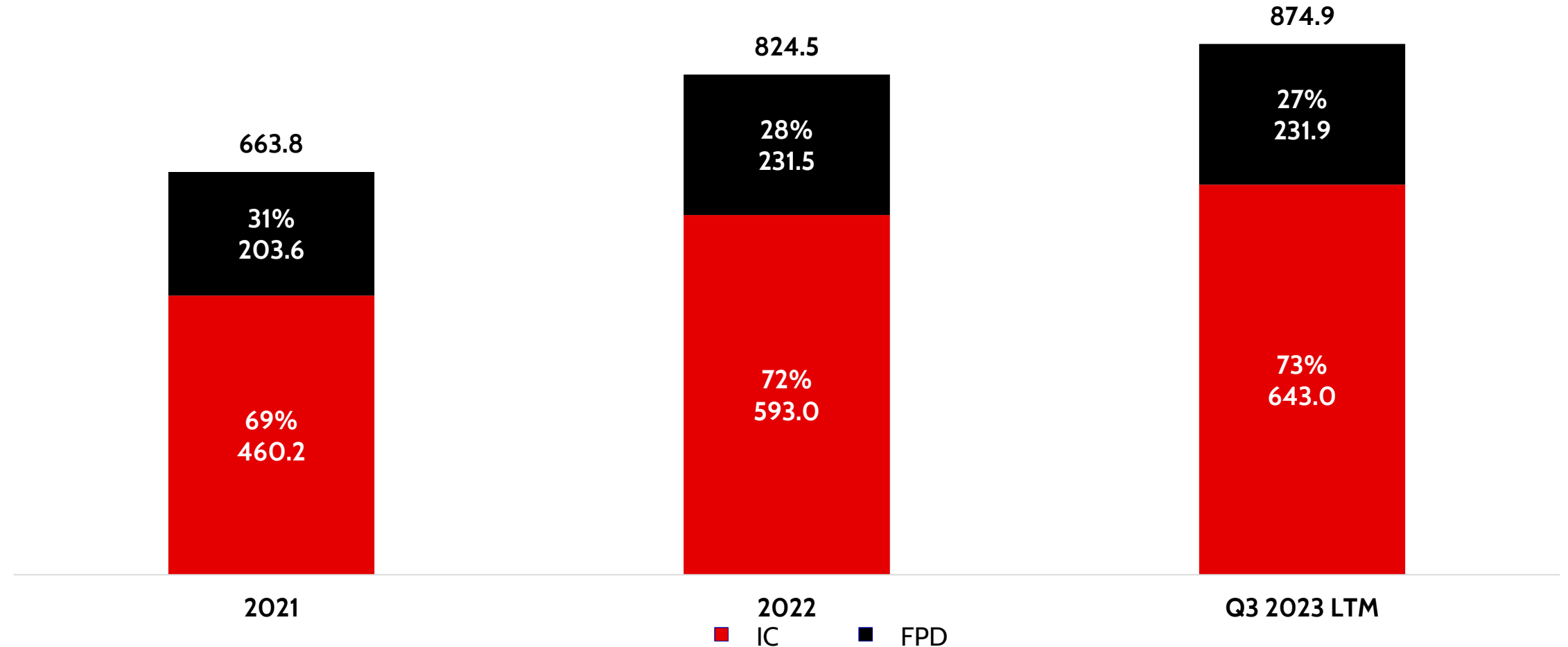
203.740.5671

jjordan@photonics.com



Appendix

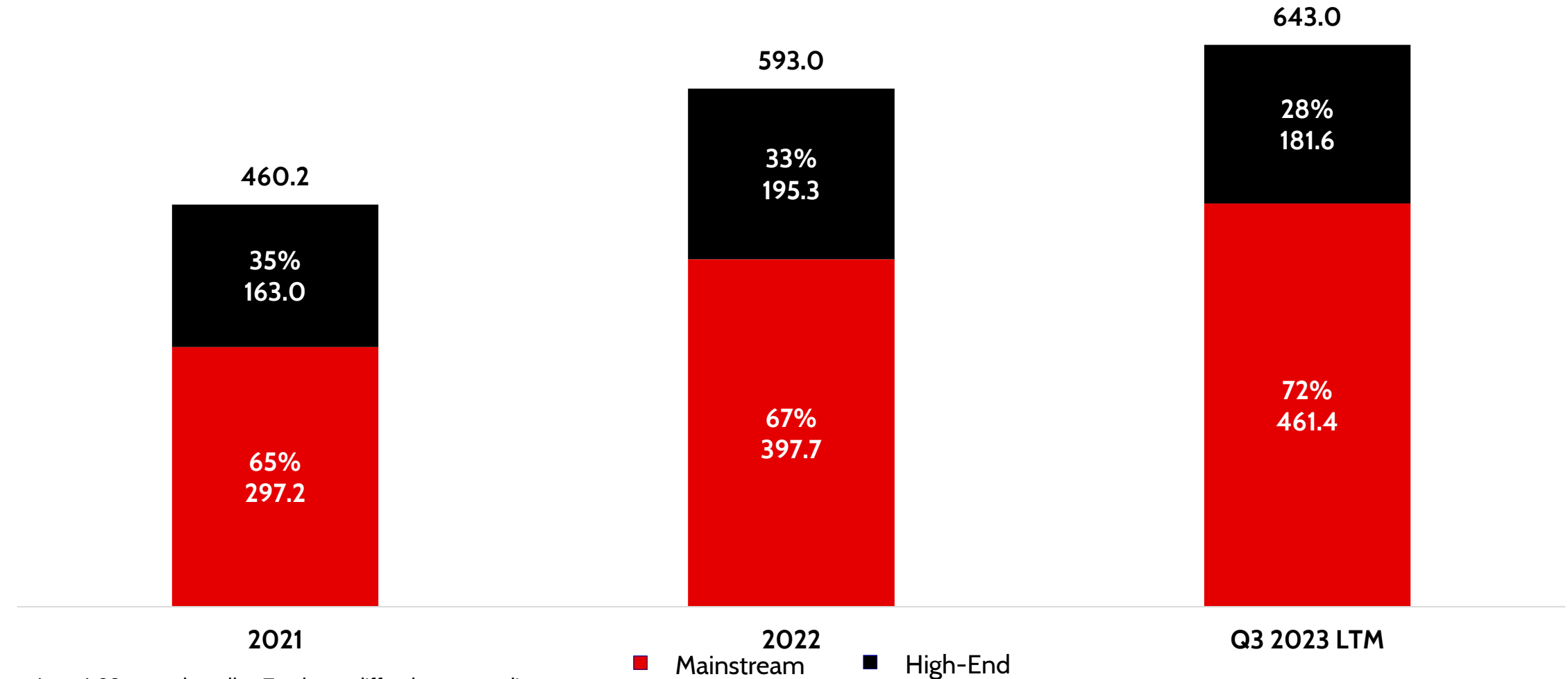
