

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-34791



**Magnachip Semiconductor Corporation**

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

83-0406195  
(I.R.S. Employer  
Identification No.)

c/o Magnachip Semiconductor, Ltd.  
15F, 76 Jikji-daero 436beon-gil, Heungdeok-gu  
Cheongju-si, Chungcheongbuk-do, Republic of Korea 28581  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code: +82 (2) 6903-3000  
Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	MX	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

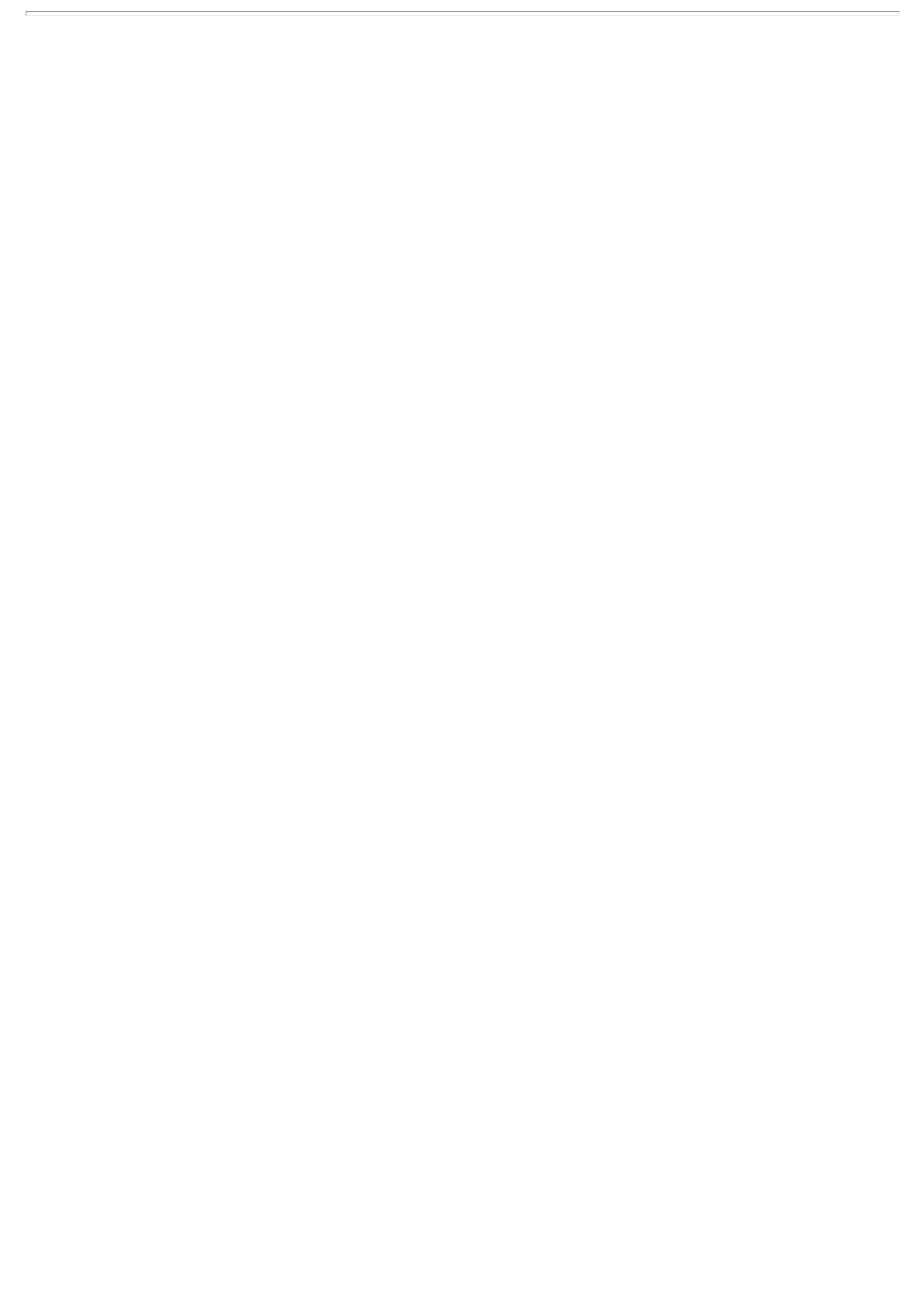
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$178,954,261.

As of February 28, 2025, the registrant had 36,883,279 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement relating to its 2025 annual meeting of stockholders will be incorporated by reference into Part III of this Annual Report on Form 10-K or included by amendment to this report within 120 days after the end of the fiscal year to which this report relates.



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**FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2024**  
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## PART I

### INDUSTRY AND MARKET DATA

We have made statements in this Annual Report on Form 10-K for the year ended December 31, 2024 (this “Report”) regarding our industry and our position in the industry based on our experience in the industry and our own views of market conditions, but we have not independently verified those statements. We do not have any obligation to announce or otherwise make publicly available updates or revisions to forecasts contained in these documents.

Statements made in this Report, unless the context otherwise requires, include the use of the terms “us,” “we,” “our,” the “Company” and “Magnachip” to refer to Magnachip Semiconductor Corporation and its consolidated subsidiaries. The term “Korea” refers to the Republic of Korea or South Korea. On September 1, 2020, we completed the sale of our Foundry Services Group business and our fabrication facility located in Cheongju, Korea to SK keyfoundry Inc. Unless otherwise noted herein, historical operational metrics presented herein do not include those of the Foundry Services Group.

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made certain “forward-looking” statements in this Report within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), that involve risks and uncertainties. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. All statements other than statements of historical facts included in this Report that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements.

These forward-looking statements are largely based on our expectations and beliefs concerning future events, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Although we believe our estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management’s assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this Report are not guarantees of future performance, and we cannot assure any reader that those statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to the factors listed in the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” sections and elsewhere in this Report.

All forward-looking statements speak only as of the date of this Report. We do not intend to publicly update or revise any forward-looking statements as a result of new information or future events or otherwise, except as required by law. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

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“Magnachip” is a registered trademark of us and our subsidiaries and “Magnachip Everywhere” is our registered trademark and service mark. All other product, service and company names mentioned in this Report are the service marks or trademarks of their respective owners.

## **Item 1. Business**

### **General**

We are a designer and manufacturer of analog and mixed-signal semiconductor platform solutions for communication, Internet of Things (“IoT”), consumer, computing, industrial and automotive applications. We have a proven record with approximately 45 years of operating history, a portfolio of approximately 1,000 registered patents and pending applications and extensive engineering and manufacturing process expertise. Our standard products business includes Display integrated circuit (“IC”) products, Power IC products, and Power discrete products. Our Display IC products provide panel display solutions to major suppliers of large and small rigid and flexible panel displays, and a wide range of applications including smartphones, TVs, automotive and IT applications such as monitors, notebook PCs, tablet PCs, as well as AR/VRs. Our Power IC products provide power management solutions to major television makers and large panel suppliers. Our Power discrete products provide power management solutions to communication, consumer, computing, servers, automotive, and industrial applications.

The wide variety of our analog and mixed-signal semiconductor products allows us to address multiple high-growth end markets and rapidly develop and introduce new products in response to market demands. Our design center and substantial manufacturing operations in Korea place us at the core of the global electronics device supply chain. We believe this enables us to quickly and efficiently respond to our customers’ needs, and allows us to better serve and capture additional demand from existing and new customers. Certain of our organic light emitting diodes (“OLEDs”) products are produced using external foundries. Through a strategic cooperation with external foundries, we strive to outsource wafers at competitive prices and produce quality products.

We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. As a result, we have been able to strengthen our technology and develop products that are in high demand by our customers and end consumers. We sold approximately 370 distinct products in the year ended December 31, 2024 with a substantial portion of our revenues derived from a concentrated number of customers.

Our business is largely driven by innovation in the consumer electronics markets and the growing adoption by consumers of worldwide of electronic devices for use in their daily lives. The consumer electronics market is large and growing rapidly, largely due to consumers increasingly accessing a wide variety of rich media content, such as high definition audio and video, mobile devices, televisions and games on advanced consumer electronic devices. Electronics manufacturers are continuously implementing advanced technologies in new generations of electronic devices using analog and mixed-signal semiconductor components, such as display drivers that enable display of high resolution images, encoding and decoding devices that allow playback of high definition audio and video, and power semiconductors that increase power efficiency, thereby improving heat dissipation and extending battery life.

For the year ended December 31, 2024, we generated total revenues of \$231.7 million, net loss of \$54.4 million, operating loss of \$53.0 million, Adjusted EBITDA of negative \$23.6 million, Adjusted Operating Loss of \$40.2 million and Adjusted Net Loss of \$29.3 million. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” elsewhere in this Report for an explanation of our use of the Non-GAAP measures Adjusted EBITDA, Adjusted Operating Income (Loss) and Adjusted Net Income (Loss) and a reconciliation to net loss and operating loss prepared in accordance with United States Generally Accepted Accounting Principles (“U.S. GAAP”).

### **Recent Developments**

On March 12, 2025, we announced that our Board of Directors and management team have made the decision to become a pure-play Power company to drive revenue growth, improve profitability, and maximize shareholder value. As a result, we are exploring all strategic options for its Display business (Display IC

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products), which is to be classified as discontinued operations when our results of operations for the first fiscal quarter of 2025 are reported. Our strategic options include a sale, merger, joint venture, licensing, and wind-down. We currently intend to complete this strategic process and exit the Display business by the end of the second quarter of 2025.

### **Our History**

Our business was named “MagnaChip Semiconductor” when it was acquired from SK hynix Inc., formerly known as Hynix Semiconductor, Inc. (“SK hynix”), in October 2004.

On March 10, 2011, we completed our initial public offering. In connection with our initial public offering, we converted from a Delaware limited liability company to a Delaware corporation.

On December 30, 2020, we changed our name from “MagnaChip Semiconductor Corporation” to “Magnachip Semiconductor Corporation.”

On May 30, 2023, we announced a plan to separate our standard products business, consisting of Display Solutions and Power Solutions business lines, into two different entities to better align our product strategies by enabling each entity to allocate its resources more effectively to the specific needs of its customers, as well as to enhance transparency, accountability and flexibility in business (the “Internal Separation”). To effectuate the Internal Separation, we reorganized our standard products business into two distinct businesses: (i) our Display IC and Power IC businesses, which are fabless businesses, were grouped together to form the Mixed-Signal Solutions (“MSS”) business, and (ii) our Power discrete business, which is an integrated device manufacturing (“IDM”) business, became the Power Analog Solutions (“PAS”) business.

On January 10, 2024, we completed the Internal Separation by forming a new Korean limited liability company named “Magnachip Mixed-Signal, Ltd.” (“MMS”) and transferring the MSS business into such subsidiary. Following the Internal Separation, our MSS business is primarily operated by Magnachip Mixed-Signal, Ltd., and our PAS business is primarily operated by Magnachip Semiconductor, Ltd. (“MSK”), our already-existing Korean operating company. Both companies are indirect wholly-owned subsidiaries of the Company.

On December 31, 2024, an intercompany business transfer agreement was executed between MMS and MSK. Considering the Company’s overall performance and strategic direction—as well as insights from benchmarking global competitors and feedback from our stockholders, both MSK and MMS agreed that consolidating the Power IC and Power discrete businesses under a single company would create a more effective framework for expanding and strengthening the Company’s business for Power products. Accordingly, the Company’s Power IC business was transferred from MMS to MSK, with the transfer being completed on January 1, 2025.

For the purpose of this Annual Report on Form 10-K for the year ended December 31, 2024, our historical results and descriptions of our business and operations reflect the Power IC business as part of the MSS business since it was part of that business group for all of the fiscal year 2024.

### **Legacy Foundry Services Group Business**

On September 1, 2020, we completed the sale of our Foundry Services Group business and our fabrication facility located in Cheongju, Korea (known as “Fab 4”) to SK keyfoundry Inc. This sale was part of a strategic shift in our operational focus to our standard products business. The Foundry Services Group business provided specialty analog and mixed-signal foundry services mainly for fabless and Integrated Device Manufacturer semiconductor companies.

## Our Products

Our Display IC products provide flat panel display solutions to major suppliers of large and small flat panel displays. These products include source and gate drivers and timing controllers that cover a wide range of flat panel displays used in mobile communications, automobiles, entertainment devices, notebook PCs, monitors and liquid crystal display (“LCD”), OLEDs and micro light emitting diode (“Micro LED”) televisions. Our Display IC products support the industry’s most advanced display technologies, such as OLEDs, and low temperature polysilicon thin film transistor (“LTPS TFT”), as well as high-volume display technologies such as amorphous silicon thin film transistors (a-Si TFTs). Since 2007, we have designed and manufactured OLED display driver IC products. Our current portfolio of OLED solutions address a wide range of resolutions ranging from HD (High Definition) to WQHD (Wide Quadruple High Definition) for wide range of applications including smartphones, TVs, automotive applications and IT applications such as monitors, notebook PCs, tablet PCs as well as AR/VRs. Our Power IC products provide power management solutions to major television suppliers and large panel display suppliers. These products include AC-DC/DC-DC converters, LED drivers, regulators, power management integrated circuits (“PMICs”) and level shifters for a range of devices, including televisions, wearable devices, notebooks, tablet PCs and other consumer electronics, as well as automotive applications. Our Display IC and Power IC business represented 23.4% and 19.3% of our total revenues for the fiscal years ended December 31, 2024 and 2023, respectively.

We expanded our business and market opportunity by establishing our Power discrete product line in late 2007. We have introduced a number of power management semiconductor products, including discrete and integrated circuit solutions for power management in high-volume consumer applications. Discrete products include metal oxide semiconductor field effect transistors (“MOSFETs”), and insulated-gate bipolar transistors (“IGBTs”) for a range of devices, including televisions, smartphones, mobile phones, wearable devices, desktop PCs, notebooks, tablet PCs, other consumer electronics, automotive, and industrial applications such as power suppliers, e-bikes, photovoltaic inverters, LED lighting and motor drives. Our Power discrete business represented 72.0% and 65.8% of our total revenues for the fiscal years ended December 31, 2024 and 2023, respectively.

## Market Opportunity

The semiconductor market is large and is expanding its applications. Recently, industrial applications such as power suppliers, e-bikes, photovoltaic inverters, LED lighting, motor drives, and automotive applications such as on board chargers, electric motor drives, electric pumps, DC-DC converters and powertrain inverters in hybrid & battery electric vehicle (HEV & BEV) are further driving growth in the semiconductor market. Electronics device manufacturers recognize that the consumer entertainment experience plays a critical role in differentiating their products. To address and further stimulate consumer demand, electronics manufacturers have been driving rapid advances in the technology, functionality, form factor, cost, quality, reliability and power consumption of their products. Electronics manufacturers are continuously implementing advanced technologies in new generations of electronic devices using analog and mixed-signal semiconductor components, including power semiconductors that increase power efficiency, thereby improving heat dissipation and extending battery life. These advanced generations of consumer devices are growing faster than the overall electronics device market.

## Requirements of Leading Electronic Devices Manufacturers

We believe our target customers view the following characteristics and capabilities as key differentiating factors among available analog and mixed-signal semiconductor suppliers:

- ***Broad Offering of Differentiated Products with Advanced System-Level Features and Functions.*** Leading electronic devices manufacturers seek to differentiate their products by incorporating innovative semiconductor products that enable unique system-level functionality and enhance performance. These consumer electronics manufacturers seek to closely collaborate with semiconductor solutions providers that

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continuously develop new and advanced products, and technologies that enable state of the art features and functions, such as bright and thin displays, small form factor and energy efficiency.

- **Fast Time-to-Market with New Products.** As a result of rapid technological advancements and short product lifecycles, our target customers typically prefer suppliers who have a compelling pipeline of new products and capacity to leverage a substantial intellectual property and technology base to accelerate product design and manufacturing when needed.
- **Ability to Deliver Cost Competitive Solutions.** Electronics manufacturers are under constant pressure to deliver cost-competitive solutions. To accomplish this objective, they need strategic semiconductor suppliers that have the ability to provide system-level solutions, highly integrated products and a broad product offering at a range of price points and have the design and manufacturing infrastructure and logistical support to deliver cost competitive products.
- **Focus on Delivering Highly Energy-Efficient Products.** Consumers increasingly seek longer run-time, environmentally friendly and energy-efficient consumer electronic products. In addition, there is an increasing regulatory focus on reducing energy consumption of consumer electronic products. As a result of a global focus on more environmentally friendly products, our customers are seeking analog and mixed-signal semiconductor suppliers that have the technological expertise to deliver solutions that satisfy these ever increasing regulatory and consumer power efficiency demands.

### **Our Competitive Strengths**

Designing and manufacturing analog and mixed-signal semiconductors capable of meeting the evolving functionality requirements for electronics devices are challenging. In order to grow and succeed in the industry, we believe semiconductor suppliers must have a broad, advanced intellectual property portfolio, product design expertise, comprehensive product offerings and specialized manufacturing process technologies and capabilities. Our competitive strengths enable us to offer our customers solutions to solve their key challenges. We believe our strengths include:

- **Advanced Analog and Mixed-Signal Semiconductor Technology.** Our long operating history, large patent portfolio, extensive engineering and manufacturing process expertise and analog and mixed-signal intellectual property allow us to leverage our technology and develop new products across multiple end markets. Our product development efforts are supported by a team of approximately 220 engineers as of the date of this Annual Report. Our platform allows us to develop and introduce new products quickly and integrate numerous functions into a single product. For example, we were one of the first companies to introduce a commercial OLED display driver for mobile phones.
- **Established Relationships and Close Collaboration with Leading Global Electronics Companies.** We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. Our close customer relationships have been built based on many years of close collaborative product development, which provides us with deep system-level knowledge and key insights into our customers' needs. As a result, we are able to continuously strengthen our technology in areas of strategic interest for our customers and focus on those products that our customers and end consumers demand the most.
- **Longstanding Presence in Asia and Proximity to Global Electronics Devices Supply Chain.** Our presence in Asia facilitates close contact with our customers and fast response to their needs, and enhances our visibility into new product opportunities, markets and technology trends. Our design center and substantial manufacturing operations in Korea place us close to many of our largest customers and to the core of the global electronics devices supply chain. We have active applications, engineering, product design and customer support resources, as well as senior management and marketing resources, in geographic locations close to our customers. This allows us to strengthen our relationship with customers through better service, faster turnaround time and improved product design collaboration. We believe this also helps our customers

to deliver products faster than their competitors and to solve problems more efficiently than would be possible with other suppliers.

- **Broad Portfolio of Product Offerings Targeting Large, High-Growth Markets.** We continue to develop a wide variety of analog and mixed-signal semiconductor solutions for multiple high-growth electronics device end markets. We believe our expanding product offerings allow us to provide additional products to new and existing customers and to cross-sell our products to our established customers. For example, we have leveraged our technology expertise and customer relationships to develop and grow power management solutions to customers. Our power management solutions enable our customers to increase system stability and improve heat dissipation and energy use, resulting in improved system efficiency and system cost savings for our customers, as well as environmental benefits. We have been able to sell these new products to our existing customers as well as expand our customer base.
- **Highly Efficient Manufacturing Capabilities.** Our manufacturing strategy is focused on optimizing our asset utilization across our power management products, which enables us to maintain the price competitiveness of our products through our low-cost operating structure and improve our operational efficiency. We believe the location of our primary manufacturing and research and development facilities in Asia and the relatively low need for ongoing capital expenditures provide us with a number of cost advantages.

## Our Strategy

Our objective is to grow our business, cash flow and profitability and to continue strengthening our position in the semiconductor industry as a leading provider of analog and mixed-signal semiconductor products for high-volume markets. Our business strategy emphasizes the following key elements:

- **Increase Business with Existing Customers.** We have a global customer base consisting of leading consumer electronics original equipment manufacturers (“OEMs”) that sell to multiple end markets. We intend to continue to strengthen our relationships with our customers by collaborating on critical design and product development in order to improve our design-win rates. We seek to increase our customer penetration by more closely aligning our product roadmap with those of our key customers and take advantage of our broad product portfolio, our deep knowledge of customer needs and existing relationships to sell more existing and new products.
- **Broaden Our Customer Base.** We expect to continue to expand our global customer base, particularly in China, Hong Kong, and Taiwan, and other high-growth geographies, to penetrate new accounts. In addition, we intend to introduce new products and variations of existing products to address a broader customer base. In order to broaden our market penetration, we are complementing our direct customer relationships and sales with an improved base of distributors, with a particular focus on the growth of our power management business.
- **Drive Execution Excellence.** We intend to improve our execution through a number of management initiatives, new processes for product development, customer service and personnel development. We expect these ongoing initiatives will contribute to improvement of our new product development and customer service as well as enhance our commitment to a culture of quick action and execution by our workforce. In addition, we have focused on improving our manufacturing efficiency during the past several years.
- **Return on Capital Investments and Cash Flow Generation.** We manufacture our Power discrete products by utilizing our in-house manufacturing facility and external foundry to address a broad portfolio of power products while we seek to maximize return on capital investments and our cash flow generation. We intend to keep our capital expenditures relatively low by maintaining our focus on specialty process technologies that do not require substantial investment in frequent upgrades to the latest manufacturing equipment. However, from time to time, we make special investments to enhance our manufacturing capabilities by investing in new equipment and expanding our facility, which we expect will have a positive impact on our future new product development and revenue, particularly during the period of global shortage of capacity.

## Our Technology

We continuously strengthen our advanced analog and mixed-signal semiconductor technology platform by developing innovative technologies and integrated circuit building blocks that enhance the functionality of electronics devices through brighter, thinner displays, enhanced image quality, smaller form factor and longer battery life. Our goal is to leverage our experience and development initiatives across multiple end markets and utilize our understanding of system-level issues our customers face to introduce new technologies that enable our customers to develop more advanced, higher performance products.

Our display technology portfolio includes building blocks for display drivers and timing controllers, processor and interface technologies, as well as sophisticated production techniques, such as chip-on-glass (COG), chip-on-film (COF) and chip-on-plastic (COP) for rigid and flexible OLED displays. Our advanced display drivers incorporate Oxide, Low-Temperature Poly Silicon (LTPS), Low-Temperature Polycrystalline Oxide (LTPO) OLED panel technologies that enable the highest resolution displays.

Expertise in ultra-high voltage (UHV), high voltage and deep trench BCDMOS process technologies, low power analog and mixed-signal design capabilities and packaging know-how are key requirements in the power management market. We are currently leveraging our capabilities in these areas with products such as AC-DC/DC-DC converters, LED drivers, regulators, PMICs, power MOSFETs and IGBTs. We believe our system-level understanding of applications such as LCD televisions, smartphones, computing, and servers, automotive, and industrial applications will allow us to more quickly develop and customize power management solutions for our customers in these markets.

## Products by Business Line

Our broad portfolio of products addresses multiple high-growth, consumer-focused end markets. A key component of our product strategy is to supply multiple related product offerings to each of the end markets that we serve.

### Mixed-Signal Solutions Business Line

#### Display IC products

**Display Driver Characteristics.** Display drivers deliver defined analog voltages and currents that activate pixels to exhibit images on displays. The following key characteristics determine display driver performance and end-market application:

- **Resolution and Number of Channels.** Resolution determines the level of detail displayed within an image and is defined by the number of pixels per line multiplied by the number of lines on a display. For large displays, higher resolution typically requires more display drivers for each panel. Display drivers that have a greater number of channels, however, generally require fewer display drivers for each panel and command a higher selling price per unit. Mobile displays, conversely, are typically single chip solutions designed to deliver a specific resolution. We cover resolutions ranging from VGA (640 x 480) to UHD (3840 x 2160).
- **Color Depth.** Color depth is the number of colors that can be displayed on a panel. For example, for TFT-LCD panels, 262 thousand colors are supported by 6-bit source drivers; 16 million colors are supported by 8-bit source drivers; and 1 billion colors are supported by 10-bit source drivers.
- **Operational Voltage.** Display drivers are characterized by input and output voltages. Source drivers typically operate at input voltages from 1.62 to 3.6 volts and output voltages between 9 and 18 volts. Gate drivers typically operate at input voltages from 1.62 to 3.6 volts and output voltages from 30 to 45 volts. Lower input voltage results in lower power consumption and electromagnetic interference (EMI).
- **Gamma Curve.** The relationship between the light passing through a pixel and the voltage applied to the pixel by the source driver is referred to as the gamma curve. The gamma curve of the source driver can correct some imperfections in picture quality in a process generally known as gamma correction. Some advanced display drivers feature up to three independent gamma curves to facilitate this correction.

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- **Driver Interface.** Driver interface refers to the connection between the timing controller and the display drivers. Display drivers increasingly require higher bandwidth interface technology to address the larger data transfer rate necessary for higher definition images. The principal types of interface technologies are embedded clock point to point interface (EPI), mini-low voltage differential signaling (m-LVDS), unified standard interface (USI) and mobile industry processor interface (“MIPI”).
- **Package Type.** The assembly of display drivers typically uses COF, COG and COP package types.
- **Large Display Solutions.** We provide display solutions for a wide range of flat panel display sizes used in LCD TVs, OLED TVs, Micro LED TVs as well as IT applications such as monitors, notebook PCs, tablet PCs, automobiles and public information displays.

Our large display solutions include source and gate drivers and timing controllers with a variety of interfaces, voltages, frequencies and packages to meet customers’ needs. These products include advanced technologies such as high channel count, with products in mass production to provide up to 1,542 channels. Our large display solutions are designed to allow customers to cost-effectively meet the increasing demand for high resolution displays. We have focused extensively on reducing the die size of our large display drivers and other solutions products to reduce costs without having to migrate to smaller geometries. For example, we have implemented several solutions to reduce die size in large display drivers, such as optimizing design schemes and design rules and applying specific technologies that we have developed internally.

The table below sets forth the features of our products, both in mass production and in customer qualification, which is the final stage of product development, for large-sized displays:

<u>Product</u>	<u>Key Features</u>	<u>Applications</u>
TFT-LCD Source Drivers	<ul style="list-style-type: none"> <li>• 480 to 1,542 output channels</li> <li>• 6-bit (262 thousand colors), 8-bit (16 million colors), 10-bit (1 billion colors)</li> <li>• Output voltage ranging from 9V to 18V</li> <li>• Low power consumption and low EMI</li> <li>• COF package types</li> <li>• EPI, m-LVDS, USI interface technologies</li> </ul>	<ul style="list-style-type: none"> <li>• LCD/LED TVs</li> <li>• Notebooks</li> <li>• LCD/LED monitors</li> <li>• Automotive</li> </ul>
TFT-LCD Gate Drivers	<ul style="list-style-type: none"> <li>• 272 to 960 output channels</li> <li>• Output voltage ranging from 30V to 45V</li> <li>• COF and COG package types</li> </ul>	<ul style="list-style-type: none"> <li>• Tablet PCs</li> <li>• LCD/LED TVs</li> <li>• Notebooks</li> <li>• Automotive</li> </ul>
Timing Controllers	<ul style="list-style-type: none"> <li>• Wide range of resolutions</li> <li>• EPI, m-LVDS, MIPI, USI-T interface technologies</li> <li>• Input voltage ranging from 1.6V to 3.6V</li> </ul>	<ul style="list-style-type: none"> <li>• Tablet PCs</li> <li>• Public information display</li> </ul>
OLED Source Drivers	<ul style="list-style-type: none"> <li>• 960 output channels</li> <li>• 10 bit (1 billion colors)</li> <li>• Output voltage: 18V</li> <li>• COF package type</li> <li>• EPI interface technology</li> </ul>	<ul style="list-style-type: none"> <li>• OLED TVs</li> </ul>
Micro LED Drivers	<ul style="list-style-type: none"> <li>• 480 to 552 output channels (3 Mux)</li> <li>• 10 bit (1 billion colors)</li> <li>• Output voltage: max 18V</li> <li>• COF package type</li> <li>• USI interface technology</li> </ul>	<ul style="list-style-type: none"> <li>• Micro LED TVs</li> </ul>

**Mobile Display Solutions.** Our mobile display solutions incorporate the industry’s most advanced display technologies, such as OLED and LTPS, as well as high-volume technologies such as a-Si TFT. Our mobile display products offer specialized capabilities, including high speed serial interfaces, such as mobile display digital interface (“MDDI”), MIPI, reduced swing differential signaling interface (RSDS) and logic-based OTP memory. Our OLED driver ICs can support various configurations such as high resolution from FHD+(2,880x1,284) to QHD+(3,360x1,440), wide aspect ratio from 16:9 to 21:9 and rigid and flexible OLED displays. In the transition to, and adoption of, 5G, fast responses and high frame rates such as 90Hz, 120Hz and 144Hz are becoming essential product offerings. To meet this new and evolving demand, we have developed and mass produced our OLED display driver IC, which supports 90Hz/120Hz/144Hz high frame rates.

The following table summarizes the features of our products, including those in mass production and those undergoing customer qualification, which is the final stage of product development, for mobile displays:

<u>Product</u>	<u>Key Features</u>	<u>Applications</u>
OLED	<ul style="list-style-type: none"> <li>Resolutions of HD720, WXGA, FHD, FHD+, QHD and QHD+</li> <li>Aspect ratio from 16:9 to 21:9</li> <li>Color depth of 1 billion</li> <li>MIPI, eRVDS interface</li> <li>Logic-based OTP</li> <li>Image enhancement IP</li> <li>Display data compression IP</li> </ul>	<ul style="list-style-type: none"> <li>Smartphones</li> <li>Game consoles</li> <li>Digital still cameras</li> <li>Tablet PCs</li> <li>Virtual reality headsets</li> <li>Automotive</li> </ul>
LTPS	<ul style="list-style-type: none"> <li>Resolutions of VGA, WSVGA, WVGA and DVGA</li> <li>Color depth of 16 million</li> <li>MDDI, MIPI interface</li> <li>Logic-based OTP</li> <li>Separated gamma control</li> </ul>	<ul style="list-style-type: none"> <li>Smartphones</li> <li>Digital still cameras</li> </ul>
a-Si TFT	<ul style="list-style-type: none"> <li>Resolutions of WQVGA and HVGA</li> <li>Color depth of 16 million</li> <li>RSDS, MDDI, MIPI interface</li> <li>CABC</li> <li>Separated gamma control</li> </ul>	<ul style="list-style-type: none"> <li>Mobile phones</li> <li>Digital still cameras</li> <li>Automotive</li> </ul>

**Power IC products**

We develop, manufacture and market power management solutions for a wide range of end-market customers. Our products include AC-DC/DC-DC converters, LED drivers, regulators, PMICs for a range of devices, including LCD, LED, and UHD televisions, digital signage, smartphones, wearable devices, notebooks, tablet PCs, other consumer electronics, and consumer appliances.

- AC-DC/DC-DC Converters.** We offer AC-DC/DC-DC converters targeting mobile applications and high-power applications like LCD, LED, and UHD televisions, notebooks, smartphones, mobile phones, set-top boxes and display modules. We expect our AC-DC/DC-DC converters will meet customers’ green power requirements by featuring wide input voltage ranges, high efficiency and small size.
- LED Drivers.** LED backlighting drivers serve the fast-growing LCD and LED panel backlighting market for LCD and LED televisions, LCD monitors, digital signage, notebooks, smartphones and tablet PCs. Our

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products are designed to provide high efficiency and a wide input voltage range, as well as pulse width modulation (PWM) dimming for accurate white LED dimming control. LED lighting drivers have a wide input voltage range applicable to incandescent bulbs and fluorescent lamp replacement.

- **Regulators.** We also provide analog regulators for mobile, computing and consumer applications. Our products are designed to deliver high efficiency and low power consumption in mobile applications.
- **SSD PMICs.** We also provide solid-state drive power management integrated circuits (SSD PMICs) for the computing segment. Our products are designed for high frequency switching, high efficiency and pulse frequency modulation (PFM) functions to reduce power consumption in low load converters.
- **Logic PMICs.** We also provide logic PMICs for organic light-emitting diode (OLED) display panel. Our PMICs provide optimized power to source driver, gate driver and timing controller (T-CON) of OLED display panel through a multi-channel power block (boost converter, buck converter, Op-Amps and positive/negative LDOs).

Our power IC solutions help customers enhance system stability and improve heat dissipation and energy use, resulting in cost savings for our customers and consumers, as well as environmental benefits. Power IC utilizes standard BCD process technologies which can be sourced from multiple foundries.

The following table summarizes the features of our products, including those in mass production and those undergoing customer qualification, which is the final stage of product development:

<u>Product</u>	<u>Key Features</u>	<u>Applications</u>
AC-DC/DC-DC Converter	<ul style="list-style-type: none"> <li>• Wide control range for high power application (&gt;150W)</li> <li>• Advanced BCDMOS process</li> <li>• High Precision Voltage Reference</li> <li>• Very low startup current consumption</li> <li>• Fast load and line regulation</li> <li>• Accurate output voltage</li> <li>• OCP, SCP and thermal protections</li> </ul>	<ul style="list-style-type: none"> <li>• LCD/LED/UHD TVs</li> <li>• Power supplies</li> <li>• Smartphones</li> <li>• Mobile phones</li> <li>• Notebooks</li> <li>• Set-top boxes</li> </ul>
LED Backlighting Drivers	<ul style="list-style-type: none"> <li>• High efficiency, wide input voltage range</li> <li>• Advanced BCDMOS process</li> <li>• OCP, SCP, OVP and UVLO protections</li> <li>• Accurate LED current control and multi-channel matching</li> <li>• Programmable current limit, boost up frequency</li> </ul>	<ul style="list-style-type: none"> <li>• Tablet PCs</li> <li>• Notebooks</li> <li>• Smartphones</li> <li>• LED/UHD TVs</li> <li>• LED monitors</li> </ul>
Digital Controlled LED Driver	<ul style="list-style-type: none"> <li>• Multi-channel constant current control</li> <li>• 12Bit gray scale with SPI</li> </ul>	<ul style="list-style-type: none"> <li>• Digital signage</li> </ul>
LED Lighting Drivers	<ul style="list-style-type: none"> <li>• High efficiency, wide input voltage range</li> <li>• Simple solutions with external components fully integrated</li> <li>• Advanced high voltage BCDMOS process</li> <li>• Accurate LED current control and high power factor and low THB</li> </ul>	<ul style="list-style-type: none"> <li>• AC and DC LED lighting</li> </ul>

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<u>Product</u>	<u>Key Features</u>	<u>Applications</u>
Regulators	<ul style="list-style-type: none"><li>• Single and multi-regulators</li><li>• Low Noise Output regulators</li><li>• Wide range of input voltage and various output current</li><li>• CMOS and BCDMOS processes</li><li>• LDO (Low Drop Out — Linear Regulator)</li></ul>	<ul style="list-style-type: none"><li>• Smartphones and Mobile phones</li><li>• Notebooks</li><li>• Computing applications</li></ul>
SSD PMIC	<ul style="list-style-type: none"><li>• High current buck</li><li>• PFM function</li><li>• High frequency switching</li><li>• High efficiency</li><li>• High integration technology</li><li>• Small QFN package</li></ul>	<ul style="list-style-type: none"><li>• Computing applications</li></ul>
Logic PMIC	<ul style="list-style-type: none"><li>• High current boost</li><li>• Integrated pass transistor</li><li>• LDO</li><li>• 3channel high current buck</li><li>• Negative Charge Pump</li><li>• 2channel buffer Op-Amp.</li><li>• Tiny Wafer Level CSP</li></ul>	<ul style="list-style-type: none"><li>• Notebooks</li><li>• Tablet PCs</li></ul>

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### Power Analog Solutions Business Line

#### *Power discrete products*

We develop, manufacture and market power management solutions for a wide range of end-market customers. The products include MOSFETs and IGBTs for a range of devices, including LCD, LED, and UHD televisions, digital signage, smartphones, mobile phones, wearable devices, desktop PCs, notebooks, tablet PCs, other consumer electronics, consumer appliances, automotive, and industrial applications such as power suppliers, e-bikes, photovoltaic inverters, LED lighting and motor drives.

- **MOSFETs.** Our MOSFETs include low-voltage from 12V to 30V, medium-voltage from 40V to 200V, high-voltage planar MOSFETs, 200V through 650V, and super junction MOSFETs, 250V through 900V.

MOSFETs are used in applications to switch, shape or transfer electricity under varying power requirements. The key application segments are smartphones, mobile phones, wearable devices, LCD, LED, and UHD televisions, desktop PCs, notebooks, tablet PCs, servers, lighting and power supplies for consumer electronics automotive (electric vehicles) and industrial equipment. MOSFETs allow electronics manufacturers to achieve specific design goals of high efficiency and low standby power consumption. For example, computing solutions focus on delivering efficient controllers and MOSFETs for power management in VCORE, DDR and chipsets for audio, video and graphics processing systems.

- **IGBTs.** Our IGBTs include 650V to 1200V field stop trench IGBTs. IGBTs are used in automotive and high power industrial applications, such as UPSs, power supplies, motor drives, solar inverters, welding machines and consumer appliances.

Our power management solutions enable customers to increase system stability and improve heat dissipation and energy use, resulting in cost savings for our customers and consumers, as well as environmental benefits. Our in-house process technology capabilities and eight-inch wafer production lines increase efficiency and contribute to the competitiveness of our products.

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The following table summarizes the features of our products, including those in mass production and those undergoing customer qualification, which is the final stage of product development:

<b>Product</b>	<b>Key Features</b>	<b>Applications</b>
Low Voltage MOSFET	<ul style="list-style-type: none"><li>• Voltage options of 12V-30V</li><li>• Advanced Trench MOSFET Process</li><li>• High cell density</li><li>• Advanced packages to enable reduction of PCB mounting area</li></ul>	<ul style="list-style-type: none"><li>• Smartphones, mobile phones, and wearable devices</li><li>• Tablet PCs, Notebooks</li><li>• Desktop PCs, Servers</li><li>• LCD/LED TVs</li><li>• Industrial applications</li><li>• Automotive</li></ul>
Medium Voltage MOSFET	<ul style="list-style-type: none"><li>• Voltage options of 40V-200V</li><li>• Advanced Trench MOSFET Process</li><li>• High cell density</li><li>• High system efficiency</li><li>• Advanced packages to enable reduction of PCB mounting area</li></ul>	<ul style="list-style-type: none"><li>• e-Bikes and Motor controls</li><li>• Battery Management Systems</li><li>• Power tools and Servers</li><li>• Energy Storage System</li><li>• Other computing applications (Tablet PCs, Notebooks, Desktops)</li><li>• Consumer applications (TV)</li><li>• Industrial applications</li><li>• Automotive</li></ul>
High Voltage MOSFET	<ul style="list-style-type: none"><li>• Voltage options of 200V-650V</li><li>• R2FET (rapid recovery) option to shorten reverse diode recovery time</li><li>• Zener diode option for MOSFET protection for abnormal input</li><li>• Advanced Planar MOSFET Process</li><li>• Advanced packages to enable reduction of PCB mounting area</li></ul>	<ul style="list-style-type: none"><li>• Adaptors for tablet PC/mobile phone/smartphone</li><li>• Power supplies</li><li>• Lighting (ballast, HID, LED)</li><li>• Industrial applications</li><li>• LCD/LED TVs</li><li>• Automotive</li></ul>
Super Junction MOSFET	<ul style="list-style-type: none"><li>• Voltage options of 250V-900V</li><li>• Low <math>R_{DS(ON)}</math></li><li>• Epi stack process</li><li>• Zener diode option for MOSFET protection for abnormal input</li><li>• Advanced SJ MOSFET process</li><li>• Advanced packages to enable reduction of PCB mounting area</li><li>• Low power loss by high speed switching</li></ul>	<ul style="list-style-type: none"><li>• LCD/LED/UHD TVs</li><li>• Lightings applications (ballast, HID, LED)</li><li>• Smartphones</li><li>• Power supplies</li><li>• Servers and Telecom powers</li><li>• Industrial applications</li><li>• EV charging station</li><li>• On board charger</li></ul>
IGBTs	<ul style="list-style-type: none"><li>• Voltage options of 650V/1200V</li><li>• Field Stop Trench IGBT</li><li>• Current options from 15A to 100A</li></ul>	<ul style="list-style-type: none"><li>• Automotive</li><li>• Solar inverters</li><li>• Industrial applications</li><li>• Consumer appliances</li></ul>

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## **Sales and Marketing**

We focus our sales and marketing strategy on continuing to grow and leverage our existing relationships with leading consumer electronics OEMs, while expanding into industrial and automotive end markets. We

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believe our close collaboration with customers allows us to align our product and technology development with our customers' existing and future needs. Because our customers often service multiple end markets, our product sales teams are organized by customers within the major geographies. We believe this facilitates the sale of products that address multiple end-market applications to each of our customers.

We sell our products through a direct sales force and a network of authorized agents and distributors. We have strategically located our sales and technical support offices near our customers. Our direct sales force consists primarily of representatives co-located with our design center in Korea, as well as our local sales and support offices and sales liaisons in Japan, Greater China, Taiwan and Europe. We have a network of agents and distributors in the U.S., Europe and the Asia Pacific region. For the years ended December 31, 2024 and 2023, we derived 32% and 34% of net sales from our standard products business through our direct sales force, respectively, and 68% and 66% of net sales from our standard products business through our network of authorized agents and distributors, respectively.

### **Customers**

We sell our products to consumer, computing, communication, automotive and industrial electronics OEMs, original design manufacturers and electronics manufacturing services companies, as well as subsystem designers. For the years ended December 31, 2024 and 2023, our ten largest customers accounted for 74.1% and 69.2% of net sales from our standard products business, respectively. Our arrangements with and reliance on key customers, particularly customers for our display products, may make it less practicable to pursue certain opportunities with other potential new and existing customers. For the year ended December 31, 2024, sales to SAMT represented 21.4% of net sales from our standard products business, and Samsung Display represented 14.7% of net sales from our standard products business. For the year ended December 31, 2023, sales to SAMT represented 16.7% of net sales from our standard products business, and Samsung Display represented 13.4% of net sales from our standard products business. For the year ended December 31, 2024, we recorded revenues of \$2.1 million from customers in the U.S. and \$219.0 million from all foreign countries, of which 43.7% was from Greater China and 39.3% was from Korea. For the year ended December 31, 2023, we recorded revenues of \$2.8 million from customers in the U.S. and \$192.9 million from all foreign countries, of which 41.4% was from Greater China and 34.6% was from Korea. All information pertaining to the geographic source of revenues is with respect to the geographic location to which our products are billed.

### **Intellectual Property**

As of December 31, 2024, our portfolio of intellectual property assets included approximately 836 registered patents and 166 pending applications. Approximately 304 and 46 of our registered patents and pending applications, respectively, are novel in that they are not a foreign counterpart of an existing registered patent or pending application. Because we file patents in multiple jurisdictions, we additionally have approximately 532 registered patents and 110 pending applications that relate to identical technical claims in our base patent portfolio. Our registered patents expire at various times approximately over the next 19 years. While these patents are, in the aggregate, important to our competitive position, we do not believe that any single registered patent or pending application is material to us.

See "Item 1A. Risk Factors—Risks Related to Our Business—Our ability to compete successfully and achieve future growth will depend, in part, on our ability to protect our intellectual property, proprietary technology and know-how, as well as our ability to operate without infringing the proprietary rights of others."

### **National Core Technology**

Under the Act on Prevention of Leakage and Protection of Industrial Technology of Korea (the "ITA"), any export (including various means of outflow such as sale or transfer outside Korea) of technology designated as "national core technology" ("National Core Technology" or "NCT") by the Korean Ministry of Trade, Industry

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and Energy (the “MOTIE”) requires the filing of a prior-report with, and the acceptance of the same by, the MOTIE. Any such export of NCT without the acceptance of the prior report with the MOTIE may be subject to corrective orders by the relevant authorities, and failure to comply with such corrective orders may potentially result in criminal liabilities.

The Notification Regarding Designation of National Core Technologies issued by the MOTIE was amended on July 14, 2021 to add certain technologies to the list of National Core Technology designated by the MOTIE, and the amended list includes the OLED Display Driver IC (“OLED DDI”) design technology for driving display panels. Since then, the Act on Special Measures for Strengthening and Protecting the Competitiveness of the National High-Tech Strategic Industry (the “Special Act”) was enacted and became effective on August 4, 2022, and more recently, on June 2, 2023, the MOTIE designated 17 technologies, including the OLED DDI design technology for driving display panels, as National High-Tech Strategic Technology (“NHST”) under the Special Act. Under the Special Act, any export of NHST requires prior approval from the MOTIE. Any such export of NHST without the approval of the MOTIE may be subject to corrective orders by the relevant authorities and may also be subject to criminal sanctions.

In the ordinary course of business, one of our Korean subsidiaries, Magnachip Mixed-Signal, Ltd., may provide certain information relating to its products, including OLED DDI, to customers, suppliers or vendors, and such disclosure of information may be subject to the NCT-related regulations under the ITA and NHST-related regulations under the Special Act, and therefore the MOTIE’s acceptance of prior-reports (under the ITA) and the MOTIE’s prior approval (under the Special Act). Since the amendment of the foregoing NCT list in July 2021, we have filed prior-reports and applications for prior approval with the MOTIE for the export of our OLED DDI product-related information to certain overseas vendors that manufacture our products, and all such reports and applications have thus far been accepted and approved by the MOTIE.

### **Competition**

We operate in highly competitive markets characterized by rapid technological change and continually advancing customer requirements. Although no one company competes with us in all of our product lines, we face significant competition in each of our market segments. Our competitors include other independent and captive manufacturers and designers of analog and mixed-signal integrated circuits, including display driver and power management semiconductor devices.

We compete based on design experience, manufacturing capabilities, the ability to satisfy customer needs from the design phase through the shipping of a completed product, length of design cycle and quality of technical support and sales personnel. Our ability to compete successfully will depend on internal and external variables, both within and outside of our control. These variables include the timeliness with which we can develop new products and technologies, product performance and quality, manufacturing yields, capacity availability, customer service, pricing, industry trends and general economic trends.

### **Human Capital**

Our worldwide workforce consisted of 881 employees (full- and part-time) as of December 31, 2024, of which 206 were involved in sales, marketing, general and administrative, 220 in research and development (including 87 with advanced degrees), 40 in quality, reliability and assurance, and 415 in manufacturing (comprised of 39 in engineering and 376 in operations, maintenance and others). Our employees leverage their extensive expertise in engineering, design and process to accelerate the advancement of technology and be leaders in our industry. We pride our company on being a great workplace where employees from diverse backgrounds can reach their full potential.

