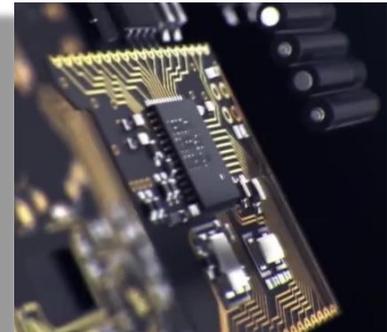
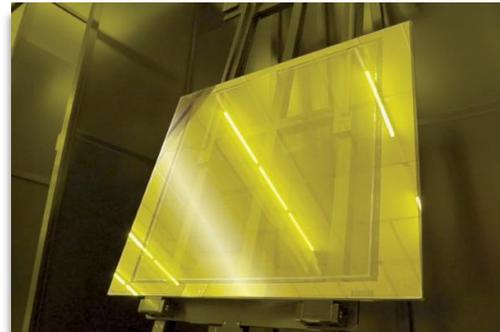


Photronics, Inc.

Q2 2022 Financial Results Conference Call
May 25, 2022



Safe Harbor Statement

This presentation and some of our comments 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. Actual events or results may differ materially from those presented. These statements include words like “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “may”, “plan”, “project”, “in our view” or the negative thereto. 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. If you would like more information on the risks involved in forward-looking statements, please see the documents we file from time to time with the Securities and Exchange Commission.

Q2 2022 Summary

Revenue
was a record

\$204.5M

IC: +12% Q/Q, +30% Y/Y

FPD: -2% Q/Q, +23% Y/Y

To China: +8% Q/Q; +58% Y/Y



\$329M

Cash
balance

\$44M generated from operating activity

\$16M invested in capex

\$10M contribution from JV partner

- Net income attributable to Photronics, Inc. shareholders of \$29.8M (\$0.49/share)
- Appointment of Frank Lee as CEO; 42+ years industry experience; 16+ years with PLAB
- Investing in mainstream IC capacity to capitalize on market growth trends

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

Investment Strategy

Revenue Growth

- Win lion's share of "Made in China 2025" TAM growth
- Supplement new factories with point tool investments
- Capitalize on technology leadership in AMOLED to continue improving mix
- Leverage global footprint to exploit growth in "legacy foundry" business

Margin Expansion

- Sustained pricing strength in mainstream IC
- Optimize asset tool set to match end-market demand
- Increasing benefit from operating leverage

Explore Strategic Partnerships

- Targeting partnerships that extend market leadership position
- Building on successful history of M&A and joint ventures

Delivering on Updated Target Model

	2020	2021	Q2 2022 LTM	Q2 2022 YTD	Illustrative Target Model - 2-Year Horizon Range of Expected Outcomes for FY 2024		
Revenue	\$610	\$664	\$746	\$394	\$900	\$950	\$975
Gross Margin	22%	25%	31%	34%	38-40%	40-42%	42-43%
Operating Margin	10%	14%	20%	23%	28-30%	30-32%	32-33%
Operating Cash Flow	\$143	\$151	\$196	\$103	\$350-375	\$365-380	\$375-400
Free Cash Flow	\$77	\$47	\$127	\$68	\$250-275	\$265-280	\$275-300
EPS	\$ 0.52	\$ 0.89	\$1.47	\$0.87	\$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

5/25/2022

Income Statement Summary

\$M (except EPS)	Q222	Q122	Q/Q	Q221	Y/Y
Revenue	\$ 204.5	\$ 189.8	8%	\$ 159.8	28%
Gross Profit	\$ 72.9	\$ 59.9	22%	\$ 39.2	86%
Gross Margin	35.7%	31.5%	420 bps	24.6%	1,110 bps
Operating Income	\$ 52.1	\$ 38.2	36%	\$ 20.8	150%
Operating Margin	25.5%	20.1%	540 bps	13.0%	1,250 bps
Other non-operating income (expense)	\$ 8.0	\$ 4.7	\$ 3.3	(\$ 0.8)	\$ 8.8
Income tax provision	\$ 14.7	\$ 11.2	\$ 3.5	\$ 3.7	\$ 11.0
Minority interest	\$ 15.6	\$ 8.7	\$ 6.9	\$ 5.8	\$ 9.8
Net income*	\$ 29.8	\$ 23.1	29%	\$ 10.5	184%
Diluted EPS*	\$ 0.49	\$ 0.38	\$ 0.11	\$ 0.17	\$ 0.32
Days in quarter	91	91	-	91	-

