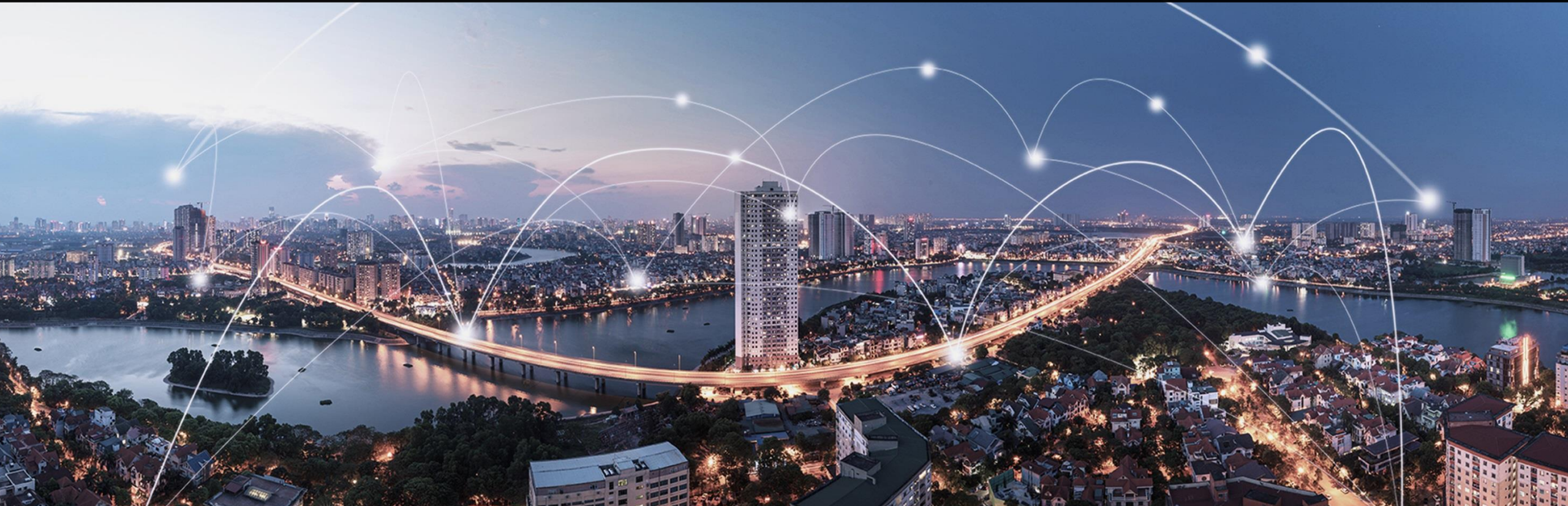




Magnachip Semiconductor (NYSE: MX)

Q2 2025 Earnings Materials

July 31, 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 third 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, and 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 timing and extent of future revenue contributions by our products and businesses, 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; 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; 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.

Q2 2025 Financial Summary – Continuing Operations

	Q2 2025	MX Guidance Range	Q/Q Change	Y/Y Change*	
Revenue	Continuing Operations	\$47.6 M	\$45.0 – \$49.0 M	up 6.5%	up 8.1%
	<ul style="list-style-type: none"> Q2 was the fifth consecutive quarter of year-over-year growth from continuing operations on an equivalent basis primarily driven by Power Analog Solutions (PAS) growth in Communications and Computing. Q2 also benefited from some customer pull-in activity. 				

	Q2 2025	MX Guidance Range	Q/Q Change	Y/Y Change*	
Gross Profit Margin	Continuing Operations	20.4%	19.5 – 21.5%	down 0.5 pts	down 2.1 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 stemming from increased pricing pressure for older generation products, particularly in China. The sequential decline was mainly attributable to higher Power IC revenue whose gross profit margin declined quarter-over-quarter because of the timing of certain inventory reserves, coupled with a higher-than-expected revenue in Q2 from pull-ins by a customer due to the uncertainty around tariffs. 				

	Q2 2025	Q1 2025	Q2 2024	
EPS	GAAP Diluted Earnings (Loss) Per Share	\$0.23	(\$0.14)	(\$0.06)
	Non-GAAP Diluted Earnings (Loss) Per Share	(\$0.08)	(\$0.10)	\$0.07

* Year-over-year change was calculated based on the revenue and gross profit margin of PAS and PIC, and Transitional Fab 3 foundry services revenue and gross profit margin were excluded to be on an equivalent basis with Q2 2025.

