



Magnachip Semiconductor (NYSE: MX)

Q3 2025 Earnings Materials

November 3, 2025



Forward-Looking Statements

Information in this presentation regarding Magnachip's forecasts, business outlook, expectations and beliefs are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. All forward-looking statements included or incorporated by reference in this presentation, including expectations about estimated historical or future operating results and financial performance, outlook and business plans, including fourth quarter and full year 2025 revenue and gross profit margin expectations, future growth and revenue opportunities from new and existing products and customers, the timing and extent of future revenue contributions by our products and businesses, and the impact of market conditions associated with inflation and higher interest rates, geopolitical conflicts including between Russia-Ukraine and between Israel-Hamas and Iran, sustained military action and conflict in the Red Sea, global macroeconomic conditions resulting from trade and tariff actions instituted between the U.S. and other countries on Magnachip's future operating results and financial performance, and the potential impacts of emerging technologies such as artificial intelligence on industry dynamics, customer demand, supply chain operations, and regulatory environments, are based upon information available to Magnachip as of the date of this presentation and the accompanying press release, which may change, and we assume no obligation to update any such forward-looking statements. These statements are not guarantees of future performance and actual results could differ materially from our current expectations. Factors that could cause or contribute to such differences include, among others: the impact of changes in macroeconomic conditions, including those caused by or related to recent trade and tariff actions announced by the U.S. globally and the related retaliatory tariffs and disruptions in supply chains and global trade as a result thereof, inflation, potential recessions or other deteriorations, economic instability or civil unrest; geopolitical conflicts, including between Russia-Ukraine and between Israel-Hamas and Iran and sustained military action and conflict in the Red Sea; disruptions or economic impact resulting from the United States government shutdown, including disruptions at U.S. government agencies caused by reduction in staffing, operations, funding shortages or other concerns that may prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our customer's businesses may rely; manufacturing capacity constraints or supply chain disruptions that may impact our ability to deliver our products or affect the price of components, which may lead to an increase in our costs and impact demand for our products from customers who are similarly affected by such capacity constraints or disruptions; the impact of competitive products and pricing; timely acceptance of our designs by customers; timely introduction of new products and technologies; the potential impact of emerging technologies such as artificial intelligence on industry dynamics, customer demand, supply chain operations, and regulatory environments; our ability to ramp new products into volume production; industry-wide shifts in supply and demand for semiconductor products; overcapacity within the industry or at Magnachip; effective and cost-efficient utilization of manufacturing capacity; financial stability in foreign markets and the impact of foreign exchange rates; unanticipated costs and expenses or the inability to identify expenses that can be eliminated; compliance with U.S. and international trade and export laws and regulations by us, our customers and our distributors; change to or ratification of local or international laws and regulations, including those related to environment, health and safety; public health issues; other business interruptions that could disrupt supply or delivery of, or demand for, Magnachip's products; and other risks detailed from time to time in Magnachip's filings with the U.S. Securities and Exchange Commission (the "SEC"), including our Form 10-K filed on March 14, 2025, and subsequent registration statements, amendments or other reports that we may file from time to time with the SEC and/or make available on our website. Magnachip assumes no obligation and does not intend to update the forward-looking statements provided, whether as a result of new information, future events or otherwise.

This presentation also includes references to certain non-GAAP financial measures. Management believes that non-GAAP financial measures, when viewed in conjunction with GAAP results, can provide a meaningful understanding of the factors and trends affecting Magnachip's business and operations and assist in evaluating our core operating performance. However, such non-GAAP financial measures may have limitations and should not be considered as a substitute for net income (loss) or as a better indicator of our operating performance than measures that are presented in accordance with GAAP. Reconciliation of GAAP results to non-GAAP results is also included in this presentation.

Q3 2025 Financial Summary – Continuing Operations

	Q3 2025	MX Guidance Range	Q/Q Change	Y/Y Change*	
Revenue	Continuing Operations	\$45.9 M	\$44.0 – \$48.0 M	down 3.5%	down 13.3%
	<ul style="list-style-type: none"> Q3 revenue was at about the mid-point of our guidance range of \$44 to \$48 million. This was down 13.3% year-over-year, and down 3.5% sequentially on an apples-to-apples basis. 				

	Q3 2025	MX Guidance Range	Q/Q Change	Y/Y Change*	
Gross Profit Margin	Continuing Operations	18.6%	18.5 – 20.5%	down 1.8 pts	down 3.4 pts
	<ul style="list-style-type: none"> The year-over-year decline was primarily attributable to an unfavorable product mix, driven mainly by ASP erosion, particularly in China, and filling our fab with lower margin products, and a lower utilization rate. The sequential decline was mainly attributable to a lower utilization rate. 				