- Margins improved on operating leverage, disciplined cost management, and IC price realization
- Other non-operating income/expense primarily due to unrealized FX gain/loss
- Minority interest from IC JVs in Taiwan and China

*Net income attributable to Photronics, Inc. shareholders

5/25/2022

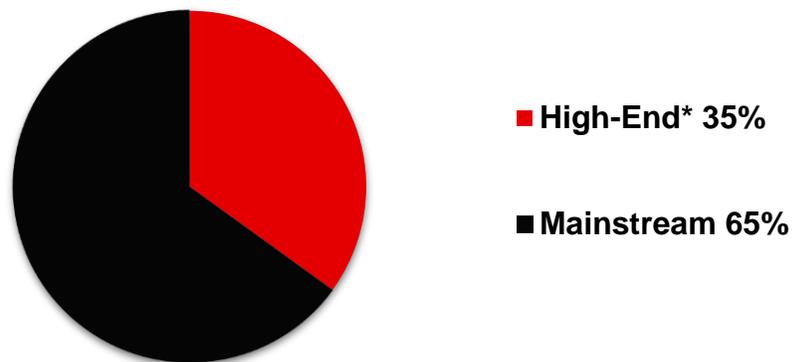
IC Photomask Revenue

\$M	Q222	Q122	Q/Q	Q221	Y/Y
High-End*	\$ 51.4	\$ 46.5	10%	\$ 41.3	24%
Mainstream	\$ 94.4	\$ 83.2	13%	\$ 70.7	34%
Total	\$ 145.8	\$ 129.8	12%	\$ 112.0	30%

Total may differ due to rounding

- High-end growth driven by strong demand in Asia and US and higher price
- Continued mainstream growth from chip proliferation in consumer products, IoT, 5G, and Crypto supporting higher ASPs
- Outlook
 - Continued strength from remote work and education
 - Regionalization driving investments for global chip capacity
 - Mainstream demand strong, expanding ASPs

Q222 Revenue by Technology



*28nm and smaller
5/25/2022

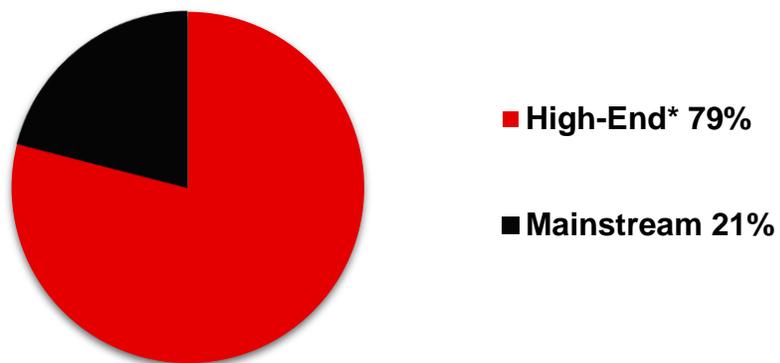
FPD Photomask Revenue

\$M	Q222	Q122	Q/Q	Q221	Y/Y
High-End*	\$ 46.6	\$ 46.3	1%	\$ 39.4	18%
Mainstream	\$ 12.1	\$ 13.8	(12%)	\$ 8.4	45%
Total	\$ 58.7	\$ 60.1	(2%)	\$ 47.8	23%