### **Labor Unions**

As disclosed in previous reports, we have a labor union at our Korean subsidiary, Magnachip Semiconductor, Ltd., (the “First Union”). On September 16, 2021, the formation of a second labor union at our

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Korean subsidiary, Magnachip Semiconductor, Ltd., (the “Second Union”) was approved by local authorities (the First Union and the Second Union are collectively referred to as the “Magnachip Semiconductor Labor Unions”). Both the First Union and the Second Union are members of a supervisory association named “Federation of Korean Trade Unions.” The First Union represents member employees who are factory workers and the Second Union represents member employees who are office workers, in both cases at our Korean subsidiary.

As of December 31, 2024, of the 833 employees at our Korean subsidiaries, 380 employees at Magnachip Semiconductor, Ltd. were represented by the First Union, and 73 employees at Magnachip Semiconductor, Ltd. were represented by the Second Union. Approximately 54% of our employees at our Korean subsidiaries were represented by the Magnachip Semiconductor Labor Unions.

See “Item 1A. Risk Factors—Risks Related to Our Business—If we encounter future labor problems, we may fail to deliver our products and services in a timely manner, which would adversely affect our revenues and profitability.”

### ***Values and Culture***

Our core values represent a commitment to building an environment of trust with our employees, customers, investors and the communities in which we operate. Through our values and culture, we strive to shape a better future not only for ourselves and our customers, but for humanity as a whole. At Magnachip, we strive to foster effective collaboration by respecting different perspectives, giving and receiving constructive feedback, and supporting one another.

### ***Inclusion and Diversity***

We support all employees, regardless of gender, gender identity or expression, age, veteran status, race, ethnicity, national origin, religion or disability. We place great importance on inclusion and diversity within the workplace, and believe that an inclusive and diverse culture creates a happier, more relaxed work environment.

### ***Labor and Ethics***

Magnachip strives to provide and maintain a working environment where management and employees are happy and treated with dignity and respect. Magnachip adheres to human rights and labor standards of international labor organizations, such as the United Nations and the International Labor Organization. Magnachip prohibits all forms of discrimination based on gender, race, nationality, religion and age to ensure all employees work in a safe and fair environment.

### ***Empowering Great Talent***

We offer a variety of offline training programs, including courses in the areas of design, engineering and technology, as well as courses at different job levels and leadership education. We also offer a number of online training programs, including in the areas of management/leadership and business skills such as presentation, negotiation, reporting, Information Technology and foreign language, which allow employees to improve their capabilities without time and space constraints. Every year, a majority of our employees are required to complete certain educational programs in the areas of information security, industrial safety and health, and sexual harassment prevention.

We believe the foundation of Magnachip is our research and development (“R&D”) talent. To ensure R&D technical professionals continue to advance their skills and knowledge, we have technology committees that attend regular seminars and conduct periodic research. We have a reward program for exemplary research.

We also offer a Vision Seminar, which is led by our CEO and is designed to share our company’s vision, strategy and the management’s key messages to employees. Additionally, the CEO and management regularly communicate with employees through CEO letters and town hall meetings.

### ***Compensation and Benefits***

We strive to reward employees with competitive compensation based on contribution and performance. We periodically evaluate market practices for compensation and benefits, including with respect to job function, role and responsibility, job level and region, and regularly review whether our compensation levels and distribution methods are fair and equitable. Additionally, we have long- and mid-term retention programs to attract and retain high-performing key talent.

We offer various employee benefits under the company philosophy that ensuring employees enjoy a happier life with their families is as critical as promoting their own health and well-being. All employees and their family members have access to annual medical checkup programs. Employees also have access to other benefits such as personal pensions, housing assistance, medical reimbursement plans and educational assistance programs.

### ***Safety and Wellness***

We appreciate the fact that our employees constitute one of the most critical assets of Magnachip, and therefore, their safety and wellness are key factors to our success. We have a dedicated Environmental Health & Safety (“EHS”) team that establishes and reviews internal EHS regulations based on international agreements as well as local laws and regulations. Our EHS team is also responsible for identifying, evaluating and improving EHS issues within the overall manufacturing process to ensure a safe and comfortable work environment. Magnachip has implemented and maintains an Occupational Health and Safety Management System as well as an Environmental Management System. Our sites are certified to the internationally recognized ISO 45001 and ISO 14001 standards.

In January 2021, the Korean legislature enacted the Serious Accident Punishment Act (“SAPA”), which imposes criminal liability on individuals and entities responsible for “serious accidents,” including industrial accidents that cause death, serious injury or occupational illness. SAPA essentially requires enterprises to establish relevant standards and measures to ensure a certain level of operational safety, including the health and safety of all employees. SAPA went into effect in January 2022, and in connection therewith, we appointed Mr. Seunghoon Lee as the Chief Safety Officer of Magnachip Semiconductor, Ltd. (“MSK”), who then formed a dedicated team to evaluate, improve and monitor the policies, practices, standards and systems relating to health and safety to ensure compliance with SAPA. Mr. Lee, who has over 35 years of manufacturing and industrial EHS experience at Magnachip, concurrently serves as the Chief of Manufacturing of MSK.

### ***Environmental***

We are subject to a variety of environmental, health and safety laws and regulations in each of the jurisdictions in which we operate, governing, among other things, air emissions, wastewater discharges, the generation, use, handling, storage and disposal of, and exposure to, hazardous substances (including asbestos) and waste, soil and groundwater contamination and employee health and safety. These laws and regulations are complex, change frequently and have tended to become more stringent over time. Since 2015, our Korean subsidiaries have been subject to a new set of greenhouse gas emissions regulation, the Korean Emissions Trading Scheme, or K-ETS, under the Act on Allocation and Trading of Greenhouse Gas Emission Allowances. Under K-ETS, our Korean subsidiaries were allocated a certain amount of emissions allowance in accordance with the National Allocation Plan prepared by the Korean government and is required to meet its allocated target by either reducing the emission or purchasing the allowances from other participants in the emission trading market.

Another example is the regulations on chemicals under Chemicals Control Act and K-REACH, which came into effect on January 1, 2015. Under these laws, our Korean subsidiaries are required to comply with various requirements to report, evaluate, manage and ensure the safe usage of the chemicals used in its facilities. There can be no assurance that we have been or will be in compliance with all of these laws and regulations, or that we

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will not incur material costs or liabilities in connection with these laws and regulations in the future. The adoption of new environmental, health and safety laws and the failure to comply with new or existing laws or issues relating to hazardous substances could subject us to material liability (including substantial fines or penalties), impose the need for additional capital equipment or other process requirements upon us, curtail our operations or restrict our ability to expand operations.

### **Raw Materials**

We use processes that require specialized raw materials that are generally available from a limited number of suppliers. We continue to attempt to qualify additional suppliers for our raw materials. The Securities and Exchange Commission (the “SEC”), as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, has adopted disclosure regulations for public companies that manufacture products containing certain minerals that are mined from the Democratic Republic of Congo and adjoining countries. These “conflict minerals” are commonly found in metals used in the manufacture of semiconductors. The implementation of these requirements could adversely affect the sourcing, availability and pricing of metals used in the manufacture of our products. See “Item 1A. Risk Factors—Risks Related to Our Business—Compliance with regulations regarding the use of “conflict minerals” could limit the supply and increase the cost of certain raw materials used in manufacturing our products.”

### **Available Information**

Our principal executive office is located at: c/o Magnachip Semiconductor, Ltd., 15F, 76, Jikji-daero 436beon-gil, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do, 28581, Republic of Korea, and our email address is [investors@magnachip.com](mailto:investors@magnachip.com). Our website address is [www.magnachip.com](http://www.magnachip.com). Our annual, quarterly and current reports on Forms 10-K, 10-Q or 8-K, respectively, and all amendments thereto filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, can be accessed, free of charge, at our website as soon as practicable after such reports are filed with the SEC. In addition, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Compensation Recovery Policy, Audit Committee Charter, Compensation Committee Charter, Nominating and Governance Committee Charter and Risk Committee Charter are available on our website. Information contained on our website does not constitute, and shall not be deemed to constitute, part of this Report and shall not be deemed to be incorporated by reference into this Report. In addition, the SEC maintains an internet site, [www.sec.gov](http://www.sec.gov), from which you can access our annual, quarterly and current reports on Form 10-K, 10-Q and 8-K, respectively, and all amendments to these materials after such reports and amendments are filed with the SEC. You may also request a copy of these filings, at no cost, by writing or telephoning us at the following address or phone number: c/o Magnachip Semiconductor, Ltd., 15F, 76 Jikji-daero 436beon-gil, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do, 28581, Republic of Korea; Attention: Investor Relations; email address: [investors@magnachip.com](mailto:investors@magnachip.com).

### **Information About Our Executive Officers**

The following table sets forth certain information regarding our current executive officers:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Young-Joon (YJ) Kim	60	Director and Chief Executive Officer
Shin Young Park	44	Chief Financial Officer
Theodore Kim	55	Chief Compliance Officer, General Counsel and Secretary
Seunghoon Lee	66	Acting Co-General Manager of Power Analog Solutions
Jinseok Yang	50	Acting Co-General Manager of Mixed-Signal Solutions

***Young-Joon (YJ) Kim, Director on the Board of Directors, Member of the Risk Committee and Chief Executive Officer.*** Mr. YJ Kim became our Chief Executive Officer in May 2015 and has also served as a director on our Board since that time. In February 2023, Mr. Kim held the additional role of Acting Co-General

Manager of our Power business to capitalize on the attractive growth opportunities in the Power sector. In February 2020 to February 2023, Mr. Kim assumed the additional role of General Manager of the Display business to capitalize on the attractive growth opportunities in OLED display and other relevant emerging markets. He also served as the acting General Manager of Foundry Services Group from January 2019 until the completion of the sale of the Foundry Services Group and the factory in Cheongju (“Fab 4”) on September 1, 2020. Mr. Kim joined our company in May 2013 and served as our Executive Vice President and General Manager, Display Solutions Division. He was promoted to Interim Chief Executive Officer in May 2014. Prior to joining our company, Mr. Kim held a variety of senior management roles at several global semiconductor firms. His past roles include marketing, engineering, product development and strategic planning, and his product expertise includes microprocessors, network processors, multi-core processors, FLASH, EPROM, analog, mixed-signal, sensors, 3G/4G/5G base stations, workstations and servers. Immediately before joining our company, Mr. Kim served as Vice President, Infrastructure Processor Division, and General Manager of the OCTEON Multi-Core Processor Group of Cavium, Inc., where he worked from 2006 to 2013. Prior to Cavium, Mr. Kim served as Core Team Lead and General Manager of the Tolapai Program at Intel Corporation from 2004 to 2006. In 1998, Mr. Kim co-founded API Networks, a joint venture between Samsung and Compaq, where he served as the head of product management, worldwide sales and business development for Alpha processors. Prior to API Networks, Mr. Kim served as Director of Marketing at Samsung Semiconductor, Inc. from 1996 to 1998. Mr. Kim began his career as a product engineer at Intel Corporation in 1988. Mr. Kim holds B.S. and M. Eng. degrees in Electrical Engineering from Cornell University. Our Board has concluded that Mr. YJ Kim is a valuable member of the Board based on his understanding of our company’s products and technology as our Chief Executive Officer and his deep knowledge of the semiconductor industry.

***Shin Young Park, Chief Financial Officer.*** Ms. Shin Young Park became our Chief Financial Officer in January 2022 and became our Chief Accounting Officer in March 2020. Ms. Park previously served as the Company’s Corporate Controller from November 2018 to February 2020. Prior to that, she served as the SEC Reporting and Accounting Director from April 2015 to October 2018. Before joining the Company in April 2014, from 2005 to March 2014, Ms. Park served in various senior advisory and audit service positions at Deloitte, a public accounting firm. From 2005 to 2009, she worked at Deloitte & Touche in Chicago, Illinois; from 2009 to 2011 and then from 2013 to March 2014, she worked at Deloitte Anjin in Seoul, South Korea; and from 2011 to 2013, she worked at Deloitte in London, U.K. Ms. Park holds a B.A. degree in business administration from Sogang University, Seoul, Korea, and a Master’s degree in hospitality industry studies from New York University.

***Theodore Kim, Chief Compliance Officer, General Counsel and Secretary.*** Mr. Theodore (“Ted”) Kim became our Chief Compliance Officer in May 2015 and became our General Counsel and Secretary in November 2013. Mr. Kim previously served as our Senior Vice President from November 2013 to May 2015. Prior to joining Magnachip, Mr. Kim served as Head Lawyer, Global Business Development at Samsung Fire & Marine Insurance from October 2012 to October 2013. Mr. Kim was employed by Gibson Dunn, a law firm, from October 2005 to July 2012, serving most recently as Of Counsel. Prior to that, he served as Foreign Legal Consultant at Kim & Chang, a law firm in Korea, from 2001 to 2005, and prior to that, he worked as an associate attorney at Morrison & Foerster, a law firm, from 1997 to 2001. Mr. Kim holds a B.A. degree in Economics and a B.S. degree in Mechanical Engineering from University of California, Irvine, and a J.D. degree from University of California, Los Angeles, School of Law.

***Seung Hoon Lee, Acting Co-General Manager of Power Analog Solutions, Chief of Manufacturing & Operations, and Chief Safety Officer.*** Mr. Seung Hoon Lee was named Acting Co-General Manager of Power Analog Solutions in May 2024. He has been serving as our Chief of Manufacturing and Operations, Chief Safety Officer and Acting Head of Labor Relations since 2020. Prior to that, Mr. Lee served as Chief of Manufacturing for the factories in Cheongju and Gumi, Korea from 2015 to 2020. He was Chief of Manufacturing for the Gumi factory from 2012 to 2015 and for the Cheongju factory from 2007 to 2012. Mr. Lee holds a B.S. degree in Electronic Engineering from Chosun University.

**Jinseok Yang, Acting Co-General Manager and Assistant General Manager of Mixed-Signal Solutions.** Mr. Jinseok Yang became our Acting Co-General Manager of Mixed-Signal Solutions in August 2024 and became our Assistant General Manager of Display Solutions in February 2020. Prior to that, Mr. Yang served as Head of Display Design from 2015 to 2020. Prior to that, Mr. Yang served as Head of Mobile Display Driver IC from 2012 to 2015. Mr. Yang holds a B.S. degree in Electronic Engineering from Sungkyunkwan University, and a Master's degree in Electronic Engineering from Pohang University of Science and Technology.

#### **Item 1A. Risk Factors**

*You should carefully consider the risk factors set forth below as well as the other information contained in this Report. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. As a result, the price of our common stock could decline and you could lose all or part of your investment in our common stock. Additional risks and uncertainties not currently known to us or those currently viewed by us to be immaterial may also materially and adversely affect our business, financial condition or results of operations.*

#### **Risk Factors Summary**

The following is a summary of the risk factors included herein.

- *We manufacture our products based on our estimates of customer demand, and if our estimates are incorrect, our financial results could be negatively impacted.*
- *A significant portion of our sales comes from a relatively limited number of customers, the loss of which could adversely affect our financial results.*
- *The average selling prices of our semiconductor products have at times declined rapidly and will likely do so in the future, which could harm our revenue and gross profit.*
- *We may fail to realize all of the anticipated benefits of our operational initiatives, including the strategic options for exiting our Display business, or those benefits may take longer to realize or be more expensive than expected.*
- *We are subject to risks associated with currency fluctuations, and changes in the exchange rates of applicable currencies could impact our results of operations.*
- *Global shortages in manufacturing capacities could interrupt or negatively affect our operations, increase cost to manufacture and negatively impact our results of operations.*
- *Expanded trade restrictions may limit our ability to sell to certain customers.*
- *Recent changes in international trade policy and the imposition and threats of international tariffs, including tariffs applied to goods traded between the United States and other countries/regions, could materially and adversely affect our business and results of operations.*
- *Our Korean subsidiaries have been designated as a regulated business under Korean environmental law, and such designation could have an adverse effect on our financial position and results of operations.*
- *Our compliance with the Serious Accidents Punishment Act (the "SAPA") could require significant expenditures and management time and expose us to liability for violations.*
- *Our business depends on international customers, suppliers and operations in Asia, and as a result we are subject to regulatory, operational, financial and political risks, which could adversely affect our financial results.*
- *We cannot guarantee that our share repurchase program will be successfully consummated, or that it will enhance shareholder value, and share repurchases could affect the price of our common stock.*

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- *Provisions in our charter documents and Delaware Law may make it difficult for a third party to acquire us and could depress the price of our common stock.*
- *We have not historically paid dividends and do not currently have any dividend or distribution policy, and therefore, investors may need to rely on sales of their common stock as the only way to realize any future gains on their investments.*
- *Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our obligations under our debt instruments when they come due.*

### **Risks Related to Our Business**

*We operate in the highly cyclical semiconductor industry, which is subject to significant downturns that may negatively impact our results of operations.*

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change and price erosion, evolving technical standards, short product life cycles (for semiconductors and for the end-user products in which they are used) and wide fluctuations in product supply and demand. From time to time, these and other factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry in general and in our business in particular. Periods of industry downturns have been characterized by diminished demand for end-user products, high inventory levels, underutilization of manufacturing capacity, changes in revenue mix and accelerated erosion of average selling prices. We have experienced these conditions in our business in the past and may experience renewed, and possibly more severe and prolonged, downturns in the future as a result of such cyclical changes. This may reduce our results of operations. Current global macroeconomic conditions, including higher inflation and interest rates and uncertainty caused by the Russian-Ukraine war, Israel-Hamas war, sustained military action and conflict in the Red Sea, and trade tensions between the U.S., China and other countries have led to weaker end-market demand and unstable supply chain. We continue to monitor these trends and uncertainties, and any decline in end-market demand and increase in inventory levels could negatively impact our financial condition and results of operations.

We base our planned operating expenses in part on our expectations of future revenue, and a significant portion of our expenses is relatively fixed in the short term. If revenue for a particular quarter is lower than we expect, we likely will be unable to proportionately reduce our operating expenses for that quarter, which would harm our operating results for that quarter.

*Our restructuring activities and dispositions of assets and businesses could result in lost business and other costs that could have a material adverse effect on our results of operations.*

From time to time, we may choose to sell assets, restructure business operations, shut down manufacturing lines or otherwise dispose of assets and businesses as part of management's strategies to better align our product offerings with market demands and our customers' needs. In connection with these activities, we face risks that we will disrupt service to our customers, lose business and incur significant costs related to such activities. These risks include potential damage to our reputation and customer relationships if we are unable to effectively transition such customer relationships to other production lines or products or if we cannot effectively manage our supplier and vendor relationships during such activities. In addition, we may also face claims or costs associated with transitioning or eliminating certain employee positions and modifying or terminating vendor relationships in connection with those exit activities.

*We may fail to realize all of the anticipated benefits of our operational initiatives, including the strategic options for exiting our Display business, or those benefits may take longer to realize or be more expensive than expected.*

On March 12, 2025, we announced that we are executing a strategy to transform Magnachip into a pure-play Power company. There can be no assurance that the exploration of strategic options for its Display business,

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which is to be classified as discontinued operations when the Company reports first fiscal quarter 2025 results of operations, will result in a transaction on terms acceptable to us or other outcome that achieves our objectives. Even if a transaction or series of transactions or corporate actions were completed to exit the Display business, there can be no assurance as to the timing of completing these activities. Moreover, we may not realize any or all of the anticipated benefits from our pursuit of strategic options for our Display business, or the anticipated benefits from transitioning to a pure-play Power company, and such actions could in fact adversely affect our business. Our ability to realize the anticipated benefits of our strategy will depend, to a large extent, on our ability to continue to focus on Power discrete and Power IC products and to achieve expected growth in the absence of the Display businesses. Some of the anticipated benefits may not occur for a significant period of time. In addition, we may retain certain liabilities or obligations related to our Display business or incur certain costs in connection with executing on these strategic options, some of which may be material. The focus on becoming a pure-play Power company and the related strategic options for our Display business may not enhance long-term stockholder value as anticipated. Further, our strategic actions could result in near term restructuring charges and a material impairment of our goodwill and/or intangible assets, among other things.

Many of these factors will be outside of our control and any one of them could result in increased costs, including restructuring charges, decreases in the amount of expected revenues and diversion of management's time and energy, which could adversely affect our business, financial condition and results of operations. In addition, the process of such strategic actions, including divesting or otherwise disposing of assets and businesses, carries an inherent risk of market fluctuations and economic uncertainties that could undermine the value we expect to realize from these strategies.

***If we fail to develop new products and technologies or enhance our existing products in order to react to rapid technological change and market demands, our business will suffer.***

Our industry is subject to constant and rapid technological change and product obsolescence as customers and competitors create new and innovative products and technologies. Products or technologies developed by other companies may render our products or technologies obsolete or noncompetitive, and we may not be able to access advanced process technologies, including smaller geometries, or to license or otherwise obtain essential intellectual property required by our customers.

We must develop new products and enhance our existing products to meet rapidly evolving customer requirements. We design products for customers that continually require higher performance and functionality at lower costs. We must, therefore, continue to enhance the performance and functionality of our products. The development process for these advancements is lengthy and requires us to accurately anticipate technological changes and market trends. Developing and enhancing these products is uncertain and can be time-consuming, costly and complex.

Customer and market requirements can change during the development of a product. There is a risk that these developments and enhancements will be late, fail to meet customer or market specifications or not be competitive with products from our competitors that offer comparable or superior performance and functionality. Any new products, such as our expanding line of power management solutions, or product enhancements, may not be accepted in new or existing markets. Our business will suffer if we fail to develop and introduce new products or product enhancements on a timely and cost-effective basis.

***We manufacture our products based on our estimates of customer demand, and if our estimates are incorrect, our financial results could be negatively impacted.***

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of customer demand and expected demand for and success of their products. The short-term nature of commitments by many of our customers and the possibility of rapid changes in demand for their

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products reduces our ability to estimate accurately future customer demand for our products. On occasion, customers may require rapid increases in supply, which can challenge our production resources and reduce margins. We may not have sufficient capacity at any given time to meet our customers' increased demand for our products. Conversely, downturns in the semiconductor industry have caused and may in the future cause our customers to reduce significantly the amount of products they order from us. Because many of our costs and operating expenses are relatively fixed, a reduction in customer demand would decrease our results of operations, including our gross profit.

### ***Our customers may cancel their orders, reduce quantities or delay production, which would adversely affect our margins and results of operations.***

We generally do not obtain firm, long-term purchase commitments from our customers. Customers may cancel their orders, reduce quantities or delay production for a number of reasons. Cancellations, reductions or delays by a significant customer or by a group of customers, which we have experienced as a result of periodic downturns in the semiconductor industry, or failure to achieve design-wins, have affected and may continue to affect our results of operations adversely. These risks are exacerbated because many of our products are customized, which hampers our ability to sell excess inventory to the general market. We may incur charges resulting from the write-off of obsolete inventory. In addition, while we do not obtain long-term purchase commitments, we generally agree to the pricing of a particular product over a set period of time. If we underestimate our costs when determining pricing, our margins and results of operations would be adversely affected.

### ***Our fab manufacturing depends on high utilization of our manufacturing capacity, a reduction of which could have a material adverse effect on our business, financial condition and the results of our operations.***

An important factor in our success is the extent to which we are able to utilize the available capacity in our fabrication facility. As many of our costs are fixed, a reduction in capacity utilization, as well as changes in other factors, such as reduced yield or unfavorable product mix, could reduce our profit margins and adversely affect our operating results. A number of factors and circumstances may reduce utilization rates, including periods of industry overcapacity, the inability to source sufficient materials necessary for manufacturing, low levels of customer orders, operating inefficiencies, strategic evaluations and decisions by our Board related our overall business, divisions and business lines, mechanical failures and disruption of operations due to expansion or relocation of operations, power interruptions and fire, flood or other natural disasters or calamities. The potential delays and costs resulting from these factors and circumstances could have a material adverse effect on our business, financial condition and results of operations.

### ***A significant portion of our sales comes from a relatively limited number of customers, the loss of which could adversely affect our financial results.***

Historically, we have relied on a limited number of customers for a substantial portion of our total revenue. If we were to lose key customers or if customers cease to place orders for our high-volume products, particularly our display products, our financial results could be adversely affected. In addition, our arrangements with and reliance on key customers may make it less practicable to pursue certain opportunities with other potential new and existing customers. For the years ended December 31, 2024 and 2023, our ten largest customers accounted for 74.1% and 69.2% of net sales from our standard products business, respectively. For the year ended December 31, 2024, sales to SAMT represented 21.4% of net sales from our standard products business, and Samsung Display represented 14.7% of net sales from our standard products business. For the year ended December 31, 2023, sales to SAMT represented 16.7% of net sales from our standard products business, and Samsung Display represented 13.4% of net sales from our standard products business. Significant reductions in sales to any of these customers, especially our few largest customers, the loss of other major customers or a general curtailment in orders for our high-volume products within a short period of time could adversely affect our business.

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***The average selling prices of our semiconductor products have at times declined rapidly and will likely do so in the future, which could harm our revenue and gross profit.***

The semiconductor products we develop and sell are subject to rapid declines in average selling prices. From time to time, we have had to reduce our prices significantly to meet customer requirements, and we may be required to reduce our prices in the future. This would cause our gross profit to decrease. Our financial results will suffer if we are unable to offset any reductions in our average selling prices by increasing our sales volumes, reducing our costs or developing new or enhanced products on a timely basis with higher selling prices or gross profit.

***Our industry is highly competitive, and our ability to compete could be negatively impacted by a variety of factors.***

The semiconductor industry is highly competitive and includes hundreds of companies, a number of which have achieved substantial market share within both our product categories and end markets. Current and prospective customers for our products and services evaluate our capabilities against the merits of our competitors. Some of our competitors are well established as independent companies and have substantially greater market share and manufacturing, financial, research and development and marketing resources than we do. We also compete with emerging companies that are attempting to sell their products in certain of our end markets and with the internal semiconductor design and manufacturing capabilities of many of our significant customers. We expect to experience continuing competitive pressures in our markets from existing competitors and new entrants.

Any consolidation among our competitors could enhance their product offerings and financial resources, further enhancing their competitive position. Our ability to compete will depend on a number of factors, including the following:

- our ability to offer cost-effective and high quality products and services on a timely basis using our technologies;
- our ability to accurately identify and respond to emerging technological trends and demand for product features and performance characteristics;
- our ability to continue to rapidly introduce new products that are accepted by the market;
- our ability to adopt or adapt to emerging industry standards;
- the number and nature of our competitors and competitiveness of their products and services in a given market;
- entrance of new competitors into our markets;
- our ability to enter the highly competitive power management market; and
- our ability to supply power products to our customers reliably through our own fabrication facility.

Many of these factors are outside of our control. In the future, our competitors may replace us as a supplier to our existing or potential customers, and our customers may satisfy more of their requirements internally. As a result, we may experience declining revenues and results of operations.

***Changes in demand for consumer electronics in our end markets can impact our results of operations.***

Demand for our products will depend in part on the demand for various consumer electronics products, in particular, mobile phones and multimedia devices, digital televisions, flat panel displays, mobile PCs and digital cameras, which in turn depends on general economic conditions and other factors beyond our control. If our customers fail to introduce new products that employ our products or component parts, demand for our products

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will suffer. To the extent that we cannot offset periods of reduced demand that may occur in these markets through greater penetration of these markets or reduction in our production and costs, our sales and gross profit may decline, which would negatively impact our business, financial condition and results of operations.

***If we fail to achieve design-wins for our semiconductor products, we may lose the opportunity for sales to customers for a significant period of time and be unable to recoup our investments in our products.***

We expend considerable resources on winning competitive selection processes, known as design-wins, to develop semiconductor products for use in our customers' products. These selection processes are typically lengthy and can require us to incur significant design and development expenditures. We may not win the competitive selection process and may never generate any revenue despite incurring significant design and development expenditures. Once a customer designs a semiconductor into a product, that customer is likely to continue to use the same semiconductor or enhanced versions of that semiconductor from the same supplier across a number of similar and successor products for a lengthy period of time due to the significant costs associated with qualifying a new supplier and potentially redesigning the product to incorporate a different semiconductor. If we fail to achieve initial design-wins in a customer's qualification process, we may lose the opportunity for significant sales to that customer for a number of products and for a lengthy period of time. This may cause us to be unable to recoup our investments in our semiconductor products, which would harm our business.

***We have lengthy and expensive design-to-mass production and manufacturing process development cycles that may cause us to incur significant expenses without realizing meaningful sales, the occurrence of which would harm our business.***

The cycle time from the design stage to mass production for some of our products is long and requires the investment of significant resources with many potential customers without any guarantee of sales. Our design-to-mass production cycle typically begins with a three-to-twelve month semiconductor development stage and test period followed by a three-to-twelve month end-product qualification period by our customers. The fairly lengthy front end of our sales cycle creates a risk that we may incur significant expenses but may be unable to realize meaningful sales. Moreover, prior to mass production, customers may decide to cancel their products or change production specifications, resulting in sudden changes in our product specifications, increasing our production time and costs. Failure to meet such specifications may also delay the launch of our products or result in lost sales.

***Research and development investments may not yield profitable and commercially viable products, and thus will not necessarily result in increases in revenues for us.***

We invest significant resources in our research and development. Our research and development efforts, however, may not yield profitable or commercially viable products. During each stage of research and development, there is a substantial risk that we will have to abandon a potential product that is no longer marketable and in which we have invested significant resources. In the event we are able to develop viable new products, a significant amount of time will have elapsed between our investment in the necessary research and development effort and the receipt of any related revenues.

***We face numerous challenges relating to executing our growth strategy, and if we are unable to execute our growth strategy effectively, our business and financial results could be materially and adversely affected.***

Our growth strategy is to leverage our advanced analog and mixed-signal technology platform, continue to innovate and deliver new products, increase business with existing customers, broaden our customer base, aggressively grow our power business, and drive execution excellence. If we are unable to execute our growth strategy effectively, we may not be able to take advantage of market opportunities, execute our business plan or respond to competitive pressures. Moreover, if our allocation of resources does not correspond with future

demand for particular products, we could miss market opportunities and our business and financial results could be materially and adversely affected.

***We are subject to risks associated with currency fluctuations, and changes in the exchange rates of applicable currencies could impact our results of operations.***

Historically, a portion of our revenues and greater than the majority of our operating expenses and costs of sales have been denominated in non-U.S. currencies, principally the Korean won, and we expect that this will remain true in the future. Because we report our results of operations in U.S. dollars, changes in the exchange rate between the Korean won and the U.S. dollar could materially impact our reported results of operations and distort period to period comparisons. In particular, because of the difference in the amount of our consolidated revenues and expenses that are in U.S. dollars relative to Korean won, a depreciation in the U.S. dollar relative to the Korean won could result in a material increase in reported costs relative to revenues, and therefore could cause our profit margins and operating income to appear to decline materially, particularly relative to prior periods. The converse is true if the U.S. dollar were to appreciate relative to the Korean won. For example, foreign currency fluctuations had a favorable impact on our reported profit margins and operating income from operations for the fiscal year ended December 31, 2024 and 2023 due to a relatively weaker Korean won during the periods. Moreover, our foreign currency gain or loss would be affected by changes in the exchange rate between the Korean won and the U.S. dollar as a substantial portion of non-cash translation gain or loss is associated with the intercompany long-term loans to one of our Korean subsidiaries, Magnachip Semiconductor, Ltd., or MSK, which is denominated in U.S. dollars. As of December 31, 2024, the outstanding intercompany loan balance including accrued interests between MSK and our Dutch subsidiary was \$257.7 million. Our Dutch subsidiary uses the U.S. dollar as their functional currency. As a result of foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

From time to time, we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. Our Korean subsidiary, Magnachip Semiconductor Ltd., enters into foreign currency zero cost collar contracts in order to mitigate a portion of the impact of U.S. dollar-Korean won exchange rate fluctuations on our operating results. These foreign currency zero cost collar contracts typically require us to sell specified notional amounts in U.S. dollars and provide us the option to sell specified notional amounts in U.S. dollars during successive months to our counterparty in exchange for Korean won at specified exchange rates. Obligations under these foreign currency zero cost collar contracts must be cash collateralized if our exposure exceeds certain specified thresholds. These zero cost collar contracts may be terminated by the counterparty in a number of circumstances, including if our total cash and cash equivalents is less than \$30 million at the end of a fiscal quarter. We cannot assure that any hedging technique we implement will be effective. If our hedging activities are not effective, changes in currency exchange rates may have a more significant impact on our results of operations. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting our Results of Operations” for further details.

***The loss of our key employees would materially adversely affect our business, and we may not be able to attract or retain the technical or management employees necessary to compete in our industry.***

Our key executives have substantial experience and have made significant contributions to our business, and our continued success is dependent upon the retention of our key management executives. The loss of such key personnel would have a material adverse effect on our business. In addition, our future success depends on our ability to attract and retain skilled technical and managerial personnel. We do not know whether we will be able to retain all of these employees as we continue to pursue our business strategy. The loss of the services of key employees, especially our key design and technical personnel, or our inability to retain, attract and motivate qualified design and technical personnel, could have a material adverse effect on our business, financial

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condition and results of operations. This could hinder our research and product development programs or otherwise have a material adverse effect on our business.

***If we encounter future labor problems, we may fail to deliver our products and services in a timely manner, which would adversely affect our revenues and profitability.***

As of December 31, 2024, 453 employees, or approximately 54% of our employees, were represented by the Magnachip Semiconductor Labor Unions. We can offer no assurance that any issues with the labor union and other employees will be resolved favorably for us in the future, that we will not experience work stoppages or other labor problems in future years or that we will not incur significant expenses related to such issues.

***We may incur costs to engage in future business combinations or strategic investments, and we may not realize the anticipated benefits of those transactions.***

As part of our business strategy, we may seek to enter into business combinations, investments, joint ventures and other strategic alliances with other companies in order to maintain and grow revenue and market presence as well as to provide us with access to technology, products and services. Any such transaction would be accompanied by risks that may harm our business, such as difficulties in assimilating the operations, personnel and products of an acquired business or in realizing the projected benefits, disruption of our ongoing business, potential increases in our indebtedness and contingent liabilities and charges if the acquired company or assets are later determined to be worth less than the amount paid for them in an earlier original acquisition. In addition, our indebtedness may restrict us from making acquisitions that we may otherwise wish to pursue.

***The failure to achieve acceptable manufacturing yields could adversely affect our business.***

The manufacturing of semiconductors involves highly complex processes that require precision, a highly regulated and sterile environment and specialized equipment. Defects or other difficulties in the manufacturing process can prevent us from achieving acceptable yields in the manufacturing of our products, which could lead to higher costs, a loss of customers or delay in market acceptance of our products. Slight impurities or defects in the photomasks used to print circuits on a wafer or other factors can cause significant difficulties, particularly in connection with the production of a new product, the adoption of a new manufacturing process or any expansion of our manufacturing capacity and related transitions. We may also experience manufacturing problems in achieving acceptable yields as a result of, among other things, transferring production to other facilities, upgrading or expanding existing facilities or changing our process technologies. Yields below our target levels can negatively impact our gross profit and may cause us to eliminate underperforming products.

***We rely on a number of independent subcontractors and the failure of any of these independent subcontractors to perform as required could adversely affect our operating results.***

A substantial portion of our net sales are derived from semiconductor devices assembled in packages or on film. The packaging and testing of semiconductors require technical skills and specialized equipment. For the portion of packaging and testing that we outsource, we use subcontractors located in Korea and China. We rely on these subcontractors to package and test our devices with acceptable quality and yield levels, and, while we specify quality standards, we are not able to directly oversee their day-to-day operations and the packaging and testing of our devices. Onboarding of a new subcontractor, including as a result of switching from one subcontractor to another, takes approximately three to six months to verify the subcontractor's capabilities and an additional six to twelve months to receive approval from our customers to use such subcontractor. We could be adversely affected by political disorders, labor disruptions, public health issues (including viral outbreaks such as COVID-19) and natural disasters where our subcontractors are located due to the time it would take to onboard a new subcontractor. If our semiconductor packagers and test service subcontractors experience problems in packaging and testing our semiconductor devices, experience prolonged quality or yield problems, experience shutdowns or delays associated with public health issues (such as those associated with COVID-19), or decrease the capacity of their operations available to us, our operating results could be adversely affected.

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***We cooperate with independent foundries to produce certain Mixed-Signal Solutions products, and the failure of such independent foundries to satisfy our demand could materially disrupt our business.***

We use independent foundry services for certain of our Mixed-Signal Solutions products. Silicon wafer production at these facilities is allocated solely by our vendors and beyond our direct control. Therefore, any disruption in wafer supply from these vendors could have a material impact on our revenue and results of operations.

***Global shortages in manufacturing capacities could interrupt or negatively affect our operations, increase cost to manufacture and negatively impact our results of operations.***

Increases in demand for semiconductor products have in the past and may again in the future result in a global shortage of manufacturing capacity. As a result, we may experience increases in the costs to manufacture our products and may not be able to manufacture and deliver all of the orders placed by our customers. If we are unable to secure manufacturing capacities from our current subcontractors, our ability to deliver our products to our customers may be negatively impacted. Also, our subcontractors may increase their fees, which would result in an increase in our manufacturing costs, which we may not be fully able to pass to our customers. These factors could cause a negative impact on our results of operations.

***We depend on successful parts and materials procurement for our manufacturing processes, and a shortage or increase in the price of these materials could interrupt our operations and result in a decline of revenues and results of operations.***

We procure materials and electronic and mechanical components from international sources and original equipment manufacturers. We use a wide range of parts and materials in the production of our semiconductors, including silicon, processing chemicals, processing gases, precious metals and electronic and mechanical components, some of which, such as silicon wafers, are specialized raw materials that are generally only available from a limited number of suppliers. If demand increases or supply decreases for any reason, the costs of our raw materials could significantly increase. For example, worldwide supplies of silicon wafers, an important raw material for the semiconductors we manufacture, have been constrained in recent years due to an increased demand for silicon. We from time to time may enter into multi-year agreements, which specify future quantities and pricing of materials to be supplied by the vendors of these materials; however, this option may not be available to us and we cannot assure that supply increases will match demand increases. If we cannot obtain adequate materials in a timely manner or on favorable terms for the manufacture of our products, revenues and results of operations will decline.

***Compliance with regulations regarding the use of “conflict minerals” could limit the supply and increase the cost of certain raw materials used in manufacturing our products.***

The SEC, as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, adopted disclosure regulations for public companies that manufacture products containing certain minerals that are mined from the Democratic Republic of Congo and adjoining countries and procedures pertaining to a manufacturer’s efforts regarding the source of such minerals. These “conflict minerals” are commonly found in metals used in the manufacture of semiconductors. Manufacturers are also required to disclose their efforts to prevent the sourcing of such minerals and metals produced from them. The implementation of these requirements could adversely affect the sourcing, availability and pricing of metals used in the manufacture of our products. We may also incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals used in our products. We may also face difficulties in satisfying customers who may require that our products be certified as free of “conflict materials,” which could harm our relationships with these customers and lead to a loss of revenue.

***We face warranty claims, product return, litigation and liability risks and the risk of negative publicity if our products fail.***

Our semiconductors are incorporated into a number of end products, and our business is exposed to product return, warranty and product liability risk and the risk of negative publicity if our products fail. Although we maintain insurance for product liability claims, the amount and scope of our insurance may not be adequate to cover a product liability claim that is asserted against us. In addition, product liability insurance could become more expensive and difficult to maintain and, in the future, may not be available on commercially reasonable terms, or at all. In addition, we are exposed to the product liability risk and the risk of negative publicity affecting our customers. Our sales may decline if any of our customers are sued on a product liability claim. We also may suffer a decline in sales from the negative publicity associated with such a lawsuit or with adverse public perceptions in general regarding our customers' products. Further, if our products are delivered with impurities or defects, we could incur additional development, repair or replacement costs, and our credibility and the market's acceptance of our products could be harmed.

***We could suffer adverse tax and other financial consequences as a result of changes in, or differences in the interpretation of, applicable tax laws, or the adoption of new U.S. or international tax legislation.***

Our company's organizational structure was created in part based on certain interpretations and conclusions regarding various tax laws, including withholding tax and other tax laws of applicable jurisdictions. Our interpretations and conclusions regarding tax laws, however, are not binding on any taxing authority and, if these interpretations and conclusions are incorrect, if our business were to be operated in a way that rendered us ineligible for tax exemptions or caused us to become subject to incremental tax, or if the authorities were to change, modify or have a different interpretation of the relevant tax laws, we could suffer adverse tax and other financial consequences, and the anticipated benefits of our organizational structure could be materially impaired. Our company's organizational structure and other tax positions are subject to review by tax authorities in the local and other jurisdictions where we operate our business.

Our provision for income taxes is subject to volatility and could be negatively affected by earnings being (i) lower than anticipated in jurisdictions that have lower statutory tax rates or (ii) higher than anticipated in jurisdictions that have higher statutory tax rates. In addition, our provision for income taxes could be negatively affected by changes in the valuation of our deferred tax assets and liabilities, changes to global intangible low-tax income tax laws, transfer pricing adjustments, or changes in tax laws, regulations, or accounting principles.

Additional changes in the U.S. tax regime or in how U.S. multinational corporations are taxed on foreign income, including changes in how existing tax laws are interpreted or enforced, could adversely affect our business, financial condition or results of operations. For example, the Organization for Economic Cooperation and Development (OECD) has recommended changes to numerous long-standing international tax principles through its base erosion and profit shifting (BEPS) project. These changes, to the extent adopted, may increase tax uncertainty, result in higher compliance costs and adversely affect our provision for income taxes, results of operations and/or cash flow.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (the "IRA"), which, among other things, implements a 15% alternative minimum tax on the adjusted financial statement income of large corporations with average annual financial income exceeding \$1 billion, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy. The IRA provisions are effective for tax years beginning after December 31, 2022. On December 12, 2022, the European Union member states agreed to implement the OECD's Pillar 2 global minimum effective tax rate of 15% on multinational enterprise ("MNE") groups with consolidated revenues of at least EUR 750 million during two of the four preceding fiscal years, which will be effective for fiscal years beginning on January 1, 2024. Additionally, South Korea became one of the first countries to enact global minimum tax rules. At this time, we do not anticipate that changes in the tax laws will have a material impact to our consolidated tax provision for the year ending December 31, 2024 or December 31, 2025. We will continue to monitor as new information and guidance becomes available.

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We are also subject to regular reviews, examinations and audits by the IRS and other taxing authorities, including the Korean National Tax Service, with respect to income and non-income based taxes both within and outside the U.S. In connection with the OECD's BEPS project, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of income earned in various countries. Economic and political pressures to increase tax revenues in jurisdictions in which we operate, or the adoption of new or reformed tax legislation or regulation, may make resolving tax disputes more difficult and the final resolution of tax audits and any related litigation could differ from our historical provisions and accruals, resulting in an adverse impact on our business, financial condition or results of operations.

### ***Expanded trade restrictions imposed by the United States may limit our ability to sell to certain customers.***

On August 17, 2020, the U.S. Department of Commerce expanded the scope of export restrictions as applied to products directed to Huawei and its affiliates listed on the Bureau of Industry and Security's Entity List (collectively, "Huawei"). While prior restrictions had minimal effect on our ability to supply to customers, the expanded restrictions would limit our ability to supply to a variety of customers who we believe incorporate our products to those customers' products directly or indirectly sold to Huawei. The U.S. government has also steadily expanded export restrictions to target companies in addition to Huawei, which may have an additional impact on our ability to sell to our customers. While we were able to export some of our products after successfully obtained the necessary export licenses, we are unsure whether our other applications will be successful. Export restrictions may also affect our contractors, suppliers or customers, and we cannot assure that they will not violate the restrictions, and any such violations may result in fines or criminal sanctions against us and damage our reputation.

Additionally, the U.S. has published significant changes to U.S. export control regulations with respect to Russia and China, and we anticipate additional changes to export control regulations in the future. For example, the U.S. government has implemented controls on advanced computing ICs, computer commodities that contain such ICs, and certain semiconductor manufacturing items, as well as controls on transactions involving items for supercomputer and semiconductor manufacturing end-users. The new controls expand the scope of foreign-produced items subject to license requirements for certain entities on the U.S. government's Entity List. Further changes in the U.S. export control regulations, including changes in the enforcement and scope of such regulations, may create delays in the introduction of our products or services in international markets or could prevent our customers with international operations from deploying our products or services globally. In some cases, such changes could prevent the export or import of our products, which could have a material impact on our future results of operations and financial condition.

### ***Expanded trade restrictions imposed by South Korea may limit our ability to sell to certain customers or engage in any potential strategic opportunities.***

Under the ITA, any export (including various means of outflow, such as sale or transfer outside Korea) of National Core Technology by the MOTIE requires the filing of a prior-report with, and the acceptance of the same by, the MOTIE. Under the Special Act, any export of NHST requires prior approval from the MOTIE. Any such export of NCT without the acceptance of the prior-report with the MOTIE may be subject to corrective orders by the relevant authorities, and failure to comply with such corrective orders may potentially result in criminal liabilities. Any such export of NHST without the prior approval from the MOTIE may be subject to corrective orders by the relevant authorities and may also be subject to criminal sanctions.

The Notification Regarding Designation of National Core Technologies issued by the MOTIE was amended on July 14, 2021 to add certain technologies to the list of National Core Technology designated by the MOTIE, and the amended list includes the OLED DDI design technology for driving display panels. On June 2, 2023, the MOTIE designated 17 technologies, including the OLED DDI design technology for driving display panels, as NHST under the Special Act. In the ordinary course of business, our Korean subsidiary, Magnachip Mixed-Signal, Ltd. ("MMS"), may provide certain information relating to its products, including OLED DDI, to customers, suppliers or vendors, and such disclosure of information may be subject to both NCT and NHST restrictions, and therefore the MOTIE's acceptance

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of prior reports and prior approval. Since the amendment of the foregoing NCT list in July 2021, we have filed prior-reports and applications for prior approval with the MOTIE for the export of our OLED DDI product-related information to certain overseas vendors that manufacture our products, and all such reports and applications have thus far been accepted and approved by the MOTIE.

There is no assurance, however, that any future prior-reports for the export of our product-related information will be accepted by the MOTIE or we will obtain any future prior approval for the export from the MOTIE. In the event that any future prior-report or application is not accepted or not approved, we may be unable to continue our business with the overseas customers, suppliers or vendors, including the manufacturing and delivery of our OLED DDI products.

In addition, in the event that there is any M&A transaction with respect to MMS that results in non-Korean ownership of 50% or more, or exertion of control over the appointment of officers/management by a non-Korean person or entity as the largest shareholder, a prior-report with and the acceptance by the MOTIE is required under the ITA and a prior approval from the MOTIE is required under the Special Act. There is no assurance that any report for an M&A transaction involving non-Korean acquirers or investors will be accepted by the MOTIE, nor we can assure approval for the M&A transaction from the MOTIE when such transaction is pursued in the future.