Total Revenue (\$M)



Total may differ due to rounding

■ IC ■ FPD

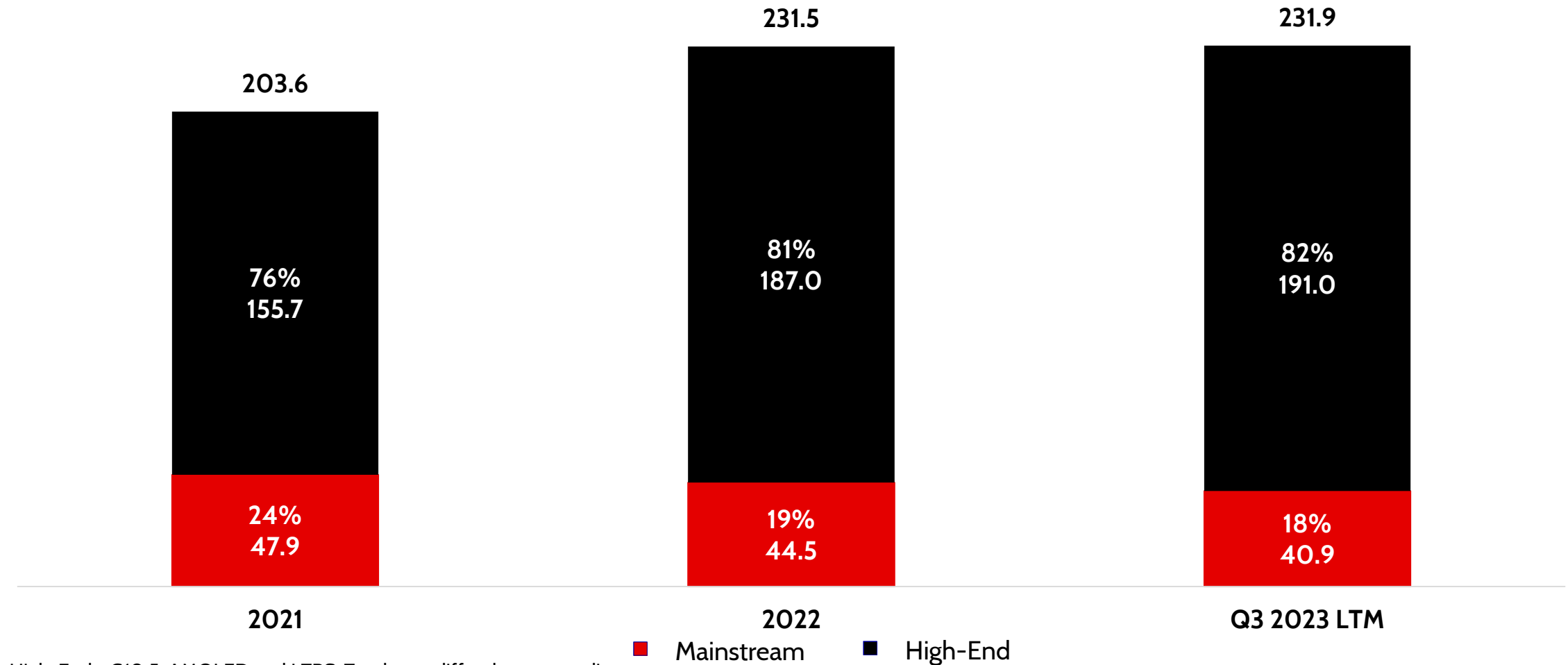
IC Photomask Revenue (\$M)