Total may differ due to rounding

- High-end demand up Q/Q as mobile growth offset soft G10.5+
- Mainstream demand remains solid, with Q/Q decline associated with Chinese New Year holiday
- Outlook
 - Dynamic market environment
 - Mobile demand strength and mainstream LCD recovery expected to continue
 - Technology development drives demand for higher-value masks

Q222 Revenue by Technology



*≥G10.5, AMOLED and LTPS

Select Financial Data

<u>\$M</u>	<u>Q222</u>	<u>Q122</u>	<u>Q221</u>
Cash	\$ 329	\$ 314	\$ 256
Debt	\$ 83	\$ 97	\$ 114
Net Cash*	\$ 247	\$ 217	\$ 142
Operating Cash Flow	\$ 44	\$ 59	\$ 32
Capital Expenditures	\$ 16	\$ 19	\$ 56
Share repurchase	-	\$ 3	\$ 10

- Debt is US equipment lease and local China loans; reduced debt \$29M YTD
- Capex mostly mainstream IC capacity & facility expansion
- Balance sheet able to fund investments, share repurchases, and strategic M&A opportunities
- Total share repurchases of \$68M under current (Sep 2020) \$100M plan

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

Q3 2022 Guidance

Revenue (\$M)	\$205 - \$215
Operating Margin	27% - 29%
Taxes (\$M)	\$13 - \$15
Diluted EPS	\$0.45 - \$0.55
Diluted Shares (M)	~61
Full-year Capex (M)	~\$100

- Incorporation of chips in IoT, 5G, Crypto and consumer products
 - Remote work and learning
 - Advanced display technologies
 - Growing nationalism spurs investment
- Outlook clouded by geopolitical uncertainty, rising inflation and supply chain challenges
- Driving margin expansion and improved cash flows to hit long-term target model

Thank you for your interest!

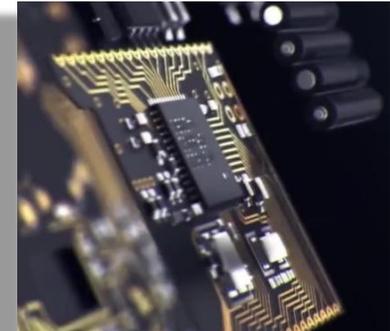
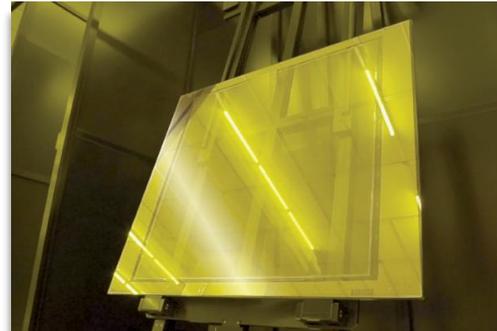
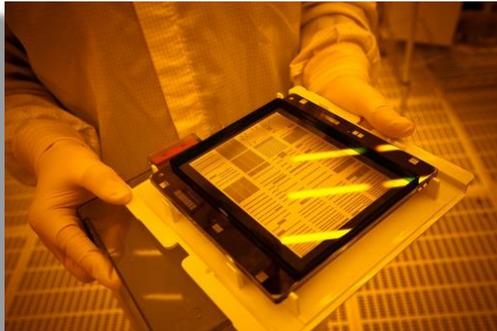
For Additional Information:

