

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	MX	New York Stock Exchange

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

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

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

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

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

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

Large Accelerated Filer

Non-Accelerated Filer

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

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

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$139,249,768.

As of March 13, 2026, the registrant had 36,440,854 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2026 annual meeting of stockholders will be incorporated by reference into Part III of this Annual Report on Form 10-K or included by amendment to this report within 120 days after the end of the fiscal year to which this report relates.

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2025
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PART I

INDUSTRY AND MARKET DATA

We have made statements in this Annual Report on Form 10-K for the year ended December 31, 2025 (this “Report”) regarding our industry and our position in the industry based on our experience in the industry and our own views of market conditions, but we have not independently verified those statements. We do not have any obligation to announce or otherwise make publicly available updates or revisions to forecasts contained in these documents.

Statements made in this Report, unless the context otherwise requires, include the use of the terms “us,” “we,” “our,” the “Company” and “Magnachip” to refer to Magnachip Semiconductor Corporation and its consolidated subsidiaries. The term “Korea” refers to the Republic of Korea or South Korea. On October 29, 2025, we completed the liquidation of Magnachip Mixed-Signal, Ltd. (“MMS”), our indirect wholly owned subsidiary that operated the Display business (the “Discontinued Business”), pursuant to our decision to discontinue that business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

Item 1. Business

General

We are a designer and manufacturer of analog and mixed-signal 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 more than 950 registered patents and pending applications and extensive engineering and manufacturing process expertise. We develop and manufacture Power discrete (“Power Analog Solutions”) products and Power integrated circuit (“IC”) products. Power Analog Solutions 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.

The wide variety of our analog and mixed-signal power semiconductor products combined with our mature technology platform allows us to address multiple high-growth end markets and rapidly develop and introduce new products in response to market demands. Our design center and substantial manufacturing operations in Korea place us at the core of the global electronics device supply chain. We believe this enables us to quickly and efficiently respond to our customers’ needs, and allows us to better serve and capture additional demand from existing and new customers. We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. As a result, we have been able to strengthen our technology and develop products that are in high demand by our customers and end consumers. We sold approximately 350 distinct products in the year ended December 31, 2025, with a substantial portion of our revenues derived from a relatively limited number of customers.

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

For the year ended December 31, 2025, we generated total revenues of \$178.9 million, net loss of \$29.7 million, operating loss of \$35.9 million, Adjusted EBITDA from continuing operations of negative \$15.6 million, Adjusted Operating Loss of \$28.5 million and Adjusted Loss from continuing operations of \$7.9 million. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” elsewhere in this Report for an explanation of our use of the Adjusted EBITDA, Adjusted Operating Income (Loss) and Adjusted Net Income (Loss) and a reconciliation to income (loss) from continuing operations and operating income (loss) prepared in accordance with United States Generally Accepted Accounting Principles (“U.S. GAAP”).

Recent Developments

On March 12, 2025, we announced that our Board of Directors and management team have made the decision to become a pure-play Power company to drive revenue growth, improve profitability, and maximize shareholder value.

This decision was based on the determination by our Board of Directors and management team that the Display business (the “Discontinued Business”) was not sustainable and could not be restructured in a manner that would enable the Company to achieve profitable growth. Our Board of Directors and Management team subsequently concluded that there were no viable strategic options for the Discontinued Business and decided to shut it down.

Along with the winding down of the Discontinued Business, the liquidation of Magnachip Mixed-Signal, Ltd. (“MMS”), our indirect wholly owned subsidiary that operated the Display business, was unanimously approved by our Board of Directors, and we completed the liquidation on October 29, 2025.

Our History

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

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

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

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

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

On January 10, 2024, we completed the Internal Separation by forming a new Korean limited liability company named “Magnachip Mixed-Signal, Ltd.” and transferring the MSS business into such subsidiary. Following the Internal Separation, our MSS business was primarily operated by MMS, and our Power Analog Solutions business was primarily operated by MSK, our already-existing Korean operating company.

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

On March 12, 2025, we announced that our Board of Directors and management team have made the decision to become a pure-play Power company, focusing the Company’s investments on the Power Analog Solutions and Power IC businesses to enhance profitability and maximize shareholder value.

On April 6, 2025, our Board of Directors unanimously approved the plan to shut down the Discontinued Business, including the liquidation of MMS, our indirect wholly owned subsidiary that operated the Discontinued Business.

On October 29, 2025, we completed the liquidation of MMS.

Our Products

We established our Power Analog Solutions business in late 2007. We have introduced a number of Power Analog Solutions and Power IC (“Power Solutions”) products for power management in high-volume consumer applications. Power Analog Solutions products include metal oxide semiconductor field effect transistors (“MOSFETs”), and insulated-gate bipolar transistors (“IGBTs”) for a range of devices, including televisions, smartphones, mobile phones, wearable devices, desktop PCs, notebooks, tablet PCs, home appliance, other consumer electronics, automotive, and industrial applications such as power suppliers, e-bikes, photovoltaic inverters, LED lighting and motor drives. Our Power Analog Solutions business represented 89.7% and 84.9% of our total revenues for the fiscal years ended December 31, 2025 and 2024, respectively.

Our Power IC products provide power management solutions to major television suppliers and large panel display suppliers. These products include AC-DC/DC-DC converters, LED drivers, regulators, power management integrated circuits (“PMICs”) and level shifters for a range of devices, including televisions, wearable devices, notebooks, tablet PCs and other consumer electronics, as

well as automotive applications. Our Power IC business represented 10.3% and 9.7% of our total revenues for the fiscal years ended December 31, 2025 and 2024, respectively.

Market Opportunity

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

Requirements of Leading Electronic Devices Manufacturers

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

- **Broad Offering of Differentiated Products with Advanced System-Level Features and Functions.** Leading electronic devices manufacturers seek to differentiate their products by incorporating innovative semiconductor products that enable unique system-level functionality and enhance performance. These consumer electronics manufacturers seek to closely collaborate with semiconductor solutions providers that continuously develop new and advanced products and technologies that enable state-of-the-art features and functions, such as high efficiency, advanced safety and protection features, small form factors, and low power consumption.
- **Fast Time-to-Market with New Products.** As a result of rapid technological advancements and short product lifecycles, our target customers typically prefer suppliers who have a compelling pipeline of new products and capacity to leverage a substantial intellectual property and technology base to accelerate product design and manufacturing when needed.
- **Ability to Deliver Cost Competitive Solutions.** Electronics manufacturers are under constant pressure to deliver cost-competitive solutions. To accomplish this objective, they need strategic semiconductor suppliers that have the ability to provide system-level solutions, highly integrated products and a broad product offering at a range of price points and have the design and manufacturing infrastructure and logistical support to deliver cost competitive products.
- **Focus on Delivering Highly Energy-Efficient Products.** Consumers increasingly seek longer run-time, environmentally friendly and energy-efficient consumer electronic products. In addition, there is an increasing regulatory focus on reducing energy consumption of consumer electronic products. As a result of a global focus on more environmentally friendly products, our customers are seeking analog and mixed-signal semiconductor suppliers that have the technological expertise to deliver solutions that satisfy these ever increasing regulatory and consumer power efficiency demands.

Our Competitive Strengths

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

- **Advanced Analog and Mixed-Signal Power Semiconductor Technology.** Our long operating history, large patent portfolio, extensive engineering and manufacturing process expertise and analog and mixed-signal intellectual property allow us to leverage our technology and develop new products across multiple end markets. Our product development efforts are supported by a team of approximately 110 engineers as of December 31, 2025. Our platform allows us to develop and introduce new products quickly and integrate numerous functions into a single product.
- **Established Relationships and Close Collaboration with Leading Global Electronics Companies.** We have a long history of supplying and collaborating on product and technology development with leading innovators in the consumer electronics market. Our close customer relationships have been built based on many years of close collaborative product development, which provides us with deep system-level knowledge and key insights into our customers' needs. As a result, we are able to continuously strengthen our technology in areas of strategic interest for our customers and focus on those products that our customers and end consumers demand the most.

- **Longstanding Presence in Asia and Proximity to Global Electronics Devices Supply Chain.** Our presence in Asia facilitates close contact with our customers and fast response to their needs, and enhances our visibility into new product opportunities, markets and technology trends. Our design center and substantial manufacturing operations in Korea place us close to many of our largest customers and to the core of the global electronics devices supply chain. We have active applications, engineering, product design and customer support resources, as well as senior management and marketing resources, in geographic locations close to our customers. This allows us to strengthen our relationship with customers through better service, faster turnaround time and improved product design collaboration. We believe this also helps our customers to deliver products faster than their competitors and to solve problems more efficiently than would be possible with other suppliers.
- **Broad Portfolio of Product Offerings Targeting Large, High-Growth Markets.** We continue to develop a wide variety of analog and mixed-signal power semiconductor solutions for multiple high-growth electronics device end markets. We believe our expanding product offerings allow us to provide additional products to new and existing customers. Our Power Solutions enable our customers to increase system stability and improve heat dissipation and energy use, resulting in improved system efficiency and system cost savings for our customers, as well as environmental benefits.
- **Highly Efficient Manufacturing Capabilities.** Our manufacturing strategy is focused on optimizing our asset utilization across our power solution products, which enables us to maintain the price competitiveness of our products through our low-cost operating structure and improve our operational efficiency. We believe the location of our primary manufacturing and research and development facilities in Asia and the relatively low need for ongoing capital expenditures provide us with a number of cost advantages.

Our Strategy

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

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

Our Technology

We continuously strengthen our advanced analog and mixed-signal power semiconductor technology platform by developing innovative technologies and integrated circuit building blocks that enhance the functionality of electronics devices through high efficiency, advanced safety and protection features, small form factors, and low power consumption. Our goal is to leverage our

experience and development initiatives across multiple end markets and utilize our understanding of system-level issues our customers face to introduce new technologies that enable our customers to develop more advanced, higher performance products.

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

Products by Power Analog Solutions and Power IC Business Lines

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

Power Analog Solutions products

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

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

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

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

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

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

Product	Key Features	Applications
Low Voltage MOSFET	<ul style="list-style-type: none">• Voltage options of 12V-30V• Advanced Trench MOSFET Process• High cell density• Advanced packages to enable reduction of PCB mounting area	<ul style="list-style-type: none">• Smartphones, mobile phones, and wearable devices• Tablet PCs, Notebooks• Desktop PCs, Servers• LCD/LED TVs• Industrial applications• Automotive
Medium Voltage MOSFET	<ul style="list-style-type: none">• Voltage options of 40V-200V• Advanced Trench MOSFET Process• High cell density• High system efficiency• Advanced packages to enable reduction of PCB mounting area	<ul style="list-style-type: none">• e-Bikes and Motor controls• Battery Management Systems• Power tools and Servers• Energy Storage System• Other computing applications (Tablet PCs, Notebooks, Desktops)• Consumer applications (TV)• Industrial applications• Automotive
High Voltage MOSFET	<ul style="list-style-type: none">• Voltage options of 200V-650V• R2FET (rapid recovery) option to shorten reverse diode recovery time• Zener diode option for MOSFET protection for abnormal input• Advanced Planar MOSFET Process• Advanced packages to enable reduction of PCB mounting area	<ul style="list-style-type: none">• Adaptors for tablet PC/mobile phone/smartphone• Power supplies• Lighting (ballast, HID, LED)• Industrial applications• LCD/LED TVs• Automotive
Super Junction MOSFET	<ul style="list-style-type: none">• Voltage options of 250V-900V• Low RDS(ON)• Epi stack process• Zener diode option for MOSFET protection for abnormal input• Advanced SJ MOSFET process• Advanced packages to enable reduction of PCB mounting area• Low power loss by high speed switching	<ul style="list-style-type: none">• LCD/LED/UHD TVs• Lightings applications (ballast, HID, LED)• Smartphones• Power supplies• Servers and Telecom powers• Industrial applications• EV charging station• On board charger• Home appliance
IGBTs	<ul style="list-style-type: none">• Voltage options of 650V/1200V• Field Stop Trench IGBT• Current options from 5A to 120A	<ul style="list-style-type: none">• Automotive• Solar inverters• Industrial applications• Consumer appliances• Home appliance

Power IC products

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

- **AC-DC/DC-DC Converters.** We offer AC-DC/DC-DC converters targeting mobile applications and high-power applications like LCD, LED, and UHD televisions, notebooks, smartphones, mobile phones, set-top boxes and display modules. We expect our AC-DC/DC-DC converters will meet customers' green power requirements by featuring wide input voltage ranges, high efficiency and small size.

