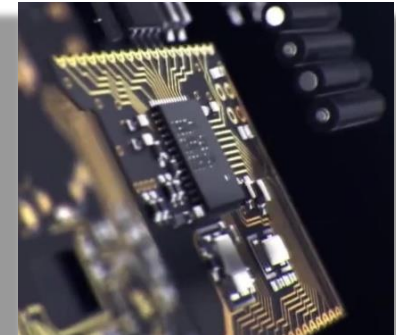
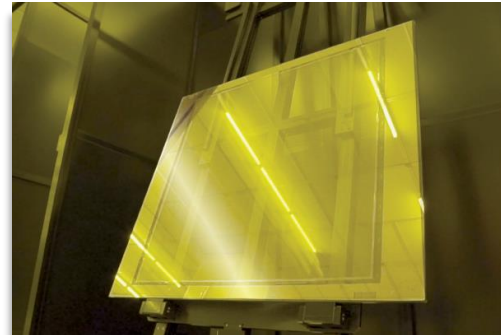
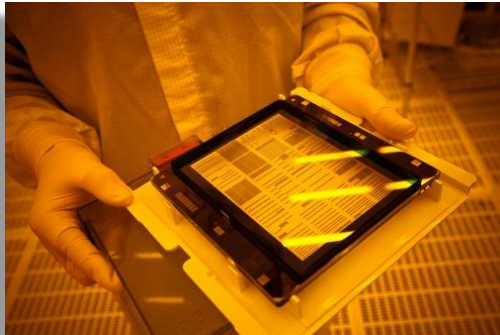


Photronics, Inc.

Q2 2023 Financial Results Conference Call
May 24, 2023



Safe Harbor Statement

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

Q2 2023 Summary

Revenue was
a record

\$229.3M

IC: +7% Q/Q, +15% Y/Y

FPD: +14% Q/Q, +6% Y/Y



\$367M Cash
balance

\$45M Short-term
investments

\$82M generated from operating activity

\$27M invested in capex

\$28M total debt

- Strong demand trends across markets and regions as design activity remains high
- Net income* was \$39.9M (\$0.65/share); non-GAAP was \$32.9M (\$0.54/share)
- Investing in mainstream IC capacity to capitalize on market growth trends

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

*Net income attributable to Photronics, Inc. shareholders

CEO: First Year Observations

Photronics wins with...

- A dedicated team laser focused on customer service
- Leading edge technology and process know-how to deliver top-quality photomasks
- Great market position as the leading photomask merchant
- Strong balance sheet to fund growth