Q2 2025 Report by Business

PAS

	Q2 2025	Q1 2025	Q/Q Change	Q2 2024	Y/Y change
Revenue	\$42.3 M	\$39.9 M	up 6.0%	\$39.2 M	up 7.7%

PAS business revenue of \$42.3 million was up 7.7% year-over-year and up 6.0% quarter-over-quarter, representing nearly 90% of Q2 consolidated revenue from continuing operations. In Q2, we achieved 69 total design wins, a 64% increase from the 42 design wins in Q2 of last year. By segment:

- **Industrial:** Secured 47 additional design wins for mostly new Super Junction products, primarily for lighting and e-motor applications in China.
- **Consumer:** Had 5 new design wins in Q2.
- **Communication:** Low-voltage MOSFET revenue for smartphone BatteryFETs increased 32% year-over-year. Majority share is currently expected with Korea's leading smartphone manufacturer in 2026, including adoption in flagship foldable models.
- **Computing:** Had 10 new design wins in Q2, compared to zero in the year ago period. Most wins were related to PC power applications utilizing new Super Junction products.
- **Automotive:** Had 1 new design win was recorded in China for a PTC heater application. Mass production has also begun for key vehicle systems, including Idle Stop-Go, AC inverters, electric oil pumps, and car chargers, with shipments targeting vehicles in Japan, the U.S., and Europe.

PIC

	Q2 2025	Q1 2025	Q/Q Change	Q2 2024	Y/Y change
Revenue	\$5.4 M	\$4.9 M	up 10.2%	\$4.8 M	up 11.1%

PIC business represented 11% of consolidated Q2 revenue from continuing operations, grew 11.1% year-over-year and 10.2% sequentially. The growth was driven by both TV-LED and OLED power ICs, supported by the introduction of 20 new mid-to-low-end TV models by our customers for 2025.

Q2 2025 Key Financials

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

Non-GAAP Metrics – Continuing Operations	Non-GAAP Metrics	Q2 2025	Q1 2025	Q2 2024
	Adjusted Operating Loss	(\$5.6)	(\$5.4)	(\$4.7)
	Adjusted EBITDA	(\$2.1)	(\$2.1)	(\$1.0)
	Adjusted Income (Loss)	(\$2.7)	(\$3.8)	\$2.6
	Adjusted Earnings (Loss) per Common Share - Diluted	(\$0.08)	(\$0.10)	\$0.07

Balance Sheet	Balance Sheet	Q2 2025	Q1 2025	Q2 2024
	Cash and Cash Equivalents	\$113.3	\$132.7	\$132.5
	Days Sales Outstanding (DSO)	47 days	47 days	53 days
	Days in Inventory	81 days	70 days	76 days
	Total Stockholders' Equity	\$270.2	\$269.2	\$305.8

Q3 & 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
Q3 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 \$44 to \$48 million, down 3.5% sequentially and down 13.2% year-over-year at the mid-point on an equivalent basis due to pull-ins by customers in Q2 from the second half of the year as well as competitive pricing pressure on our older generation products, particularly in China. This compares with equivalent revenue of \$47.6 million in Q2 2025 and \$53.0 million in Q3 2024.
	Gross Profit Margin	<ul style="list-style-type: none"> Consolidated gross profit margin from continuing operations to be in the range of 18.5% to 20.5%. This compares with equivalent gross profit margin of 20.4% in Q2 2025 and 22.0% in Q3 2024.

	Key Metrics	Guidance
Full-year 2025	Revenue	<ul style="list-style-type: none"> Consolidated revenue from continuing operations is now expected to be flattish as compared to our previous forecast of mid-to-high single digit growth year-over-year due to a challenging environment related to tariff uncertainty and pricing pressure on older generation products in China. This compares with equivalent revenue of \$185.8 million in 2024.
	Gross Profit Margin	<ul style="list-style-type: none"> Consolidated gross profit margin from continuing operations between 19% to 20%, as compared to our previous forecast of 19.5% to 21.5%. The equivalent gross profit margin was 21.5% in 2024.

Q2 2025 Financial Highlights

Q2 2025 Financial Highlights

	In thousands of U.S. dollars, except share data						
	GAAP ⁽¹⁾						
	Q2 2025	Q1 2025	Q/Q change		Q2 2024 ⁽¹⁾	Y/Y change	
Consolidated Revenues	47,622	44,722	up	6.5%	46,400	up	2.6%
Power solutions business	47,622	44,722	up	6.5%	44,064	up	8.1%
Power Analog Solutions	42,261	39,857	up	6.0%	39,240	up	7.7%
Power IC	5,361	4,865	up	10.2%	4,824	up	11.1%
Transitional Fab 3 foundry services ⁽²⁾	—	—	n/a	—	2,336	n/a	—
Consolidated Gross Profit Margin	20.4%	20.9%	down	0.5%pts	21.1%	down	0.7%pts
Power solutions business	20.4%	20.9%	down	0.5%pts	22.5%	down	2.1%pts
Power Analog Solutions	18.2%	17.8%	up	0.4%pts	19.7%	down	1.5%pts
Power IC	37.4%	46.5%	down	9.1%pts	45.5%	down	8.1%pts
Transitional Fab 3 foundry services ⁽²⁾	—	—	n/a	—	(5.2)%	n/a	—
Operating Loss	(7,438)	(6,288)	down	n/a	(5,723)	down	n/a
Income (Loss) from continuing operations	8,486	(5,082)	up	n/a	(2,208)	up	n/a
Basic Earnings (Loss) per Common Share	0.24	(0.14)	up	n/a	(0.06)	up	n/a
Diluted Earnings (Loss) per Common Share	0.23	(0.14)	up	n/a	(0.06)	up	n/a