- **LED Drivers.** LED backlighting drivers serve the fast-growing LCD and LED panel backlighting market for LCD and LED televisions, LCD monitors, digital signage, notebooks, smartphones and tablet PCs. Our products are designed to provide high efficiency and a wide input voltage range, as well as pulse width modulation (PWM) dimming for accurate white LED dimming control.
- **Regulators.** We also provide analog regulators for mobile, computing and consumer applications. Our products are designed to deliver high efficiency and low power consumption in mobile applications.
- **SSD PMICs.** We also provide solid-state drive power management integrated circuits (SSD PMICs) for the computing segment. Our products are designed for high frequency switching, high efficiency and pulse frequency modulation (PFM) functions to reduce power consumption in low load converters.
- **Logic PMICs.** We also provide logic PMICs for organic light-emitting diode (OLED) display panel. Our PMICs provide optimized power to source driver, gate driver and timing controller (T-CON) of OLED display panel through a multi-channel power block (boost converter, buck converter, Op-Amps and positive/negative LDOs).

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

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

Product	Key Features	Applications
AC-DC/DC-DC Converter	<ul style="list-style-type: none"> • Wide control range for high power application (>150W) • Advanced BCDMOS process • High Precision Voltage Reference • Very low startup current consumption • Fast load and line regulation • Accurate output voltage • OCP, SCP and thermal protections 	<ul style="list-style-type: none"> • LCD/LED/UHD TVs • Power supplies • Smartphones • Mobile phones • Notebooks • Set-top boxes
LED Backlighting Drivers	<ul style="list-style-type: none"> • High efficiency, wide input voltage range • Advanced BCDMOS process • OCP, SCP, OVP and UVLO protections • Accurate LED current control and multi-channel matching • Programmable current limit, boost up frequency 	<ul style="list-style-type: none"> • Tablet PCs • Notebooks • Smartphones • LED/UHD TVs • LED monitors
Digital Controlled LED Driver	<ul style="list-style-type: none"> • Multi-channel constant current control • 12Bit gray scale with SPI 	<ul style="list-style-type: none"> • Digital signage
Regulators	<ul style="list-style-type: none"> • Single and multi-regulators • Low Noise Output regulators • Wide range of input voltage and various output current • CMOS and BCDMOS processes • LDO (Low Drop Out — Linear Regulator) 	<ul style="list-style-type: none"> • Smartphones and Mobile phones • Notebooks • Computing applications
SSD PMIC	<ul style="list-style-type: none"> • High current buck • PFM function • High frequency switching • High efficiency • High integration technology • Small QFN package 	<ul style="list-style-type: none"> • Computing applications

Product	Key Features	Applications
Logic PMIC	<ul style="list-style-type: none">• High current boost• Integrated pass transistor• LDO• 3channel high current buck• Negative Charge Pump• 2channel buffer Op-Amp.• Tiny Wafer Level CSP	<ul style="list-style-type: none">• Notebooks• Tablet PCs

Sales and Marketing

We focus our sales and marketing strategy on continuing to grow and leverage our existing relationships with leading consumer electronics OEMs, while expanding into industrial and automotive end markets. We believe our close collaboration with customers allows us to align our product and technology development with our customers' existing and future needs. Because our customers often service multiple end markets, our product sales teams are organized by customers within the major geographies. We believe this facilitates the sale of products that address multiple end-market applications to each of our customers.

We sell our products through a direct sales force and a network of authorized agents and distributors. We have strategically located our sales and technical support offices near our customers. Our direct sales force consists primarily of representatives co-located with our design center in Korea, as well as our local sales and support offices and sales liaisons in Japan, Greater China, Taiwan and Europe. We have a network of agents and distributors in the U.S., Europe and the Asia Pacific region. For the years ended December 31, 2025 and 2024, we derived 34% and 23% of net sales from our Power Solutions business through our direct sales force, respectively, and 66% and 77% of net sales from our Power Solutions business through our network of authorized agents and distributors, respectively.

Customers

We sell our products to consumer, computing, communication, automotive and industrial electronics OEMs, original design manufacturers and electronics manufacturing services companies, as well as subsystem designers. For the years ended December 31, 2025 and 2024, our ten largest customers accounted for 74.3% and 73.4% of net sales from our Power Solutions business, respectively. For the year ended December 31, 2025, sales to SAMT Co., Ltd. ("SAMT") represented 29.7% of net sales from our Power Solutions business. For the year ended December 31, 2024, sales to SAMT represented 25.4% of net sales from our Power Solutions business. For the year ended December 31, 2025, we recorded revenues of \$5.0 million from customers in the U.S. and \$173.9 million from all foreign countries, of which 50.6% was from Korea and 36.9% was from Greater China. For the year ended December 31, 2024, we recorded revenues of \$2.1 million from customers in the U.S. and \$183.7 million from all foreign countries, of which 44.9% was from Greater China and 43.5% was from Korea. All information pertaining to the geographic source of revenues is with respect to the geographic location to which our products are billed.

Intellectual Property

As of December 31, 2025, our portfolio of intellectual property assets included more than 950 registered patents and pending applications in total, including registered patents and pending applications related to display driver IC technology. Approximately 250 and 60 of our registered patents and pending applications, respectively, are novel in that they are not a foreign counterpart of an existing registered patent or pending application. Because we file patents in multiple jurisdictions, we have additional registered patents and pending applications that relate to identical technical claims in our base patent portfolio. Our registered patents expire at various times approximately over the next 19 years. While these patents are, in the aggregate, important to our competitive position, we do not believe that any single registered patent or pending application is material to us.

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

Competition

We operate in highly competitive markets characterized by rapid technological change and continually advancing customer requirements. Our competitors include other independent and captive manufacturers and designers of analog and mixed-signal integrated circuits, including power management semiconductor devices.

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

Human Capital

Our worldwide workforce consisted of 711 employees (full- and part-time) as of December 31, 2025, of which 163 were involved in sales, marketing, general and administrative, 108 in research and development (including 35 with advanced degrees), 29 in quality, reliability and assurance, and 411 in manufacturing (comprised of 36 in engineering and 375 in operations, maintenance and others). Our employees leverage their extensive expertise in engineering, design and process to accelerate the advancement of technology and be leaders in our industry. We pride our company on being a great workplace where employees from diverse backgrounds can reach their full potential.

Labor Unions

As disclosed in previous reports, we have a labor union at our Korean subsidiary, Magnachip Semiconductor, Ltd., (the “First Union”). On September 16, 2021, the formation of a second labor union at our Korean subsidiary, Magnachip Semiconductor, Ltd., (the “Second Union”) was approved by local authorities (the First Union and the Second Union are collectively referred to as the “Magnachip Semiconductor Labor Unions”). Both the First Union and the Second Union are members of a supervisory association named “Federation of Korean Trade Unions.” The First Union represents member employees who are factory workers and the Second Union represents member employees who are office workers, in both cases at our Korean subsidiary.

As of December 31, 2025, of the 688 employees at our Korean subsidiary, 370 employees at Magnachip Semiconductor, Ltd. were represented by the First Union, and 71 employees at Magnachip Semiconductor, Ltd. were represented by the Second Union. Approximately 64% of our employees at our Korean subsidiary was represented by the Magnachip Semiconductor Labor Unions.

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

Values and Culture

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

Inclusion and Diversity

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

Labor and Ethics

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

Empowering Great Talent

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

We believe the foundation of Magnachip is our research and development (“R&D”) talent. To ensure that our R&D technical professionals continue to advance their skills and knowledge, we hold periodic seminars to share research outcomes across departments and provide engineers with curricula designed to strengthen their semiconductor expertise.

We also recognize outstanding research achievements through a reward program and promote open communication between senior management and employees through CEO letters and regular town hall meetings.

Compensation and Benefits

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

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

Safety and Wellness

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

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

Environmental

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

Another example is the regulations on chemicals under Chemicals Control Act and K-REACH, which came into effect on January 1, 2015. Under these laws, our Korean subsidiary is required to comply with various requirements to report, evaluate, manage and ensure the safe usage of the chemicals used in its facilities. There can be no assurance that we have been or will be in compliance with all of these laws and regulations, or that we will not incur material costs or liabilities in connection with these laws and regulations in the future. The adoption of new environmental, health and safety laws and the failure to comply with new or existing laws or issues relating to hazardous substances could subject us to material liability (including substantial fines or penalties), impose the need for additional capital equipment or other process requirements upon us, curtail our operations or restrict our ability to expand operations.

Raw Materials

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

Available Information

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

Information About Our Executive Officers

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

Name	Age	Position
Camillo Martino	63	Chairman and Interim Chief Executive Officer
Shinyoung Park	45	Chief Financial Officer
Seunghoon Lee	67	Chief of Manufacturing, Chief Safety Officer

Camillo Martino, Chairman and Interim Chief Executive Officer. Mr. Martino has served as the Company’s Chairman of the Board since June 2020 and as a director since August 2016. Effective August 11, 2025, Mr. Martino was also appointed Interim Chief Executive Officer of the Company. Mr. Martino currently also serves as a member of the board of directors for CXApp. Mr. Martino also serves as a member of the board of directors at multiple privately-held companies, including VVDN Technologies, Sakuu and Ceremorphic. Mr. Martino previously served as a director of Cypress Semiconductor from 2017 through to 2020, a director of Sensera from 2018 to 2024, and was also the Chief Executive Officer of Silicon Image Inc. from January 2010 until the completion of its sale to Lattice Semiconductor Corporation in March 2015. From 2008 to 2009, Mr. Martino served as Chief Operating Officer of SAI Technology Inc., where he also served as a director from 2006 to 2010. From 2005 to 2007, Mr. Martino served as a director, the President and Chief Executive Officer of Cornice Inc. From 2001 to 2005, Mr. Martino served as the Executive Vice President and Chief Operating Officer at Zoran Corporation. Prior to that, Mr. Martino held multiple positions with National Semiconductor Corporation for a total of nearly 14 years, and in four different countries. Mr. Martino holds a Bachelor of Applied Science degree from the University of Melbourne and a Graduate Diploma from Monash University in Australia. Our Board has concluded that Mr.

Martino should serve as the CEO, and also on the Magnachip Board based upon his extensive operating and Board experience with technology companies.

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

Seung Hoon Lee, Chief of Manufacturing and Chief Safety Officer. Mr. Seung Hoon Lee has served as our Chief of Manufacturing and Chief Safety Officer since 2022. He was Acting Co-General Manager of Power Analog Solutions from 2024 to 2025. Prior to that, Mr. Lee served as Chief of Manufacturing for the factories in Cheongju and Gumi, Korea from 2015 to 2020. He was Chief of Manufacturing for the Gumi factory from 2012 to 2015 and for the Cheongju factory from 2007 to 2012. Mr. Lee holds a B.S. degree in Electronic Engineering from Chosun University.

Item 1A. Risk Factors

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

Risk Factors Summary

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

- *We manufacture our products based on our estimates of customer demand, and if our estimates are incorrect, our financial results could be negatively impacted.*
- *A significant portion of our sales comes from a relatively limited number of customers, the loss of which could adversely affect our financial results.*
- *The average selling prices of our semiconductor products have at times declined rapidly and will likely do so in the future, which could harm our revenue and gross profit.*
- *We may fail to realize all of the anticipated benefits of our operational initiatives, including our transition to a pure-play Power company and the exit from our Display business.*
- *We are subject to risks associated with currency fluctuations, and changes in the exchange rates of applicable currencies could impact our results of operations.*
- *Global shortages in manufacturing capacities could interrupt or negatively affect our operations, increase cost to manufacture and negatively impact our results of operations.*
- *Expanded trade restrictions may limit our ability to sell to certain customers.*
- *Recent changes in international trade policy and the imposition and threats of international tariffs, including tariffs applied to goods traded between the United States and other countries/regions, could materially and adversely affect our business and results of operations.*
- *Our Korean subsidiary has been designated as a regulated business under Korean environmental law, and such designation could have an adverse effect on our financial position and results of operations.*
- *Our compliance with the Serious Accidents Punishment Act (the "SAPA") could require significant expenditures and management time and expose us to liability for violations.*
- *Our business depends on international customers, suppliers and operations in Asia, and as a result we are subject to regulatory, operational, financial and political risks, which could adversely affect our financial results.*

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

Risks Related to Our Business

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

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

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

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

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

We may fail to realize all of the anticipated benefits of our operational initiatives, including our transition to a pure-play Power company and the exit from our Display business.