	Q3 2025	Q2 2025	Q3 2024	
EPS	GAAP Diluted Earnings (Loss) Per Share	(\$0.29)	\$0.25	(\$0.11)
	Non-GAAP Diluted Loss Per Share	(\$0.01)	(\$0.05)	(\$0.20)

* Year-over-year change was calculated based on the revenue and gross profit margin of Power Analog Solutions and Power IC, and Transitional Fab 3 foundry services revenue and gross profit margin were excluded from prior periods to be on an equivalent basis with Q3 2025.

Q3 2025 Report by Business and Recent Highlights

PAS		Q3 2025	Q2 2025	Q/Q Change	Q3 2024	Y/Y change
	Revenue	\$41.5 M	\$42.3 M	down 1.7%	\$47.6 M	down 12.7%

- PAS revenue was \$41.5 million. This was down 12.7% year-over-year, and down 1.7% sequentially, primarily due to the competitive pricing pressure on our older generation products, which was especially intense in China.

PIC		Q3 2025	Q2 2025	Q/Q Change	Q3 2024	Y/Y change
	Revenue	\$4.4 M	\$5.4 M	down 18.0%	\$5.4 M	down 18.9%

- PIC revenue was \$4.4 million. This was down 18.9% year-over-year and down 18% sequentially. The sequential decline was due mainly to pull-ins by customers in Q2 from the second half of the year.

Recent Highlights

- Executed multiple operating expense cost reduction programs including a headcount reduction program, which are expected to generate approximately \$2.5 million in annualized savings.
- Implemented a plan to reduce capital expenditure investments for our Gumi fab upgrade by more than 50% over the next two years, compared to the previously expected range of \$65 to \$70 million.
- Launched 30 new-generation PAS products in the first nine months of 2025, with plans to launch at least additional 20 new-generation products in fourth quarter 2025.
- Product revenue from our Communications segment grew 34% sequentially and 95% year over year.
- Signed a strategic agreement to expand industrial business based on a jointly developed IGBT technology with Hyundai Mobis.

Q3 2025 Key Financials

(In \$ millions, except for share data and days calculation)

Non-GAAP Metrics – Continuing Operations	Non-GAAP Metrics	Q3 2025	Q2 2025	Q3 2024
	Adjusted Operating Loss	(\$7.4)	(\$4.8)	(\$2.9)
	Adjusted EBITDA	(\$4.0)	(\$1.5)	\$0.8
	Adjusted Loss	(\$0.4)	(\$2.0)	(\$7.6)
	Adjusted Loss per Common Share - Diluted	(\$0.01)	(\$0.05)	(\$0.20)

Balance Sheet	Balance Sheet	Q3 2025	Q2 2025	Q3 2024
	Cash and Cash Equivalents	\$108.0	\$113.3	\$121.1
	Days Sales Outstanding (DSO)	54 days	47 days	40 days
	Days in Inventory	84 days	81 days	65 days
	Total Stockholders' Equity	\$255.3	\$270.2	\$299.6

Q4 & 2025 Outlook – Continuing Operations

Beginning Q1 2025, the Company became a pure-play Power company, with the display business classified as discontinued operations and reported separately from continuing operations, which include PAS and Power IC business lines. While actual results may vary, Magnachip currently expects the following:

	Key Metrics	Guidance
Q4 2025	Revenue	<ul style="list-style-type: none"> Consolidated revenue from continuing operations (which includes Power Analog Solutions and Power IC businesses) to be in the range of \$38.5 to \$42.5 million, down 11.9% sequentially and down 17.1% year-over-year at the mid-point on an equivalent basis due in part to a one-time \$2.5 million incentive program we expect to execute in Q4 to reduce higher levels of inventory in the channel. This compares with equivalent revenue of \$45.9 million in Q3 2025 and \$48.9 million in Q4 2024.
	Gross Profit Margin	<ul style="list-style-type: none"> Consolidated gross profit margin from continuing operations to be in the range of 8% to 10% due to the above-described one-time incentive as well as a lower fab utilization rate. We expect this incentive program to be a 600 basis point negative impact. This compares with equivalent gross profit margin of 18.6% in Q3 2025 and 23.2% in Q4 2024.