***Recent changes in international trade policy and the imposition and threats of international tariffs, including tariffs applied to goods traded between the United States and other countries/regions, could materially and adversely affect our business and results of operations.***

Since the beginning of 2018, there have been increasing public threats and, in some cases, legislative or executive action, from U.S. and foreign leaders regarding instituting tariffs against foreign imports of certain materials. More specifically, since March of 2018, the U.S. and China have applied tariffs to certain of each other's exports. The institution of trade tariffs globally, and between the U.S. and China specifically, may negatively impact the affected countries' economic conditions, which could negatively affect demand for our products in those countries and materially and adversely affect our business and results of operations of our customers serving the affected markets. The return of the Trump Administration and its recent imposition of additional tariffs on a number of countries in 2025 and threat of trade wars against foreign countries/regions have created even more uncertainties in international trade which may affect our business. For example, the imposition of tariffs could increase costs of the end-user products we supply that we may not be able to pass on to our customers, which could in turn cause a decrease in the sales of our products and materially and adversely affect our business and results of operations.

***Our ability to compete successfully and achieve future growth will depend, in part, on our ability to protect our intellectual property, proprietary technology and know-how, as well as our ability to operate without infringing the proprietary rights of others.***

We attempt to protect our intellectual property rights, both in the U.S. and in foreign countries, through a combination of patent, trademark, copyright, mask works and trade secret laws, as well as licensing agreements and third-party nondisclosure and assignment agreements. Because of the differences in foreign trademark, patent and other laws concerning proprietary rights, our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the U.S. In particular, the validity, enforceability and scope of protection of intellectual property in China, where we derive a significant portion of our net sales, and certain other countries where we derive net sales, are uncertain and still evolving and historically have not protected, and may not protect in the future, intellectual property rights to the same extent as do the laws and enforcement procedures in the U.S. Our failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations and financial condition.

We seek to protect our proprietary technologies and know-how through the use of patents, trade secrets, confidentiality agreements and other security measures. The process of seeking patent protection takes a long time and is expensive. There can be no assurance that patents will issue from pending or future applications or

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that, if patents issue, they will not be challenged, invalidated or circumvented, or that the rights granted under the patents will provide us with meaningful protection or any commercial advantage. Many of our patents are subject to cross licenses, several of which are with our competitors. Some of our technologies are not covered by any patent or patent application. The confidentiality agreements on which we rely to protect these technologies may be breached and may not be adequate to protect our proprietary technologies. Further, it is possible that others will independently develop the same or similar technologies, even without access to our proprietary technologies.

We rely on our trademarks, trade names, and brand names to distinguish our products from the products of our competitors, and have registered or applied to register many of these trademarks. We cannot assure you that our trademark applications will be approved. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition, and could require us to devote resources advertising and marketing new brands. Further, we cannot assure you that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks.

Our ability to compete successfully depends on our ability to operate without infringing the proprietary rights of others. We have no means of knowing what patent applications have been filed until they are published. In addition, the semiconductor industry is characterized by frequent litigation regarding patent and other intellectual property rights. We may need to file lawsuits to enforce our patents or intellectual property rights, and we may need to defend against claimed infringement of the rights of others. Any litigation could result in substantial costs to us and divert our resources, and we cannot assure you that we will prevail. Any claims of intellectual property infringement or misappropriation against us, even those without merit, could require us to:

- pay substantial damages or indemnify customers or licensees for damages they may suffer if the products they purchase from us or the technology they license from us violate the intellectual property rights of others;
- stop our manufacture, use, sale or importation of the accused products;
- redesign, reengineer or rebrand our products, if feasible;
- expend significant resources to develop or acquire non-infringing technologies;
- discontinue processes; or
- obtain licenses to a third party's intellectual property.

There can be no assurance that we would be successful in such development or acquisition or that such licenses would be available under reasonable terms, or at all.

We license certain intellectual property from third parties. The termination of key third-party licenses relating to the use of intellectual property in our products and our design processes would adversely affect certain areas of our business.

### ***We are subject to many environmental laws and regulations that could affect our operations or result in significant expenses.***

We are subject to a variety of environmental, health and safety laws and regulations in each of the jurisdictions in which we operate, governing, among other things, air emissions, wastewater discharges, the generation, use, handling, storage and disposal of, and exposure to, hazardous substances (including asbestos) and wastes, soil and groundwater contamination and employee health and safety. These laws and regulations are complex, change frequently and have tended to become more stringent over time. Among them is the Act on Remediation and Compensation for Damages arising from Environmental Contamination which came into effect in Korea on January 1, 2016 and provides for strict liability of business entities in violation of the act and alleviates the burden of proof for the damaged party. Further, under the amendment to the Act on the Control and Aggravated Punishment of Environmental Offenses that becomes effective on November 27, 2020, certain

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environmental offenses such as illegally emitting specified hazardous air pollutants or emitting air pollutants without necessary permits will be subject to penalties of up to 5% of the sales amount generated from the relevant business. Moreover, to effectively respond to environmental crimes, on November 14, 2022, a joint investigation team was established, consisting of experts from both national and local governments, including the prosecutor's office, the Ministry of Environment. As a result, we have increased potential exposure to liability for environmental contaminations that might have existed in the past or would arise in the future. There can be no assurance that we have been, or will be, in compliance with all such laws and regulations or that we will not incur material costs or liabilities in connection with these laws and regulations in the future. The adoption of new environmental, health and safety laws, the failure to comply with new or existing laws, or issues relating to hazardous substances could subject us to material liability (including substantial fines or penalties), impose the need for additional capital equipment or other process requirements upon us, curtail our operations or restrict our ability to expand operations.

***Our Korean subsidiaries have been designated as a regulated business under Korean environmental law, and such designation could have an adverse effect on our financial position and results of operations.***

Since 2015, our Korean subsidiaries have been subject to K-ETS, a new set of greenhouse gas emissions regulations, under the Act on Allocation and Trading of Greenhouse Gas Emission Allowances. Under K-ETS, our Korean subsidiaries were allocated a certain amount of emissions allowance in accordance with the National Allocation Plan prepared by the Korean government, and are required to meet their allocated target by either reducing emissions or purchasing allowances from other participants or the government in the emission trading market. Reduction of our emissions or energy consumption may result in additional and potentially costly compliance or remediation expenses, including potentially the installation of equipment and changes in the type of materials we use in manufacturing, as well as cost of procuring emission allowances to cover the excess emissions, which could adversely affect our financial position and results of operations. During the first implementation period from 2015 to 2017 and second implementation period from 2018 to 2020, we did not exceed the allocated emission amount. Our Korean subsidiaries have been allocated emissions allowance in the third implementation period from 2021 to 2025, and we do not expect to exceed the allocated emission amount during the third implementation period. If, however, our Korean subsidiaries exceed the allocated emission amount the third implementation period, we will be required to pay for the excess emissions and may be subject to other regulatory action. We will continue to monitor our compliance with the emissions allowance on a yearly basis. In addition, from time to time, if we assess that we have excess allowances, we may sell such excess allowances to manufacturers in the emission market in Korea.

Furthermore, the Korean legislature enacted the Framework Act on Carbon Neutrality and Green Growth for Responding to Climate Change (the "Carbon Neutrality Framework Act") on September 24, 2021. The Carbon Neutrality Framework Act aims to reduce greenhouse gas emissions by more than 35% by 2030 (compared to 2018) and proclaims the achievement of carbon neutrality by 2050 as a national vision. The Carbon Neutrality Framework Act is significant in that it legislates carbon neutrality and greenhouse gas reduction objectives, and enables the central administrative agencies, local governments and public institutions to implement various measures towards such objectives. On March 25, 2022, the Enforcement Decree of the Carbon Neutrality Framework Act (the "Enforcement Decree") was enacted. The Enforcement Decree aims to provide details required for the execution of items prescribed under the Carbon Neutrality Framework Act. The key provisions of the Enforcement Decree include those setting the mid-to long-term greenhouse gas reduction goal at 40% and implementing the climate change impact assessment scheme. Based on that, on April 11, 2023, the Korean government published the 1st National Basic Plan for Carbon Neutrality and Green Growth (the "Basic Plan"). The Basic Plan is a national plan for responding to the climate crisis and sustainable development. Including annual reduction goals and implementation measures for each sector (e.g., industry and transportation), the Basic Plan will be updated every five years over the next 20 years between 2023 and 2042. It is anticipated that the Carbon Neutrality Framework Act and the Basic Plan, which aims to promote the harmonious development of the economy and the environment in conjunction with active greenhouse gas reduction measures, will serve as the foundation for the government's climate change response policy going forward. Meanwhile, on August 29, 2024, the Constitutional Court of Korea (the "Constitutional Court") held that Article 8, Paragraph 1 of the

Carbon Neutrality Framework Act is unconstitutional. This provision mandates the government to establish a national mid- to long-term target for reducing greenhouse gas emissions by at least 35% from 2018 levels by 2030 which is prescribed by presidential decree. The Constitutional Court ruled that this provision is indeed in violation of the Constitution because it fails to specify any emissions reduction targets beyond 2031, thereby infringing upon the petitioners' right to clean environment. Considering that the extensive legislative authority to determine reduction targets during the period from 2031 to 2049, the Constitutional Court held that the provision would remain in effect until a legislative amendment is enacted, with a deadline set for February 28, 2026.

***Our compliance with the Serious Accidents Punishment Act (the "SAPA") could require significant expenditures and management time and expose us to liability for violations.***

Enacted on January 26, 2021 and effective as of January 27, 2022 in Korea, the SAPA will impose enhanced liability exposure for workplace accidents. The legislative goal of the SAPA is to prevent serious accidents by prescribing punishments and punitive damages liability for business owners or responsible management personnel who have violated safety and health measures in the event of such serious accidents (serious industrial accidents and serious civil accidents). Since the law applies to businesses in Korea with 50 or more full-time employees starting from January 27, 2022, our Korean subsidiaries become subject to the law after the effective date. According to the SAPA, if a serious occupational accident occurs that results in at least one deceased person, at least two persons wounded for six months or more, or at least three persons suffering from occupational diseases within a one year period, if the "business owners or responsible management personnel" of the relevant business place is found to have failed to perform its "obligation to secure safety and health," that person may be subject to imprisonment for up to 7 year or a fine of up to KRW 100 million (in case of death, imprisonment for not less than 1 year or a fine of not less than KRW 1 billion). Additionally, if there was negligence of the company in giving due attention and supervision to prevent such accident, the company will be subject to a fine up to KRW 1 billion (in case of death, a fine up to KRW 5 billion) under joint penalty provisions. Relevant responsible management personnel will also be required to spend more time, effort and cost to comply with the SAPA and perform the necessary additional duties imposed by the law to ensure compliance.

***We may need additional capital in the future, and such capital may not be available on acceptable terms or at all, which would have a material adverse effect on our business, financial condition and results of operations.***

We may require more capital in the future from equity or debt financings to fund operating expenses, such as research and development costs, finance investments in equipment and infrastructure, acquire complementary businesses and technologies, and respond to competitive pressures and potential strategic opportunities. If we raise additional funds through further issuances of equity or other securities convertible into equity, our existing stockholders could suffer significant dilution, and any new shares we issue could have rights, preferences or privileges senior to those of the holders of our common stock. There can be no assurance that any additional equity or debt financing would be available to us, or if available, that such financing would be on favorable terms to us. Accordingly, if we are unable to obtain additional capital or our business does not generate sufficient cash flows from operating activities to fund our working capital needs and planned capital expenditures, and our cash reserves are depleted, we may need to take various actions, such as down-sizing and/or eliminating certain operations, which could include additional exit costs, reducing or delaying capital expenditures, selling assets, or other restructuring actions. There can be no assurance that we would be successful in taking such actions and, in any event, such actions may result in a material adverse effect on our business and results of operations. In addition, our indebtedness limits our ability to incur additional indebtedness under certain circumstances.

***Our business depends on international customers, suppliers and operations in Asia, and as a result we are subject to regulatory, operational, financial and political risks, which could adversely affect our financial results.***

We rely on, and expect to continue to rely on, suppliers, subcontractors and operations located primarily in Asia. As a result, we face risks inherent in international operations, such as unexpected changes in regulatory

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requirements, tariffs and other market barriers, political, social and economic instability, adverse tax consequences, war, civil disturbances and acts of terrorism, public health issues (including viral outbreaks such as COVID-19), difficulties in accounts receivable collection, extended payment terms and differing labor standards, enforcement of contractual obligations and protection of intellectual property. These risks may lead to increased costs or decreased revenue growth, or both.

### ***Tensions with North Korea could have an adverse effect on us and the market value of our shares.***

Relations between South Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, in recent years, there have been heightened security concerns stemming from North Korea's nuclear weapon and long-range missile programs and increased uncertainty regarding North Korea's actions and possible responses from the international community.

North Korea's economy also faces severe challenges, and any adverse economic developments may further aggravate social and political tensions within North Korea.

Although we do not derive any revenue from, nor sell any products in, North Korea, any future increase in tensions between South Korea and North Korea that may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between South Korea and North Korea break down, or military hostilities occur, could have a material adverse effect on the South Korean economy and on our business, financial condition, results of operations and the market value of our common stock.

### ***We may be subject to disruptions, breaches or cyber-attacks of our secured networks and information technology systems that could damage our reputation, harm our business, expose us to liability and materially adversely affect our results of operations.***

In the ordinary course of our business, we collect and store sensitive data, including IP and other proprietary information about our business and that of our customers, suppliers and business partners. Secure maintenance, processing and transmission of this information is critical to our operations and business strategy. We may be subject to disruptions, breaches or cyber-attacks of our secured networks and information technology systems caused by illegal hacking, criminal fraud or impersonation, computer viruses, acts of vandalism or terrorism or employee error, and our security measures or those of any third party service providers we use may not detect or prevent such security breaches. We may incur significant costs to eliminate or alleviate cybersecurity breaches and vulnerabilities, which could be significant, and our efforts to protect against such breaches or vulnerabilities may not be successful and could result in system interruptions that may materially impede our sales, manufacturing, distribution, finance or other critical functions. Any such compromise of our information security could also result in the unauthorized publication of our confidential business or proprietary information or that of other parties with which we do business, an interruption in our operations, the unauthorized transfer of cash or other assets, the unauthorized release of customer or employee data or a violation of privacy or other laws in the jurisdictions in which we operate. Any of the foregoing could irreparably damage our reputation and business and/or expose us to material monetary liability, which could have a material adverse effect on our results of operations.

### ***You may not be able to bring an action or enforce any judgment obtained in United States courts, or bring an action in any other jurisdiction, against us or our subsidiaries or our directors, officers or independent auditors that are organized or residing in jurisdictions other than the United States.***

Most of our subsidiaries are organized or incorporated outside of the U.S. and some of our directors and executive officers as well as our independent auditors are organized or reside outside of the U.S. Most of our and our subsidiaries' assets are located outside of the U.S. and in particular, in Korea. Accordingly, any judgment obtained in the U.S. against us or our subsidiaries may not be collectible in the U.S. As a result, it may not be

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possible for you to effect service of process within the U.S. upon these persons or to enforce against them or us court judgments obtained in the U.S. that are predicated upon the civil liability provisions of the federal securities laws of the U.S. or of the securities laws of any state of the U.S. In particular, there is doubt as to the enforceability in Korea or any other jurisdictions outside the U.S., either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the federal securities laws of the U.S. or the securities laws of any state of the U.S.

### ***We are a holding company and depend on the business of our subsidiaries to make payments to us.***

We are a holding company with no independent operations of our own. Our subsidiaries conduct substantially all of the operations necessary to fund our obligations. Our ability to pay dividends or to make payments on any future obligations will depend on our subsidiaries' cash flow and their payment of funds to us. Our subsidiaries' ability to make payments to us will depend on:

- their earnings;
- covenants contained in agreements to which we or our subsidiaries are or may become subject;
- business and tax considerations; and
- applicable law, including any restrictions under Korean law that may be imposed on our Korean subsidiary, Magnachip Semiconductor, Ltd., that would restrict its ability to make payments on intercompany loans from our Dutch subsidiary.

We cannot assure that the operating results of our subsidiaries at any given time will be sufficient to make distributions or other payments to us.

### ***We may at times need to incur impairment, restructuring and other restructuring related charges, which could materially affect our results of operations and financial condition.***

During industry downturns and for other reasons, we may need to record impairment, restructuring or other restructuring related charges. In the future, we may need to record additional impairment charges or to further restructure our business or incur additional restructuring charges, any of which could have a material adverse effect on our results of operations or financial condition.

### ***We are subject to litigation risks, which may be costly to defend and the outcome of which is uncertain.***

All industries, including the semiconductor industry, are subject to legal claims, with and without merit, that may be particularly costly and which may divert the attention of our management and our resources in general. We are involved in a variety of legal matters, most of which we consider routine matters that arise in the normal course of business. These routine matters typically fall into broad categories such as those involving customers, employment and labor and intellectual property. Even if the final outcome of these legal claims does not have a material adverse effect on our financial position, results of operations or cash flows, defense and settlement costs can be substantial. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal claim or proceeding could have a material effect on our business, financial condition, results of operations or cash flows.

### ***The price of our common stock may be volatile and you may lose all or a part of your investment.***

The trading price of our common stock might be subject to wide fluctuations. Factors, some of which are beyond our control, that could affect the trading price of our common stock may include:

- actual or anticipated variations in our results of operations from quarter to quarter or year to year;
- announcements by us or our competitors of significant agreements, technological innovations or strategic alliances;

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- changes in recommendations or estimates by any securities analysts who follow our securities;
- addition or loss of significant customers;
- recruitment or departure of key personnel;
- changes in economic performance or market valuations of competing companies in our industry;
- price and volume fluctuations in the overall stock market;
- market conditions in our industry, end markets and the economy as a whole;
- subsequent sales of stock and other financings; and
- litigation, legislation, regulation or technological developments that adversely affect our business.

In the past, following periods of volatility in the market price of a public company's securities, securities class action litigation often has been instituted against the public company. Regardless of its outcome, this type of litigation could result in substantial costs to us and a likely diversion of our management's attention. You may not receive a positive return on your investment when you sell your shares, and you could lose some or the entire amount of your investment.

***We cannot guarantee that our share repurchase program will be successfully consummated, or that it will enhance shareholder value, and share repurchases could affect the price of our common stock.***

On July 19, 2023, the Board of Directors authorized us to repurchase up to \$50 million of our outstanding common stock. Purchases have been and will be made in the open market or through privately negotiated transactions, depending upon market conditions and other factors. In connection with the repurchase program, we established a stock trading plan with Needham & Company, LLC in accordance with Rule 10b5-1 under the Securities Exchange Act. This share repurchase program could affect the price of our common stock, increase volatility and diminish our cash reserves. The IRA enacted in August 2022 imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The total taxable value of shares repurchased is reduced by the fair market value of any newly issued shares during the taxable year.

See "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 12. Stock Repurchases" for more information.

***Provisions in our charter documents and Delaware Law may make it difficult for a third party to acquire us and could depress the price of our common stock.***

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Among other things, our certificate of incorporation and bylaws:

- authorize our Board of Directors to issue, without stockholder approval, preferred stock with such terms as the Board of Directors may determine;
- prohibit action by written consent of our stockholders;
- prohibit any person other than our Board of Directors, the chairman of our Board of Directors, our Chief Executive Officer or holders of at least 25% of the voting power of all then outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors to call a special meeting of our stockholders; and
- specify advance notice requirements for stockholder proposals and director nominations.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"), regulating corporate takeovers and which has an anti-takeover effect with respect to transactions not

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approved in advance by our Board of Directors, including discouraging takeover attempts that might result in a premium over the market price for shares of our common stock. In general, those provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the board of directors before the date the interested stockholder attained that status;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after such date, the business combination is approved by the board of directors and authorized at a meeting of stockholders, and not by written consent, by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

In general, DGCL Section 203 defines a business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, DGCL Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any such entity or person.

A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out of, and do not currently intend to opt out of, this provision.

***We have not historically paid dividends and do not currently have any dividend or distribution policy, and therefore, investors may need to rely on sales of their common stock as the only way to realize any future gains on their investments.***

We have not historically paid cash dividends and do not currently have any dividend or distribution policy. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Accordingly, unless the Board implements a future dividend or distribution policy, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

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*Our indebtedness and liabilities could limit the cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations and impair our ability to satisfy our obligations under our debt instruments when they come due.*

As of December 31, 2024, we had approximately \$27.2 million aggregate principal amount of indebtedness under the working capital Term Loan borrowed under the Loan Agreement, which is secured by a pledge of our Fab 3 properties. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing on acceptable terms or at all;
- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- exposing us to the risk of increased interest rates, as our Term Loan borrowing is at a variable rate of interest; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under our indebtedness and our cash needs may increase in the future. If we are unable to pay our indebtedness when due, including the Term Loan, the lenders may declare default and invoke remedies that could include the foreclosure on pledged collateral to satisfy such indebtedness, which would have a material adverse effect on our financial condition and results of operations.

### **Item 1B. Unresolved Staff Comments**

Not applicable.

### **Item 1C. Cybersecurity**

#### **Cybersecurity Risk Management and Strategy**

Cybersecurity risks and data protection are key components of our long-term strategy and enterprise risk management program and are integrated into our overall risk management systems and processes. We maintain processes for assessing, identifying and managing material risks from cybersecurity threats, and we routinely invest in the development and implementation of essential cybersecurity systems, infrastructures and processes to protect the security and integrity of our systems, networks, databases and proprietary information. Key areas of our cybersecurity risk management processes and strategy currently include:

- *Compliance with industry standards and regulatory frameworks:* Our information security management system is ISO 27001 certified. In addition, we align our standards to comply with South Korea's industrial technology protection law (Act on Prevention of Divulgence and Protection of Industrial Technology), which prevents technologies vital to South Korean national security or economic competitiveness from being divulged to or shared with foreign countries or corporations without the government's approval.
- *Ongoing Evaluation and Assessment of Systems and Procedure:* We monitor compliance with regulatory, industry and evolving data privacy requirements and update our cybersecurity risk management program from time to time as appropriate. We also continuously monitor our information security systems and processes on an ongoing basis to identify and remediate cybersecurity threats and

vulnerabilities that could be exploited to adversely impact our business operations. To better preemptively identify risks and vulnerabilities in our security systems, we perform penetration testing for security controls using external third-party tools and encourage vulnerability reporting within our organization.

- *Cross-Collaboration and Coordination:* Cybersecurity risks related to our business, privacy and compliance issues are identified and managed through a multifaceted approach, including third-party monitoring, internal and external IT security audits and reviews by relevant committees.
- *Third-Party Service Providers:* We engage leading third-party product and service providers to assist us with our cybersecurity risk management. We use an Information Prevention and Data Loss Prevention System on networks and endpoints, which is designed to prevent unauthorized access to or transfer of sensitive data. We also use centrally managed antivirus systems for blocking illegal software to detect and remove malware and illegal software from devices in real time. In particular, we use a Managed Security Service provider for Security Information and Event Management services for matters such as firewall management, intrusion detection and prevention, vulnerability management and incident response.
- *Cyber Incident Response Plan:* We maintain a comprehensive cyber incident response plan that sets forth the applicable processes, roles, engagements, escalations and notifications to promptly respond to a cybersecurity incident. This plan covers steps to be taken upon the detection of a cybersecurity incident detection, review by relevant committees, identification of damages, recovery process, post-incident analysis and the introduction of improvement measures. Such incident responses are managed in a timely manner by a dedicated team and overseen by relevant organizations, including IT, finance, legal and compliance.
- *Security Awareness Training for Personnel:* We provide comprehensive employee training on cybersecurity awareness, confidential information protection and simulated phishing attacks.
- *Review of Third-Party Risks:* We routinely conduct risk and compliance assessments of third-party service providers prior to exchanging any sensitive data or integrating with any key third-party provider.

As of December 31, 2024, we have not identified any risks from cybersecurity threats, including any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Company, our business strategy, our results of operations or our financial condition. For a discussion of risks from cybersecurity threats (including any previous cybersecurity incidents) that could be reasonably likely to materially affect us, please refer to our Risk Factors discussion under the heading ‘We may be subject to disruptions, breaches or cyber-attacks of our secured networks and information technology systems that could damage our reputation, harm our business, expose us to liability and materially adversely affect our results of operations’ in Item 1A of this Annual Report on Form 10-K.

### **Cybersecurity Governance**

In line with our overall risk management governance structure, management is responsible for the day-to-day management of cybersecurity risks while the Company’s Board of Directors and its Risk Committee actively and continuously provide oversight.

Our Risk Committee oversees the Company’s management of key risks including those arising from cybersecurity threats. Our management team reports to the Risk Committee on a quarterly basis, presenting their assessment of key enterprise risks, including cybersecurity. The topics include trends in cyber threats and the initiatives designed to strengthen our security systems and enhance the cyber readiness of our organization. Additionally, at least annually, our management team and our Chief Information Security Officer (“CISO”) update the members of the Risk Committee and the Board of Directors on existing and new cybersecurity risks, status of risk mitigation efforts, cybersecurity incidents, if any, and the progress of key information security initiatives.

In 2020, we established the Information Security Steering Committee (the “IS Steering Committee”), a management-level and cross-functional committee, led by our Chief Executive Officer, and comprised of our Chief Compliance Officer, Chief Financial Officer, CISO, Chief Privacy Officer and relevant teams including Information Security, HR, Compliance & Internal Audit and Legal. The IS Steering Committee holds quarterly meetings, during which they review and take action on a wide range of topics, including cybersecurity threat matters such as prevention monitoring, detection mitigation and remediation of cybersecurity incidents.

Our CISO leads a dedicated Information Security team in charge of cybersecurity matters. Collectively, the members of our Information Security team have over 35 years of relevant experience in various roles involving information technology, information security, compliance and systems. Also, our Information Security team oversees compliance with our cybersecurity framework, facilitates cybersecurity risk management activities, assists with the review and approval of policies, and oversees the security awareness program. At least annually, our Information Security team and CISO update the members of the Risk Committee and the Board of Directors on compliance and risk matters. The Information Security team also reports to the IS Steering Committee on a quarterly basis. We invest in ongoing cybersecurity training for our Information Security team.

## **Item 2. Properties**

Our manufacturing operations take place in a single fabrication facility located in Korea in Gumi. Our facility has a capacity of approximately 36,000 eight-inch equivalent wafers per month. We manufacture wafers utilizing geometries ranging from 0.18 to 0.35 microns. The Gumi facility has one main building with 41,022 square meters devoted to manufacturing, testing and packaging.

In addition to our fabrication facility in Gumi, we lease facilities in Cheongju and Seoul, Korea. Each of these facilities includes administration, sales and marketing and research and development functions. We lease sales and marketing offices through our subsidiaries in several other countries.

The ownership of our wafer manufacturing assets is an important component of our business strategy. Maintaining manufacturing control enables us to develop proprietary, differentiated products and results in higher production yields, as well as shortened design and production cycles. We believe our facilities are suitable and adequate for the conduct of our business for the foreseeable future and that we have sufficient production capacity to service our business as currently contemplated without significant capital investment.

All of our assembly, test and packaging services for our Display IC, Power IC and Power discrete businesses are outsourced with the balance handled in-house. The independent providers of these outsourced services are located in Korea and China. The relative cost of outsourced services, as compared to in-house services, depends upon many factors specific to each product and circumstance. However, we generally incur higher costs for outsourced services, which can result in lower margins.

## **Item 3. Legal Proceedings**

We are involved in a variety of legal matters, most of which we consider routine matters that arise in the normal course of business. These routine matters typically fall into broad categories such as those involving customers, employment and labor and intellectual property. Intellectual property litigation and infringement claims, in particular, could cause us to incur significant expenses or prevent us from selling our products. We are currently not involved in any legal proceedings that we believe would have a material adverse effect on our business, financial condition or results of operations.

See also “Item 1A. Risk Factors” in this Report for additional information.

## **Item 4. Mine Safety Disclosures**

Not applicable.



**PART II**

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Market Information**

Our common stock is listed on the New York Stock Exchange under the symbol “MX.”

**Total Return to Stockholders (Including Reinvestment of Dividends)**

**Indexed Returns**

Company/Index	Base Period					
	12/31/2019	12/31/2020	12/31/2021	12/30/2022	12/29/2023	12/31/2024
<b>Magnachip Semiconductor Corporation</b>	100	116.45	180.62	80.88	64.60	34.63
<b>S&amp;P 500 Index</b>	100	115.29	146.30	117.85	146.41	180.54
<b>Philadelphia Semiconductor Index</b>	100	151.14	213.35	136.90	225.75	269.24

**Holders**

The approximate number of record holders of our outstanding common stock as of February 29, 2024 was 67. This number does not include beneficial owners for whom shares are held by nominees in street name.

**Stock-Based Compensation**

For information on securities authorized for issuance under our equity compensation plans, see Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

**Dividends**

We have not historically paid any cash dividends on our common stock. Our Board of Directors continuously evaluates our capital allocation strategy and liquidity targets, but has not currently implemented any dividend or distribution policy. Any determination to pay dividends in the future will be at the discretion of our Board of Directors.

**Issuer Purchases of Equity Securities**

The following table shows the monthly activity related to our repurchases of common stock for the quarter ended December 31, 2024.

<u>Period</u>	<u>Total Number of Shares Purchased(1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)</u>	<u>Approximate dollar value of Shares that may yet be Purchased under the Plans or Programs (in thousands)(2)</u>
October 2024	89,261	\$ 4.54	89,261	\$ 27,097
November 2024(1)	528,775	\$ 3.89	528,501	\$ 25,041
December 2024(1)	228,191	\$ 3.95	116,165	\$ 24,589
<b>Total</b>	<b>846,227</b>	<b>\$ 3.98</b>	<b>733,927</b>	<b>\$ 24,589</b>

(1) Includes 112,300 shares withheld to satisfy tax withholding obligations in connection with the vesting of restricted stock units issued under our equity incentive plans.

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- (2) On July 19, 2023, the Company's Board of Directors authorized a new \$50 million stock buyback program. Purchases have been and will be made in the open market or through privately negotiated transactions, depending upon market conditions and other factors. In connection with the repurchase program, the Company established a stock trading plan with Needham & Company, LLC in accordance with Rule 10b5-1 under the Exchange Act.

### **Item 6. [Reserved]**

### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis should be read in conjunction with the audited consolidated financial statements, together in each case with the related notes, included elsewhere in this Report. This discussion and analysis contains, in addition to historical information, forward-looking statements that include risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the heading "Risk Factors" and elsewhere in this Report.*

#### **Overview**

We are a designer and manufacturer of analog and mixed-signal semiconductor platform solutions for communication, Internet of Things ("IoT"), consumer, computing, industrial and automotive applications. We have a proven record with about 45 years of operating history, a portfolio of approximately 1,000 registered patents and pending applications and extensive engineering and manufacturing process expertise.

On May 30, 2023, we announced a plan to regroup the business lines in our standard products business, originally grouped as Display Solutions and Power Solutions business lines, into the following two business lines to better align our product strategies (the "Reorganization"):

- (i) Our Display integrated circuit ("IC") and Power IC businesses, which are fabless, became the Mixed-Signal Solutions ("MSS") business line; and
- (ii) Our Power discrete business, which is an integrated device manufacturing ("IDM") business, became the Power Analog Solutions ("PAS") business line.

On January 10, 2024, we transferred the MSS business line into a newly formed Korean limited liability company named "Magnachip Mixed-Signal, Ltd." Following the Reorganization, our MSS business line is primarily operated by Magnachip Mixed-Signal, Ltd. ("MMS"), and our PAS business line is primarily operated by Magnachip Semiconductor, Ltd. ("MSK"), our already existing Korean operating entity. Both entities are indirect wholly owned subsidiaries of the Company.

On December 31, 2024, our Power IC business was transferred from MMS to MSK, with the transfer being completed on January 1, 2025, to consolidate the Power IC and Power discrete businesses under a single company to expand and strengthen our Power Solutions business.

However, for the purpose of this Annual Report on Form 10-K for the year ended December 31, 2024, our historical results and descriptions of our business and operations reflect the Power IC business as part of the MSS business since it was part of that business group for all of the fiscal year 2024.

During fiscal year 2024, our MSS business line consisted of Display IC and Power IC businesses. Our Display IC products provide flat panel display solutions to major suppliers of large and small flat panel displays. These products include source and gate drivers and timing controllers that cover flat panel displays used in an array of applications, applied with liquid crystal display ("LCD"), organic light emitting diodes ("OLED") or

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micro light emitting diode (“Micro LED”). Since 2007, we have designed and manufactured OLED display driver IC products. Our current portfolio of OLED solutions addresses various resolutions, ranging from HD (High Definition) to UHD (Ultra High Definition), for a wide range of applications, including smartphones, televisions, automotive and IT applications, such as monitors, notebook PCs and tablet PCs, as well as AR/VRs. Our Power IC products provide Power IC solutions to major television suppliers and large panel display suppliers. These products include AC-DC/DC-DC converters, LED drivers, regulators, power management integrated circuits (“PMICs”) and level shifter for a range of devices, including televisions, wearable devices, notebooks, tablet PCs and others consumer electronics, as well as automotive applications.

Our PAS business line produces power management semiconductor products, including power discrete solutions for power management in communication, consumer, computing, servers, automotive and industrial applications. These products include metal oxide semiconductor field effect transistors (“MOSFETs”) and insulated-gate bipolar transistors (“IGBTs”) for a range of devices, including televisions, smartphones, mobile phones, wearable devices, desktop PCs, notebook PCs, tablet PCs, other consumer electronics, as well as automotive and industrial applications such as power suppliers, e-bikes, solar inverters, LED lighting and motor drives.

Our wide variety of analog and mixed-signal semiconductor products combined with our mature technology platform allow us to address multiple high-growth end markets and rapidly develop and introduce new products and services in response to market demands. Our design center in Korea and substantial global manufacturing operations place us at the core of the global electronics device supply chain. We believe this enables us to quickly and efficiently respond to our customers’ needs, and allows us to better serve and capture additional demand from existing and new customers. Certain of our OLED display driver IC and Power IC products are produced using external foundries.

To maintain and increase our profitability, we must accurately forecast trends in demand for electronics devices that incorporate semiconductor products we produce. We must understand our customers’ needs as well as the likely end market trends and demand in the markets they serve. We must also invest in relevant research and development activities and purchase necessary materials on a timely basis to meet our customers’ demand while maintaining our target margins and cash flow.

The semiconductor markets in which we participate are highly competitive. The prices of our products tend to decrease regularly over their useful lives, and such price decreases can be significant as new generations of products are introduced by us or our competitors. We strive to offset the impact of declining selling prices for existing products through cost reductions and the introduction of new products that command selling prices above the average selling price of our existing products. In addition, we seek to manage our inventories and manufacturing capacity so as to mitigate the risk of losses from product obsolescence.

Demand for our products and services is driven by overall demand for communication, IoT, consumer, industrial and automotive products and can be adversely affected by periods of weak consumer and enterprise spending or by market share losses by our customers. In order to mitigate the impact of market volatility on our business, we continually strive to diversify our portfolio of products, customers, and target applications. We also expect that new competitors will emerge in these markets that may place increased pressure on the pricing for our products and services. While we believe we are well positioned competitively to compete in these markets and against these new competitors as a result of our long operating history, existing manufacturing capacity and our worldwide customer base, if we are not effective in competing in these markets, our operating results may be adversely affected.

Net sales for our standard products business are driven by design wins in which we are selected by an electronics original equipment manufacturer (“OEM”) or other potential customers to supply its demand for a particular product. A customer will often have more than one supplier designed into multi-source components for a particular product line. Once we have design wins and the products enter into mass production, we often

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specify the pricing of a particular product for a set period of time, with periodic discussions and renegotiations of pricing with our customers. In any given period, our net sales depend heavily upon the end-market demand for the goods in which our products are used, the inventory levels maintained by our customers and, in some cases, allocation of demand for components for a particular product among selected qualified suppliers.

In contrast to completely fabless semiconductor companies, our internal manufacturing capacity provides us with greater control over certain manufacturing costs and the ability to implement process and production improvements for our internally manufactured products, which can favorably impact gross profit margins. Our internal manufacturing capacity also allows for better control over delivery schedules, improved consistency over product quality and reliability and improved ability to protect intellectual property from misappropriation on these internally manufactured products. However, having internal manufacturing capacity exposes us to the risk of under-utilization of manufacturing capacity that results in lower gross profit margins, particularly during downturns in the semiconductor industry.

Our standard products business requires investments in capital equipment. Analog and mixed-signal manufacturing facilities and processes are typically distinguished by the design and process implementation expertise rather than the use of the most advanced equipment. Many of these processes also tend to migrate more slowly to smaller geometries due to technological barriers and increased costs. For example, some of our products use high-voltage technology that requires larger geometries and that may not migrate to smaller geometries for several years, if at all. As a result, our manufacturing base and strategy do not require substantial investment in leading edge process equipment for those products, allowing us to utilize our facilities and equipment over an extended period of time with moderate required capital investments. In addition, we are less likely to experience significant industry overcapacity, which can cause product prices to decline significantly. In general, we seek to invest in manufacturing capacity that can be used for multiple high-value applications over an extended period of time. In addition, we outsource manufacturing of those products which do require advanced technology and 12-inch and 8-inch wafer capacity, such as OLED display driver IC and Power IC products. We believe this balanced capital investment strategy enables us to optimize our capital investments and facilitates more diversified product and service offerings.

Since 2007, we had designed and manufactured OLED display driver ICs in our internal manufacturing facilities. As we expanded our design capabilities to products that require lower geometries unavailable at our existing manufacturing facilities, we began outsourcing manufacturing of certain OLED display driver ICs to external 12-inch foundries starting in the second half of 2015 and we have started outsourcing 8-inch wafer for OLED TV ICs and Power ICs after the sale of our fabrication facility located in Cheongju, Korea in 2020. This additional source of manufacturing has been an important part of our supply chain management. By outsourcing manufacturing of OLED display driver IC and Power IC products to external foundries, we have been able to adapt dynamically to changing customer requirements and address growing markets without substantial capital investments by us. However, relying on external foundries exposes us to the risk of being unable to secure manufacturing capacity, particularly during the global shortage of foundry services. Although we work strategically with external foundries to ensure long-term wafer capacity, if these efforts are at any time unsuccessful, our ability to deliver products to our customers may be negatively impacted, which would adversely affect our relationship with customers and opportunities to secure new design-wins.

Our success going forward will depend upon our ability to adapt to future challenges such as the emergence of new competitors for our products and services or the consolidation of current competitors. Additionally, we must innovate to remain ahead of, or at least rapidly adapt to, technological breakthroughs that may lead to a significant change in the technology necessary to deliver our products and services. We believe that our established relationships and close collaboration with leading customers enhance our awareness of new product opportunities, market and technology trends and improve our ability to adapt and grow successfully.

## **Recent Developments**

### ***Transition to Pure-Play Power Company***

On March 12, 2025, we announced that our Board of Directors and management team have made the decision to become a pure-play Power company to drive revenue growth, improve profitability, and maximize shareholder value. As a result, we are exploring all strategic options for its Display business (Display IC products), which is expected to be classified as discontinued operations when we report first fiscal quarter 2025 results of operations. Our strategic options include a sale, merger, joint venture, licensing, and wind-down. We currently intend to complete this strategic process and exit the Display business by the end of the second quarter of 2025.

As a result of this transition, future periods results of operations are expected to include only our Power IC and Power discrete business as continuing operations, which will impact future revenue by excluding the Display IC business revenue, which is to be classified as discontinued operations. In addition, our strategic actions with respect to the Display business could result in near term restructuring charges, among other things, which could material impact future period results of operations.

### ***CAPEX Loans***

On December 16, 2024, Magnachip Semiconductor, Ltd., a Korean limited liability company (“MSK”) and indirect wholly owned subsidiary of the Company, executed a Standard Credit Agreement (together with its General Terms and Conditions, the “Equipment Financing Credit Agreement”) with Korea Development Bank (“KDB”). In connection with the Equipment Financing Credit Agreement, on December 16, 2024, MSK also entered into a Kun-Pledge Agreement (the “Equipment Pledge Agreement”) with KDB with respect to the pledge by MSK in favor of KDB of certain machinery and equipment currently owned by MSK, which are located in its fabrication facility located in Gumi, Korea (“Fab 3 machinery and equipment”).

The Equipment Financing Credit Agreement provides for loans for MSK’s capital expenditures (the “CAPEX Loans”) up to an aggregate of KRW 38,000,000,000 (\$26.5 million based on the KRW/USD exchange rate of 1,432.7:1 as of December 16, 2024 as quoted by KEB Hana Bank), which will be funded directly to capital expenditure supply vendors by KDB upon the submission of a request form by MSK with the necessary evidence such as purchase agreement, invoice and other documentation, as applicable.

The CAPEX Loans will bear interest at a variable rate equal to the 3-month CD rate quoted by KDB, plus 0.68%, which rate is adjusted quarterly. The initial interest rate on CAPEX Loans was 3.97% per annum. CAPEX Loans mature in 10 years from the initial loan disbursement date, with an initial 2-year (measured from the first loan disbursement date) interest-only payment period during which only interest is paid monthly, followed by 8 years of amortizing payments where the principal is repaid in equal installments every 3 months and interest is paid monthly. The Equipment Financing Credit Agreement contains customary representations of MSK in connection with the execution of the agreement and with each borrowing of CAPEX Loans and customary terms and conditions for a secured equipment financing loan of this type in Korea. All obligations of MSK under the Equipment Financing Credit Agreement and CAPEX Loans are secured by certain Fab 3 machinery and equipment pursuant to the Equipment Pledge Agreement.

### ***Term Loan***

On March 26, 2024, MSK executed a Standard Credit Agreement (together with its General Terms and Conditions, the “Loan Agreement”) with KDB. In connection with the Loan Agreement, on March 26, 2024, MSK entered into a Kun-Pledge (Mortgage) Agreement (the “Pledge Agreement”) with KDB pursuant to which MSK pledged its real property and buildings located in Gumi, Korea (“Fab 3 properties”) in favor of KDB.

The Loan Agreement provides for a working capital term loan (the “Term Loan”) of KRW 40,000,000,000 (approximately \$29.8 million based on the KRW/USD exchange rate of 1,340.7:1 as of March 26, 2024 as quoted by KEB Hana Bank), which was funded in full to MSK on March 26, 2024.

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The Term Loan bears interest at a variable rate equal to the 3-month CD rate quoted by KDB, plus 1.21%, which rate is adjusted quarterly. The initial interest rate on the Term Loan was 4.86% per annum. The Term Loan requires monthly interest-only payments and matures on March 26, 2027, at which time the full principal balance will be due and payable. All obligations of MSK under the Loan Agreement and the Term Loan are secured by the Fab 3 properties pursuant to the Pledge Agreement.

### ***New Stock Repurchase Program***

On July 19, 2023, our Board of Directors authorized a new \$50 million stock buyback program. Purchases have been and will be made in the open market or in privately negotiated transactions, depending upon market conditions and other factors.

From August 2023 to December 2023, we repurchased 1,730,173 shares of our common stock in the open market for an aggregate purchase price of \$13.6 million and a weighted average price per share of \$7.84 under the new stock repurchase program.

From January 2024 to December 2024, we repurchased 2,349,811 shares of our common stock in the open market for an aggregate purchase price of \$11.8 million and a weighted average price per share of \$5.04 under the new stock repurchase program.

From January 2025 to February 2025, we repurchased 31,254 shares of our common stock in the open market for an aggregate purchase price of \$0.1 million and a weighted average price per share of \$3.95 under the new stock repurchase program.

### ***Macroeconomic Industry Conditions***

The semiconductor industry continues to face a number of macroeconomic challenges, including rising inflation, increased interest rates, supply chain disruptions, inventory corrections, shifting customer and end-user demand, fluctuations in currency rates, and geopolitical tensions, including without limitation ongoing conflicts involving Russia and Ukraine, sustained military action and conflicts in the Middle East, and potential trade conflicts, including arising directly or indirectly from tariffs recently imposed by the United States, any one or more of which may cause volatility and unpredictability in the supply chain or market for semiconductor products and end-user demand. The length and severity of these macroeconomic events and their overall impact on our business, results of operations and financial condition remain uncertain.

### ***Developments in Export Control Regulations***

On October 7, 2022, the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce published changes to U.S. export control regulations (U.S. Export Regulations), including new restrictions on Chinese entities' ability to obtain advanced computing chips, develop and maintain supercomputers, and manufacture advanced semiconductors. Further, on October 12, 2022, a new rule went into effect requiring U.S. persons to obtain a license prior to engaging in certain activities that could "support" certain end-uses and end-users, including those related to weapons of mass destruction. Additionally, on October 21, 2022, BIS brought into effect a series of new Foreign Direct Product (FDP) rules and various new controls on advanced computing items, significantly expanding the scope of items that are subject to export control under the U.S. Export Regulations. More recently, on October 25, 2023, BIS published additional rules, which went into effect on November 17, 2023 to expand, clarify, and correct the rules published in October 2022. A further corrected and clarified version of these rules went into effect on April 4, 2024. On January 16, 2025, BIS published amendments and clarifications of the U.S. Export Regulations which further tightened controls of advanced computing items. Based on our understanding of the U.S. Export Regulations and related rules currently in effect, we do not anticipate that they will have a material impact on our current business, but we will continue reviewing and assessing these rules and regulations and their potential impact on our business. Additional changes to the U.S. Export Regulations are expected, such as recently proposed rule changes that may expand restrictions on

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export transactions involving end users or end uses with military connections; but the scope or timing of such changes is uncertain. We will continue to monitor such developments, including potential additional trade restrictions, and other regulatory or policy changes by the U.S. and foreign governments.

### Explanation and Reconciliation of Non-U.S. GAAP Measures

#### *Adjusted EBITDA, Adjusted Operating Income (Loss) and Adjusted Net Income (Loss)*

We use the terms Adjusted EBITDA, Adjusted Operating Income (Loss) and Adjusted Net Income (Loss) (including on a per share basis) in this Report. Adjusted EBITDA, as we define it, is a non-U.S. GAAP measure. 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 benefit, net and depreciation and amortization.

See the footnotes to the table below for further information regarding these items. We present Adjusted EBITDA as a supplemental measure of our performance because:

- we believe that Adjusted EBITDA, by eliminating the impact of a number of items that we do not consider to be indicative of our core ongoing operating performance, provides a more comparable measure of our operating performance from period-to-period and may be a better indicator of future performance;
- we believe that Adjusted EBITDA is commonly requested and used by securities analysts, investors and other interested parties in the evaluation of a company as an enterprise level performance measure that eliminates the effects of financing, income taxes and the accounting effects of capital spending, as well as other one time or recurring items described above; and
- we believe that Adjusted EBITDA is useful for investors, among other reasons, to assess a company's period-to-period core operating performance and to understand and assess the manner in which management analyzes operating performance.

