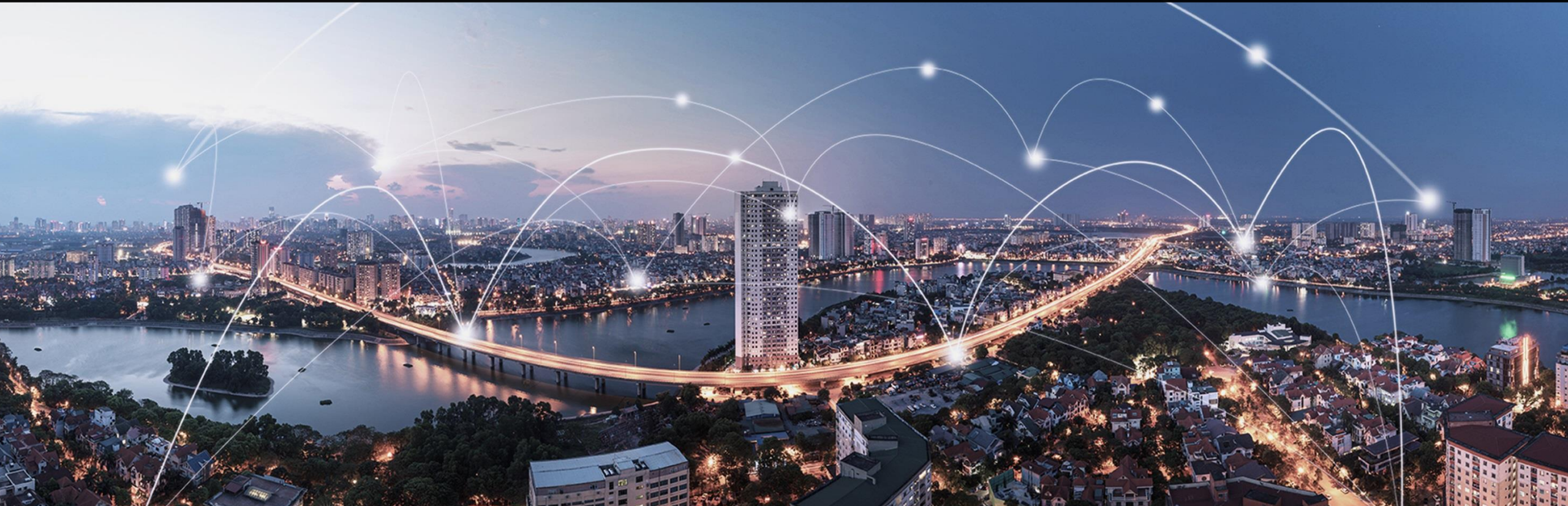




Magnachip Semiconductor (NYSE: MX)

Q4 2024 and 2024 Earnings Materials

March 12, 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 first 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, sustained military action and conflict in the Red Sea, and trade tensions between the U.S. and China on Magnachip's first quarter and full year 2025 revenue and 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 inflation, potential recessions or other deteriorations, economic instability or civil unrest; the geopolitical conflicts including between Russia-Ukraine and between Israel-Hamas, sustained military action and conflict in the Red Sea, and trade tensions between the U.S. and China; 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 8, 2024, 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.

Q4 and 2024 Financial Summary

On a full year basis, consolidated revenue increased 0.7% in calendar 2024. Excluding the wind-down of Transitional Foundry Services, Standard Product revenue increased 13% year-over-year.

Revenue		Q4 2024	MX Guidance Range	Q/Q Change	Y/Y Change	2024	2023	Y/Y Change
	Consolidated	\$63.0 M	\$59.0 – \$64.0 M	down 5.1%	up 24.0%	\$231.7 M	\$230.1 M	up 0.7%
	MSS	\$17.3 M	\$15.0 – \$17.0 M	up 5.1%	up 102.0%	\$54.3 M	\$44.4 M	up 22.5%
	PAS	\$43.5 M	\$42.0 – \$45.0 M	down 8.7%	up 33.2%	\$166.8 M	\$151.3 M	up 10.2%

Gross Profit Margin		Q4 2024	MX Guidance Range	Q/Q Change	Y/Y Change	2024	2023	Y/Y Change
	Consolidated	25.2%	21.5 – 23.5%	up from 23.3%	up from 22.7%	22.4%	22.4%	0% pts
	MSS	41.8%	37.5 – 40.5%	up from 38.7%	up from 41.3%	39.8%	33.7%	up 6.1% pts
	PAS	20.5%	17.0 – 19.0%	up from 19.4%	up from 18.1%	18.9%	24.4%	down 5.5% pts

