

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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 May 4, 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	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 60,150,512 shares of common stock outstanding as of June 5, 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, 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 Photronics Mask Co., Ltd., a joint venture of Photronics 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’ve 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>May 4, 2025</u>	<u>October 31, 2024</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 530,708	\$ 598,485
Short-term investments	27,699	42,184
Accounts receivable, net of allowance of \$1,171 in 2025 and \$1,126 in 2024	195,977	200,830
Inventories	61,201	56,527
Other current assets	40,221	33,036
Total current assets	855,806	931,062
Property, plant and equipment, net	807,558	745,257
Deferred income taxes	24,727	23,059
Other assets	14,941	12,681
Total assets	\$ 1,703,032	\$ 1,712,059
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 11	\$ 17,972
Accounts payable	89,484	78,717
Accrued liabilities	77,288	87,122
Total current liabilities	166,783	183,811
Long-term debt	19	25
Other liabilities	39,461	47,464
Total liabilities	206,263	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, 58,711 shares issued and outstanding as of May 4, 2025, and 61,949 shares issued and outstanding as of October 31, 2024	587	619
Additional paid-in capital	489,205	514,757
Retained earnings	698,423	691,807
Accumulated other comprehensive loss	(87,295)	(86,319)
Total Photronics, Inc. shareholders' equity	1,100,920	1,120,864
Noncontrolling interests	395,849	359,895
Total equity	1,496,769	1,480,759
Total liabilities and equity	\$ 1,703,032	\$ 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)*

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Revenue	\$ 210,992	\$ 217,000	\$ 423,130	\$ 433,334
Cost of goods sold	133,086	137,749	269,689	274,828
Gross profit	<u>77,906</u>	<u>79,251</u>	<u>153,441</u>	<u>158,506</u>
<b>Operating expenses:</b>				
Selling, general, and administrative	18,099	18,996	37,201	37,317
Research and development	4,090	4,292	8,346	7,736
Total operating expenses	<u>22,189</u>	<u>23,288</u>	<u>45,547</u>	<u>45,053</u>
Other operating income, net	-	89	-	89
Operating income	<u>55,717</u>	<u>56,052</u>	<u>107,894</u>	<u>113,542</u>
<b>Other income (expense):</b>				
Foreign currency transactions impact, net	(31,111)	14,766	(12,668)	5,858
Interest income and other income, net	5,329	5,878	11,915	11,128
Interest expense	(4)	(110)	(52)	(200)
Income before income tax provision	<u>29,931</u>	<u>76,586</u>	<u>107,089</u>	<u>130,328</u>
Income tax provision	5,714	20,214	24,615	34,874
Net income	<u>24,217</u>	<u>56,372</u>	<u>82,474</u>	<u>95,454</u>
Net income attributable to noncontrolling interests	<u>15,356</u>	<u>20,121</u>	<u>30,762</u>	<u>33,023</u>
Net income attributable to Photronics, Inc. shareholders	<u>\$ 8,861</u>	<u>\$ 36,251</u>	<u>\$ 51,712</u>	<u>\$ 62,431</u>
<b>Earnings per share:</b>				
Basic	\$ 0.15	\$ 0.59	\$ 0.84	\$ 1.01
Diluted	<u>\$ 0.15</u>	<u>\$ 0.58</u>	<u>\$ 0.84</u>	<u>\$ 1.00</u>
<b>Weighted-average number of common shares outstanding:</b>				
Basic	60,793	61,771	61,443	61,613
Diluted	<u>60,974</u>	<u>62,409</u>	<u>61,817</u>	<u>62,346</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>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Net income	\$ 24,217	\$ 56,372	\$ 82,474	\$ 95,454
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	47,124	(39,198)	4,208	(7,705)
Other	(61)	82	8	55
Net other comprehensive (loss) income	47,063	(39,116)	4,216	(7,650)
Comprehensive income	71,280	17,256	86,690	87,804
Less: comprehensive income attributable to noncontrolling interests	29,388	9,074	35,954	32,571
Comprehensive income attributable to Photronics, Inc. shareholders	<u>\$ 41,892</u>	<u>\$ 8,182</u>	<u>\$ 50,736</u>	<u>\$ 55,233</u>

*See accompanying notes to condensed consolidated financial statements.*

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

**Three Months Ended May 4, 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 February 2, 2025</b>	62,303	\$ 623	\$ 515,742	\$ 731,709	\$ (120,325)	\$ 366,460		\$ 1,494,209
Net income	-	-	-	8,861	-	15,356		24,217
Other comprehensive income (loss)	-	-	-	-	33,030	14,033		47,063
Shares issued under equity plans	23	-	15	-	-	-		15
Share-based compensation expense	-	-	3,375	-	-	-		3,375
Purchase and retirement of common stock through repurchase program	(3,615)	(36)	(29,927)	(42,147)	-	-		(72,110)
<b>Balance as of May 4, 2025</b>	58,711	\$ 587	\$ 489,205	\$ 698,423	\$ (87,295)	\$ 395,849		\$ 1,496,769

**Three Months Ended April 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 January 28, 2024</b>	61,746	\$ 617	\$ 502,903	\$ 587,299	\$ (67,863)	\$ 324,098		\$ 1,347,054
Net income	-	-	-	36,251	-	20,121		56,372
Other comprehensive income (loss)	-	-	-	-	(28,069)	(11,047)		(39,116)
Shares issued under equity plans	53	1	(208)	-	-	-		(207)
Share-based compensation expense	-	-	3,926	-	-	-		3,926
<b>Balance as of April 28, 2024</b>	61,799	\$ 618	\$ 506,621	\$ 623,550	\$ (95,932)	\$ 333,172		\$ 1,368,029

Six Months Ended May 4, 2025

Photronics, Inc. Shareholders

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Equity
	Shares	Amount					
<b>Balance as of October 31, 2024</b>	61,949	\$ 619	\$ 514,757	\$ 691,807	\$ (86,319)	\$ 359,895	\$ 1,480,759
Net income	-	-	-	51,712	-	30,762	82,474
Other comprehensive income (loss)	-	-	-	-	(976)	5,192	4,216
Shares issued under equity plans	572	6	(714)	-	-	-	(708)
Share-based compensation expense	-	-	6,710	-	-	-	6,710
Purchase and retirement of common stock through repurchase program	(3,810)	(38)	(31,548)	(45,096)	-	-	(76,682)
<b>Balance as of May 4, 2025</b>	58,711	\$ 587	\$ 489,205	\$ 698,423	\$ (87,295)	\$ 395,849	\$ 1,496,769

Six Months Ended April 28, 2024

Photronics, Inc. Shareholders

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Equity
	Shares	Amount					
<b>Balance as of October 31, 2023</b>	61,310	\$ 613	\$ 502,010	\$ 561,119	\$ (88,734)	\$ 300,601	\$ 1,275,609
Net income	-	-	-	62,431	-	33,023	95,454
Other comprehensive income (loss)	-	-	-	-	(7,198)	(452)	(7,650)
Shares issued under equity plans	489	5	(1,888)	-	-	-	(1,883)
Share-based compensation expense	-	-	6,499	-	-	-	6,499
<b>Balance as of April 28, 2024</b>	61,799	\$ 618	\$ 506,621	\$ 623,550	\$ (95,932)	\$ 333,172	\$ 1,368,029

See accompanying notes to condensed consolidated financial statements.