We use Adjusted EBITDA in a number of ways, including:

- for planning purposes, including the preparation of our annual operating budget;
- to evaluate the effectiveness of our enterprise level business strategies;
- in communications with our Board of Directors concerning our consolidated financial performance; and
- in certain of our compensation plans as a performance measure for determining incentive compensation payments.

We encourage you to evaluate each adjustment and the reasons we consider them appropriate. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses (income) similar to the adjustments in this presentation. Adjusted EBITDA is not a measure defined in accordance with U.S. GAAP and should not be construed as an alternative to net income (loss) or any other performance measure derived in accordance with U.S. GAAP, or as an alternative to cash flows from operating activities as a measure of liquidity. A reconciliation of net loss to Adjusted EBITDA is as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
	(Dollars in millions)	
Net loss	\$ (54.3)	\$ (36.6)
Interest income	(8.8)	(10.4)
Interest expense	2.0	0.8
Income tax benefit, net	(8.3)	(10.9)
Depreciation and amortization	16.2	16.7
EBITDA	\$ (53.3)	\$ (40.5)

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	Year Ended December 31, 2024	Year Ended December 31, 2023
	(Dollars in millions)	
Adjustments:		
Equity-based compensation expense(a)	\$ 6.2	\$ 7.2
Foreign currency loss (gain), net(b)	16.9	(0.5)
Derivative valuation loss (gain), net(c)	(0.1)	0.3
Impairment and other charges(d)	6.7	0.8
Early termination charges(e)	—	8.4
Adjusted EBITDA	<u>\$ (23.6)</u>	<u>\$ (24.2)</u>

- (a) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, these expenses do not generally require cash settlement, and, therefore, are not used by us to assess the profitability of our operations. We believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses as supplemental information.
- (b) This adjustment mainly eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, which we cannot control. Additionally, we believe the isolation of this adjustment provides investors with enhanced comparability to prior and future periods of our operating performance results.
- (c) This adjustment eliminates the impact of gain or loss recognized in income on derivatives, which represents derivatives value changes excluded from the risk being hedged. We enter into derivative transactions to mitigate foreign exchange risks. As our derivative transactions are limited to a certain portion of our expected cash flows denominated in U.S. dollars, and we do not enter into derivative transactions for trading or speculative purposes, we do not believe that these charges or gains are indicative of our core operating performance.
- (d) For the year ended December 31, 2024, this adjustment eliminates \$4.6 million of impairment loss primarily related to the tangible assets associated with our Display business, and \$2.0 million of one-time cumulative financial impact in connection with certain employee benefits. For the year ended December 31, 2023, this adjustment eliminates \$0.8 million of one-time employee incentives. As these adjustments meaningfully impacted our operating results and are not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if these adjustments are excluded.
- (e) For the year ended December 31, 2023, this adjustment eliminates the termination related charges of \$8.4 million in connection with the voluntary resignation program (the "Program") that we offered and paid to certain employees during the first half of 2023. As this adjustment meaningfully impacted our operating results and are not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if these adjustments are excluded.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

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- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA does not consider the potentially dilutive impact of issuing equity-based compensation to our management team and employees;
- Adjusted EBITDA does not reflect the costs of holding certain assets and liabilities in foreign currencies; and
- other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our U.S. GAAP results and using Adjusted EBITDA only supplementally.

We present Adjusted Operating Income (Loss) as supplemental measures of our performance. We prepare Adjusted Operating Income (Loss) by adjusting operating income (loss) to eliminate the impact of equity-based compensation 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 Operating Income (Loss) is useful to investors to provide a supplemental way to understand our underlying operating performance and allows investors to monitor and understand changes in our ability to generate income (loss) from ongoing business operations.

Adjusted Operating Income (Loss) is not a measure defined in accordance with U.S. GAAP and should not be construed as an alternative to operating income (loss) or any other performance measure derived in accordance with U.S. GAAP. We encourage you to evaluate each adjustment and the reasons we consider them appropriate. Other companies in our industry may calculate Adjusted Operating Income (Loss) differently than we do, limiting its usefulness as a comparative measure. In addition, in evaluating Adjusted Operating Income (Loss), you should be aware that in the future we may incur expenses (income) similar to the adjustments in this presentation. We define Adjusted Operating Income (Loss) for the periods indicated as operating income (loss) adjusted to exclude (i) equity-based compensation expense, (ii) impairment and other charges and (iii) early termination charges.

The following table summarizes the adjustments to operating loss that we make in order to calculate Adjusted Operating Loss for the periods indicated:

	Year Ended December 31, 2024	Year Ended December 31, 2023
	(Dollars in millions)	
Operating loss	\$ (53.0)	\$ (57.6)
Adjustments:		
Equity-based compensation expense(a)	6.2	7.2
Impairment and other charges(b)	6.7	0.8
Early termination charges(c)	—	8.4
Adjusted Operating Loss	<u>\$ (40.2)</u>	<u>\$ (41.2)</u>

- (a) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, these expenses do not generally require cash settlement, and, therefore, are not used by us to assess the profitability of our operations. We believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses as supplemental information.
- (b) For the year ended December 31, 2024, this adjustment eliminates \$4.6 million of impairment loss primarily related to the tangible assets associated with our Display business, and \$2.0 million of one-time cumulative financial impact in connection with certain employee benefits. For the year ended December 31, 2023, this adjustment eliminates \$0.8 million of one-time employee incentives. As these adjustments meaningfully

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impacted our operating results and are not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if these adjustments are excluded.

- (c) For the year ended December 31, 2023, this adjustment eliminates the termination related charges of \$8.4 million in connection with the Program that we offered and paid to certain employees during the first half of 2023. As these adjustments meaningfully impacted our operating results and are not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if these adjustments are excluded.

We present Adjusted Net Income (Loss) (including on a per share basis) as a further supplemental measure of our performance. We prepare Adjusted Net Income (Loss) (including on a per share basis) by adjusting net income (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) (including on a per share basis) is particularly useful because it reflects the impact of our asset base and capital structure on our operating performance. We present Adjusted Net Income (Loss) (including on a per share basis) for a number of reasons, including:

- we use Adjusted Net Income (Loss) (including on a per share basis) in communications with our Board of Directors concerning our consolidated financial performance without the impact of non-cash expenses and the other items as we discussed below since we believe that it is a more consistent measure of our core operating results from period to period; and
- we believe that reporting Adjusted Net Income (Loss) (including on a per share basis) is useful to readers in evaluating our core operating results because it eliminates the effects of non-cash expenses as well as the other items we discuss below, such as foreign currency gains and losses, which are out of our control and can vary significantly from period to period.

Adjusted Net Income (Loss) (including on a per share basis) is not a measure defined in accordance with U.S. GAAP and should not be construed as an alternative to net income (loss) or any other performance measure derived in accordance with U.S. GAAP, or as an alternative to cash flows from operating activities as a measure of liquidity. We encourage you to evaluate each adjustment and the reasons we consider them appropriate. Other companies in our industry may calculate Adjusted Net Income (Loss) (including on a per share basis) differently than we do, limiting its usefulness as a comparative measure. In addition, in evaluating Adjusted Net Income (Loss) (including on a per share basis), you should be aware that in the future we may incur expenses (income) similar to the adjustments in this presentation. We define Adjusted Net Income (Loss) (including on a per share basis); for the periods indicated 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) impairment and other charges, (v) early termination charges and (vi) income tax effect on non-GAAP adjustments.

The following table summarizes the adjustments to net loss that we make in order to calculate Adjusted Net Loss (including on a per share basis) for the periods indicated:

	Year Ended December 31, 2024	Year Ended December 31, 2023
	(Dollars in millions, except per share data)	
Net loss	\$ (54.3)	\$ (36.6)
Adjustments:		
Equity-based compensation expense(a)	6.2	7.2
Foreign currency loss (gain), net(b)	16.9	(0.5)
Derivative valuation loss (gain), net(c)	(0.1)	0.3
Impairment and other charges(d)	6.7	0.8
Early termination charges(e)	—	8.4
Income tax effect on non-GAAP adjustments(f)	(4.6)	(2.2)
Adjusted Net Loss	<u>\$ (29.2)</u>	<u>\$ (22.5)</u>

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	Year Ended December 31, 2024	Year Ended December 31, 2023
	(Dollars in millions, except per share data)	
Reported loss per share—basic	\$ (1.44)	\$ (0.89)
Reported loss per share—diluted	\$ (1.44)	\$ (0.89)
Weighted average number of shares—basic	37,774,280	41,013,069
Weighted average number of shares—diluted	37,774,280	41,013,069
Adjusted loss per share—basic	\$ (0.77)	\$ (0.55)
Adjusted loss per share—diluted	\$ (0.77)	\$ (0.55)
Weighted average number of shares—basic	37,774,280	41,013,069
Weighted average number of shares—diluted	37,774,280	41,013,069

- (a) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, these expenses do not generally require cash settlement, and, therefore, are not used by us to assess the profitability of our operations. We believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses as supplemental information.
- (b) This adjustment mainly eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, which we cannot control. Additionally, we believe the isolation of this adjustment provides investors with enhanced comparability to prior and future periods of our operating performance results.
- (c) This adjustment eliminates the impact of gain or loss recognized in income on derivatives, which represents derivatives value changes excluded from the risk being hedged. We enter into derivative transactions to mitigate foreign exchange risks. As our derivative transactions are limited to a certain portion of our expected cash flows denominated in U.S. dollars, and we do not enter into derivative transactions for trading or speculative purposes, we do not believe that these charges or gains are indicative of our core operating performance.
- (d) For the year ended December 31, 2024, this adjustment eliminates \$4.6 million of impairment loss primarily related to the tangible assets associated with our Display business, and \$2.0 million of one-time cumulative financial impact in connection with certain employee benefits. For the year ended December 31, 2023, this adjustment eliminates \$0.8 million of one-time employee incentives. As these adjustments meaningfully impacted our operating results and are not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if these adjustments are excluded.
- (e) For the year ended December 31, 2023, this adjustment eliminates the termination related charges of \$8.4 million in connection with the Program that we offered and paid to certain employees during the first half of 2023. As these adjustments meaningfully impacted our operating results and are not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if these adjustments are excluded.
- (f) For the years ended December 31, 2024 and 2023, income tax effect on non-GAAP adjustments were calculated by calculating the tax benefit of each jurisdiction with or without the non-GAAP adjustments. For the year ended December 31, 2024, this adjustment eliminates the income tax effect on non-GAAP adjustments of negative \$4.6 million, which mainly related to one of our operating entities in Korea. For the year ended December 31, 2023, this adjustment eliminates the income tax effect on non-GAAP adjustments of negative \$2.2 million, which mainly related to our then primary operating entity in Korea.

We believe that all adjustments to income (loss) used to calculate Adjusted Net Income (Loss) was applied consistently to the periods presented.

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Adjusted Net Income (Loss) has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- Adjusted Net Income (Loss) does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted Net Income (Loss) does not consider the potentially dilutive impact of issuing equity-based compensation to our management team and employees;
- Adjusted Net Income (Loss) does not reflect the costs of holding certain assets and liabilities in foreign currencies; and
- Other companies in our industry may calculate Adjusted Net Income (Loss) differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted Net Income (Loss) should not be considered as a measure of profitability of our business. We compensate for these limitations by relying primarily on our U.S. GAAP results and using Adjusted Net Income (Loss) only as a supplement.

### **Factors Affecting Our Results of Operations**

**Net Sales.** We derive substantially all of our sales (net of sales returns and allowances) from our standard products business. We outsource manufacturing of mobile OLED products to external 12-inch foundries. Our product inventory is primarily located in Korea and is available for drop shipment globally. Outside of Korea, we maintain limited product inventory, and our sales representatives generally relay orders to our fabrication facility in Korea for fulfillment. We have strategically located our sales offices near concentrations of major customers. Our sales offices are located in Korea, Japan, Taiwan and Greater China. Our network of authorized agents and distributors is in the United States, Europe and the Asia Pacific region.

We recognize revenue when a customer obtains control of the product, which is generally upon product shipment, delivery at the customer's location or upon customer acceptance, depending on the terms of the arrangement. For the years ended December 31, 2024 and 2023, we sold products to 176 and 165 customers, respectively, and our net sales to our ten largest customers (which does not include the Transitional Fab 3 Foundry Services) represented 74% and 69% of our net sales—standard products business, respectively.

We are currently in the process of winding down the Transitional Fab 3 Foundry Services, which represented 4.6% and 14.9% of our total revenues for the years ended December 31, 2024 and 2023, respectively.

**Gross Profit.** Our overall gross profit generally fluctuates as a result of changes in overall sales volumes and in the average selling prices of our products and services. Other factors that influence our gross profit include changes in product mix, the introduction of new products and services and subsequent generations of existing products and services, shifts in the utilization of our manufacturing facility and the yields achieved by our manufacturing operations, changes in material, labor and other manufacturing costs including outsourced manufacturing expenses, and variation in depreciation expense.

**Average Selling Prices.** Average selling prices for our products tend to be highest at the time of introduction of new products which utilize the latest technology and tend to decrease over time as such products mature in the market and are replaced by next generation products. We strive to offset the impact of declining selling prices for existing products through our product development activities and by introducing new products that command selling prices above the average selling price of our existing products. In addition, we seek to manage our inventories and manufacturing capacity so as to preclude losses from product and productive capacity obsolescence.

**Material Costs.** Our material costs consist of costs of raw materials, such as silicon wafers, chemicals, gases and tape and packaging supplies. We use processes that require specialized raw materials, such as silicon wafers, that are generally available from a limited number of suppliers. If demand increases or supplies decrease, the costs of our raw materials could increase significantly.

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**Labor Costs.** A significant portion of our employees are located in Korea. Under Korean labor laws, most employees and certain executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of December 31, 2024, 95% of our employees were eligible for severance benefits.

**Depreciation Expense.** We periodically evaluate the carrying values of long-lived assets, including property, plant and equipment and intangible assets, as well as the related depreciation periods. We depreciated our property, plant and equipment using the straight-line method over the estimated useful lives of our assets. Depreciation rates vary from 30-40 years on buildings to 3-12 years for certain equipment and assets. Our evaluation of carrying values is based on various analyses including cash flow and profitability projections. If our projections indicate that future undiscounted cash flows are not sufficient to recover the carrying value of the related long-lived assets, the carrying value of the assets is impaired and will be reduced, with the reduction charged to expense so that the carrying value is equal to fair value.

**Selling Expenses.** We sell our products worldwide through a direct sales force as well as a network of sales agents and representatives to OEMs, including major branded customers and contract manufacturers, and indirectly through distributors. Selling expenses consist primarily of the personnel costs for the members of our direct sales force, a network of sales representatives and other costs of distribution. Personnel costs include base salary, benefits and incentive compensation.

**General and Administrative Expenses.** General and administrative expenses consist of the costs of various corporate operations, including finance, legal, human resources and other administrative functions. These expenses primarily consist of payroll-related expenses, consulting and other professional fees and office facility-related expenses.

**Research and Development.** The rapid technological change and product obsolescence that characterize our industry require us to make continuous investments in research and development. Product development time frames vary but, in general, we incur research and development costs one to two years before generating sales from the associated new products. These expenses include personnel costs for members of our engineering workforce, cost of photomasks, silicon wafers and other non-recurring engineering charges related to product design. Additionally, we develop base line process technology through experimentation and through the design and use of characterization wafers that help achieve commercially feasible yields for new products. The majority of research and development expenses of our Display IC business are material and design-related costs for OLED display driver IC product development involving 28-nanometer or finer processes. The majority of research and development expenses of our Power IC business are material and design-related costs for Power IC products. Power IC uses standard BCD process technologies which can be sourced from multiple foundries. The majority of research and development expenses of our Power discrete business are certain equipment, material and design-related costs for Power discrete products.

**Impact of Foreign Currency Exchange Rates on Reported Results of Operations.** Historically, a portion of our revenues and cost of sales and greater than the majority of our operating expenses have been denominated in non-U.S. currencies, principally the Korean won, and we expect that this will remain true in the future. Because we report our results of operations in U.S. dollars converted from our non-U.S. revenues and expenses based on monthly average exchange rates, changes in the exchange rate between the Korean won and the U.S. dollar could materially impact our reported results of operations and distort period to period comparisons. In particular, because of the difference in the amount of our consolidated revenues and expenses that are in U.S. dollars relative to Korean won, depreciation in the U.S. dollar relative to the Korean won could result in a material increase in reported costs relative to revenues, and therefore could cause our profit margins and operating income to appear to decline materially, particularly relative to prior periods. The converse is true if the U.S. dollar were to appreciate relative to the Korean won. Moreover, our foreign currency gain or loss would be affected by changes in the exchange rate between the Korean won and the U.S. dollar as a substantial portion of non-cash translation gain or loss is associated with the intercompany long-term loans to one of our Korean subsidiaries,

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Magnachip Semiconductor, Ltd. or MSK, which is denominated in U.S. dollars. As of December 31, 2024, the outstanding intercompany loan balance including accrued interest between MSK and our Dutch subsidiary was \$257.7 million. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our stock could be adversely affected.

From time to time, we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. Our Korean subsidiary, Magnachip Semiconductor, Ltd., enters into foreign currency zero cost collar contracts in order to mitigate a portion of the impact of U.S. dollar-Korean won exchange rate fluctuations on our operating results. Obligations under these foreign currency zero cost collar contracts must be cash collateralized if our exposure exceeds certain specified thresholds. These zero cost collar contracts may be terminated by a counterparty in a number of circumstances, including if our total cash and cash equivalents is less than \$30.0 million at the end of a fiscal quarter unless a waiver is obtained from the counterparty. We cannot assure that any hedging technique we implement will be effective. If our hedging activities are not effective, changes in currency exchange rates may have a more significant impact on our results of operations. See “Note 9. Derivative Financial Instruments” to our consolidated financial statements under “Item 8. Financial Statements and Supplementary Data” for additional information regarding our foreign exchange hedging activities.

**Foreign Currency Gain or Loss.** Foreign currency translation gains or losses on transactions by us or our subsidiaries in a currency other than our or our subsidiaries’ functional currency are included in foreign currency gain (loss), net in our statements of operations. A substantial portion of this net foreign currency gain or loss relates to non-cash translation gain or loss related to the principal balance of intercompany balances at our Korean subsidiary, Magnachip Semiconductor, Ltd., that are denominated in U.S. dollars. This gain or loss results from fluctuations in the exchange rate between the Korean won and U.S. dollar.

**Income Taxes.** We record our income taxes in each of the tax jurisdictions in which we operate. This process involves using an asset and liability approach whereby deferred tax assets and liabilities are recorded for differences in the financial reporting bases and tax basis of our assets and liabilities. We exercise significant management judgment in determining our provision for income taxes, deferred tax assets and liabilities. We assess whether it is more likely than not that the deferred tax assets existing at the period-end will be realized in future periods. In such assessment, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent results of operations. In the event we were to determine that we would be able to realize the deferred income tax assets in the future in excess of their net recorded amount, we would adjust the valuation allowance, which would reduce the provision for income taxes.

We are subject to income- or non-income-based tax examinations by tax authorities of the U.S., Korea and multiple other foreign jurisdictions for all open tax years. Significant estimates and judgments are required in determining our worldwide provision for income- or non-income based taxes. Some of these estimates are based on interpretations of existing tax laws or regulations. The ultimate amount of tax liability may be uncertain as a result.

**Capital Expenditures.** We primarily invest in manufacturing equipment, software design tools and other tangible assets mainly for fabrication facility maintenance, capacity expansion and technology improvement. Capacity expansions and technology improvements typically occur in anticipation of increases in demand. We typically pay for capital expenditures in partial installments with portions due on order, delivery and final acceptance. Our capital expenditures mainly include our payments for the purchase of property, plant and equipment.

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**Inventories.** We monitor our inventory levels in light of product development changes and market expectations. We may be required to take additional charges for quantities in excess of demand, cost in excess of market value and product age. Our analysis may take into consideration historical usage, expected demand, anticipated sales price, new product development schedules, the effect new products might have on the sales of existing products, product age, customer design activity, customer concentration and other factors. These forecasts require us to estimate our ability to predict demand for current and future products and compare those estimates with our current inventory levels and inventory purchase commitments. Our forecasts for our inventory may differ from actual inventory use.

## Results of Operations

### Comparison of Years Ended December 31, 2024 and 2023

The following table sets forth consolidated results of operations for the years ended December 31, 2024 and 2023:

	Year Ended December 31, 2024		Year Ended December 31, 2023		Change Amount
	Amount	% of Total revenues	Amount	% of Total revenues	
(Dollars in millions)					
<b>Revenues</b>					
Net sales—standard products business	\$ 221.1	95.4%	\$ 195.7	85.1%	\$ 25.5
Net sales—transitional Fab 3 foundry services	10.6	4.6	34.4	14.9	(23.8)
Total revenues	231.7	100.0	230.1	100.0	1.7
<b>Cost of sales</b>					
Cost of sales—standard products business	168.0	72.5	143.8	62.5	24.2
Cost of sales—transitional Fab 3 foundry services	11.8	5.1	34.6	15.1	(22.8)
Total cost of sales	179.8	77.6	178.4	77.6	1.4
Gross profit	51.9	22.4	51.6	22.4	0.3
Selling, general and administrative expenses	47.1	20.3	48.5	21.1	(1.4)
Research and development expenses	51.2	22.1	51.6	22.4	(0.4)
Impairment and other charges	6.7	2.9	0.8	0.3	5.9
Early termination charges	—	—	8.4	3.7	(8.4)
Operating loss	(53.0)	(22.9)	(57.6)	(25.1)	4.6
Interest income	8.8	3.8	10.4	4.5	(1.7)
Interest expense	(2.0)	(0.8)	(0.8)	(0.4)	(1.1)
Foreign currency gain (loss), net	(16.9)	(7.3)	0.5	0.2	(17.4)
Others, net	0.5	0.2	0.0	0.0	0.5
	(9.6)	(4.1)	10.1	4.4	(19.7)
Loss before income tax benefit	(62.6)	(27.0)	(47.6)	(20.7)	(15.1)
Income tax benefit, net	(8.3)	(3.6)	(10.9)	(4.8)	2.6
Net loss	\$ (54.3)	(23.4)%	\$ (36.6)	(15.9)%	\$ (17.7)

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*Results by business line*

	Year Ended December 31, 2024		Year Ended December 31, 2023		Change Amount
	Amount	% of Total revenues	Amount	% of Total revenues	
(Dollars in millions)					
<b>Revenues</b>					
Net sales—standard products business					
Mixed-Signal Solutions	\$ 54.3	23.4%	\$ 44.4	19.3%	\$ 10.0
Power Analog Solutions	166.8	72.0	151.3	65.8	15.5
Total standard products business	221.1	95.4	195.7	85.1	25.5
Net sales—transitional Fab 3 foundry services	10.6	4.6	34.4	14.9	(23.8)
Total revenues	<u>\$ 231.7</u>	<u>100.0%</u>	<u>\$ 230.1</u>	<u>100.0%</u>	<u>\$ 1.7</u>

	Year Ended December 31, 2024		Year Ended December 31, 2023		Change Amount
	Amount	% of Net Sales	Amount	% of Net Sales	
(Dollars in millions)					
<b>Gross Profit</b>					
Gross profit—standard products business					
Mixed-Signal Solutions	\$ 21.6	39.8%	\$ 15.0	33.7%	\$ 6.7
Power Analog Solutions	31.5	18.9	37.0	24.4	(5.5)
Total standard products business	53.1	24.0	51.9	26.5	1.2
Gross profit—transitional Fab 3 foundry services	(1.2)	(11.5)	(0.3)	(0.8)	(0.9)
Total gross profit	<u>\$ 51.9</u>	<u>22.4%</u>	<u>\$ 51.6</u>	<u>22.4%</u>	<u>\$ 0.3</u>

**Revenues**

Total revenues were \$231.7 million for the year ended December 31, 2024, a \$1.7 million, or 0.7%, increase compared to \$230.1 million for the year ended December 31, 2023. This increase was primarily due to an increase in revenue related to our standard products business as described below.

**The standard products business.** Net sales from our standard products business were \$221.1 million for the year ended December 31, 2024, a \$25.5 million, or 13.0%, increase compared to \$195.7 million for the year ended December 31, 2023.

Net sales from our Mixed-Signal Solutions business line increased from \$44.4 million for the year ended December 31, 2023 to \$54.3 million for the year ended December 31, 2024. The increase in net sales from our Mixed-Signal Solutions business line was primarily attributable to a higher demand for our Power IC products, primarily for televisions and OLED IT devices, and a higher demand for automotive OLED display driver ICs. This increase was offset in part by a decrease in revenue from our mobile OLED display driver ICs stemmed from slower than expected new design-wins and lower customer demand for legacy products, and weak demand for our auto-LCD display driver ICs also had an unfavorable impact on net sales.

Net sales from our Power Analog Solutions business line increased from \$151.3 million for the year ended December 31, 2023 to \$166.8 million for the year ended December 31, 2024. The increase in net sales from our Power Analog Solutions business line was attributable to a higher demand for power products such as MOSFETs, including high-end MOSFETs in the communication, consumer and computing applications.

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**The transitional Fab 3 foundry services.** Net sales from the transitional Fab 3 foundry services were \$10.6 million and \$34.4 million for the years ended December 31, 2024 and 2023, respectively.

### **Gross Profit**

Total gross profit was \$51.9 million for the year ended December 31, 2024 compared to \$51.6 million for the year ended December 31, 2023, representing a \$0.3 million, or 0.5%, increase. Gross profit as a percentage of total revenues was 22.4% for the year ended December 31, 2024, which remained almost flat, compared to 22.4% for the year ended December 31, 2023.

**The standard products business.** Gross profit from our standard products business was \$53.1 million for the year ended December 31, 2024, representing a \$1.2 million, or 2.3%, increase from \$51.9 million for the year ended December 31, 2023. Gross profit as a percentage of net sales for the year ended December 31, 2024 decreased to 24.0% compared to 26.5% for the year ended December 31, 2023.

Gross profit from our Mixed-Signal Solutions business line was \$21.6 million for the year ended December 31, 2024, which represented a \$6.7 million, or 44.5%, increase from gross profit of \$15.0 million for the year ended December 31, 2023. Gross profit as a percentage of net sales for the year ended December 31, 2024 increased to 39.8% compared to 33.7% for the year ended December 31, 2023. The year-over-year increase in gross profit as a percentage of net sales was primarily attributable to certain inventory reserve related to 12-inch display products in the year ended December 31, 2023 resulting from lower demand for China smartphones.

Gross profit from our Power Analog Solutions business line was \$31.5 million for the year ended December 31, 2024, which represented a \$5.5 million, or 14.8%, decrease from gross profit of \$37.0 million for the year ended December 31, 2023. Gross profit as a percentage of net sales for the year ended December 31, 2024 decreased to 18.9% compared to 24.4% for the year ended December 31, 2023. The year-over-year decrease in gross profit as a percentage of net sales was primarily attributable to an unfavorable product mix and a lower utilization rate of our internal fabrication facility in Gumi as a result of the wind-down of transitional foundry services.

### **Net Sales—Standard Products Business by Geographic Region**

We report net sales—standard products business by geographic region based on the location to which the products are billed. The following table sets forth our net sales—standard products business by geographic region and the percentage of total net sales—standard products business represented by each geographic region for the years ended December 31, 2024 and 2023:

	Year Ended December 31, 2024		Year Ended December 31, 2023		Change Amount
	Amount	% of Net Sales – standard products business	Amount	% of Net Sales – standard products business	
	(Dollars in millions)				
Korea	\$ 86.0	38.9%	\$ 66.8	34.1%	\$ 19.2
Asia Pacific (other than Korea)	128.0	57.9	119.2	60.9	8.7
United States	2.1	1.0	2.8	1.4	(0.7)
Europe	5.1	2.3	6.8	3.5	(1.7)
	<u>\$221.1</u>	<u>100.0%</u>	<u>\$195.7</u>	<u>100.0%</u>	<u>\$ 25.5</u>

Net sales—standard products business in Korea increased from \$66.8 million for the year ended December 31, 2023 to \$86.0 million for the year ended December 31, 2024, or by \$19.2 million, or 28.7%,

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primarily due to a higher demand for power products such as MOSFETs, including high-end MOSFETs, primarily for smartphones, televisions and home appliance. A higher demand for our Power IC products, primarily for televisions and OLED IT devices, also had a favorable impact on net sales.

Net sales—standard products business in the Asia Pacific increased from \$119.2 million for the year ended December 31, 2023 to \$128.0 million for the year ended December 31, 2024, or by \$8.7 million, or 7.3%, primarily due to a higher demand for power products such as MOSFETs, including high-end MOSFETs, primarily for battery management system and e-motors, which was offset in part by a decrease in revenue from our mobile OLED display driver ICs and auto-LCD display driver ICs. A higher demand for automotive OLED display driver ICs also had a favorable impact on net sales.

### **Operating Expenses**

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses were \$47.1 million, or 20.3% of total revenues for the year ended December 31, 2024, compared to \$48.5 million, or 21.1% of total revenues for the year ended December 31, 2023. The decrease of \$1.4 million, or 2.8%, was primarily attributable to a decrease in employee compensation including certain incentives and benefit related accruals, which was offset in part by an increase in professional fees mainly comprised of legal and consulting fees in connection with the establishment of new operating entity in China.

**Research and Development Expenses.** Research and development expenses were \$51.2 million, or 22.1% of total revenues for the year ended December 31, 2024, which remained almost flat, compared to \$51.6 million, or 22.4%, of total revenues for the year ended December 31, 2023.

**Impairment and Other Charges.** For the year ended December 31, 2024, we recorded \$4.6 million of impairment loss primarily related to the tangible assets associated with our Display business. During the same period, we also recorded \$2.0 million of one-time cumulative financial impact in connection with certain employee benefits. For the year ended December 31, 2023, we recorded \$0.8 million of one-time employee incentives.

**Early Termination Charges.** For the year ended December 31, 2023, we recorded \$8.4 million of termination-related charges in connection with the Program that we offered and paid to certain employees during the first half of 2023.

### **Operating Loss**

As a result of the foregoing, operating loss of \$53.0 million was recorded for the year ended December 31, 2024 compared to operating loss of \$57.6 million the year ended December 31, 2023. As discussed above, the decrease in operating loss of \$4.6 million resulted primarily from a \$8.4 million decrease in early termination charges and a \$1.4 million decrease in selling, general and administrative expenses, which was offset in part by a \$5.9 million increase in impairment and other charges.

### **Other Income (Expense)**

**Interest Income.** Interest income was \$8.8 million and \$10.4 million for the years ended December 31, 2024 and December 31, 2023, respectively.

**Interest Expense.** Interest expense was \$2.0 million and \$0.8 million for the years ended December 31, 2024 and December 31, 2023, respectively. The increase of \$1.1 million, or 137.8%, was primarily due to the Term Loan that we executed in March, 2024.

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**Foreign Currency Gain (Loss), Net.** Net foreign currency loss for the year ended December 31, 2024 was \$16.9 million compared to net foreign currency gain of \$0.5 million for the year ended December 31, 2023. The net foreign currency loss for the year ended December 31, 2024 was due to the depreciation in value of the Korean won relative to the U.S. dollar during the period.

A substantial portion of our net foreign currency gain or loss is non-cash translation gain or loss associated with the intercompany long-term loans to one of our Korean subsidiaries, which is denominated in U.S. dollars, and is affected by changes in the exchange rate between the Korean won and the U.S. dollar. As of December 31, 2024 and 2023, the outstanding intercompany loan balance including accrued interest between our Korean subsidiary, Magnachip Semiconductor, Ltd., and our Dutch subsidiary were \$257.7 million and \$285.1 million, respectively. Foreign currency translation gain or loss from intercompany balances were included in determining our consolidated net income since the intercompany balances were not considered long-term investments in nature because management intended to settle these intercompany balances at their respective maturity dates.

### **Income Tax Benefit, Net**

We are subject to income taxes in the United States and many foreign jurisdictions and our effective tax rate is affected by changes in the mix of earnings between countries with differing tax rates.

We recorded \$8.3 million net income tax benefit for the year ended December 31, 2024, which is primarily attributable to income tax benefit from one of our Korean subsidiaries due to its net operating loss.

We recorded \$10.9 million income tax benefit for the year ended December 31, 2023, which was primarily attributable to income tax benefit of \$13.0 million from our then primary operating entity in Korea, due mainly to its net operating loss, and this benefit was partially offset by income tax expense of \$3.0 million from our Dutch subsidiary. The Dutch subsidiary's income tax expense was mainly attributable to the foreign currency gains and withholding tax related to the loans granted to our Korean subsidiary by our Dutch subsidiary.

### **Net Loss**

As a result of the foregoing, net loss of \$54.3 million was recorded for the year ended December 31, 2024 compared to net loss of \$36.6 million for the year ended December 31, 2023. As discussed above, the \$17.7 million increase in net loss was primarily attributable to a \$17.4 million increase in net foreign currency loss, a \$2.6 million decrease in income tax benefit, a \$1.7 million decrease in interest income and a \$1.1 million increase in interest expense, which was offset in part by a \$4.6 million improvement in operating loss.

### **Liquidity and Capital Resources**

Our principal capital requirements are to fund sales and marketing, invest in research and development and capital equipment, to make debt service payments and to fund working capital needs. We calculate working capital as current assets less current liabilities.

Our principal sources of liquidity are our cash, cash equivalents, cash flows from operations and financing activities. Our ability to manage cash and cash equivalents may be limited, as our primary cash flows are dictated by the terms of our sales and supply agreements, contractual obligations, debt instruments and legal and regulatory requirements. From time to time, we may sell accounts receivable to third parties under factoring agreements or engage in accounts receivable discounting to facilitate the collection of cash. In addition, from time to time, we may make payments to our vendors on extended terms with their consent. As of December 31, 2024, we did not have any accounts payable on extended terms or payment deferral with our vendors.

As of June 29, 2018, our Korean subsidiary, Magnachip Semiconductor, Ltd. ("MSK"), entered into an arrangement whereby it (i) acquired a water treatment facility from SK hynix for \$4.2 million to support our

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fabrication facility in Gumi, Korea, and (ii) subsequently sold the water treatment facility for \$4.2 million to a third party management company that we engaged to run the facility for a 10-year term beginning July 1, 2018. As of December 31, 2024, the outstanding obligation of this arrangement is approximately \$13.9 million for remaining service term through 2028.

On March 26, 2024, MSK executed a Standard Credit Agreement (together with its General Terms and Conditions, the “Loan Agreement”) with Korea Development Bank (“KDB”). The Loan Agreement provides for a working capital term loan (the “Term Loan”) of KRW 40,000,000,000 (approximately \$27.2 million based on the KRW/USD exchange rate of 1,470.0:1 as of December 31, 2024 as quoted by KEB Hana Bank). The Term Loan requires monthly interest-only payments and matures on March 26, 2027, at which time the full principal balance will be due and payable.

As of December 31, 2024, cash and cash equivalents held by our Korean subsidiaries were \$128.6 million, which represents 93% of our total cash and cash equivalents on a consolidated basis. We currently believe that we will have sufficient cash reserves from cash on hand and expected cash from operations to fund our operations as well as capital expenditures for the next twelve months and the foreseeable future.

### Year ended December 31, 2024 compared to year ended December 31, 2023

As of December 31, 2024, our cash and cash equivalents balance was \$138.6 million, a \$19.5 million decrease compared to \$158.1 million as of December 31, 2023.

Cash outflow used in operating activities totaled \$6.1 million for the year ended December 31, 2024, compared to \$3.0 million of cash outflow used in operating activities for the year ended December 31, 2023. The net operating cash outflow for the year ended December 31, 2024 reflects our net loss of \$54.3 million, as adjusted favorably by \$61.1 million, which mainly consisted of depreciation and amortization, provision for severance benefits, provision for inventory reserves, net foreign currency loss and stock-based compensation, and net unfavorable impact of \$12.9 million from changes of operating assets and liabilities.

Our working capital balance as of December 31, 2024 was \$173.0 million compared to \$198.5 million as of December 31, 2023. The decrease in working capital balance was mainly attributable to a \$19.5 million decrease in cash and cash equivalents, primarily as a result of \$11.8 million of stock repurchases under our stock repurchase program.

Cash outflow used in investing activities totaled \$11.7 million for the year ended December 31, 2024, compared to a \$7.7 million of cash outflow used in investing activities for the year ended December 31, 2023. The \$4.0 million increase in cash outflow was primarily attributable to \$4.6 million increase in purchase of property, plant and equipment and a \$3.0 million net increase in hedge collateral, which was offset in part by a \$3.7 million net decrease in guarantee deposits.

Cash inflow provided by financing activities totaled \$16.6 million for the year ended December 31, 2024, compared to \$52.3 million of cash outflow used in financing activities for the year ended December 31, 2023. The financing cash inflow for the year ended December 31, 2024 was primarily attributable to the \$30.1 million of proceeds received from the new Term Loan with KDB, which was offset in part by a payment of \$12.3 million for the repurchases of our common stock pursuant to our stock repurchase program and a payment of \$0.6 million for the repurchase of our common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock units. The financing cash outflow for the year ended December 31, 2023 was primarily attributable to a payment of \$51.4 million for the repurchases of our common stock pursuant to our stock repurchase programs and a payment of \$0.4 million for the repurchase of our common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock units.

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We routinely make capital expenditures for fabrication facility maintenance, enhancement of our existing facility and reinforcement of our global research and development capability. For the year ended December 31, 2024, capital expenditures for property, plant and equipment were \$11.6 million, a \$4.6 million, or 66.8%, increase from \$7.0 million for the year ended December 31, 2023. The capital expenditures for the year ended December 31, 2024 also included expenditures related to setting up our newly established operating entity in China.

Looking ahead, we expect the capital expenditures for the year ending December 31, 2025 to be in the range of \$26–28 million, which includes approximately \$14-15 million for new investments into our fabrication facility in Gumi, Korea. The capital expenditures for 2025 and into 2026 will be funded through the \$26.5 million Equipment Financing Credit Agreement, which is specifically designated for equipment purchases or upgrades in our Gumi fabrication. These new investments in Gumi are expected to drive development of new generation portfolio, and upgrade new tools to optimize product mix and improve gross profit margin in the near future and the longer-term.

### **Critical Accounting Policies and Estimates**

Preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in our consolidated financial statements and accompanying notes.

We believe that the accounting policies discussed below are critical due to the fact that they involve a high degree of judgment and estimates about the effects of matters that are inherently uncertain. We base these estimates and judgments on historical experience, knowledge of current conditions and other assumptions and information that we believe to be reasonable. Estimates and assumptions about future events and their effects cannot be determined with certainty. Accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the business environment in which we operate changes.

### ***Inventories***

Inventories are stated at the lower of cost or net realizable value, using the first in, first out method (“FIFO”). If net realizable value is less than cost at the balance sheet date, the carrying amount is reduced to the realizable value, and the difference is recognized as a loss on valuation of inventories within cost of sales. Inventory reserves are established when conditions indicate that the net realizable value is less than costs due to physical deterioration, obsolescence, changes in price levels, or other causes based on individual facts and circumstances. We evaluate the sufficiency of inventory reserves and take into consideration historical usage, expected demand, anticipated sales price, new product development schedules, the effect new products might have on the sale of existing products, product age and other factors. Reserves are also established for excess inventory based on our current inventory levels and projected demand and our ability to sell those specific products. Situations that could cause these inventory reserves include a decline in business and economic conditions, decline in consumer confidence caused by changes in market conditions, sudden and significant decline in demand for our products, inventory obsolescence because of rapidly changing technology and consumer requirements, or failure to estimate end customer demand properly. A reduction of these inventory reserves may be recorded if previously reserved items are subsequently sold as a result of unexpected changes to certain aforementioned situations.

The gross amount of inventory reserves charged to cost of sales totaled \$7.0 million and \$9.4 million in the fiscal years ended December 31, 2024 and 2023, respectively. The new cost base related to the sale of inventory that was previously written down totaled \$7.6 million and \$5.5 million in the fiscal years ended December 31, 2024 and 2023, respectively.

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As prescribed in ASC 330, “Inventory,” once a reserve is established for a particular item based on our assessment as described above, it is maintained until the related item is sold or scrapped as a new cost basis has been established that cannot subsequently be marked up. In addition, the cost of inventories is determined based on the normal capacity of each fabrication facility. In case the capacity utilization is lower than a certain level that management believes to be normal, the fixed overhead costs per production unit which exceed those under normal capacity are charged to cost of sales rather than capitalized as inventories.

### ***Income Taxes***

We are subject to income taxes in the U.S. and foreign jurisdictions. Significant judgments and estimates are required in evaluating our uncertain tax positions and determining our provision for income taxes.

Management’s judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and valuation allowance recorded against our net deferred tax assets. We record a valuation allowance when it is determined that it is more likely than not that a deferred tax asset will not be realized. Our assessment considers the recognition of deferred tax assets on a jurisdictional basis. Accordingly, we consider all available positive and negative evidence, including projected future taxable income, tax planning strategies, and the expected timing of the reversals of existing temporary differences on a jurisdictional basis. Based on the assessment, we have recorded a full valuation allowance against one of Korean operating entity as well as Chinese, Dutch and Luxembourg entities. To the extent that we determine the deferred tax assets are realizable on a more likely than not basis and an adjustment is needed, an adjustment will be recorded in the fiscal period the determination is made.

We recognize and measure uncertain tax positions taken or expected to be taken in a tax return utilizing a two-step process. In the first step, recognition, we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step addresses measurement of a tax position that meets the more likely than not criteria. The tax position is measured at the largest amount of benefit that has a likelihood of greater than 50 percent of being realized upon ultimate settlement.

Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provisions for income taxes in the period in which such determination is made. The provision for income taxes includes the effect of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest and penalties.

### **Recent Accounting Pronouncements**

See Note 1 “Business, Basis of Presentation and Summary of Significant Accounting Policies” in the Notes to the Consolidated Financial Statements in Item 8 of Part II of this Report, for a full description of recent accounting pronouncements, including the expected dates of adoption, which is incorporated herein by reference.

### **Item 7A. [Reserved]**

**Item 8. Financial Statements and Supplementary Data**

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of  
Magnachip Semiconductor Corporation

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Magnachip Semiconductor Corporation and its subsidiaries (the “Company”) as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive loss, changes in stockholders’ equity and cash flows for each of the two years in the period ended December 31, 2024, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control-Integrated Framework* (2013) issued by the COSO.

***Basis for Opinions***

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Realizability of Deferred Tax Assets***

As described in Notes 1 and 17 to the consolidated financial statements, the Company has net deferred tax assets of \$52.8 million, including a valuation allowance of \$81.7 million, as of December 31, 2024. Management determines deferred tax assets and liabilities based upon the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when it is necessary to reduce deferred tax assets to the amount expected to be realized. The evaluation of the recoverability of the deferred tax asset and the need for a valuation allowance requires management to weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax asset will not be realized. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including historical operating results, expected timing of the reversals of existing temporary differences, the Company's ability to generate future taxable income, and tax planning strategies.

The principal considerations for our determination that performing procedures relating to the realizability of deferred tax assets is a critical audit matter are (i) the significant judgment by management when assessing the available positive and negative evidence surrounding the realizability of deferred tax assets, including the application of tax law to the projected tax calculation and a high degree of estimation uncertainty relative to the estimates of future taxable income, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to management's estimates of future taxable income, (iii) auditor judgment in assessing management's application of tax law to the projected tax calculation, and (iv) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the

effectiveness of controls relating to the realizability of deferred tax assets. These procedures also included, among others, (i) evaluating the appropriateness of management's calculation used, (ii) testing the completeness, accuracy and relevance of the underlying data used in the calculation, and (iii) evaluating the reasonableness of significant assumptions used in the calculation of future taxable income. Evaluating management's assumptions related to estimates of future taxable income involved evaluating whether the assumptions used were reasonable considering (i) current and past profitability, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating management's assumptions and calculation for assessing the realizability of deferred tax assets, including the mechanics and application of tax law to the projected tax calculation.

/s/ Samil PricewaterhouseCoopers

Seoul, Korea

March 14, 2025

We have served as the Company's auditor since 2004.