On March 12, 2025, we announced our strategy to transform the Company into a pure-play Power company. We may not realize any or all of the anticipated benefits from transitioning to a pure-play Power company, and such actions could in fact adversely affect our business. Our ability to realize the anticipated benefits of our strategy will depend, to a large extent, on our ability to continue to focus on Power Analog Solutions and Power IC products and to achieve expected growth in the absence of the Display business. Some of the anticipated benefits may not occur for a significant period of time. In addition, we may retain certain liabilities or obligations related to our Display business, some of which may be material. The focus on becoming a pure-play Power company may not enhance long-term stockholder value as anticipated. Further, our strategic actions could result in near term restructuring charges and a material impairment of our goodwill and/or intangible assets, among other things.

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

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

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

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

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

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of customer demand and expected demand for and success of their products. The short-term nature of commitments by many of our customers and the possibility of rapid changes in demand for their products reduces our ability to estimate accurately future customer demand for our products. On occasion, customers may require rapid increases in supply, which can challenge our production resources and reduce margins. We may not have sufficient capacity at any given time to meet our customers' increased demand for our products. Conversely, downturns in the semiconductor industry have caused and may in the future cause our customers to reduce significantly the amount of products they order from us. Because many of our costs and operating expenses are relatively fixed, a reduction in customer demand would decrease our results of operations, including our gross profit.

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

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

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

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

If our manufacturing capabilities become less competitive as the semiconductor industry continues to transition toward larger-diameter wafers and new materials, our results of operations could be adversely affected.

Our future operations and competitive position could be materially harmed if the semiconductor industry continues to transition toward 300mm wafer technology while we continue to produce on 200mm wafers. Manufacturing on smaller-diameter wafers may result in lower manufacturing efficiency and higher per-unit production costs compared to competitors utilizing 300mm wafers. As a result, we may face challenges in meeting customer demand, maintaining margins, and competing effectively in the market we serve. Continued reliance on 200mm wafer production may also allow competitors to capture market share with more cost-efficient or higher-volume production, creating operational and financial risks for our business. In addition, to the extent that we seek to develop or offer silicon carbide (SiC)-based products in response to market demand, we do not have in-house SiC fabrication capabilities and would need to rely on outsourced manufacturing arrangements. Our reliance on such alternative manufacturing arrangements could adversely affect our cost structure, manufacturing efficiency and ability to capture growth opportunities in SiC-related markets, which could have a material adverse effect on our business and results of operations.

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

Historically, we have relied on a limited number of customers for a substantial portion of our total revenue. If we were to lose key customers or if customers cease to place orders for our high-volume products, our financial results could be adversely affected. In addition, our arrangements with and reliance on key customers may make it less practicable to pursue certain opportunities with other potential new and existing customers. For the years ended December 31, 2025 and 2024, our ten largest customers accounted for 74.3% and 73.4% of net sales from our Power Solutions business, respectively. For the year ended December 31, 2025, sales to SAMT represented 29.7% of net sales from our Power Solutions business. For the year ended December 31, 2024, sales to SAMT represented 25.4% of net sales from our Power Solutions business. Significant reductions in sales to our largest customer, the loss of any other major customers, or a general curtailment in orders for our high-volume products within a short period of time could adversely affect our business.

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

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

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

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

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

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

- our ability to enter the highly competitive power management market; and
- our ability to supply power products to our customers reliably through our own fabrication facility.

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

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

Demand for our products will depend in part on the demand for various consumer electronics products, in particular, digital televisions, smartphones, mobile phones, wearable devices, and other consumer applications which in turn depends on general economic conditions and other factors beyond our control. If our customers fail to introduce new products that employ our products or component parts, demand for our products will suffer. To the extent that we cannot offset periods of reduced demand that may occur in these markets through greater penetration of these markets or reduction in our production and costs, our sales and gross profit may decline, which would negatively impact our business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

Historically, a portion of our revenues and greater than the majority of our operating expenses and costs of sales have been denominated in non-U.S. currencies, principally the Korean won, and we expect that this will remain true in the future. Because we report our results of operations in U.S. dollars, changes in the exchange rate between the Korean won and the U.S. dollar could materially impact our reported results of operations and distort period to period comparisons. In particular, because of the difference in the amount of our consolidated revenues and expenses that are in U.S. dollars relative to Korean won, a depreciation in the U.S. dollar relative to the Korean won could result in a material increase in reported costs relative to revenues, and therefore could cause our profit margins and operating income to appear to decline materially, particularly relative to prior periods. The converse is true if the U.S. dollar were to appreciate relative to the Korean won. For example, foreign currency fluctuations had a favorable impact on our reported profit margins and operating income from operations for the fiscal years ended December 31, 2025 and 2024 due to a relatively weaker Korean won during the periods. Moreover, our foreign currency gain or loss would be affected by changes in the exchange rate between the Korean won and the U.S. dollar including those related to the intercompany long-term loans to our Korean subsidiary, Magnachip Semiconductor, Ltd., or MSK, which is denominated in U.S. dollars. As of December 31, 2025, the outstanding intercompany loan balance including accrued interests between MSK and our Dutch subsidiary was \$75.1 million. While the intercompany loan balance including accrued interest has decreased compared to prior periods, changes in exchange rates could continue to affect our reported foreign currency gain or loss. As a result of foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

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

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

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

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

As of December 31, 2025, 441 employees, or approximately 64% of our employees, were represented by the Magnachip Semiconductor Labor Unions. We can offer no assurance that any issues with the labor union and other employees will be resolved favorably for us in the future, that we will not experience work stoppages or other labor problems in future years or that we will not incur significant expenses related to such issues.

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

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

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

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

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

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

We cooperate with an independent foundry to produce certain Power IC products, and the failure of such independent foundry to satisfy our demand could materially disrupt our business.

We use independent foundry services for certain of our Power IC products. Silicon wafer production at the external foundry is allocated solely by the vendor and beyond our direct control. Therefore, any disruption in wafer supply from the vendor could have a material impact on our revenue and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (the “IRA”), which, among other things, implements a 15% alternative minimum tax on the adjusted financial statement income of large corporations with average annual financial income exceeding \$1 billion, a 1% excise tax on the repurchase of corporate stock by certain corporations and several tax incentives to promote clean energy. The IRA provisions are effective for tax years beginning after December 31, 2022. On December 12, 2022, the European Union member states agreed to implement the OECD’s Pillar 2 global minimum effective tax rate of 15% on multinational enterprise (“MNE”) groups with consolidated revenues of at least EUR 750 million during two of the four preceding fiscal years, which became effective for fiscal years beginning January 1, 2024, in many jurisdictions worldwide. Additionally, South Korea has enacted legislation implementing global minimum tax rules, including an income inclusion rule generally effective for fiscal years beginning on or after January 1, 2024 and an undertaxed profits rule generally effective for fiscal years beginning on or after January 1, 2025. South Korea has also enacted a qualified domestic minimum top-up tax generally effective for fiscal years beginning on or after January 1, 2026. Our company is monitoring the implementation of the Pillar 2 and the resulting legislation in jurisdictions where it operates. Based on our assessment, the company does not expect a material impact from Pillar 2 top-up taxes as the company is below the EUR 750 million revenue threshold. We will continue to monitor as new information and guidance becomes available.

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

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

Export control regulations have been evolving rapidly in recent years. New or expanded restrictions or sanctions may limit our ability to sell to or source from affected parties. These controls may cover foreign-produced items, advanced technologies, or entities on the U.S. government’s Entity List. If we are unable to serve these customers, they may turn to domestic solutions or competitors not subject to similar regulations. Such developments may materially impact our revenue and future business opportunities in these regions. Maintaining compliance with global trade and export regulations is increasingly complex, time-consuming, and resource-intensive. Failure to comply could result in fines, reputational harm, or limitations on our ability to operate in key international markets. Export restrictions may also affect our contractors, suppliers or customers, and we cannot assure that they will not violate the restrictions, and any such violations may result in fines or criminal sanctions against us and damage our reputation.

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

Expanded trade restrictions imposed by South Korea may limit our ability to engage in any potential strategic opportunities.

Under the Act on Prevention of Leakage and Protection of Industrial Technology of Korea (the “ITA”), any export (including various means of outflow, such as sale or transfer outside Korea) of National Core Technology (“NCT”) by the Korean Ministry of Trade, Industry and Resources (the “MOTIR”) requires the filing of a prior-report with, and the acceptance of the same by, the MOTIR. Under the Act on Special Measures for Strengthening and Protecting the Competitiveness of the National High-Tech Strategic Industry (the “Special Act”), any export of National High-Tech Strategic Technology (“NHST”) requires prior approval

from the MOTIR. Any such export of NCT or NHST without the acceptance of the prior-report with the MOTIR or the prior approval from the MOTIR may be subject to corrective orders by the MOTIR and may also be subject to criminal sanctions.

The Notification Regarding Designation of National Core Technologies issued by the MOTIR was amended on July 14, 2021 to add certain technologies to the list of NCT designated by the MOTIR, and the amended list includes the OLED DDI design technology for driving display panels. The MOTIR designated certain technologies, including the OLED DDI design technology for driving display panels, as NHST under the Special Act.

In the event that our Korean subsidiary, Magnachip Semiconductor, Ltd. (“MSK”), license or sell certain intellectual properties relating to OLED Display Driver IC (“OLED DDI”) to overseas entities, such license or sale may constitute an export of NCT and NHST and may be subject to both NCT and NHST restrictions, and therefore the MOTIR’s acceptance of prior reports and prior approval. There is no assurance that any prior-reports for the export will be accepted by the MOTIR or we will obtain any prior approval for the export from the MOTIR when such license or sale is pursued in the future.

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

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

Since the beginning of 2018, there have been increasing public threats and, in some cases, legislative or executive action, from U.S. and foreign leaders regarding instituting tariffs against foreign imports of certain materials. More specifically, since March of 2018, the U.S. and China have applied tariffs to certain of each other’s exports. The institution of trade tariffs globally, and between the U.S. and China specifically, may negatively impact the affected countries’ economic conditions, which could negatively affect demand for our products in those countries and materially and adversely affect our business and results of operations of our customers serving the affected markets. The Trump Administration's recent imposition of additional tariffs on a number of countries in 2025 and 2026, and threat of trade wars against foreign countries/regions have created even more uncertainties in international trade which may affect our business. These include semiconductor-specific tariffs, which the Trump Administration intends to materially increase over time, and historically elevated baseline and country-specific tariffs. The Trump Administration’s international trade policy and its implementation of tariffs continues to evolve in light of U.S. judicial decisions and negotiations with international trading partners. For example, the imposition of tariffs could increase costs of the end-user products we supply that we may not be able to pass on to our customers, which could in turn cause a decrease in the sales of our products and materially and adversely affect our business and results of operations.

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

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

We seek to protect our proprietary technologies and know-how through the use of patents, trade secrets, confidentiality agreements and other security measures. The process of seeking patent protection takes a long time and is expensive. There can be no assurance that patents will issue from pending or future applications or that, if patents issue, they will not be challenged, invalidated or circumvented, or that the rights granted under the patents will provide us with meaningful protection or any commercial advantage. Many of our patents are subject to cross licenses, some of which are with our competitors. Some of our technologies are not covered by any patent or patent application. The confidentiality agreements on which we rely to protect these technologies may be breached

and may not be adequate to protect our proprietary technologies. Further, it is possible that others will independently develop the same or similar technologies, even without access to our proprietary technologies.