that creates differentiating Core Competencies



**Operational
Excellence**



**Commercial
Excellence**



Technology Leader



Core Values

Clear Strategy for Sustainable, Long-Term Profitable Growth

Revenue Growth

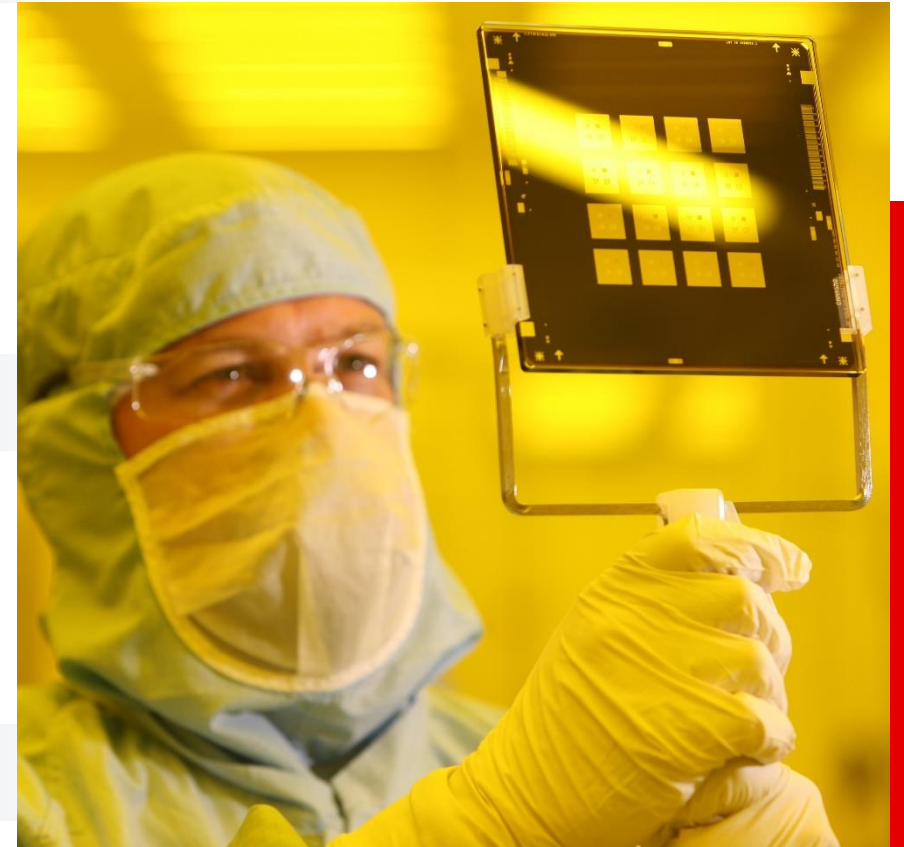
- Win lion's share of the growth in TAM for IC and FPD
- Supplement capacity with point tool investments and targeted expansions
- Capitalize on technology leadership in AMOLED to continue improving mix
- Leverage global footprint to exploit expansion of "legacy foundry" business

Margin Expansion

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

Explore Strategic Partnerships

- Long-term Purchase Agreements
- Joint-ventures and strategic alliances



Delivering on Updated Target Model

<u>\$M (except EPS)</u>	<u>2021</u>	<u>2022</u>	<u>Q2 2023</u> <u>LTM</u>	<u>Illustrative FY 24 Target Model</u>		
Revenue	\$664	\$825	\$871	\$900	\$950	\$975
Gross Margin	25%	36%	38%	38-40%	40-42%	42-43%
Operating Margin	14%	26%	28%	28-30%	30-32%	32-33%
Operating Cash Flow	\$151	\$275	\$282	\$350-375	\$365-380	\$375-400
Free Cash Flow*	\$42	\$163	\$146	\$250-275	\$235-280	\$275-300
Diluted EPS	\$0.89	\$1.94	\$1.99	\$2.35-2.45	\$2.50-2.55	\$2.60-2.65

*Free Cash Flow is a non-GAAP term; see reconciliation included in this presentation

Income Statement Summary

\$M (except EPS)	GAAP			Non-GAAP ¹		
	Q223	Q123	Q222	Q223	Q123	Q222
Revenue	229.3	211.1	204.5			
Gross Profit	88.4	76.1	70.2			
Gross Margin	38.6%	36.0%	34.3%			
Operating Income	67.0	56.0	49.4			
Operating Margin	29.2%	26.5%	24.2%			
Non-operating income	13.6	(14.4)	8.0	2.9	2.5	0.2
Income tax provision	21.3	12.6	14.4	18.5	17.1	12.5
Minority interest	19.3	15.0	15.6	18.4	17.0	14.1
Net income ²	39.9	14.0	27.4	32.9	24.4	23.1
Diluted EPS ²	0.65	0.23	0.45	0.54	0.40	0.38
Days in quarter	91	90	91			

- Margins improved due to volume leverage, sustained better pricing, and improved mix
- GAAP Non-operating income primarily consists of unrealized FX gain/loss
- Q2 benefitted from a \$28M FX tailwind Q/Q
- Non-GAAP presentation removes effect of FX gain/loss
- Minority interest reflects strong net income of IC JVs in Taiwan and China