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

	<b>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Cash flows from operating activities:		
Net income	\$ 82,474	\$ 95,454
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	40,386	41,487
Share-based compensation	6,710	6,499
Changes in assets and liabilities:		
Accounts receivable	4,293	(2,415)
Inventories	(4,694)	(4,407)
Other current assets	(6,932)	(4,340)
Accounts payable, accrued liabilities, and other	(12,318)	(14,284)
<b>Net cash provided by operating activities</b>	<b>109,919</b>	<b>117,994</b>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(95,749)	(63,311)
Purchases of short-term investments	(27,689)	(66,040)
Proceeds from maturities of short-term investments	41,482	13,234
Government incentives	1,166	1,419
Other	(57)	(6)
<b>Net cash used in investing activities</b>	<b>(80,847)</b>	<b>(114,704)</b>
Cash flows from financing activities:		
Repayments of debt	(17,966)	(2,844)
Common stock repurchases	(76,682)	-
Proceeds from share-based arrangements	1,583	1,055
Net settlements of restricted stock awards	(2,007)	(2,938)
<b>Net cash used in financing activities</b>	<b>(95,072)</b>	<b>(4,727)</b>
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(1,697)	(3,839)
<b>Net decrease in cash, cash equivalents, and restricted cash</b>	<b>(67,697)</b>	<b>(5,276)</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>533,546</b>	<b>496,591</b>
Less: Ending restricted cash	2,838	2,686
<b>Cash and cash equivalents at end of period</b>	<b>\$ 530,708</b>	<b>\$ 493,905</b>
Supplemental disclosure of non-cash information:		
Accruals for property, plant and equipment purchased not yet paid	\$ 13,657	\$ 7,871

*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 Update 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 Update 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 Update 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 Update is effective for Photonics in its fiscal year 2025 Form 10-K, with early adoption permitted. 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.

	<b>May 4, 2025</b>	<b>October 31, 2024</b>
Accounts Receivable	\$ 165,411	\$ 172,741
Unbilled Receivables	31,737	29,215
Allowance for Credit Losses	(1,171)	(1,126)
	<u>\$ 195,977</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:

	May 4, 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	\$ 188,730	\$ -	\$ 188,730	\$ 414,074	\$ -	\$ 414,074
Level 1						
<i>U.S. Government Securities</i>	28,855	9,489	38,344	-	-	-
<i>Money market funds</i>	13,421	-	13,421	36,322	-	36,322
Level 2						
<i>Commercial paper</i>	56,287	668	56,955	-	-	-
<i>Time deposits</i>	243,415	17,542	260,957	148,089	42,184	190,273
	<u>\$ 530,708</u>	<u>\$ 27,699</u>	<u>\$ 558,407</u>	<u>\$ 598,485</u>	<u>\$ 42,184</u>	<u>\$ 640,669</u>
Restricted Cash <sup>(1)</sup>	2,838			2,758		
Cash, cash equivalents, and restricted cash	<u>\$ 533,546</u>			<u>\$ 601,243</u>		

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

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 May 4, 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.

	May 4, 2025	October 31, 2024
Raw materials	\$ 59,938	\$ 56,128
Work in process	1,239	398
Finished goods	24	1
	<u>\$ 61,201</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>May 4, 2025</b>	<b>October 31, 2024</b>
Land	\$ 12,216	\$ 11,419
Buildings and improvements	189,230	188,756
Machinery and equipment	2,062,158	1,990,610
Leasehold improvements	20,324	19,268
Furniture, fixtures, and office equipment	17,944	18,091
Construction in progress	122,474	91,213
	<u>2,424,346</u>	<u>2,319,357</u>
Accumulated depreciation and amortization	(1,616,788)	(1,574,100)
	<u>\$ 807,558</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>May 4, 2025</b>	<b>October 31, 2024</b>
Machinery and equipment	\$ 55	\$ 42,815
Accumulated amortization	(45)	(10,522)
	<u>\$ 10</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>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Depreciation Expense	<u>\$ 19,505</u>	<u>\$ 20,689</u>	<u>\$ 40,207</u>	<u>\$ 41,294</u>

**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 net income the Company recorded from the operations of PDMCX during the reporting periods.

	Three Months Ended		Six Months Ended	
	May 4, 2025	April 28, 2024	May 4, 2025	April 28, 2024
Net income from PDMCX	\$ 7,557	\$ 5,464	\$ 10,925	\$ 11,928

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	May 4, 2025		October 31, 2024	
	Carrying Amount	Photronics Interest	Carrying Amount	Photronics Interest
Current assets	\$ 171,717	\$ 85,876	\$ 174,059	\$ 87,047
Noncurrent assets	167,187	83,610	151,039	75,535
Total assets	338,904	169,486	325,098	162,582
Current liabilities	39,477	19,742	40,691	20,350
Noncurrent liabilities	2,389	1,195	3,320	1,660
Total liabilities	41,866	20,937	44,011	22,010
Net assets	\$ 297,038	\$ 148,549	\$ 281,087	\$ 140,572

**NOTE 7 - DEBT**

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

	May 4, 2025	October 31, 2024
Principal due:		
Next 12 months	\$ 11	\$ 17,972
Months 13 – 24	\$ 12	\$ 12
Months 25 – 36	7	12
Months 37 – 48	-	1
Months 49 – 60	-	-
Long-term debt	19	25
Total debt	<u>\$ 30</u>	<u>\$ 17,997</u>
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
	Varies as Lease matures	Varies as Lease matures
Periodic payment amount	Monthly	Monthly
Periodic payment frequency	Monthly	Monthly
Loan collateral (carrying amount) <sup>(1)</sup>	<u>\$ 10</u>	<u>\$ 32,293</u>

(1) 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. Upon the fiftieth monthly payment and prior to payment of the fifty-first monthly payment, the Company could exercise an early buyout option to purchase the tool for \$2.4 million. After the original term or any renewal periods, the Company could return the tool, elect to extend the lease, or purchase the tool at its fair market value. The Company exercised the early buyout option to purchase the tool for \$2.4 million 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 for such reimbursements up to a prescribed limit and duration. This facility is subject to annual reviews and extensions. In August 2024, the Company was issued an extension to the revolving, unsecured credit agreement for CNY 200 million (approximately \$27.5 million) with an expiration date of July 31, 2025. As of May 4, 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 six-month periods ended May 4, 2025, or April 28, 2024.

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

<b>Classification</b>	<b>May 4, 2025</b>	<b>October 31, 2024</b>
<b>Contract Assets</b>		
<i>Other current assets</i>	\$ 14,837	\$ 11,532
<b>Contract Liabilities</b>		
<i>Accrued liabilities</i>	\$ 11,893	\$ 12,375
<i>Other liabilities</i>	5,765	8,910
	<u>\$ 17,658</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>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Revenue recognized from beginning liability	\$ 2,589	\$ 6,495	\$ 5,745	\$ 7,746

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 six-month periods ended May 4, 2025, or April 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 six-month periods ended May 4, 2025, and April 28, 2024, disaggregated by product type, geographic origin, and timing of recognition.