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

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

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

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

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

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

We are subject to a variety of environmental, health and safety laws and regulations in each of the jurisdictions in which we operate, governing, among other things, air emissions, wastewater discharges, the generation, use, handling, storage and disposal of, and exposure to, hazardous substances (including asbestos) and wastes, soil and groundwater contamination and employee health and safety. These laws and regulations are complex, change frequently and have tended to become more stringent over time. Among them is the Act on Remediation and Compensation for Damages arising from Environmental Contamination which came into effect in Korea on January 1, 2016 and provides for strict liability of business entities in violation of the act and alleviates the burden of proof for the damaged party. Further, under the amendment to the Act on the Control and Aggravated Punishment of Environmental Offenses that became effective on November 27, 2020, certain environmental offenses such as illegally emitting specified hazardous air pollutants or emitting air pollutants without necessary permits are subject to penalties of up to 5% of the sales amount generated from the relevant business. Moreover, to effectively respond to environmental crimes, on November 14, 2022, a joint investigation team was established, consisting of experts from both national and local governments, including the prosecutor's office, the Ministry of Environment. As a result, we have increased potential exposure to liability for environmental contaminations that might have existed in the past or would arise in the future. There can be no assurance that we have been, or will be, in compliance with all such laws and regulations or that we will not incur material costs or liabilities in connection with these laws and regulations in the future. The adoption of new environmental, health and safety laws, the failure to comply with new or existing laws, or issues relating to hazardous substances could subject us to material liability (including substantial fines or penalties), impose the need for additional capital equipment or other process requirements upon us, curtail our operations or restrict our ability to expand operations.

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

Since 2015, our Korean subsidiary has been subject to K-ETS, a new set of greenhouse gas emissions regulations, under the Act on Allocation and Trading of Greenhouse Gas Emission Allowances. Under K-ETS, our Korean subsidiary was allocated a certain

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

Furthermore, the Korean legislature enacted the Framework Act on Carbon Neutrality and Green Growth for Responding to Climate Change (the “Carbon Neutrality Framework Act”) on September 24, 2021. The Carbon Neutrality Framework Act aims to reduce greenhouse gas emissions by more than 35% by 2030 (compared to 2018) and proclaims the achievement of carbon neutrality by 2050 as a national vision. The Carbon Neutrality Framework Act is significant in that it legislates carbon neutrality and greenhouse gas reduction objectives, and enables the central administrative agencies, local governments and public institutions to implement various measures towards such objectives. On March 25, 2022, the Enforcement Decree of the Carbon Neutrality Framework Act (the “Enforcement Decree”) was enacted. The Enforcement Decree aims to provide details required for the execution of items prescribed under the Carbon Neutrality Framework Act. The key provisions of the Enforcement Decree include those setting the mid-to long-term greenhouse gas reduction goal at 40% and implementing the climate change impact assessment scheme. Based on that, on April 11, 2023, the Korean government published the 1st National Basic Plan for Carbon Neutrality and Green Growth (the “Basic Plan”). The Basic Plan is a national plan for responding to the climate crisis and sustainable development. Including annual reduction goals and implementation measures for each sector (e.g., industry and transportation), the Basic Plan will be updated every five years over the next 20 years between 2023 and 2042. It is anticipated that the Carbon Neutrality Framework Act and the Basic Plan, which aims to promote the harmonious development of the economy and the environment in conjunction with active greenhouse gas reduction measures, will serve as the foundation for the government’s climate change response policy going forward. Meanwhile, on August 29, 2024, the Constitutional Court of Korea (the “Constitutional Court”) held that Article 8, Paragraph 1 of the Carbon Neutrality Framework Act is unconstitutional. This provision mandates the government to establish a national mid- to long-term target for reducing greenhouse gas emissions by at least 35% from 2018 levels by 2030 which is prescribed by presidential decree. The Constitutional Court ruled that this provision is indeed in violation of the Constitution because it fails to specify any emissions reduction targets beyond 2031, thereby infringing upon the petitioners’ right to clean environment. Considering that the extensive legislative authority to determine reduction targets during the period from 2031 to 2049, the Constitutional Court held that the provision would remain in effect until a legislative amendment is enacted, with a deadline set for February 28, 2026. Reflecting the ruling of the Constitutional Court, the government determined in November 2025 to set the 2035 Nationally Determined Contribution (NDC) at a reduction target of 53% to 61% compared to 2018 net emissions levels.

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

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

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

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

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

We rely on, and expect to continue to rely on, suppliers, subcontractors and operations located primarily in Asia. As a result, we face risks inherent in international operations, such as unexpected changes in regulatory requirements, tariffs and other market barriers, political, social and economic instability, adverse tax consequences, war, civil disturbances and acts of terrorism, public health issues (including viral or other disease outbreaks), difficulties in accounts receivable collection, extended payment terms and differing labor standards, enforcement of contractual obligations and protection of intellectual property. These risks may lead to increased costs or decreased revenue growth, or both.

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

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

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

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

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

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

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

Most of our subsidiaries are organized or incorporated outside of the U.S. and some of our directors and executive officers as well as our independent auditors are organized or reside outside of the U.S. Most of our and our subsidiaries' assets are located outside of the U.S. and in particular, in Korea. Accordingly, any judgment obtained in the U.S. against us or our subsidiaries may not be collectible in the U.S. As a result, it may not be possible for you to effect service of process within the U.S. upon these persons or to enforce against them or us court judgments obtained in the U.S. that are predicated upon the civil liability provisions of the federal securities laws of the U.S. or of the securities laws of any state of the U.S. In particular, there is doubt as to the enforceability in Korea or any other jurisdictions outside the U.S., either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the federal securities laws of the U.S. or the securities laws of any state of the U.S.

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

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

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

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

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

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

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

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

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

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

- actual or anticipated variations in our results of operations from quarter to quarter or year to year;
- announcements by us or our competitors of significant agreements, technological innovations or strategic alliances;
- changes in recommendations or estimates by any securities analysts who follow our securities;
- addition or loss of significant customers;
- recruitment or departure of key personnel;
- changes in economic performance or market valuations of competing companies in our industry;

- price and volume fluctuations in the overall stock market;
- market conditions in our industry, end markets and the economy as a whole;
- subsequent sales of stock and other financings; and
- litigation, legislation, regulation or technological developments that adversely affect our business.

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

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

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

See "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 13. Stock Repurchases" for more information.

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

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

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

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"), regulating corporate takeovers and which has an anti-takeover effect with respect to transactions not approved in advance by our Board of Directors, including discouraging takeover attempts that might result in a premium over the market price for shares of our common stock. In general, those provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

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

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

- any merger or consolidation involving the corporation and the interested stockholder;

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

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

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

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

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

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

As of December 31, 2025, we had approximately \$27.9 million aggregate principal amount of indebtedness outstanding under the working capital term loan (the "Term Loan") borrowed pursuant to the Loan Agreement, which is secured by a pledge of the properties of our fabrication facility in Gumi ("Fab3"). We also had approximately \$16.7 million aggregate principal amount of indebtedness outstanding under the Equipment Financing Credit Agreement, which provides financing for capital expenditures of MSK (the "CAPEX Loans"). The CAPEX Loans are secured by a pledge of our certain machinery and equipment owned by MSK, which are located in its fabrication facility in Gumi, Korea. We may also incur additional indebtedness to meet future financing needs. Our indebtedness could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things:

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

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

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

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

- *Compliance with industry standards and regulatory frameworks:* Our information security management system is ISO 27001 certified. In addition, we align our standards to comply with South Korea's industrial technology protection law (Act on Prevention of Divulgence and Protection of Industrial Technology), which prevents technologies vital to South Korean national security or economic competitiveness from being divulged to or shared with foreign countries or corporations without the government's approval.
- *Ongoing Evaluation and Assessment of Systems and Procedure:* We monitor compliance with regulatory, industry and evolving data privacy requirements and update our cybersecurity risk management program from time to time as appropriate. We also continuously monitor our information security systems and processes on an ongoing basis to identify and remediate cybersecurity threats and vulnerabilities that could be exploited to adversely impact our business operations. To better preemptively identify risks and vulnerabilities in our security systems, we perform penetration testing for security controls using external third-party tools and encourage vulnerability reporting within our organization.
- *Cross-Collaboration and Coordination:* Cybersecurity risks related to our business, privacy and compliance issues are identified and managed through a multifaceted approach, including third-party monitoring, internal and external IT security audits and reviews by relevant committees.
- *Third-Party Service Providers:* We engage leading third-party product and service providers to assist us with our cybersecurity risk management. We use an Information Prevention and Data Loss Prevention System on networks and endpoints, which is designed to prevent unauthorized access to or transfer of sensitive data. We also use centrally managed antivirus systems for blocking illegal software to detect and remove malware and illegal software from devices in real time. In particular, we use a Managed Security Service provider for Security Information and Event Management services for matters such as firewall management, intrusion detection and prevention, vulnerability management and incident response.
- *Cyber Incident Response Plan:* We maintain a comprehensive cyber incident response plan that sets forth the applicable processes, roles, engagements, escalations and notifications to promptly respond to a cybersecurity incident. This plan covers steps to be taken upon the detection of a cybersecurity incident detection, review by relevant committees, identification of damages, recovery process, post-incident analysis and the introduction of improvement measures. Such incident responses are managed in a timely manner by a dedicated team and overseen by relevant organizations, including IT, finance, legal and compliance.
- *Security Awareness Training for Personnel:* We provide comprehensive employee training on cybersecurity awareness, confidential information protection and simulated phishing attacks.
- *Review of Third-Party Risks:* We routinely conduct risk and compliance assessments of third-party service providers prior to exchanging any sensitive data or integrating with any key third-party provider.

As of December 31, 2025, we have not identified any risks from cybersecurity threats, including any previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Company, our business strategy, our results of operations or our financial condition. For a discussion of risks from cybersecurity threats (including any previous cybersecurity incidents) that could be reasonably likely to materially affect us, please refer to our Risk Factors discussion under the heading 'We may be subject to disruptions, breaches or cyber-attacks of our secured networks and information technology systems that could damage our reputation, harm our business, expose us to liability and materially adversely affect our results of operations' in Item 1A of this Annual Report on Form 10-K.

Cybersecurity Governance

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

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

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

Our CISO leads a dedicated Information Security team in charge of cybersecurity matters. The Information Security team consists of four professionals with a combined 39 years of relevant experience across information technology, information security, compliance and systems, and each of whom have completed one or more cybersecurity certifications relevant to their particular functions and professional certifications issued in Korea.

The Information Security team oversees compliance with our cybersecurity framework, facilitates cybersecurity risk management activities, assists with the review and approval of policies, and oversees the security awareness program. Our Information Security team and CISO also reports to the IS Steering Committee on a quarterly basis. We also invest in ongoing cybersecurity training for our Information Security team.

Item 2. Properties

Our manufacturing operations take place in a single fabrication facility located in Gumi, Korea. Our facility has a capacity of approximately 36,000 eight-inch equivalent wafers per month. We manufacture wafers utilizing geometries ranging from 0.13 to 0.35 microns. The Gumi facility has one main building with 41,022 square meters devoted to manufacturing, testing and packaging.

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

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

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

Certain of our property, plant and equipment, including manufacturing facilities and related equipment, are pledged as collateral for the Company's long-term borrowings. For additional information regarding these arrangements, including the related collateral and terms of the borrowings, see "Note 11. Long-Term Borrowings" to our consolidated financial statements under "Item 8. Financial Statements and Supplementary Data" contained elsewhere in this Report.

Item 3. Legal Proceedings

We are involved in a variety of legal matters, most of which we consider routine matters that arise in the normal course of business. These routine matters typically fall into broad categories such as those involving customers, employment and labor and intellectual property. Intellectual property litigation and infringement claims, in particular, could cause us to incur significant expenses

or prevent us from selling our products. We are currently not involved in any legal proceedings that we believe would have a material adverse effect on our business, financial condition or results of operations.

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

Item 4. Mine Safety Disclosures

Not applicable.

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

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

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

Company/Index	Base Period 12/31/2020	12/31/2021	12/30/2022	12/29/2023	12/31/2024	12/31/2025
Magnachip Semiconductor Corporation	100	155.10	69.45	55.47	29.73	18.86
S&P 500 Index	100	126.89	102.22	126.99	156.59	182.25
Philadelphia Semiconductor Index	100	141.16	90.58	149.36	178.14	253.38

Holders

The approximate number of record holders of our outstanding common stock as of February 28, 2025 was 66. This number does not include beneficial owners for whom shares are held by nominees in street name.