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

IC Photomask Revenue

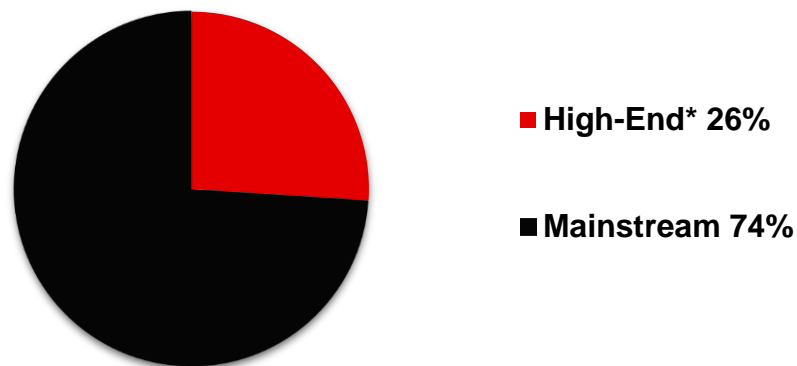
\$M	Q223	Q123	Q/Q	Q222	Y/Y
High-End*	\$ 43.9	\$ 48.0	(9%)	\$ 51.4	(14%)
Mainstream	\$ 123.1	\$ 108.6	13%	\$ 94.4	30%
Total	\$ 167.1	\$ 156.6	7%	\$145.8	15%

*28nm and smaller

Note: Totals may differ due to rounding

- High-end decreased on lower foundry/logic demand in Asia
- Mainstream demand resumed at a high level during the quarter
- Outlook
 - New designs by customers to gain market share and support technology roadmap contributed to improved high-end orders toward end of the quarter
 - Regionalization driving investments for global chip capacity
 - ASPs continue to expand, reflecting the demand/supply balance

Q223 Revenue by Technology



FPD Photomask Revenue

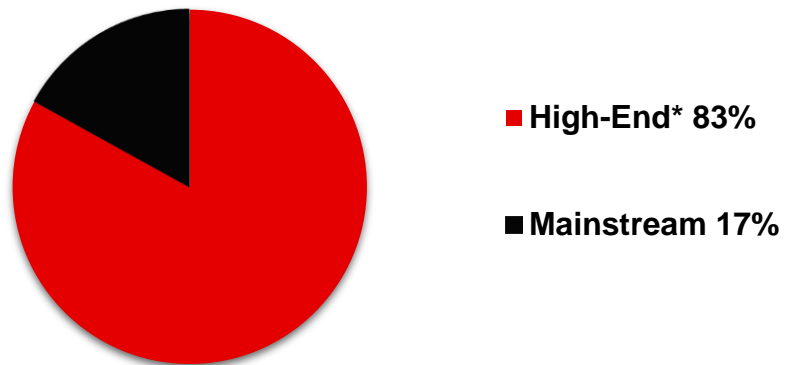
\$M	Q223	Q123	Q/Q	Q222	Y/Y
High-End*	\$ 51.9	\$ 45.7	14%	\$ 46.6	11%
Mainstream	\$ 10.4	\$ 8.8	18%	\$ 12.1	(14%)
Total	\$ 62.3	\$ 54.5	14%	\$ 58.7	6%

*≥G10.5, AMOLED and LTPS

Note: Totals may differ due to rounding.

- High-end grew as mobile display sustained high AMOLED demand
- Mainstream expanded with additional write capacity.
- Outlook
 - Technology development drives demand for higher-value masks
 - Mobile demand is expected continue strong with rollout of new designs

Q223 Revenue by Technology



Select Financial Data

<u>\$M</u>	<u>Q223</u>	<u>Q123</u>	<u>Q222</u>
Cash	\$ 367	\$ 335	\$ 329
Short-term Investments	\$ 45	\$ 39	-
Debt	\$ 28	\$ 34	\$ 83
Net Cash*	\$ 339	\$ 301	\$ 247
Operating Cash Flow	\$ 82	\$ 28	\$ 44
Capital Expenditures	\$ 27	\$ 31	\$ 16

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

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

Q3 2023 Guidance

Revenue (\$M)	\$224 - \$234
Operating Margin	28% - 30%
Taxes (\$M)	\$15 - \$17
Diluted non-GAAP EPS	\$0.48 - \$0.54
Diluted Shares (M)	~61
Full-year Capex (M)	~\$130

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

Thank you for your interest!