EPS		Q4 2024	Q3 2024	Q4 2023	2024	2023
	GAAP Diluted Loss Per Share	(\$0.44)	(\$0.26)	(\$0.16)	(\$1.44)	(\$0.89)
	Non-GAAP Diluted Earnings (Loss) Per Share	\$0.07	(\$0.34)	(\$0.21)	(\$0.77)	(\$0.55)

* MSS consists of historical Display and Power IC business, which is operated by Magnachip Mixed-Signal, Ltd., a limited liability company incorporated in Korea. PAS business is operated by Magnachip Semiconductor, Ltd., the existing limited liability company incorporated in Korea prior to the establishment of Magnachip Mixed-Signal, Ltd.

Q4 and 2024 Report by Business

PAS

	Q4 2024	Q3 2024	Q/Q Change	Q4 2023	Y/Y change	2024	2023	Y/Y change
Revenue	\$43.5 M	\$47.6 M	down 8.7%	\$32.6 M	up 33.2%	\$166.8 M	\$151.3 M	up 10.2%

PAS Q4 revenue of \$43.5 million was at the mid-point of our guidance range of \$42.0 to \$45.0 million. Full-year PAS revenue achieved double-digit growth and was broad-based. Specifically:

- **Industrial:** Outperformed competitors and benefited from design wins for Gen5 and Gen6 IGBT and SuperJunction products in solar and motor drive applications.
- **Consumer:** Grew on strength in home appliances and a new design win for air purifiers in Q4.
- **Communication:** Increase driven by design wins for BatteryFET in Korea's mainstream and flagship foldable and AI smartphones and gained traction with multiple brands in China and Japan.
- **Computing:** Growth driven by demand from China for PC and laptop power adapters.
- **Automotive:** Outperformed the broader market through greater market penetration in Korea with new design wins, ramping up production for customers in Japan and China, and a recent design win for a heater application with a China OEM.

MSS

	Q4 2024	Q3 2024	Q/Q Change	Q4 2023	Y/Y change	2024	2023	Y/Y change
Revenue	\$17.3 M	\$16.4 M	up 5.1%	\$8.6 M	up 102.0%	\$54.3 M	\$44.4 M	up 22.5%
Display	\$11.9 M	\$11.0 M	up 7.8%	\$5.2 M	up 127.2%	\$35.3 M	\$32.1 M	up 9.9%
Power IC	\$5.4 M	\$5.4 M	down 0.3%	\$3.3 M	up 62.4%	\$19.0 M	\$12.2 M	up 55.5%

MSS Q4 revenue slightly exceeded the high-end of our guidance range of \$15.0 to 17.0 million.

Q4 and 2024 Key Financials

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

Non-GAAP Metrics	Non-GAAP Metrics	Q4 2024	Q3 2024	Q4 2023	2024	2023
	Adjusted Operating Loss	(\$7.0)	(\$9.0)	(\$14.1)	(\$40.2)	(\$41.2)
	Adjusted EBITDA	(\$2.6)	(\$4.9)	(\$10.0)	(\$23.6)	(\$24.2)
	Adjusted Net Income (Loss)	\$2.6	(\$12.8)	(\$8.0)	(\$29.2)	(\$22.5)
	Adjusted Earnings (Loss) per Common Share - Diluted	\$0.07	(\$0.34)	(\$0.21)	(\$0.77)	(\$0.55)

Balance Sheet	Balance Sheet	Q4 2024	Q3 2024	Q4 2023
	Cash and Cash Equivalents	\$138.6	\$121.1	\$158.1
	Short-term Financial Instruments	-	\$30.0	-
	Days Sales Outstanding (DSO)	41 days	40 days	59 days
	Days in Inventory	60 days	65 days	77 days
	Total Stockholders' Equity	\$276.8	\$299.6	\$344.6

Q1 & 2025 Outlook

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

Q1 2025	Key Metrics	Guidance
	Revenue	<ul style="list-style-type: none"> Consolidated revenue from continuing operations (which includes Power discrete and Power IC businesses and excludes our former Display business) to be in the range of \$42 to \$47 million, down 8.9% sequentially due primarily to seasonality, but up 11.5% year-over-year at the mid-point. This compares with equivalent revenue of \$48.9 million in Q4 2024 and \$39.9 million in Q1 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%, due to the seasonal sequential decline in revenue and the wind down of Transitional Foundry Services impacting fab utilization. This compares with equivalent gross profit margin of 23.2% in Q4 2024 and 17.6% in Q1 2024. 	