	Key Metrics	Guidance
Full-year 2025	Revenue	<ul style="list-style-type: none"> Consolidated revenue from continuing operations is expected to be down by 3.8% year-over-year at the mid-point of Q4 revenue guidance on an equivalent basis. The equivalent revenue in 2024 was \$185.8 million.
	Gross Profit Margin	<ul style="list-style-type: none"> Consolidated gross profit margin from continuing operations is expected to be between 17% to 18% and the above-described one-time incentive in Q4 is expected to have an about 100 basis point negative impact in the full-year consolidated gross profit margin. The equivalent gross profit margin was 21.5% in 2024.

2024 Quarterly Consolidated Statements of Operations

	2024.Q1	2024.Q2	2024.Q3	2024.Q4	Year Ended
(In thousands of U.S. dollars)	2024.03.31	2024.06.30	2024.09.30	2024.12.31	FY 2024
Gross profit	6,359	9,786	11,506	11,076	38,727
Operating expenses:					
Selling, general and administrative expenses	9,469	9,351	9,521	9,758	38,099
Research and development expenses	6,209	5,774	6,472	6,557	25,012
Other charges	—	—	—	1,589	1,589
Total operating expenses	15,678	15,125	15,993	17,904	64,700
Operating loss	(9,319)	(5,339)	(4,487)	(6,828)	(25,973)
Interest income	2,141	2,134	1,939	2,106	8,320
Interest expense	(184)	(487)	(472)	(458)	(1,601)
Foreign currency gain (loss), net	(4,988)	(3,647)	5,247	(13,352)	(16,740)
Other income (loss), net	44	108	(31)	364	485
Income (Loss) from continuing operations before income tax expense (benefit), net	(12,306)	(7,231)	2,196	(18,168)	(35,509)
Income tax expense (benefit), net	(279)	(3,571)	6,117	(10,466)	(8,199)
Loss from continuing operations	(12,027)	(3,660)	(3,921)	(7,702)	(27,310)
Loss from discontinued operations, net of tax	(3,390)	(9,337)	(5,696)	(8,575)	(26,998)
Net loss	\$ (15,417)	\$ (12,997)	\$ (9,617)	\$ (16,277)	\$ (54,308)

* Certain operating expenses and non-operating income/expenses of the continuing operations were classified into discontinued operations in Q3 3025, and the prior periods of quarterly 2024 were recast to be on an apples-to-apples basis.

2025 Quarterly Consolidated Statements of Operations – Q1~Q3 2025

	2025.Q1	2025.Q2	2025.Q3	Nine Months Ended
(In thousands of U.S. dollars)	2025.03.31	2025.06.30	2025.09.30	2025.09.30
Gross profit	9,362	9,712	8,541	27,615
Operating expenses:				
Selling, general and administrative expenses	9,203	8,976	8,312	26,491
Research and development expenses	5,437	6,488	7,773	19,698
Early termination and other charges	—	846	3,994	4,840
Total operating expenses	14,640	16,310	20,079	51,029
Operating loss	(5,278)	(6,598)	(11,538)	(23,414)
Interest income	1,540	1,322	1,255	4,117
Interest expense	(423)	(373)	(469)	(1,265)
Foreign currency gain (loss), net	(405)	10,797	(4,280)	6,112
Other income (loss), net	114	(83)	253	284
Income (Loss) from continuing operations before income tax benefit, net	(4,452)	5,065	(14,779)	(14,166)
Income tax benefit, net	(401)	(4,138)	(4,170)	(8,709)
Income (Loss) from continuing operations	(4,051)	9,203	(10,609)	(5,457)
Loss from discontinued operations, net of tax	(4,827)	(8,880)	(2,481)	(16,188)
Net income (loss)	\$ (8,878)	\$ 323	\$ (13,090)	\$ (21,645)

* Certain operating expenses and non-operating income/expenses of the continuing operations were classified into discontinued operations in Q3 2025, and the prior periods of quarterly 2025 were recast to be on an apples-to-apples basis.