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

■ Mainstream ■ High-End

FPD Photomask Revenue (\$M)



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

■ Mainstream ■ High-End

Non-GAAP Financial Measures

Non-GAAP Net Income attributable to Photronics, Inc. shareholders and non-GAAP earnings per share, Free Cash Flow and Net Cash are "non-GAAP financial measures" as such term is defined by the Securities and Exchange Commission and may differ from similarly named non-GAAP financial measures used by other companies. The attached financial supplement reconciles Photronics, Inc. financial results under GAAP to non-GAAP financial information. We believe these non-GAAP financial measures that exclude certain items are useful for analysts and investors to evaluate our future on-going performance, because they enable a more meaningful comparison of our projected performance with our historical results. These non-GAAP metrics are not intended to represent funds available for our discretionary use and are not intended to represent or be used as a substitute for gross profit, operating income, net income, cash and cash equivalents, or cash flows from operations, as measured under GAAP. The items excluded from these non-GAAP metrics but included in the calculation of their closest GAAP equivalent are significant components of the condensed consolidated balance sheets and statement of cash flows and must be considered in performing a comprehensive assessment of overall financial performance. Please refer to the non-GAAP reconciliations on the following pages.

Non-GAAP Financial Measures

PHOTRONICS, INC.

Reconciliation of GAAP to Non-GAAP Financial Information

(in thousands)

(Unaudited)

	Three Months ended		
	July 30, 2023	April 30, 2023	July 31, 2022
Reconciliation of GAAP to Non-GAAP Non-operating (loss) Income:			
GAAP Non-operating (loss) income, net	\$ (911)	\$ 13,571	\$ 3,641
FX (gain) loss	4,543	(10,718)	(3,862)
Non-GAAP Non-operating (loss) income, net	<u>\$ 3,632</u>	<u>\$ 2,853</u>	<u>\$ (221)</u>
Reconciliation of GAAP to Non-GAAP Income tax provision:			
GAAP Income tax provision	\$ 16,098	\$ 21,343	\$ 18,146
Estimated tax effects of FX (gain) loss	(1,193)	2,823	955
Non-GAAP Income tax provision	<u>\$ 17,291</u>	<u>\$ 18,520</u>	<u>\$ 17,191</u>
Reconciliation of GAAP to Non-GAAP Noncontrolling interests:			
GAAP Noncontrolling interests	\$ 21,296	\$ 19,344	\$ 17,994
Estimated noncontrolling interest effects of above	1,328	901	527
Non-GAAP Noncontrolling interests	<u>\$ 19,968</u>	<u>\$ 18,443</u>	<u>\$ 17,467</u>
Reconciliation of GAAP to Non-GAAP Net Income:			
GAAP Net Income	\$ 26,959	\$ 39,929	\$ 31,230
FX (gain) loss	4,543	(10,718)	(3,862)
Estimated tax effects of above	(1,193)	2,823	955
Estimated noncontrolling interest effects of above	1,328	901	527
Non-GAAP Net Income	<u>\$ 31,637</u>	<u>\$ 32,935</u>	<u>\$ 28,850</u>
Weighted-average number of common shares outstanding - Diluted	<u>61,974</u>	<u>61,507</u>	<u>61,299</u>
Reconciliation of GAAP to Non-GAAP EPS:			
GAAP diluted earnings per share	\$ 0.44	\$ 0.65	\$ 0.51
Effects of the above adjustments	\$ 0.07	\$ (0.11)	\$ (0.04)
Non-GAAP diluted earnings per share	<u>\$ 0.51</u>	<u>\$ 0.54</u>	<u>\$ 0.47</u>

Non-GAAP Financial Measures

PHOTRONICS, INC.

Reconciliation of GAAP to Non-GAAP Financial Information (cont.)

(in thousands)

(Unaudited)

Reconciliation of Net cash provided by operating activities to Free Cash Flow

	<u>Nine Months ended</u> <u>July 30,</u> <u>2023</u>
GAAP Net cash provided by operating activities	\$ 195,556
Purchases of property, plant and equipment	(78,813)
Free Cash Flow	<u>\$ 116,743</u>

Reconciliation of Cash and cash equivalents to Net Cash:

	<u>July 30,</u> <u>2023</u>	<u>As of</u> <u>October 31,</u> <u>2022</u>	<u>July 31,</u> <u>2022</u>
Cash and cash equivalents	\$ 448,479	\$ 319,680	\$ 380,833
Current portion of Long-term debt	(6,589)	(10,024)	(10,727)
Long-term Debt	(20,121)	(32,310)	(46,589)
Net Cash	<u>\$ 421,769</u>	<u>\$ 277,346</u>	<u>\$ 323,517</u>