Full-year 2025	Key Metrics	Guidance	
	2025 will set the stage to become a pure-play Power company.		
	Revenue	<ul style="list-style-type: none"> Consolidated revenue from continuing operations to grow mid-to-high single digit year-over-year as compared 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 19.5% to 21.5%, reflecting the fact that we have completed the wind down of Transitional Foundry services and new generation power products will just begin production in the second half 2025. The equivalent gross profit margin was 21.5% in 2024. 		

Q4 2024 Financial Highlights

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

	GAAP						
	Q4 2024	Q3 2024	Q/Q change		Q4 2023	Y/Y change	
Consolidated Revenues	63,039	66,460	down	5.1%	50,822	up	24.0%
Standard Products Business	60,744	64,020	down	5.1%	41,182	up	47.5%
Mixed-Signal Solutions	17,289	16,446	up	5.1%	8,558	up	102.0%
Power Analog Solutions	43,455	47,574	down	8.7%	32,624	up	33.2%
Transitional Fab 3 foundry services ⁽¹⁾	2,295	2,440	down	5.9%	9,640	down	76.2%
Consolidated Gross Profit Margin	25.2%	23.3%	up	1.9%pts	22.7%	up	2.5%pts
Standard Products Business	26.6%	24.4%	up	2.2%pts	22.9%	up	3.7%pts
Mixed-Signal Solutions	41.8%	38.7%	up	3.1%pts	41.3%	up	0.5%pts
Power Analog Solutions	20.5%	19.4%	up	1.1%pts	18.1%	up	2.4%pts
Operating Loss	(15,745)	(11,003)	down	n/a	(15,935)	up	n/a
Net Loss	(16,277)	(9,617)	down	n/a	(6,040)	down	n/a
Basic Loss per Common Share	(0.44)	(0.26)	down	n/a	(0.16)	down	n/a
Diluted Loss per Common Share	(0.44)	(0.26)	down	n/a	(0.16)	down	n/a

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

	Non-GAAP ⁽²⁾						
	Q4 2024	Q3 2024	Q/Q change		Q4 2023	Y/Y change	
Adjusted Operating Loss	(6,970)	(9,026)	up	n/a	(14,095)	up	n/a
Adjusted EBITDA	(2,635)	(4,949)	up	n/a	(9,972)	up	n/a
Adjusted Net Income (Loss)	2,637	(12,797)	up	n/a	(8,044)	up	n/a
Adjusted Earnings (Loss) per Common Share—Diluted	0.07	(0.34)	up	n/a	(0.21)	up	n/a

2024 Financial Highlights

	In thousands of U.S dollars, except share data			
	GAAP			Y/Y Change
	2024	2023		
Consolidated Revenues	231,737	230,051	up	0.7%
Standard Products Business	221,140	195,690	up	13.0%
Mixed-Signal Solutions	54,336	44,366	up	22.5%
Power Analog Solutions	166,804	151,324	up	10.2%
Transitional Fab 3 foundry services ⁽¹⁾	10,597	34,361	down	69.2%
Consolidated Gross Profit Margin	22.4%	22.4%	down	0.0%pts
Standard Products Business	24.0%	26.5%	down	2.5%pts
Mixed-Signal Solutions	39.8%	33.7%	up	6.1%pts
Power Analog Solutions	18.9%	24.4%	down	5.5%pts
Operating Loss	(53,031)	(57,644)	up	n/a
Net Loss	(54,308)	(36,622)	down	n/a
Basic Loss per Common Share	(1.44)	(0.89)	down	n/a
Diluted Loss per Common Share	(1.44)	(0.89)	down	n/a

	In thousands of U.S dollars, except share data			
	Non-GAAP ⁽²⁾			Y/Y Change
	2024	2023		
Adjusted Operating Loss	(40,163)	(41,170)	up	n/a
Adjusted EBITDA	(23,594)	(24,174)	up	n/a
Adjusted Net Loss	(29,178)	(22,474)	down	n/a
Adjusted Loss per Common Share—Diluted	(0.77)	(0.55)	down	n/a

(1) 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 have wound down these foundry services and begun to convert portions of the idle capacity to PAS products during the second half of 2024. Because these foundry services during the wind-down period have 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 is completed. Management believes that disclosing revenue of Transitional Fab 3 Foundry Services separately from the standard products business allows investors to better understand the results of our core standard products MSS and PAS businesses.