Q3 2025 Financial Highlights

Q3 2025 Financial Highlights

In thousands of U.S. dollars, except share data

	GAAP ⁽¹⁾						
	Q3 2025	Q2 2025 ⁽¹⁾	Q/Q change		Q3 2024 ⁽¹⁾	Y/Y change	
Consolidated Revenues	45,946	47,622	down	3.5%	55,434	down	17.1%
Power solutions business	45,946	47,622	down	3.5%	52,994	down	13.3%
Power Analog Solutions	41,548	42,261	down	1.7%	47,574	down	12.7%
Power IC	4,398	5,361	down	18.0%	5,420	down	18.9%
Transitional Fab 3 foundry services ⁽²⁾	—	—	n/a	—	2,440	n/a	—
Consolidated Gross Profit Margin	18.6%	20.4%	down	1.8%pts	20.8%	down	2.2%pts
Power solutions business	18.6%	20.4%	down	1.8%pts	22.0%	down	3.4%pts
Power Analog Solutions	16.0%	18.2%	down	2.2%pts	19.4%	down	3.4%pts
Power IC	43.2%	37.4%	up	5.8%pts	44.6%	down	1.4%pts
Transitional Fab 3 foundry services ⁽²⁾	—	—	n/a	—	(6.5)%	n/a	—
Operating Loss	(11,538)	(6,598)	down	n/a	(4,487)	down	n/a
Income (Loss) from continuing operations	(10,609)	9,203	down	n/a	(3,921)	down	n/a
Basic Earnings (Loss) per Common Share	(0.29)	0.26	down	n/a	(0.11)	down	n/a
Diluted Earnings (Loss) per Common Share	(0.29)	0.25	down	n/a	(0.11)	down	n/a

In thousands of U.S. dollars, except share data

	Non-GAAP ⁽¹⁾⁽³⁾						
	Q3 2025	Q2 2025 ⁽¹⁾	Q/O change		Q3 2024 ⁽¹⁾	Y/Y change	
Adjusted Operating Loss	(7,421)	(4,776)	down	n/a	(2,851)	down	n/a
Adjusted EBITDA	(3,964)	(1,542)	down	n/a	779	down	n/a
Adjusted Loss	(390)	(1,978)	up	n/a	(7,623)	up	n/a
Adjusted Loss per Common Share—Diluted	(0.01)	(0.05)	up	n/a	(0.20)	up	n/a

- GAAP and non-GAAP metrics summarized herein do not include any amounts relating to the Display business, which has been classified as discontinued operations from Q1 2025, and we have reclassified certain prior year amounts to conform to the current year's presentation.
- Following the consummation of the sale of the Foundry Services Group business and Fab 4 in Q3 2020, we provided transitional foundry services to the buyer for foundry products manufactured in our fabrication facility located in Gumi, Korea, known as "Fab 3" ("Transitional Fab 3 Foundry Services"). The contractual obligation to provide the Transitional Fab 3 Foundry Services ended August 31, 2023, and we had wound down these foundry services by the end of 2024. Because these foundry services during the wind-down period had still been provided to the same buyer by us using our Fab 3 based on mutually agreed terms and conditions, we continued to report our revenue from providing these foundry services and related cost of sales within the Transitional Fab 3 Foundry Services line in our consolidated statement of operations until such wind down was completed. Management believes that disclosing revenue of Transitional Fab 3 Foundry Services separately from the Power solutions business allows investors to better understand the results of our core PAS and Power IC businesses.
- Management believes that non-GAAP financial measures, when viewed in conjunction with GAAP results, can provide a meaningful understanding of the factors and trends affecting our business and operations and assist in evaluating our core operating performance. However, such non-GAAP financial measures have limitations and should not be considered as a substitute for net loss or as a better indicator of our operating performance than measures that are presented in accordance with GAAP. A reconciliation of historical GAAP results to non-GAAP results is included in this press release.

Appendix: GAAP to Non-GAAP Reconciliation

(In thousands of U.S. dollars)	Three Months Ended			Nine Months Ended	
	September 30, 2025	June 30, 2025 ⁽¹⁾	September 30, 2024 ⁽¹⁾	September 30, 2025	September 30, 2024 ⁽¹⁾
Operating loss	\$ (11,538)	\$ (6,598)	\$ (4,487)	\$ (23,414)	\$ (19,145)
Adjustments:					
Equity-based compensation expense	123	976	1,636	1,967	3,517
Early termination and other charges	3,994	846	—	4,840	—
Adjusted Operating Loss	\$ (7,421)	\$ (4,776)	\$ (2,851)	\$ (16,607)	\$ (15,628)

(1) We have reclassified prior period financial information to conform to the current year presentation that reflects the classification of the Display business as discontinued operations from Q1 2025.

We present Adjusted Operating Loss from continuing operations as a supplemental measure of our performance. We define Adjusted Operating Loss from continuing operations for the periods indicated as operating loss from continuing operations adjusted to exclude (i) Equity-based compensation expense and (ii) Early termination and other charges

For the three months ended September 30, 2025, we recorded in our consolidated statement of operations \$2,599 thousand of termination related charges in connection with the voluntary resignation program that we executed during the third quarter of 2025. For the same period, we also recorded \$1,395 thousand of certain executive separation benefits.