John P. Jordan

Executive Vice President & CFO

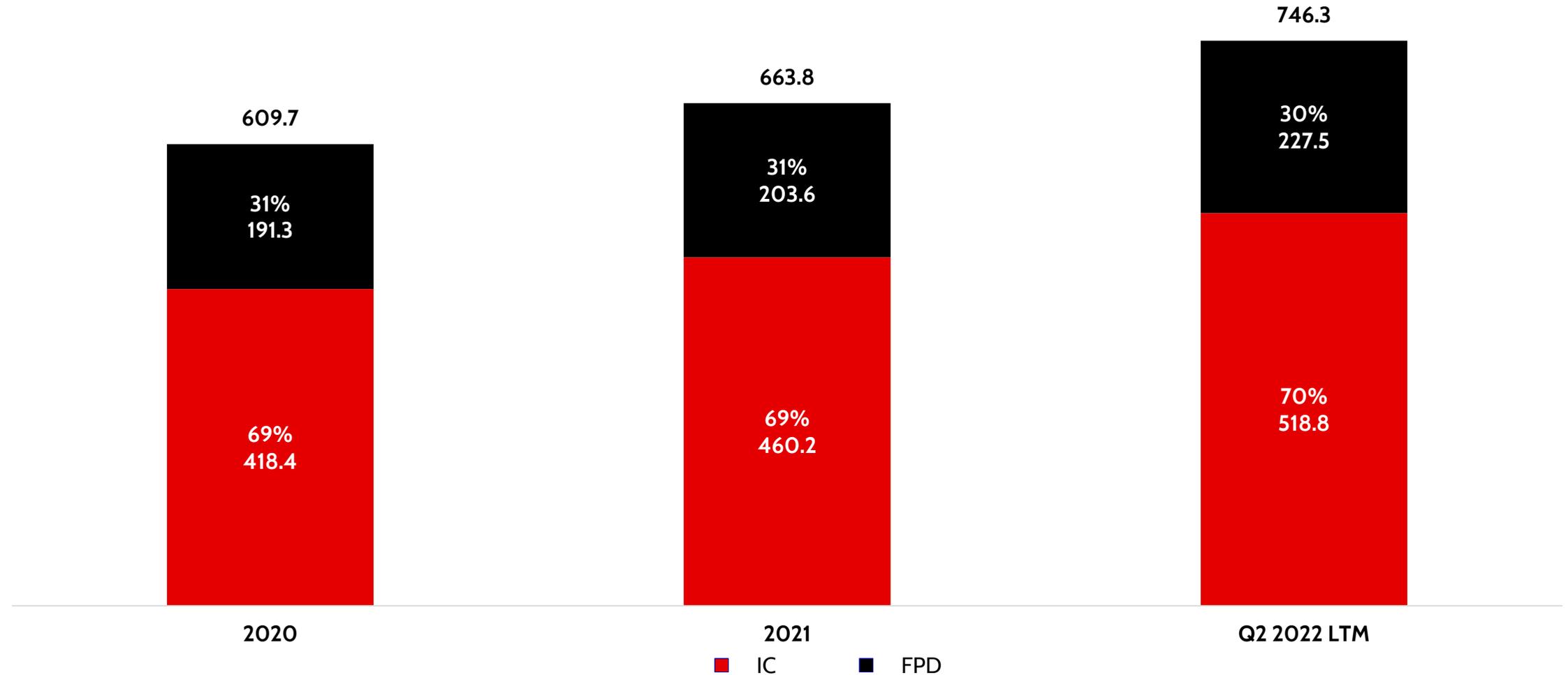