(2) 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 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			Year Ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Operating loss	\$ (15,745)	\$ (11,003)	\$ (15,935)	\$ (53,031)	\$ (57,644)
Adjustments:					
Equity-based compensation expense	2,121	1,977	1,840	6,214	7,223
Impairment and other charges	6,654	—	—	6,654	802
Early termination charges	—	—	—	—	8,449
Adjusted Operating Loss	<u>\$ (6,970)</u>	<u>\$ (9,026)</u>	<u>\$ (14,095)</u>	<u>\$ (40,163)</u>	<u>\$ (41,170)</u>

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

For the year ended December 31, 2024, we recorded in our consolidated statement of operations \$4,637 thousand of impairment loss primarily related to the tangible assets associated with our Display business. During the same period, we also recorded \$2,017 thousand of one-time cumulative financial impact in connection with certain employee benefits.

For the year ended December 31, 2023, we recorded in our consolidated statement of operations \$8,449 thousand of termination related charges in connection with the voluntary resignation program that we offered to certain employees during the first quarter of 2023. During the same period, we also recorded \$802 thousand of one-time employee incentives.

Appendix: GAAP to Non-GAAP Reconciliation

(In thousands of U.S. dollars, except share data)	Three Months Ended			Year Ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Net loss	\$ (16,277)	\$ (9,617)	\$ (6,040)	\$ (54,308)	\$ (36,622)
Adjustments:					
Interest income	(2,279)	(2,051)	(2,519)	(8,771)	(10,435)
Interest expense	603	574	183	1,969	828
Income tax expense (benefit), net	(10,835)	5,126	(2,360)	(8,335)	(10,937)
Depreciation and amortization	3,990	4,056	4,101	16,161	16,684
EBITDA	(24,798)	(1,912)	(6,635)	(53,284)	(40,482)
Equity-based compensation expense	2,121	1,977	1,840	6,214	7,223
Foreign currency loss (gain), net	13,407	(5,066)	(5,241)	16,899	(465)
Derivative valuation loss (gain), net	(19)	52	64	(77)	299
Impairment and other charges	6,654	—	—	6,654	802
Early termination charges	—	—	—	—	8,449
Adjusted EBITDA	\$ (2,635)	\$ (4,949)	\$ (9,972)	\$ (23,594)	\$ (24,174)
Net loss	\$ (16,277)	\$ (9,617)	\$ (6,040)	\$ (54,308)	\$ (36,622)
Adjustments:					
Equity-based compensation expense	2,121	1,977	1,840	6,214	7,223
Foreign currency loss (gain), net	13,407	(5,066)	(5,241)	16,899	(465)
Derivative valuation loss (gain), net	(19)	52	64	(77)	299
Impairment and other charges	6,654	—	—	6,654	802
Early termination charges	—	—	—	—	8,449
Income tax effect on non-GAAP adjustments	(3,249)	(143)	1,333	(4,560)	(2,160)
Adjusted Net Income (Loss)	\$ 2,637	\$ (12,797)	\$ (8,044)	\$ (29,178)	\$ (22,474)
Adjusted Net Income (Loss) per common share—					
- Basic	\$ 0.07	\$ (0.34)	\$ (0.21)	\$ (0.77)	\$ (0.55)
- Diluted	\$ 0.07	\$ (0.34)	\$ (0.21)	\$ (0.77)	\$ (0.55)
Weighted average number of shares – basic	36,921,300	37,468,849	38,834,451	37,774,280	41,013,069
Weighted average number of shares – diluted	37,738,210	37,468,849	38,834,451	37,774,280	41,013,069

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

We prepare Adjusted Net Income (Loss) by adjusting net loss 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 Net Income (Loss) is particularly useful because it reflects the impact of our asset base and capital structure on our operating performance. We define Adjusted Net Income (Loss) for the periods as net loss, adjusted to exclude (i) Equity-based compensation expense, (ii) Foreign currency loss (gain), net, (iii) Derivative valuation loss (gain), net, (iv) Impairment and other charges, (v) Early termination charges and (vi) Income tax effect on non-GAAP adjustments.

For the year ended December 31, 2024, we recorded in our consolidated statement of operations \$4,637 thousand of impairment loss primarily related to the tangible assets associated with our Display business. During the same period, we also recorded \$2,017 thousand of one-time cumulative financial impact in connection with certain employee benefits.

For the year ended December 31, 2023, we recorded in our consolidated statement of operations \$8,449 thousand of termination related charges in connection with the voluntary resignation program that we offered to certain employees during the first quarter of 2023. During the same period, we also recorded \$802 thousand of one-time employee incentives.