Stock-Based Compensation

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

Dividends

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

Issuer Purchases of Equity Securities

The following table shows the monthly activity related to our repurchases of common stock for the quarter ended December 31, 2025.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Approximate dollar value of Shares that may yet be Purchased under the Plans or Programs (in thousands)(2)
October 2025(1)	13,500	\$ 3.02	—	\$ 20,951
November 2025(1)	274	\$ 3.10	—	\$ 20,951
December 2025(1)	68,988	\$ 2.55	—	\$ 20,951
Total	82,762	\$ 2.63	—	\$ 20,951

- (1) Represents 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 new \$50 million stock buyback program (the "Repurchase Plan"). Purchases under the Repurchase Plan have been and will be made in the open market or through privately negotiated transactions, depending upon market conditions and other factors. No purchases under the Repurchase Plan were made during the quarter ended December 31, 2025.

Item 6. [Reserved]

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

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements, together in each case with the related notes, included elsewhere in this Report. This discussion and analysis contains, in addition to historical information, forward-looking statements that include risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the heading "Risk Factors" and elsewhere in this Report. We have reclassified certain prior year amounts to conform to the current year's presentation for discontinued operations, reflecting the shutdown of the Display business and transition into a pure-play Power company. Unless otherwise stated, information in this section relates to our continuing operations. The consolidated statements of cash flows have not been adjusted to separately disclose cash flows related to discontinued operations.

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 about 45 years of operating history, a portfolio of more than 950 registered patents and pending applications and extensive engineering and manufacturing process expertise.

We develop and manufacture Power Analog Solutions products and develop Power integrated circuit ("IC") products. Power Analog Solutions products include metal oxide semiconductor field effect transistors ("MOSFETs") and insulated-gate bipolar transistors ("IGBTs") for a range of devices, including televisions, smartphones, mobile phones, wearable devices, desktop PCs, notebook PCs, tablet PCs, home appliance, other consumer electronics, automotive and industrial applications such as power suppliers, e-bikes, photovoltaic inverters, LED lighting and motor drives.

Our Power IC products provide Power IC solutions to major television suppliers and large panel display suppliers. These products include AC-DC/DC-DC converters, LED drivers, regulators, power management integrated circuits ("PMICs") and level shifter for a range of devices, including televisions, wearable devices, notebooks, tablet PCs and others consumer electronics, as well as automotive applications.

Our 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 and substantial manufacturing operations in Korea place us at the core of the global electronics device supply chain. We believe this enables us to quickly and efficiently respond to our customers' needs, and allows us to better serve and capture additional demand from existing and new customers. Certain of our Power IC products are produced using an external foundry. Through strategic cooperation with an external foundry, we seek to ensure we outsource wafers at competitive prices 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 products are driven by design wins in which we are selected by an electronics original equipment manufacturer ("OEM") or other potential customers to supply its demand for a particular product. A customer will often have more than one supplier designed into multi-source components for a particular product line. Once we have

design wins and the products enter into mass production, we often 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 businesses require investments in capital equipment. Analog and mixed-signal manufacturing facilities and processes are typically distinguished by the design and process implementation expertise rather than the use of the most advanced equipment. Many of these processes also tend to migrate more slowly to smaller geometries due to technological barriers and increased costs. For example, some of our products use high-voltage technology that requires larger geometries and that may not migrate to smaller geometries for several years, if at all. As a result, our manufacturing base and strategy do not require substantial investment in leading edge process equipment for those products, allowing us to utilize our facilities and equipment over an extended period of time with moderate required capital investments. In addition, we are less likely to experience significant industry overcapacity, which can cause product prices to decline significantly. In general, we seek to invest in manufacturing capacity that can be used for multiple high-value applications over an extended period of time. In addition, we outsource manufacturing of those 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.

As we expanded our design capabilities to products that require lower geometries unavailable at our existing manufacturing facilities, we have started outsourcing 8-inch wafer for Power IC products after the sale of our fabrication facility located in Cheongju, Korea in 2020. This additional source of manufacturing has been an important part of our supply chain management. By outsourcing manufacturing of 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 the external foundry exposes us to the risk of being unable to secure manufacturing capacity, particularly during global shortages of foundry services. Although we work strategically with the external foundry to ensure long-term wafer capacity, if these efforts are at any time unsuccessful, our ability to deliver products to our customers may be negatively impacted, which would adversely affect our relationship with customers and opportunities to secure new design-wins.

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

Recent Developments

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 our 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 our 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 have discontinued our Display business, certain limited activities remain solely for the purpose of completing the orderly wind-down of operations and fulfilling pre-existing customer obligations, including the sale of “end of life” (“EOL”) Display

products, which is being conducted by MSK. A small team has been retained exclusively to facilitate these wind-down activities. The sale of EOL Display products generated cash inflow of \$5.8 million during the second half of 2025 and is expected to generate cash inflow of over \$10 million in the next two years, depending upon customer demand. In addition, we continue to evaluate the potential monetization of the intellectual property assets of the Discontinued Business. Any proceeds from such monetization, if realized, could result in additional cash inflows.

The total cash cost of the liquidation of MMS was approximately \$13 million, which is expected to be offset by the cash inflow that may be generated as described above. The one-time liquidation cost consisted of statutory severance and other employee-related costs, contract termination charges and other associated costs. Of this 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 \$6.0 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 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 have been and 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 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 December 31, 2025, the aggregate principal amount outstanding under the CAPEX Loans was approximately \$16.7 million, which bears a weighted average interest rate of 2.91% 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” 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. BIS subsequently delayed enforcement of the Affiliates Rule until November 2026. 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. BIS has altered aspects of its semiconductor licensing policies to a case-by-case review, taking into account requirements such as export volume thresholds and third party testing requirements. 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, net, (iii) derivative valuation loss (gain) 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 benefit, net and depreciation and amortization.

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

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

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

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

We encourage you to evaluate each adjustment and the reasons we consider them appropriate. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses (income) similar to the adjustments in this presentation. Adjusted EBITDA is not a measure defined in accordance with U.S. GAAP and should not be construed as an alternative to 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:

	Year Ended December 31, 2025	Year Ended December 31, 2024
	(Dollars in millions)	
Loss from continuing operations	\$ (14.2)	\$ (27.3)
Interest income	(5.4)	(8.3)
Interest expense	1.7	1.6
Income tax benefit, net	(17.9)	(8.2)
Depreciation and amortization	12.6	14.4
EBITDA from continuing operations	\$ (23.3)	\$ (27.8)
Adjustments:		
Equity-based compensation expense(a)	2.5	5.3
Foreign currency loss, net(b)	0.3	16.7
Derivative valuation loss (gain), net(c)	0.0	(0.1)
Early termination and other charges(d)	4.8	1.6
Adjusted EBITDA from continuing operations	<u>\$ (15.6)</u>	<u>\$ (4.2)</u>

- (a) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, these expenses do not generally require cash settlement, and, therefore, are not used by us to assess the profitability of our operations. We believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses as supplemental information.
- (b) This adjustment mainly eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, which we cannot control. Additionally, we believe the isolation of this adjustment provides investors with enhanced comparability to prior and future periods of our operating performance results.
- (c) This adjustment eliminates the impact of gain or loss recognized in income on derivatives, which represents derivatives value changes excluded from the risk being hedged. We enter into derivative transactions to mitigate foreign exchange risks. As our derivative transactions are limited to a certain portion of our expected cash flows denominated in U.S. dollars, and we do not enter into derivative transactions for trading or speculative purposes, we do not believe that these charges or gains are indicative of our core operating performance.
- (d) For the year ended December 31, 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. For the year ended December 31, 2024, this adjustment eliminates \$1.6 million of one-time cumulative financial impact in connection with certain employee benefits. 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 (income) similar to the adjustments in this presentation. We define Adjusted Operating Income (Loss) for the periods indicated as operating income (loss) adjusted to exclude (i) equity-based compensation expense 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:

	Year Ended December 31, 2025	Year Ended December 31, 2024
	(Dollars in millions)	
Operating loss	\$ (35.9)	\$ (26.0)
Adjustments:		
Equity-based compensation expense(a)	2.5	5.3
Early termination and other charges(b)	4.8	1.6
Adjusted Operating Loss	<u>\$ (28.5)</u>	<u>\$ (19.1)</u>

- (a) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, these expenses do not generally require cash settlement, and, therefore, are not used by us to assess the profitability of our operations. We believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses as supplemental information.
- (b) For the year ended December 31, 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. For the year ended December 31, 2024, this adjustment eliminates \$1.6 million of one-time cumulative financial impact in connection with certain employee benefits. 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 (income) similar to the adjustments in this presentation. We define Adjusted Net Income (Loss) (including on a per share basis); for the periods indicated as net income (loss), adjusted to exclude (i) equity-based compensation expense, (ii) foreign currency loss, 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:

	Year Ended December 31, 2025	Year Ended December 31, 2024
	(Dollars in millions, except per share data)	
Loss from continuing operations	\$ (14.2)	\$ (27.3)
Adjustments:		
Equity-based compensation expense(a)	2.5	5.3
Foreign currency loss, net(b)	0.3	16.7
Derivative valuation loss (gain), net(c)	0.0	(0.1)
Early termination and other charges(d)	4.8	1.6
Income tax effect on non-GAAP adjustments(e)	(1.3)	(4.6)
Adjusted Loss from continuing operations	\$ (7.9)	\$ (8.3)
Reported loss per share—basic	\$ (0.39)	\$ (0.72)
Reported loss per share—diluted	\$ (0.39)	\$ (0.72)
Weighted average number of shares—basic	36,218,138	37,774,280
Weighted average number of shares—diluted	36,218,138	37,774,280
Adjusted loss per share—basic	\$ (0.22)	\$ (0.22)
Adjusted loss per share—diluted	\$ (0.22)	\$ (0.22)
Weighted average number of shares—basic	36,218,138	37,774,280
Weighted average number of shares—diluted	36,218,138	37,774,280

- (a) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, these expenses do not generally require cash settlement, and, therefore, are not used by us to assess the profitability of our operations. We believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses as supplemental information.
- (b) This adjustment mainly eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, which we cannot control. Additionally, we believe the isolation of this adjustment provides investors with enhanced comparability to prior and future periods of our operating performance results.
- (c) This adjustment eliminates the impact of gain or loss recognized in income on derivatives, which represents derivatives value changes excluded from the risk being hedged. We enter into derivative transactions to mitigate foreign exchange risks. As our derivative transactions are limited to a certain portion of our expected cash flows denominated in U.S. dollars, and we do not enter into derivative transactions for trading or speculative purposes, we do not believe that these charges or gains are indicative of our core operating performance.
- (d) For the year ended December 31, 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. For the year ended December 31, 2024,

this adjustment eliminates \$1.6 million of one-time cumulative financial impact in connection with certain employee benefits. 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 years ended December 31, 2025 and 2024, income tax effect on non-GAAP adjustments were calculated by calculating the tax benefit of each jurisdiction with or without the non-GAAP adjustments. For the years ended December 31, 2025 and 2024, income tax effect on non-GAAP adjustments related to our Korean subsidiary was positive \$1.8 million and negative \$0.4 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 years ended December 31, 2025 and 2024, our products were sold to 185 and 165 end customers, respectively, and our net sales to our ten largest customers represented 74.3% and 73.4% 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 new 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 December 31, 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 Analog Solutions business are certain equipment, material and design-related costs for Power Analog Solutions 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 may be affected by changes in the exchange rate between the Korean won and the U.S. dollar, including those related to the intercompany long-term loans to our Korean subsidiary, Magnachip Semiconductor, Ltd. or MSK, which is denominated in U.S. dollars. As of December 31, 2025, the outstanding intercompany loan balance including accrued interest between MSK and our Dutch subsidiary was \$75.1 million. While the intercompany loan balance including accrued interest has decreased compared to prior periods, changes in exchange rates could continue to affect our reported foreign currency gain or loss. As a result of such foreign currency fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our stock could be adversely affected.