<b>Revenue by Product Type</b>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
<b>IC</b>				
High-end	\$ 59,299	\$ 58,042	\$ 119,405	\$ 118,918
Mainstream	96,578	102,886	190,429	199,599
<b>Total IC</b>	<b>\$ 155,877</b>	<b>\$ 160,928</b>	<b>\$ 309,834</b>	<b>\$ 318,517</b>
<b>FPD</b>				
High-end	\$ 43,613	\$ 47,977	\$ 93,292	\$ 98,593
Mainstream	11,502	8,095	20,004	16,224
<b>Total FPD</b>	<b>\$ 55,115</b>	<b>\$ 56,072</b>	<b>\$ 113,296</b>	<b>\$ 114,817</b>
	<b>\$ 210,992</b>	<b>\$ 217,000</b>	<b>\$ 423,130</b>	<b>\$ 433,334</b>

<b>Revenue by Geographic Origin</b> *	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Taiwan	\$ 75,060	\$ 75,410	\$ 148,094	\$ 150,376
China	58,742	58,693	112,300	116,829
South Korea	37,594	39,286	77,831	79,621
United States	30,727	33,314	67,626	66,047
Europe	8,153	9,926	16,094	19,631
Other	716	371	1,185	830
	<b>\$ 210,992</b>	<b>\$ 217,000</b>	<b>\$ 423,130</b>	<b>\$ 433,334</b>

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

<b>Revenue by Timing of Recognition</b>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Over time	\$ 200,188	\$ 211,189	\$ 405,264	\$ 414,716
At a point in time	10,804	5,811	17,866	18,618
	<b>210,992</b>	<b>217,000</b>	<b>423,130</b>	<b>433,334</b>

### 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 is 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. Shares to be issued under the 2025 Plan may be authorized and unissued shares, issued shares that have been re-acquired by the Company (in the open market or in private transactions), or a combination thereof. 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 Plan), the vesting of awards may be accelerated. The 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		Six Months Ended	
	May 4, 2025	April 28, 2024	May 4, 2025	April 28, 2024
Expense reported in:				
<i>Cost of goods sold</i>	\$ 785	\$ 669	\$ 1,562	\$ 1,263
<i>Selling, general, and administrative</i>	2,288	2,987	4,556	4,737
<i>Research and development</i>	302	270	592	499
Total expense incurred	<u>\$ 3,375</u>	<u>\$ 3,926</u>	<u>\$ 6,710</u>	<u>\$ 6,499</u>
Expense by award type:				
Restricted stock awards	\$ 2,809	\$ 3,926	\$ 6,086	\$ 6,499
Restricted stock units	509	-	509	-
Employee stock purchase plan	57	-	115	-
Total expense incurred	<u>\$ 3,375</u>	<u>\$ 3,926</u>	<u>\$ 6,710</u>	<u>\$ 6,499</u>
Income tax benefits on share-based compensation	\$ 406	\$ 323	\$ 852	\$ 421

**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		Six Months Ended	
	May 4, 2025	April 28, 2024	May 4, 2025	April 28, 2024
Number of shares granted in period	237,738	-	583,238	825,050
Weighted-average grant-date fair value of awards (in dollars per share)	\$ 21.28	\$ -	\$ 23.42	\$ 29.77
Compensation cost not yet recognized	\$ 27,028	\$ 28,695	\$ 27,028	\$ 28,695
Weighted-average amortization period for cost not yet recognized (in years)	3.0	3.1	3.0	3.1
Shares outstanding at balance sheet date	1,439,672	1,560,540	1,439,672	1,560,540

**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 awards.

	Three Months Ended		Six Months Ended	
	May 4, 2025	April 28, 2024	May 4, 2025	April 28, 2024
Number of units granted in period	52,836	-	52,836	-
Weighted-average grant-date fair value of awards (in dollars per share)	\$ 22.52	\$ -	\$ 22.52	\$ -
Compensation cost not yet recognized	\$ 681	\$ -	\$ 681	\$ -
Weighted-average amortization period for cost not yet recognized (in years)	0.8	-	0.8	-
Restricted stock units outstanding at balance sheet date	33,966	-	33,966	-

**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		Six Months Ended	
	May 4, 2025	April 28, 2024	May 4, 2025	April 28, 2024
Number of options granted in period	-	-	-	-
Cash received from options exercised	\$ 26	\$ 119	\$ 1,298	\$ 1,055
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 May 4, 2025, is presented below.

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding and exercisable at May 4, 2025	148,075	\$ 10.72	1.80	\$ 1,259

#### 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 May 4, 2025 and April 28, 2024.

Reporting Period	U.S. Statutory Tax Rates	Photronics Effective Tax Rates	Primary Reasons for Differences
Three months ended May 4, 2025	21.0%	19.1%	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 April 28, 2024	21.0%	26.4%	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.
Six months ended May 4, 2025	21.0%	23.0%	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.
Six months ended April 28, 2024	21.0%	26.8%	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 the establishment of uncertain tax positions in non-U.S. jurisdictions.

### Uncertain Tax Positions

Although the timing of reversal of uncertain tax positions may be uncertain, as they can be dependent upon the settlement of tax audits, the Company believes that the amount of uncertain tax positions (including interest and penalties, and net of tax benefits) that may be resolved over the next twelve months is immaterial. 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.

	<b>May 4, 2025</b>	<b>October 31, 2024</b>
Unrecognized tax benefits related to uncertain tax positions	\$ 14,006	\$ 14,720
Unrecognized tax benefits that, if recognized, would impact the effective tax rate	\$ 14,006	\$ 14,720
Accrued interest and penalties related to uncertain tax positions	\$ 1,327	\$ 1,028

### NOTE 11 - EARNINGS PER SHARE

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Net income attributable to Photronics, Inc. shareholders	\$ 8,861	\$ 36,251	\$ 51,712	\$ 62,431
Weighted-average common shares outstanding (in thousands):				
Basic	60,793	61,771	61,443	61,613
Effect of dilutive securities:				
Share-based awards	181	638	374	733
Dilutive common shares	181	638	374	733
Weighted-average common shares - Diluted	60,974	62,409	61,817	62,346
Earnings per share attributable to Photronics, Inc. shareholders:				
Basic	\$ 0.15	\$ 0.59	\$ 0.84	\$ 1.01
Diluted	\$ 0.15	\$ 0.58	\$ 0.84	\$ 1.00

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.

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>May 4, 2025</b>	<b>April 28, 2024</b>	<b>May 4, 2025</b>	<b>April 28, 2024</b>
Share-based payment awards in shares	1,099	-	793	121
Total potentially dilutive shares excluded	1,099	-	793	121

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

As of May 4, 2025, the Company's unrecognized commitments for the acquisition of property, plant and equipment were \$164.8 million, including commitments with a remaining term in excess of one year of approximately \$122.2 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 six-month periods ended May 4, 2025, and April 28, 2024.