For Additional Information:

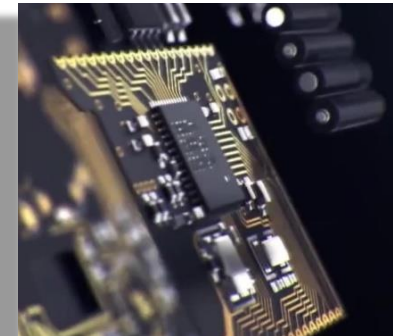
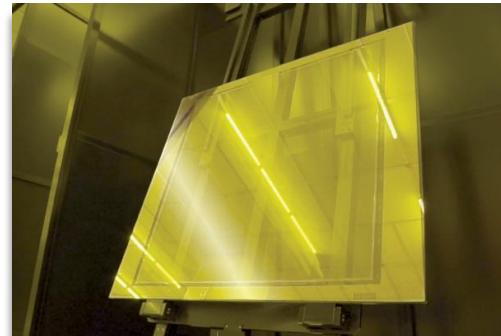
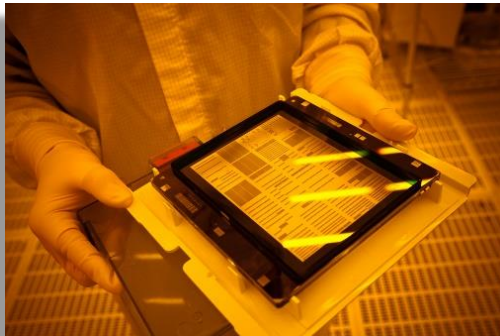
Please contact