From time to time, we may engage in exchange rate hedging activities in an effort to mitigate the impact of exchange rate fluctuations. Our Korean subsidiary, Magnachip Semiconductor, Ltd., enters into foreign currency zero cost collar contracts in order to mitigate a portion of the impact of U.S. dollar-Korean won exchange rate fluctuations on our operating results. Obligations under these foreign currency zero cost collar contracts must be cash collateralized if our exposure exceeds certain specified thresholds. These zero cost collar contracts may be terminated by a counterparty in a number of circumstances, including if our total cash and cash equivalents is less than \$30.0 million at the end of a fiscal quarter unless a waiver is obtained from the counterparty. We cannot assure that any hedging technique we implement will be effective. If our hedging activities are not effective, changes in currency exchange rates may have a more significant impact on our results of operations. See “Note 10. Derivative Financial Instruments” to

our consolidated financial statements under “Item 8. Financial Statements and Supplementary Data” for additional information regarding our foreign exchange hedging activities.

Foreign Currency Gain or Loss. Foreign currency translation gains or losses on transactions by us or our subsidiaries in a currency other than our or our subsidiaries’ functional currency are included in foreign currency gain (loss), net in our 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 Years Ended December 31, 2025 and 2024

The following table sets forth consolidated results of operations for the years ended December 31, 2025 and 2024:

	Year Ended December 31, 2025		Year Ended December 31, 2024		Change Amount
	Amount	% of Total revenues	Amount (Dollars in millions)	% of Total revenues	
Revenues					
Net sales – Power Solutions business	\$ 178.9	100.0%	\$ 185.8	94.6%	\$ (7.0)
Net sales – transitional Fab 3 foundry services	—	—	10.6	5.4	(10.6)
Total revenues	178.9	100.0	196.4	100.0	(17.6)
Cost of sales					
Cost of sales – Power Solutions business	147.5	82.4	145.9	74.3	1.6
Cost of sales – transitional Fab 3 foundry services	—	—	11.8	6.0	(11.8)
Total cost of sales	147.5	82.4	157.7	80.3	(10.2)
Gross profit	31.4	17.6	38.7	19.7	(7.3)
Selling, general and administrative expenses	35.1	19.6	38.1	19.4	(3.0)
Research and development expenses	27.3	15.3	25.0	12.7	2.3
Early termination and other charges	4.8	2.7	1.6	0.8	3.3
Operating loss	(35.9)	(20.0)	(26.0)	(13.2)	(9.9)
Interest income	5.4	3.0	8.3	4.2	(3.0)
Interest expense	(1.7)	(0.9)	(1.6)	(0.8)	(0.1)
Foreign currency loss, net	(0.3)	(0.2)	(16.7)	(8.5)	16.5
Other income, net	0.3	0.2	0.5	0.2	(0.2)
	3.7	2.1	(9.5)	(4.9)	13.3
Loss from continuing operations before income tax benefit, net	(32.1)	(18.0)	(35.5)	(18.1)	3.4
Income tax benefit, net	(17.9)	(10.0)	(8.2)	(4.2)	(9.7)
Loss from continuing operations	(14.2)	(8.0)	(27.3)	(13.9)	13.1
Loss from discontinued operations, net of tax	(15.5)	(8.7)	(27.0)	(13.7)	11.5
Net loss	\$ (29.7)	(16.6)%	\$ (54.3)	(27.6)%	\$ 24.6

Results by business line

	Year Ended December 31, 2025		Year Ended December 31, 2024		Change Amount
	Amount	% of Total revenues	Amount (Dollars in millions)	% of Total revenues	
Revenues					
Net sales – Power Solutions business					
Power Analog Solutions	\$ 160.5	89.7%	\$ 166.8	84.9%	\$ (6.3)
Power IC	18.4	10.3	19.0	9.7	(0.6)
Total Power Solutions business	178.9	100.0	185.8	94.6	(7.0)
Net sales – transitional Fab 3 foundry services	—	—	10.6	5.4	(10.6)
Total revenues	\$ 178.9	100.0%	\$ 196.4	100.0%	\$ (17.6)
Gross Profit					
Gross profit – Power Solutions business					
Power Analog Solutions	\$ 23.8	14.9%	\$ 31.5	18.9%	\$ (7.7)
Power IC	7.5	4.1	8.4	4.4	(0.9)
Total Power Solutions business	31.4	17.6	39.9	21.5	(8.6)
Gross profit – transitional Fab 3 foundry services	—	—	(1.2)	(11.5)	1.2
Total gross profit	\$ 31.4	17.6%	\$ 38.7	19.7%	\$ (7.3)

Revenues

Total revenues were \$178.9 million for the year ended December 31, 2025, a \$17.6 million, or 8.9%, decrease compared to \$196.4 million for the year ended December 31, 2024. This decrease was due to the phase-out of transitional Fab 3 foundry services revenue by the end of 2024 and a decrease in revenue from Power Solutions business.

The Power Solutions business. Net sales from Power Solutions business were \$178.9 million for the year ended December 31, 2025, a \$7.0 million, or 3.7%, decrease compared to \$185.8 million for the year ended December 31, 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.

The transitional Fab 3 foundry services. Net sales from the transitional Fab 3 foundry services were \$10.6 million for the year ended December 31, 2024.

Gross Profit

Total gross profit was \$31.4 million for the year ended December 31, 2025 compared to \$38.7 million for the year ended December 31, 2024, representing a \$7.3 million, or 18.9%, decrease. Gross profit as a percentage of net sales for the year ended December 31, 2025 decreased to 17.6% compared to 19.7% for the year ended December 31, 2024.

The Power Solutions business. Gross profit from our Power Solutions business was \$31.4 million for the year ended December 31, 2025, which represented an \$8.6 million, or 21.4%, decrease from gross profit of \$39.9 million for the year ended December 31, 2024. Gross profit as a percentage of net sales for the year ended December 31, 2025 decreased to 17.6% compared to 21.5% for the year ended December 31, 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, driven by ASP erosion resulting from increased pricing pressure on our older generation products, particularly in China, as well as the impact of a one-time incentive program provided to distributors in China during the fourth quarter of 2025.

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 years ended December 31, 2025 and 2024:

	Year Ended December 31, 2025		Year Ended December 31, 2024		Change Amount
	Amount	% of Net Sales – Power Solutions business	Amount	% of Net Sales – Power Solutions business	
	(Dollars in millions)				
Korea	\$ 88.0	49.2%	\$ 79.9	43.0%	\$ 8.1
Asia Pacific (other than Korea)	82.0	45.9	98.7	53.1	(16.7)
United States	5.0	2.8	2.1	1.1	2.8
Europe	3.9	2.2	5.1	2.7	(1.2)
	<u>\$ 178.9</u>	<u>100.0%</u>	<u>\$ 185.8</u>	<u>100.0%</u>	<u>\$ (7.0)</u>

Net sales – Power Solutions business in Korea increased from \$79.9 million for the year ended December 31, 2024 to \$88.0 million for the year ended December 31, 2025, or by \$8.1 million, or 10.2%, 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.

Net sales— Power Solutions business in the Asia Pacific (other than Korea) decreased from \$98.7 million for the year ended December 31, 2024 to \$82.0 million for the year ended December 31, 2025, or by \$16.7 million, or 16.9%, 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 \$35.1 million, or 19.6% of total revenues for the year ended December 31, 2025, compared to \$38.1 million, or 19.4% of total revenues for the year ended December 31, 2024. The decrease of \$3.0 million, or 7.8%, 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 \$27.3 million, or 15.3% of total revenues, for the year ended December 31, 2025, compared to \$25.0 million, or 12.7% of total revenues, for the year ended December 31, 2024. The increase of \$2.3 million, or 9.1%, was primarily attributable to higher personnel costs resulting from the increased headcount in research and development, and an increase in material costs for power products based on the timing of development activities.

Early Termination and Other Charges. For the year ended December 31, 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. For the year ended December 31, 2024, we recorded \$1.6 million of one-time cumulative financial impact in connection with certain employee benefits.

Operating Loss

As a result of the foregoing, operating loss of \$35.9 million was recorded for the year ended December 31, 2025 compared to operating loss of \$26.0 million the year ended December 31, 2024. As discussed above, the increase in operating loss of \$9.9 million resulted primarily from a \$7.3 million decrease in gross profit, a \$3.3 million increase in early termination and other charges and a \$2.3 million increase in research and development expenses, which was offset in part by a \$3.0 million decrease in selling, general and administrative expenses.

Other Income (Expense)

Interest Income. Interest income was \$5.4 million and \$8.3 million for the years ended December 31, 2025 and 2024, respectively.

Interest Expense. Interest expense was \$1.7 million and \$1.6 million for the years ended December 31, 2025 and 2024, respectively.

Foreign Currency Loss, Net. Net foreign currency loss for the year ended December 31, 2025 was \$0.3 million compared to net foreign currency loss of \$16.7 million for the year ended December 31, 2024. The net foreign currency loss for the years ended December 31, 2025 and 2024 was due to the depreciation in value of the Korean won relative to the U.S. dollar during the period.

A substantial portion of our net foreign currency gain or loss is non-cash translation gain or loss associated with the intercompany long-term loans to our Korean subsidiary, which is denominated in U.S. dollars, and is affected by changes in the exchange rate between the Korean won and the U.S. dollar. As of December 31, 2025 and 2024, the outstanding intercompany loan balance including accrued interest between our Korean subsidiary, Magnachip Semiconductor, Ltd., and our Dutch subsidiary were \$75.1 million and \$257.7 million, respectively. Foreign currency translation gain or loss from intercompany balances were included in determining our consolidated net income since the intercompany balances were not considered long-term investments in nature because management intended to settle these intercompany balances at their respective maturity dates.

Income Tax Benefit, Net

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

We reported \$17.9 million net income tax benefit for the year ended December 31, 2025, which was primarily attributable to the taxable loss in our Korean subsidiary, including loss recognized in connection with the shutdown of the Display business during the second quarter of 2025.

We recorded \$8.2 million net income tax benefit for the year ended December 31, 2024, which was primarily attributable to income tax benefit from our Korean subsidiary due to its net operating loss.

Loss from Continuing Operations

Loss from continuing operations for the year ended December 31, 2025 was \$14.2 million compared to loss from continuing operations of \$27.3 million for the year ended December 31, 2024. The \$13.1 million decrease in loss from continuing operations was primarily attributable to a \$16.5 million improvement in net foreign currency loss and a \$9.7 million increase in income tax benefit, which was offset in part by a \$9.9 million increase in operating loss and a \$3.0 million decrease in interest income.

Loss from Discontinued Operations, Net of Tax

Loss from discontinued operations, net of tax for the year ended December 31, 2025 was \$15.5 million compared to loss from discontinued operations, net of tax of \$27.0 million for the year ended December 31, 2024. The \$11.5 million improvement in loss from discontinued operations, net of tax primarily resulted from a \$14.5 million improvement in operating loss, which was offset in part by a \$3.2 million decrease in income tax benefit.

Net Loss

As a result of the foregoing, a net loss of \$29.7 million was recorded for the year ended December 31, 2025 compared to a net loss of \$54.3 million for the year ended December 31, 2024. As discussed above, the improvement in net loss of \$24.6 million primarily resulted from a \$13.1 million decrease in loss from continuing operations and an \$11.5 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 December 31, 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. Effective November 1, 2025, the service term was adjusted, extending the remaining service period through 2038. As of December 31, 2025, the outstanding obligation of this arrangement is approximately \$47.1 million for remaining service term through 2038.

On March 26, 2024, MSK executed a Standard Credit Agreement (together with its General Terms and Conditions, the “Loan Agreement”) with Korea Development Bank (“KDB”). The Loan Agreement provides for a working capital term loan (the “Term Loan”) of KRW 40,000,000,000 (approximately \$27.9 million based on the KRW/USD exchange rate of 1,434.9:1 as of December 31, 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.

During 2025, under its existing Equipment Financing Credit Agreement with KDB, MSK entered into three CAPEX Loans in the aggregate principal amount of KRW 23,995,000,000, consisting of (i) KRW 9,520,000,000 on June 26, 2025, (ii) KRW 5,075,000,000 on September 26, 2025, and (iii) KRW 9,400,000,000 on December 30, 2025 (approximately \$16.7 million in the aggregate based on the KRW/USD exchange rate of 1,434.9:1 as of December 31, 2025, as quoted by KEB Hana Bank). The CAPEX Loans require 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 December 31, 2025, cash and cash equivalents held by MSK were \$95.6 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.

