

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2025

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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	MX	New York Stock Exchange

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, a 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 Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 31, 2025, the registrant had 35,981,823 shares of common stock outstanding.

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
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PART I—FINANCIAL INFORMATION

Item 1. Interim Consolidated Financial Statements (Unaudited)

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)

	September 30, 2025	December 31, 2024
(In thousands of U.S. dollars, except share data)		
Assets		
Current assets		
Cash and cash equivalents	\$ 108,005	\$ 138,610
Accounts receivable, net	31,431	28,402
Inventories, net	37,375	30,535
Other receivables	4,155	4,444
Prepaid expenses	6,022	10,379
Hedge collateral (Note 8)	—	2,080
Other current assets (Note 19)	10,375	4,779
Total current assets	197,363	219,229
Property, plant and equipment, net	94,918	81,463
Operating lease right-of-use assets	2,423	3,107
Intangible assets, net	498	507
Long-term prepaid expenses, net	590	165
Deferred income taxes	55,573	52,889
Other non-current assets	8,241	21,956
Total assets	<u>\$ 359,606</u>	<u>\$ 379,316</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 17,546	\$ 21,642
Other accounts payable	12,334	10,764
Accrued expenses (Note 7)	12,019	8,648
Accrued income taxes	44	56
Operating lease liabilities	1,428	1,393
Other current liabilities	2,308	3,765
Total current liabilities	45,679	46,268
Long-term borrowings	38,935	27,211
Accrued severance benefits, net	14,213	17,094
Non-current operating lease liabilities	1,018	1,823
Other non-current liabilities	4,412	10,123
Total liabilities	<u>104,257</u>	<u>102,519</u>
Commitments and contingencies (Note 19)		
Stockholders' equity		
Common stock, \$0.01 par value, 150,000,000 shares authorized, 57,674,256 shares issued and 35,948,422 outstanding at September 30, 2025 and 57,498,507 shares issued and 36,912,118 outstanding at December 31, 2024	576	574
Additional paid-in capital	280,975	279,423
Retained earnings	222,931	244,576
Treasury stock, 21,725,834 shares at September 30, 2025 and 20,586,389 shares at December 31, 2024, respectively	(229,700)	(225,883)
Accumulated other comprehensive loss	(19,433)	(21,893)
Total stockholders' equity	<u>255,349</u>	<u>276,797</u>
Total liabilities and stockholders' equity	<u>\$ 359,606</u>	<u>\$ 379,316</u>

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

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(In thousands of U.S. dollars, except share data)			
Revenues:				
Net sales – Power solutions business	\$ 45,946	\$ 52,994	\$ 138,290	\$ 136,970
Net sales – transitional Fab 3 foundry services	—	2,440	—	8,302
Total revenues	45,946	55,434	138,290	145,272
Cost of sales:				
Cost of sales – Power solutions business	37,405	41,329	110,675	108,354
Cost of sales – transitional Fab 3 foundry services	—	2,599	—	9,267
Total cost of sales	37,405	43,928	110,675	117,621
Gross profit	8,541	11,506	27,615	27,651
Operating expenses:				
Selling, general and administrative expenses	8,312	9,521	26,491	28,341
Research and development expenses	7,773	6,472	19,698	18,455
Early termination and other charges	3,994	—	4,840	—
Total operating expenses	20,079	15,993	51,029	46,796
Operating loss	(11,538)	(4,487)	(23,414)	(19,145)
Interest income	1,255	1,939	4,117	6,214
Interest expense	(469)	(472)	(1,265)	(1,143)
Foreign currency gain (loss), net	(4,280)	5,247	6,112	(3,388)
Other income (expense), net	253	(31)	284	121
Income (Loss) from continuing operations before income tax expense (benefit), net	(14,779)	2,196	(14,166)	(17,341)
Income tax expense (benefit), net	(4,170)	6,117	(8,709)	2,267
Loss from continuing operations	(10,609)	(3,921)	(5,457)	(19,608)
Loss from discontinued operations, net of tax	(2,481)	(5,696)	(16,188)	(18,423)
Net loss	\$ (13,090)	\$ (9,617)	\$ (21,645)	\$ (38,031)
Basic loss per common share—				
Continuing operations	\$ (0.29)	\$ (0.11)	\$ (0.15)	\$ (0.52)
Discontinued operations	\$ (0.07)	\$ (0.15)	\$ (0.45)	\$ (0.48)
Total	\$ (0.36)	\$ (0.26)	\$ (0.60)	\$ (1.00)
Diluted loss per common share—				
Continuing operations	\$ (0.29)	\$ (0.11)	\$ (0.15)	\$ (0.52)
Discontinued operations	\$ (0.07)	\$ (0.15)	\$ (0.45)	\$ (0.48)
Total	\$ (0.36)	\$ (0.26)	\$ (0.60)	\$ (1.00)
Weighted average number of shares—				
Basic	35,934,406	37,468,849	36,298,491	38,060,682
Diluted	35,934,406	37,468,849	36,298,491	38,060,682

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

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(In thousands of U.S. dollars)			
Net loss	\$ (13,090)	\$ (9,617)	\$ (21,645)	\$ (38,031)
Other comprehensive income (loss) (Note 16)				
Foreign currency translation adjustments	(505)	2,866	1,125	(2,222)
Derivative adjustments	(1,022)	1,053	1,335	227
Total other comprehensive income (loss)	(1,527)	3,919	2,460	(1,995)
Total comprehensive loss	<u>\$ (14,617)</u>	<u>\$ (5,698)</u>	<u>\$ (19,185)</u>	<u>\$ (40,026)</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 (Unaudited)

(In thousands of U.S. dollars, except share data)	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
	Shares	Amount					
Three Months Ended September 30, 2025:							
Balance at June 30, 2025	35,954,038	\$ 575	\$280,853	\$236,021	\$(229,381)	\$ (17,906)	\$270,162
Stock-based compensation	—	—	123	—	—	—	123
Settlement of restricted stock units	92,981	1	(1)	—	—	—	—
Acquisition of treasury stock	(98,597)	—	—	—	(319)	—	(319)
Other comprehensive loss, net	—	—	—	—	—	(1,527)	(1,527)
Net loss	—	—	—	(13,090)	—	—	(13,090)
Balance at September 30, 2025	<u>35,948,422</u>	<u>\$ 576</u>	<u>\$280,975</u>	<u>\$222,931</u>	<u>\$(229,700)</u>	<u>\$ (19,433)</u>	<u>\$255,349</u>
Three Months Ended September 30, 2024:							
Balance at June 30, 2024	37,799,482	\$ 569	\$275,329	\$270,470	\$(219,949)	\$ (20,571)	\$305,848
Stock-based compensation	—	—	1,977	—	—	—	1,977
Settlement of restricted stock units	16,637	0	(0)	—	—	—	—
Acquisition of treasury stock	(524,075)	—	—	—	(2,554)	—	(2,554)
Other comprehensive income, net	—	—	—	—	—	3,919	3,919
Net loss	—	—	—	(9,617)	—	—	(9,617)
Balance at September 30, 2024	<u>37,292,044</u>	<u>\$ 569</u>	<u>\$277,306</u>	<u>\$260,853</u>	<u>\$(222,503)</u>	<u>\$ (16,652)</u>	<u>\$299,573</u>
Nine Months Ended September 30, 2025:							
Balance at December 31, 2024	36,912,118	\$ 574	\$279,423	\$244,576	\$(225,883)	\$ (21,893)	\$276,797
Stock-based compensation	—	—	1,615	—	—	—	1,615
Settlement of restricted stock units	175,749	2	(63)	—	—	—	(61)
Acquisition of treasury stock	(1,139,445)	—	—	—	(3,817)	—	(3,817)
Other comprehensive income, net	—	—	—	—	—	2,460	2,460
Net loss	—	—	—	(21,645)	—	—	(21,645)
Balance at September 30, 2025	<u>35,948,422</u>	<u>\$ 576</u>	<u>\$280,975</u>	<u>\$222,931</u>	<u>\$(229,700)</u>	<u>\$ (19,433)</u>	<u>\$255,349</u>
Nine Months Ended September 30, 2024:							
Balance at December 31, 2023	38,852,742	\$ 569	\$273,256	\$298,884	\$(213,454)	\$ (14,657)	\$344,598
Stock-based compensation	—	—	4,093	—	—	—	4,093
Settlement of restricted stock units	60,812	0	(43)	—	—	—	(43)
Acquisition of treasury stock	(1,621,510)	—	—	—	(9,049)	—	(9,049)
Other comprehensive loss, net	—	—	—	—	—	(1,995)	(1,995)
Net loss	—	—	—	(38,031)	—	—	(38,031)
Balance at September 30, 2024	<u>37,292,044</u>	<u>\$ 569</u>	<u>\$277,306</u>	<u>\$260,853</u>	<u>\$(222,503)</u>	<u>\$ (16,652)</u>	<u>\$299,573</u>

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

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine Months Ended	
	September 30, 2025	September 30, 2024
(In thousands of U.S. dollars)		
Cash flows from operating activities		
Net loss	\$ (21,645)	\$ (38,031)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	9,938	12,171
Provision for severance benefits	2,868	4,552
Loss (gain) on foreign currency, net	(10,612)	6,140
Provision (reversal) for inventory reserves	1,919	(1,615)
Stock-based compensation	1,615	4,093
Impairment charges	12,424	—
Deferred income taxes	(569)	3,111
Others, net	220	552
Changes in operating assets and liabilities		
Accounts receivable, net	(7,610)	3,560
Inventories	(7,131)	(2,365)
Other receivables	(1,287)	(1,030)
Other current assets	2,078	6,800
Accounts payable	641	619
Other accounts payable	(6,803)	(10,197)
Accrued expenses	1,925	(1,339)
Accrued income taxes	(16)	(1,459)
Other current liabilities	(323)	(240)
Other non-current liabilities	(48)	(345)
Payment of severance benefits	(10,669)	(1,889)
Others, net	3,446	(1,077)
Net cash used in operating activities	(29,639)	(17,989)
Cash flows from investing activities		
Proceeds from settlement of hedge collateral	2,237	627
Payment of hedge collateral	—	(612)
Proceeds from disposal of property, plant and equipment	554	—
Purchase of property, plant and equipment	(19,739)	(4,175)
Payment for intellectual property registration	(182)	(263)
Collection of guarantee deposits	4,274	1,153
Payment of guarantee deposits	(355)	(2,090)
Purchase of short-term financial instruments	—	(30,000)
Others, net	180	(37)
Net cash used in investing activities	(13,031)	(35,397)
Cash flows from financing activities		
Proceeds from long-term borrowings	10,611	30,059
Acquisition of treasury stock	(4,340)	(9,507)
Repayment of financing related to water treatment facility arrangement	(341)	(357)
Repayment of principal portion of finance lease liabilities	(121)	(104)
Net cash provided by financing activities	5,809	20,091
Effect of exchange rates on cash and cash equivalents	6,256	(3,702)
Net decrease in cash and cash equivalents	(30,605)	(36,997)
Cash and cash equivalents		
Cash and cash equivalents at beginning of period	138,610	158,092
Cash and cash equivalents at end of period	\$ 108,005	\$ 121,095
Supplemental cash flow information		
Cash paid for interest on long-term borrowings	\$ 927	\$ 618
Cash paid (refunded) for income taxes	\$ (1,043)	\$ 788
Non-cash investing activities		
Property, plant and equipment additions in other accounts payable	\$ 2,220	\$ 2,324

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

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

**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 power semiconductor platform solutions for various applications, including industrial, automotive, communication, consumer and computing.

The Company develops and manufactures Power discrete products and develops Power integrated circuit (“IC”) products. Power 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 personal computers (“PCs”), notebook PCs, tablet PCs, servers, other consumer electronics, as well as automotive and industrial applications such as power suppliers, e-bikes, solar inverters, LED lighting and motor drives. Power IC 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.

In 2024, the Power IC business was operated by Magnachip Mixed-Signal, Ltd. (“MMS”), which later transferred the business to Magnachip Semiconductor, Ltd. (“MSK”) effective January 1, 2025, pursuant to an intercompany business transfer agreement executed between MMS and MSK. The transfer was based on the mutual understanding that consolidating the Power IC and Power Analog Solutions businesses under a single company would create a more effective framework for expanding and strengthening the Company’s business for Power products.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). These interim consolidated financial statements include normal recurring adjustments and the elimination of all intercompany accounts and transactions which are, in the opinion of management, necessary to provide a fair statement of the Company’s financial condition and results of operations for the periods presented. These interim consolidated financial statements are presented in accordance with Accounting Standards Codification (“ASC”) 270, “Interim Reporting” and, accordingly, do not include all of the information and note disclosures required by U.S. GAAP for complete financial statements, except for the changes below.