	In thousands of U.S. dollars, except share data						
	Non-GAAP ⁽¹⁾⁽³⁾						
	Q2 2025	Q1 2025	Q/Q change		Q2 2024 ⁽¹⁾	Y/Y change	
Adjusted Operating Loss	(5,616)	(5,420)	down	n/a	(4,670)	down	n/a
Adjusted EBITDA	(2,093)	(2,073)	down	n/a	(992)	down	n/a
Adjusted Income (Loss)	(2,708)	(3,815)	up	n/a	2,560	down	n/a
Adjusted Income (Loss) per Common Share—Diluted	(0.08)	(0.10)	up	n/a	0.07	down	n/a

- (1) 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.
- (2) 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.
- (3) 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			Six Months Ended	
	June 30, 2025	March 31, 2025	June 30, 2024 ⁽¹⁾	June 30, 2025	June 30, 2024 ⁽¹⁾
Operating loss— continuing operations	\$ (7,438)	\$ (6,288)	\$ (5,723)	\$ (13,726)	\$ (15,114)
Adjustments:					
Equity-based compensation expense	976	868	1,053	1,844	1,881
Other charges	846	—	—	846	—
Adjusted Operating Loss— continuing operations	<u>\$ (5,616)</u>	<u>\$ (5,420)</u>	<u>\$ (4,670)</u>	<u>\$ (11,036)</u>	<u>\$ (13,233)</u>

(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) Other charges.

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

Appendix: GAAP to Non-GAAP Reconciliation

(In thousands of U.S. dollars, except share data)	Three Months Ended			Six Months Ended	
	June 30, 2025	March 31, 2025	June 30, 2024 ⁽¹⁾	June 30, 2025	June 30, 2024 ⁽¹⁾
Income (Loss) from continuing operations	\$ 8,486	\$ (5,082)	\$ (2,208)	\$ 3,404	\$ (16,492)
Adjustments:					
Interest income	(1,324)	(1,545)	(2,134)	(2,869)	(4,275)
Interest expense	402	449	487	851	672
Income tax benefit	(4,136)	(401)	(5,385)	(4,537)	(3,480)
Depreciation and amortization	3,387	3,262	3,655	6,649	7,396
EBITDA – continuing operations	6,815	(3,317)	(5,585)	3,498	(16,179)
Equity-based compensation expense	976	868	1,053	1,844	1,881
Foreign currency loss (gain), net	(10,810)	405	3,625	(10,405)	8,613
Derivative valuation loss (gain), net	80	(29)	(85)	51	(110)
Other charges	846	—	—	846	—
Adjusted EBITDA – continuing operations	\$ (2,093)	\$ (2,073)	\$ (992)	\$ (4,166)	\$ (5,795)
Income (Loss) from continuing operations	\$ 8,486	\$ (5,082)	\$ (2,208)	\$ 3,404	\$ (16,492)
Adjustments:					
Equity-based compensation expense	976	868	1,053	1,844	1,881
Foreign currency loss (gain), net	(10,810)	405	3,625	(10,405)	8,613
Derivative valuation loss (gain), net	80	(29)	(85)	51	(110)
Other charges	846	—	—	846	—
Income tax effect on non-GAAP adjustments	(2,286)	23	175	(2,263)	(1,168)
Adjusted Income (Loss) – continuing operations	\$ (2,708)	\$ (3,815)	\$ 2,560	\$ (6,523)	\$ (7,276)
Adjusted Income (Loss) – continuing operations per common share—					
- Basic	\$ (0.08)	\$ (0.10)	\$ 0.07	\$ (0.18)	\$ (0.19)
- Diluted	\$ (0.08)	\$ (0.10)	\$ 0.07	\$ (0.18)	\$ (0.19)
Weighted average number of shares – basic	36,083,703	36,887,841	38,174,920	36,483,551	38,359,851
Weighted average number of shares – diluted	36,083,703	36,887,841	38,529,789	36,483,551	38,359,851

(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 Income (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 benefit and depreciation and amortization.

We prepare Adjusted Income (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 Income (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 Income (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) Other charges and (v) Income tax effect on non-GAAP adjustments.

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