	<b>Three Months Ended May 4, 2025</b>		
	<b>Foreign Currency</b>		
	<b>Translation Adjustments</b>	<b>Other</b>	<b>Total</b>
Balance at February 2, 2025	\$ (119,629)	\$ (696)	\$ (120,325)
Other comprehensive (loss) income	47,124	(61)	47,063
Other comprehensive (loss) income attributable to noncontrolling interests	(14,063)	30	(14,033)
Balance at May 4, 2025	<u>\$ (86,568)</u>	<u>\$ (727)</u>	<u>\$ (87,295)</u>

	<b>Three Months Ended April 28, 2024</b>		
	<b>Foreign Currency</b>		
	<b>Translation Adjustments</b>	<b>Other</b>	<b>Total</b>
Balance at January 28, 2024	\$ (67,160)	\$ (703)	\$ (67,863)
Other comprehensive (loss) income	(39,198)	82	(39,116)
Other comprehensive (loss) income attributable to noncontrolling interests	11,087	(40)	11,047
Balance at April 28, 2024	<u>\$ (95,271)</u>	<u>\$ (661)</u>	<u>\$ (95,932)</u>

	<b>Six Months Ended May 4, 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 income	4,208	8	4,216
Other comprehensive loss attributable to noncontrolling interests	(5,189)	(3)	(5,192)
Balance at May 4, 2025	<u>\$ (86,568)</u>	<u>\$ (727)</u>	<u>\$ (87,295)</u>

	<b>Six Months Ended April 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	(7,705)	55	(7,650)
Other comprehensive (loss) income attributable to noncontrolling interests	478	(26)	452
Balance at April 28, 2024	<u>\$ (95,271)</u>	<u>\$ (661)</u>	<u>\$ (95,932)</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. 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 May 4, 2025, the Company repurchased 3.6 million shares at a cost of \$72.1 million pursuant to Rule 10b-18 of the Exchange Act. During the six-month period ended May 4, 2025, the Company repurchased 3.8 million shares at a cost of \$76.7 million pursuant to Rule 10b-18 of the Exchange Act. All shares repurchased under the program have been retired. No shares were repurchased during the three- or six-month period ended April 28, 2024. As of May 4, 2025, \$23.3 million remained available under this authorization for the repurchase of additional shares.

## 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			Six Months Ended	
	May 4, 2025	February 2, 2025	April 28, 2024	May 4, 2025	April 28, 2024
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	63.1	64.4	63.5	63.7	63.4
Gross profit	36.9	35.6	36.5	36.3	36.6
Operating expenses:					
Selling, general, and administrative	8.6	9.0	8.8	8.8	8.6
Research and development	1.9	2.0	2.0	2.0	1.8
Operating income	26.4	24.6	25.8	25.5	26.2
Other income (expense), net	(12.2)	11.8	9.5	(0.2)	3.9
Income before income tax provision	14.2	36.4	35.3	25.3	30.1
Income tax provision	2.7	8.9	9.3	5.8	8.0
Net income	11.5	27.5	26.0	19.5	22.0
Net income attributable to noncontrolling interests	7.3	7.3	9.3	7.3	7.6
Net income attributable to Photonics, Inc. shareholders	4.2%	20.2%	16.7%	12.2%	14.4%

Note: All the following tabular comparisons, unless otherwise indicated, are for the three months ended May 4, 2025 (Q2 FY25), February 2, 2025 (Q1 FY25) and April 28, 2024 (Q2 FY24) and for the six months ended May 4, 2025 (YTD FY25) and April 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 Q2 FY25 from revenue in prior reporting periods.

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

	Q2 FY25 compared with Q1 FY25			Q2 FY25 compared with Q2 FY24		YTD FY25 compared with YTD FY24		
	Revenue in Q2 FY25	Increase (Decrease)	Percent Change	Increase (Decrease)	Percent Change	Revenue in YTD FY25	Increase (Decrease)	Percent Change
<b>IC</b>								
High-end*	\$ 59.3	\$ (0.8)	(1.3)%	\$ 1.3	2.2%	\$ 119.4	\$ 0.5	0.4%
Mainstream	96.6	2.7	2.9%	(6.3)	(6.1)%	190.4	(9.2)	(4.6)%
<b>Total IC</b>	<b>\$ 155.9</b>	<b>\$ 1.9</b>	<b>1.2%</b>	<b>\$ (5.0)</b>	<b>(3.1)%</b>	<b>\$ 309.8</b>	<b>\$ (8.7)</b>	<b>(2.7)%</b>
<b>FPD</b>								
High-end*	\$ 43.6	\$ (6.1)	(12.2)%	\$ (4.4)	(9.1)%	\$ 93.3	\$ (5.3)	(5.4)%
Mainstream	11.5	3.1	35.3%	3.4	42.1%	20.0	3.8	23.3%
<b>Total FPD</b>	<b>\$ 55.1</b>	<b>\$ (3.0)</b>	<b>(5.3)%</b>	<b>\$ (1.0)</b>	<b>(1.7)%</b>	<b>\$ 113.3</b>	<b>\$ (1.5)</b>	<b>(1.3)%</b>
<b>Total Revenue</b>	<b>\$ 211.0</b>	<b>\$ (1.1)</b>	<b>(0.5)%</b>	<b>\$ (6.0)</b>	<b>(2.8)%</b>	<b>\$ 423.1</b>	<b>\$ (10.2)</b>	<b>(2.4)%</b>

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

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

	Q2 FY25 compared with Q1 FY25			Q2 FY25 compared with Q2 FY24		YTD FY25 compared with YTD FY24		
	Revenue in Q2 FY25	Increase (Decrease)	Percent Change	Increase (Decrease)	Percent Change	Revenue in YTD FY25	Increase (Decrease)	Percent Change
Taiwan	\$ 75.1	\$ 2.0	2.8%	\$ (0.4)	(0.5)%	\$ 148.1	\$ (2.3)	(1.5)%
China	58.7	5.2	9.7%	-	0.1%	112.3	(4.5)	(3.9)%
South Korea	37.6	(2.5)	(6.6)%	(1.6)	(4.3)%	77.8	(1.8)	(2.2)%
United States	30.7	(6.2)	(16.7)%	(2.5)	(7.8)%	67.6	1.6	2.4%
Europe	8.2	0.2	2.7%	(1.8)	(17.9)%	16.1	(3.6)	(18.0)%
Other	0.7	0.2	52.3%	0.3	93.0%	1.2	0.4	42.8%
<b>Total</b>	<b>\$ 211.0</b>	<b>\$ (1.1)</b>	<b>(0.5)%</b>	<b>\$ (6.0)</b>	<b>(2.8)%</b>	<b>\$ 423.1</b>	<b>\$ (10.2)</b>	<b>(2.4)%</b>

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

Revenue in Q2 FY25 of \$211.0 million represented a decrease of 0.5% compared with Q1 FY25 primarily due to high-end weakness in IC and FPD revenue, and a decrease of 2.8% from Q2 FY24, due to mainstream weakness in IC revenue.