The Company has reclassified certain prior year amounts to conform to the current year’s presentation for discontinued operations to reflect a plan to shut down the Company’s Display business and transition into a pure-play Power company. The assets and liabilities related to the discontinued Display business have not been reclassified on the consolidated balance sheets as of September 30, 2025. See Note 2 “Discontinued Operations” for additional information. The consolidated statements of cash flows have not been adjusted to separately disclose cash flows related to discontinued operations, but the material items in the operating and investing activities of cash flows relating to discontinued operations are disclosed in Note 2. Unless otherwise stated, information in these notes to consolidated financial statements relates to the Company’s continuing operations and excludes the discontinued operations.

There have been no material changes to the Company’s significant accounting policies as of and for the nine months ended September 30, 2025, except for those related to discontinued operations as described below, as compared to the significant accounting policies described in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses” (“ASU 2024-03”). Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of 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

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purchases of inventory, employee compensation, depreciation, and intangible asset amortization. In addition, public companies will need to provide a 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.

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.

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2. Discontinued Operations

On March 7, 2025, the Company's Board of Directors authorized a strategy to transition to a pure-play Power company, focusing its investments on the Power Analog Solutions and Power IC businesses to enhance profitability and maximize shareholder value. As part of this strategy, the Company explored all strategic options including a sale, merger, joint venture, licensing, and wind-down for its Display business (Display IC products). However, the Company was not able to consummate a transaction following several months of discussions with several interested parties on terms that the Company's Board of Directors believed were in the best interests of the Company and its stockholders.

Accordingly, on April 6, 2025, the Company's Board of Directors unanimously approved the plan to shut down the Company's Display business (the "Discontinued Business"), including the liquidation of MMS, the Company's indirect wholly owned subsidiary that operated the Discontinued Business. As a result, the Display business qualifies as a discontinued operation in accordance with ASC 205-20.

The following table summarizes the results from discontinued operations, net of tax, for the three and nine months ended September 30, 2025 and 2024 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net sales	\$ 7,233	\$ 11,026	\$ 24,519	\$ 23,426
Cost of sales	3,693	7,071	14,200	15,047
Gross profit	3,540	3,955	10,319	8,379
Operating expenses:				
Selling, general and administrative expenses	(49)	2,570	1,535	6,748
Research and development expenses	326	7,901	9,579	19,772
Early termination charges	—	—	1,561	—
Impairment and other charges	5,171	—	12,758	—
Total operating expenses	5,448	10,471	25,433	26,520
Operating loss from discontinued operations	(1,908)	(6,516)	(15,114)	(18,141)
Interest income	0	112	215	278
Interest expense	(30)	(102)	(272)	(223)
Foreign currency gain (loss), net	132	(181)	(296)	(104)
Other income, net	58	—	202	—
Loss from discontinued operations before income tax expense (benefit), net	(1,748)	(6,687)	(15,265)	(18,190)
Income tax expense (benefit), net	733	(991)	923	233
Loss from discontinued operations, net of tax	\$ (2,481)	\$ (5,696)	\$ (16,188)	\$ (18,423)

For the nine months ended September 30, 2025, the Company recognized the impairment charges of \$12,424 thousand, primarily related to certain design tool software contracts in connection with the shutdown of the Display business.

The following table presents the major classes of assets of the discontinued operations that were included in the consolidated balance sheets (in thousands):

	September 30, 2025	December 31, 2024
Accounts receivable, net	\$ 4,765	\$ 4,797
Inventories, net	2,593	3,698

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The following table provides supplemental cash flows information related to discontinued operations (in thousands):

	Nine Months Ended	
	September 30, 2025	September 30, 2024
Significant non-cash operating activities:		
Depreciation and amortization	\$ 376	\$ 1,183
Provision for severance benefits	(225)	979
Stock-based compensation	(353)	576
Impairment charges	12,424	—
Investing activities:		
Capital expenditures	\$ (99)	\$ (1,597)

Although the Company has ceased active operations of its Display business, it continues to have limited involvement after the shutdown. Specifically, the Company's Korean subsidiary, MSK, continues to fulfill remaining customer obligations, including the sale of certain "end of life" ("EOL") Display products. A small team has been retained to manage the transition and to provide ongoing customer support.

As such, the result of these limited ongoing activities do not qualify for presentation as part of continuing operations and are instead presented as part of discontinued operations. The following table presents the revenue, gross profit and operating expenses related to the Company's continuing involvement with the Discontinued Business for the periods presented (in thousands):

	Three Months Ended	Nine Months Ended
	September 30, 2025	
Net sales	\$ 7,233	\$ 9,551
Gross profit	3,540	4,473
Operating expenses	342	485

The sale of EOL Display products and the potential monetization of the intellectual property assets of the Discontinued Business are currently expected to generate cash inflow of approximately \$20 million over a period of approximately 2 years from the second half of 2025, depending upon customer demand and monetization efforts of the Display intellectual property assets.

The total estimated cash cost of the liquidation is approximately \$12 to \$15 million, which is expected to be offset by the cash inflow that may be generated as described above. The one-time liquidation cost is expected to consist of statutory severance and other employee-related costs, contract termination charges and other associated costs. Of this estimated total cash cost, the Company paid \$6.5 million of statutory severance and other employee-related costs in the second quarter of 2025. Further, the Company originally expected to pay certain contract termination charges in full along with the statutory severance and other employee-related costs, but negotiated with the respective vendors for those contract termination charges totaling \$6.5 million to be paid over the duration of the remaining existing contract terms.

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Inventories as of September 30, 2025 and December 31, 2024 consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Finished goods	\$ 7,897	\$ 7,802
Semi-finished goods and work-in-process	31,135	26,797
Raw materials	4,842	3,607
Materials in-transit	74	61
Less: inventory reserve	(6,573)	(7,732)
Inventories, net	<u>\$ 37,375</u>	<u>\$ 30,535</u>

Changes in inventory reserve for the three and nine months ended September 30, 2025 and 2024 are as follows (in thousands):

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Beginning balance	\$ (8,495)	\$ (7,732)	\$ (8,541)	\$ (10,599)
Change in reserve				
Inventory reserve charged to costs of sales	(1,637)	(5,293)	(1,273)	(4,234)
Sale of previously reserved inventory	554	3,400	1,835	5,962
	(1,083)	(1,893)	562	1,728
Write off	2,736	3,471	63	390
Translation adjustments	269	(419)	(441)	124
Ending balance	<u>\$ (6,573)</u>	<u>\$ (6,573)</u>	<u>\$ (8,357)</u>	<u>\$ (8,357)</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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4. Property, Plant and Equipment

Property, plant and equipment as of September 30, 2025 and December 31, 2024 are comprised of the following (in thousands):

	September 30, 2025	December 31, 2024
Buildings and related structures	\$ 24,750	\$ 21,873
Machinery and equipment	138,733	126,971
Finance lease right-of-use assets	611	606
Others	32,677	33,274
	<u>196,771</u>	<u>182,724</u>
Less: accumulated depreciation	(128,790)	(115,236)
Land	11,951	11,237
Construction in progress	14,986	2,738
Property, plant and equipment, net	<u>\$ 94,918</u>	<u>\$ 81,463</u>

Aggregate depreciation expenses associated with continuing operations totaled \$9,368 thousand and \$10,750 thousand for the nine months ended September 30, 2025 and 2024, respectively.

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 (as amended) (together with its General Terms and Conditions, the “Equipment Financing Credit Agreement”) with KDB. In connection with the Equipment Financing Credit Agreement, on December 8, 2024, MSK amended the Kun-Pledge Agreement (the “Equipment Pledge Agreement”) with KDB, originally executed on or about March 26, 2024, to increase the maximum secured amount and to expand the scope of collateral to include certain machinery and equipment owned by MSK, which are located in its fabrication facility located in Gumi, Korea.

See “Note 11. Long-Term Borrowings” to these consolidated financial statements below for more information regarding the Loan Agreement.

5. Intangible Assets

Intangible assets as of September 30, 2025 and December 31, 2024 are comprised of the following (in thousands):

	September 30, 2025		
	Gross amount	Accumulated amortization	Net amount
Intellectual property assets	\$7,886	\$ (7,388)	\$ 498
Intangible assets	<u>\$7,886</u>	<u>\$ (7,388)</u>	<u>\$ 498</u>
	December 31, 2024		
	Gross amount	Accumulated amortization	Net amount
Intellectual property assets	\$7,599	\$ (7,092)	\$ 507
Intangible assets	<u>\$7,599</u>	<u>\$ (7,092)</u>	<u>\$ 507</u>

Aggregate amortization expenses associated with continuing operations totaled \$194 thousand and \$238 thousand for the nine months ended September 30, 2025 and 2024, respectively.

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6. 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 one year to four years.

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

Supplemental balance sheets information related to leases as of September 30, 2025 and December 31, 2024 are as follows (in thousands):

Leases	Classification	September 30, 2025	December 31, 2024
Assets			
Operating lease	Operating lease right-of-use assets	\$ 2,423	\$ 3,107
Finance lease	Property, plant and equipment, net	310	390
Total lease assets		<u>\$ 2,733</u>	<u>\$ 3,497</u>
Liabilities			
Current			
Operating lease	Operating lease liabilities	\$ 1,428	\$ 1,393
Finance lease	Other current liabilities	163	153
Non-current			
Operating lease	Non-current operating lease liabilities	1,018	1,823
Finance lease	Other non-current liabilities	198	294
Total lease liabilities		<u>\$ 2,807</u>	<u>\$ 3,663</u>

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

	September 30, 2025	December 31, 2024
Weighted average remaining lease term		
Operating leases	1.8 years	2.5 years
Finance leases	2.3 years	2.9 years
Weighted average discount rate		
Operating leases	6.6%	6.8%
Finance leases	7.0%	7.1%

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

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Operating lease cost	\$ 430	\$ 456	\$ 1,408	\$ 1,385
Finance lease cost				
Amortization of right-of-use assets	39	33	112	102
Interest on lease liabilities	6	8	21	27
Total lease cost	<u>\$ 475</u>	<u>\$ 497</u>	<u>\$ 1,541</u>	<u>\$ 1,514</u>

The above table does not include an immaterial cost of short-term leases for the three and nine months ended September 30, 2025 and 2024.

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Other lease information associated with continuing operations is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 404	\$ 467	\$ 1,495	\$ 1,419
Operating cash flows from finance leases	6	8	21	27
Financing cash flows from finance leases	41	35	119	104

Non-cash transaction amounts of lease liabilities arising from obtaining right-of-use assets were \$1,170 thousand and \$736 thousand for the nine months ended September 30, 2025 and 2024, respectively.

The aggregate future lease payments for operating and finance leases as of September 30, 2025 are as follows (in thousands):

	Operating Leases	Finance Leases
Remainder of 2025	\$ 356	\$ 47
2026	1,530	177
2027	700	143
2028	11	23
2029	—	2
Total future lease payments	2,597	392
Less: Imputed interest	(151)	(31)
Present value of future payments	<u>\$ 2,446</u>	<u>\$ 361</u>

7. Accrued Expenses

Accrued expenses as of September 30, 2025 and December 31, 2024 are comprised of the following (in thousands):

	September 30, 2025	December 31, 2024
Payroll, benefits and related taxes, excluding severance benefits	\$ 9,508	\$ 5,518
Withholding tax attributable to intercompany interest income	1,012	1,419
Outside service fees	994	1,221
Others	505	490
Accrued expenses	<u>\$ 12,019</u>	<u>\$ 8,648</u>

Payroll, benefits and related taxes payable as of September 30, 2025 in the table above includes \$2,599 thousand of accrued expenses related to the voluntary resignation program offered to certain employees during the third quarter of 2025 (the “Program”), which are expected to be paid in the fourth quarter of 2025.

See “Note 12. Early Termination and Other Charges” for more information regarding the Program.

8. 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.

Details of the zero cost collar contracts as of September 30, 2025 are as follows (in thousands):

<u>Date of transaction</u>	<u>Total notional amount</u>	<u>Month of settlement</u>
October 17, 2024	\$ 9,000	October 2025 to December 2025
February 03, 2025	\$ 9,000	January 2026 to March 2026
July 10, 2025	\$ 9,000	April 2026 to June 2026
July 17, 2025	\$ 9,000	July 2026 to September 2026
September 30, 2025	\$ 27,000	January 2026 to December 2026

Details of the zero cost collar contracts as of December 31, 2024 are as follows (in thousands):

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

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 assets and liabilities as of September 30, 2025 and December 31, 2024 are as follows (in thousands):

<u>Derivatives designated as hedging instruments:</u>		<u>September 30, 2025</u>	<u>December 31, 2024</u>
<u>Assets Derivatives:</u>			
Zero cost collars	Other current assets	\$ 79	\$ —
<u>Liability Derivatives:</u>			
Zero cost collars	Other current liabilities	\$ 693	\$ 1,956
Zero cost collars	Other non-current liabilities	\$ 94	\$ —

Offsetting of derivative assets and liabilities as of September 30, 2025 is as follows (in thousands):

<u>As of September 30, 2025</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>Assets Derivatives:</u>						
Zero cost collars	\$ 79	\$ —	\$ 79	\$ —	\$ —	\$ 79
<u>Liability Derivatives:</u>						
Zero cost collars	\$ 787	\$ —	\$ 787	\$ —	\$ —	\$ 787

Offsetting of derivative liabilities as of December 31, 2024 is 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

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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 three months ended September 30, 2025 and 2024 (in thousands):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (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				
	Three Months Ended September 30,			Three Months Ended September 30,				
	2025	2024		2025	2024			
Zero cost collars	\$ (1,022)	\$ 935	Net sales	\$ —	\$ (118)	Other income, net	\$ —	\$ (52)
	\$ (1,022)	\$ 935		\$ —	\$ (118)		\$ —	\$ (52)

The following table summarizes the impact of derivative instruments on the consolidated statements of operations for the nine months ended September 30, 2025 and 2024 (in thousands):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (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				
	Nine Months Ended September 30,			Nine Months Ended September 30,				
	2025	2024		2025	2024			
Zero cost collars	\$ 731	\$ (477)	Net sales	\$ (604)	\$ (704)	Other income, net	\$ (51)	\$ 58
	\$ 731	\$ (477)		\$ (604)	\$ (704)		\$ (51)	\$ 58

As of September 30, 2025, the amount expected to be reclassified from accumulated other comprehensive income into earnings within the next 12 months is \$369 thousand.