Year ended December 31, 2025 compared to year ended December 31, 2024

As of December 31, 2025, our cash and cash equivalents balance was \$103.8 million, a \$34.9 million decrease compared to \$138.6 million as of December 31, 2024.

Cash outflow used in operating activities totaled \$24.2 million for the year ended December 31, 2025, compared to \$6.1 million of cash outflow used in operating activities for the year ended December 31, 2024. The net operating cash outflow for the year ended December 31, 2025 reflects our net loss of \$29.7 million, as adjusted favorably by \$23.4 million, which mainly consisted of depreciation and amortization, provision for severance benefits, provision for inventory reserves, foreign currency gain or loss and stock-based compensation, and net unfavorable impact of \$17.9 million from changes in operating assets and liabilities.

Our working capital balance as of December 31, 2025 was \$133.4 million compared to \$173.0 million as of December 31, 2024. The decrease in working capital was primarily attributable to a \$34.9 million decrease in cash and cash equivalents, driven mainly by severance and other employee-related costs incurred in connection with the liquidation of MMS and the voluntary resignation program implemented in the third quarter of 2025, as well as ongoing capital expenditures.

Cash outflow used in investing activities totaled \$24.4 million for the year ended December 31, 2025, compared to a \$11.7 million of cash outflow used in investing activities for the year ended December 31, 2024. The \$12.8 million increase in cash outflow was primarily attributable to an \$18.4 million increase in purchases of property, plant and equipment, which was offset in part by a \$2.7 million increase in net collection of guarantee deposits and a \$2.1 million net decrease in hedge collateral.

Cash inflow provided by financing activities totaled \$12.0 million for the year ended December 31, 2025, compared to \$16.6 million of cash inflow provided by financing activities for the year ended December 31, 2024. The financing cash inflow for the year ended December 31, 2025 was primarily attributable to the \$17.0 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 year ended December 31, 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 \$12.3 million for

the repurchases of our common stock pursuant to our stock repurchase program and a payment of \$0.6 million for the repurchase of our common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock units.

See “Note 2. Discontinued Operations” to the consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” for information regarding cash flow related to discontinued operation.

We routinely make capital expenditures for fabrication facility maintenance, enhancement of our existing facility and reinforcement of our global research and development capability. For the year ended December 31, 2025, capital expenditures for property, plant and equipment were \$30.0 million, an \$18.4 million, or 158.6%, increase from \$11.6 million for the year ended December 31, 2024.

Of the \$30.0 million incurred in 2025, approximately \$21.4 million was related to investments to upgrade our fabrication facility located in Gumi, Korea. Of these upgrade-related capital expenditures, \$17.0 million was funded under the \$26.5 million Equipment Financing Credit Agreement, which is specifically designated for equipment purchases or upgrades in our Gumi fabrication facility. These investments to upgrade the Gumi fabrication facility are expected to support the development of new generation products, and upgrade new tools to optimize product mix and improve gross profit margin in the future periods.

Critical Accounting Policies and Estimates

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

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

Inventories

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

The gross amount of inventory reserves charged to cost of sales totaled \$7.8 million and \$7.0 million in the fiscal years ended December 31, 2025 and 2024, respectively. The new cost base related to the sale of inventory that was previously written down totaled \$5.0 million and \$7.6 million in the fiscal years ended December 31, 2025 and 2024, respectively.

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

Income Taxes

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

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

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

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

Recent Accounting Pronouncements

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

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Magnachip Semiconductor Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Magnachip Semiconductor Corporation and subsidiaries (the Company) as of December 31, 2025, the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 16, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Realizability of deferred tax assets

Description of the Matter

The Company recognized total deferred tax assets of \$170.9 million and a valuation allowance of \$97.6 million, as of December 31, 2025. As described in Notes 1 and 17 to the consolidated financial statements, management's assessment of the realizability of deferred tax assets depends on the Company's ability to generate future taxable income.

Auditing management's evaluation of whether it is more likely than not that all or some portion of the deferred tax assets will not be realized involved especially complex and subjective auditor judgment in assessing significant assumptions used in the forecast of future taxable income, such as sales forecasts and the timing of reversals of existing temporary differences.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's process to assess the realizability of deferred tax assets, including controls over developing and reviewing the significant assumptions used in its forecasts described above.

To test the evaluation of realizability of deferred tax assets, our audit procedures included, among others, evaluating the reasonableness of significant assumptions underlying its forecast. Specifically, we compared the future sales volume to historical performance trends and available external market

outlook information and evaluated the average selling prices by analyzing historical price increases and decreases by product group and benchmarking such trends against industry pricing developments. We also performed sensitivity analyses to assess the impact of potential changes in sales forecast on the forecast of future taxable income. We clerically tested the Company's schedule of the reversal of temporary differences, and with the assistance of our tax subject matter professionals, we evaluated the timing of the reversal of the temporary differences into taxable income, application of relevant tax laws, and the impact of these assumptions on the realizability of deferred tax assets.

/s/ Ernst & Young Han Young

Seoul, Republic of Korea

March 16, 2026

We have served as the Company's auditor since 2025.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

To the Shareholders and the Board of Directors of
Magnachip Semiconductor Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Magnachip Semiconductor Corporation and subsidiaries' internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Magnachip Semiconductor Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2025, the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for the year then ended, and the related notes and our report dated March 16, 2026 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young Han Young

Seoul, Republic of Korea

March 16, 2026

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Magnachip Semiconductor Corporation

Opinion on the Financial Statements

We have audited the consolidated balance sheet of Magnachip Semiconductor Corporation and its subsidiaries (the “Company”) as of December 31, 2024, and the related consolidated statements of operations, comprehensive loss, changes in stockholders’ equity and cash flows for the year ended December 31, 2024, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Samil PricewaterhouseCoopers

Seoul, Korea

March 14, 2025, except for the effects of discontinued operations discussed in Note 2 to the consolidated financial statements, as to which the date is March 16, 2026

We served as the Company's auditor from 2004 to 2024.

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2025	2024
	(In thousands of U.S. dollars, except share data)	
Assets		
Current assets		
Cash and cash equivalents	\$ 103,756	\$ 138,610
Accounts receivable, net	26,022	28,402
Inventories, net	34,151	30,535
Other receivables	2,882	4,444
Prepaid expenses	5,062	10,379
Hedge collateral (Note 10)	1,200	2,080
Other current assets (Note 1)	3,782	4,779
Total current assets	176,855	219,229
Property, plant and equipment, net	100,204	81,463
Operating lease right-of-use assets	2,070	3,107
Intangible assets, net	454	507
Long-term prepaid expenses	584	165
Deferred income taxes (Note 17)	64,248	52,889
Other non-current assets	7,114	21,956
Total assets	\$ 351,529	\$ 379,316
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 20,848	\$ 21,642
Other accounts payable	11,444	10,764
Accrued expenses	6,929	8,648
Accrued income taxes	81	56
Operating lease liabilities	1,427	1,393
Other current liabilities (Note 1)	2,681	3,765
Total current liabilities	43,410	46,268
Long-term borrowings	44,599	27,211
Accrued severance benefits, net	11,502	17,094
Non-current operating lease liabilities	690	1,823
Other non-current liabilities	3,078	10,123
Total liabilities	103,279	102,519
Commitments and contingencies		
Stockholders' equity		
Common stock, \$0.01 par value, 150,000,000 shares authorized, 58,027,696 shares issued and 36,219,100 outstanding at December 31, 2025 and 57,498,507 shares issued and 36,912,118 outstanding at December 31, 2024	579	574
Additional paid-in capital	281,537	279,423
Retained earnings	214,852	244,576
Treasury stock, 21,808,596 shares at December 31, 2025 and 20,586,389 shares at December 31, 2024, respectively	(229,910)	(225,883)
Accumulated other comprehensive loss	(18,808)	(21,893)
Total stockholders' equity	248,250	276,797
Total liabilities and stockholders' equity	\$ 351,529	\$ 379,316

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

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2025	2024
(In thousands of U.S. dollars, except share data)		
Revenues:		
Net sales— Power Solutions business	\$ 178,860	\$ 185,828
Net sales—transitional Fab 3 foundry services	—	10,597
Total revenues	178,860	196,425
Cost of sales:		
Cost of sales— Power Solutions business	147,467	145,884
Cost of sales—transitional Fab 3 foundry services	—	11,814
Total cost of sales	147,467	157,698
Gross profit	31,393	38,727
Operating expenses:		
Selling, general and administrative expenses	35,116	38,099
Research and development expenses	27,297	25,012
Early termination and other charges	4,840	1,589
Total operating expenses	67,253	64,700
Operating loss:	(35,860)	(25,973)
Interest income	5,363	8,320
Interest expense	(1,658)	(1,601)
Foreign currency loss, net	(281)	(16,740)
Other income, net	298	485
Loss from continuing operations before income tax benefit, net	(32,138)	(35,509)
Income tax benefit, net	(17,889)	(8,199)
Loss from continuing operations	\$ (14,249)	\$ (27,310)
Loss from discontinued operations, net of tax	(15,475)	(26,998)
Net loss	\$ (29,724)	\$ (54,308)
Basic loss per common share—		
Continuing operations	\$ (0.39)	\$ (0.72)
Discontinued operations	\$ (0.43)	\$ (0.72)
Total	\$ (0.82)	\$ (1.44)
Diluted loss per common share—		
Continuing operations	\$ (0.39)	\$ (0.72)
Discontinued operations	\$ (0.43)	\$ (0.72)
Total	\$ (0.82)	\$ (1.44)
Weighted average number of shares—		
Basic	36,218,138	37,774,280
Diluted	36,218,138	37,774,280

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

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>(In thousands of U.S. dollars)</u>	
Net loss	\$ (29,724)	\$ (54,308)
Other comprehensive loss (Note 19)		
Foreign currency translation adjustments	2,834	(5,579)
Derivatives adjustments	251	(1,657)
Total other comprehensive income (loss)	3,085	(7,236)
Total comprehensive loss	<u>\$ (26,639)</u>	<u>\$ (61,544)</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

(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					
Balance at December 31, 2023	<u>38,852,742</u>	<u>\$ 569</u>	<u>\$ 273,256</u>	<u>\$ 298,884</u>	<u>\$ (213,454)</u>	<u>\$ (14,657)</u>	<u>\$ 344,598</u>
Stock-based compensation	—	—	6,214	—	—	—	6,214
Settlement of restricted stock units	527,113	5	(47)	—	—	—	(42)
Acquisition of treasury stock	(2,467,737)	—	—	—	(12,429)	—	(12,429)
Other comprehensive loss, net	—	—	—	—	—	(7,236)	(7,236)
Net loss	—	—	—	(54,308)	—	—	(54,308)
Balance at December 31, 2024	<u>36,912,118</u>	<u>\$ 574</u>	<u>\$ 279,423</u>	<u>\$ 244,576</u>	<u>\$ (225,883)</u>	<u>\$ (21,893)</u>	<u>\$ 276,797</u>
Stock-based compensation	—	—	2,180	—	—	—	2,180
Settlement of restricted stock units	529,189	5	(66)	—	—	—	(61)
Acquisition of treasury stock	(1,222,207)	—	—	—	(4,027)	—	(4,027)
Other comprehensive income, net	—	—	—	—	—	3,085	3,085
Net loss	—	—	—	(29,724)	—	—	(29,724)
Balance at December 31, 2025	<u>36,219,100</u>	<u>\$ 579</u>	<u>\$ 281,537</u>	<u>\$ 214,852</u>	<u>\$ (229,910)</u>	<u>\$ (18,808)</u>	<u>\$ 248,250</u>