For the three months ended June 30, 2025, we recorded \$496 thousand of one-time employee incentives and \$350 thousand of certain executive separation benefits.

Appendix: GAAP to Non-GAAP Reconciliation

(In thousands of U.S. dollars, except share data)	Three Months Ended			Nine Months Ended	
	September 30, 2025	June 30, 2025 ⁽¹⁾	September 30, 2024 ⁽¹⁾	September 30, 2025	September 30, 2024 ⁽¹⁾
Income (Loss) from continuing operations	\$ (10,609)	\$ 9,203	\$ (3,921)	\$ (5,457)	\$ (19,608)
Adjustments:					
Interest income	(1,255)	(1,322)	(1,939)	(4,117)	(6,214)
Interest expense	469	373	472	1,265	1,143
Income tax expense (benefit), net	(4,170)	(4,138)	6,117	(8,709)	2,267
Depreciation and amortization	3,204	3,237	3,609	9,561	10,987
EBITDA – continuing operations	(12,361)	7,353	4,338	(7,457)	(11,425)
Equity-based compensation expense	123	976	1,636	1,967	3,517
Foreign currency loss (gain), net	4,280	(10,797)	(5,247)	(6,112)	3,388
Derivative valuation loss (gain), net	—	80	52	51	(58)
Early termination and other charges	3,994	846	—	4,840	—
Adjusted EBITDA – continuing operations	\$ (3,964)	\$ (1,542)	\$ 779	\$ (6,711)	\$ (4,578)
Income (Loss) from continuing operations	\$ (10,609)	\$ 9,203	\$ (3,921)	\$ (5,457)	\$ (19,608)
Adjustments:					
Equity-based compensation expense	123	976	1,636	1,967	3,517
Foreign currency loss (gain), net	4,280	(10,797)	(5,247)	(6,112)	3,388
Derivative valuation loss (gain), net	—	80	52	51	(58)
Early termination and other charges	3,994	846	—	4,840	—
Income tax effect on non-GAAP adjustments	1,822	(2,286)	(143)	(441)	(1,311)
Adjusted Loss – continuing operations	\$ (390)	\$ (1,978)	\$ (7,623)	\$ (5,152)	\$ (14,072)
Adjusted Loss – continuing operations per common share—					
- Basic	\$ (0.01)	\$ (0.05)	\$ (0.20)	\$ (0.14)	\$ (0.37)
- Diluted	\$ (0.01)	\$ (0.05)	\$ (0.20)	\$ (0.14)	\$ (0.37)
Weighted average number of shares – basic	35,934,406	36,083,703	37,468,849	36,298,491	38,060,682
Weighted average number of shares – diluted	35,934,406	36,083,703	37,468,849	36,298,491	38,060,682

(1) We have reclassified prior period financial information to conform to the current year presentation that reflects the classification of the Display business as discontinued operations from Q1 2025.

We present Adjusted EBITDA from continuing operations and Adjusted Loss from continuing operations as supplemental measures of our performance. We define Adjusted EBITDA from continuing operations for the periods indicated as EBITDA – continuing operations (as defined below), adjusted to exclude (i) Equity-based compensation expense, (ii) Foreign currency loss (gain), net, (iii) Derivative valuation loss (gain), net and (iv) Other charges. EBITDA – continuing operations for the periods indicated is defined as income (loss) from continuing operations before interest income, interest expense, income tax expense (benefit), net and depreciation and amortization.

We prepare Adjusted Loss from continuing operations by adjusting income (loss) from continuing operations to eliminate the impact of a number of non-cash expenses and other items that may be either one time or recurring that we do not consider to be indicative of our core ongoing operating performance. We believe that Adjusted Loss from continuing operations is particularly useful because it reflects the impact of our asset base and capital structure on our operating performance. We define Adjusted Loss from continuing operations for the periods as net income (loss), adjusted to exclude (i) Equity-based compensation expense, (ii) Foreign currency loss (gain), net, (iii) Derivative valuation loss (gain), net, (iv) Early termination and other charges, and (v) Income tax effect on non-GAAP adjustments.

For the three months ended September 30, 2025, we recorded in our consolidated statement of operations \$2,599 thousand of termination related charges in connection with the voluntary resignation program that we executed during the third quarter of 2025. For the same period, we also recorded \$1,395 thousand of certain executive separation benefits. For the three months ended June 30, 2025, we recorded \$496 thousand of one-time employee incentives and \$350 thousand of certain executive separation benefits.