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(In thousands of U.S. dollars, except share data)</b>	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 138,610	\$ 158,092
Accounts receivable, net	28,402	32,641
Inventories, net	30,535	32,733
Other receivables	4,444	4,295
Prepaid expenses	10,379	7,390
Hedge collateral (Note 9)	2,080	1,000
Other current assets (Note 1)	4,779	9,283
Total current assets	219,229	245,434
Property, plant and equipment, net	81,463	100,122
Operating lease right-of-use assets	3,107	4,639
Intangible assets, net	507	1,537
Long-term prepaid expenses	165	5,736
Deferred income taxes (Note 17)	52,889	50,836
Other non-current assets	21,956	12,187
Total assets	<u>\$ 379,316</u>	<u>\$ 420,491</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 21,642	\$ 24,443
Other accounts payable	10,764	5,292
Accrued expenses	8,648	10,457
Accrued income taxes	56	1,496
Operating lease liabilities	1,393	1,914
Other current liabilities (Note 1)	3,765	3,286
Total current liabilities	46,268	46,888
Long-term borrowing	27,211	—
Accrued severance benefits, net	17,094	16,020
Non-current operating lease liabilities	1,823	2,897
Other non-current liabilities	10,123	10,088
Total liabilities	<u>102,519</u>	<u>75,893</u>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Common stock, \$0.01 par value, 150,000,000 shares authorized, 57,498,507 shares issued and 36,912,118 outstanding at December 31, 2024 and 56,971,394 shares issued and 38,852,742 outstanding at December 31, 2023	574	569
Additional paid-in capital	279,423	273,256
Retained earnings	244,576	298,884
Treasury stock, 20,586,389 shares at December 31, 2024 and 18,118,652 shares at December 31, 2023, respectively	(225,883)	(213,454)
Accumulated other comprehensive loss	(21,893)	(14,657)
Total stockholders' equity	<u>276,797</u>	<u>344,598</u>
Total liabilities and stockholders' equity	<u>\$ 379,316</u>	<u>\$ 420,491</u>

*The accompanying notes are an integral part of these consolidated financial statements*

## MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2024	2023
	(In thousands of U.S. dollars, except share data)	
Revenues:		
Net sales—standard products business	\$ 221,140	\$ 195,690
Net sales—transitional Fab 3 foundry services	10,597	34,361
Total revenues	<u>231,737</u>	<u>230,051</u>
Cost of sales:		
Cost of sales—standard products business	168,008	143,762
Cost of sales—transitional Fab 3 foundry services	11,814	34,649
Total cost of sales	<u>179,822</u>	<u>178,411</u>
Gross profit	51,915	51,640
Operating expenses:		
Selling, general and administrative expenses	47,098	48,470
Research and development expenses	51,194	51,563
Impairment and other charges	6,654	802
Early termination charges	—	8,449
Total operating expenses	<u>104,946</u>	<u>109,284</u>
Operating loss:	(53,031)	(57,644)
Interest income	8,771	10,435
Interest expense	(1,969)	(828)
Foreign currency gain (loss), net	(16,899)	465
Other income, net	485	13
Loss before income tax benefit	(62,643)	(47,559)
Income tax benefit, net	(8,335)	(10,937)
Net loss	<u>\$ (54,308)</u>	<u>\$ (36,622)</u>
Loss per common share—		
Basic	\$ (1.44)	\$ (0.89)
Diluted	\$ (1.44)	\$ (0.89)
Weighted average number of shares—		
Basic	37,774,280	41,013,069
Diluted	37,774,280	41,013,069

*The accompanying notes are an integral part of these consolidated financial statements*

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	(In thousands of U.S. dollars)	
Net loss	\$ (54,308)	\$ (36,622)
Other comprehensive loss:		
Foreign currency translation adjustments	(5,579)	(4,020)
Derivative adjustments		
Fair valuation of derivatives	(2,525)	(1,536)
Reclassification adjustment for loss on derivatives included in net loss	868	3,452
Total other comprehensive loss	<u>(7,236)</u>	<u>(2,104)</u>
Total comprehensive loss	<u>\$ (61,544)</u>	<u>\$ (38,726)</u>

*The accompanying notes are an integral part of these consolidated financial statements*

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

<b>(In thousands of U.S. dollars, except share data)</b>	<b>Common Stock</b>		<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Treasury Stock</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>				<b>Loss</b>	
<b>Balance at December 31, 2022</b>	<u>43,824,575</u>	<u>\$ 564</u>	<u>\$ 266,058</u>	<u>\$ 335,506</u>	<u>\$ (161,422)</u>	<u>\$ (12,553)</u>	<u>\$ 428,153</u>
Stock-based compensation	—	—	7,223	—	—	—	7,223
Exercise of stock options	4,000	0	27	—	—	—	27
Settlement of restricted stock units	534,945	5	(52)	—	—	—	(47)
Acquisition of treasury stock	(5,510,778)	—	—	—	(52,032)	—	(52,032)
Other comprehensive loss, net	—	—	—	—	—	(2,104)	(2,104)
Net loss	—	—	—	(36,622)	—	—	(36,622)
<b>Balance at December 31, 2023</b>	<u>38,852,742</u>	<u>\$ 569</u>	<u>\$ 273,256</u>	<u>\$ 298,884</u>	<u>\$ (213,454)</u>	<u>\$ (14,657)</u>	<u>\$ 344,598</u>
Stock-based compensation	—	—	6,214	—	—	—	6,214
Settlement of restricted stock units	527,113	5	(47)	—	—	—	(42)
Acquisition of treasury stock	(2,467,737)	—	—	—	(12,429)	—	(12,429)
Other comprehensive loss, net	—	—	—	—	—	(7,236)	(7,236)
Net loss	—	—	—	(54,308)	—	—	(54,308)
<b>Balance at December 31, 2024</b>	<u>36,912,118</u>	<u>\$ 574</u>	<u>\$ 279,423</u>	<u>\$ 244,576</u>	<u>\$ (225,883)</u>	<u>\$ (21,893)</u>	<u>\$ 276,797</u>

*The accompanying notes are an integral part of these consolidated financial statements*

## MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2024	2023
(In thousands of U.S. dollars)		
<b>Cash flows from operating activities</b>		
Net loss	\$ (54,308)	\$ (36,622)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	16,161	16,684
Provision for severance benefits	8,020	5,333
Loss on foreign currency, net	32,851	3,373
Provision (reversal) for inventory reserves	(529)	3,885
Stock-based compensation	6,214	7,223
Impairment charges	4,637	—
Deferred income taxes	(7,034)	(13,405)
Others, net	799	757
Changes in operating assets and liabilities		
Accounts receivable, net	2,719	1,909
Inventories	(1,583)	2,370
Other receivables	(115)	3,847
Prepaid expenses	8,877	8,808
Other current assets	1,753	8,048
Accounts payable	(1,971)	7,152
Other accounts payable	(14,160)	(8,934)
Accrued expenses	(607)	493
Accrued income taxes	(1,432)	(1,569)
Deferred revenue	(305)	85
Other current liabilities	(856)	(109)
Other non-current liabilities	(335)	(238)
Contributions to severance insurance deposit accounts	(2,383)	(5,101)
Payment of severance benefits	(2,407)	(6,982)
Others, net	(139)	(21)
Net cash used in operating activities	(6,133)	(3,014)
<b>Cash flows from investing activities</b>		
Proceeds from settlement of hedge collateral	627	5,669
Payment of hedge collateral	(1,706)	(3,754)
Purchase of property, plant and equipment	(11,600)	(6,955)
Payment for intellectual property registration	(316)	(263)
Collection of guarantee deposits	3,535	4,984
Payment of guarantee deposits	(2,175)	(7,338)
Collection of short-term financial instruments	30,000	—
Purchase of short-term financial instruments	(30,000)	—
Others, net	(37)	—
Net cash used in investing activities	(11,672)	(7,657)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowing	30,059	—
Proceeds from exercise of stock options	—	27
Acquisition of treasury stock	(12,891)	(51,782)
Repayment of financing related to water treatment facility arrangement	(472)	(493)
Repayment of principal portion of finance lease liabilities	(139)	(91)
Net cash provided by (used in) financing activities	16,557	(52,339)
Effect of exchange rates on cash and cash equivalents	(18,234)	(4,375)
Net decrease in cash and cash equivalents	(19,482)	(67,385)
Cash and cash equivalents at beginning of period	158,092	225,477
Cash and cash equivalents at end of period	\$ 138,610	\$ 158,092
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 966	\$ —
Cash paid for income taxes, net	\$ 1,339	\$ 1,442
<b>Non-cash investing and financing activities</b>		
Property, plant and equipment additions in other accounts payable	\$ 369	\$ 42
Acquisition of treasury stock to satisfy the tax withholding obligations in connection with equity-based compensation	\$ 451	\$ 544

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

**1. Business, Basis of Presentation and Significant Accounting Policies**

***Business***

Magnachip Semiconductor Corporation (together with its subsidiaries, the “Company”) is a designer and manufacturer of analog and mixed-signal semiconductor platform solutions for communication, Internet of Things (“IoT”), consumer, computing, industrial and automotive applications.

The Company’s standard products business consists of two business lines: one is the Mixed-Signal Solutions (“MSS”) business line, which comprises the Display integrated circuit (“IC”) and Power IC businesses that are fabless, and the other is the Power Analog Solutions (“PAS”) business line, which comprises the Power discrete business which is an integrated device manufacturing (“IDM”) business.

Display IC products provide panel display solutions to major suppliers of large and small rigid and flexible panel displays, and a wide range of applications, including smartphones, televisions, automotive and IT applications, such as monitors, notebook PCs and tablet PCs, as well as AR/VRs. Power IC products provide Power IC solutions to major television suppliers and large panel display suppliers.

The PAS business line produces power management semiconductor products, including power discrete solutions for power management in communication, consumer, computing, servers, automotive and industrial applications.

On September 1, 2020, the Company completed the sale of the Company’s Foundry Services Group business and its fabrication facility located in Cheongju, Korea, known as “Fab 4”, to SK keyfoundry Inc., a Korean company (“SK keyfoundry”). Following the consummation of the sale, the Company provided SK keyfoundry with transitional foundry services associated with its fabrication facility located in Gumi, Korea, known as “Fab 3”, at an agreed upon cost plus mark-up (the “Transitional Fab 3 Foundry Services”). The contractual obligation to provide the Transitional Fab 3 Foundry Services ended on August 31, 2023, and the Company is winding down these foundry services and have begun to convert portions of the idle capacity to PAS standard products during the second half of 2024. Because these foundry services during the wind-down period are still being provided to SK keyfoundry by the Company using Fab 3 based on mutually agreed terms and conditions, the Company will continue to report its revenue from these foundry services and related cost of sales within the Transitional Fab 3 Foundry Services line in its consolidated statement of operations until such wind-down is completed.

On May 30, 2023, the Company announced a plan to regroup the business lines in its standard products business, originally grouped as Display Solutions and Power Solutions business lines, into MSS and PAS business lines to better align its product strategies (the “Reorganization”). On January 10, 2024, the Company transferred the MSS business line into a newly formed Korean limited liability company named “Magnachip Mixed-Signal, Ltd.” Currently, the MSS business line is primarily operated by Magnachip Mixed-Signal, Ltd., and the PAS business line is primarily operated by Magnachip Semiconductor, Ltd., Magnachip’s already existing Korean operating company. Both companies are indirect wholly owned subsidiaries of the Company.

***Basis of Presentation***

The consolidated financial statements are presented in accordance with U.S. GAAP.

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

Significant accounting policies followed by the Company in the preparation of the accompanying consolidated financial statements are summarized below.

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company including its wholly-owned subsidiaries. All intercompany transactions and balances are eliminated in consolidation.

***Use of Estimates***

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenue and expenses. Such estimates include the valuation of accounts receivable, inventories, stock-based compensation, property, plant and equipment, leases, other long-lived assets, accrued severance benefits, long-term employee benefits, and contingent liabilities, estimated future cash flows and other assumptions used in long-lived asset impairment tests, and calculation of current and deferred income taxes and deferred tax valuation allowances, among others. Although these estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may be significantly different from the estimates.

***Foreign Currency Translation***

The Company has assessed in accordance with ASC 830, "Foreign Currency Matters" ("ASC 830"), the functional currency of each of its subsidiaries in Luxembourg and the Netherlands and has designated the U.S. dollar to be their respective functional currencies. The Korean Won is the functional currency for the Company's Korean subsidiaries, which are the primary operating subsidiaries of the Company. The Company and its other subsidiaries are utilizing their local currencies as their functional currencies. The financial statements of the subsidiaries in functional currencies other than the U.S. dollar are translated into the U.S. dollar in accordance with ASC 830. All the assets and liabilities are translated to the U.S. dollar at the end-of-period exchange rates. Capital accounts are determined to be of a permanent nature and are therefore translated using historical exchange rates. Revenues and expenses are translated using average exchange rates for the respective periods. Foreign currency translation adjustments arising from differences in exchange rates from period to period are included in the foreign currency translation adjustment account in accumulated other comprehensive income or loss of stockholders' equity. Foreign currency translation gains or losses on transactions by the Company or its subsidiaries in a currency other than its or its subsidiaries' functional currency are included in foreign currency gain (loss), net in its statements of operations.

***Cash and Cash Equivalents***

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less from the date of purchase, or deposit accounts that can be withdrawn at any time without significant penalty.

***Accounts Receivable Reserves***

The Company makes estimates of expected credit losses for the allowance for credit losses based upon its assessment of various factors, including historical collection experience, the age of the accounts receivable

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

balances, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The Company also records an estimate for sales returns, included within accounts receivable, net, based on the historical experience of the amount of goods that will be returned and refunded or replaced.

***Sales of Accounts Receivable***

The Company accounts for transfers of financial assets under ASC 860, “Transfers and Servicing,” as either sales or financings. Transfers of financial assets that result in sales accounting are those in which (1) the transfer legally isolates the transferred assets from the transferor, (2) the transferee has the right to pledge or exchange the transferred assets and no condition both constrains the transferee’s right to pledge or exchange the assets and provides more than a trivial benefit to the transferor, and (3) the transferor does not maintain effective control over the transferred assets. If the transfer does not meet these criteria, the transfer is accounted for as a financing. Financial assets that are treated as sales are removed from the Company’s accounts with any realized gain or loss reflected in earnings during the period of sale.

***Inventories***

Inventories are stated at the lower of cost or net realizable value, using the first in, first out method (“FIFO”). If net realizable value is less than cost at the balance sheet date, the carrying amount is reduced to the realizable value, and the difference is recognized as a loss on valuation of inventories within cost of sales. Inventory reserves are established when conditions indicate that the net realizable value is less than costs due to physical deterioration, obsolescence, changes in price levels, or other causes based on individual facts and circumstances. The Company evaluates the sufficiency of inventory reserves and takes into consideration historical usage, expected demand, anticipated sales price, new product development schedules, the effect new products might have on the sale of existing products, product age and other factors. Reserves are also established for excess inventory based on the Company’s current inventory levels and projected demand and its ability to sell those specific products. Situations that could cause these inventory reserves include a decline in business and economic conditions, decline in consumer confidence caused by changes in market conditions, sudden and significant decline in demand for the Company’s products, inventory obsolescence because of rapidly changing technology and consumer requirements, or failure to estimate end customer demand properly. A reduction of these inventory reserves may be recorded if previously reserved items are subsequently sold as a result of unexpected changes to certain aforementioned situations.

In addition, as prescribed in ASC 330, “Inventory,” once a reserve is established for a particular item based on the Company’s assessment as described above, it is maintained until the related item is sold or scrapped as a new cost basis has been established that cannot subsequently be marked up. In addition, the cost of inventories is determined based on the normal capacity of the Company’s fabrication facility. In case the capacity utilization is lower than a certain level that management believes to be normal, the fixed overhead costs per production unit which exceeds those under normal capacity are charged to cost of sales rather than capitalized as inventories.

***Advances to Suppliers***

The Company, from time to time, may make advances in form of prepayments or deposits to suppliers, including external foundries, to meet its planned production. The Company recorded advances of \$2,294 thousand and \$3,883 thousand as other current assets as of December 31, 2024 and 2023, respectively.

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

***Property, Plant and Equipment***

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as set forth below.

Buildings	30 - 40 years
Building related structures	10 - 20 years
Machinery and equipment	10 - 12 years
Others	3 - 10 years

Routine maintenance and repairs are charged to expense as incurred. Expenditures that enhance the value or significantly extend the useful lives of the related assets are capitalized.

***Impairment of Long-Lived Assets***

The Company reviews property, plant and equipment and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with ASC 360, "Property, Plant and Equipment." Recoverability is measured by comparing its carrying amount with the future net undiscounted cash flows the assets are expected to generate. If such assets are considered to be impaired, the impairment is measured as the difference between the carrying amount of the assets and the Level 3 fair value of assets using the present value of the future net cash flows generated by the respective long-lived assets.

Determining fair value requires the use of estimates and assumptions. Such estimates and assumptions include revenue growth rates, estimated cost structure and operating expense, weighted average costs of capital, and future market conditions, among others.

***Leases***

The Company determines if an arrangement is a lease at inception of a contract considering whether the arrangement conveys the right to control the use of an identified asset over the period of use. Control of an underlying asset is conveyed if the Company has the right to direct the use of, and to obtain substantially all of the economic benefits from the use of, the identified asset. The Company accounts for lease transactions as either an operating or a finance lease, depending on the terms of the underlying lease arrangement. Assets related to operating leases are recorded on the balance sheet as operating lease right-of-use assets; the related liabilities are recorded as operating lease liabilities for the current portion and non-current operating lease liabilities for the non-current portion. Finance lease right-of-use assets are included in property, plant and equipment, net and the related lease liabilities are included in other current liabilities and other non-current liabilities on the consolidated balance sheets.

Right-of-use assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term. As most of the Company's leases do not provide a readily determinable implicit rate, the Company estimates its incremental borrowing rates in determining the present value of future payments based on the lease term of each lease and market information available at commencement date. Finance lease right-of-use assets are amortized on a straight-line basis over the respective lease term with the interest expense on the lease liability recorded using the interest method. The amortization and interest expense are recorded separately in the

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

consolidated statements of operations. Amortization of operating lease right-of-use assets and interest expense on operating lease liabilities are recognized on a straight-line basis over the respective lease term.

An extension or contraction of a lease term is considered if the related option to extend or early terminate the lease is reasonably certain to be exercised by the Company. Operating lease right-of-use assets may also include any advance lease payments made and exclude lease incentives and initial direct costs incurred. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, lease and non-lease components are accounted for as a single lease component.

The Company does not recognize operating lease right-of-use assets and operating lease liabilities that arise from short-term leases but rather recognizes fixed lease payments in the statements of operations on a straight-line basis and variable payments in the period in which the related obligations incur.

***Intangible Assets***

Intellectual property assets acquired represent rights under patents, trademarks and property use rights and are amortized over their respective periods of benefit, ranging up to ten years, on a straight-line basis.

***Fair Value Disclosures of Financial Instruments***

The Company follows ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820") for measurement and disclosures about fair value of its financial instruments. ASC 820 establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy defined by ASC 820 are:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2—Inputs (other than quoted market prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3—Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model. Valuation of instruments includes unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

As defined by ASC 820, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale, which was further clarified as the price that would be received to sell an asset or paid to transfer a liability ("an exit price") in an orderly transaction between market participants at the measurement date. The carrying amounts of the Company's financial assets and liabilities, such as cash equivalents, accounts receivable, other receivables, accounts payable and other accounts payable approximate their fair values because of the short maturity of these instruments.

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

***Accrued Severance Benefits***

The majority of accrued severance benefits are for employees in the Company's Korean subsidiaries. Pursuant to Employee Retirement Benefit Security Act of Korea, eligible employees and executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of December 31, 2024, 95% of all employees of the Company were eligible for severance benefits.

Beginning in July 2018, the Company began contributing to certain severance insurance deposit accounts a percentage of severance benefits, which may be adjusted from time to time, accrued for eligible employees for their services beginning January 1, 2018 pursuant to Employee Retirement Benefit Security Act of Korea. These accounts consist of time deposits and other guaranteed principal and interest accounts, and are maintained at insurance companies, banks or security companies for the benefit of the Company's employees.

In accordance with the National Pension Act of the Republic of Korea, a certain portion of accrued severance benefits was deposited with the National Pension Fund and deducted from the accrued severance benefits. The contributed amount is paid to employees from the National Pension Fund upon their retirement.

***Revenue Recognition***

The Company recognizes revenue when it satisfies the performance obligation of transferring control over a product or service to a customer. Revenue is measured based on the consideration specified in a contract with a customer, which consideration is paid in exchange for a product or service.

The Company sells products manufactured based on the Company's design. The Company's products are either standardized with an alternative use or the Company does not have an enforceable right to payment for the related manufacturing services completed to date. Therefore, revenue for the products is recognized when a customer obtains control of the product, which is generally upon product shipment, delivery at the customer's location or upon customer acceptance, depending on the terms of the arrangement.

In accordance with revenue recognition guidance, any tax assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction, and that is collected by the Company from a customer, is excluded from revenue and related revenue is presented in the statements of operations on a net basis.

The Company provides warranties under which customers can return defective products. The Company estimates the costs related to warranty claims and repair or replacements, and records them as components of cost of sales.

In addition, the Company offers sales returns (other than those that relate to defective products under warranty), cash discounts for early payments and sales incentives, and certain allowances to the Company's customers, including the Company's distributors. The Company records reserves for those returns, discounts, incentives and allowances as a deduction from sales, based on historical experience and other quantitative and qualitative factors.

Substantially all of the Company's contracts are one year or less in duration. The standard payment terms with customers are generally thirty to sixty days from the time of shipment, product delivery to the customer's location or customer acceptance, depending on the terms of the related arrangement.

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All amounts billed to a customer related to shipping and handling are classified as sales while all costs incurred by the Company for shipping and handling are classified as selling, general and administrative expenses. The amounts charged to selling, general and administrative expenses were \$698 thousand and \$768 thousand for the years ended December 31, 2024 and 2023, respectively.

The Company recorded deferred revenue of \$1,120 thousand and \$1,036 thousand as other current liabilities as of December 31, 2023 and 2022, respectively. Of the recorded deferred revenue, \$1,032 thousand and \$1,011 thousand were recognized as revenue during the years ended December 31, 2024 and 2023, respectively.

***Advertising***

The Company expenses advertising costs as incurred. Advertising expenses were \$27 thousand and \$68 thousand for the years ended December 31, 2024 and 2023, respectively.

***Product Warranties***

The Company records, in other current liabilities, warranty liabilities for the estimated costs that may be incurred under its basic limited warranty. The standard limited warranty period is one to two years for the majority of products. This warranty covers defective products, and related liabilities are accrued when product revenues are recognized. Factors that affect the Company's warranty liabilities include historical and anticipated rates of warranty claims and repair or replacement costs per claim to satisfy the Company's warranty obligation. The Company periodically assesses the adequacy of those recorded warranty liabilities and adjusts its estimates when necessary.

***Derivative Financial Instruments***

The Company applies the provisions of ASC 815, "Derivatives and Hedging" ("ASC 815"). This statement requires the recognition of all derivative instruments as either assets or liabilities measured at fair value.

Under the provisions of ASC 815, the Company may designate a derivative instrument as hedging the exposure to variability in expected future cash flows that are attributable to a particular risk (a "cash flow hedge") or hedging the exposure to changes in the fair value of an asset or a liability (a "fair value hedge"). Special accounting for qualifying hedges allows the effective portion of a derivative instrument's gains and losses to offset related results on the hedged item in the consolidated statements of operations and requires that a company formally document, designate and assess the effectiveness of the transactions that receive hedge accounting treatment. Both at the inception of a hedge and on an ongoing basis, a hedge must be expected to be highly effective in achieving offsetting changes in cash flows or fair value attributable to the underlying risk being hedged. If the Company determines that a derivative instrument is no longer highly effective as a hedge, it discontinues hedge accounting prospectively and future changes in the fair value of the derivative are recognized in current earnings. The Company assesses hedge effectiveness at the end of each quarter. The Company does not offset derivative assets and liabilities within the consolidated balance sheets.

In accordance with ASC 815, changes in the fair value of derivative instruments that are cash flow hedges are recognized in accumulated other comprehensive income or loss and reclassified into earnings in the period in which the hedged item affects earnings. Derivative instruments that do not qualify, or cease to qualify, as hedges must be adjusted to fair value and the adjustments are recorded through net income or loss.

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The cash flows from derivative instruments receiving hedge accounting treatment are classified in the same categories as the hedged items in the consolidated statements of cash flows.

***Research and Development***

Research and development expenses are expensed as incurred and include wafers, masks, employee expenses, contractor fees, building costs, utilities and administrative expenses.

***Licensed Patents and Technologies***

The Company has entered into a number of royalty agreements to license patents and technology used in the design of its products. The Company carries two types of royalties: lump-sum and running basis. Lump-sum royalties, which require initial payments, usually paid in installments, represent a non-refundable commitment, such that the total present value of these payments is recorded on the balance sheet as a prepaid expense for the current portion and other non-current assets for the non-current portion, and the related liabilities are recorded as other non-current liabilities upon execution of the agreements and the costs are amortized over the contract period using the straight-line method and charged to research and development expenses in the consolidated statements of operations.

Running royalties are paid based on the revenue of related products sold by the Company.

***Stock-Based Compensation***

The Company follows the provisions of ASC 718, "Compensation-Stock Compensation" ("ASC 718"). Under ASC 718, stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense, net of the estimated forfeiture rate, over the requisite service period. As permitted under ASC 718, the Company elected to recognize compensation expense for all options with graded vesting based on the graded attribution method.

***Earnings (Loss) Per Share***

In accordance with ASC 260, "Earnings Per Share", the Company computes basic earnings per share by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the dilution of potential common stock outstanding during the period including stock options and restricted stock units, using the treasury stock method (by using the average stock price for the period to determine the number of shares assumed to be purchased from the exercise of stock options and restricted stock units). In determining the hypothetical shares repurchased, the Company uses the average share price for the period. In the case that earnings are negative, any potential common stock equivalents would have the effect of being anti-dilutive in the computation of net loss per share.

***Income Taxes***

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in a company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based upon the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the

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differences are expected to reverse. Income tax expense (benefit) is the tax payable (receivable) for the period and the change during the period in deferred tax assets and liabilities. Valuation allowances are established when it is necessary to reduce deferred tax assets to the amount expected to be realized. The evaluation of the recoverability of the deferred tax assets and the need for a valuation allowance requires management to weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax assets will not be realized. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including historical operating results, expected timing of the reversals of existing temporary differences, the Company's ability to generate future taxable income, and tax planning strategies.

The Company recognizes and measures uncertain tax positions taken or expected to be taken in a tax return utilizing a two-step process. In the first step, recognition, the Company determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step addresses measurement of a tax position that meets the more likely than not criteria. The tax position is measured at the largest amount of benefit that has a likelihood of greater than 50 percent of being realized upon ultimate settlement.

***Concentration of Credit Risk***

The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral for customers on accounts receivable. The Company maintains reserves for potential credit losses, which are periodically reviewed.

***Recently Adopted Accounting Pronouncements***

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which requires an entity to provide more detailed information about its reportable segment expenses that are included within management's measurement of profit and loss and required certain annual disclosures to be provided on an interim basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. The Company adopted ASU 2023-07 during the year ended December 31, 2024. See "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 18. Geographic and Other Information" for more information.

***Recent Accounting Pronouncements Not Yet Adopted***

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"). ASU 2024-03 requires public companies to disclose, in the notes to the financial statements, specific information about certain costs and expenses at each interim and annual reporting period. This includes disclosing amounts related to purchases of inventory, employee compensation, depreciation, and intangible asset amortization. In addition, public companies will need to provide qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. ASU 2024-03 is effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and the amendments in this update may be applied prospectively or retrospectively. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

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In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”), which intends to enhance the transparency and decision usefulness of income tax disclosures. It requires public business entities to disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a specified threshold. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, though early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements and related disclosures.

**2. Fair Value Measurements**

ASC 820 defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 requires, among other things, the Company’s valuation techniques used to measure fair value to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Fair Value of Financial Instruments*

As of December 31, 2024, the following table represents the Company’s liabilities measured at fair value on a recurring basis and the basis for that measurement (in thousands):

	<u>Carrying Value December 31, 2024</u>	<u>Fair Value Measurement December 31, 2024</u>	<u>Quoted Prices in Active Markets for Identical Liability (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Liabilities:</b>					
Derivative liabilities (other current liabilities)	\$ 1,956	\$ 1,956	—	\$ 1,956	—

As of December 31, 2023, the following table represents the Company’s assets and liabilities measured at fair value on a recurring basis and the basis for that measurement (in thousands):

	<u>Carrying Value December 31, 2023</u>	<u>Fair Value Measurement December 31, 2023</u>	<u>Quoted Prices in Active Markets for Identical Asset/Liability (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Assets:</b>					
Derivative assets (other current assets)	\$ 152	\$ 152	—	\$ 152	—
<b>Liabilities:</b>					
Derivative liabilities (other current liabilities)	\$ 1	\$ 1	—	\$ 1	—

Items not reflected in the table above include cash equivalents, accounts receivable, other receivables, accounts payable, and other accounts payable, fair value of which approximate carrying values due to the short-term nature of these instruments. The fair value of assets and liabilities whose carrying value approximates fair value is determined using Level 2 inputs. The carrying value of the Company’s outstanding Term Loan approximates its fair value because its variable interest rate reflect market rate as of December 31, 2024. The fair value of this debt is categorized within Level 2 of the fair value hierarchy.

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*Fair Values Measured on a Non-recurring Basis*

The Company's non-financial assets, such as property, plant and equipment, and intangible assets are recorded at fair value upon acquisition and are remeasured at fair value only if an impairment charge is recognized. As of December 31, 2024, the Company remeasured the fair value of tangible and intangible assets in connection with the impairment assessment for its Display business, which operates under the MSS business line. For the year ended December 31, 2023, the Company did not have any assets or liabilities measured at fair value on a non-recurring basis.

See "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements— Note 14. Impairment and Other Charges" for more information.

**3. Accounts Receivable**

Accounts receivable as of December 31, 2024 and 2023 consisted of the following (in thousands):

	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
Accounts receivable	\$28,818	\$33,024
Notes receivable	77	43
Less:		
Allowance for credit losses	(68)	(78)
Sales return reserves	(425)	(348)
Accounts receivable, net	<u>\$28,402</u>	<u>\$32,641</u>

Changes in allowance for credit losses for the years ended December 31, 2024 and 2023 are as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ (78)	\$ (79)
Provision	(4)	—
Write off	4	—
Translation adjustments	10	1
Ending balance	<u>\$ (68)</u>	<u>\$ (78)</u>

Changes in sales return reserves for the years ended December 31, 2024 and 2023 are as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ (348)	\$ (183)
Provision	(142)	(162)
Usage	—	—
Translation adjustments	65	(3)
Ending balance	<u>\$ (425)</u>	<u>\$ (348)</u>

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Commencing in March 2012, the Company has been a party to an agreement to sell selected trade accounts receivable to a financial institution from time to time. After a sale, the Company does not retain any interest in the receivables and the applicable financial institution collects these accounts receivable directly from the customer. There were no sale of accounts receivable for the years ended December 31, 2024 and 2023. Net proceeds of this accounts receivable sale program are recognized in the consolidated statements of cash flows as part of operating cash flows.

The Company uses receivable discount program with a certain customer. This discount arrangement allows the Company to accelerate collection of customers' receivables.

**4. Inventories**

Inventories as of December 31, 2024 and 2023 consist of the following (in thousands):

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Finished goods	\$ 7,802	\$ 8,432
Semi-finished goods and work-in-process	26,797	29,339
Raw materials	3,607	5,543
Materials in-transit	61	18
Less: inventory reserve	<u>(7,732)</u>	<u>(10,599)</u>
Inventories, net	<u>\$ 30,535</u>	<u>\$ 32,733</u>

Changes in inventory reserve for the years ended December 31, 2024 and 2023 are as follows (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance	\$(10,599)	\$(14,677)
Change in reserve		
Inventory reserve charged to costs of sales	(6,979)	(9,360)
Sale of previously reserved inventory	<u>7,610</u>	<u>5,528</u>
	631	(3,832)
Write off	1,222	7,552
Translation adjustments	<u>1,014</u>	<u>358</u>
Ending balance	<u>\$ (7,732)</u>	<u>\$ (10,599)</u>

Inventory reserve represents the Company's best estimate in value lost due to excessive inventory level, physical deterioration, obsolescence, changes in price levels, or other causes based on individual facts and circumstances. Inventory reserve relates to inventory items including finished goods, semi-finished goods, work-in-process and raw materials. Write off of this reserve is recognized only when the related inventory has been disposed or scrapped.

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**5. Property, Plant and Equipment**

Property, plant and equipment as of December 31, 2024 and 2023 are comprised of the following (in thousands):

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Buildings and related structures	\$ 21,873	\$ 24,532
Machinery and equipment	126,971	139,710
Finance lease right-of-use assets	606	902
Others	33,274	35,471
	<u>182,724</u>	<u>200,615</u>
Less: accumulated depreciation	(115,236)	(115,889)
Land	11,237	12,811
Construction in progress	2,738	2,585
Property, plant and equipment, net	<u>\$ 81,463</u>	<u>\$ 100,122</u>

Aggregate depreciation expenses totaled \$15,639 thousand and \$16,068 thousand for the years ended December 31, 2024 and 2023, respectively.

***Pledge Agreement***

On March 26, 2024, Magnachip Semiconductor, Ltd., a Korean limited liability company (“MSK”) and indirect wholly owned subsidiary of the Company, executed a Standard Credit Agreement (together with its General Terms and Conditions, the “Loan Agreement”) with Korea Development Bank (“KDB”). In connection with the Loan Agreement, on March 26, 2024, MSK entered into a Kun-Pledge (Mortgage) Agreement (the “Pledge Agreement”) with KDB pursuant to which MSK pledged its real property and buildings located in Gumi, Korea in favor of KDB.

On December 16, 2024, MSK executed a Standard Credit Agreement (together with its General Terms and Conditions, the “Equipment Financing Credit Agreement”) with KDB. In connection with the Equipment Financing Credit Agreement, on December 16, 2024, MSK also entered into a Kun-Pledge Agreement (the “Equipment Pledge Agreement”) with KDB with respect to the pledge by MSK in favor of KDB of certain machinery and equipment currently owned by MSK, which are located in its fabrication facility located in Gumi, Korea.

See “Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 10. Long-Term Borrowing” for more information.

***Impairment of Long-Lived Assets***

During the fourth quarter of 2024, the Company recorded in its consolidated statement of operations \$3,509 thousand of impairment loss associated with its Display business, which operates under MSS business line and was triggered by a decline in expected future cash flows due to changes in market conditions and business outlook.

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See “Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements— Note 14. Impairment and Other Charges” for more information.

**6. Intangible Assets**

Intangible assets as of December 31, 2024 and 2023 are comprised of the following (in thousands):

	<b>December 31, 2024</b>		
	<b>Gross amount</b>	<b>Accumulated amortization</b>	<b>Net amount</b>
Intellectual property assets	\$7,599	\$ (7,092)	\$ 507
Intangible assets	\$7,599	\$ (7,092)	\$ 507

	<b>December 31, 2023</b>		
	<b>Gross amount</b>	<b>Accumulated amortization</b>	<b>Net amount</b>
Intellectual property assets	\$9,150	\$ (7,613)	\$1,537
Intangible assets	\$9,150	\$ (7,613)	\$1,537

Aggregate amortization expense for intangible assets totaled \$522 thousand and \$616 thousand for the years ended December 31, 2024 and 2023, respectively.

The aggregate amortization expense of intangible assets for the next five years are estimated to be \$219 thousand, \$140 thousand, \$78 thousand, \$47 thousand and \$23 thousand for the years ended December 31, 2025, 2026, 2027, 2028 and 2029, respectively.

***Impairment of Long-Lived Assets***

During the fourth quarter of 2024, the Company recorded in its consolidated statement of operations \$666 thousand of impairment loss associated with its Display business, which operates under MSS business line and was triggered by a decline in expected future cash flows due to changes in market conditions and business outlook.

See “Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements— Note 14. Impairment and Other Charges” for more information.

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**7. Leases**

The Company has operating and finance leases for buildings and other assets such as vehicles and office equipment. The Company's leases have remaining lease terms ranging from 1 year to 5 years.

The tables below present financial information related to the Company's leases.

Supplemental balance sheets information related to leases as of December 31, 2024 and 2023 are as follows (in thousands):

Leases	Classification	December 31,	
		2024	2023
<b>Assets</b>			
Operating lease	Operating lease right-of-use assets	\$3,107	\$4,639
Finance lease	Property, plant and equipment, net	390	511
<b>Total lease assets</b>		<u>\$3,497</u>	<u>\$5,150</u>
<b>Liabilities</b>			
Current			
Operating	Operating lease liabilities	\$1,393	\$1,914
Finance	Other current liabilities	153	146
Non-current			
Operating	Non-current operating lease liabilities	1,823	2,897
Finance	Other non-current liabilities	294	432
<b>Total lease liabilities</b>		<u>\$3,663</u>	<u>\$5,389</u>

The following table presents the weighted average remaining lease term and discount rate:

	December 31,	
	2024	2023
<b>Weighted average remaining lease term</b>		
Operating leases	2.5 years	2.8 years
Finance leases	2.9 years	3.7 years
<b>Weighted average discount rate</b>		
Operating leases	6.8%	6.6%
Finance leases	7.1%	7.4%

The components of lease cost included in the Company's consolidated statements of operations, are as follows (in thousands):

	Year Ended December 31,	
	2024	2023
Operating lease cost	\$2,177	\$2,071
Finance lease cost		
Amortization of right-of-use assets	138	147
Interest on lease liabilities	35	31
<b>Total lease cost</b>	<u>\$2,350</u>	<u>\$2,249</u>

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The above table does not include an immaterial cost of short-term leases for the years ended December 31, 2024 and 2023.

Other lease information is as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<b>Cash paid for amounts included in the measurement of lease liabilities</b>		
Operating cash flows from operating leases	\$2,222	\$ 2,118
Operating cash flows from finance leases	35	31
Financing cash flows from finance leases	140	91

Non-cash transaction amounts of lease liabilities arising from obtaining right-of-use assets were \$967 thousand and \$1,909 thousand for the years ended December 31, 2024 and 2023, respectively.

The aggregate future lease payments for operating and finance leases as of December 31, 2024 are as follows (in thousands):

	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 1,564	\$ 179
2026	1,117	166
2027	711	132
2028	106	18
2029	27	—
Total future lease payments	3,525	495
Less: Imputed interest	(308)	(48)
Present value of future payments	<u>\$ 3,217</u>	<u>\$ 447</u>

#### 8. Accrued Expenses

Accrued expenses as of December 31, 2024 and 2023 are comprised of the following (in thousands):

	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
Payroll, benefits and related taxes, excluding severance benefits	\$5,518	\$ 5,947
Withholding tax attributable to intercompany interest income	1,419	1,671
Outside service fees	1,221	1,953
Others	490	886
Accrued expenses	<u>\$8,648</u>	<u>\$10,457</u>

#### 9. Derivative Financial Instruments

The Company's Korean subsidiary, Magnachip Semiconductor, Ltd., from time to time has entered into zero cost collar contracts to hedge the risk of changes in the functional-currency-equivalent cash flows attributable to currency rate changes on U.S. dollar denominated revenues.

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Details of derivative contracts as of December 31, 2024 are as follows (in thousands):

<u>Date of transaction</u>	<u>Type of derivative</u>	<u>Total notional amount</u>	<u>Month of settlement</u>
April 05, 2024	Zero cost collar	\$ 9,000	January 2025 to March 2025
July 09, 2024	Zero cost collar	\$ 18,000	April 2025 to September 2025
October 17, 2024	Zero cost collar	\$ 9,000	October 2025 to December 2025

Details of derivative contracts as of December 31, 2023 are as follows (in thousands):

<u>Date of transaction</u>	<u>Type of derivative</u>	<u>Total notional amount</u>	<u>Month of settlement</u>
April 03, 2023	Zero cost collar	\$ 18,000	January 2024 to June 2024
August 09, 2023	Zero cost collar	\$ 27,000	January 2024 to September 2024

The zero cost collar contracts qualify as cash flow hedges under ASC 815, “Derivatives and Hedging,” since at both the inception of the contracts and on an ongoing basis, the hedging relationship was and is expected to be highly effective in achieving offsetting cash flows attributable to the hedged risk during the term of the contracts.

The fair values of the Company’s outstanding zero cost collar contracts recorded as liabilities as of December 31, 2024 and 2023 are as follows (in thousands):

<u>Derivatives designated as hedging instruments:</u>	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Asset Derivatives:</u>		
Zero cost collars	Other current assets	\$ — \$ 152
<u>Liability Derivatives:</u>		
Zero cost collars	Other current liabilities	\$ 1,956 \$ 1

Offsetting of derivative liabilities as of December 31, 2024 are as follows (in thousands):

<u>As of December 31, 2024</u>	<u>Gross amounts of recognized liabilities</u>	<u>Gross amounts offset in the balance sheets</u>	<u>Net amounts of liabilities presented in the balance sheets</u>	<u>Gross amounts not offset in the balance sheets</u>		<u>Net amount</u>
				<u>Financial instruments</u>	<u>Cash collateral pledged</u>	
<u>Liability Derivatives:</u>						
Zero cost collars	\$ 1,956	\$ —	\$ 1,956	\$ —	\$ (1,080)	\$ 876

Offsetting of derivative assets and liabilities as of December 31, 2023 are as follows (in thousands):

<u>As of December 31, 2023</u>	<u>Gross amounts of recognized assets/liabilities</u>	<u>Gross amounts offset in the balance sheets</u>	<u>Net amounts of assets/liabilities presented in the balance sheets</u>	<u>Gross amounts not offset in the balance sheets</u>		<u>Net amount</u>
				<u>Financial instruments</u>	<u>Cash collateral pledged</u>	
<u>Asset Derivatives:</u>						
Zero cost collars	\$ 152	\$ —	\$ 152	\$ —	\$ —	\$ 152
<u>Liability Derivatives:</u>						
Zero cost collars	\$ 1	\$ —	\$ 1	\$ —	\$ —	\$ 1

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For derivative instruments that are designated and qualify as cash flow hedges, gains or losses on the derivative aside from components excluded from the assessment of effectiveness are reported as a component of accumulated other comprehensive income or loss (“AOCI”) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative, representing hedge components excluded from the assessment of effectiveness, are recognized in current earnings.

The following table summarizes the impact of derivative instruments on the consolidated statements of operations for the years ended December 31, 2024 and 2023 (in thousands):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Loss Recognized in AOCI on Derivatives		Location/Amount of Loss Reclassified from AOCI Into Statement of Operations		Location/Amount of Gain (Loss) Recognized in Statement of Operations on Derivatives			
	2024	2023	2024	2023	2024	2023		
	Zero cost collars	\$(2,988)	\$(1,085)	Net sales	\$(868)	\$(3,452)	Other income, net	\$ 77

As of December 31, 2024, the amount expected to be reclassified from accumulated other comprehensive loss into loss within the next twelve months is \$966 thousand.

The Company set aside cash deposits to the counterparty, Standard Chartered Bank Korea Limited (“SC”), as required for the zero cost collar contracts. This cash deposit is recorded as hedge collateral on the consolidated balance sheets. Cash deposits as of December 31, 2024 and 2023 are as follows (in thousands):

Counterparty	December 31,	
	2024	2023
SC	\$1,000	\$1,000
Total	\$1,000	\$1,000

The Company is required to deposit additional cash collateral with Nomura Financial Investment (Korea) Co., Ltd. (“NFIK”) and SC for any exposure in excess of \$500 thousand. As of December 31, 2024, \$1,080 thousand of additional cash collateral were required by NFIK and recorded as hedge collateral on the consolidated balance sheet. There was no such cash collateral required as of December 31, 2023.

These zero cost collar contracts may be terminated by the counterparties if the Company’s total cash and cash equivalents is less than \$30,000 thousand at the end of a fiscal quarter, unless a waiver is obtained.

## 10. Long-Term Borrowing

### Term Loan

On March 26, 2024, Magnachip Semiconductor, Ltd., a Korean limited liability company (“MSK”) and indirect wholly owned subsidiary of the Company, executed a Standard Credit Agreement (together with its General Terms and Conditions, the “Loan Agreement”) with Korea Development Bank (“KDB”). In connection with the Loan Agreement, on March 26, 2024, MSK entered into a Kun-Pledge (Mortgage) Agreement (the “Pledge Agreement”) with KDB pursuant to which MSK pledged its real property and buildings located in Gumi, Korea (“Fab 3 properties”) in favor of KDB.

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The Loan Agreement provides for a working capital term loan (the “Term Loan”) of KRW 40,000,000,000 (approximately \$29,835 thousand based on the KRW/USD exchange rate of 1,340.7:1 as of March 26, 2024 as quoted by KEB Hana Bank), which was funded in full to MSK on March 26, 2024.

The Term Loan bears interest at a variable rate equal to the 3-month CD rate quoted by KDB, plus 1.21%, which rate is adjusted quarterly. The initial interest rate on the Term Loan was 4.86% per annum. The Term Loan requires monthly interest-only payments and matures on March 26, 2027, at which time the full principal balance will be due and payable. All obligations of MSK under the Loan Agreement and the Term Loan are secured by the Fab 3 properties pursuant to the Pledge Agreement.

As of December 31, 2024, approximately \$27,211 thousand aggregate principal amount of the Term Loan was outstanding.

***CAPEX Loans***

On December 16, 2024, MSK executed a Standard Credit Agreement (together with its General Terms and Conditions, the “Equipment Financing Credit Agreement”) with KDB. In connection with the Equipment Financing Credit Agreement, on December 16, 2024, MSK also entered into a Kun-Pledge Agreement (the “Equipment Pledge Agreement”) with KDB with respect to the pledge by MSK in favor of KDB of certain machinery and equipment currently owned by MSK, which are located in its fabrication facility located in Gumi, Korea (“Fab 3 machinery and equipment”).

The Equipment Financing Credit Agreement provides for loans for MSK’s capital expenditures (the “CAPEX Loans”) up to an aggregate of KRW 38,000,000,000 (\$26,523 thousand based on the KRW/USD exchange rate of 1,432.7:1 as of December 16, 2024 as quoted by KEB Hana Bank), which will be funded directly to capital expenditure supply vendors by KDB upon the submission of a request form by MSK with the necessary evidence such as purchase agreement, invoice and other documentation, as applicable.

The CAPEX Loans will bear interest at a variable rate equal to the 3-month CD rate quoted by KDB, plus 0.68%, which rate is adjusted quarterly. The initial interest rate on CAPEX Loans was 3.97% per annum. CAPEX Loans mature in 10 years from the initial loan disbursement date (the “Maturity Date”), with an initial 2-year (measured from the first loan disbursement date) interest-only payment period during which only interest is paid monthly, followed by 8 years of amortizing payments where the principal is repaid in equal installments every 3 months and interest is paid monthly. The Equipment Financing Credit Agreement contains customary representations of MSK in connection with the execution of the agreement and with each borrowing of CAPEX Loans and customary terms and conditions for a secured equipment financing loan of this type in Korea. All obligations of MSK under the Equipment Financing Credit Agreement and CAPEX Loans are secured by certain Fab 3 machinery and equipment pursuant to the Equipment Pledge Agreement.

As of December 31, 2024, there was no CAPEX loan outstanding under the Equipment Financing Credit Agreement.

**11. Accrued Severance Benefits**

The majority of accrued severance benefits are for employees in the Company’s Korean subsidiaries. Pursuant to Employee Retirement Benefit Security Act of Korea, eligible employees and executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on

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their length of service and rate of pay. As of December 31, 2024, 95% of all employees of the Company were eligible for severance benefits.

Changes in accrued severance benefits are as follows (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 45,932	\$ 48,496
Provisions	8,020	5,333
Severance payments	(2,407)	(6,982)
Translation adjustments	(5,951)	(915)
	<u>45,594</u>	<u>45,932</u>
Less: Cumulative contributions to severance insurance deposit accounts	(28,476)	(29,882)
The National Pension Fund	(24)	(30)
Accrued severance benefits, net	<u>\$ 17,094</u>	<u>\$ 16,020</u>

The severance benefits funded through the Company's National Pension Fund have been and will be used exclusively for payment of severance benefits to eligible employees. These amounts have been deducted from the accrued severance benefit balance.

Beginning in July 2018, the Company contributes to certain severance insurance deposit accounts a certain percentage of severance benefits that are accrued for eligible employees for their services from January 1, 2018 pursuant to Employee Retirement Benefit Security Act of Korea. These accounts consist of time deposits and other guaranteed principal and interest, and are maintained at insurance companies, banks or security companies for the benefit of employees. The Company deducts the contributions made to these severance insurance deposit accounts from its accrued severance benefits.