The Company has set aside a cash deposit 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 September 30, 2025 and December 31, 2024 are as follows (in thousands):

Counterparty	September 30, 2025	December 31, 2024
SC	\$ —	\$ 1,000
Total	\$ —	\$ 1,000

The Company is required to deposit additional cash collateral with Nomura Financial Investment (Korea) Co., Ltd. (“NFIK”) for any exposure in excess of \$500 thousand, but no such exposure existed as of September 30, 2025. 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.

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.

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9. Fair Value Measurements

Fair Value of Financial Instruments

As of September 30, 2025, 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</u> <u>September 30, 2025</u>	<u>Fair Value</u> <u>Measurement</u> <u>September 30, 2025</u>	<u>Quoted Prices in</u> <u>Active Markets</u> <u>for Identical</u> <u>Asset/Liability</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Assets:					
Derivative assets (other current assets)	\$ 79	\$ 79	—	\$ 79	—
Liabilities:					
Derivative liabilities (other current liabilities)	\$ 693	\$ 693	—	\$ 693	—
Derivative liabilities (other non-current liabilities)	\$ 94	\$ 94	—	\$ 94	—

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

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 and CAPEX Loan approximates its fair value because its interest rate reflects the market rate for the respective periods. The fair value of this debt is categorized within Level 2 of the fair value hierarchy.

10. Accrued Severance Benefits

The majority of accrued severance benefits are for employees in the Company's Korean subsidiaries. Pursuant to the 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 September 30, 2025, 97% of all employees of the Company were eligible for severance benefits.

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

	<u>Three Months Ended</u>		<u>Three Months Ended</u>	
	<u>September 30, 2025</u>		<u>September 30, 2024</u>	
Beginning balance	\$ 41,581	\$ 45,594	\$ 44,198	\$ 45,932
Provisions	693	2,868	1,582	4,552
Severance payments	(826)	(10,669)	(527)	(1,889)
Translation adjustments	(1,357)	2,298	2,368	(974)
	40,091	40,091	47,621	47,621
Less: Cumulative contributions to severance insurance deposit accounts				
The National Pension Fund	(25,859)	(25,859)	(30,246)	(30,246)
	(19)	(19)	(28)	(28)
Accrued severance benefits, net	<u>\$ 14,213</u>	<u>\$ 14,213</u>	<u>\$ 17,347</u>	<u>\$ 17,347</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):

	<u>Severance benefit</u>
2026	\$ 94
2027	\$ 539
2028	\$ 106
2029	\$ 2,216
2030	\$ 2,643
2031 – 2036	\$ 17,339

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.

11. Long-Term Borrowings

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.

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 September 30, 2025, the outstanding principal amount under the Term Loan was approximately \$28,527 thousand.

CAPEX Loans

On December 16, 2024, MSK executed a Standard Credit Agreement (as amended) (together with its General Terms and Conditions, the “Equipment Financing Credit Agreement”) with KDB. In connection with the Equipment Financing Credit Agreement, on December 8, 2024, MSK also amended the Kun-Pledge Agreement (the “Equipment Pledge Agreement”) with KDB, originally executed on or about March 26, 2024, to increase the maximum secured amount and to expand the scope of collateral to include certain machinery and equipment 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 fixed rate quoted by the treasury bond market yield (a six-year Korea treasury bill rate). CAPEX Loans mature in ten years from the initial loan disbursement date (the “Maturity Date”), with an initial two-year (measured from the first loan disbursement date) interest-only payment period during which only interest is paid monthly, followed by eight years of amortizing payments where the principal is repaid in equal installments every three 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 September 30, 2025, the aggregate principal amount outstanding under the CAPEX Loans was approximately \$10,408 thousand, which bears a weighted average interest rate of 2.66% per annum and matures on June 26, 2035.

12. Early Termination and Other Charges

As of August 1, 2025, the Company implemented a voluntary resignation program (the “Program”) as part of its cost reduction initiatives to better align its spending level with a strategic focus on becoming a pure-play Power company. The shutdown of the Display business resulted in certain shared function positions becoming redundant, as those functions had supported both the Display and Power businesses. Under the Program, the Company recorded termination-related charges of \$2,599 thousand in its consolidated statements of operations, classified as “early termination and other charges” for the nine months ended September 30, 2025.

In addition, for the nine months ended September 30, 2025, the Company recorded \$1,745 thousand of certain executive separation benefits and \$496 thousand of one-time employee incentives, which were also classified as “early termination and other charges” in the consolidated statements of operations.

13. 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, the Company’s Korean subsidiary. 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 September 30, 2025 and December 31, 2024, the outstanding intercompany loan balances including accrued interest between MSK and the Dutch subsidiary were \$244,705 thousand and \$257,670 thousand, respectively. The Korean won to U.S. dollar exchange rates were 1,402.2:1 and 1,470.0:1 using the first base rate as of September 30, 2025 and December 31, 2024, respectively, as quoted by the KEB Hana Bank.

14. Income Taxes

The Company and its subsidiaries file income tax returns in Korea, Japan, Taiwan, 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.

For the three and nine months ended September 30, 2025, the Company recorded an income tax benefit of \$4,170 thousand and \$8,709 thousand, primarily related to its primary operating entity in Korea based on the estimated taxable loss for the respective period, including loss recognized in connection with the shutdown of the discontinued Display business during the second quarter of 2025.

For the three and nine months ended September 30, 2024, the Company recorded an income tax expense of \$6,117 thousand and \$2,267 thousand, primarily related to the primary operating entity’s in-kind contribution of certain business lines made during the first quarter of 2024, as a result of its assessment of realizability of the deferred tax assets in the future.

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15. Geographic and Other Information

The Company operates within a single operating segment, Power solutions 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 Power Analog Solutions and Power IC in the Power solutions 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.

Revenues for the three months ended September 30, 2024 from its previous product categories have been reclassified in order to conform to the current period presentation as follows (in thousands):

		Power Analog Solutions	Power IC	Discontinued Operations	Total
Mixed-Signal Solutions	\$16,446	\$ —	\$ 5,420	\$ 11,026	\$16,446
Power Analog Solutions	47,574	47,574	—	—	47,574
	<u>\$64,020</u>	<u>\$47,574</u>	<u>\$ 5,420</u>	<u>\$ 11,026</u>	<u>\$64,020</u>

Revenues for the nine months ended September 30, 2024 from its previous product categories have been reclassified in order to conform to the current period presentation as follows (in thousands):

		Power Analog Solutions	Power IC	Discontinued Operations	Total
Mixed-Signal Solutions	\$ 37,047	\$ —	\$13,621	\$ 23,426	\$ 37,047
Power Analog Solutions	123,349	123,349	—	—	123,349
	<u>\$160,396</u>	<u>\$123,349</u>	<u>\$13,621</u>	<u>\$ 23,426</u>	<u>\$160,396</u>

The following sets forth information relating to the operating segment, Power solutions 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 statements of operations.

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenues				
Power solutions business				
Power Analog Solutions	\$ 41,548	\$ 47,574	\$ 123,666	\$ 123,349
Power IC	4,398	5,420	14,624	13,621
Total Power solutions business	45,946	52,994	138,290	136,970
Transitional Fab 3 foundry services	—	2,440	—	8,302
Total revenues	<u>\$ 45,946</u>	<u>\$ 55,434</u>	<u>\$ 138,290</u>	<u>\$ 145,272</u>

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	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Cost of Sales				
Power solutions business				
Power Analog Solutions	\$ 34,906	\$ 38,325	\$ 102,215	\$ 100,751
Power IC	2,499	3,004	8,460	7,603
Total Power solutions business	37,405	41,329	110,675	108,354
Transitional Fab 3 foundry services	—	2,599	—	9,267
Total cost of sales	<u>\$ 37,405</u>	<u>\$ 43,928</u>	<u>\$ 110,675</u>	<u>\$ 117,621</u>

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Gross Profit				
Power solutions business				
Power Analog Solutions	\$ 6,642	\$ 9,249	\$ 21,451	\$ 22,598
Power IC	1,899	2,416	6,164	6,018
Total Power solutions business	8,541	11,665	27,615	28,616
Transitional Fab 3 foundry services	—	(159)	—	(965)
Total gross profit	<u>\$ 8,541</u>	<u>\$ 11,506</u>	<u>\$ 27,615</u>	<u>\$ 27,651</u>

The following is a summary of net sales – Power solutions business by geographic region, based on the location to which the products are billed (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Korea	\$ 23,269	\$ 22,893	\$ 67,706	\$ 59,867
Asia Pacific (other than Korea)	20,308	28,189	63,745	71,879
United States	1,137	667	3,789	1,313
Europe	1,232	1,245	3,050	3,911
Total	<u>\$ 45,946</u>	<u>\$ 52,994</u>	<u>\$ 138,290</u>	<u>\$ 136,970</u>

For the three months ended September 30, 2025 and 2024, of the Company's net sales – Power solutions business in Asia Pacific (other than Korea), net sales – Power solutions business in China and Hong Kong together represented 74.6% and 83.7%, respectively, and net sales – Power solutions business in Taiwan represented 15.5% and 8.8%, respectively. For the nine months ended September 30, 2025 and 2024, of the Company's net sales – Power solutions business in Asia Pacific (other than Korea), net sales – Power solutions business in China and Hong Kong represented 79.6% and 83.4%, respectively, and net sales – Power solutions business in Taiwan represented 12.4% and 9.4%, respectively.

Net sales from the Company's top ten largest customers in the Power solutions business accounted for 75.2% and 73.4% for the three months ended September 30, 2025 and 2024, respectively, and 74.2% and 72.5% for the nine months ended September 30, 2025 and 2024, respectively.

For the three months ended September 30, 2025, the Company had one customer that represented 32.6% of net sales – Power solutions business. For the nine months ended September 30, 2025, the Company had one customer that represented 31.6% of its net sales – Power solutions business. For the three months ended September 30, 2024, the Company had one customer that represented 24.3% of its net sales – Power solutions business. For the nine months ended September 30, 2024, the Company had two customers that represented 25.5% and 10.1% of its net sales – Power solutions business, respectively.

As of September 30, 2025, one customer of the Company's Power solutions business accounted for 43.1% of its accounts receivable – Power solutions business. As of December 31, 2024, one customer of the Company's Power solutions business accounted for 42.3% of its accounts receivable – Power solutions business.

16. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists of the following as of September 30, 2025 and December 31, 2024, respectively (in thousands):

	September 30, 2025	December 31, 2024
Foreign currency translation adjustments	\$ (19,802)	\$ (20,927)
Derivative adjustments	369	(966)
Total	\$ (19,433)	\$ (21,893)

Changes in accumulated other comprehensive loss for the three months ended September 30, 2025 and 2024 are as follows (in thousands):

	Foreign currency translation adjustments	Derivative adjustments	Total
Three Months Ended September 30, 2025			
Beginning balance	\$ (19,297)	\$ 1,391	\$(17,906)
Other comprehensive loss before reclassifications	(505)	(1,022)	(1,527)
Amounts reclassified from accumulated other comprehensive loss	—	—	—
Net current-period other comprehensive loss	(505)	(1,022)	(1,527)
Ending balance	\$ (19,802)	\$ 369	\$(19,433)
Three Months Ended September 30, 2024			
Beginning balance	\$ (20,436)	\$ (135)	\$(20,571)
Other comprehensive income before reclassifications	2,866	935	3,801
Amounts reclassified from accumulated other comprehensive loss	—	118	118
Net current-period other comprehensive income	2,866	1,053	3,919
Ending balance	\$ (17,570)	\$ 918	\$(16,652)

Changes in accumulated other comprehensive loss for the nine months ended September 30, 2025 and 2024 are as follows (in thousands):

	Foreign currency translation adjustments	Derivative adjustments	Total
Nine Months Ended September 30, 2025			
Beginning balance	\$ (20,927)	\$ (966)	\$(21,893)
Other comprehensive income before reclassifications	510	731	1,241
Amounts reclassified from accumulated other comprehensive loss	615	604	1,219
Net current-period other comprehensive income	1,125	1,335	2,460
Ending balance	\$ (19,802)	\$ 369	\$(19,433)

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Nine Months Ended September 30, 2024	Foreign currency translation adjustments	Derivative adjustments	Total
Beginning balance	\$ (15,348)	\$ 691	\$(14,657)
Other comprehensive loss before reclassifications	(2,222)	(477)	(2,699)
Amounts reclassified from accumulated other comprehensive loss	—	704	704
Net current-period other comprehensive income (loss)	(2,222)	227	(1,995)
Ending balance	\$ (17,570)	\$ 918	\$(16,652)

During the nine months ended September 30, 2025, the Company reclassified a \$615 thousand of cumulative translation adjustment from accumulated other comprehensive loss into loss in connection with the liquidation of MMS, the Company's indirect wholly owned foreign subsidiary.