IC revenue increased \$1.9 million or 1.2 % in Q2 FY25 from Q1 FY25 primarily due to an increase in mainstream of \$2.7 million or 2.9%. Comparing Q2 FY25 to Q2 FY24, IC revenue decreased \$5.0 million or 3.1% mainly due to reduced mainstream demand in Asia and the United States. IC revenue decreased \$8.7 million or 2.7 % in YTD FY25 from YTD FY24, mainly due to reduced mainstream demand in Asia and Europe, partially offset by high-end demand.

FPD revenue decreased \$3.0 million or 5.3% in Q2 FY25 from Q1 FY25 and \$1.0 million or 1.7% from Q2 FY24 as a result of industry softness in High-end products, partially offset by increased demand in Mainstream products. FPD revenue decreased \$1.5 million or 1.3% in YTD FY25 from YTD FY24 primarily the result of lower demand.

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

	<b>Q2 FY25</b>	<b>Q1 FY25</b>	<b>Percent Change</b>	<b>Q2 FY24</b>	<b>Percent Change</b>	<b>YTD FY25</b>	<b>YTD FY24</b>	<b>Percent Change</b>
Gross profit	\$ 77.9	\$ 75.5	3.2%	\$ 79.3	(1.8)%	153.4	158.5	(3.2)%
Gross margin	36.9%	35.6%		36.5%		36.3%	36.6%	

Gross margin increased by 132 basis points in Q2 FY25 as compared to Q1 FY25, primarily as a result of the decrease in labor and benefits costs of 9.3%, or 103 basis points as a percentage of revenue and a decrease in equipment and other costs of goods sold of 2.3%, or 51 basis points as a percentage of revenue.

Gross margin increased by 40 basis points in Q2 FY25, from Q2 FY24, primarily as a result of the decrease in labor and benefits of 10.8%, or 95 basis points as a percentage of revenue and a decrease in material costs of 1.0%, or 44 basis points as a percentage of revenue. These favorable changes were partially offset by the unfavorable impact caused by the decrease in revenue of 2.8% from Q2 FY24.

Gross margin decreased by 31 basis points in YTD FY25 as compared to YTD FY24, primarily as a result of the decrease in revenue of 2.4%, partially offset by decreased labor and benefits costs of 6.8%, or 52 basis points as a percentage of revenue.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses were \$18.1 million in Q2 FY25, compared with \$19.1 million in Q1 FY25, and \$19.0 million in Q2 FY24. The \$1.0 million decrease from Q1 FY25 was primarily the result of decreases in compensation and related expenses of \$0.3 million and professional fees of \$0.3 million. The \$0.9 million decrease from Q2 FY24 was primarily the result of decreased compensation and related expenses of \$0.8 million.

Selling, general and administrative expenses were \$37.2 million in YTD FY25, remaining flat compared with \$37.3 million in YTD FY24.

**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 \$4.1 million in Q2 FY25, compared with \$4.3 million in Q1 FY25, and \$4.3 million in Q2 FY24. The decrease from Q1 FY25 was primarily caused by reduced qualification activities in Asia.

Research and development expenses were \$8.3 million in YTD FY25, compared with \$7.7 million in YTD FY24. The \$0.6 million increase from YTD FY24 was a result of increased development activities in the U.S.

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

	<b>Q2 FY25</b>	<b>Q1 FY25</b>	<b>Q2 FY24</b>	<b>YTD FY25</b>	<b>YTD FY24</b>
Foreign currency transactions impact, net	\$ (31.1)	\$ 18.4	\$ 14.8	\$ (12.7)	\$ 5.9
Interest expense	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)
Interest income and other income, net	5.3	6.6	5.8	12.0	11.1
Other income (expense), net	\$ (25.8)	\$ 25.0	\$ 20.5	\$ (0.8)	\$ 16.8

Other Income (expense) decreased in Q2 FY25 from Q1 FY25 by \$50.8 million and from Q2 FY24 by \$46.3 million, primarily due to foreign currency impacts. The foreign currency impacts were primarily driven by unfavorable movements of the New Taiwan dollar and the South Korean won, against the U.S. dollar.

Other Income (expense) decreased in YTD FY25 from YTD FY24 by \$17.6 million, primarily due to foreign currency impacts. The foreign currency impacts were primarily driven by unfavorable movements of the New Taiwan dollar and the South Korean won, against the U.S. dollar.

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

	<u>Q2 FY25</u>	<u>Q1 FY25</u>	<u>Q2 FY24</u>	<u>YTD FY25</u>	<u>YTD FY24</u>
Income tax provision	\$ 5.7	\$ 18.9	\$ 20.2	\$ 24.6	\$ 34.9
Effective income tax rate	19.1%	24.5%	26.4%	23.0%	26.8%

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 continuously evaluate the potential impact of the Pillar Two Framework to ensure we are compliant in the future.

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 decrease in Q2 FY25, compared with Q1 FY25 and with Q2 FY24, is primarily due to a decrease in foreign taxes as well as changes in the jurisdictional mix of earnings.

The effective income tax rate decrease in YTD FY25 compared with YTD FY24, is primarily due to a decrease in foreign taxes as well as changes in the jurisdictional mix of earnings.

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

Net income attributable to noncontrolling interests was \$15.4 million in Q2 FY25, compared with \$15.4 million in Q1 FY25 and \$20.1 million in Q2 FY24; the decrease year over year was the result of a net decrease in the net income of the Company's joint venture operations. Net income attributable to noncontrolling interests was \$30.8 million in YTD FY25, compared with \$33.0 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 \$530.7 million and \$598.5 million as of May 4, 2025, and October 31, 2024, respectively. As of May 4, 2025, total cash and cash equivalents included \$431.9 million held by foreign subsidiaries, including an aggregate of \$349.9 million held by our joint ventures in Taiwan and China. In addition, we currently have CNY 200 million (approximately \$27.5 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, 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 May 4, 2025, we had outstanding capital commitments of approximately \$164.8 million and accrued liabilities related to capital equipment purchases of approximately \$14.5 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 \$152.3 million of the Company's total \$179.3 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 six-month period ended May 4, 2025, the Company repurchased 3.8 million shares for \$76.7 million. As of May 4, 2025, there was \$23.3 million remaining under the August 28, 2024 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 Photonics, 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 May 4, 2025, Photonics and DNP each had net investments in this joint venture of approximately \$148.5 million.

### Cash Flows

	YTD FY25	YTD FY24
Net cash provided by operating activities	\$ 109.9	\$ 118.0
Net cash used in investing activities	\$ (80.8)	\$ (114.7)
Net cash used in financing activities	\$ (95.1)	\$ (4.7)

**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 \$8.1 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 decreased by \$33.9 million in FY25, compared to the cash flows used in investing activities in the same period of FY24, primarily driven by an increase in proceeds from short-term investments of \$28.3 million and a decrease of purchases of short term investments of \$38.3 million, partially offset by an increase of purchases of property, plant and equipment of \$32.4 million.