John P. Jordan

Executive Vice President & CFO

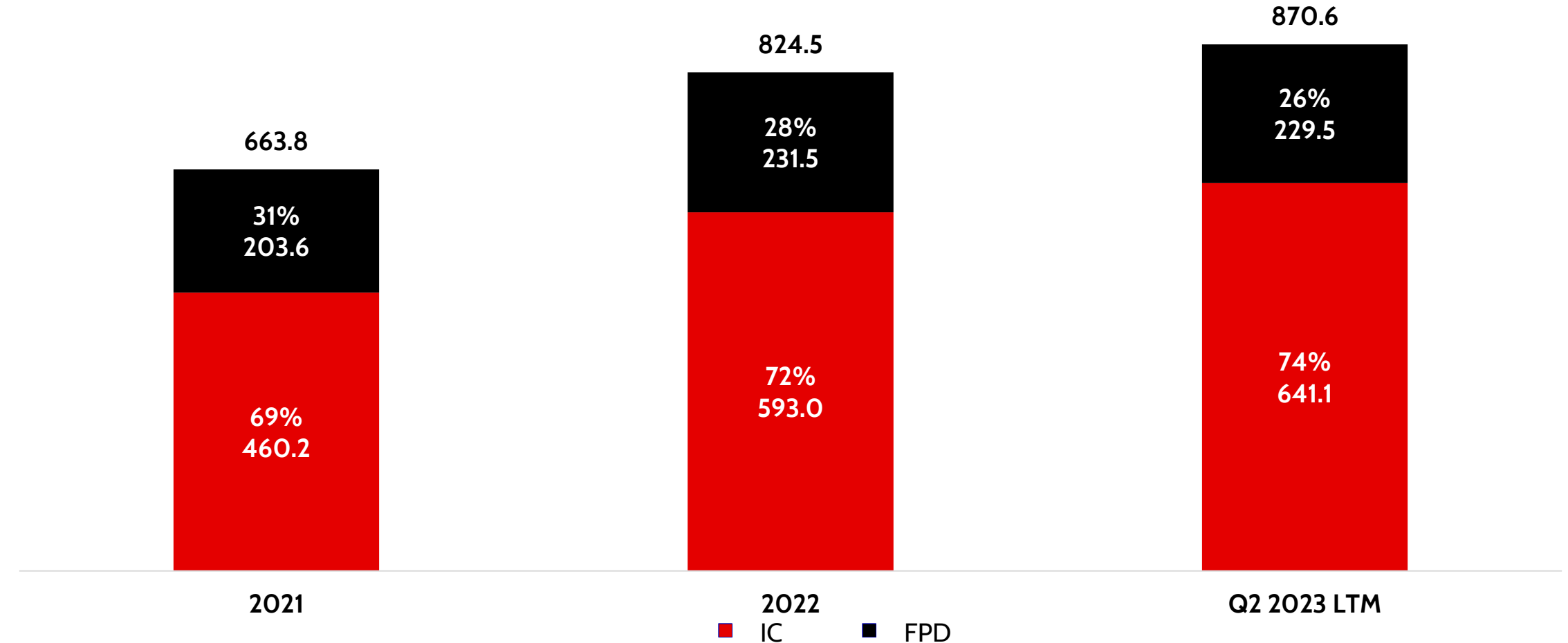
203.740.5671

jjordan@photonics.com



Appendix

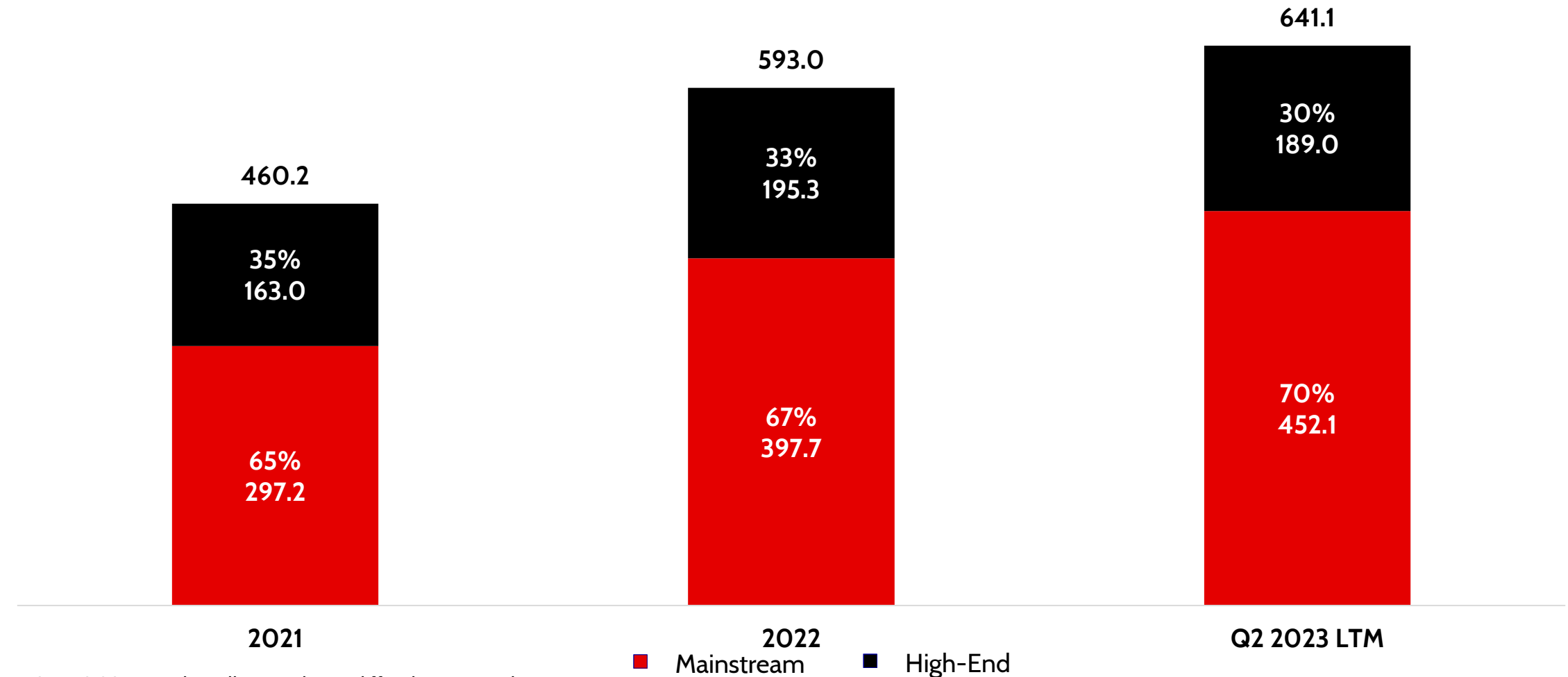
Total Revenue (\$M)