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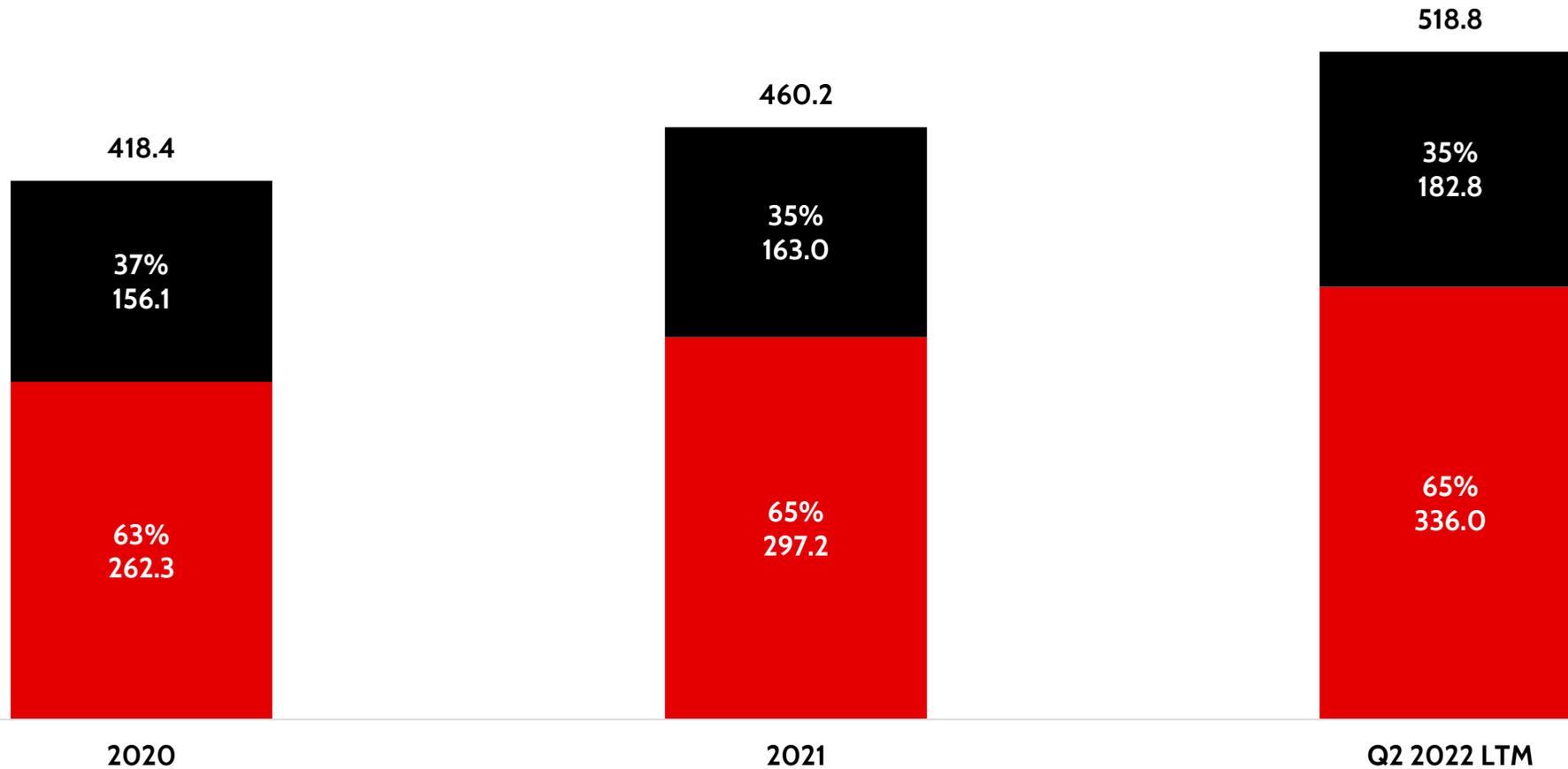
Appendix