17. Stock Repurchase

Stock Repurchase Program

On July 19, 2023, the Board of Directors authorized a \$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 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 stock repurchase program.

From January 2025 to September 2025, the Company repurchased 1,093,748 shares of its common stock in the open market for an aggregate purchase price of \$3.6 million and a weighted average price per share of \$3.33 under the stock repurchase program.

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18. Loss Per Share

The following table illustrates the computation of basic and diluted loss per common share for the three and nine months ended September 30, 2025 and 2024:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
	(In thousands of U.S. dollars, except share data)			
Basic loss per common share				
Loss from continuing operations	\$ (10,609)	\$ (3,921)	\$ (5,457)	\$ (19,608)
Loss from discontinued operations, net of tax	(2,481)	(5,696)	(16,188)	(18,423)
Net loss	<u>\$ (13,090)</u>	<u>\$ (9,617)</u>	<u>\$ (21,645)</u>	<u>\$ (38,031)</u>
Basic weighted average common stock outstanding	35,934,406	37,468,849	36,298,491	38,060,682
Basic loss per common share				
Continuing operations	\$ (0.29)	\$ (0.11)	\$ (0.15)	\$ (0.52)
Discontinued operations	\$ (0.07)	\$ (0.15)	\$ (0.45)	\$ (0.48)
Total	<u>\$ (0.36)</u>	<u>\$ (0.26)</u>	<u>\$ (0.60)</u>	<u>\$ (1.00)</u>
Diluted loss per common share				
Loss from continuing operations	\$ (10,609)	\$ (3,921)	\$ (5,457)	\$ (19,608)
Loss from discontinued operations, net of tax	(2,481)	(5,696)	(16,188)	(18,423)
Net loss	<u>\$ (13,090)</u>	<u>\$ (9,617)</u>	<u>\$ (21,645)</u>	<u>\$ (38,031)</u>
Basic weighted average common stock outstanding	35,934,406	37,468,849	36,298,491	38,060,682
Net effect of dilutive equity awards	—	—	—	—
Diluted weighted average common stock outstanding	35,934,406	37,468,849	36,298,491	38,060,682
Diluted loss per common share				
Continuing operations	\$ (0.29)	\$ (0.11)	\$ (0.15)	\$ (0.52)
Discontinued operations	\$ (0.07)	\$ (0.15)	\$ (0.45)	\$ (0.48)
Total	<u>\$ (0.36)</u>	<u>\$ (0.26)</u>	<u>\$ (0.60)</u>	<u>\$ (1.00)</u>

Diluted earnings (loss) per common share adjusts basic earnings (loss) per common share for the potentially dilutive impact of stock options and restricted stock units. As the Company has reported loss from continuing operations for the three and nine months ended September 30, 2025 and 2024, all potentially dilutive securities are antidilutive and accordingly not considered, therefore basic loss per common share equals diluted loss per common share.

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Options	404,027	757,158	404,027	757,158
Restricted Stock Units	2,172,090	2,383,189	2,172,090	2,383,189

19. Commitments and Contingencies

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 \$518 thousand and \$2,294 thousand as other current assets as of September 30, 2025 and December 31, 2024, respectively.

20. Subsequent Events

Derivative contracts

In November 2025, the Company and NFIK entered into derivative contracts of zero cost collars for the period from April 2026 to June 2027. The total notional amounts are \$42,000 thousand.

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Report”) contains forward-looking statements 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, 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 this section, in “Part II: Item 1A. Risk Factors” herein and in “Part I, Item 1A. Risk Factors” in our Annual Report on Form 10-K for our fiscal year ended December 31, 2024 filed on March 14, 2025 (“2024 Form 10-K”).

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.

Statements made in this Report, unless the context otherwise requires, that include the use of the terms “we,” “us,” “our” and “Magnachip” refer to Magnachip Semiconductor Corporation and its consolidated subsidiaries. The term “Korea” refers to the Republic of Korea or South Korea.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and the related notes included elsewhere in this Report.

Overview

We are a designer and manufacturer of analog and mixed-signal power semiconductor platform solutions for various applications, including industrial, automotive, communication, consumer and computing. 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.

We develop and manufacture Power discrete products and develop Power integrated circuit (“IC”) products. Power 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 personal computers (“PCs”), notebook PCs, tablet PCs, servers, other consumer electronics, as well as automotive and industrial applications such as power suppliers, e-bikes, solar inverters, LED lighting and motor drives. Power IC 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.

In 2024, the Power IC business was operated by Magnachip Mixed-Signal, Ltd. (“MMS”), which later transferred the business to Magnachip Semiconductor, Ltd. (“MSK”) effective January 1, 2025, pursuant to an intercompany business transfer agreement executed between MMS and MSK. The transfer was based on the mutual understanding that consolidating the Power IC and Power Analog Solutions businesses under a single company would create a more effective framework for expanding and strengthening the Company’s business for Power products. We refer to the Power Analog Solutions and Power IC businesses collectively as the Power solutions business.

On March 7, 2025, our Board of Directors authorized a strategy to transition into a pure-play Power company, focusing its investments on the Power Analog Solutions and Power IC businesses to enhance profitability and maximize shareholder value. As part of this strategy, we explored all strategic options including a sale, merger, joint venture, licensing, and wind-down for its Display business (Display IC products). However, we were not able to consummate any transaction following several months of discussions with several interested parties on terms that our Board of Directors believed were in the best interests of the Company and our stockholders.

Accordingly, on April 6, 2025, our Board of Directors unanimously approved the plan to shut down our Display business (the “Discontinued Business”), including the liquidation of MMS, our indirect wholly owned subsidiary that operated the Discontinued Business. For additional information regarding the announcement of our plan to shut down display business, *see the Company’s Current Report on Form 8-K filed on April 8, 2025*. As a result of the Discontinued Business and the cessation of transitional Fab 3 foundry services, our results from continuing operations in future periods will consist solely of the Power solutions business.

Our wide variety of analog and mixed-signal power 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 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 Power IC products are produced using an external foundry. Through a strategic cooperation with an external foundry, we manage to ensure outsourcing wafers at competitive price and produce quality products.

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 industrial, automotive, communication, consumer and computing 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 Power Analog Solutions and Power IC business are driven by design wins in which we are selected by an electronics original equipment manufacturer (“OEM”) or other potential customer 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 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 Power Analog Solutions and Power IC 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 Power IC products which do require advanced technology and 8-inch wafer capacity. We believe this balanced capital investment strategy enables us to optimize our capital investments and facilitates more diversified product and service offerings.

By outsourcing manufacturing of Power IC products to an external foundry, we have been able to adapt dynamically to changing customer requirements and address growing markets without substantial capital investments by us. However, relying on an external foundry exposes us to the risk of being unable to secure manufacturing capacity, particularly during the global shortage of foundry services. Although we work to diversify the sourcing of external manufacturing, 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

Shut-Down of Display business

On March 7, 2025, our Board of Directors authorized a strategy to transition to a pure-play Power company, focusing its investments on the Power Analog Solutions and Power IC businesses to enhance profitability and maximize shareholder value. As part of this strategy, we explored all strategic options including a sale, merger, joint venture, licensing, and wind-down for its Display business (Display IC products). However, we were not able to consummate a transaction following several months of discussions with several interested parties on terms that our Board of Directors believed were in the best interests of the Company and our stockholders.

Accordingly, on April 6, 2025, our Board of Directors unanimously approved the plan to shut down our Display business (the “Discontinued Business”) by the end of the second quarter of 2025, including the liquidation of MMS, our indirect wholly owned subsidiary that operated the Discontinued Business. For additional information regarding the announcement of our plan to shut down display business, *see the Company’s Current Report on Form 8-K filed on April 8, 2025*.

Although we shut down our Display business, we continue to provide limited support for remaining customer obligations including the sale of “end of life” (“EOL”) Display products, which is being conducted by MSK. We have retained a small team to continue to support customers with respect to EOL Display products. The sale of EOL Display products and the potential monetization of the intellectual property assets of the Discontinued Business are currently expected to generate cash inflow of approximately \$20 million over a period of approximately 2 years from the second half of 2025, depending upon customer demand and monetization efforts of the Display intellectual property assets.

The total estimated cash cost of the liquidation is approximately \$12 to \$15 million, which is expected to be offset by the cash inflow that may be generated as described above. The one-time liquidation cost is expected to consist of statutory severance and other employee-related costs, contract termination charges and other associated costs. Of this estimated total cash cost, we paid \$6.5 million of statutory severance and other employee-related costs in the second quarter of 2025. Further, we originally expected to pay certain contract termination charges in full along with the statutory severance and other employee-related costs, but negotiated with the respective vendors for those contract termination charges totaling \$6.5 million to be paid over the duration of the remaining existing contract terms.

CAPEX Loans

On December 16, 2024, MSK executed a Standard Credit Agreement (as amended) (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 8, 2024, MSK amended the Kun-Pledge Agreement (the “Equipment Pledge Agreement”) with KDB, originally executed on or about March 26, 2024, to increase the maximum secured amount and to expand the scope of collateral to include certain machinery and equipment 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 fixed rate quoted by the treasury bond market yield (a six-year Korea treasury bill rate). CAPEX Loans mature in ten years from the initial loan disbursement date, with an initial two-year (measured from the first loan disbursement date) interest-only payment period during which only interest is paid monthly, followed by eight years of amortizing payments where the principal is repaid in equal installments every three 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 September 30, 2025, the aggregate principal amount outstanding under the CAPEX Loans was approximately \$10.4 million, which bears a weighted average interest rate of 2.66% per annum and matures on June 26, 2035.

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 trade conflicts or trade wars (especially those between the United States and China) including those arising directly or indirectly from tariffs recently imposed by the United States, any one or more of which may cause (if they have not already caused) 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. On September 30, 2025, BIS published an "Affiliates Rule," effective immediately, to expand end-user controls to cover certain affiliates of entities designated on BIS Entity List or Military End User List or designated on the Specially Designated Nationals and Blocked Persons (SDN) List administered by the U.S. Department of the Treasury, Office of Foreign Assets Control. Based on our understanding of the U.S. Export Regulations and related rules currently in effect, we expect to invest additional resources and efforts in the screening of prospects, customers, and end-users in order to comply with the new Affiliates Rule; while we do not anticipate that the rest of the rules will have a material impact on our current business, 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 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 and (iv) early termination and other charges. EBITDA for the periods indicated is defined as net income (loss) before interest income, interest expense, income tax expense (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 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 income (loss) from continuing operations 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 loss to Adjusted EBITDA from continuing operations is as follows:

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
	(Dollars in millions)			
Loss from continuing operations	\$ (10.6)	\$ (5.5)	\$ (3.9)	\$ (19.6)
Interest income	(1.3)	(4.1)	(1.9)	(6.2)
Interest expense	0.5	1.3	0.5	1.1
Income tax expense (benefit), net	(4.2)	(8.7)	6.1	2.3
Depreciation and amortization	3.2	9.6	3.6	11.0
EBITDA from continuing operations	\$ (12.4)	\$ (7.5)	\$ 4.3	\$ (11.4)
Adjustments:				
Equity-based compensation expense(a)	0.1	2.0	1.6	3.5
Foreign currency loss (gain), net(b)	4.3	(6.1)	(5.2)	3.4
Derivative valuation loss (gain), net(c)	—	0.1	0.1	(0.1)
Early termination and other charges(d)	4.0	4.8	—	—
Adjusted EBITDA from continuing operations	<u>\$ (4.0)</u>	<u>\$ (6.7)</u>	<u>\$ 0.8</u>	<u>\$ (4.6)</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 three months ended September 30, 2025, this adjustment eliminates \$2.6 million of termination-related charges in connection with the voluntary resignation program and \$1.4 million of certain executive separation benefits. For the nine months ended September 30, 2025, this adjustment eliminates \$2.6 million of termination-related charges, \$1.7 million of certain executive separation benefits and \$0.5 million of one-time employee incentives. As this adjustment meaningfully impacted our operating results and is not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if this adjustment is 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;
- 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 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 and (ii) early termination and other charges.