**Financing Activities:** Net cash used in financing activities increased by \$90.4 million in the first half of 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 \$76.7 million and increase of debt repayments of \$15.2 million.

Effects of exchange rate changes on the Company's cash, cash equivalents, and restricted cash balances decreased by \$2.1 million from unfavorable \$3.8 million during the first half of FY24 to unfavorable \$1.7 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 are considered as “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 ongoing 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 to Non-GAAP Income* for the indicated periods. The columns may not foot due to rounding.

	<b>Three Months Ended</b>		
	<b>May 4, 2025</b>	<b>February 2, 2025</b>	<b>April 28, 2024</b>
<b>Reconciliation of U.S. GAAP to Non-GAAP Net Income:</b>			
U.S. GAAP Net Income attributable to Photronics, Inc. shareholders	\$ 8,861	\$ 42,851	\$ 36,251
FX loss (gain)	31,111	(18,443)	(14,766)
Estimated tax effects of above	(8,337)	5,152	3,743
Estimated noncontrolling interest effects of above	(7,376)	2,823	3,489
Non-GAAP Net Income attributable to Photronics, Inc. shareholders	<u>\$ 24,259</u>	<u>\$ 32,383</u>	<u>\$ 28,717</u>
<b>Weighted-average number of common shares outstanding - Diluted</b>	<u><b>60,974</b></u>	<u><b>62,661</b></u>	<u><b>62,409</b></u>
<b>Reconciliation of U.S. GAAP to Non-GAAP EPS:</b>			
U.S. GAAP diluted earnings per share	\$ 0.15	\$ 0.68	\$ 0.58
Effects of the above non-GAAP adjustments	0.25	(0.16)	(0.12)
Non-GAAP diluted earnings per share	<u>\$ 0.40</u>	<u>\$ 0.52</u>	<u>\$ 0.46</u>

**Business Outlook**

Our current business outlook and guidance was provided in the Photronics Q2 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 Q2 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 May 4, 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 \$71.3 million, which represents an increase of \$8.6 million from our exposure at February 2, 2025. Our most significant exposures at May 4, 2025, were exposures of the South Korean won, the Chinese yuan, and the New Taiwan dollar to the U.S. dollar, which were, respectively, \$25.3 million, \$8.6 million, and \$34.4 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 May 4, 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 May 4, 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 necessarily 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 second fiscal quarter ended May 4, 2025, that 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 the second quarter of FY25, new tariffs were announced on imports to the U.S., including additional tariffs on imports from China, Taiwan, South Korea, Japan and the European Union, among others, followed by various modifications and delays. In response, several countries have imposed, or threatened to impose, reciprocal tariffs on imports from the U.S. and other retaliatory measures. 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 have a material adverse effect on 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 us 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. 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 six-month period ended May 4, 2025, the Company repurchased 3.8 million shares at a cost of \$76.7 million pursuant to Rule 10b-18 of the Exchange Act. As of May 4, 2025, \$23.3 million remained available under this authorization for the repurchase of additional shares.

The following table provides information relating to the Company's repurchase of common stock during the second 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>
February 3, 2025 – March 2, 2025	-	\$ -	-	\$ 95.4
March 3, 2025 – March 30, 2025	2,262,912	\$ 21.09	2,262,912	\$ 47.6
March 31, 2025 – May 4, 2025	1,352,287	\$ 17.99	1,352,287	\$ 23.3
<b>Total</b>	<b>3,615,199</b>		<b>3,615,199</b>	

### **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 May 4, 2025.

#### **Director Indemnification Agreements**

On June 9, 2025, the Company entered into customary indemnification agreements with each of its directors. These agreements require the Company to provide indemnification and expense reimbursement to the director for losses incurred in legal proceedings related to his or her service as Company director in certain circumstances and to advance funds to the director to pay expenses as they are incurred.

**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="#">10.1</a>	Form of Director Indemnification Agreement				X
<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: June 11, 2025

## DIRECTOR INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“**Agreement**”), dated as of June 9, 2025, is by and between PHOTRONICS, INC., a Connecticut corporation (the “**Company**”) and [NAME OF DIRECTOR] (the “**Indemnitee**”).

WHEREAS, Indemnitee is a director of the Company/the Company expects Indemnitee to join the Company as a director;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies;

WHEREAS, the board of directors of the Company (the “**Board**”) has determined that enhancing the ability of the Company to retain and attract as directors and officers the most capable persons is in the best interests of the Company and that the Company therefore should seek to assure such persons that indemnification and insurance coverage is available; and

WHEREAS, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee’s [continued] service as a director of the Company and to enhance Indemnitee’s ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company’s certificate of incorporation or bylaws (collectively, the “**Constituent Documents**”), any change in the composition of the Board or any change in control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancement of Expenses (as defined in Section 1(f) below) to, Indemnitee as set forth in this Agreement and, to the extent insurance is maintained, for the [continued] coverage of Indemnitee under the Company’s directors’ and officers’ liability insurance policies.

NOW, THEREFORE, in consideration of the foregoing and the Indemnitee’s agreement to [continue to] provide services to the Company, the parties agree as follows:

1. **Definitions.** For purposes of this Agreement, the following terms shall have the following meanings:

(a) “**Beneficial Owner**” has the meaning given to the term “beneficial owner” in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

(b) “**Change in Control**” means the occurrence after the date of this Agreement of any of the following events:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of the Company’s then outstanding Voting Securities unless the change in relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

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(ii) the consummation of a reorganization, merger or consolidation, unless immediately following such reorganization, merger or consolidation, all of the Beneficial Owners of the Voting Securities of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the outstanding Voting Securities of the entity resulting from such transaction;

(iii) during any period of two consecutive years, not including any period prior to the execution of this Agreement, individuals who at the beginning of such period constituted the Board (including for this purpose any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute at least a majority of the Board; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(c) **"Claim"** means:

(i) any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; or

(ii) any inquiry, hearing or investigation that the Indemnitee determines might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism.

(d) **"Connecticut Court"** shall have the meaning ascribed to it in Section 9(e) below.

(e) **"Disinterested Director"** means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(f) **"Expenses"** means any and all expenses, including attorneys' and experts' fees, court costs, transcript costs, travel expenses, duplicating, printing and binding costs, telephone charges, and all other costs and expenses incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Claim, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 5 only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable.

(g) **“Expense Advance”** means any payment of Expenses advanced to Indemnitee by the Company pursuant to Section 4 or Section 5 hereof.

(h) **“Indemnifiable Event”** means any event or occurrence, whether occurring before, on or after the date of this Agreement, related to the fact that Indemnitee is or was a director, officer, employee or agent of the Company or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise (collectively with the Company, **“Enterprise”**) or by reason of an action or inaction by Indemnitee in any such capacity (whether or not serving in such capacity at the time any Loss is incurred for which indemnification can be provided under this Agreement).

(i) **“Independent Counsel”** means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently performs, nor in the past five years has performed, services for either: (i) the Company or Indemnitee (other than in connection with matters concerning Indemnitee under this Agreement or of other indemnitees under similar agreements) or (ii) any other party to the Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term **“Independent Counsel”** shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(j) **“Losses”** means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), ERISA excise taxes, amounts paid or payable in settlement, including any interest, assessments, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other charges paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim.