Total may differ due to rounding

■ IC ■ FPD

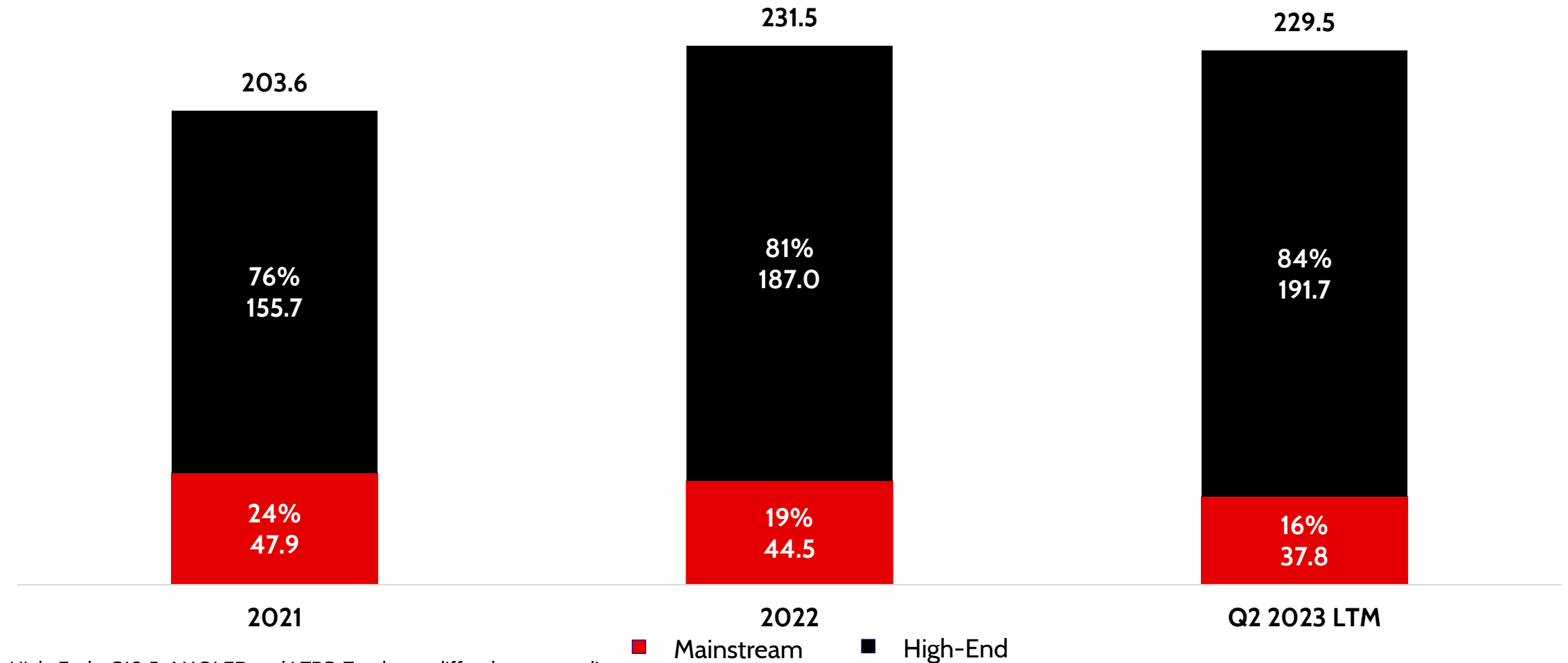
IC Photomask Revenue (\$M)