The Company is liable to pay the following future benefits to its non-executive employees upon their normal retirement age (in thousands):

	<b>Severance Benefit</b>
2025	\$ 284
2026	\$ 312
2027	\$ 520
2028	\$ 361
2029	\$ 2,980
2030 – 2034	\$ 19,680

The above amounts were determined based on the non-executive employees' current salary rates and the number of service years that will be accumulated upon their retirement dates. These amounts do not include amounts that might be paid to non-executive employees that will cease working with the Company before their normal retirement ages.

Korea's mandatory retirement age is 60 years of age or older under the Employment Promotion for the Aged Act. The Company sets the retirement age of employees at 60.

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**12. Stock Repurchases**

***Expanded Stock Repurchase Program***

On August 31, 2022, the Board of Directors authorized an expansion of the Company's previously announced stock repurchase program from \$75 million to \$87.5 million of its common stock. The Company has already repurchased shares worth \$37.5 million under the program through an accelerated stock repurchase agreement on December 21, 2021 with JPMorgan Chase Bank, National Association. The remaining \$50 million of the expanded \$87.5 million program was planned to be repurchased in the open market or through privately negotiated transactions.

From September 2022 to December 2022, the Company repurchased 1,235,650 shares of its common stock in the open market for an aggregate purchase price of \$12.5 million and a weighted average price per share of \$10.13 under the stock repurchase program.

During the first half of 2023, the Company repurchased 3,705,443 shares of its common stock in the open market for an aggregate purchase price of \$37.4 million and a weighted average price per share of \$10.10 under the expanded stock repurchase program. As of the end of June 2023, the Company had completed the repurchase of its common stock under its expanded stock repurchase program.

***New Stock Repurchase Program***

On July 19, 2023, the Board of Directors authorized a new \$50 million stock buyback program. Purchases have been and will be made in the open market or in privately negotiated transactions, depending upon market conditions and other factors.

From August 2023 to December 2023, the Company repurchased 1,730,173 shares of its common stock in the open market for an aggregate purchase price of \$13.6 million and a weighted average price per share of \$7.84 under the new stock repurchase program.

From January 2024 to December 2024, the Company repurchased 2,349,811 shares of its common stock in the open market for an aggregate purchase price of \$11.8 million and a weighted average price per share of \$5.04 under the new stock repurchase program.

From January 2025 to February 2025, the Company repurchased 31,254 shares of its common stock in the open market for an aggregate purchase price of \$0.1 million and a weighted average price per share of \$3.95 under the new stock repurchase program.

**13. Equity Incentive Plans**

The Company adopted its 2009 Common Unit Plan, or the 2009 Plan, effective December 8, 2009, which is administered by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee"). The 2009 Plan terminated in connection with the Company's initial public offering in March 2011, and no additional options or other equity awards may be granted under the 2009 Plan. The Company adopted its 2011 Equity Incentive Plan, or the 2011 Plan, in March 2010. The Company amended and restated the 2011 Plan in February 2011, and the Company's stockholders approved the amendment in March 2011 to reflect that it became effective in 2011 in connection with the Company's initial public offering in March 2011. The 2011 Plan was amended on October 23, 2017, to revise the Compensation Recovery Policy of the 2011 Plan. The 2011 Plan was amended on April 26, 2018 to amend the tax withholding provisions as they relate to directed sales of shares. At the 2020 Annual Meeting of Stockholders, the Company's stockholders approved its 2020 Equity and Incentive Compensation Plan, or the 2020 Plan, which is administered by the Compensation Committee. Following the adoption of the 2020 Plan, no further awards may be issued under the 2011 Plan. At the 2023

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Annual Meeting of Stockholders held on May 18, 2023, the Company's stockholders approved an increase of an additional 1,990,000 shares of the Company's common stock available for issuance under the 2020 Plan.

Awards may be granted under the 2020 Plan to the Company's employees, officers, directors, or certain consultants or those of any subsidiary of the Company. While the Company may grant incentive stock options only to employees, the Company may grant non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, dividend equivalents and cash-based awards or other stock-based awards to any eligible participant, subject to terms and conditions determined by the Compensation Committee. The term of any options granted under the 2020 Plan shall not exceed ten years from the date of grant. As of December 31, 2024 an aggregate maximum of 13,342,919 shares were authorized and 1,107,013 shares were reserved for all future grants.

Stock options and stock appreciation rights must have exercise prices at least equal to the fair market value of the stock at the time of their grant pursuant to the 2011 Plan and 2020 Plan. Stock options typically vest over one to three years following grant, subject to the participant's continued service through the applicable vesting dates. As of December 31, 2024, no stock options or stock appreciation rights had been granted under 2020 Plan.

Restricted stock units granted under the 2011 Plan and 2020 Plan represent a right to receive shares of the Company's common stock when the restricted stock unit vests. No monetary payment (other than applicable tax withholding) shall be required as a condition of receiving shares pursuant to a restricted stock unit, the consideration for which shall be services actually rendered to a participating company or for its benefit. Stock issued pursuant to any restricted stock unit may (but need not) be made subject to vesting conditions based upon the satisfaction of such service requirements, conditions, restrictions or performance criteria as shall be established by the Compensation Committee and set forth in the award agreement evidencing such award. Restricted stock units typically vest over one to three years following grant, subject to the participant's continued service through the applicable vesting dates.

Restricted stock constitutes an immediate transfer of the ownership of shares of the Company's common stock to the participant in consideration of the performance of services, entitling such participant to voting, dividend and other ownership rights, subject to the substantial risk of forfeiture and restrictions on transfer determined by the Compensation Committee for a period of time determined by the Compensation Committee or until certain management objectives specified by the Compensation Committee are achieved. Each grant of restricted stock may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value per share of common stock on the grant date. Stock issued pursuant to any restricted stock award may (but need not) be made subject to vesting conditions based upon the satisfaction of such service requirements, conditions, restrictions or performance criteria as shall be established by the Compensation Committee and set forth in the award agreement evidencing such award. A grant of restricted stock may require that any and all dividends and distributions paid on restricted stock that remains subject to a substantial risk of forfeiture be automatically deferred and/or reinvested in additional restricted stock, which will be subject to the same restrictions as the underlying restricted stock, but any such dividends or other distributions on restricted stock must be deferred until, and paid contingent upon, the vesting of such restricted stock.

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The following summarizes restricted stock unit activities for the year ended December 31, 2024.

	<b>Number of Restricted Stock Units</b>	<b>Weighted Average Grant-Date Fair Value of Restricted Stock Units</b>
Outstanding at January 1, 2024	1,006,367	\$ 11.85
Granted	1,635,014	5.01
Vested	(527,113)	8.73
Forfeited	(160,526)	11.38
Outstanding at December 31, 2024	<u>1,953,742</u>	<u>\$ 7.01</u>

Total compensation expenses recorded for the restricted stock units were \$6,214 thousand and \$7,223 thousand for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, there was \$5,425 thousand of total unrecognized compensation cost related to unvested restricted stock units, which is expected to be recognized over a weighted average future period of 1.4 year. Total fair value of restricted stock units vested were \$4,603 thousand and \$6,634 thousand for the years ended December 31, 2024 and 2023, respectively.

The following summarizes stock option activities for the year ended December 31, 2024. At the date of grant, all options had an exercise price not less than the fair value of common stock (aggregate intrinsic value in thousands):

	<b>Number of Options</b>	<b>Weighted Average Exercise Price of Stock Options</b>	<b>Aggregate Intrinsic Value of Stock Options</b>	<b>Weighted Average Remaining Contractual Life of Stock Options</b>
Outstanding at January 1, 2024	802,858	\$ 7.89	\$ 459	2.0 years
Expired	(45,000)	\$ 18.75	—	—
Forfeited	(29,066)	\$ 8.51	—	—
Outstanding at December 31, 2024	<u>728,792</u>	\$ 7.19	\$ —	1.1 years
Vested and Exercisable at December 31, 2024	<u>728,792</u>	\$ 7.19	\$ —	1.1 years

There were no compensation expenses recorded for the stock options for the years ended December 31, 2024 and 2023.

#### **14. Impairment and Other Charges**

##### ***Impairment of Long-Lived Assets***

The Company reviews property, plant and equipment and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with ASC 360, "Property, Plant and Equipment."

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During the fourth quarter of 2024, the Company identified impairment indicators for certain assets within its Display business, which operates under the Mixed-Signal Solutions (“MSS”) business line. The Company operates as a single reportable segment, standard products business, consisting of two business lines: MSS business line and the Power Analog Solutions (“PAS”) business line. The MSS business line included Power IC and Display businesses, with the impairment assessment focused solely on the Display business.

Factors considered in the impairment analysis include: (i) a sharp decline in actual performance compared to historical results, (ii) significantly lower-than-expected future performance projections, (iii) a sustained decrease in market capitalization below net book value, and (iv) significant negative industry or economic trends. Based on these factors, the Company determined that the recoverability of the Display business asset group should be assessed.

In accordance with ASC 360-10, the Company evaluated the impairment at the asset group level, which is the lowest level for which identifiable cash flows are largely independent of other assets and liabilities. The recoverability test was performed by comparing the carrying amount of the asset group to its estimated future undiscounted pre-tax cash flows over the remaining useful life of the primary long-lived asset. As a result of this analysis, the Company concluded that the carrying value of the Display business asset group was not fully recoverable and determined its fair value using the discounted cash flow (DCF) method, which led to the recognition of an impairment charge of \$4,637 thousand. This charge has been included in impairment and other charges in the consolidated statements of operations for the year ended December 31, 2024.

***Other Charges***

For the year ended December 31, 2024, the Company recorded a one-time cumulative financial impact of \$2,017 thousand in its consolidated statement of operations in connection with certain employee benefits.

For the year ended December 31, 2023, the Company recorded in its consolidated statement of operations \$802 thousand of one-time employee incentives, which were paid during the third quarter of 2023.

**15. Early Termination Charges**

For the year ended December 31, 2023, the Company recorded in its consolidated statement of operations \$8,449 thousand of termination related charges as “early termination charges” in connection with the Program, which was available for the employees with more than 20 years of service.

**16. Foreign Currency Gain (Loss), Net**

Net foreign currency gain or loss includes non-cash translation gain or loss associated with intercompany balances. A substantial portion of the Company’s net foreign currency gain or loss is non-cash translation gain or loss associated with intercompany long-term loans to MSK, one of the Company’s Korean subsidiaries. The loans are denominated in U.S. dollars and are affected by changes in the exchange rate between the Korean won and the U.S. dollar. As of December 31, 2024 and 2023, the outstanding intercompany loan balances including accrued interest between MSK and the Dutch subsidiary were \$257,670 thousand and \$285,136 thousand, respectively. The Korean won to U.S. dollar exchange rates were 1,470.0:1 and 1,289.4:1 using the first base rate as of December 31, 2024 and 2023, respectively, as quoted by the KEB Hana Bank.

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**17. Income Taxes**

The Company's income tax expense (benefit) is composed of domestic and foreign income taxes depending on the relevant tax jurisdictions. Domestic income (loss) before income tax expense (benefit) is generated or incurred in the United States, where the parent company resides.

The components of income tax expense (benefit) are as follows (in thousands):

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Income (loss) before income tax expense (benefit)</b>		
Domestic	\$(10,955)	\$ 2,691
Foreign	(51,688)	(50,250)
	<u>(62,643)</u>	<u>(47,559)</u>
<b>Current income tax expense (benefit)</b>		
Domestic	0	13
Foreign	191	3,020
Uncertain tax position liability (foreign)	(3)	(41)
	<u>188</u>	<u>2,992</u>
<b>Deferred income tax benefit</b>		
Domestic	(1,482)	(1,053)
Foreign	(7,041)	(12,876)
	<u>(8,523)</u>	<u>(13,929)</u>
<b>Total income tax benefit</b>	<u>\$ (8,335)</u>	<u>\$ (10,937)</u>

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The provision for domestic and foreign income taxes (benefit) incurred is different from the amount calculated by applying the statutory tax rate to the income (loss) before income tax expense (benefit). The significant items causing this difference are as follows (in thousands):

	Year Ended December 31,	
	2024	2023
Provision computed at statutory rates	\$(13,155)	\$ (9,988)
Change in statutory tax rates	(2,329)	269
Difference in foreign tax rates	8,522	1,401
Permanent differences		
Derivative assets/liabilities adjustment	(6)	(17)
TPECs, hybrid and other interest	1,262	(2,003)
Equity-based compensation	(61)	(388)
Permanent foreign currency loss	(1,113)	(910)
Penalty	77	78
Subpart F income	624	—
Intercompany debt restructuring	3,125	—
Disallowed tax attributes	(4,147)	—
Other permanent differences	372	25
Withholding tax	(172)	1,594
Change in valuation allowance	(37)	(429)
Tax credits claimed	(1,803)	(636)
Uncertain tax positions liability	(3)	(41)
Change in net operating loss carry-forwards	210	17
Foreign local taxes	42	45
Others	257	46
<b>Income tax benefit</b>	<b>\$ (8,335)</b>	<b>\$ (10,937)</b>

For the year ended December 31, 2024, the permanent tax benefit of \$4,147 thousand was related to disallowed tax attributes associated with assets of MSS business line which were transferred as an in-kind contribution between two Korean subsidiaries in January, 2024. The permanent tax expense of \$3,125 thousand related to intercompany debt restructuring recorded for the year ended December 31, 2024 was derived from the waiver and release of unpaid interests of the intercompany loans granted to one of the Company's Korean subsidiaries by the Dutch subsidiary. In connection with the waiver of unpaid interests, the related withholding tax was reversed, resulting in the recognition of income tax benefit of \$172 thousand.

For the year ended December 31, 2023, the withholding tax expense of \$1,594 thousand and the permanent tax benefit of \$2,003 thousand recorded were related to the intercompany loans granted to the Korean subsidiary by the Dutch subsidiary. The permanent tax benefit of \$910 thousand related to foreign currency gain was mainly derived from the unrealized foreign translation gain associated with the intercompany loan granted to the Luxembourg subsidiary by the U.S. parent company. The Company did not have a permanent difference related to Global intangible low-taxed income ("GILTI") in the U.S., mainly due to the Korean subsidiary's current year loss.

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A summary of the composition of net deferred income tax assets (liabilities) as of December 31, 2024 and 2023 are as follows (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Deferred tax assets</b>		
Inventory reserves	\$ 1,090	\$ 2,519
Accrued expenses	1,202	1,593
Property, plant and equipment	2,593	2,679
Accumulated severance benefits	8,024	9,927
Operating lease right-of-use liabilities	740	997
Foreign currency translation loss	24,271	19,049
NOL carry-forwards	96,358	96,361
Tax credit carry-forwards	15,149	14,372
Other long-term payable	2,205	2,242
Interest expense deduction limitation	3,150	3,610
Derivative liabilities	434	—
Others	8,905	1,191
Total deferred tax assets	164,121	154,540
Less: Valuation allowance	(81,653)	(87,201)
	<u>82,468</u>	<u>67,339</u>
<b>Deferred tax liabilities</b>		
Prepaid expense	1,741	1,787
Severance benefit deposits	5,274	6,456
Operating lease right-of-use assets	715	960
Foreign currency translation gain	13,090	6,411
Others	8,870	892
Total deferred tax liabilities	29,690	16,506
Net deferred tax assets	<u>\$ 52,778</u>	<u>\$ 50,833</u>

The Company has not recognized a deferred tax liability related to outside basis differences inherent in its foreign subsidiaries because the investments in those foreign subsidiaries within the group are essentially permanent in duration or earnings in foreign subsidiaries are intended to be indefinitely reinvested. It is not practicable to estimate the amount of deferred income taxes not recorded that are associated with those outside basis differences. If circumstances change and it becomes apparent that the undistributed earnings from foreign subsidiaries will be remitted or the parent entity will dispose of its interest in the subsidiaries in the foreseeable future, and related income taxes have not been recognized by the parent entity, the parent entity will accrue as an expense of the current period income taxes attributable to that remittance or disposition.

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Changes in valuation allowance for deferred tax assets for the years ended December 31, 2024 and 2023 are as follows (in thousands):

	<u>Year Ended</u> <u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$87,201	\$84,563
Reductions	(38)	(428)
Translation adjustments	(5,510)	3,066
Ending balance	<u>\$81,653</u>	<u>\$87,201</u>

As of December 31, 2024 and 2023, respectively, the Company recorded a valuation allowance of \$81,653 thousand and \$87,201 thousand on its deferred tax assets related to temporary differences, net operating loss carry-forwards and tax credits of domestic and foreign subsidiaries.

The Company has recorded a full valuation allowance against one of Korean subsidiaries and certain foreign subsidiaries' deferred tax assets pertaining to its related tax loss carry-forwards that are not anticipated to generate a tax benefit. The valuation allowances at December 31, 2024 and 2023 were primarily attributable to its Luxembourg subsidiary.

The net operating loss carry-forwards balance as of December 31, 2024 and 2023 are as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
NOL carry-forwards	\$418,102	\$ 403,989

As of December 31, 2024, the Company had \$418,102 thousand of net operating loss carry-forwards available to offset future taxable income, of which \$265,295 thousand is associated with the Company's Luxembourg subsidiary, mainly attributable to certain expenses incurred in connection with its shareholding in the Company's Dutch subsidiary. Of the \$265,295 thousand net operating loss carry-forwards, \$257,036 thousand is carried forward indefinitely and the remaining \$8,259 thousand expires from 2034 through 2041. The net operating loss carry-forwards retained by the Company's U.S. parent amounts to \$53,440 thousand, \$3,063 thousand is carried forward indefinitely and the remaining \$50,377 thousand expires at various dates through 2037. The total net operating loss carry-forwards retained by the Company's Korean subsidiaries amounts to \$99,367 thousand, in which \$58,837 thousand expires in 2038, and the remaining \$40,530 thousand expires in 2039.

The Company utilized net operating loss of \$402 and \$1,886 thousand for the years ended December 31, 2024 and 2023, respectively. The Company also has Dutch tax credit carry-forwards of approximately \$13,010 thousand as of December 31, 2024. The Dutch tax credits are carried forward to be used for an indefinite period of time.

**Uncertainty in Income Taxes**

The Company and its subsidiaries file income tax returns in Korea, Japan, Taiwan, and the U.S. and in various other jurisdictions. The Company is subject to income- or non-income tax examinations by tax authorities of these jurisdictions for all open tax years.

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As of December 31, 2024 and 2023, the Company recorded \$253 thousand and \$274 thousand of unrecognized tax benefits, respectively.

A tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of each period is as follows (in thousands):

	Year Ended	
	December 31,	
	2024	2023
Unrecognized tax benefits, balance at the beginning	\$274	\$316
Additions based on tax positions related to the current year	51	25
Lapse of statute of limitations	(54)	(66)
Translation adjustments	(18)	(1)
Unrecognized tax benefits, balance at the ending	<u>\$253</u>	<u>\$274</u>

No interest and penalties related to unrecognized tax benefits were recognized as of December 31, 2024 and 2023.

The Company is currently unaware of any uncertain tax positions that could result in significant additional payments, accruals, or other material deviations from this estimate over the next 12 months.

**18. Geographic and Other Information**

The Company operates within a single operating segment, standard products business, and also separately reports Transitional Fab 3 Foundry Services revenue and cost of sales.

The Chief Executive Officer, as the chief operating decision maker (“CODM”), organizes the Company and measures performance of two business lines of MSS and PAS in the standard products business at the level of revenue and gross profit margin by comparing actual results against previously forecasted targets.

The Company’s CODM does not evaluate the performance of each business line using any information, such as asset or liability, other than revenue and gross profit margin.

In previous reporting periods, the Company categorized revenues from two business lines in its standard products business: the Display Solutions business line and the Power Solutions business line. As part of the Reorganization, the Company regrouped its standard products business into the Mixed-Signal Solutions business line and the Power Analog Solutions business line. Accordingly, effective as of the first quarter of fiscal 2024, the Company categorizes its standard product business revenue by those two regrouped business lines. See “Note 1. Business, Basis of Presentation and Significant Accounting Policies—Business” for additional information regarding the Reorganization.

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

Revenues for the year ended December 31, 2023 from its previous product categories have been reclassified in order to conform to the current period presentation as follows (in thousands):

		MSS	PAS	Total
Display Solutions	\$ 32,134	\$32,134	\$ —	\$ 32,134
Power Solutions	163,556	12,232	151,324	163,556
	<u>\$195,690</u>	<u>\$ 44,366</u>	<u>\$ 151,324</u>	<u>\$ 195,690</u>

The following sets forth information relating to the operating segment, standard products business, as well as the Transitional Fab 3 Foundry Services (in thousands). For financial information below gross profit, including operating income and expenses as well as other income and expenses, please refer to the Company's consolidated statement of operations.

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Standard products business		
Mixed-Signal Solutions	\$ 54,336	\$ 44,366
Power Analog Solutions	166,804	151,324
Total standard products business	221,140	195,690
Transitional Fab 3 foundry services	10,597	34,361
Total revenues	<u>\$231,737</u>	<u>\$ 230,051</u>

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<b>Cost of Sales</b>		
Standard products business		
Mixed-Signal Solutions	\$ 32,706	\$ 29,397
Power Analog Solutions	135,302	114,365
Total standard products business	168,008	143,762
Transitional Fab 3 foundry services	11,814	34,649
Total cost of sales	<u>\$179,822</u>	<u>\$ 178,411</u>

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<b>Gross Profit</b>		
Standard products business		
Mixed-Signal Solutions	\$ 21,630	\$ 14,969
Power Analog Solutions	31,502	36,959
Total standard products business	53,132	51,928
Transitional Fab 3 foundry services	(1,217)	(288)
Total gross profit	<u>\$ 51,915</u>	<u>\$ 51,640</u>

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

The following is a summary of net sales—standard products business (which does not include the Transitional Fab 3 Foundry Services) by geographic region, based on the location to which the products are billed (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Korea	\$ 85,991	\$ 66,817
Asia Pacific (other than Korea)	127,967	119,244
United States	2,120	2,830
Europe	5,062	6,799
Total	<u>\$221,140</u>	<u>\$ 195,690</u>

For the years ended December 31, 2024 and 2023, of the Company's net sales—standard products business in Asia Pacific (other than Korea), net sales—standard products business in Greater China (China and Hong Kong) represented 74.8% and 67.0%, respectively, and net sales—standard products business in Japan represented 10.1% and 11.5%, respectively.

Net sales from the Company's top ten largest customers in the standard products business (which does not include the Transitional Fab 3 Foundry Services) accounted for 74% and 69% for the years ended December 31, 2024 and 2023, respectively.

For the year ended December 31, 2024, the Company had two customers that represented 21.4% and 14.7% of its net sales—standard products business, and for the year ended December 31, 2023, the Company had two customers that represented 16.7% and 13.4% of its net sales—standard products business.

As of December 31, 2024, one customer of the Company's standard products business accounted for 34.8% of its accounts receivable – standard products business (which does not include the Transitional Fab 3 Foundry Services). As of December 31, 2023, three customers of the Company's standard products business accounted for 34.9%, 14.4% and 13.9% of its accounts receivable – standard products business (which does not include the Transitional Fab 3 Foundry Services), respectively.

97% of the Company's property, plant and equipment are located in Korea as of December 31, 2024.

**19. Accumulated Other Comprehensive Loss**

Accumulated other comprehensive loss consists of the following at December 31, 2024 and 2023, respectively (in thousands):

	<u>Year Ended</u>	
	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
Foreign currency translation adjustments	\$(20,927)	\$(15,348)
Derivative adjustments	(966)	691
Total	<u>\$(21,893)</u>	<u>\$(14,657)</u>

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
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Changes in accumulated other comprehensive loss for the years ended December 31, 2024 and 2023 are as follows (in thousands):

<b>Year Ended December 31, 2024</b>	<b>Foreign currency translation adjustments</b>	<b>Derivative adjustments</b>	<b>Total</b>
Beginning balance	\$ (15,348)	\$ 691	\$ (14,657)
Other comprehensive loss before reclassifications	(5,579)	(2,525)	(8,104)
Amounts reclassified from accumulated other comprehensive loss	—	868	868
Net current-period other comprehensive loss	(5,579)	(1,657)	(7,236)
Ending balance	<u>\$ (20,927)</u>	<u>\$ (966)</u>	<u>\$ (21,893)</u>

<b>Year Ended December 31, 2023</b>	<b>Foreign currency translation adjustments</b>	<b>Derivative adjustments</b>	<b>Total</b>
Beginning balance	\$ (11,328)	\$ (1,225)	\$ (12,553)
Other comprehensive loss before reclassifications	(4,020)	(1,536)	(5,556)
Amounts reclassified from accumulated other comprehensive loss	—	3,452	3,452
Net current-period other comprehensive income (loss)	(4,020)	1,916	(2,104)
Ending balance	<u>\$ (15,348)</u>	<u>\$ 691</u>	<u>\$ (14,657)</u>

There was an income tax benefit of \$463 thousand related to changes in accumulated other comprehensive loss for the year ended December 31, 2024. There was an income tax expense of \$452 thousand related to changes in accumulated other comprehensive loss for the year ended December 31, 2023.

**20. Loss Per Share**

The following table illustrates the computation of basic and diluted loss per common share for the years ended December 31, 2024 and 2023:

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(In thousands of U.S. dollars, except share data)</b>	
<b>Basic loss per share</b>		
Net loss	\$ (54,308)	\$ (36,622)
Basic weighted average common stock outstanding	37,774,280	41,013,069
Basic loss per common share	\$ (1.44)	\$ (0.89)
<b>Diluted loss per share</b>		
Net loss	\$ (54,308)	\$ (36,622)
Basic weighted average common stock outstanding	37,774,280	41,013,069
Net effect of dilutive equity awards	—	—
Diluted weighted average common stock outstanding	37,774,280	41,013,069
Diluted loss per common share	\$ (1.44)	\$ (0.89)

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
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Diluted earnings (loss) per share adjusts basic earnings (loss) per share for the potentially dilutive impact of stock options and restricted stock units. As the Company has reported loss for the years ended December 31, 2024 and 2023, all potentially dilutive securities are antidilutive and accordingly not considered, therefore basic net loss per share equals diluted net loss per share.

The following outstanding instruments were excluded from the computation of diluted loss per share, as they have an anti-dilutive effect on the calculation:

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Options	728,792	802,858
Restricted Stock Units	1,953,742	1,006,367

**21. Subsequent Events**

***Derivative contracts***

In February 2025, the Company and NFIK entered into derivative contracts of zero cost collars for the period from January 2026 to March 2026. The total notional amounts are \$9,000 thousand.

***Transition to Pure-Play Power Company***

On March 7, 2025, the Company’s Board of Directors authorized a new strategy to transition into a pure-play Power company, focusing its investments on the Power discrete and Power IC businesses to enhance profitability and maximize shareholder value. As part of this strategy, the Company has initiated a strategic process for its Display business. The goal is to complete this process by the end of the second quarter of 2025, the Display business is expected to be classified as discontinued operations in accordance with U.S. GAAP. Accordingly, beginning with the Company’s Q1 2025 financial statements, the Display business will be reported separately from continuing operations, which will consist of Power discrete and Power IC business lines.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

***(a) Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (“Principal Executive Officer”) and Chief Financial Officer (“Principal Financial Officer”), as appropriate, to allow for timely decisions regarding required disclosure.

Management of the Company, with the participation of our Principal Executive Officer and our Principal Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, as of December 31, 2024. Based on this evaluation, our Principal Executive Officer and our

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

Principal Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2024.

***(b) Management’s Annual Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Principal Executive Officer and our Principal Financial Officer, and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Under the supervision and with the participation of our Principal Executive Officer and our Principal Financial Officer, we conducted an evaluation of the effectiveness of the Company’s internal control over financial reporting as of December 31, 2024, based on the criteria set forth in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on our assessment, we concluded that our internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 has been audited by Samil PricewaterhouseCoopers, an independent registered public accounting firm, as stated in their report which appears in Item 8 of this Report.

***(c) Changes in Internal Control Over Financial Reporting***

There were no changes in internal control over financial reporting during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

***Securities Trading Plans of Directors and Executive Officers***

During the three months ended December 31, 2024, none of our directors or officers, as defined in Rule 16a-1(f), adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not Applicable.

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)**  
**(TABULAR DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)**

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item relating to our executive officers is included in “Item 1. Business—Executive Officers of the Company.” The other information required by this item is incorporated by reference to our definitive proxy statement relating to our 2024 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

***Insider Trading Policy***

We have adopted an insider trading policy (“Securities Trading Policy”) governing the purchase, sale and/or other dispositions of the Company’s securities by the Company’s directors, officers and employees, among other covered persons. The Company believes this policy is reasonably designed to promote and enforce compliance by such covered persons with applicable insider trading laws, rules and regulations, and the listing standards applicable to the Company. A copy of our Securities Trading Policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

**Item 11. Executive Compensation**

The information required by this item is incorporated by reference to our definitive proxy statement relating to our 2024 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item is incorporated by reference to our definitive proxy statement relating to our 2024 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is incorporated by reference to our definitive proxy statement relating to our 2024 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

**Item 14. Principal Accounting Fees and Services.**

The information required by this item is incorporated by reference to our definitive proxy statement relating to our 2024 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

1. Financial Statements

The information required by this item is included in Item 8 of Part II of this Report.

2. Financial Statement Schedules

Financial Statement Schedules are omitted because of the absence of the conditions under which they are required or because the information required by such omitted schedules is set forth in the financial statements or the notes thereto.

3. Exhibits

<u>Exhibit No.</u>	<u>Exhibit Description</u>
2.1	<a href="#">Business Transfer Agreement, dated as of March 31, 2020 among by and among Magnus Semiconductor, LLC, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor, Ltd. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on March 31, 2020).</a>
3.1	<a href="#">Certificate of Conversion of MagnaChip Semiconductor LLC (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on March 11, 2011).</a>
3.2	<a href="#">Certificate of Incorporation of MagnaChip Semiconductor Corporation (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on March 11, 2011).</a>
3.3	<a href="#">Certificate of Amendment to the Certificate of Incorporation of Magnachip Semiconductor Corporation (incorporated by reference to Exhibit 3.1 to our Current report on Form 8-K filed on December 30, 2020).</a>
3.4	<a href="#">Amended and Restated Bylaws of MagnaChip Semiconductor Corporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on May 6, 2016).</a>
3.5	<a href="#">Form of Plan of Conversion of MagnaChip Semiconductor LLC (incorporated by reference to Exhibit 3.6 to our Amendment No. 2 to Registration Statement on Form S-1 filed on May 11, 2010 (Registration No. 333-165467)).</a>
3.6	<a href="#">Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of MagnaChip Semiconductor Corporation, as filed with the Secretary of the State of Delaware on March 6, 2015 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on March 6, 2015).</a>
3.7	<a href="#">Certificate of Designation of Series A-1, Junior Participating Preferred Stock of Magnachip Semiconductor Corporation, as filed with the Secretary of State of Delaware on December 13, 2021.</a>

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<u>Exhibit No.</u>	<u>Exhibit Description</u>
4.1#	<a href="#"><u>Description of Securities</u></a>
10.1	<a href="#"><u>Intellectual Property License Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea) (incorporated by reference to Exhibit 10.2 to our Amendment No. 1 to Registration Statement on Form S-1 filed on April 20, 2010 (Registration No. 333-165467)).</u></a>
10.2*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Equity Incentive Plan (as amended on April 26, 2018) (incorporated by reference to Exhibit 10.24 to our Annual Report on Form 10-K filed on February 22, 2019).</u></a>
10.3*	<a href="#"><u>MagnaChip Semiconductor Corporation 2020 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 17, 2020).</u></a>
10.4*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.26 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u></a>
10.5*	<a href="#"><u>MagnaChip Semiconductor Corporation Form of Indemnification Agreement with Directors and Officers (incorporated by reference to Exhibit 10.49 to our Registration Statement on Form S-1 filed on March 15, 2010 (Registration No. 333-165467)).</u></a>
10.6*	<a href="#"><u>Offer Letter, dated as of April 15, 2013, by and between MagnaChip Semiconductor, Ltd. (Korea) and Young-Joon Kim (incorporated by reference to Exhibit 10.36 to our Annual Report on Form 10-K filed on February 12, 2015).</u></a>
10.6-1*	<a href="#"><u>Amendment of Offer Letter, dated July 27, 2015, from MagnaChip Semiconductor, Ltd. (Korea) to Young-Joon Kim (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 6, 2015).</u></a>
10.6-2*	<a href="#"><u>Severance Agreement, dated November 3, 2015, from MagnaChip Semiconductor, Ltd. (Korea) and MagnaChip Semiconductor Corporation to Young-Joon Kim (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 6, 2015).</u></a>
10.6-3*	<a href="#"><u>Employment Agreement, dated as of April 26, 2018, by and between MagnaChip Semiconductor Corporation and Young-Joon Kim (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 27, 2018).</u></a>
10.6-4*	<a href="#"><u>Amendment to Employment Agreement by and between MagnaChip Semiconductor Corporation and Young-Joon Kim, dated as of September 3, 2018 (incorporated by reference to Exhibit 10.29-4 to our Annual Report on Form 10-K filed on February 22, 2019).</u></a>
10.7*	<a href="#"><u>Offer Letter, dated as of September 27, 2013, by and between MagnaChip Semiconductor, Ltd. (Korea) and Theodore Kim (incorporated by reference to Exhibit 10.37 to our Annual Report on Form 10-K filed on February 12, 2015).</u></a>
10.7-1*	<a href="#"><u>Severance Agreement, dated November 3, 2015, from MagnaChip Semiconductor, Ltd. (Korea) and MagnaChip Semiconductor Corporation to Theodore S. Kim (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on November 6, 2015).</u></a>
10.7-2*	<a href="#"><u>Employment Agreement, dated as of October 22, 2018, by and between MagnaChip Semiconductor Corporation and Theodore Kim (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on October 26, 2018).</u></a>
10.8*	<a href="#"><u>Offer Letter, dated as of October 16, 2013, by and between MagnaChip Semiconductor, Ltd. (Korea) and Woung Moo Lee (incorporated by reference to Exhibit 10.36 to our Annual Report on Form 10-K filed on February 22, 2016).</u></a>

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<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.8-1*	<a href="#"><u>Severance Agreement, dated November 3, 2015, from MagnaChip Semiconductor, Ltd. (Korea) and MagnaChip Semiconductor Corporation to Woung Moo Lee (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on November 6, 2015).</u></a>
10.8-2*	<a href="#"><u>Employment Agreement, dated as of October 22, 2018, by and between MagnaChip Semiconductor Corporation and Woung Moo Lee (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on October 26, 2018).</u></a>
10.9*	<a href="#"><u>Executive Service Agreement, dated as of June 1, 2020, by and between Chan Ho Park, MagnaChip Semiconductor Corporation and MagnaChip Semiconductor, Ltd. (incorporated by reference to Exhibit 10.9 to our Quarterly Report on Form 10-Q filed on August 7, 2020).</u></a>
10.10*	<a href="#"><u>Executive Service Agreement, effective as of February 23, 2022, by and between Shin Young Park, Magnachip Semiconductor Corporation and Magnachip Semiconductor, Ltd. (incorporated by reference to Exhibit 10.30 to our Annual Report on Form 10-K filed on February 23, 2022).</u></a>
10.11*	<a href="#"><u>MagnaChip Semiconductor LLC Profit Sharing Plan as adopted on December 31, 2009 and amended on February 15, 2010 (incorporated by reference to Exhibit 10.54 to our Quarterly Report on Form 10-Q filed on August 5, 2011).</u></a>
10.12*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Form of Stock Option Agreement (U.S. Participants) (incorporated by reference to Exhibit 10.55 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u></a>
10.13*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Form of Stock Option Agreement (Non-U.S. Participants) (incorporated by reference to Exhibit 10.56 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u></a>
10.14*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Form of Restricted Stock Units Agreement (U.S. Participants) (incorporated by reference to Exhibit 10.57 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u></a>
10.15*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Form of Restricted Stock Units Agreement (Non-U.S. Participants) (incorporated by reference to Exhibit 10.58 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u></a>
10.16*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Form of Restricted Stock Agreement (U.S. Participants) (incorporated by reference to Exhibit 10.59 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u></a>
10.17*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Form of Restricted Stock Agreement (Non-U.S. Participants) (incorporated by reference to Exhibit 10.60 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u></a>
10.18*	<a href="#"><u>MagnaChip Semiconductor Corporation 2011 Form of Restricted Stock Units Agreement (Nonemployee Director) (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 6, 2016).</u></a>
10.19*	<a href="#"><u>Form of Restricted Stock Units Agreement (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on October 26, 2018).</u></a>
10.20*	<a href="#"><u>Form of Restricted Stock Units Agreement (TSR Performance) (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on October 26, 2018).</u></a>
10.21*	<a href="#"><u>Form of Restricted Stock Units Agreement (AOP Performance) (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed on October 26, 2018).</u></a>

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<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.22*	<a href="#"><u>MagnaChip Semiconductor Corporation 2020 Form of Restricted Stock Units Agreement (Non-employee Directors) (incorporated by reference to Exhibit 99.2 to our Registration Statement on Form S-8 filed on July 15, 2020).</u></a>
10.23*	<a href="#"><u>MagnaChip Semiconductor Corporation 2020 Form of Restricted Stock Units Agreement (Section 16 Officers) (incorporated by reference to Exhibit 99.3 to our Registration Statement on Form S-8 filed on July 15, 2020).</u></a>
10.24*	<a href="#"><u>MagnaChip Semiconductor Corporation 2020 Form of Restricted Stock Units Agreement—Financial Performance (CEO) (incorporated by reference to Exhibit 99.4 to our Registration Statement on Form S-8 filed on July 15, 2020).</u></a>
10.25*	<a href="#"><u>MagnaChip Semiconductor Corporation 2020 Form of Restricted Stock Units Agreement—Financial Performance (Non-CEO Section 16 Officers) (incorporated by reference to Exhibit 99.5 to our Registration Statement on Form S-8 filed on July 15, 2020).</u></a>
10.26*	<a href="#"><u>MagnaChip Semiconductor Corporation 2020 Form of Restricted Stock Units Agreement—TSR Performance (CEO) (incorporated by reference to Exhibit 99.6 to our Registration Statement on Form S-8 filed on July 15, 2020).</u></a>
10.27*	<a href="#"><u>MagnaChip Semiconductor Corporation 2020 Form of Restricted Stock Units Agreement—TSR Performance (Non-CEO Section 16 Officers) (incorporated by reference to Exhibit 99.7 to our Registration Statement on Form S-8 filed on July 15, 2020).</u></a>
10.28*	<a href="#"><u>Patent Cross-License Agreement, with an effective date as of June 15, 2017, by and between Infineon Technologies AG and Magnachip Semiconductor, Ltd. (incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u></a>
10.29*	<a href="#"><u>First Amendment to the Patent Cross-License Agreement, with an effective date as of January 1, 2022, by and between Infineon Technologies AG and Magnachip Semiconductor, Ltd. (incorporated by reference to Exhibit 10.9 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u></a>
10.30*	<a href="#"><u>Form of 2020 Plan Restricted Stock Units Agreement (Non-employee Directors) (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u></a>
10.31*	<a href="#"><u>Form of 2020 Plan Restricted Stock Units Agreement (CEO and other Section 16 Officers) (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u></a>
10.32*	<a href="#"><u>Form of 2020 Plan Restricted Stock Units Agreement—Financial Performance (CEO) (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u></a>
10.33*	<a href="#"><u>Form of 2020 Plan Restricted Stock Units Agreement—Financial Performance (Non-CEO Section 16 Officers) (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u></a>
10.34*	<a href="#"><u>Form of 2020 Plan Restricted Stock Units Agreement—TSR Performance (CEO) (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u></a>
10.35*	<a href="#"><u>Form of 2020 Plan Restricted Stock Units Agreement—TSR Performance (Non-CEO Section 16 Officers) (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u></a>
10.36	<a href="#"><u>Agreement, dated as of April 11, 2023, by and among Magnachip Semiconductor Corporation, Jackson Square Advisors LLC, GT Investments II Corp and Gilbert Nathan (incorporated by reference to Exhibit 10.1 to our Current Report on form 8-K filed on April 13, 2023).</u></a>

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<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.37	<a href="#">Separation Agreement, dated as of March 22, 2024, by and among Magnachip Semiconductor Corporation, Magnachip Semiconductor, Ltd. and Chan Ho Park (incorporated by reference to our Current Report on Form 8-K filed on March 26, 2024).</a>
10.38	<a href="#">Standard Credit Agreement, dated as of March 26, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation).</a>
10.39	<a href="#">Kun-Pledge (Mortgage) Agreement, dated as of March 26, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation).</a>
10.40	<a href="#">Separation Agreement, dated as of July 29, 2024, by and among Magnachip Semiconductor Corporation, Magnachip Semiconductor, Ltd., Magnachip Mixed-Signal, Ltd. and Woung Moo Lee (incorporated by reference to our Current Report on Form 8-K filed on July 31, 2024).</a>
10.41	<a href="#">Consulting Agreement, dated as of August 1, 2024, by and between Magnachip Mixed-Signal, Ltd. and Woung Moo Lee (incorporated by reference to our Current Report on Form 8-K filed on July 31, 2024).</a>
10.42#	<a href="#">Amendment to Kun-Pledge (Mortgage) Agreement, dated as of December 8, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation).</a>
10.43#^	<a href="#">Amendment to Kun-Pledge (Mortgage) Agreement, dated as of December 8, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation).</a>
10.44#	<a href="#">Standard Credit Agreement, dated as of December 16, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation).</a>
16.1	<a href="#">Letter from Samil PricewaterhouseCoopers dated as of March 14, 2025 (incorporated by reference to our Current Report on Form 8-K filed on March 14, 2025).</a>
19.1#	<a href="#">Securities Trading Policy</a>
21.1#	<a href="#">Subsidiaries of the Registrant</a>
23.1#	<a href="#">Consent of Samil PricewaterhouseCoopers</a>
31.1#	<a href="#">Certification of Chief Executive Officer required by Rule 13(a)-14(a), as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002</a>
31.2#	<a href="#">Certification of Chief Financial Officer required by Rule 13(a)-14(a), as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002</a>
32.1†	<a href="#">Certification of Chief Executive Officer required by 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002</a>
32.2†	<a href="#">Certification of Chief Financial Officer required by 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002</a>
97.1*	<a href="#">Compensation Recovery Policy, adopted as of November 15, 2023 (incorporated by reference to Exhibit 97.1 to our Annual Report on Form 10-K filed on March 8, 2024).</a>
101.INS#	Inline XBRL Instance Document
101.SCH#	Inline XBRL Taxonomy Extension Schema Document
101.CAL#	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF#	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB#	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE#	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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Footnotes:

\* Management contract, compensatory plan or arrangement

# Filed herewith

† Furnished herewith

^ Portions of this exhibit (indicated by asterisks) have been omitted in accordance with Item 601(b)(10) of Regulation S-K. The registrant hereby agrees to furnish supplementally copies of any of the omitted portions of this exhibit to the SEC upon its request.

**Item 16. Form 10-K Summary**

Not applicable.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

**MAGNACHIP SEMICONDUCTOR CORPORATION**

By: /s/ Young-Joon Kim  
Name: Young-Joon Kim  
Title: Chief Executive Officer and Director  
Date: March 14, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	<u>Date</u>
<u>/s/ Young-Joon Kim</u> Young-Joon Kim, <i>Chief Executive Officer and Director (Principal Executive Officer)</i>	March 14, 2025
<u>/s/ Shin Young Park</u> Shin Young Park, <i>Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)</i>	March 14, 2025
<u>/s/ Camillo Martino</u> Camillo Martino, <i>Non-Executive Chairman of the Board of Directors</i>	March 14, 2025
<u>/s/ Liz Chung</u> Liz Chung, <i>Director</i>	March 14, 2025
<u>/s/ Ilbok Lee</u> Ilbok Lee, <i>Director</i>	March 14, 2025
<u>/s/ Gilbert Nathan</u> Gilbert Nathan, <i>Director</i>	March 14, 2025

## DESCRIPTION OF REGISTRANT'S SECURITIES

The following brief description of the capital stock of Magnachip Semiconductor Corporation (“us”, “our”, “we”, or the “Company”) is a summary. This summary is not complete and is subject to and qualified in its entirety by reference to the complete text of our Certificate of Incorporation (“Certificate of Incorporation”), and our Amended and Restated Bylaws (“Bylaws”) previously filed with the U.S. Securities and Exchange Commission and incorporated by reference as an exhibit to this Annual Report on Form 10-K of which this Exhibit 4.1 forms a part. We encourage you to read the Certificate of Incorporation and Bylaws carefully.

### General

The Certificate of Incorporation provides that the Company may issue 155,000,000 shares of capital stock, of which 150,000,000 shares are designated as common stock, par value \$0.01 per share, and 5,000,000 shares are designated as of preferred stock, par value \$0.01 per share.

### Common Stock

#### *Voting Rights*

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Our stockholders do not have cumulative voting rights in the election of directors. Except as required by law or our Certificate of Incorporation and Bylaws, the vote of a majority of the shares represented in person or by proxy at any meeting at which a quorum is present will be sufficient for the transaction of any business at a meeting.

#### *Dividends*

Subject to preferences held by, or that may be granted to, any outstanding shares of preferred stock, holders of our common stock will be entitled to receive ratably those dividends as may be declared by our board of directors out of funds legally available for such distributions, as well as any other distributions made to our stockholders.

#### *Other Rights*

In the event of our liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably in all of our assets remaining after we pay our liabilities and any liquidation preferences granted to the holders of outstanding shares of preferred stock.

Holders of our common stock have no preemptive or other subscription or conversion rights.

There are no redemption or sinking fund provisions applicable to our common stock.

### Preferred Stock

The Certificate of Incorporation authorizes the issuance of 5,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by our board of directors. Accordingly, our board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of common stock. The preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of us.

### Certain Anti-Takeover Effects of Delaware Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law (the “DGCL”), regulating corporate takeovers and which has an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for shares of our common stock. In general, those provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the board of directors before the date the interested stockholder attained that status;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or after such date, the business combination is approved by the board of directors and authorized at a meeting of stockholders, and not by written consent, by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

In general, DGCL Section 203 defines a business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, DGCL Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any such entity or person.

A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out of this provision.

#### **Certain Provisions of the Certificate of Incorporation and Bylaws**

Provisions in the Certificate of Incorporation and Bylaws may have the effect of delaying or preventing a change of control or changes in our management. Among other things, the Certificate of Incorporation and Bylaws:

- authorize our board of directors to issue, without stockholder approval, preferred stock with such terms as our board of directors may determine;
- prohibit action by written consent of our stockholders;
- prohibit any person other than our board of directors, the chairman of our board of directors, our Chief Executive Officer or holders of at least 25% of the voting power of all then outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors to call a special meeting of our stockholders; and
- specify advance notice requirements for stockholder proposals and director nominations.