(k) **“Person”** means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity and includes the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act.

(l) **“Standard of Conduct Determination”** shall have the meaning ascribed to it in Section 9(b) below.

(m) **“Voting Securities”** means any securities of the Company that vote generally in the election of directors.

2. **Services to the Company.** Indemnitee agrees to [serve/continue to serve] as a director or officer of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders [his/her] resignation or is no longer serving in such capacity. This Agreement shall not be deemed an employment agreement between the Company (or any of its subsidiaries or Enterprise) and Indemnitee. If an employee of the Company, Indemnitee specifically acknowledges that [his/her] employment with the Company or any of its subsidiaries or Enterprise is at will and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment agreement between Indemnitee and the Company (or any of its subsidiaries or Enterprise), other applicable formal severance policies duly adopted by the Board or, with respect to service as a director or officer of the Company, by the Company’s Constituent Documents or Connecticut law. This Agreement shall continue in force after Indemnitee has ceased to serve as a director or officer of the Company or, at the request of the Company, of any of its subsidiaries or Enterprise, as provided in Section 12 hereof.

3. **Indemnification.** Subject to Section 9 and Section 10 of this Agreement, the Company shall indemnify Indemnitee, to the fullest extent permitted by the laws of the State of Connecticut in effect on the date hereof, or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, against any and all Losses if Indemnitee was or is or becomes a party to or participant in, or is threatened to be made a party to or participant in, any Claim by reason of or arising in part out of an Indemnifiable Event, including, without limitation, Claims brought by or in the right of the Company, Claims brought by third parties, and Claims in which the Indemnitee is solely a witness.

4. **Advancement of Expenses.** Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Claim by final adjudication to which there are no further rights of appeal, of any and all Expenses actually and reasonably paid or incurred by Indemnitee in connection with any Claim arising out of an Indemnifiable Event. Indemnitee’s right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, within thirty (30) days after any request by Indemnitee, the Company shall, in accordance with such request, (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. In connection with any request for Expense Advances, Indemnitee shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. In connection with any request for Expense Advances, Indemnitee shall execute and deliver to the Company an undertaking (which shall be accepted without reference to Indemnitee’s ability to repay the Expense Advances), in form and substance substantially acceptable to the Company, to repay any amounts paid, advanced, or reimbursed by the Company for such Expenses to the extent that it is ultimately determined, following the final disposition of such Claim, that Indemnitee is not entitled to indemnification hereunder. Indemnitee’s obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

5. Indemnification for Expenses in Enforcing Rights. To the fullest extent allowable under applicable law, the Company shall also indemnify against, and, if requested by Indemnitee, shall advance to Indemnitee subject to and in accordance with Section 4, any Expenses actually and reasonably paid or incurred by Indemnitee in connection with any action or proceeding by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Claims relating to Indemnifiable Events, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. However, in the event Indemnitee is ultimately determined not to be entitled to such indemnification or insurance recovery, as the case may be, then all amounts advanced under this Section 5 shall be repaid to the Company. Indemnitee shall be required to reimburse the Company in the event that a final judicial determination is made that such action brought by Indemnitee was frivolous or not made in good faith.

6. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Losses in respect of a Claim related to an Indemnifiable Event but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

7. Notification and Defense of Claims.

(a) Notification of Claims. Indemnitee shall notify the Company in writing as soon as practicable of any Claim which could relate to an Indemnifiable Event or for which Indemnitee could seek Expense Advances, including a brief description (based upon information then available to Indemnitee) of the nature of, and the facts underlying, such Claim. The failure by Indemnitee to timely notify the Company hereunder shall not relieve the Company from any liability hereunder except the Company shall not be liable to indemnify Indemnitee under this Agreement with respect to any judicial award in a Claim related to an Indemnifiable Event if the Company was not given a reasonable and timely opportunity to participate at its expense in the defense of such action. If at the time of the receipt of such notice, the Company has directors' and officers' liability insurance in effect under which coverage for Claims related to Indemnifiable Events is potentially available, the Company shall give prompt written notice to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall provide to Indemnitee a copy of such notice delivered to the applicable insurers, and copies of all subsequent correspondence between the Company and such insurers regarding the Claim, in each case substantially concurrently with the delivery or receipt thereof by the Company.

(b) Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event at its own expense and, except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any such Claim, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such Claim other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such Claim, but all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided, however, that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company, (ii) Indemnitee has notified the Company it has reasonably determined there may be a conflict of interest between Indemnitee and the Company in the defense of such Claim, (iii) after a Change in Control, Indemnitee's employment of its own counsel has been approved by the Independent Counsel or (iv) the Company shall not in fact have employed counsel to assume the defense of such Claim, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim) and all Expenses related to such separate counsel shall be borne by the Company.

8. Procedure upon Application for Indemnification. In order to obtain indemnification pursuant to this Agreement, Indemnitee shall submit to the Company a written request therefor, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Claim, provided that documentation and information need not be so provided to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. Indemnification shall be made insofar as the Company determines Indemnitee is entitled to indemnification in accordance with Section 9 below.

9. Determination of Right to Indemnification.

(a) Mandatory Indemnification; Indemnification as a Witness.

(i) To the extent Indemnitee shall have been successful on the merits or otherwise in defense of any Claim relating to an Indemnifiable Event or any portion thereof or in defense of any issue or matter therein, including without limitation dismissal without prejudice, Indemnitee shall be indemnified against all Losses relating to such Claim in accordance with Section 3 to the fullest extent allowable by law, and no Standard of Conduct Determination (as defined in Section 9(b)) shall be required.

(ii) To the extent Indemnitee's involvement in a Claim relating to an Indemnifiable Event is to prepare to serve and serve as a witness, and not as a party, the Indemnitee shall be indemnified against all Losses incurred in connection therewith to the fullest extent allowable by law and no Standard of Conduct Determination (as defined in Section 9(b)) shall be required.

(b) Standard of Conduct. To the extent that the provisions of Section 9(a) are inapplicable to a Claim related to an Indemnifiable Event that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Connecticut law that is a legally required condition to indemnification of Indemnitee hereunder against Losses relating to such Claim and any determination that Expense Advances must be repaid to the Company (a "**Standard of Conduct Determination**") shall be made as follows:

(i) if no Change in Control has occurred, (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum or (C) if there are no such Disinterested Directors, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and

(ii) if a Change in Control shall have occurred, (A) if the Indemnitee so requests in writing, by a majority vote of the Disinterested Directors, even if less than a quorum of the Board or (B) otherwise, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee.

The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within thirty (30) days of such request, any and all Expenses incurred by Indemnitee in cooperating with the person or persons making such Standard of Conduct Determination.

(c) Making the Standard of Conduct Determination. The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 9(b) to be made as promptly as practicable. If the person or persons designated to make the Standard of Conduct Determination under Section 9(b) shall not have made a determination within 30 days after the later of (A) receipt by the Company of a written request from Indemnitee for indemnification pursuant to Section 8 (the date of such receipt being the “**Notification Date**”) and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, then Indemnitee shall be deemed to have satisfied the applicable standard of conduct; provided that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days if the person or persons making such determination in good faith requires such additional time to obtain or evaluate information relating thereto. Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of any Claim.