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

■ Mainstream ■ High-End

FPD Photomask Revenue (\$M)



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

■ Mainstream ■ High-End

Non-GAAP Financial Measures

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

Non-GAAP Financial Measures

PHOTRONICS, INC.

Reconciliation of GAAP to Non-GAAP Financial Information

(in thousands)

(Unaudited)

	Three Months ended			Six Months ended	
	April 30, 2023	January 29, 2023	May 1, 2022	April 30, 2023	May 1, 2022
Reconciliation of GAAP to Non-GAAP Net Income:					
GAAP Net Income	\$ 39,929	\$ 13,986	\$ 27,432	\$ 53,915	\$ 50,496
FX (gain) loss	(10,718)	16,944	(7,844)	6,226	(13,112)
Estimated tax effects of above	2,823	(4,506)	1,947	(1,683)	3,284
Estimated noncontrolling interest effects of above	901	(2,060)	1,543	(1,159)	1,639
Non-GAAP Net Income	<u>\$ 32,935</u>	<u>\$ 24,364</u>	<u>\$ 23,078</u>	<u>\$ 57,299</u>	<u>\$ 42,307</u>
Weighted-average number of common shares outstanding - Diluted	<u>61,507</u>	<u>61,470</u>	<u>61,145</u>	<u>61,489</u>	<u>61,041</u>
Reconciliation of GAAP to Non-GAAP EPS:					
GAAP diluted earnings per share	\$ 0.65	\$ 0.23	\$ 0.45	\$ 0.88	\$ 0.83
Effects of the above adjustments	\$ (0.11)	\$ 0.17	\$ (0.07)	\$ 0.05	\$ (0.14)
Non-GAAP diluted earnings per share	<u>\$ 0.54</u>	<u>\$ 0.40</u>	<u>\$ 0.38</u>	<u>\$ 0.93</u>	<u>\$ 0.69</u>

Non-GAAP Financial Measures

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

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

	<u>Six Months ended</u>	<u>Year ended</u>		
	<u>April 30, 2023</u>	<u>October 31, 2022</u>	<u>October 31, 2021</u>	<u>Target Model Two-year Horizon</u>
GAAP Net cash provided by operating activities	\$ 109,677	\$ 275,187	\$ 150,772	\$ 350,000 - 400,000
Purchases of property, plant and equipment	(57,728)	(112,338)	(109,099)	(100,000)
Free Cash Flow	<u>\$ 51,949</u>	<u>\$ 162,849</u>	<u>\$ 41,673</u>	<u>\$ 250,000 - 300,000</u>

Reconciliation of Free Cash flow to LTM Free Cash Flow:

	<u>Free Cash Flow</u>
Six Months ended April 30, 2023	\$ 51,949
Year-ended October 31, 2022	162,849
Six Months ended May 1, 2022	(68,480)
LTM April 30, 2023	<u>\$ 146,318</u>

Reconciliation of Cash and cash equivalents to Net Cash:

	<u>As of</u>		
	<u>April 30, 2023</u>	<u>October 31, 2022</u>	<u>May 1, 2022</u>
Cash and cash equivalents	\$ 367,485	\$ 319,680	\$ 329,282
Current portion of Long-term debt	(7,017)	(10,024)	(12,410)
Long-term Debt	(21,322)	(32,310)	(70,138)
Net Cash	<u>\$ 339,146</u>	<u>\$ 277,346</u>	<u>\$ 246,734</u>