Our common stock is listed on The New York Stock Exchange under the symbol "MX."

#### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Equiniti Trust Company, LLC.

Stamp  
Duty

Team Member	Team Manager	Assistant Branch Manager

**AMENDMENT TO KUN-MORTGAGE AGREEMENT**  
(Increase of the Maximum Mortgage Amount)

Creditor & Mortgagee: The Korea Development Bank  
 Obligor: Magnachip Semiconductor, Ltd.  
 Mortgagor: Magnachip Semiconductor, Ltd.

Description of the Mortgaged Property: Same as listed in Attachment

1. The Mortgagor and the Obligor, in order to secure their obligations to the Creditor, agree to modify the existing mortgage previously established on the Mortgaged Property pursuant to the Kun-Mortgage Agreement dated March 26, 2024, recorded with the Gumi Registry Office of the Daegu District Court on March 26, 2024, under Filing No. 12868.

Pursuant to this Amendment, **the maximum mortgage amount shall be increased from Sixty Billion Won (₩60,000,000,000) to One Hundred Billion Won (₩100,000,000,000).**

2. Except as expressly modified herein, all other terms and conditions of the original Kun-Mortgage Agreement shall remain in full force and effect.

December 8, 2024

Creditor & Mortgagee: The Korea Development Bank [*corporate seal stamped*]  
 Address 14, Eunhaeng-ro, Yeongdeungpo-gu, Seoul, Republic of Korea  
 (Branch: Cheongju Branch)  
 Authorized Agent Raehyeon Park

Obligor & Mortgagor: Magnachip Semiconductor, Ltd.  
 Address 76 Jikji-daero, 436beon-gil Heungdeok-gu, Cheongju-si, Chungcheongbuk-do, South Korea  
 Representative Director /s/ Young-Joon Kim [*corporate seal stamped*]

Seal compared by

&lt;Attachment&gt;

**Legal Description of Real Estate Property**

1. Land  
Identification No[1760-1996-090403]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Factory site 39,574.4m<sup>2</sup>
2. Land  
Identification No[1760-2007-003222]  
281-1, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Miscellaneous land 3,812.8m<sup>2</sup>
3. Land  
Identification No[1760-2007-003223]  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Factory site 35,489.7m<sup>2</sup>
4. Land  
Identification No[1760-2007-003218]  
282-2, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Miscellaneous land 1,200.4m<sup>2</sup>
5. Land  
Identification No[1760-2009-008403]  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Building land 23,087m<sup>2</sup>
6. Land  
Identification No[1760-2007-003199]  
283-8, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Miscellaneous land 1,033.2m<sup>2</sup>
7. Building  
Identification No[1760-1996-091033]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
1-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete 5-story factory building with slab roof  
Basement Machine room, electrical room, shelter 4,482m<sup>2</sup>  
1<sup>st</sup> floor Cafeteria 5,294.75m<sup>2</sup>  
2<sup>nd</sup> floor Factory 3,327m<sup>2</sup>  
3<sup>rd</sup> floor Factory 8,982m<sup>2</sup>  
4<sup>th</sup> floor Factory 8,982m<sup>2</sup>  
5<sup>th</sup> floor Factory 8,982m<sup>2</sup>  
Rooftop 972m<sup>2</sup>  
Lightweight steel frame single-story storage 12.5m<sup>2</sup>  
Block single-story factory with silicon steel plate roof on truss (Waste storage) 428.40m<sup>2</sup>  
Lightweight steel frame single-story factory with sandwich panel roof (Pump room) 75 m<sup>2</sup>

8. Building  
 Identification No[1760-2007-001927]  
 281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 2-dong  
 [Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
 Reinforced concrete 2-story factory building with slab roof and prefabricated panel roof  
 1<sup>st</sup> floor Office and air-conditioning machine room 2,554.15m<sup>2</sup>  
 1<sup>st</sup> floor Factory 1,843.2m<sup>2</sup>  
 1<sup>st</sup> floor Factory 1,479.26m<sup>2</sup>  
 1<sup>st</sup> floor Factory 140.1m<sup>2</sup>  
 1<sup>st</sup> floor Factory (storage) 84.21m<sup>2</sup>  
 1<sup>st</sup> floor Factory (storage) 67.21m<sup>2</sup>  
 2<sup>nd</sup> floor Factory 1,843.2m<sup>2</sup>  
 2<sup>nd</sup> floor Factory 1,354.14m<sup>2</sup>  
 Rooftop 115.2m<sup>2</sup>
9. Building  
 Identification No[1760-2007-001926]  
 281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 3-dong  
 Reinforced concrete 2-story factory building with slab roof  
 1<sup>st</sup> floor Factory and office 4,927.6m<sup>2</sup>  
 2<sup>nd</sup> floor Factory and office 599.04m<sup>2</sup>  
 1<sup>st</sup> floor Factory 438.96m<sup>2</sup>  
 2<sup>nd</sup> floor Factory 3,473.2m<sup>2</sup>  
 Rooftop 270.76m<sup>2</sup>
10. Building  
 Identification No[1760-1996-091031]  
 281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
 4-dong  
 [Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
 Reinforced concrete 5-story factory building with slab roof  
 Basement Dormitory 1,488.34m<sup>2</sup>  
 1<sup>st</sup> floor Dormitory 1435.55m<sup>2</sup>  
 2<sup>nd</sup> floor Dormitory 1,004.495m<sup>2</sup>  
 3<sup>rd</sup> floor Dormitory 1,004.495m<sup>2</sup>  
 Rooftop 26.22m<sup>2</sup>  
 1<sup>st</sup> floor Dormitory 410.4m<sup>2</sup>  
 2<sup>nd</sup> floor Dormitory 592.8m<sup>2</sup>  
 3<sup>rd</sup> floor Dormitory 619.02m<sup>2</sup>  
 4<sup>th</sup> floor Dormitory 619.02m<sup>2</sup>  
 5<sup>th</sup> floor Dormitory 619.02m<sup>2</sup>  
 Rooftop 78.66m<sup>2</sup>  
 2<sup>nd</sup> floor Dormitory 26.22m<sup>2</sup>  
 4<sup>th</sup> floor Dormitory 978.275m<sup>2</sup>  
 5<sup>th</sup> floor Dormitory 1,004.495m<sup>2</sup>  
 Rooftop 93.48m<sup>2</sup>

11. Building  
Identification No[1760-2004-005345]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
5-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete 2-story factory building with slab roof  
1<sup>st</sup> floor Machine room 1,022.44m<sup>2</sup>  
1<sup>st</sup> floor Machine room 1,075.48m<sup>2</sup>  
2<sup>nd</sup> floor Machine room 402.14m<sup>2</sup>  
1<sup>st</sup> floor Boiler room 1,075.92m<sup>2</sup>  
2<sup>nd</sup> floor Boiler room 374m<sup>2</sup>
12. Building  
Identification No[1760-1996-091034]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
8-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with sandwich panel flat slab roof on truss  
Basement Machine room 73.83m<sup>2</sup>  
1<sup>st</sup> floor Control room 111.60m<sup>2</sup>
13. Building  
Identification No[1760-2004-005344]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
9-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with steel-plate roof  
1<sup>st</sup> floor Dangerous goods storage 288m<sup>2</sup>  
1<sup>st</sup> floor Dangerous goods storage 377.6m<sup>2</sup>
14. Building  
Identification No[1760-2004-005349]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
10-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with steel-plate roof (Dangerous goods storage) 288m<sup>2</sup>
15. Building  
Identification No[1760-2009-008404]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
11-dong  
Reinforced concrete single-story factory building with slate roof (Plating room) 172.8m<sup>2</sup>

16. Building  
Identification No[1760-2004-005412]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
12-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with slab roof  
Basement Industrial water tank 421.5m<sup>2</sup>  
1<sup>st</sup> floor Industrial water tank 13.5m<sup>2</sup>
17. Building  
Identification No[1760-2004-005411]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
13-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Basement of reinforced concrete factory building with slab roof 671.77m<sup>2</sup>
18. Building  
Identification No[1760-2004-005414]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
14-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Lightweight steel frame 2-story factory building with slab roof  
1<sup>st</sup> floor F.A.B storage 83.86m<sup>2</sup>  
2<sup>nd</sup> floor F.A.B storage 83.86m<sup>2</sup>
19. Building  
Identification No[1760-2007-001929]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
15-dong  
Lightweight steel frame single-story factory building with prefabricated panel roof  
Security office 324m<sup>2</sup>
20. Building  
Identification No[1760-2004-005350]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
16-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Lightweight steel frame single-story factory building with panel roof on truss 270m<sup>2</sup>
21. Building  
Identification No[1760-1999-007320]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
17-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with prefabricated panel roof 288m<sup>2</sup>

22. Building  
Identification No[1760-2005-008712]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
18-dong  
Steel-framed single-story factory with grass wool panel roof (Gym) 1,218.42m<sup>2</sup>
23. Building  
Identification No[1760-2020-000803]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
19-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with panel roof (Dangerous goods storage and processing facilities)  
1<sup>st</sup> floor High-pressure gas reservoir 103.5m<sup>2</sup>
24. Building  
Identification No[1760-2022-003006]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
20-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Steel-framed single-story factory  
1<sup>st</sup> floor Factory (Machine room) 320m<sup>2</sup>

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH EXCLUDED INFORMATION HAS BEEN MARKED WITH “[\*\*\*].”

[English Translation]

Stamp Duty
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ARM	(S)RM

**Amendment to Kun-Mortgage Agreement**  
(Conversion of the General Mortgage to a Mortgage  
under Articles 3 and 4 of the Factory and Mining Foundation Mortgage Act)

Creditor & Mortgagee:                   The Korea Development Bank  
Obligor:                                    Magnachip Semiconductor, Ltd.  
Mortgagor:                                Magnachip Semiconductor, Ltd.

The Mortgagor, in order to secure its obligations to the Creditor, agrees to convert the existing mortgage (recorded with the Gumi Registry Office of the Daegu District Court on March 26, 2024, under Filing No. 12868) previously established on its properties pursuant to the Kun-Mortgage Agreement dated March 26, 2024 to a mortgage under Articles 3 and 4 of the Factory and Mining Foundation Mortgage Act, to additionally cover the machinery, apparatus and other related items listed in the attachment as the mortgaged properties. Except as set forth herein, all other terms and conditions to the original Kun-Mortgage Agreement shall remain in full force and effect.

December 8, 2024

Creditor & Mortgagee:                   The Korea Development Bank [*corporate seal stamped*]  
Address                                    14, Eunhaeng-ro, Yeongdeungpo-gu, Seoul, Republic of Korea  
  (Branch: Cheongju Branch)  
  Authorized Agent Raehyeon Park

Obligor & Mortgagor:                   Magnachip Semiconductor, Ltd.  
Address                                    76 Jikji-daero, 436beon-gil Heungdeok-gu, Cheongju-si, Chungcheongbuk-do, South Korea  
  Representative Director /s/ *Young-Joon Kim* [*corporate seal stamped*]

Seal compared by

<Attachment>

**Legal Description of Real Estate Property**

1. Land  
Identification No[1760-1996-090403]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Factory site 39,574.4m<sup>2</sup>
2. Land  
Identification No[1760-2007-003222]  
281-1, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Miscellaneous land 3,812.8m<sup>2</sup>
3. Land  
Identification No[1760-2007-003223]  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Factory site 35,489.7m<sup>2</sup>
4. Land  
Identification No[1760-2007-003218]  
282-2, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Miscellaneous land 1,200.4m<sup>2</sup>
5. Land  
Identification No[1760-2009-008403]  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Building land 23,087m<sup>2</sup>
6. Land  
Identification No[1760-2007-003199]  
283-8, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
Miscellaneous land 1,033.2m<sup>2</sup>
7. Building  
Identification No[1760-1996-091033]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
1-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete 5-story factory building with slab roof  
Basement Machine room, electrical room, shelter 4,482m<sup>2</sup>  
1<sup>st</sup> floor Cafeteria 5,294.75m<sup>2</sup>  
2<sup>nd</sup> floor Factory 3,327m<sup>2</sup>  
3<sup>rd</sup> floor Factory 8,982m<sup>2</sup>  
4<sup>th</sup> floor Factory 8,982m<sup>2</sup>  
5<sup>th</sup> floor Factory 8,982m<sup>2</sup>  
Rooftop 972m<sup>2</sup>  
Lightweight steel frame single-story storage 12.5m<sup>2</sup>  
Block single-story factory with silicon steel plate roof on truss (Waste storage) 428.40m<sup>2</sup>  
Lightweight steel frame single-story factory with sandwich panel roof (Pump room) 75 m<sup>2</sup>

## 8. Building

Identification No[1760-2007-001927]

281, Imsu-dong, Gumi-si, Gyeongsangbuk-do

282, Imsu-dong, Gumi-si, Gyeongsangbuk-do

283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
2-dong

[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do

Reinforced concrete 2-story factory building with slab roof and prefabricated panel roof

1<sup>st</sup> floor Office and air-conditioning machine room 2,554.15m<sup>2</sup>

1<sup>st</sup> floor Factory 1,843.2m<sup>2</sup>

1<sup>st</sup> floor Factory 1,479.26m<sup>2</sup>

1<sup>st</sup> floor Factory 140.1m<sup>2</sup>

1<sup>st</sup> floor Factory (storage) 84.21m<sup>2</sup>

1<sup>st</sup> floor Factory (storage) 67.21m<sup>2</sup>

2<sup>nd</sup> floor Factory 1,843.2m<sup>2</sup>

2<sup>nd</sup> floor Factory 1,354.14m<sup>2</sup>

Rooftop 115.2m<sup>2</sup>

## 9. Building

Identification No[1760-2007-001926]

281, Imsu-dong, Gumi-si, Gyeongsangbuk-do

282, Imsu-dong, Gumi-si, Gyeongsangbuk-do

283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
3-dong

Reinforced concrete 2-story factory building with slab roof

1<sup>st</sup> floor Factory and office 4,927.6m<sup>2</sup>

2<sup>nd</sup> floor Factory and office 599.04m<sup>2</sup>

1<sup>st</sup> floor Factory 438.96m<sup>2</sup>

2<sup>nd</sup> floor Factory 3,473.2m<sup>2</sup>

Rooftop 270.76m<sup>2</sup>

## 10. Building

Identification No[1760-1996-091031]

281, Imsu-dong, Gumi-si, Gyeongsangbuk-do

282, Imsu-dong, Gumi-si, Gyeongsangbuk-do

283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
4-dong

[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do

Reinforced concrete 5-story factory building with slab roof

Basement Dormitory 1,488.34m<sup>2</sup>

1<sup>st</sup> floor Dormitory 1435.55m<sup>2</sup>

2<sup>nd</sup> floor Dormitory 1,004.495m<sup>2</sup>

3<sup>rd</sup> floor Dormitory 1,004.495m<sup>2</sup>

Rooftop 26.22m<sup>2</sup>

1<sup>st</sup> floor Dormitory 410.4m<sup>2</sup>

2<sup>nd</sup> floor Dormitory 592.8m<sup>2</sup>

3<sup>rd</sup> floor Dormitory 619.02m<sup>2</sup>

4<sup>th</sup> floor Dormitory 619.02m<sup>2</sup>

5<sup>th</sup> floor Dormitory 619.02m<sup>2</sup>

Rooftop 78.66m<sup>2</sup>

2<sup>nd</sup> floor Dormitory 26.22m<sup>2</sup>

4<sup>th</sup> floor Dormitory 978.275m<sup>2</sup>

5<sup>th</sup> floor Dormitory 1,004.495m<sup>2</sup>

Rooftop 93.48m<sup>2</sup>

11. Building

Identification No[1760-2004-005345]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
5-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete 2-story factory building with slab roof  
1<sup>st</sup> floor Machine room 1,022.44m<sup>2</sup>  
1<sup>st</sup> floor Machine room 1,075.48m<sup>2</sup>  
2<sup>nd</sup> floor Machine room 402.14m<sup>2</sup>  
1<sup>st</sup> floor Boiler room 1,075.92m<sup>2</sup>  
2<sup>nd</sup> floor Boiler room 374m<sup>2</sup>

12. Building

Identification No[1760-1996-091034]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
8-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with sandwich panel flat slab roof on truss  
Basement Machine room 73.83m<sup>2</sup>  
1<sup>st</sup> floor Control room 111.60m<sup>2</sup>

13. Building

Identification No[1760-2004-005344]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
9-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with steel-plate roof  
1<sup>st</sup> floor Dangerous goods storage 288m<sup>2</sup>  
1<sup>st</sup> floor Dangerous goods storage 377.6m<sup>2</sup>

14. Building

Identification No[1760-2004-005349]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
10-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with steel-plate roof (Dangerous goods storage) 288m<sup>2</sup>

15. Building

Identification No[1760-2009-008404]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
11-dong  
Reinforced concrete single-story factory building with slate roof (Plating room) 172.8m<sup>2</sup>

16. Building

Identification No[1760-2004-005412]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
12-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Reinforced concrete single-story factory building with slab roof  
Basement Industrial water tank 421.5m<sup>2</sup>  
1<sup>st</sup> floor Industrial water tank 13.5m<sup>2</sup>

17. Building

Identification No[1760-2004-005411]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
13-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Basement of reinforced concrete factory building with slab roof 671.77m<sup>2</sup>

18. Building

Identification No[1760-2004-005414]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
14-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Lightweight steel frame 2-story factory building with slab roof  
1<sup>st</sup> floor F.A.B storage 83.86m<sup>2</sup>  
2<sup>nd</sup> floor F.A.B storage 83.86m<sup>2</sup>

19. Building

Identification No[1760-2007-001929]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
15-dong  
Lightweight steel frame single-story factory building with prefabricated panel roof  
Security office 324m<sup>2</sup>

20. Building

Identification No[1760-2004-005350]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
16-dong  
[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do  
Lightweight steel frame single-story factory building with panel roof on truss 270m<sup>2</sup>

21. Building

Identification No[1760-1999-007320]  
281, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
282, Imsu-dong, Gumi-si, Gyeongsangbuk-do  
283, Imsu-dong, Gumi-si, Gyeongsangbuk-do

17-dong

[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do

Reinforced concrete single-story factory building with prefabricated panel roof 288m<sup>2</sup>

22. Building

Identification No[1760-2005-008712]

281, Imsu-dong, Gumi-si, Gyeongsangbuk-do

282, Imsu-dong, Gumi-si, Gyeongsangbuk-do

283, Imsu-dong, Gumi-si, Gyeongsangbuk-do

18-dong

Steel-framed single-story factory with grass wool panel roof (Gym) 1,218.42m<sup>2</sup>

23. Building

Identification No[1760-2020-000803]

281, Imsu-dong, Gumi-si, Gyeongsangbuk-do

282, Imsu-dong, Gumi-si, Gyeongsangbuk-do

283, Imsu-dong, Gumi-si, Gyeongsangbuk-do

19-dong

[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do

Reinforced concrete single-story factory building with panel roof (Dangerous goods storage and processing facilities)

1<sup>st</sup> floor High-pressure gas reservoir 103.5m<sup>2</sup>

24. Building

Identification No[1760-2022-003006]

281, Imsu-dong, Gumi-si, Gyeongsangbuk-do

282, Imsu-dong, Gumi-si, Gyeongsangbuk-do

283, Imsu-dong, Gumi-si, Gyeongsangbuk-do

20-dong

[Road Name Address] 375, Suchul-daero, Gumi-si, Gyeongsangbuk-do

Steel-framed single-story factory

1<sup>st</sup> floor Factory (Machine room) 320m<sup>2</sup>

The list of machinery and apparatus under Article 6 of the Factory and Mining Foundation Mortgage Act is the same as listed in the following attachment.

**The List of Machinery and Apparatus  
under Article 6 of the Factory and Mining Foundation Mortgage Act**

No.	Name (Category) Structure, Specifications, Type, Capacity	Manufacturer, Manufacturing Number, Manufacturing Date	Quantity
1	ASML KrF Scanner [***]	ASML Hong Kong Limited 2022.12	1
2	TEL Track [***]	APLT Corporation 2022.12	1
3	AEGIS [***]	Nextin 2022.12	1
4	CD SEM [***]	Hoyeon Tech 2023.06	1
5	CD SEM [***]	Hoyeon Tech 2023.02	1
6	AVI(INSPECTRA 3000SR-III) [***]	TASMIT, Inc. 2021.12	1
7	SFX-200 [***]	SMARTS 2021.12	1
8	CD SEM [***]	Hoyeon Tech 2022.12	1
9	SemDex [***]	SENTRONICS METROLOGY GMBH 2020.12	1
10	Nanometrics ATLAS [***]	Nano SOLTECH 2022.12	1
11	Deep Trench Etcher [***]	AMSEA PTE. LTD. 2022.12	1

12	SCCM(Oxide Etcher) [***]	Semiz 2022.12	1
13	Hitachi Poly Etch [***]	IM Co. Ltd. 2022.11	1
14	Hitachi Poly Etch(M511AE) [***]	IM Co. Ltd. 2020.12	1
15	ASPEN II [***]	CIS-CORP 2021.09	1
16	M511AE [***]	IM Co. Ltd. 2021.07	1
17	M500 [***]	IM Co. Ltd. 2018.01	1
18	Producer Harp(SACVD) [***]	AMSEA PTE. LTD. 2022.12	1
19	Barrier Sputter(IMP TI,TIN) [***]	Russell 2022.12	1
20	Tungsten Deposition [***]	Russell 2022.12	1
21	DE-TAPER [***]	Korea Nitto Denko 2018.12	1
22	CVD Manual Part Cleaner [***]	INNOMAX 2023.02	1
23	METAL MANUAL Part Cleaner [***]	INNOMAX 2022.12	1

24	Fab3 FOX Furnace [***]	KSM 2024.06	1
25	WET STATION(OBND) [***]	INNOMAX 2022.12	1
26	WET STATION(UHF) [***]	INNOMAX 2022.12	1
27	H2S04 Wet Station(OBBND) [***]	INNOMAX 2019.03	1
28	DOPED FOX FURNACE [***]	KSM 2022.08	1
29	DOPED D-POLY FURNACE [***]	KSM 2022.08	1
30	DOPED POLY DEPOSITION FURNACE [***]	KSM 2021.12	1
31	Si Etch [***]	INNOMAX 2019.03	1
32	Vertical Furnace(FOX) DD-823V-8BL [***]	KSM 2021.05	
33	DOPED POLY DEPOSITION FURNACE [***]	Lead Engineering 2020.12	1
34	Vertical Furnace (FOX) DD-823V-8BL [***]	KSM 2020.11	1
35	IMP E500 [***]	AMSEA PTE. LTD. 2024.09 Installation Date: 2022.01	1

36	MEDIUM CURRENT ION IMPANter [***]	AMSEA PTE. LTD. 2024.10 Installation Date: 2022.01	1
37	Centura EPI(Pronto) [***]	AMSEA PTE. LTD. 2017.12	1
38	Centura EPI(Pronto) [***]	AMSEA PTE. LTD. 2018.07	1
39	Centura EPI(Pronto) [***]	AMSEA PTE. LTD. 2018.11	1
40	Centura EPI(Standard) [***]	AMSEA PTE. LTD. 2019.06	1
41	Centura EPI(Standard) [***]	PJP tech 2019.05	1
42	HCL Gas Cabinet(BSGS) [***]	Teratec Corporation 2018.06	1
43	E-Chemical Central Supply System [***]	INNOMAX 2022.06	1
44	Clean Room [***]	Sangwoo E&C 2022.07	1
45	EPI Incoming Transformer [***]	Taesung 2024.09	
46	Cable Head for EPI Utility Supply [***]	Taesung 2023.12	1
47	EPI Inconming Transformer [***]	Taesung 2023.12	1

48	Low-Nox High-Efficiency Boiler [***]	CHUNGMYUNG E&C 2019.10	1
49	OAC for F3 supply [***]	CHUNGMYUNG E&C 2020.12	1
50	H2 Purifier [***]	Sangwoo E&C 2021.08	1
51	Photo CDA Back up System [***]	CHUNGMYUNG E&C 2021.04	1
52	End Fab Emergency Exhaust System [***]	Sangwoo E&C 2020.12	1
53	P-SiN equipment #3 Plasma Scrubber [***]	Unisem Corporation 2020.12	1
54	CO2 Detection and Alarm System [***]	Taesung 2023.12	1
55	EPI Clean Room(Fab Expansion) [***]	Sangwoo E&C 2017.12	1
56	EMMI/THEMOS(PHEMOS-IOOO) [***]	Hamamatsu Photonics 2020.12	1
57	SDB [***]	FEI HONGKONG COMPANY LIMITED 2020.12	1
58	SEM(R8230+[M4000plus) [***]	Rigong Corporation 2020.12	1

The above listed machinery and apparatus and all ancillary facilities attached thereto are included in the Mortgaged Property and installed on the real estate property listed in the Attachment.

/s/ signatures of the bank's team member, team manager and deputy general manager of KDB

**Loan Agreement**

**Date: December 16, 2024**

The Bank shall explain the important contents of this loan agreement (the “**Agreement**”) to the parties involved in the Agreement and deliver all contract documents, including the Bank’s General Terms and Conditions for Credit Transactions (for corporations), a copy of this Agreement, and the corporate loan product description.

**TO THE KOREA DEVELOPMENT BANK (“KDB”)**

- |  |   |  |
|--|---|--|
| <p>1. The undersigned and the joint guarantor will borrow up to the amount set forth in the foregoing from the Korea Development Bank (the “<b>Bank</b>”), and agrees to faithfully carry out the provisions of the General Terms and Conditions for Credit Transactions (as amended or supplemented by the Bank from time to time) and this Agreement.</p>  | <p>Address of the undersigned</p>   | <p>Magnachip Semiconductor, Ltd. 76 Jikji-daero 436beon-gil, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do<br/>                 Representative Director:<br/>                 /s/ <i>Young-Joon Kim</i><br/>                 [corporate seal stamped]</p> |
| <p>2. The undersigned and the joint guarantor have firmly received “all contract documents, including the general terms and conditions, a copy of this agreement, and the corporate loan product description,” and have heard and understood the main contents sufficiently. In addition, the joint guarantor has received sufficient explanation and understands debt status, delinquency status, credit management target information, etc. of the undersigned (the borrower).</p> | <p>Address of the joint guarantor</p> <p>Address of the joint guarantor</p> | <p>(seal)</p> <p>(seal)</p>  |

**Article 1 Confirmation of Loan Amount**

The total amount of the loan, the sum amount based on the Obligor’s repayment plan, receipts and other methods, made available from the Bank to the Obligor shall be confirmed at the time of initial disbursement of the loan (in case of lump sum disbursement per each accounts) or at the time of final disbursement of the loan (in case of multiple disbursements) in accordance with the following criteria by referring to the repayment schedule, receipts, etc.:

<p>KRW Loan</p>	<p>KRW38,000,000,000-</p>	<p>A sum of disbursed amount in KRW.</p>
<p>Foreign Currency-denominated KRW Loan</p>	<p>KRW-</p>	<p>A sum of disbursed amount denominated in foreign currency exchanged from KRW at the current basic rate of exchange on the date of disbursement.</p>
<p>Foreign Currency Loan</p>	<p>KRW-</p>	<p>A sum of disbursed amount in foreign currency.</p>

**Article 2 Repayment Terms**

The below repayment terms shall apply. The Obligor shall choose one of the following options for repayment of the principal and the interest of the loan by checking “✓” in the applicable box.

<u>Category</u>	<u>Loan 1</u>	<u>Loan 2</u>
Account title	Corporate working capital term loan	
Loan Amount	KRW38,000,000,000-	
Maturity	10 years from the first drawdown date of the loan	_____ years from the first drawdown date of the loan
Repayment Principal	<input type="checkbox"/> Repayment in a lump sum at its maturity <input checked="" type="checkbox"/> Repayment in installments - Grace period: 2 years - Repayment schedule: 8 years - Repayment method: every 3 months (equal principal repayment)	<input type="checkbox"/> Repayment in a lump sum at its maturity <input type="checkbox"/> Repayment in installments - Grace period: - Repayment schedule: - Repayment method:
Agreed interest	<input type="checkbox"/> Fixed interest rate (Article 3(2)1 of the General Terms and Conditions for Credit Transactions) - the benchmark interest rate _____, plus _____ % per annum  <input checked="" type="checkbox"/> Floating interest rate (Article 3(2)2 of the General Terms and Conditions for Credit Transactions) - variable rate of 3-month CD rate, plus 0.68% per annum - rate reset cycle: every 3 months	<input type="checkbox"/> Fixed interest rate (Article 3(2)1 of the General Terms and Conditions for Credit Transactions) - the benchmark interest rate _____, plus _____ % per annum <input type="checkbox"/> Floating interest rate (Article 3(2)2 of the General Terms and Conditions for Credit Transactions) - the benchmark interest rate _____, plus _____ % per annum - rate reset cycle:
Interest payment method	every 1 month <input type="checkbox"/> in advance <input checked="" type="checkbox"/> in arrears	every _____ month <input type="checkbox"/> in advance <input type="checkbox"/> in arrears
<p>* In case there is no corresponding repayment date, the last day of the corresponding month shall be the repayment date and in case the repayment date falls on a non-banking day, the following business day shall be the repayment date:</p>		
Requested drawdown date	<input type="checkbox"/> Date: Account number: <input checked="" type="checkbox"/> By submitting a request form	<input type="checkbox"/> Date: Account number: <input type="checkbox"/> By submitting a request form

Prepayment Commissions	<p>Prepaid Principal Amount × Commission Rate (%) × (Remaining Term of Loan/Loan Period) in accordance with the below Commission Rate and Article 4 of this Agreement</p> <p><input type="checkbox"/> n/a <input type="checkbox"/> 1.4% (fixed) <input checked="" type="checkbox"/> 1.2 (variable)</p>	
Agreed Commissions	<p>If the Obligor makes a drawdown of the loan facility after the below date, the Obligor shall pay the agreed commissions in accordance with the below commission rate and Article 5 of this Agreement.</p> <p><input type="checkbox"/> n/a  <input type="checkbox"/> more than a year but less than 2 years,    % per annum  <input type="checkbox"/> more than 2 years,    % per annum</p>	
Default Compensation	<p>If the Obligor fails to pay its obligation under this Agreement when due and payable, a default compensation shall be calculated and paid by applying the following default interest rate to the payable amount for the delayed period as calculated in accordance with the calculation method set by the Bank: The default interest rate shall be calculated by adding 3% additional interest rate per annum to the agreed interest rate, and the maximum default interest rate shall be 15% per annum.</p>	
Default Interest		
Calculation method of the interest, commission and default interest	<p>1. The agreed interest shall accrue on the balance thereof from the date immediately following the initial drawdown date of the loan (or the previous repayment date) until the repayment date of the loan at the benchmark interest rate set by the Bank as of the date of drawdown of the loan or the adjustment of benchmark interest rate.</p> <p>2. The interest, commission and default interest under this Agreement shall be calculated per day on the basis of a 365 days in a year (or 366 days in leap year); provided, however, with respect to loans in foreign currency, the number of days in a year shall be calculated on the basis of a 360 days in a year for USD/EUR and a 365 days in a year for JPY.</p> <p>3. If the loan under this Agreement is a fund loan, such shall be determined by the institution that manages the fund.</p>	
Automatic Transfer	<p><input type="checkbox"/> In order to pay the principal and interest of the loan, the Obligor hereby acknowledges and agrees that the terms and conditions of the Bank's automatic transfer will be applied to the deposit account and applies for the automatic transfer</p> <p><input type="checkbox"/> Not applying for the automatic transfer</p>	
Follow-up inspection of the use of funds	<p><input type="checkbox"/> not applicable  <input type="checkbox"/> applicable</p>	<p><input type="checkbox"/> not applicable  <input type="checkbox"/> applicable</p>
Obligation to Maintain Solvency	<p><input type="checkbox"/> n/a <input type="checkbox"/> Section 1 <input type="checkbox"/> Section 2  <input type="checkbox"/> Section 3</p>	<p><input type="checkbox"/> n/a <input type="checkbox"/> Section 1 <input type="checkbox"/> Section 2  <input type="checkbox"/> Section 3</p>

(1) Notice of Repayment Schedule

In case of installment loan, the Bank shall notify the repayment schedule for the total amount of loan to the Obligor, joint guarantors, joint debtors and security providers.

(2) Size of the Company

Because the support product and applicable interest rate were determined upon the consideration of the size of the Company at the time of this agreement, if the size of the Company changes at the time of loan disbursement, the agreed interest rate may change depending on the change in the support product or interest rate conditions.

**Article 3 Repayment Currency and Applicable Exchange Rate**

The principal, interest, commission and default interest on foreign currency-denominated KRW loans and foreign currency loans shall be paid in the following currency applying the following exchange rate:

(1) The principal, interest, commission and default interest on foreign currency-denominated KRW loans shall be paid in KRW exchanged from the base amount in foreign currency applying basic rate of exchange, as first announced by the Bank on the actual repayment date; provided, however, if the Bank provides otherwise, repayment may be made in the designated foreign currency.

(2) The principal, interest, commission and default interest on foreign currency loans shall be paid in the borrowing currency or KRW equivalent thereto; if repayment is made in KRW, the amount shall be exchanged from the borrowing currency at TT selling rate as of the actual repayment date, but if repayment is made in the borrowing currency, the commission-in-lieu-of-exchange shall be paid as provided by the Bank.

(3) If the exchange rate is not confirmed on the date of repayment of the principal, interest, commission or default interest, the repayment shall be made by applying a tentative exchange rate set by the Bank, and the Bank shall confirm the exchange rate and settle the difference thereafter.

**Article 4 Pre-Payment or Acceleration of Payment**

(1) The Obligor may repay the principal prior to the repayment date thereof all or parts of the loan prior to its maturity, in which case the Obligor shall pay the prepayment commission in accordance with Article 2 of this Agreement. The relevant terms are defined as follows:

1. Prepaid Principal Amount: the principal loan amount repaid prior to the repayment date thereof, and in case of an installment loan, this includes the principal loan amount repaid prior to the repayment date designated in respect of each installment.
2. Remaining Term of Loan: the number of days calculated beginning from the day following the prepayment date until the repayment date, and in case where the term of the loan (which term shall take into account any extension period) exceeds 3 years, the repayment date shall be deemed to be the date that is 3 years after the initial drawdown date for the respective account. In case of an installment loan, the Remaining Term of Loan shall be calculated in respect of each installment,
3. Loan Period: the number of days beginning from the initial drawdown date until the repayment date, provided in case the loan period (which period shall take into account any extension period) exceeds 3 years the loan period shall be deemed to be 3 years.

4. Details on the commission rate, etc. shall be posted on The Korea Development Bank website at [www.kdb.co.kr](http://www.kdb.co.kr).

(2) The prepayment commission may be reduced in part or exempt under applicable laws and regulations, governmental policies, or for causes separately specified by the Bank. In case the loan under this Agreement is a fund loan, the matters prescribed in this Article shall be determined by the institution that manages the fund.

#### **Article 5 Agreed Commissions**

(1) If the Obligor makes a drawdown of the loan facility after a period set out in the following from the date of this loan agreement, the Obligor shall pay the agreed commissions as provided by the Bank.

(2) The agreed commissions shall be imposed at the rate set forth in Article 2 with respect to the outstanding balance of the Loan from the date immediately following the date indicated in Article 2 until the date immediately prior to the date of drawdown, and shall be paid on the drawdown date of the Loan or every three (3) months.

#### **Article 6 Payment of Revenue Stamp Tax**

(1) The Obligor and the Bank shall each bear 50% of the stamp tax under this Agreement.

(2) If the stamp tax to be borne by the Obligor pursuant to paragraph (1) is paid by the Bank, the Obligor shall repay the Bank in accordance with Article 4(2) of the General Terms and Conditions for Credit Transactions.

#### **Article 7 Receipt of the Loan**

The Obligor shall submit a receipt for drawdown of the loan; provided, however, the Obligor may not submit such receipt when the loan is deposited to the account of the Obligor or the loan is used to repay a loan in the Obligor's name.

#### **Article 8 Purpose of the Loan and Sanctions**

The loan subject to follow-up inspection of the use of funds according to Article 2 of this Agreement will be implemented as follows:

If the Obligor does not submit the detailed table of usage of the loan amount within three (3) months from the drawdown date or if the Bank finds that the transaction between the Obligor and the Bank cannot be continued upon the Bank's discovery of the Obligor's deviation from the intended purpose of the Loan, all obligations of the Obligor shall be accelerated and immediately become due and payable upon written notice of the Bank. Also, new loan will be limited for one (1) year (upon the Bank's first discovery of deviation from the intended purpose of the Loan) and for five (5) years (upon second first discovery of deviation from the intended purpose of the Loan) from the repayment date of the respective loan.

#### **Article 9 Third Party's Repayment and Subrogation**

(1) If a third-party desires to repay part or all of the debts in subrogation of the Obligor, the Obligor shall obtain consent thereto from the Bank.

(2) The interested parties including joint guarantors, joint debtors agree not to exercise any right obtained from the Bank by repayment or subrogation without the consent of the Bank while the transaction between the Bank and the Obligor continues, and even in case the interested parties exercise their rights at the same time with the Bank, the interested parties will be repaid only after the Bank is fully repaid.

#### **Article 10 Cancellation of the Loan Agreement, etc.**

In the event an acceleration of payment occurs as set forth in Article 7 of the General Terms and Conditions for Credit Transactions, or if the loan is not withdrawn within the withdrawal period provided by the Bank due to reasons attributable to the Obligor, the Bank may cancel part or all of Loan Agreement, or suspend the drawdowns of the Loan or the Deposited Fund.

#### **Article 11 Agreement on the Foreign Currency Loans**

(1) The Obligor shall make deposits with the Bank as designated by the Bank the fund in foreign currency required for the planned project other than the approved amount of loan.

(2) Damages or any other cost claimed by a third party against the Bank due to breach by the Obligor shall be borne by the Obligor and the Obligor shall not raise any objection if the Bank exercises its right against the Obligor in the same manner as under this Agreement.

(3) The Obligor shall be subject to compensation for damages in the following cases:

1. The Obligor shall not raise any objection even when the Bank or its designated person exercises the Obligor's right to claim compensation for damages arising from shortage in quantity, damage or different size of brought-in items due to supplier's negligence.
2. If the Obligor receives compensation for damages, or if the Bank receives compensation for damages pursuant to the provision of subparagraph 1, the equivalent KRW amount of the compensation for damages shall be deposited to the Deposited Fund account in the name of the Obligor.

(4) In case of foreign currency loans, if the repayment date falls on a non-banking day or non-banking day of the country of such foreign currency, the following business day (the day where both the bank and the bank of the country of such foreign currency are open) shall be the repayment date. The same will be applicable to prepayments.

#### **Article 12 Obligation to Maintain Solvency**

(1) The Obligor agrees to maintain the appropriate financial ratio specified below for the purpose of maintaining solvency in relation to obligations arising from this Agreement. If there are any additional financial restructuring agreements, such agreements shall be attached to the end of this Agreement and the terms of such agreements shall be deemed as part of this Agreement.

	20 .	20 .	20 .	20 .	20 .
Debt ratio	%	%	%	%	%
Equity ratio	%	%	%	%	%
( ) ratio	%	%	%	%	%
( ) ratio	%	%	%	%	%

(2) If the Obligor intends to engage in any of the following activities, the Obligor shall consult thereon with the Bank in advance:

1. Merger, business transfer/acquisition and sale or lease of material properties;
2. Investment in fixed assets deviating from the intended purpose under the Agreement;
3. Provision of guaranty for a third party's obligation;
4. Participation in a new business or overseas investment; or
5. Activities which are likely to cause material change in management including application for work out or private composition.

(3) The Obligor shall comply with the requests of the Bank for the following activities which are deemed necessary by the Bank for the administration of this Agreement:

1. Sale of real estate or the securities held by the Obligor;
2. Contribution of the majority shareholder;
3. Paid-in capital increase or initial public offering.

(4) Paragraphs (1) to (3) shall apply only in cases where the Obligor checked ("✓") the box in the Article 2 indicating obligation to maintain solvency.

### **Article 13 Guarantee**

Joint guarantors signing and affixing their seals to this Agreement shall approve the General Terms and Conditions for Credit Transactions and each provision of this Agreement, be jointly and severally liable with the Obligor for the Loan, and shall comply with the following subparagraphs in the performance of their obligations:

(1) The scope of the guaranteed liabilities shall include the principal, interest, default interest and any additional liabilities, and be limited to KRW.

(2) Guarantee by the following financial institutions (or its equivalents) shall be excluded from the scope of guaranteed liabilities in 1. above.

Banks under the Banking Act and other special acts;  
Credit Guarantee Fund under the Credit Guarantee Fund Act;  
Korea Technology Finance Corporation under the Korea Technology Finance Corporation Act;  
Regional Credit Guarantee Foundation under the Regional Credit Guarantee Foundation Act;  
Korea Trade Insurance Corporation under the Trade Insurance Act;  
Korea Housing Finance Corporation under the Korea Housing Finance Corporation Act;  
Housing and Urban Fund under the Housing and Urban Fund Act; and  
Surety insurance company under the Insurance Business Act.

(3) The Bank may amend, terminate or release, as applicable, other securities or guarantees if the joint guarantors consent thereto or if the Bank determines that the Mortgagor's subrogation right will not be

adversely affected by substituting the existing security with a higher value security or the guarantor with another guarantor with comparable financial resources, or the release of the security or the guarantee in proportion to the Obligor's partial payment of the guaranteed or secured obligations.

(4) If there is a separate guarantee for transactions between the Bank and the Obligor, such other guarantee shall not affect this guarantee provided under this Agreement.

(5) Each provision of the General Terms and Conditions for Credit Transactions shall be applied to the joint guarantors unless each provision thereof is contrary to the nature of the guarantee.

**Article 14 Special Terms and Conditions**

1. If the Bank determines that the recovery of claims becomes notably challenging due to substantial deterioration of the creditworthiness of the Obligor, the Bank may require the Obligor necessary measures to improve credit standing and the Obligor shall implement without delay. In the event that the Obligor fails to such implement, at the Bank's request, all obligations which the Obligor owes to the Bank shall immediately become due and payable.

The Undersigned

Magnachip Semiconductor, Ltd.  
76 Jikji-daero 436beon-gil, Heungdeok-gu,  
Cheongju-si, Chungcheongbuk-do  
Representative Director:  
*/s/ Young-Joon Kim*  
*[corporate seal stamped]*

Joint Guarantor

Joint Guarantor

**The Korea Development Bank**

**General Terms and Conditions for Credit Transactions**

**(For Corporate Borrower)**

These General Terms and Conditions for Credit Transactions (the “**General Terms and Conditions**”) are established to facilitate the prompt and fair credit transactions between the Korea Development Bank (the “**Bank**”) and the customer (the “**Obligor**”) based on mutual trust. The Bank shall post this General Terms and Conditions at all offices of the Bank and on the electronic financial media, and the Obligor may access the General Terms and Conditions and request to deliver a copy thereof.

**Article 1 Scope of Application**

- (1) The General Terms and Conditions shall apply to all credit transactions arising between the Bank and the Obligor (which is the person or entity owing obligations to the Bank including a borrower, a discount applicant and a payment guarantee applicant; hereinafter the same shall apply) that includes without limitation to loans, subscription of public and corporate bonds, payment guarantees, lending of instruments and securities, foreign exchange-related transactions, etc.
- (2) In the event that the Bank has, through credit transactions with any third party, acquired bills (including checks, hereinafter the same) drawn, endorsed, accepted, accepted for honor or guaranteed by the Obligor, the General Terms and Conditions shall apply to the Obligor’s performance of the obligations evidenced by such bills; provided however, Articles 2, 3, 5, 7, 12(1) and 15(1) shall not apply.
- (3) The General Terms and Conditions shall apply to all transactions and performance of obligations between the head office or branches of the Bank and the head office or branches of the Obligor to the extent that the transaction or the performance of obligations falls within the scope of Paragraph (1) or (2) above.

**Article 2 Obligations on Bills and Credits**

In the event the Obligor receives credit from the bills drawn, endorsed, accepted, accepted for honor or guaranteed by the Obligor, the Bank may demand from the Obligor the performance of the Obligor’s obligations by exercising the Bank’s rights either under such bills or under such underlying credits.

**Article 3 Interest and Default Interest**

- (1) The rates, calculation method or the time and manner of payment, respectively, of the interest, discount charge, guarantee fee or commission (“**Interest and other fees**”) shall be determined by the Bank to the extent permitted by applicable laws and regulations, and the Bank shall make available through product description and the Bank’s website for the Obligor to check the Interest and other fees prior to entering into relevant agreements.
- (2) With respect to the rate of the Interest and other fees, the Obligor may select one of the following at the time of the agreement:
  1. The Bank shall not, in principle, change the rate until the Obligor’s obligations are fully performed; or

2. The Bank may change the rate from time to time until the Obligor's obligations are fully performed.
- (3) If the Obligor selects Paragraph (2) 1. above and there is a material change in circumstances due to sudden changes in the national economy or financial situation, which could not be expected at the time of execution of the agreement, before the obligations are fully performed, then the Bank may increase or decrease the rates of the Interest and other fees by providing notice to the Obligor. In the event the cause for such change ceases to exist, the Bank shall change the rate of the Interest and other fees to conform to such circumstance.
- (4) If the Obligor selects Paragraph (2) 2. above, the Bank shall increase or decrease the rates of Interest and other fees in accordance with the financial practices to a reasonable extent.
- (5) Any amount not paid by the Obligor to the Bank when due and payable shall bear interest at the default rate determined by the Bank to the extent permitted under the applicable laws and regulations, calculated on a daily basis on 365 days in a year (366 days in a leap year); provided that, the Bank may change the rates to the extent permitted under the applicable laws and regulations in the event of change in financial condition or any other comparable causes.
- (6) If the Bank needs to change the calculation method or time and manner of payment of the Interest and other fees and the default interest due to changes in the financial circumstances or any other circumstances affecting credit transactions, such change may be made by the Bank to the extent permitted under the applicable laws and regulations, and shall apply from the date of the first interest payment after such change.
- (7) If the change is made pursuant to Paragraph (4), (5) or (6) above, the Bank shall post a notice of change at each office of the Bank and on electronic financial media as designated by the Bank for one (1) month from the effective date of such change; provided, that, if the change applies to certain Obligors, the change shall be notified to such Obligors separately.
- (8) If the Obligor incurs unexpected disadvantage pursuant to Paragraph (3) or (6) above, the Obligor may terminate the agreement within one (1) month from the date of the first interest payment after such change. In this case, the interest shall accrue at the rate effective prior to the change until the date of termination, and any amount not paid by the Obligor to the Bank when due and payable as a result of such termination shall bear interest at the default interest rate that was effective prior to such change.