(d) Payment of Indemnification. If, in regard to any Losses:

(i) Indemnitee shall be entitled to indemnification pursuant to Section 9(a);

(ii) no Standard Conduct Determination is legally required as a condition to indemnification of Indemnitee hereunder; or

(iii) Indemnitee has been determined or deemed pursuant to Section 9(b) or Section 9(c) to have satisfied the Standard of Conduct Determination,

then the Company shall pay to Indemnitee, within fifteen (15) days after the later of (A) the Notification Date or (B) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) is satisfied, an amount equal to such Losses.

(e) Selection of Independent Counsel for Standard of Conduct Determination. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 9(b)(i), the Independent Counsel shall be selected by the Disinterested Directors, and the Company shall give written notice to Indemnitee advising him/her of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 9(b)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five (5) business days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of “Independent Counsel” in Section 1(i), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit; and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences, the introductory clause of this sentence and numbered clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 9(e) to make the Standard of Conduct Determination shall have been selected within 20 days after the Company gives its initial notice pursuant to the first sentence of this Section 9(e) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 9(e), as the case may be, either the Company or Indemnitee may petition the Superior Court of the State of Connecticut, Judicial District of Danbury (“**Danbury Superior Court**”) to resolve any objection which shall have been made by the Company or Indemnitee to the other’s selection of Independent Counsel and/or to appoint as Independent Counsel a person to be selected by the Court or such other person as the Court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel’s determination pursuant to Section 9(b).

(f) Presumptions and Defenses.

(i) Indemnitee's Entitlement to Indemnification. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the Company shall have the burden of proof to overcome that presumption and establish that Indemnitee is not so entitled. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by the Indemnitee in the Danbury Superior Court. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct may be used as a defense to any legal proceedings brought by Indemnitee to secure indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

(ii) Reliance as a Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act are taken in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its subsidiaries in the course of their duties, or by committees of the Board or by any other Person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and/or actions, or failures to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

(iii) No Other Presumptions. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or have any particular belief, or that indemnification hereunder is otherwise not permitted.

(iv) Defense to Indemnification and Burden of Proof. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Losses incurred in defending against a Claim related to an Indemnifiable Event in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any related Standard of Conduct Determination, the burden of proving such a defense or that the Indemnitee did not satisfy the applicable standard of conduct shall be on the Company.

(v) Resolution of Claims. The Company acknowledges that a settlement or other disposition short of final judgment may be successful on the merits or otherwise for purposes of Section 9(a)(i) if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Claim relating to an Indemnifiable Event to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration), it shall be presumed that Indemnitee has been successful on the merits or otherwise for purposes of Section 9(a)(i). The Company shall have the burden of proof to overcome this presumption.

10. Exclusions from Indemnification. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to:

(a) indemnify or advance funds to Indemnitee for Expenses or Losses with respect to proceedings initiated by Indemnitee, including any proceedings against the Company or its directors, officers, employees or other indemnitees and not by way of defense, except:

(i) proceedings referenced in Section 5 above (unless a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous); or

(ii) where the Company has joined in or the Board has consented to the initiation of such proceedings.

(b) indemnify Indemnitee if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law.

(c) indemnify Indemnitee for the disgorgement of profits arising from the purchase or sale by Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act, or any similar successor statute.

(d) indemnify or advance funds to Indemnitee for Indemnitee's reimbursement to the Company of any bonus or other incentive-based or equity-based compensation previously received by Indemnitee, or payment of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements under Section 304 of the Sarbanes-Oxley Act of 2002 in connection with an accounting restatement of the Company or under any clawback policy adopted by the Company, including the Company's Compensation Recovery Policy to comply with Rule 10D-1 under the Exchange Act and applicable stock exchange listing requirements, or the payment to the Company of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act).

11. Settlement of Claims. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Claim related to an Indemnifiable Event effected without the Company's prior written consent, which shall not be unreasonably withheld; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of the Indemnitee for amounts paid in settlement if an Independent Counsel has approved the settlement. The Company shall not settle any Claim related to an Indemnifiable Event in any manner that would impose any Losses on the Indemnitee without the Indemnitee's prior written consent.

12. Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director or officer of the Company (or is serving at the request of the Company as a director, officer, employee, member, trustee or agent of another Enterprise) and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Claim relating to an Indemnifiable Event (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret his or her rights under this Agreement, even if, in either case, he or she may have ceased to serve in such capacity at the time of any such Claim or proceeding.

13. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, the Connecticut Business Corporation Act, any other contract or otherwise (collectively, "**Other Indemnity Provisions**"); provided, however, that (a) to the extent Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (b) to the extent any change is made to any Other Indemnity Provision which permits any greater right to indemnification than provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder. The Company will not adopt any amendment to any of the Constituent Documents the effect of which would be to deny, diminish or encumber Indemnitee's right to indemnification under this Agreement or any Other Indemnity Provision.

14. Liability Insurance. For the duration of Indemnitee's service as a director of the Company, and thereafter for so long as Indemnitee shall be subject to any pending Claim relating to an Indemnifiable Event, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors' and officers' liability insurance providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. In all policies of directors' and officers' liability insurance maintained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are provided to the most favorably insured of the Company's directors. Upon request, the Company will provide to Indemnitee copies of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials.

15. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy, the Constituent Documents, Other Indemnity Provisions or otherwise of the amounts otherwise indemnifiable by the Company hereunder.

16. Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee. Indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

17. Amendments. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

19. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any portion thereof) are held by a court of competent jurisdiction to be invalid, illegal, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

20. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, by postage prepaid, certified or registered mail:

- (a) if to Indemnitee, to the address set forth on the signature page hereto.

(b) if to the Company, to:

PHOTRONICS, INC.  
15 Secor Road  
Brookfield, CT 06804  
Attn: General Counsel

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

21. Governing Law and Forum. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Connecticut applicable to contracts made and to be performed in such state without giving effect to its principles of conflicts of laws. The Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Danbury Superior Court and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of the Danbury Superior Court for purposes of any action or proceeding arising out of or in connection with this Agreement and (c) waive, and agree not to plead or make, any claim that the Danbury Superior Court lacks venue or that any such action or proceeding brought in the Danbury Superior Court has been brought in an improper or inconvenient forum.

22. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, but all of which together shall constitute one and the same Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

PHOTRONICS, INC.

By: \_\_\_\_\_

Name:

Title:

INDEMNITEE

\_\_\_\_\_

Name:

Address: \_\_\_\_\_

\_\_\_\_\_

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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

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George C. Macricostas  
Chairman and Chief Executive Officer  
(Principal Executive Officer)  
June 11, 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

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Eric Rivera  
Executive Vice President, Chief Financial Officer  
(Principal Financial Officer / Principal Accounting Officer)  
June 11, 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 May 4, 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)  
June 11, 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 May 4, 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)  
June 11, 2025

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