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

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
	(Dollars in millions)			
Operating loss	\$ (11.5)	\$ (23.4)	\$ (4.5)	\$ (19.1)
Adjustments:				
Equity-based compensation expense(a)	0.1	2.0	1.6	3.5
Early termination and other charges(b)	4.0	4.8	—	—
Adjusted Operating Loss	<u>\$ (7.4)</u>	<u>\$ (16.6)</u>	<u>\$ (2.9)</u>	<u>\$ (15.6)</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 three months ended September 30, 2025, this adjustment eliminates \$2.6 million of termination-related charges in connection with the voluntary resignation program and \$1.4 million of certain executive separation benefits. For the nine months ended September 30, 2025, this adjustment eliminates \$2.6 million of termination-related charges, \$1.7 million of certain executive separation benefits and \$0.5 million of one-time employee incentives. As this adjustment meaningfully impacted our operating results and is not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if this adjustment is 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 income (loss) from continuing operations 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 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) early termination and other charges and (v) income tax effect on non-GAAP adjustments.

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

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
	(Dollars in millions, except per share data)			
Loss from continuing operations	\$ (10.6)	\$ (5.5)	\$ (3.9)	\$ (19.6)
Adjustments:				
Equity-based compensation expense(a)	0.1	2.0	1.6	3.5
Foreign currency loss (gain), net(b)	4.3	(6.1)	(5.2)	3.4
Derivative valuation loss (gain), net(c)	—	0.1	0.1	(0.1)
Early termination and other charges(d)	4.0	4.8	—	—
Income tax effect on non-GAAP adjustments(e)	1.8	(0.4)	(0.1)	(1.3)
Adjusted Loss from continuing operations	<u>\$ (0.4)</u>	<u>\$ (5.2)</u>	<u>\$ (7.6)</u>	<u>\$ (14.1)</u>
Reported loss per share – basic	\$ (0.29)	\$ (0.15)	\$ (0.11)	\$ (0.52)
Reported loss per share – diluted	\$ (0.29)	\$ (0.15)	\$ (0.11)	\$ (0.52)
Weighted average number of shares – basic	35,934,406	36,298,491	37,468,849	38,060,682
Weighted average number of shares – diluted	35,934,406	36,298,491	37,468,849	38,060,682
Adjusted loss per share – basic	\$ (0.01)	\$ (0.14)	\$ (0.20)	\$ (0.37)
Adjusted loss per share – diluted	\$ (0.01)	\$ (0.14)	\$ (0.20)	\$ (0.37)
Weighted average number of shares – basic	35,934,406	36,298,491	37,468,849	38,060,682
Weighted average number of shares – diluted	35,934,406	36,298,491	37,468,849	38,060,682

- (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 three months ended September 30, 2025, this adjustment eliminates \$2.6 million of termination-related charges in connection with the voluntary resignation program and \$1.4 million of certain executive separation benefits. For the nine months ended September 30, 2025, this adjustment eliminates \$2.6 million of termination-related charges, \$1.7 million of certain executive separation benefits and \$0.5 million of one-time employee incentives. As this adjustment meaningfully impacted our operating results and is not expected to represent an ongoing operating expense or income to us, we believe our operating performance results are more usefully compared if this adjustment is excluded.
- (e) For the three and nine months ended September 30, 2025 and 2024, income tax effect on non-GAAP adjustments were calculated by calculating the tax expense of each jurisdiction with or without the non-GAAP adjustments. For the three and nine months ended September 30, 2025, income tax effect on non-GAAP adjustments related to our Korean subsidiary was positive \$1.8 million and negative \$0.4 million, respectively. For the three and nine months ended September 30, 2024, income tax effect on non-GAAP adjustments related to our Korean subsidiary was negative \$0.1 million and negative \$1.3 million, respectively.

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

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 Power solutions business. 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 nine months ended September 30, 2025 and 2024, we sold products to 173 and 147 customers, respectively, and our net sales to our ten largest customers represented 74.2% and 72.5% of our net sales – Power solutions business, 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 ("ASP"). 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.

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 September 30, 2025, 97% 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 depreciate 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 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, Magnachip Semiconductor, Ltd. or MSK, which is denominated in U.S. dollars. As of September 30, 2025, the outstanding intercompany loan balance including accrued interest between MSK and our Dutch subsidiary was \$244.7 million. As a result of such foreign currency exchange rate 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.

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 consolidated 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.

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 Three Months Ended September 30, 2025 and 2024

The following table sets forth consolidated results of operations for the three months ended September 30, 2025 and 2024:

	Three Months Ended September 30, 2025		Three Months Ended September 30, 2024		Change Amount
	Amount	% of Total Revenues	Amount	% of Total Revenues	
(Dollars in millions)					
Revenues					
Net sales – Power solutions business	\$ 45.9	100.0%	\$ 53.0	95.6%	\$ (7.0)
Net sales – transitional Fab 3 foundry services	—	—	2.4	4.4	(2.4)
Total revenues	45.9	100.0	55.4	100.0	(9.5)
Cost of sales					
Cost of sales – Power solutions business	37.4	81.4	41.3	74.6	(3.9)
Cost of sales – transitional Fab 3 foundry services	—	—	2.6	4.7	(2.6)
Total cost of sales	37.4	81.4	43.9	79.2	(6.5)
Gross profit	8.5	18.6	11.5	20.8	(3.0)
Selling, general and administrative expenses	8.3	18.1	9.5	17.2	(1.2)
Research and development expenses	7.8	16.9	6.5	11.7	1.3
Early termination and other charges	4.0	8.7	—	—	4.0
Operating loss	(11.5)	(25.1)	(4.5)	(8.1)	(7.1)
Interest income	1.3	2.7	1.9	3.5	(0.7)
Interest expense	(0.5)	(1.0)	(0.5)	(0.9)	0.0
Foreign currency gain (loss), net	(4.3)	(9.3)	5.2	9.5	(9.5)
Other income, net	0.3	0.6	(0.0)	(0.1)	0.3
	(3.2)	(7.1)	6.7	12.1	(9.9)
Income (Loss) from continuing operations before income tax expense (benefit), net	(14.8)	(32.2)	2.2	4.0	(17.0)
Income tax expense (benefit), net	(4.2)	(9.1)	6.1	11.0	(10.3)
Loss from continuing operations	(10.6)	(23.1)	(3.9)	(7.1)	(6.7)
Loss from discontinued operations, net of tax	(2.5)	(5.4)	(5.7)	(10.3)	3.2
Net loss	\$ (13.1)	(28.5)	\$ (9.6)	(17.3)	\$ (3.5)

	Three Months Ended September 30, 2025		Three Months Ended September 30, 2024		Change Amount
	Amount	% of Total Revenues	Amount	% of Total Revenues	
(Dollars in millions)					
Revenues					
Net sales – Power solutions business					
Power Analog Solutions	\$ 41.5	90.4%	\$ 47.6	85.8%	\$ (6.0)
Power IC	4.4	9.6	5.4	9.8	(1.0)
Total Power solutions business	45.9	100.0	53.0	95.6	(7.0)
Net sales – transitional Fab 3 foundry services	—	—	2.4	4.4	(2.4)
Total revenues	\$ 45.9	100.0%	\$ 55.4	100.0%	\$ (9.5)

	Three Months Ended September 30, 2025		Three Months Ended September 30, 2024		Change Amount
	Amount	% of Net Sales	Amount	% of Net Sales	
(Dollars in millions)					
Gross Profit					
Gross profit – Power solutions business					
Power Analog Solutions	\$ 6.6	16.0%	\$ 9.2	19.4%	\$ (2.6)
Power IC	1.9	43.2	2.4	44.6	(0.5)
Total Power solutions business	8.5	18.6%	11.7	22.0%	(3.1)
Gross profit – transitional Fab 3 foundry services	—	—	(0.2)	(6.5)	0.2
Total gross profit	<u>\$ 8.5</u>	<u>18.6%</u>	<u>\$ 11.5</u>	<u>20.8%</u>	<u>\$ (3.0)</u>

Revenues

Total revenues were \$45.9 million for the three months ended September 30, 2025, a \$9.5 million, or 17.1%, decrease compared to \$55.4 million for the three months ended September 30, 2024. This decrease was primarily due to a decrease in revenue related to our Power solutions business as described below.

The Power solutions business. Net sales from our Power solutions business were \$45.9 million for the three months ended September 30, 2025, a \$7.0 million, or 13.3%, decrease compared to \$53.0 million for the three months ended September 30, 2024. The decrease in net sales from our Power solutions business line was primarily attributable to the competitive pricing pressure on our older generation products, particularly in China, which was offset in part by a higher demand for low-voltage MOSFETs in communication applications. A lower demand for our Power IC products, primarily for OLED IT devices, also had an unfavorable impact on net sales.

Gross Profit

Total gross profit was \$8.5 million for the three months ended September 30, 2025 compared to \$11.5 million for the three months ended September 30, 2024, a \$3.0 million, or 25.8%, decrease. Gross profit as a percentage of net sales for the three months ended September 30, 2025 decreased to 18.6% compared to 20.8% for the three months ended September 30, 2024. The decrease in gross profit and gross profit as a percentage of net sales was primarily due to our Power solutions business as further described below.

The Power solutions business. Gross profit from our Power solutions business was \$8.5 million for the three months ended September 30, 2025, which represented a \$3.1 million, or 26.8%, decrease from gross profit of \$11.7 million for the three months ended September 30, 2024. Gross profit as a percentage of net sales for the three months ended September 30, 2025 decreased to 18.6% compared to 22.0% for the three months ended September 30, 2024. The year-over-year decrease in gross profit and gross profit as a percentage of net sales was primarily attributable to an unfavorable product mix primarily relating to ASP erosion due to increased pricing pressure on our older generation products, particularly in China.

Net Sales – Power solutions business by Geographic Region

We report net sales – Power solutions business by geographic region based on the location to which the products are billed. The following table sets forth our net sales – Power solutions business by geographic region and the percentage of total net sales – Power solutions business represented by each geographic region for the three months ended September 30, 2025 and 2024:

	Three Months Ended September 30, 2025		Three Months Ended September 30, 2024		Change Amount
	Amount	% of Net Sales – Power solutions business	Amount	% of Net Sales – Power solutions business	
	(Dollars in millions)				
Korea	\$ 23.3	50.6%	\$ 22.9	43.2%	\$ 0.4
Asia Pacific (other than Korea)	20.3	44.2	28.2	53.2	(7.9)
United States	1.1	2.5	0.7	1.3	0.5
Europe	1.2	2.7	1.2	2.3	(0.0)
	<u>\$ 45.9</u>	<u>100.0%</u>	<u>\$ 53.0</u>	<u>100.0%</u>	<u>\$ (7.0)</u>

Net sales – Power solutions business in Korea slightly increased from \$22.9 million for the three months ended September 30, 2024 to \$23.3 million for the three months ended September 30, 2025, or by \$0.4 million, or 1.6%, primarily due to an increased demand for power products such as low-voltage MOSFETs in communication applications, which was offset in part by a lower demand for high-end MOSFETs in consumer applications. A lower demand for our Power IC products, primarily for OLED IT devices, also had an unfavorable impact on net sales.

Net sales – Power solutions business in Asia Pacific (other than Korea) decreased from \$28.2 million for the three months ended September 30, 2024 to \$20.3 million for the three months ended September 30, 2025, or by \$7.9 million, or 28.0%, primarily due to a decreased revenue from the competitive pricing pressure on our older generation products in industrial and consumer applications, which was offset in part by a higher demand for low-voltage MOSFETs in communication applications.

Operating Expenses

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$8.3 million, or 18.1% of total revenues, for the three months ended September 30, 2025, compared to \$9.5 million, or 17.2% of total revenues, for the three months ended September 30, 2024. The decrease of \$1.2 million, or 12.7%, was primarily attributable to a decrease in employee compensation, mainly due to the forfeiture of equity-based compensation in connection with the separation of certain executive officers.

Research and Development Expenses. Research and development expenses were \$7.8 million, or 16.9% of total revenues, for the three months ended September 30, 2025, compared to \$6.5 million, or 11.7% of total revenues, for the three months ended September 30, 2024. The increase of \$1.3 million, or 20.1%, was primarily attributable to higher personnel costs resulting from the increased headcount of research and development staff and an increase in material costs for power products based on the timing of development activities.

Early Termination and Other Charges. For the three months ended September 30, 2025, we recorded \$2.6 million of termination-related charges in connection with the voluntary resignation program and \$1.4 million of certain executive separation benefits.

Operating Loss

As a result of the foregoing, operating loss of \$11.5 million was recorded for the three months ended September 30, 2025 compared to operating loss of \$4.5 million for the three months ended September 30, 2024. As discussed above, the increase in operating loss of \$7.1 million resulted primarily from a \$4.0 million increase in early termination and other charges, a \$3.0 million decrease in gross profit and a \$1.3 million increase in research and development expenses, which was offset in part by a \$1.2 million decrease in selling, general and administrative expenses.

Other Income (Expense)

Interest Income. Interest income was \$1.3 million and \$1.9 million for the three months ended September 30, 2025 and 2024, respectively.

Interest Expense. Interest expense was \$0.5 million and \$0.5 million for the three months ended September 30, 2025 and 2024, respectively.