Total Revenue



Total may differ due to rounding

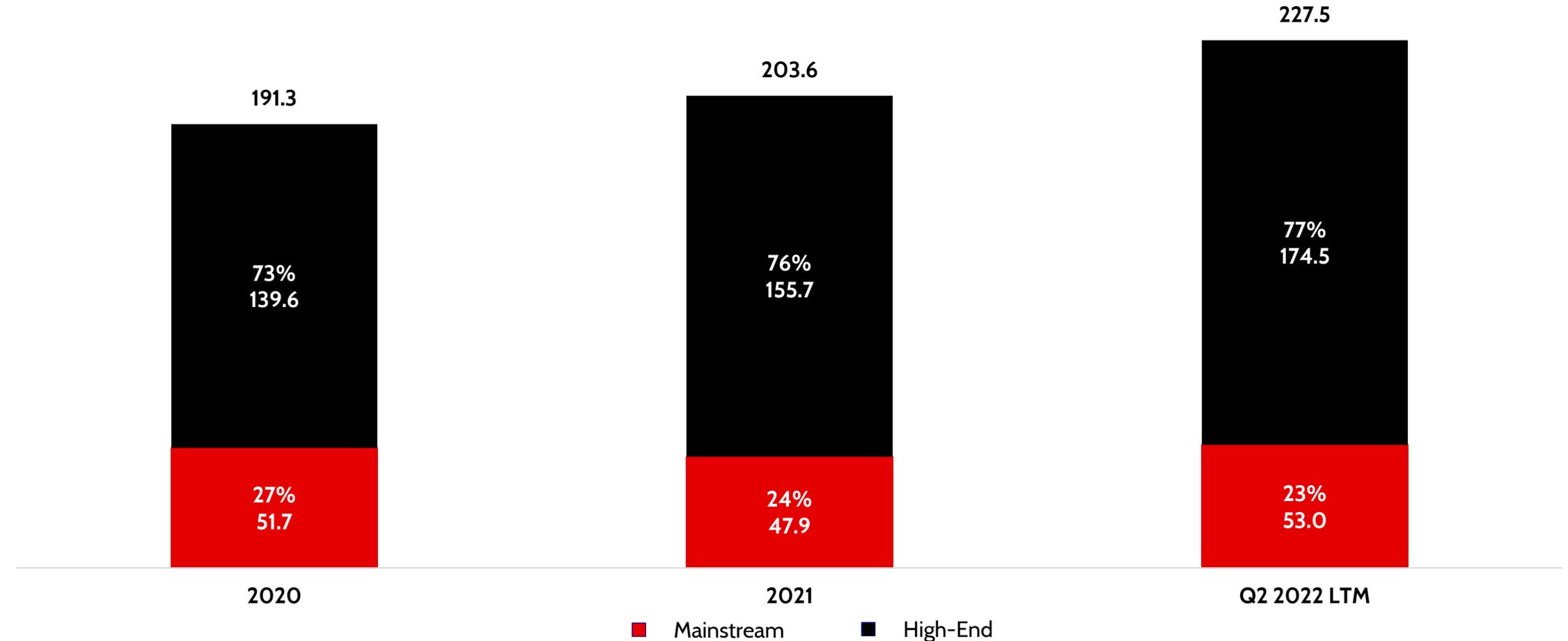
IC Photomask Revenue



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

■ Mainstream ■ High-End

FPD Photomask Revenue



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

■ Mainstream ■ High-End

Non-GAAP Financial Measures

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, 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 page.

Non-GAAP Financial Measures

Reconciliation of GAAP to Non-GAAP Financial Information

(in thousands)

(Unaudited)

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

	Six Months ended		Year ended		Target Model Two-year Horizon
	May 1, 2022	October 31, 2021	October 31, 2020	October 31, 2019	
GAAP Net cash provided by operating activities	\$ 103,289	\$ 150,772	\$ 143,046	\$ 68,386	\$ 350,000 - 400,000
Purchases of property, plant and equipment	(34,809)	(109,099)	(70,815)	(178,375)	(100,000)
Government Incentives	1,394	5,775	5,263	27,003	-
Free Cash Flow	<u>\$ 69,874</u>	<u>\$ 47,448</u>	<u>\$ 77,494</u>	<u>\$ (82,986)</u>	<u>\$ 250,000 - 300,000</u>

Reconciliation of Free Cash flow to LTM Free Cash Flow:

	Free Cash Flow
Six Months ended May 1, 2022	\$ 69,874
Year-ended October 31, 2021	47,448
Six Months ended May 2, 2021	9,523
LTM May 1, 2022	<u>\$ 126,845</u>

Reconciliation of Cash and cash equivalents to Net Cash:

	As of		
	May 1, 2022	October 31, 2021	May 2, 2021
Cash and cash equivalents	\$ 329,282	\$ 276,670	\$ 255,965
Current portion of Long-term debt	(12,410)	(22,248)	(25,657)
Long-term Debt	(70,138)	(89,446)	(88,444)
Net Cash	<u>\$ 246,734</u>	<u>\$ 164,976</u>	<u>\$ 141,864</u>