**Article 4 Costs and Expenses**

- (1) The Obligor shall bear the costs and expenses set forth in the following as a result of default or non-performance of the Obligor's obligation:
  1. the costs and expenses incurred by the Bank in enforcing or protecting the Bank's rights including without limitation to claims or security right against the Obligor, guarantor or guarantor in rem [including provisional attachment or provisional injunction (including termination thereof)];
  2. the costs and expenses incurred by the Bank for inspection of any collateral or collection of claims; and

3. the costs and expenses incurred by the Bank for sending notices to demand performance of the Obligor's obligations.
- (2) In the event that the Bank pays on the Obligor's behalf any cost and expenses set forth in Paragraph (1) above not paid by the Obligor, the Obligor shall immediately reimburse the Bank for such payment. Any of such payment not paid immediately shall bear the agreed interest of which the maximum rate is 6% per annum as stipulated in Article 54 of the Korean Commercial Code, calculated on a daily basis based on 365 days in a year (366 days in leap year) for the period from the date of the payment by the Bank to the date of full reimbursement by the Obligor.
- (3) Before executing any loan agreement, the Bank shall inform the Obligor in writing in advance of the type and amount of incidental costs and expenses required for extending loans, in addition to the agreed interest and prepayment fees. Further, the Bank shall calculate and inform the actual interest which adds up to the agreed interest and any other charges of similar nature to be borne by the Obligor.

#### Article 4-2 Withdrawal of Offer

※ Please note that the underlined portion of this Article is different from the "General Terms and Conditions for Credit Transactions (for Corporate Borrower)" set out by the Korea Fair Trade Commission.

- (1) The Obligor may withdraw its offer of the loan contract concluded with the Bank in accordance with Article 46 of the Act on the Protection of Financial Consumers and related regulations.
- (2) In the event that the Obligor, who has withdrawn its offer of the loan contract concluded with the Bank pursuant to Paragraph 1 above, insists on repaying the loan amount in whole, the Bank shall process upon confirming the Obligor's intention to withdraw its offer.

#### Article 4-3 Termination of illegal contract

※ Please note that this Article is different from the "General Terms and Conditions for Credit Transactions (for Corporate Borrower)" set out by the Korea Fair Trade Commission.

If the Obligor executed a contract with illegality with the Bank, the Obligor may request the termination of the contract in accordance with Article 47 of the Act on the Protection of Financial Consumers and related regulations.

#### Article 5 Purpose and Use of Fund

- (1) The Obligor shall clearly describe the purpose of the fund in the application for credit. The fund disbursed to the Obligor by the Bank or the securities borrowed by the Obligor from the Bank under the credit transactions shall not be used for any purpose other than the purpose agreed to under the agreement. The same shall apply to payment guarantees and other types of credits extended by the Bank.
- (2) The Obligor shall actively cooperate with any and all actions of the Bank in relation to the use and management of the fund, borrowed securities or credit under Paragraph (1) above.

**Article 6 Security and Insurance**

- (1) The Obligor shall provide the Bank with security as prescribed by the Bank in connection with the obligations owed to the Bank.
- (2) Unless the Bank demands otherwise, the Obligor shall provide the Bank with the facilities to be installed with the fund, together with the land and the building on or in which the facilities are installed including any and all facilities within the land and the building as security, and shall enter into an insurance agreement with respect to any security as instructed by the Bank and pledge the insurance claim in favor of the Bank.
- (3) In case of deterioration in the Obligor's or the guarantor's creditworthiness due to a reason attributable to the Obligor or the guarantor or a significant reduction in the value of any security, the Obligor or the guarantor shall, upon demand by the Bank for the protection of security, effect the restoration or supplementation of such security.
- (4) Any security shall, in principle, be disposed of in accordance with the procedures prescribed by the voluntary auction procedure in accordance with the Civil Execution Act (provided, in the case that the Trust Act or other specific laws prescribe for the disposition of such security, then in accordance with the foregoing), *provided, however*, in the case of each of the following sub-paragraphs, the Bank may directly apply the security for the payment of the Obligor's obligations, or may sell the security and may deduct any expenses incurred from the proceeds and apply the remaining amount to the payment of the Obligor's obligations to the Bank pursuant to Article 13 hereof. In this case, the Obligor shall agree to promptly repay any outstanding obligations if applicable, and the Bank shall pay to the Obligor, etc. any amount remaining after deducting the amount of the Obligor's obligations from the assessed value of the security or sale proceeds. "Obligor, etc." shall mean the Obligor, pledger, the third party acquirer of the security.
  1. In the case that the value of the security is insignificant such that an auction shall be impractical;
  2. In the case that there exist circumstances that make it difficult for a fair value to be assessed during an auction;
  3. In the case that a fair market value is available such that a fair value can be assessed without recourse to an auction; or
  4. In the case that a justifiable reason can be seen to exist.
- (5) In the case that reliance is not made on the voluntary auction procedure (or a method of disposition of security prescribed under specific laws and regulations), the Bank shall notify the content of each of the following sub-paragraphs to the Obligor, etc. and persons of interest of which the Bank is aware, and only in the event that the person of interest does not provide a method of disposition resulting in an amount greater than the amount of expected sale proceeds assessed by the Bank during the period that is 1 months from the date of delivery of the above-referenced notice may the disposition be made. Provided, the foregoing shall not be applicable if there is a risk of loss or damage to the security or there is a risk of a rapid decrease in value of the security.
  1. Method of enforcing security;
  2. Amount of the secured obligations;

3. The assessed value of the security or the amount of expected sales proceeds; and
  4. Reason for directly applying the security for the payment of the Obligor's obligations or for selling the security.
- (6) In case of any delay in the Obligor's performance of any obligations owing to the Bank, the Bank may continue to possess, or make collections on or dispose of, pursuant to the Paragraph (4) above, all or part of the Obligor's personal properties, bills, and other negotiable instruments and securities in the Bank's possession or management, even if it was not furnished to the Bank as security.

#### Article 7 Acceleration of Payment

※ Please note that the underlined portion of this Article is different from the "General Terms and Conditions for Credit Transactions (for Corporate Borrower)" set out by the Korea Fair Trade Commission.

- (1) Upon occurrence of any of the events set forth below, all obligations which the Obligor owes to the Bank shall immediately become due and payable without notice or demand from the Bank, and the Obligor shall immediately pay (or perform) such obligations (including without limitation the obligation to make advance reimbursements for a payment guarantee, and the obligation to return and to release any registered security interests on the instruments and securities on loan by the Bank to the Obligor; hereinafter the same shall apply):
1. an order or notice of attachment, provisional attachment, or attachment for delinquent taxes or public imposts is issued with respect to any of the Obligor's deposit with or other claims against the Bank ("Deposits and other claims"); provided however, in case of obligations secured by any collateral, such obligation shall be immediately due and payable for the reason of provisional attachment only if the recovery of claims is notably difficult;
  2. a decision to commence a compulsory execution or public auction by exercise of a security right is made or disposition for delinquent taxes or public imposts is commenced with respect to any of the collaterals provided by the Obligor;
  3. an application is filed for bankruptcy, rehabilitation or debtor rehabilitation of the Obligor, or an application is filed for listing the Obligor on the registry of delinquent debtors;
  4. a notice is received for the collection of taxes or other public imposts prior to the due date thereof or the clearing house suspends the Obligor's transactions;
  5. the Obligor is deemed to fail to make payment due to its suspension of business or its fleeing or otherwise;
  6. any of the events described in subparagraph 1 above occurs with respect to the Deposit and other claims of any oligopolistic shareholder or *de facto* owner of the Obligor who is also a comprehensive keun-guarantor; or
  7. payment obligation is accelerated by any applicable law or regulation.
- (2) Upon the occurrence of any of the events set forth below and as a result the preservation of the Bank's rights are notably and adversely affected, the Bank may, in its sole discretion upon providing notice

to the Obligor, demand the Obligor to repay the obligations, to cancel attachment, etc. and to restore creditworthiness, and all obligations that the Obligor owes to the Bank will immediately become due and payable on the date when the grace period (which should be at least ten (10) days) designated in a written notice or demand given by the Bank has elapsed after the receipt of such notice or demand, and the Obligor shall immediately pay (or perform) such obligations:

1. the Obligor fails to pay any of its obligations owed to the Bank on the due date or fails to pay the obligations which are accelerated pursuant to Paragraph (3) of this Article;
  2. it becomes difficult for the Bank to maintain a client relationship with the Obligor due to the breach by the Obligor of any provisions in Article 5, 9 or 19 hereof;
  3. a decision to commence a compulsory execution or public auction by exercise of security right is made or disposition for delinquent taxes or public imposts is commenced with respect to the property other than the property set forth in Paragraph (1)1 or (1)2 of this Article;
  4. an order of provisional attachment is made with respect to the property other than the property set forth Paragraph (1)1 of this Article, and the recovery of claims becomes notably challenging due to substantial deterioration of the creditworthiness of the Obligor;
  5. it is determined that the Obligor obtained any loan by illegal and/or fraudulent methods including but not limited to intentionally submitting documents that are forged or altered to the Bank in violation of financial order;
  6. the project or business related to the Bank's loan is delayed or suspended for a considerable period without prior consent from the Bank;
  7. the Obligor receives financial sanctions from governmental authorities or other entities due to violation of the applicable laws or regulations;
  8. the creditworthiness of the Obligor decreases substantially as a result of the commencement of liquidation procedures against the Obligor, merger with another company having a deficit, lockout or suspension of business due to labor disputes, bankruptcy of a related company or occurrence of any legal disputes which may affect the management of the Obligor, or otherwise;
  9. the Obligor's credit information is registered as information on default, subrogation or substitute payment, dishonor, related parties, disruption of financial order or public records under the Credit Information Management Rules.
- (3) Upon the occurrence of any of the events set forth below, the Bank may, in its sole discretion upon providing notice to the Obligor, demand the Obligor to repay the obligations, to cancel attachment, etc. and to restore creditworthiness, and all obligations that the Obligor owes to the Bank immediately become due and payable on the date when the grace period (which should be at least ten (10) days) designated in a written notice or demand given by the Bank has elapsed after the receipt of such notice or demand, and the Obligor shall immediately pay (or perform) such obligations:
1. the Obligor violates any provisions in Article 6(3) and/or Article 15 hereof;

2. the Bank determines it to be difficult to maintain a client relationship with the Obligor due to the breach by the Obligor of the provisions of the agreement with the Bank, including without limitation such as the Obligor does not obtain fire insurance with respect to the collateral, intentionally transfers the collateral to a third party without the consent of the Bank to the detriment of the Bank's interest, or delays providing collateral to the Bank the machinery or building which has been constructed, installed or manufactured with the proceeds of the loans extended by the Bank to the Obligor;
  3. if the guarantor falls in any of the events under Paragraph (1)1 to (1)5, (1)7, (2)3 or (2)4 of this Article, and the guarantor is not replaced within a considerable period; or
  4. any of the events under Paragraph (1)1 or (1)2 of this Article occurs to the collateral provided by a third party in favor of the Obligor.
- (4) Even when the Obligor's obligation to the Bank is accelerated under Article 7 Paragraphs (1) to (3) of this Article, if the Bank expressly waives its rights or if the normal transactions are resumed between the Bank and the Obligor notwithstanding the acceleration (e.g., the Bank receives an installment payment, interest or default interest), the obligation or the obligation designated by the Bank shall be deemed to have been restored to its original condition.

**Article 8 Notice to Joint Guarantors of Accelerated Obligations**

- (1) If the Obligor's payment obligation is accelerated pursuant to each subparagraph of Article 7(1), the Bank shall notify of such event of acceleration in writing to the joint guarantor within fifteen (15) business days from the date on which any event of acceleration under subparagraph 1 or 6 of Article 7(1) occurs or the Clearing House suspends the Obligor's transactions under subparagraph 4 of Article 7(1) or otherwise, within fifteen (15) business days from the date on which the Bank recognizes such event of acceleration.
- (2) If the obligations are accelerated pursuant to Article 7(2) or (3), the Bank shall notify the joint guarantors thereof in writing within fifteen (15) business days from the date when such obligations are accelerated.
- (3) Even in case such event of acceleration of obligations is notified to the joint guarantors pursuant to Paragraph (1) or (2) above, the consent of the joint guarantors for continuous transaction is not required with respect to the obligations of which acceleration has been withdrawn pursuant to Article 7(4). In this case, the Bank shall give a notice of withdrawal of acceleration in writing to the joint guarantor of such obligations within fifteen (15) business days.

**Article 9 Obligation to Maintain the Debt Repayment Capacity**

The Obligor shall maintain a minimum financial ratio that is required by the Bank in order to repay the obligations owed to the Bank.

**Article 10 Set-off by the Bank**

- (1) In the event that the Obligor's obligation is due and payable whether by maturity in accordance with its term or by acceleration upon occurrence of any of the events described in Article 7, the Bank may set off by written notice to the Obligor and/or Guarantor (hereinafter "**Obligor, etc.**") any such obligation at any time against any of the Deposits and other claims of the Obligor or the guarantors irrespective of the due dates thereof.

- (2) In the event that the Obligor's obligation becomes due and payable to the Bank as referred to in Paragraph (1) above, the Bank may, on behalf of the Obligor, etc., also make withdrawals from the Obligor, etc.'s deposits in the Obligor, etc.'s name provided by the Obligor, etc. as security, and may apply such withdrawals to the payment of the Obligor's obligations regardless of whether the maturity of such deposit is due yet without any prior notice and without complying with any particular procedures; provided however, that immediately after such withdrawal and application, the Bank shall give a notice to the Obligor, etc. of the withdrawal and application.
- (3) If the Bank sets off any obligation of the Obligor against the Obligor, etc.'s Deposits and other claims pursuant to Paragraphs (1) above, the Bank may take payment suspension measures in respect of or on the Obligor, etc.'s Deposits and other claims for the time being prior to set-off; provided that, if the Bank takes payment suspension measures on the Obligor, etc.'s Deposits and other claims, the Bank shall immediately notify the title holder thereof.
- (4) In the event that the Bank sets off against the Obligor's obligation in accordance with the provisions of Paragraphs (1) above or makes any withdrawals and application in accordance with the provisions of Paragraph (2) above, such set-off or withdrawal and application shall be promptly effected taking into account the fair benefits of the Obligor, guarantors and security providers. The period for the purpose of calculation of Interest and other fees on the Obligor's credits and obligations and default interest, shall extend up to and include the date on which the notice of set-off is sent to the Obligor or the date on which the calculation for withdrawal and application is made, of which the rate shall be determined by the Bank, and the foreign exchange rate shall be determined as the market rate prevailing at the time of the calculation by the Bank. In this case, as for any of the Deposits and other claims of the Obligor with the Bank of which the maturity is not due yet, the interest rate agreed with the Bank at the time of opening the account shall apply.

**Article 11 Set-off by the Obligor**

- (1) The Obligor may set off any of the Obligor's Deposits and other claims which became due against any obligations owed to the Bank irrespective of the due dates of such obligations.
- (2) In the event that the Obligor sets off its claims against the obligation to repurchase the bill discounted by the Bank prior to its due date, the Obligor shall repurchase such bill at the remaining value after having deducted from its face value an amount discounted from the date of repurchase to the maturity; provided that, the Obligor shall not set off against any bills which the Bank has negotiated to any third party.
- (3) Notwithstanding the provisions of Paragraph (1) and (2) above, the Obligor may not set off any claims and obligations denominated in a foreign currency until their respective due date and unless all procedures are completed in accordance with the applicable laws and regulations with respect to foreign exchange.
- (4) In the event that the Obligor sets off its claims against the Bank in accordance with Paragraphs (1) to (3) above, the Obligor shall give the Bank a written notice thereof and shall promptly submit to the Bank any passbook or certificate evidencing deposits or claims against which such claim is set off, together with the reported signature and/or seal affixed thereon.

- (5) In the event that the Obligor sets off its claims against the Bank in accordance with Paragraphs (1) to (3) above, the period for purposes of calculating Interest and other fees on the Obligor's claims and obligations, and default interests shall be up to and including the date on which the Bank receives the Obligor's notice of set-off, and the rate of interest shall be determined by the Bank, and the foreign exchange rate shall be determined as the market rate prevailing at the time of calculation by the Bank. The Obligor shall pay to the Bank such fees as are agreed to be payable between the Bank and the Obligor with respect to the prepayment prior to the maturity.

**Article 12 Presentment and Delivery of Bills**

- (1) If the Bank sets off against the Obligor's obligation or makes withdrawals and application as set forth in Article 10 without exercising the Bank's rights under the bills in accordance with Article 2, the Bank will not be required to simultaneously return any such bills to the Obligor. The bills shall be returned at the Bank's office which conducts banking transactions with the Obligor, and the Bank shall notify the Obligor to promptly receive the bills. The same procedures shall apply to the case of returning the bills in the event of set-offs by the Obligor under Article 11.
- (2) If the Bank sets off against the Obligor's obligation or makes withdrawals and application as set forth in Article 10 by exercising the Bank's rights under the bills pursuant to Article 2, the Bank will not be required to present or deliver any such bills to the Obligor if any of the following conditions is satisfied, and the provisions of Paragraph (1) above shall apply with respect to returning the bills:
1. if the Bank does not know the Obligor's whereabouts;
  2. if the Bank is the place designated as the place at which such bills are payable; or
  3. if the Bank deems it unavoidable to omit presentment or delivery of the bills to the Obligor for such reasons as interruption of transport or communication or its use for collection, or otherwise.
- (3) If any of the Obligor's obligations to the Bank that are due and payable are not paid in full after being set off as set forth in Articles 10 and 11 and other parties are liable under the bills in addition to the Obligor, the Bank may retain such bills and may apply the proceeds collected or received by the disposition of the bills to the payment of the Obligor's obligations in accordance with Article 13.
- (4) The Bank may make a demand for payment without presenting the bills for the purpose of tolling the statute of limitations for claims of the bills.

**Article 13 Order of Application by the Bank**

- (1) In the event that payments made by the Obligor, set-offs or withdrawals and application made by the Bank as provided for in Article 10, are insufficient to satisfy all of the Obligor's obligations, the Bank shall apply such payments and/or such set-offs or withdrawals and application to the satisfaction in the following order of (i) any expenses, (ii) default interest, and (iii) the interest and the principal of the Obligor's obligation; provided however, the Bank may change the order of application unless such change is adverse to the Obligor's interest.
- (2) In the event that there are two (2) or more of the Obligor's obligations against which payment or set-off is made and such obligations are not discharged in full by such payment or set-off, Article 477 of the Korean Civil Code shall apply to the amount recovered in the court auction or public sale by exercise of security rights.

- (3) In the event that there are two (2) or more of the Obligor's obligations against which payment or set-off is made and any voluntary repayments or Deposits and other claims which do not fall under Paragraph (2) above are insufficient to satisfy all of the Obligor's obligations, such repayments or Deposits and other claims may be applied to the satisfaction of the Obligor's obligations in such order of application as the Obligor may determine. In this case, if the determination of the order of application is likely to adversely affect the Bank's rights, the Bank may without delay raise an objection thereto and change the order of application of the obligations to be paid or set-off by considering the availability of property security or guarantees, the value and marketability of such property security or guarantees, the due date and the possibility of collection of the discounted bills, or otherwise.
- (4) In the event that the Bank applies the payments and/or set-offs or withdrawals and application to the satisfaction of the Obligor's obligations in such order of application different from the statutory order specified in the Korean Civil Code or any other applicable laws in accordance with Paragraph (3) above, the Bank shall take into consideration the reasonable interests of the Obligor, the security provider or the guarantor to the extent such does not adversely affect the protection of the Bank's claims.

**Article 14 Order of Application by the Obligor**

- (1) In the event of any set-off effected by the Obligor as set forth in Article 11, if the Deposits and other claims are insufficient to satisfy all of the Obligor's obligations, such Deposits and other claims may be applied to the satisfaction of the Obligor's obligations in such order of application as the Obligor may determine.
- (2) When the Obligor fails to make the determination as set forth in Paragraph (1) above or if the determination of the order of application provided in Paragraph (1) above is likely to adversely affect the preservation of the Bank's rights, the Bank shall designate the order of the application of the obligations to be satisfied by set-off pursuant to Article 13.

**Article 15 Assumption of Risks and Indemnification**

- (1) In the event any bills which the Obligor has drawn, endorsed, accepted, accepted for honor or guaranteed, or instruments which the Obligor has furnished to the Bank are lost, destroyed, damaged or delayed in delivery due to causes not attributable to the Bank such as force majeure, disasters, calamities or accidents during transit, the Obligor shall pay the Obligor's obligations as recorded on the Bank's books, slips, or otherwise; provided that, if the Obligor presents any evidence different from the Bank's books and slips, or otherwise, the Bank shall compare the evidence and fix the Obligor's obligations as it thinks fit and then the Obligor shall pay and perform such obligations.
- (2) In the event any bills which the Obligor has drawn, endorsed, accepted, accepted for honor or guaranteed, or the instruments which the Obligor has furnished to the Bank are lost, damaged or destroyed as set forth in Paragraph (1), the Obligor shall upon the Bank's demand forthwith provide the Bank with substitute bills or other instruments; provided however, this does not apply to such bills and instruments acquired by the Bank in the course of transactions with a third party.
- (3) The Bank shall undertake to indemnify the Obligor who bears losses from double payments without any negligence as a result of payments or substitute bills or other instruments pursuant to Paragraph (1) or (2) above.

- (4) If the Bank has entered into transactions or has handled matters after making adequate visual inspection with due care to check the seal impression or signature on the bills or instruments against the Obligor's specimen seal impression or specimen signature previously filed with the Bank and finding such to be genuine, the Obligor shall be liable for any losses and damages arising from any forgery, alteration, wrongful use, or otherwise of the bills, instruments and seals or signatures, and shall be liable in accordance with the terms of any such bills or instruments.

**Article 16 Filings with the Bank and Changes thereof**

- (1) The Obligor shall file with the Bank in the form prescribed by the Bank in advance the following: the Obligor's name, trade name, representative, address and seal or signature, etc., and the name and seal or signature of the Obligor's agent if any transaction is performed with the Bank through the Obligor's agent.
- (2) The Obligor shall notify the Bank of any change in what is filed with the Bank as set forth in Paragraph (1) above. The Obligor shall also notify the Bank of any changes to what has been registered in the Company Registry.

**Article 17 Obligation to Prepare Documents in Good Faith**

The Obligor shall in good faith prepare and submit the required documents to the Bank in connection with a credit transaction.

**Article 18 Effect of Notice**

- (1) Any notice given by the Bank or any document sent by the Bank to the Obligor's latest address filed with the Bank shall be deemed to have been delivered by the time it normally takes to be delivered by mail.
- (2) If any notice given or any documents sent by the Bank in accordance with Paragraph (1) above has not been delivered or is delayed due to the Obligor's negligence to notify any change pursuant to Article 16(2), such notice or documents shall be deemed to have been delivered at the time it normally should have been delivered by mail; provided that, notice of set-off, acceleration of payment or any other important indication of intention shall be deemed to have been delivered only if such notice was sent by content-certified mail.
- (3) Copies retained by the Bank of the notices or documents forwarded by the Bank to the Obligor and the Bank's record indicating such delivery shall constitute prima facie evidence that the Bank has given such notices or documents.

**Article 19 Report and Investigation**

- (1) Upon the Bank's request, the Obligor shall promptly submit to the Bank, reports with respect to the Obligor's assets, liabilities, management conditions, the status of business or performance of credit conditions and any other important matters, and the Obligor shall also provide any assistance necessary for the Bank's investigation of the Obligor's book records, factories, place of business or any other matters, upon the Bank's request.

- (2) The Obligor shall promptly submit to the Bank, even without the Bank's request, a report of any material change that has occurred or is likely to occur with respect to the Obligor's assets, liabilities, management conditions or the status of business or other matters which may affect the Obligor's transactions with the Bank.
- (3) If it is likely that it would not be possible for the Bank to collect its credit extended to the Obligor due to the measure of transaction suspension by the clearing house, non-performing credit or rapid deterioration of management conditions of the Obligor based on the reports, and investigations or notifications submitted in accordance with Paragraphs (1) and (2) above, the Bank may at any time send its staff, to the extent necessary for the purpose of protecting the Bank's rights, to manage or supervise the Obligor's assets and business management.

**Article 20 Change to Terms of Credit Transaction**

- (1) In case of changes to the creditworthiness of the Obligor, the Bank may adjust the credit rating as determined by the Bank and change the credit limit, maturity, interest rate and/or other terms of the credit transaction by giving a written notice of such adjustment and/or change.
- (2) If the Obligor has any objection to the change to the credit limit or maturity under Paragraph (1) above, the Obligor may terminate the agreement within one (1) month from the date when such change to the credit limit or maturity takes effect. As for any objection to the change in the interest rate, the Obligor may terminate the agreement within one (1) month from the first interest payment date under such change. The terms before the change shall apply until the termination date of the agreement.
- (3) In the event the Obligor acknowledges that its creditworthiness has improved, the Obligor may demand in writing that the Bank change the credit limit, maturity, interest rate and/or other terms of the credit transaction that has been determined by the Bank. In this case, after review of such request, the Bank shall take necessary measures and notify the Obligor of the results of such review.

**Article 21 Place of Performance and the Governing Law**

- (1) Any obligations in connection with the Obligor's transactions with the Bank shall be performed at the Bank's office that conducts transactions with the Obligor, unless otherwise agreed; provided however, if the Bank transfers the task of credit management to headquarter or other offices for the management of non-performing credit or for any other reasonable causes, such transferred obligations of the Obligor shall be performed at such headquarter or other offices.
- (2) The credit transactions under the General Terms and Conditions shall be governed by and be construed in accordance with the laws of the Republic of Korea, even if the Obligor is not a Korean person or company.

**Article 22 Amendment to General Terms and Conditions and the agreements**

※ Please note that the underlined portion of this Article is different from the "General Terms and Conditions for Credit Transactions (for Corporate Borrower)" set out by the Korea Fair Trade Commission.

- (1) If the Bank intends to amend the General Terms and Conditions or the ancillary agreements thereto in a manner that will adversely affect the Obligor, the Bank shall post notices of the amendment in the Bank's offices and on the webpage of the Bank for one (1) month preceding the scheduled date of the amendment; provided however, the Bank shall post notices of the amendment for seven (7) days from the effective date of the amendment in the case of each of the following sub-paragraphs:
  1. When the amendment is in accordance with the enactment or revision of laws;
  2. When the amendment is beneficial to the customer or does not apply to existing customers; or
  3. When the amendment is about simple wording change which does not substantially change the content of the existing terms and conditions.
- (2) In case the amendment under Paragraph (1) above will adversely affect the Obligor, the Bank shall notify the Obligor of such amendment through means agreed in advance with the Obligor, at least thirty (30) days before the amendment. However, no notice is necessary if the terms before the amendment shall apply to the Obligor or in case the Obligor expressly indicates the intention of not receiving such notification of any amendment.
- (3) When the Bank gives notice to the Obligor under Paragraph (2) above, it shall include in the notice the following: "The Obligor may terminate the agreement within thirty (30) days from the date when the notice arrives in case of disagreement with the amendment, and the proposed amendment shall be deemed accepted and agreed to by the Obligor unless the Obligor provides notice of intention to terminate the General Terms and Conditions and the ancillary terms thereto".
- (4) The proposed amendment to the General Terms and Conditions and the ancillary terms thereto shall be deemed accepted and agreed to by the Obligor, unless the Bank receives the Obligor's objection to such amendment within thirty (30) days after the notice in Paragraph (3) above is received by the Obligor.
- (5) The Bank shall post or keep a copy of the General Terms and Conditions in the offices of the Bank and deliver them to the Obligor upon the Obligor's request.

### **Article 23      Jurisdiction**

The Obligor hereby agrees and consents that, in addition to the jurisdiction prescribed by the applicable law, the district court having jurisdiction over the headquarter or the offices of the Bank that conduct transactions with the Obligor shall have jurisdiction over any legal action instituted between the Bank and the Obligor, the guarantor or the guarantor in rem in connection with the credit transaction under the General Terms and Conditions; provided however, if the Bank transferred the management of credit to the headquarter or other offices of the Bank to manage non-performing credit which occurred due to a cause attributable to the Obligor, the Obligor agrees and consents, in addition to the jurisdiction prescribed by the applicable law, that the district court having jurisdiction over the headquarter or other offices of the Bank to which the management of credit has been transferred shall have jurisdiction over such legal actions.

## MAGNACHIP SEMICONDUCTOR CORPORATION

## SECURITIES TRADING POLICY

Effective December 13, 2018

**I. Purpose**

MagnaChip Semiconductor Corporation and its subsidiaries (the "**Company**") have adopted this Securities Trading Policy (this "**Policy**") for directors, officers and employees of the Company. The purpose of this Policy is to describe the standards concerning the handling of non-public information relating to the Company and the buying and selling of securities of the Company.

**II. Persons Affected and Prohibited Transactions**

This Policy applies to directors, officers and employees of the Company. Please note that the general prohibitions apply to all directors, officers and employees of the Company, while the restrictions set forth in Part V (Blackout Periods) and Part VI (Pre-Clearance) apply only to directors, executive officers and certain designated officers and employees. If you are unsure whether you are subject to the restrictions set forth in Part V or VI, please contact the Company's General Counsel or his or her designee.

The same restrictions described in this Policy also apply to your spouse, minor children and anyone else living in your household, partnerships in which you are a general partner, trusts of which you are a trustee, estates of which you are an executor and investment funds or other similar vehicles with which you are affiliated (collectively "**Related Parties**"). You will be responsible for compliance with this Policy by your Related Parties.

For purposes of this Policy, references to "**trading**" or "**transactions in securities of the Company**" (or other words or phrases with substantially the same meaning) include purchases or sales of Company stock, bonds, options, puts and calls, derivative securities based on securities of the Company, gifts of Company securities, loans of Company securities, hedging transactions involving or referencing Company securities, contributions of Company securities to a trust, sales of Company stock acquired upon the exercise of stock options, exercises of stock options, market sales to raise cash to fund the exercise of stock options and trades in Company stock made under an employee benefit plan, such as a 401(k) plan.

**III. Policy Statement**

**If a director, officer or employee has material nonpublic information (as further discussed below) relating to the Company, it is our policy that neither that person nor any Related Party:**

- **may effect transactions in securities of the Company (other than pursuant to a pre-arranged trading plan that complies with Rule 10b5-1 ("**Rule 10b5-1**") under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") as described in Part VIII below) or engage in any other action to take advantage of that information;**
- **may pass that information on to any person outside the Company or suggest or otherwise recommend that any such person outside the Company effect a transaction in securities of the Company or engage in any other action to take advantage of that information;**  
**or**
- **assist anyone engaged in any of the above activities.**

This Policy will continue to apply after termination of employment to the extent that a former director, officer or employee is in possession of material nonpublic information at the time of termination. In such case, no transaction in securities of the Company may take place until the information becomes public or ceases to be material.

This Policy also applies to information, obtained in the course of employment with, or by serving as a director of, the Company, relating to any other company, including:

- our customers, clients or suppliers,

- any entity with which we may be negotiating a major transaction or business combination, or
- any entity as to which we have an indirect or direct control relationship or a designee on the board of directors.

No director, officer or employee may effect transactions in the securities of any such other company while in possession of material nonpublic information concerning such company that was obtained in the course of employment with the Company.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

*Material Information.* “**Material information**” is any information that a reasonable investor would consider important in a decision to effect a transaction in securities of the Company. In short, any information that could reasonably affect the price of such securities. Either positive or negative information may be material. Common examples of information that will frequently be regarded as material are:

- financial results;
- projections of future earnings or losses, or other guidance concerning earnings;
- the fact that earnings are inconsistent with consensus expectations;
- a pending or proposed merger, joint venture, acquisition or tender offer;
- a significant sale of assets or the disposition of a subsidiary or business unit;
- changes in dividend policies or the declaration of a stock split or the offering of additional securities;
- pending or proposed changes in senior management or other key employees;
- significant new products or services;
- significant legal or regulatory exposure due to a pending or threatened lawsuit or investigation;
- impending bankruptcy or other financial liquidity problems;
- changes in legislation affecting our business; and
- the gain or loss of a substantial customer, client or supplier.

*20-20 Hindsight.* Remember, if your transaction in securities of the Company becomes the subject of scrutiny, it will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and others might view your transaction in hindsight.

*Tipping Information to Others.* Whether the information is proprietary information about the Company or other information that could have an impact on the price of the Company’s securities, directors, officers and employees must not pass the information on to third parties. Penalties will apply whether or not you derive, or even intend to derive, any profit or other benefit from another’s actions.

*When Information is Public.* You may not trade on the basis of material information that has not been broadly disclosed to the marketplace, such as through a press release or a filing with the U.S. Securities and Exchange Commission (the “**SEC**”), and the marketplace has had time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until the end of the first business day after the information is released. Thus, if information is released on a Monday, trading should not take place until Wednesday. However, if the information in question is contained in a regular quarterly earnings release and the release is issued prior to the opening of the market on a given day, trading may take place on the next business day following the day of release.

*Transactions under Company Plans.* This Policy applies to the exercise of employee stock options and to the sale of common stock received upon exercise. This Policy also applies to the sale as part of a broker-assisted cashless exercise of a stock option and the market sale for the purpose of raising cash to fund the exercise of an option. This Policy also applies to the following elections under a 401(k) plan (if and when the Company makes Company securities an investment alternative under our 401(k) plan):

- increasing or decreasing periodic contributions allocated to the purchase of Company securities;
- intra-plan transfers of an existing balance in or out of Company securities;
- borrowing money against the account if the loan results in the liquidation of any portion of Company securities; and
- pre-paying a loan if the pre-payment results in allocation of the proceeds to Company securities.

In addition, this policy applies to purchases under any employee stock purchase plan.

*Confidentiality Obligations.* The restrictions set forth in this Policy are designed to avoid misuse of material nonpublic information in violation of the securities laws. These restrictions are in addition to, and in no way alter, the general obligations that each director, officer and employee of the Company has to maintain the confidentiality of all confidential or proprietary information concerning the Company and its business, as well as any other confidential information, that may be learned in the course of service or employment with the Company. No such information is to be disclosed to any other person in the Company, unless that person has a clear need to know that information, and no such information may be disclosed to any third parties, except as required or otherwise contemplated by your function or position.

#### IV. Additional Prohibited Transactions

Because we believe it is improper and inappropriate for any person to engage in short-term or speculative transactions involving the Company's securities, it is the policy of the Company that directors, officers and employees of the Company, and their Related Parties, are prohibited from engaging in any of the following activities with respect to securities of the Company:

*Pledging.* You may not pledge Company securities, including as security for margin accounts.

*Short sales.* The SEC effectively prohibits directors and officers from selling Company securities short (*i.e.*, selling stock you do not own and borrowing the shares to make delivery). This Policy is simply expanding this prohibition to cover all employees.

*Puts, call, options and other derivatives.* You may not buy or sell puts, calls, options or other derivatives in respect of securities of the Company.

Although the Company discourages speculative hedging transactions, the Company does permit long-term hedging transactions that are designed to protect an individual's investment in Company securities (*i.e.*, the hedge must be for at least twelve (12) months and relate to stock or options held by the individual). If you wish to engage in any such transaction, you must pre-clear it in accordance with the pre-clearance procedures described in Part VI below (even if you are not one of the persons otherwise required to submit your transaction in Company securities to pre-clearance). Because these activities raise issues under U.S. federal securities laws, any person intending to engage in permitted hedging transactions is strongly urged to consult legal counsel.

#### V. Blackout Periods — For Directors, Executive Officers and Certain Other Personnel with Access to Our Results

The Company's announcement of quarterly financial results has the potential to have a material impact on the market for the Company's securities. Therefore, in order to avoid any appearance that its directors, officers, employees and other insiders are trading while aware of material nonpublic information, all directors, executive officers, any other officers who have obligations to file reports under Section 16 of the Exchange Act (such directors, executive officers and other officers collectively being referred to herein as "*Section 16 Insiders*") and certain other persons who are or may be expected to be aware of quarterly financial results of the Company will be subject to quarterly blackouts on trading.

The Company has established the following "*blackout periods*" in relation to the publication of its annual and quarterly results: **(a) the period commencing seven (7) days prior to the end of its fiscal year and ending twenty-four (24) hours following public announcement of the Company's annual financial results; (b) the period commencing seven (7) days prior to the end of each of its fiscal quarters and ending twenty-four (24) hours following public announcement of the Company's financial results for such quarter; and (c) for directors and executive officers, to the extent and during the periods as the General Counsel or his or her designee may direct, including as required by Section 306 of the Sarbanes-Oxley Act of 2002 or its implementing regulations.**

During these blackout periods, the following persons and their Related Parties are prohibited from effecting transactions in securities of the Company, including option exercises and purchases under employee stock purchase plans (except as otherwise expressly provided below):

- Section 16 Insiders
- Section 16 Insiders' secretaries and other assistants;
- employees in the accounting, finance and legal departments; and
- any other person designated by the General Counsel or his or her designee.

You should be aware that the blackout periods described above may be modified by the Company at any time. In addition, the Company may from time to time determine that effecting transactions in securities of the Company is inappropriate at a time that is outside the blackout periods and, accordingly, may notify you of additional closed periods at any time. For example, a short blackout period may be imposed shortly before issuance of interim earnings guidance. Those subject to blackout period requirements will receive notice of any modification by the Company of the closed period policy or of any additional prohibition on trading during a non-blackout period. Persons subject to the blackout period restrictions who terminate their employment with the Company during a blackout period will remain subject to the restrictions until the end of such period.

The prohibition described in this Part V shall not apply to gifts of Company securities and contributions of Company securities to a trust so long as the requirements of Part VI below are complied with. The General Counsel or his or her designee may, on a case-by-case basis, authorize effecting a transaction in Company securities during a blackout period if the person who wishes to effect such a transaction (i) has, at least two (2) business days prior to the anticipated transaction date, notified the Company in writing of the circumstances and the amount and nature of the proposed transaction and (ii) has certified to the Company that he or she is not in possession of material nonpublic information concerning the Company.

See Part VIII below for the principles applicable to transactions under Rule 10b5-1 plans.

## **VI. Pre-Clearance of Securities Transactions**

To provide assistance in preventing inadvertent violations of the law (which could result, for example, where a Section 16 Insider fails to comply with reporting obligations under the Exchange Act) and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engages in a trade while unaware of a pending major development), we are implementing the following procedures:

**1. All transactions in securities of the Company by Section 16 Insiders and any other persons whose transactions require reporting to the SEC under applicable laws must be pre-cleared both with the Chairman of the board of directors of the Company (the "Board") and the Company's General Counsel.**

Persons subject to the foregoing restriction should contact the General Counsel at least three (3) business days (or such shorter period as the Board may determine) in advance.

**2. All transactions in securities of the Company by the following persons and their Related Parties must be pre-cleared with the Company's General Counsel or his or her designee:**

- **Section 16 Insiders' secretaries and other assistants;**
- **employees in the accounting, finance and legal departments; and**
- **any other person designated by the General Counsel or his or her designee.**

Persons subject to the foregoing restriction should contact the General Counsel or his or her designee at least two (2) business days (or such shorter period as the General Counsel or his or her designee may determine) in advance.

**If pre-clearance of the proposed transaction is granted both by the Chairman of the Board and the General Counsel (under case 1 above) or the General Counsel or his or her designee (under case 2 above), as the case may be, such clearance will be valid only for three (3) business days following the approval date. If a transaction for which clearance has been granted is not effected (i.e., the trade is not placed) within such three (3) business day period, the transaction must again be pre-cleared.**

To the extent that a material event or development affecting the Company remains nonpublic, persons subject to pre-clearance will not be given permission to effect transactions in securities of the Company. Such persons may not be informed of the reason why they may not trade. Any person that is made aware of the reason for an event-specific prohibition on trading should in no event disclose the reason for the prohibition to third parties and should avoid disclosing the existence of the prohibition, if possible. Caution should be exercised when telling a broker or other person who suggested a trade that the trade cannot be effected at the time.

Note that the pre-clearance procedures may delay the disposition of any security after it is purchased.

The Company's Compliance & Internal Audit Team shall periodically report to the Board, but no less frequent than once per quarter, any and all trading activities by persons who are subject to the pre-clearance requirements set forth in this Part VI.

See Part VIII below for the principles applicable to transactions under Rule 10b5-1 plans.

## **VII. Reporting of Stock Transactions by Section 16 Insiders; Speculative Trading**

Section 16 Insiders are required to report to the SEC any transactions in Company securities by themselves or members of their household within two (2) business days of the transaction date. The Company makes voluntary filings with the SEC for such transactions, but the reporting obligations are ultimately the responsibility of the Section 16 Insider.

Section 16 Insiders may not trade and realize a profit from any open market purchase and sale or sale and purchase within any period of less than six months. For example, if a Section 16 Insider buys Company stock, he or she may not sell any shares of Company stock at a higher price for six months. If such a transaction occurs, a lawsuit can be brought against the Section 16 Insider and the Company by any stockholder. Matchable transactions subject to short-swing profit rules include self-directed purchases and sales within the 401(k) plan.

## **VIII. 10b5-1 Plans**

The SEC has adopted a safe harbor rule, Rule 10b5-1, which provides a defense against insider trading liability for trades that are effected pursuant to a pre-arranged trading plan that meets specified conditions. The trading plan must be properly documented and all of the procedural conditions of the Rule must be satisfied to avoid liability.

Rule 10b5-1 plans allow transactions for the account of an insider to occur during blackout periods or while the insider has material nonpublic information provided the insider has previously given instructions or other control to effect pre-planned transactions in securities of the Company to a third party. The insider must establish the plan at a time when he or she is not in possession of material nonpublic information and the insider may not exercise any subsequent influence over how, when or whether to effect transactions. In addition to other specified conditions, a Rule 10b5-1 plan would specify in writing in advance the amount and price of the securities to be sold and the date for the sale (or a formula for determining the amount, price and date) or would otherwise not permit the insider to exercise any subsequent influence over how, when or whether to effect the sales. After adopting a valid Rule 10b5-1 plan, the insider will have an affirmative defense that a sale under the plan was not made "on the basis of" material nonpublic information.

The Company will treat the creation, modification or termination of a pre-planned trading program or arrangement established to meet the requirements of Rule 10b5-1 as a transaction subject to the blackout period rules set forth in Part V of this Policy. Transactions effected pursuant to a properly established Rule 10b5-1 plan however will not be subject to the blackout periods under Part V of this Policy.

The Company will treat the creation, modification or termination of a pre-planned trading program or arrangement established to meet the requirements of Rule 10b5-1 as a transaction subject to pre-clearance under Part VI of this Policy at the time the plan is established, modified or terminated. Persons subject to the pre-clearance policy should coordinate any such plans or arrangements with the Board or the Company's General Counsel or his or her designee, as the case may be. Even though each transaction effected under a Rule 10b5-1 plan does not need to be pre-cleared, it nonetheless must be made in accordance with Rule 144 and must be reported on a Form 4 under Section 16 of the Exchange Act.

The Company will publicly announce any contract, instruction or plan for Company share purchases adopted pursuant to Rule 10b5-1, and any subsequent amendments thereto. Such public disclosure will be included in the Company's proxy statement, press releases, on the Company's website and/or through a current or periodic report filed with the SEC.

## **IX. Consequences**

The SEC and the U.S. securities exchanges are extremely effective in detecting insider trading. The SEC and the U.S. Department of Justice have prosecuted cases involving trading or tipping by employees at all levels of a business, trading or tipping by family members and friends, trading involving offshore accounts and trading involving only a small amount of stock. The consequences of insider trading violations can be severe:

For individuals who trade on inside information (or tip information to others):

- civil penalties of up to three times the profit gained or loss avoided;
- criminal fines (no matter how small the profit); and
- jail terms.

For a company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading, civil and criminal penalties.

Moreover, if any employee violates this Policy, the Company may impose sanctions, including dismissal for misconduct or cause. In addition, the Company may seek reimbursement from an employee for any fees or expenses incurred by the Company directly as a result of such employee's violation of this Policy. Needless to say, any of the above consequences, even an investigation by the SEC that does not result in prosecution, can tarnish the reputation of the Company, its management and the person involved, and irreparably damage a career.

## **X. Assistance**

Any person who has any questions about this Policy or about specific transactions may contact the Company's General Counsel or his or her designee. Remember, however, that the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment and to ask before acting if you are unsure.

## SUBSIDIARIES OF MAGNACHIP SEMICONDUCTOR CORPORATION

Subsidiary	Jurisdiction of Incorporation
MagnaChip Semiconductor S.A.	Luxembourg
MagnaChip Semiconductor B.V.	The Netherlands
Magnachip Semiconductor, Ltd.	Korea
Magnachip Mixed-Signal, Ltd.	Korea
MagnaChip Semiconductor SA Holdings LLC	Delaware
MagnaChip Semiconductor Limited	Taiwan
Magnachip Semiconductor Limited	Hong Kong SAR
Magnachip Technology Holding Company, Limited	Hong Kong SAR
Magnachip Semiconductor Inc.	Japan
MagnaChip Semiconductor Holding Company Limited	British Virgin Islands
Magnachip Semiconductor (Shanghai) Company Limited	China
Magnachip Technology Company, Ltd.	China

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-172864, 333-180696, 333-186789, 333-202120, 333-209756, 333-216204, 333-223155, 333-229811, 333-236565, 333-239872 and 333-272902) of Magnachip Semiconductor Corporation of our report dated March 14, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ Samil PricewaterhouseCoopers

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Seoul, Korea  
March 14, 2025

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO  
SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Young-Joon Kim, certify that:

1. I have reviewed this annual report on Form 10-K of Magnachip Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 14, 2025

/s/ Young-Joon Kim

Young-Joon Kim  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Shin Young Park, certify that:

1. I have reviewed this annual report on Form 10-K of Magnachip Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 14, 2025

/s/ Shin Young Park

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Shin Young Park  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Magnachip Semiconductor Corporation (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the Annual Report on Form 10-K of the Company for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: March 14, 2025

/s/ Young-Joon Kim

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Young-Joon Kim

Chief Executive Officer

(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Magnachip Semiconductor Corporation (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the Annual Report on Form 10-K of the Company for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: March 14, 2025

/s/ Shin Young Park

Shin Young Park

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.