Foreign Currency Gain (Loss), Net. Net foreign currency loss for the three months ended September 30, 2025 was \$4.3 million compared to net foreign currency gain of \$5.2 million for the three months ended September 30, 2024. The net foreign currency loss for the three months ended September 30, 2025 was due to the depreciation in value of the Korean won relative to the U.S. dollar during the period. The net foreign currency gain for the three months ended September 30, 2024 was due to the appreciation 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 intercompany long-term loans to one of our Korean subsidiaries, which 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 September 30, 2025 and 2024, the outstanding intercompany loan balances, including accrued interest between our Korean subsidiary, Magnachip Semiconductor, Ltd., and our Dutch subsidiary, were \$244.7 million and \$259.7 million, respectively. Foreign currency translation gain or loss from intercompany balances were included in determining our consolidated net income (loss) 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 Expense (Benefit), Net

Income tax benefit was \$4.2 million for the three months ended September 30, 2025, which was primarily attributable to the estimated taxable loss in our Korean subsidiary for the respective period, including loss recognized in connection with the shutdown of the discontinued Display business during the second quarter of 2025.

Income tax expense was \$6.1 million for the three months ended September 30, 2024, which was primarily related to the primary operating entity's in-kind contribution of certain business lines made during the first quarter of 2024, as a result of its assessment of realizability of the deferred tax assets in the future.

Loss from Continuing Operations

Loss from continuing operations for the three months ended September 30, 2025 was \$10.6 million compared to loss from continuing operations of \$3.9 million for the three months ended September 30, 2024. The \$6.7 million increase in loss from continuing operations was primarily attributable to a \$9.5 million increase in net foreign currency loss and \$7.1 million increase in operating loss, which was offset in part by a \$10.3 million increases in income tax benefit.

Loss from Discontinued Operations, Net of Tax

Loss from discontinued operations, net of tax for the three months ended September 30, 2025 was \$2.5 million, compared to loss from discontinued operations, net of tax of \$5.7 million for the three months ended September 30, 2024. The \$3.2 million improvement in loss from discontinued operations, net of tax primarily resulted from a \$4.6 million improvement in operating loss, which was offset in part by a \$1.7 million decrease in income tax benefit.

Net Loss

As a result of the foregoing, a net loss of \$13.1 million was recorded for the three months ended September 30, 2025 compared to a net loss of \$9.6 million for the three months ended September 30, 2024. As discussed above, the increase in net loss of \$3.5 million primarily resulted from a \$6.7 million increase in loss from continuing operations, which was offset by a \$3.2 million improvement in loss from discontinued operations, net of tax.

Results of Operations – Comparison of Nine Months Ended September 30, 2025 and 2024

The following table sets forth consolidated results of operations for the nine months ended September 30, 2025 and 2024:

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024		Change Amount
	Amount	% of Total Revenues	Amount	% of Total Revenues	
(Dollars in millions)					
Revenues					
Net sales – Power solutions business	\$ 138.3	100.0%	\$ 137.0	94.3%	\$ 1.3
Net sales – transitional Fab 3 foundry services	—	—	8.3	5.7	(8.3)
Total revenues	138.3	100.0	145.3	100.0	(7.0)
Cost of sales					
Cost of sales – Power solutions business	110.7	80.0	108.4	74.6	2.3
Cost of sales – transitional Fab 3 foundry services	—	—	9.3	6.4	(9.3)
Total cost of sales	110.7	80.0	117.6	81.0	(6.9)
Gross profit	27.6	20.0	27.7	19.0	(0.0)
Selling, general and administrative expenses	26.5	19.2	28.3	19.5	(1.9)
Research and development expenses	19.7	14.2	18.5	12.7	1.2
Early termination and other charges	4.8	3.5	—	—	4.8
Operating loss	(23.4)	(16.9)	(19.1)	(13.2)	(4.3)
Interest income	4.1	3.0	6.2	4.3	(2.1)
Interest expense	(1.3)	(0.9)	(1.1)	(0.8)	(0.1)
Foreign currency gain (loss), net	6.1	4.4	(3.4)	(2.3)	9.5
Other income, net	0.3	0.2	0.1	0.1	0.2
	9.2	6.7	1.8	1.2	7.4
Loss from continuing operations before income tax expense (benefit), net	(14.2)	(10.2)	(17.3)	(11.9)	3.2
Income tax expense (benefit), net	(8.7)	(6.3)	2.3	1.6	(11.0)
Loss from continuing operations	(5.5)	(3.9)	(19.6)	(13.5)	14.2
Loss from discontinued operations, net of tax	(16.2)	(11.7)	(18.4)	(12.7)	2.2
Net loss	\$ (21.6)	(15.7)	\$ (38.0)	(26.2)	\$ 16.4

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024		Change Amount
	Amount	% of Total Revenues	Amount	% of Total Revenues	
(Dollars in millions)					
Revenues					
Net sales – Power solutions business					
Power Analog Solutions	\$ 123.7	89.4%	\$ 123.3	84.9%	\$ 0.3
Power IC	14.6	10.6	13.6	9.4	1.0
Total Power solutions business	138.3	100.0	137.0	94.3	1.3
Net sales – transitional Fab 3 foundry services	—	—	8.3	5.7	(8.3)
Total revenues	\$ 138.3	100.0%	\$ 145.3	100.0%	\$ (7.0)

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024		Change Amount
	Amount	% of Net Sales	Amount	% of Net Sales	
(Dollars in millions)					
Gross Profit					
Gross profit – Power solutions business					
Power Analog Solutions	\$ 21.5	17.3%	\$ 22.6	18.3%	\$ (1.1)
Power IC	6.2	42.1	6.0	44.2	0.1
Total Power solutions business	27.6	20.0%	28.6	20.9%	(1.0)
Gross profit – transitional Fab 3 foundry services	—	—	(1.0)	(11.6)	1.0
Total gross profit	\$ 27.6	20.0%	\$ 27.7	19.0%	\$ (0.0)

Revenues

Total revenues were \$138.3 million for the nine months ended September 30, 2025, a \$7.0 million, or 4.8%, decrease compared to \$145.3 million for the nine months ended September 30, 2024. This decrease was primarily due to a decrease in transitional Fab 3 foundry services revenue, which was faded out by the end of 2024.

The Power solutions business. Net sales from our Power solutions business were \$138.3 million for the nine months ended September 30, 2025, a \$1.3 million, or 1.0%, slightly increase compared to \$137.0 million for the nine months ended September 30, 2024. The increase in net sales from our Power solutions business line was attributable to a higher demand for power products such as low-voltage MOSFETs in communication applications, which was mostly offset by a decreased revenue due mainly to the competitive pricing pressure on our older generation products in consumer and industrial applications. A higher demand for our Power IC products, primarily for LED televisions, also had a favorable impact on net sales.

Gross Profit

Total gross profit was \$27.6 million for the nine months ended September 30, 2025, which remained almost flat, compared to \$27.7 million for the nine months ended September 30, 2024. Gross profit as a percentage of net sales for the nine months ended September 30, 2025 increased to 20.0% compared to 19.0% for the nine months ended September 30, 2024.

The Power solutions business. Gross profit from our Power solutions business was \$27.6 million for the nine months ended September 30, 2025, which represented a \$1.0 million, or 3.5%, decrease from gross profit of \$28.6 million for the nine months ended September 30, 2024. Gross profit as a percentage of net sales for the nine months ended September 30, 2025 decreased to 20.0% compared to 20.9% for the nine months ended September 30, 2024. The year-over-year decrease in gross profit and gross profit as a percentage of net sales was primarily attributable to an unfavorable product mix primarily relating to ASP erosion due to increased pricing pressure on our older generation products, particularly in China.

Net Sales – Power solutions business by Geographic Region

We report net sales – Power solutions business by geographic region based on the location to which the products are billed. The following table sets forth our net sales – Power solutions business by geographic region and the percentage of total net sales – Power solutions business represented by each geographic region for the nine months ended September 30, 2025 and 2024:

	Nine Months Ended September 30, 2025		Nine Months Ended September 30, 2024		Change Amount
	Amount	% of Net Sales – Power solutions business	Amount	% of Net Sales – Power solutions business	
	(Dollars in millions)				
Korea	\$ 67.7	49.0%	\$ 59.9	43.7%	\$ 7.8
Asia Pacific (other than Korea)	63.7	46.1	71.9	52.5	(8.1)
United States	3.8	2.7	1.3	1.0	2.5
Europe	3.1	2.2	3.9	2.9	(0.9)
	<u>\$ 138.3</u>	<u>100.0%</u>	<u>\$ 137.0</u>	<u>100.0%</u>	<u>\$ 1.3</u>

Net sales – Power solutions business in Korea increased from \$59.9 million for the nine months ended September 30, 2024 to \$67.7 million for the nine months ended September 30, 2025, or by \$7.8 million, or 13.1%, primarily due to an increased demand for power products such as low-voltage MOSFETs in communication applications, which was offset in part by a decreased revenue from the competitive pricing pressure on our older generation products in consumer applications. A higher demand for our Power IC products, primarily for LED televisions, also had a favorable impact on net sales.

Net sales – Power solutions business in Asia Pacific (other than Korea) decreased from \$71.9 million for the nine months ended September 30, 2024 to \$63.7 million for the nine months ended September 30, 2025, or by \$8.1 million, or 11.3%, primarily due to a decreased revenue from the competitive pricing pressure on our older generation products in consumer and industrial applications, which was offset in part by a higher demand for low-voltage MOSFETs in communication applications.

Operating Expenses

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$26.5 million, or 19.2% of total revenues, for the nine months ended September 30, 2025, compared to \$28.3 million, or 19.5% of total revenues, for the nine months ended September 30, 2024. The decrease of \$1.9 million, or 6.5%, was primarily attributable to a decrease in employee compensation, mainly due to the forfeiture of equity-based compensation in connection with the separation of certain executive officers, as well as a decrease in professional fees mainly comprised of legal and consulting fees.

Research and Development Expenses. Research and development expenses were \$19.7 million, or 14.2% of total revenues, for the nine months ended September 30, 2025, compared to \$18.5 million, or 12.7% of total revenues, for the nine months ended September 30, 2024. The increase of \$1.2 million, or 6.7%, was primarily attributable to higher personnel costs resulting from the increased headcount of research and development staff and an increase in material costs for power products based on the timing of development activities.

Early Termination and Other Charges. For the nine months ended September 30, 2025, we recorded \$2.6 million of termination-related charges in connection with the voluntary resignation program, \$1.7 million of certain executive separation benefits and \$0.5 million of one-time employee incentives.

Operating Loss

As a result of the foregoing, operating loss of \$23.4 million was recorded for the nine months ended September 30, 2025 compared to operating loss of \$19.1 million for the nine months ended September 30, 2024. As discussed above, the increase in operating loss of \$4.3 million resulted primarily from a \$4.8 million increase in early termination and other charges and a \$1.2 million increase in research and development expenses, which was offset in part by a \$1.9 million decrease in selling, general and administrative expenses.

Other Income (Expense)

Interest Income. Interest income was \$4.1 million and \$6.2 million for the nine months ended September 30, 2025 and 2024, respectively.

Interest Expense. Interest expense was \$1.3 million and \$1.1 million for the nine months ended September 30, 2025 and 2024, respectively.

Foreign Currency Gain (Loss), Net. Net foreign currency gain for the nine months ended September 30, 2025 was \$6.1 million compared to net foreign currency loss of \$3.4 million for the nine months ended September 30, 2024. The net foreign currency gain for the nine months ended September 30, 2025 was due to the appreciation in value of the Korean won relative to the U.S. dollar during the period. The net foreign currency loss for the nine months ended September 30, 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 intercompany long-term loans to one of our Korean subsidiaries, which 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 September 30, 2025 and 2024, the outstanding intercompany loan balances, including accrued interest between our Korean subsidiary, Magnachip Semiconductor, Ltd., and our Dutch subsidiary, were \$244.7 million and \$259.7 million, respectively. Foreign currency translation gain or loss from intercompany balances were included in determining our consolidated net income (loss) 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 Expense (Benefit), Net

Income tax benefit was \$8.7 million for the nine months ended September 30, 2025, which was primarily attributable to the estimated taxable loss in our Korean subsidiary for the respective period, including loss recognized in connection with the shutdown of the discontinued Display business during the second quarter of 2025.

Income tax expense was \$2.3 million for the nine months ended September 30, 2024, which was primarily related to a decrease in tax benefits from pre-tax loss of one of our operating entities in Korea and a valuation allowance established against the deferred tax assets of the other operating entity in Korea, as a result of its assessment of realizability of the deferred tax assets in the future.

Loss from Continuing Operations

Loss from continuing operations for the nine months ended September 30, 2025 was \$5.5 million compared to loss from continuing operations of \$19.6 million for the nine months ended September 30, 2024. The \$14.2 million improvement in results from continuing operations was primarily attributable to a \$9.5 million improvement in net foreign currency gain or loss, and an \$11.0 million increase in income tax benefit, which was offset in part by a \$4.3 million increase in operating loss and a \$2.1 million decrease in interest income.

Loss from Discontinued Operations, Net of Tax

Loss from discontinued operations, net of tax for the nine months ended September 30, 2025 was \$16.2 million, compared to loss from discontinued operations, net of tax of \$18.4 million for the nine months ended September 30, 2024. The \$2.2 million improvement in loss from discontinued operations, net of tax primarily resulted from a \$3.0 million improvement in operating loss, which was offset in part by a \$0.7 million increase in income tax expense.

Net Loss

As a result of the foregoing, a net loss of \$21.6 million was recorded for the nine months ended September 30, 2025 compared to a net loss of \$38.0 million for the nine months ended September 30, 2024. As discussed above, the improvement in net loss of \$16.4 million primarily resulted from a \$14.2 million decrease in loss from continuing operations and a \$2.2 million decrease in loss from discontinued operations, net of tax.

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 September 30, 2025, 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 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 September 30, 2025, the outstanding obligation of this arrangement is approximately \$11.4 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 \$28.5 million based on the KRW/USD exchange rate of 1,402.2:1 as of September 30, 2025 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.

On June 26, 2025, under its existing Equipment Financing Credit Agreement with KDB, MSK entered into a CAPEX Loan of KRW 9,520,000,000 (approximately \$6.8 million based on the KRW/USD exchange rate of 1,402.2:1 as of September 30, 2025 as quoted by KEB Hana Bank). On September 26, 2025, MSK additionally entered into a CAPEX Loan of KRW 5,075,000,000 (approximately \$3.6 million based on the KRW/USD exchange rate of 1,402.2:1 as of September 30, 2025 as quoted by KEB Hana Bank). The CAPEX Loan requires monthly interest-only payments, with principal repayments deferred for an initial two-year period and amortized over the subsequent eight years, and matures on June 26, 2035.

As of September 30, 2025, cash and cash equivalents held by MSK were \$99.2 million, which represents 92% 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 12 months and the foreseeable future.

Working Capital

Our working capital balance as of September 30, 2025 was \$151.7 million compared to \$173.0 million as of December 31, 2024. The decrease in working capital balance was mainly attributable to a \$30.6 million decrease in cash and cash equivalents resulted primarily from a \$6.5 million of severance and other employee-related costs in connection with the liquidation of MMS, and continued execution of capital expenditures and stock repurchase program.

Cash Flows from Operating Activities

Cash outflow used in operating activities totaled \$29.6 million for the nine months ended September 30, 2025, compared to \$18.0 million of cash outflow used in operating activities for the nine months ended September 30, 2024. The net operating cash outflow for the nine months ended September 30, 2025 reflects our net loss of \$21.6 million, as adjusted favorably by \$17.8 million, which mainly consisted of depreciation and amortization, provision for severance benefits, provision for inventory reserves, net foreign currency gain and stock-based compensation, and net unfavorable impact of \$25.8 million from changes in operating assets and liabilities.

Cash Flows from Investing Activities

Cash outflow used in investing activities totaled \$13.0 million for the nine months ended September 30, 2025, compared to \$35.4 million of cash outflow used in investing activities for the nine months ended September 30, 2024. The \$22.4 million decrease in cash outflow was primarily attributable to a \$30.0 million of investment in short-term financial instruments in 2024, a \$2.2 million of net decrease in hedge collateral and \$4.9 million decrease in net payment of guarantee deposits, which was offset in part by a \$15.6 million increase in purchase of property, plant and equipment.

Cash Flows from Financing Activities

Cash inflow provided by financing activities totaled \$5.8 million for the nine months ended September 30, 2025, compared to \$20.1 million of cash inflow provided by financing activities for the nine months ended September 30, 2024. The financing cash inflow for the nine months ended September 30, 2025 was primarily attributable to the \$10.6 million of proceeds received from the CAPEX Loans with KDB, which was offset in part by a payment of \$3.7 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 inflow for the nine months ended September 30, 2024 was primarily attributable to the \$30.1 million of proceeds received from the Term Loan with KDB, which was offset in part by a payment of \$8.9 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.

For additional cash flow information associated with our discontinued operation, please see “Item 1. Interim Consolidated Financial Statements – Notes to Consolidated Financial Statements – Note 2 – Discontinued Operations” included elsewhere in this Report.

Capital Expenditures

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 nine months ended September 30, 2025, capital expenditures for property, plant and equipment were \$19.7 million, a \$15.6 million, or 372.8%, increase from \$4.2 million for the nine months ended September 30, 2024.

Looking ahead, we expect the capital expenditures for the year ending December 31, 2025, to be in the range of \$29 to \$30 million, of which \$19.7 million was incurred through September 30, 2025. The \$29 to \$30 million range includes approximately \$20 million planned for investments to upgrade our fabrication facility located in Gumi, Korea. These upgrade capital expenditures will be partially funded through the \$26.5 million Equipment Financing Credit Agreement, which is specifically designated for equipment purchases or upgrades in our Gumi fabrication facility. Of the \$19.7 million incurred in 2025, \$13.6 million was related to investments to upgrade our Gumi fabrication facility, of which \$10.6 million was funded through the Equipment Financing Credit Agreement. These investments to upgrade the Gumi fabrication facility are expected to drive development of new generation products, and upgrade new tools to optimize product mix and improve gross profit margin in the future.

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 our significant accounting policies, which are described further in Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for our fiscal year ended December 31, 2024, or our 2024 Form 10-K, 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.

A description of our critical accounting policies that involve significant management judgement appears in our 2024 Form 10-K, under “Management’s Discussion and Analysis of Financial Conditions and Reports of Operations—Critical Accounting Policies and Estimates.” There have been no other material changes to our critical accounting policies and estimates as compared to our critical accounting policies and estimates included in our 2024 Form 10-K.

Item 3. [Reserved]

Item 4. Controls and Procedures

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 Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In connection with the preparation of this Report, we carried out an evaluation under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, as of September 30, 2025, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings, see “Part I, Item 3. Legal Proceedings” of our 2024 Form 10-K.

See also “Item 1A. Risk Factors” in this Report and “Part I, Item 1A. Risk Factors” of our 2024 Form 10-K for additional information.

Item 1A. Risk Factors

The Company is subject to risks and uncertainties, any of which could have a significant or material adverse effect on our business, financial condition, liquidity or consolidated financial statements.

In addition to the other information contained in this Report and the other reports and materials the Company files with the Securities and Exchange Commission, investors should carefully consider the risk factors disclosed in Part I, Item 1A of our 2024 Form 10-K as well as in our subsequent filings with the Securities and Exchange Commission. The risks described herein and therein are not the only ones we face.

There have been no material changes to the risk factors disclosed in Part I, Item 1A of our 2024 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table shows the monthly activity related to our repurchases of common stock for the quarter ended September 30, 2025.

<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>
July 2025	30,005	\$ 3.92	30,005	\$ 21,070
August 2025(1)	68,592	\$ 2.93	38,074	\$ 20,951
September 2025	—	—	—	—
Total	<u>98,597</u>	<u>\$ 3.23</u>	<u>68,079</u>	<u>\$ 20,951</u>

- (1) Includes 30,518 shares withheld to satisfy tax withholding obligations in connection with the vesting of restricted stock units issued under our equity incentive plans.
- (2) On July 19, 2023, the Company's Board of Directors authorized a \$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 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information*Securities Trading Plans of Directors and Executive Officers*

During our last fiscal quarter, no director or officer, 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 6. Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1#*	Form of 2020 Plan Restricted Stock Units Agreement for deferrals for Directors.
10.2*	Separation Agreement, dated as of August 11, 2025, by and between the Company and YJ Kim (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed with the Securities and Exchange Commission on August 11, 2025).
10.3*	Separation Agreement, dated as of September 9, 2025, by and between the Company and Theodore Kim (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K/A filed with the Securities and Exchange Commission on September 9, 2025).
10.4*	Consulting Agreement, dated as of September 30, 2025, by and between the Company and Camillo Martino (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K/A filed with the Securities and Exchange Commission on October 3, 2025).
10.5*	Executive Service Agreement, dated as of September 30, 2025, by and between MSK and Camillo Martino (incorporated by reference to Exhibit 10.2 to the current report on Form 8-K/A filed with the Securities and Exchange Commission on October 3, 2025).
31.1#	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Principal Executive Officer.
31.2#	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Principal Financial Officer.
32.1†	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Principal Executive Officer.
32.2†	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Principal Financial Officer.
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).

Footnotes:

- # Filed herewith
- † Furnished herewith
- * Management contract, compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements 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
(Registrant)

Dated: November 10, 2025

By: /s/ Camillo Martino
Camillo Martino
Chairman and Interim Chief Executive Officer
(Principal Executive Officer)

Dated: November 10, 2025

By: /s/ Shin Young Park
Shin Young Park
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**MAGNACHIP SEMICONDUCTOR CORPORATION
RESTRICTED STOCK UNITS AGREEMENT (DEFERRED)**

Magnachip Semiconductor Corporation (the “*Company*”) has granted to the Participant named in the Notice of Grant of Restricted Stock Units (the “*Grant Notice*”) to which this Restricted Stock Units Agreement is attached an Award consisting of Restricted Stock Units subject to the terms and conditions set forth in the Grant Notice and this Restricted Stock Units Agreement, including any additional terms and conditions for the Participant’s country set forth in the appendix attached hereto (the “*Appendix*” and, together with the Restricted Stock Units Agreement, the “*Agreement*”). The Participant shall be entitled to Dividend Equivalent Rights with respect to the Award.

The Award has been granted pursuant to and shall in all respects be subject to the terms conditions of the Magnachip Semiconductor Corporation 2020 Equity and Incentive Compensation Plan, as amended and restated from time to time (the “*Plan*”), and the Magnachip Semiconductor Corporation Director Deferred Compensation Program, including the rules and conditions set forth therein (the “*Program*”), the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with the Grant Notice, this Agreement, the Plan and a prospectus for the Plan prepared in connection with the registration with the Securities and Exchange Commission of the shares issuable pursuant to the Award (the “*Plan Prospectus*”), (b) accepts the Award subject to all of the terms and conditions of the Grant Notice, this Agreement, the Plan and the Program and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Grant Notice, this Agreement, the Plan or the Program.

1. DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Grant Notice, the Plan or the Program.

(a) “*Dividend Equivalent Units*” mean additional Restricted Stock Units credited pursuant to Section 3.3.

(b) “*Units*” mean the Restricted Stock Units originally granted pursuant to the Award and the Dividend Equivalent Units credited pursuant to the Award, as both shall be adjusted from time to time pursuant to Section 9.

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

2. ADMINISTRATION.

All questions of interpretation concerning the Grant Notice, this Agreement, the Plan, the Program or any other form of agreement or other document employed by the Company in the administration of the Plan, the Program or the Award shall be determined by the Committee. All such determinations by the Committee shall be final, binding and conclusive upon all persons having an interest in the Award, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan, the Program or the Award or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the Award. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has actual authority with respect to such matter, right, obligation, or election.

3. THE AWARD.

3.1 **Grant of Units.** On the Date of Grant, the Participant shall acquire, subject to the provisions of this Agreement, the Total Number of Restricted Stock Units set forth in the Grant Notice, subject to adjustment as provided in Section 3.3 and Section 9. Subject to the terms and conditions set forth in the Grant Notice, this Agreement, the Plan and the Program, each Unit represents a right to receive on a date determined in accordance with the Grant Notice, this Agreement and the Program one (1) share of Stock.

3.2 **No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Units or shares of Stock issued upon settlement of the Units.

3.3 **Dividend Equivalent Units.** On the date that the Company pays a cash dividend to holders of Stock generally, the Participant shall be credited with a number of additional whole Dividend Equivalent Units determined by dividing (a) the product of (i) the dollar amount of the cash dividend paid per share of Stock on such date and (ii) the total number of Restricted Stock Units and Dividend Equivalent Units previously credited to the Participant pursuant to the Award and which have not been settled or forfeited pursuant to Section 4 below as of such date, by (b) the Fair Market Value per share of Stock on such date. Any resulting fractional Dividend Equivalent Unit shall be rounded to the nearest whole number. Such additional Dividend Equivalent Units shall be subject to the same terms and conditions and shall be settled or forfeited in the same manner and at the same time as the Restricted Stock Units originally subject to the Award with respect to which they have been credited.

4. VESTING OF UNITS.

Units acquired pursuant to this Agreement shall become Vested Units as provided in the Grant Notice. Dividend Equivalent Units shall become Vested Units at the same time as the Restricted Stock Units originally subject to the Award with respect to which they have been credited.

5. FORFEITURE OF UNITS.

Except to the extent expressly provided otherwise in an agreement between the Participant and the Company, in the event that the Participant's Service terminates for any reason or no reason, with or without cause, insofar as permitted under Local Law the Participant shall forfeit and the Company shall automatically reacquire all Units which are not, as of the time of such termination, Vested Units, and the Participant shall not be entitled to any payment therefor.

6. SETTLEMENT OF THE AWARD.

6.1 Issuance of Shares of Stock. The Company shall issue to the Participant the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to this Agreement on such date as specified in the Program in accordance with the terms and conditions of the Program and the Participant shall thereafter have all the rights of a stockholder of the Company with respect to such shares. Shares of Stock issued in settlement (the date of settlement, the "**Settlement Date**") of Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 6.3, Section 7 or the Company's Securities Trading Policy.

6.2 Beneficial Ownership of Shares; Certificate Registration. The Participant hereby authorizes the Company, in its sole discretion, to deposit any or all shares acquired by the Participant pursuant to the settlement of the Award with the Company's transfer agent, including any successor transfer agent, to be held in book entry form, or to deposit such shares for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice. Except as provided by the foregoing, a certificate for the shares acquired by the Participant shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

6.3 Restrictions on Grant of the Award and Issuance of Shares. The grant of the Award and issuance of shares of Stock upon settlement of the Award shall be subject to compliance with all applicable requirements of United States federal, state law and Local Law with respect to such securities. No shares of Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable United States federal, state, or Local Law or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any shares subject to the Award shall relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the Award, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

6.4 Fractional Shares. The Company shall not be required to issue fractional shares upon the settlement of the Award.

7. TAX WITHHOLDING AND LIMITED CASH SETTLEMENT FOR FOREIGN TAX OBLIGATIONS.

7.1 **In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and non-U.S. tax (including any social insurance) withholding obligations of the Participating Company, if any, which arise in connection with the Award, the vesting of Units or the issuance of shares of Stock in settlement thereof. The Company shall have no obligation to deliver shares of Stock until the tax withholding obligations of the Participating Company have been satisfied by the Participant.

7.2 **Assignment of Sale Proceeds.** Subject to compliance with applicable law and the Company's Securities Trading Policy, if permitted by the Company, the Participant may satisfy the Participating Company's tax withholding obligations in accordance with procedures established by the Company providing for delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the shares being acquired upon settlement of Units.

7.3 **Withholding in Shares.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company's tax withholding obligations by deducting from the shares of Stock otherwise deliverable to the Participant in settlement of the Award a number of whole shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable minimum statutory withholding rates.

7.4 **Limited Cash Settlement for Foreign Tax Obligations.** Notwithstanding the issuance schedule set forth in Section 6.1, to the extent Participant is subject to non-U.S. tax obligations (including any social insurance obligations) as a result of the vesting of one or more Units subject to this Award, Participant shall receive a partial cash settlement of this Award in connection with the applicable vesting date(s). The partial cash settlement is intended to enable Participant to pay the tax liability due from Participant to the non-U.S. tax authority when the Award vests. Any partial cash settlement shall occur in accordance with the following:

(a) A number of Vested Units will be forfeited on the applicable vesting date in exchange for a lump sum cash payment from the Company to the Participant in an amount equal to the Fair Market Value of the forfeited Vested Units.

(b) The number of Vested Units to be forfeited will be such number of whole shares of Stock having a Fair Market Value as close to as possible, but in no event to exceed, the tax obligation required to be paid by the Participant to the applicable non-U.S. tax authority as result of the vesting of the Units.

(c) The Fair Market Value of the forfeited Vested Units will be determined pursuant to Section 2(u) of the Plan on the vesting date of the Units.

(d) The lump sum cash payment shall be paid by the Company to the Participant within seven (7) business days from the applicable vesting date.

8. EFFECT OF CHANGE IN CONTROL.

In the event of a Change in Control, all Units granted hereunder shall automatically become Vested Units and shall be settled, paid, continued or substituted, as determined by the Committee, in connection with such Change in Control in accordance with the terms of the Plan and the Program.

9. ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.

Subject to any required action by the stockholders of the Company and the requirements of Section 409A to the extent applicable, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy) that has a material effect on the Fair Market Value of shares of Stock, or any other corporate transaction or event having an effect similar to any of the foregoing, appropriate and proportionate adjustments shall be made in the number of Units subject to the Award and/or the number and kind of shares or other property to be issued in settlement of the Award, in order to prevent dilution or enlargement of the Participant's rights under the Award. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy, which shall be treated in accordance with Section 3.3) to which the Participant is entitled by reason of ownership of Units acquired pursuant to this Award will be immediately subject to the provisions of this Award on the same basis as all Units originally acquired hereunder. Any fractional Unit or share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee, and its determination shall be final, binding and conclusive.

10. RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.

The Participant shall have no rights as a stockholder with respect to any shares which may be issued in settlement of this Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the shares are issued, except as provided in Section 3.3 and Section 9. Nothing in this Agreement shall confer upon the Participant any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service at any time.

11. LEGENDS.

The Company may at any time place legends referencing any applicable United States federal, state or non-U.S. securities law, including Local Law, restrictions on all certificates representing shares of stock issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to this Award in the possession of the Participant in order to carry out the provisions of this Section.

12. COMPLIANCE WITH SECTION 409A.

It is intended that any election, payment or benefit which is made or provided pursuant to or in connection with this Award shall result in Section 409A Deferred Compensation and shall comply in all respects with the applicable requirements of Section 409A (including applicable regulations or other administrative guidance thereunder, as determined by the Committee in good faith) to avoid the unfavorable tax consequences provided therein for non-compliance. In connection with effecting such compliance with Section 409A, the following shall apply, to the extent applicable:

12.1 Separation from Service; Required Delay in Payment to Specified Employee. Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Participant's termination of Service which constitutes a "deferral of compensation" within the meaning of the Treasury Regulations issued pursuant to Section 409A of the Code (the "**Section 409A Regulations**") shall be paid unless and until the Participant has incurred a "separation from service" within the meaning of the Section 409A Regulations. Furthermore, to the extent that the Participant is a "specified employee" within the meaning of the Section 409A Regulations as of the date of the Participant's separation from service, no amount that constitutes a deferral of compensation which is payable on account of the Participant's separation from service shall be paid to the Participant before the date (the "**Delayed Payment Date**") which is six months and one business day after the date of the Participant's separation from service or, if earlier, the date of the Participant's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

12.2 Other Delays in Payment. Neither the Participant nor the Company shall take any action to accelerate or delay the payment of any benefits under this Agreement in any manner which would not be in compliance with the Section 409A Regulations.

12.3 Separate Payments. To the extent required to comply with the Section 409A Regulations, each amount to be paid or benefit to be provided under this Agreement shall be construed as a separate identified payment for purposes of the Section 409A Regulations.

12.4 Amendments to Comply with Section 409A; Indemnification. Notwithstanding any other provision of this Agreement to the contrary, the Company is authorized to amend this Agreement, to void or amend any election made by the Participant under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary

or appropriate to comply with the Section 409A Regulations without prior notice to or consent of the Participant. The Participant hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Participant in connection with the Award, including as a result of the application of Section 409A.

12.5 Advice of Independent Tax Advisor. The Company has not obtained a tax ruling or other confirmation from the Internal Revenue Service with regard to the application of Section 409A to the Award, and the Company does not represent or warrant that this Agreement will avoid adverse tax consequences to the Participant, including as a result of the application of Section 409A to the Award. The Participant hereby acknowledges that he or she has been advised to seek the advice of his or her own independent tax advisor prior to entering into this Agreement and is not relying upon any representations of the Company or any of its agents as to the effect of or the advisability of entering into this Agreement.

13. MISCELLANEOUS PROVISIONS.

13.1 Termination or Amendment. The Committee may terminate or amend the Plan or this Agreement at any time; provided, however, that except as provided in Section 8 in connection with a Change in Control, no such termination or amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

13.2 Nontransferability of the Award. Prior to the issuance of shares of Stock on the applicable Settlement Date, neither this Award nor any Units subject to this Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

13.3 Further Instruments. The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

13.4 Binding Effect. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

13.5 Delivery of Documents and Notices. Any document relating to participation in the Plan or the Program or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon

deposit in the U.S. Post Office or non-U.S. postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan and Program documents, which may include but do not necessarily include: the Plan, the Program, the Grant Notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan or the Program as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan or the Program, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 13.5(a) of this Agreement and consents to the electronic delivery of the Plan and Program documents and, if permitted by the Company, the delivery of the Grant Notice, as described in Section 13.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 13.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 13.5(a).

13.6 Integrated Agreement. The Grant Notice, this Agreement, the Plan and the Program shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Grant Notice, this Agreement, the Plan and the Program shall survive any settlement of the Award and shall remain in full force and effect.

13.7 Non-U.S. Terms and Conditions. Notwithstanding any other provision of this Agreement to the contrary, the Award shall be subject to the specific terms and conditions, if any, set forth in the Appendix to this Agreement which are applicable to the Participant's country of residence, the provisions of which are incorporated in and constitute part of this Agreement. Moreover, if the Participant relocates to one of the countries included in the Appendix, the additional terms and conditions applicable to such country will apply to the Award to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, the Program or this Agreement.

13.8 Applicable Law. This Agreement shall be governed by the laws of the State of Delaware. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties as evidenced by this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of Santa Clara, California, or the federal courts of the United States for the Northern District of California, and no other courts, where this Agreement is made and/or performed.

13.9 Language. The Participant acknowledges that the Participant is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Participant to understand the provisions in this Agreement, the Program and the Plan. Further, if the Participant has received this Agreement or any other document related to the Plan or the Program translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

13.10 Insider Trading / Market Abuse Restrictions. The Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions including, but not limited to, the U.S. and the Participant's country of residence, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of shares or rights to shares (e.g., Units) or rights linked to the value of shares during such times as the Participant is considered to have "inside information" regarding the Company (as defined by the laws in the Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy. The Participant is responsible for ensuring compliance with any applicable restrictions.

13.11 Foreign Asset / Account Reporting and Exchange Control Requirements. Certain foreign asset and/or foreign account reporting requirements and exchange controls may affect the Participant's ability to acquire or hold shares under the Plan or the Program or cash received from participating in the Plan or the Program in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant may also be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan or the Program to the Participant's country through a designated bank or broker and/or within a certain time after receipt. The Participant is responsible for complying with any applicable regulations and should consult the Participant's personal legal and tax advisors for any details.

13.12 **Waiver.** The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

13.13 **Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.14 **Clawback.** The Award will be subject to recoupment in accordance with the Compensation Recovery Policy of the Company, including, without limitation, any clawback or recoupment policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law.

APPENDIX

**ADDITIONAL TERMS AND CONDITIONS OF
MAGNACHIP SEMICONDUCTOR CORPORATION
RESTRICTED STOCK UNITS AGREEMENT**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan, the Program, the Grant Notice and/or in the Restricted Stock Units Agreement (the “*RSU Agreement*”).

TERMS AND CONDITIONS

This Appendix includes additional terms and conditions that govern the Restricted Stock Units granted to the Participant under the Plan or the Program if the Participant resides and/or works in one of the countries listed below. If the Participant is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Participant is currently residing and/or working, or if the Participant relocates to another country after the grant of the Restricted Stock Units, the Company shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to the Participant.

NOTIFICATIONS

This Appendix may also include information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant’s participation in the Plan or the Program. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2022. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the Participant’s participation in the Plan or the Program because such information may be out-of-date when the Participant’s Units vest and/or the Participant sells any shares acquired under the Plan or the Program.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation. As a result, the Company is not in a position to assure the Participant of any particular result. The Participant is therefore advised to seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to the Participant’s situation.

Finally, if the Participant is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Participant is currently residing and/or working, or if the Participant relocates to another country after the grant of the Restricted Stock Units, the notifications contained herein may not be applicable to the Participant in the same manner.

Below please find additional terms and conditions, as well as notifications, that apply to Korea.

KOREA

Terms and Conditions

There are no country-specific terms and conditions.

Notifications

If the Participant receives and owns shares of the Company at the time of delivery through a foreign financial account (i.e., financial account outside of Korea) and the total balance of all accounts of the Participant exceeds KRW 500 million on any last day of each month during a year, the Participant is required to file a Foreign Financial Account Report in accordance with the Korean tax law.

UNITED STATES

Terms and Conditions for Participants Subject to Tax in the United States

The following paragraph is inserted as a new Section 13.15 to the RSU Agreement:

“Section 409A of the U.S. Internal Revenue Code. This Agreement is intended to be a compliant deferred compensation plan under Section 409A and shall be administered and interpreted in accordance with the requirements of Section 409A. If the Participant is a specified employee (as defined in Section 409A of the Code) at the time of his or her separation from service and the Restricted Stock Units are settled on account of such separation from service, then the settlement shall be delayed for six months and one business day or until the Participant’s death, if earlier, to the extent required to avoid adverse taxation under Section 409A of the Code.”

Notifications

There are no country-specific notifications.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Camillo Martino, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: November 10, 2025

/s/ Camillo Martino

Camillo Martino

Chairman and Interim 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 quarterly report on Form 10-Q 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: November 10, 2025

/s/ Shin Young Park

Shin Young Park

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION OF PRINCIPAL 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 Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2025 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: November 10, 2025

/s/ Camillo Martino

Camillo Martino

Chairman and Interim 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 PRINCIPAL 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 Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2025 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: November 10, 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.