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

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2025	2024
(In thousands of U.S. dollars)		
Cash flows from operating activities		
Net loss	\$ (29,724)	\$ (54,308)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	12,961	16,161
Provision for severance benefits	3,639	8,020
Loss (gain) on foreign currency, net	(847)	32,851
Provision (reversal) for inventory reserves	2,871	(529)
Stock-based compensation	2,180	6,214
Impairment charges	12,424	4,637
Deferred income taxes	(10,120)	(7,034)
Others, net	325	799
Changes in operating assets and liabilities		
Accounts receivable, net	(2,990)	2,719
Inventories	(5,803)	(1,583)
Other receivables	(210)	(115)
Prepaid expenses	6,981	8,877
Other current assets	2,915	1,753
Accounts payable	4,248	(1,971)
Other accounts payable	(8,993)	(14,160)
Accrued expenses	(2,662)	(607)
Accrued income taxes	23	(1,432)
Deferred revenue	(494)	(305)
Other current liabilities	(345)	(856)
Other non-current liabilities	(185)	(335)
Contributions to severance insurance deposit accounts	3,785	(2,383)
Payment of severance benefits	(13,567)	(2,407)
Others, net	(620)	(139)
Net cash used in operating activities	(24,208)	(6,133)
Cash flows from investing activities		
Proceeds from settlement of hedge collateral	4,159	627
Payment of hedge collateral	(3,159)	(1,706)
Proceeds from disposal of plant, property and equipment	565	—
Purchase of property, plant and equipment	(29,992)	(11,600)
Payment for intellectual property registration	(207)	(316)
Collection of guarantee deposits	4,380	3,535
Payment of guarantee deposits	(355)	(2,175)
Collection of short-term financial instruments	—	30,000
Purchase of short-term financial instruments	—	(30,000)
Others, net	180	(37)
Net cash used in investing activities	(24,429)	(11,672)
Cash flows from financing activities		
Proceeds from long-term borrowings	17,016	30,059
Acquisition of treasury stock	(4,381)	(12,891)
Repayment of financing related to water treatment facility arrangement	(452)	(472)
Repayment of principal portion of finance lease liabilities	(161)	(139)
Net cash provided by financing activities	12,022	16,557
Effect of exchange rates on cash and cash equivalents	1,761	(18,234)
Net decrease in cash and cash equivalents	(34,854)	(19,482)
Cash and cash equivalents at beginning of period	138,610	158,092
Cash and cash equivalents at end of period	\$ 103,756	\$ 138,610
Supplemental cash flow information		
Cash paid for interest on long-term borrowings	\$ 1,253	\$ 966
Cash paid for income taxes, net	\$ 1,926	\$ 1,339
Non-cash investing and financing activities		
Property, plant and equipment additions in other accounts payable	\$ 2,407	\$ 369
Acquisition of treasury stock to satisfy the tax withholding obligations in connection with equity-based compensation	\$ 217	\$ 451

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 (“Power Analog Solutions”) products and develops Power integrated circuit (“IC”) products. Power Analog Solutions 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, home appliance, other consumer electronics, automotive and industrial applications such as power suppliers, e-bikes, photovoltaic 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 Analog Solutions and Power IC 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 consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Significant accounting policies followed by the Company in the preparation of the accompanying consolidated financial statements are summarized below.

The Company has reclassified certain prior year amounts to conform to the current year’s presentation for discontinued operations, reflecting the shutdown of the 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 December 31, 2025. 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. See Note 2 “Discontinued Operations” for additional information.

Principles of Consolidation

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

Use of Estimates

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

Discontinued Operations

The Company reports the results of operations of a business as discontinued operations when a disposal represents a strategic shift, including a disposal of a component of an entity, that has or will have a major effect on the Company's operations and financial results, in accordance with Accounting Standards Codification ("ASC") 205-20, "Presentation of Financial Statements—Discontinued Operations." A business may qualify for discontinued operations presentation upon disposal by sale, abandonment, or other means when the applicable criteria are met. The results of discontinued operations are reported in "Income (loss) from discontinued operations, net of tax" in the accompanying consolidated statements of operations for all periods presented beginning in the period in which the business meets the classification criteria.

Foreign Currency Translation

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

Cash and Cash Equivalents

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

Accounts Receivable Reserves

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

Sales of Accounts Receivable

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

Inventories

Inventories are stated at the lower of cost or net realizable value, using the first in, first out method ("FIFO"). If net realizable value is less than cost at the balance sheet date, the carrying amount is reduced to the realizable value, and the difference is recognized as a loss on valuation of inventories within cost of sales. Inventory reserves are established when conditions indicate that the net realizable value is less than costs due to physical deterioration, obsolescence, changes in price levels, or other causes based on individual facts and circumstances. The Company evaluates the sufficiency of inventory reserves and takes into consideration historical usage, expected demand, anticipated sales price, new product development schedules, the effect new products might have on the sale of existing products, product age and other factors. Reserves are also established for excess inventory based on the Company's current inventory levels and projected demand and its ability to sell those specific products. Situations that could cause these inventory

reserves include a decline in business and economic conditions, decline in consumer confidence caused by changes in market conditions, sudden and significant decline in demand for the Company's products, inventory obsolescence because of rapidly changing technology and consumer requirements, or failure to estimate end customer demand properly. A reduction of these inventory reserves may be recorded if previously reserved items are subsequently sold as a result of unexpected changes to certain aforementioned situations.

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

Advances to Suppliers

The Company, from time to time, may make advances in form of prepayments or deposits to suppliers to meet its planned production. The Company recorded advances of \$512 thousand and \$2,294 thousand as other current assets as of December 31, 2025 and 2024, respectively.

Property, Plant and Equipment

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

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

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

Impairment of Long-Lived Assets

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

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

Leases

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

Right-of-use assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term. As most of the Company's leases do not provide a readily

determinable implicit rate, the Company estimates its incremental borrowing rates in determining the present value of future payments based on the lease term of each lease and market information available at commencement date. Finance lease right-of-use assets are amortized on a straight-line basis over the respective lease term with the interest expense on the lease liability recorded using the interest method. The amortization and interest expense are recorded separately in the consolidated statements of operations. Amortization of operating lease right-of-use assets and interest expense on operating lease liabilities are recognized on a straight-line basis over the respective lease term.

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

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

Intangible Assets

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

Fair Value Disclosures of Financial Instruments

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

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

Level 2—Inputs (other than quoted market prices included in Level 1) are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are either directly or indirectly observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount future amounts to present value using market-based observable inputs, including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies.

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

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

Accrued Severance Benefits

The majority of accrued severance benefits are for employees in the Company’s Korean subsidiary. Pursuant to Employee Retirement Benefit Security Act of Korea, eligible employees and executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of December 31, 2025, 97% of all employees of the Company were eligible for severance benefits.

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

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

Revenue Recognition

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

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

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

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

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

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

All amounts billed to a customer related to shipping and handling are classified as sales while all costs incurred by the Company for shipping and handling are classified as selling, general and administrative expenses. The amounts charged to selling, general and administrative expenses were \$649 thousand and \$635 thousand for the years ended December 31, 2025 and 2024, respectively.

The Company recorded deferred revenue of \$741 thousand and \$1,120 thousand as other current liabilities as of December 31, 2024 and 2023, respectively. Of the recorded deferred revenue, \$712 thousand and \$1,032 thousand were recognized as revenue during the years ended December 31, 2025 and 2024, respectively.

Advertising

The Company expenses advertising costs as incurred. Advertising expenses were \$34 thousand and \$27 thousand for the years ended December 31, 2025 and 2024, respectively.

Product Warranties

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

Derivative Financial Instruments

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

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

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

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

Research and Development

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

Licensed Patents and Technologies

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

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

Stock-Based Compensation

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

Earnings (Loss) Per Share

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

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, “Income Taxes” (“ASC 740”). ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in a company’s financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based upon the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Income tax expense (benefit) is the tax payable (receivable) for the period and the change during the period in deferred tax assets and liabilities. Valuation allowances are established when it is necessary to reduce deferred tax assets to the amount expected to be realized. The evaluation of the recoverability of the deferred tax assets and the need for a valuation allowance requires management to weigh all available positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax assets will not be realized. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including sales forecast, historical operating results, expected timing of the reversals of existing temporary differences, the Company’s ability to generate future taxable income, and tax planning strategies.

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

Concentration of Credit Risk

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

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”), which enhances 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. The Company adopted ASU 2023-09 during the year ended December 31, 2025. See “Note 17. Income Taxes” to these consolidated financial statements below for more information.

Recent Accounting Pronouncements Not Yet Adopted

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

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 future investments on the Power Analog Solutions and Power IC businesses. In connection with this strategy, the Company evaluated various strategic alternatives for its Display business, including a sale, merger, joint venture, licensing, or wind-down; however, the Company was unable to complete a transaction 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 decision 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 Display 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 year ended December 31, 2025 and 2024 (in thousands):

	Year Ended December 31,	
	2025	2024
Net sales	\$ 30,673	\$ 35,312
Cost of sales	17,444	22,124
Gross profit	13,229	13,188
Operating expenses:		
Selling, general and administrative expenses	1,715	8,999
Research and development expenses	9,720	26,182
Early termination charges	1,561	—
Impairment and other charges	12,764	5,065
Total operating expenses	25,760	40,246
Operating loss from discontinued operations	(12,531)	(27,058)
Interest income	214	451
Interest expense	(290)	(368)
Foreign currency loss, net	(244)	(159)
Other income, net	390	—
Loss from discontinued operations before income tax expense (benefit), net	(12,461)	(27,134)
Income tax expense (benefit), net	3,014	(136)
Loss from discontinued operations, net of tax	<u>\$ (15,475)</u>	<u>\$ (26,998)</u>

In accordance with ASC 360-10, the Company evaluates impairment of long-lived assets at the asset group level, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

For the year ended December 31, 2024, the Company performed a recoverability test for the Display business asset group by comparing the carrying amount of the asset group to its estimated future undiscounted pre-tax cash flows over the remaining useful life of the primary long-lived assets. Based on this analysis, the Company concluded that the carrying value of the Display business asset group was not fully recoverable and determined its fair value using the discounted cash flow (“DCF”) method. As a result, the Company recognized an impairment charge of \$4,637 thousand, which was included in impairment and other charges in the consolidated statements of operations for the year ended December 31, 2024.

For the year ended December 31, 2025, in connection with the shutdown of the Display business, the Company recognized additional impairment charges of \$12,424 thousand, primarily related to certain design tool software contracts. The Display business, for which the impairment charges were recognized in 2024 and 2025, was classified as discontinued operations during the year ended December 31, 2025.

In connection with the liquidation of MMS, the Company paid \$6,506 thousand of statutory severance and other employee-related costs in the second quarter of 2025, of which the statutory severance required by law had been previously accrued in our consolidated financial statements.

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

	December 31,	December 31,
	2025	2024
Accounts receivable, net	\$ 2,689	\$ 4,797
Inventories, net	2,252	3,698
Accrued severance benefits, net	24	4,308

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

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Significant non-cash operating activities:		
Depreciation and amortization	\$ 381	\$ 1,723
Provision for severance benefits	(219)	1,806
Stock-based compensation	(353)	917
Impairment charges	12,424	4,637
Investing activities:		
Capital expenditures	\$ (99)	\$ (2,747)

Although the Company has discontinued our Display business, certain limited activities remain solely for the purpose of completing the orderly wind-down of operations and fulfilling pre-existing customer obligations, including the sale of “end of life” (“EOL”) Display products, which is being conducted by MSK. A small team has been retained exclusively to facilitate these wind-down activities.

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 period presented (in thousands):

	<u>Year Ended</u> <u>December 31,</u> <u>2025</u>
Net sales	\$ 15,705
Gross profit	7,383
Operating expenses	774

3. Fair Value Measurements

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

Fair Value of Financial Instruments

As of December 31, 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>December 31,</u> <u>2025</u>	<u>Fair Value</u> <u>Measurement</u> <u>December 31,</u> <u>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)	\$ 3	\$ 3	—	\$ 3	—
Liabilities:					
Derivative liabilities (other current liabilities)	\$ 1,644	\$ 1,644	—	\$ 1,644	—
Derivative liabilities (other non-current liabilities)	\$ 126	\$ 126	—	\$ 126	—

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):

	Carrying Value December 31, 2024	Fair Value Measurement December 31, 2024	Quoted Prices in Active Markets for Identical Liability (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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, the fair value of which approximates 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.

Fair Values Measured on a Non-recurring Basis

The Company's non-financial assets, such as property, plant and equipment, and intangible assets are recorded at fair value upon acquisition and are remeasured at fair value only if an impairment charge is recognized. For the year ended December 31, 2025, the Company did not have any assets or liabilities measured at fair value on a non-recurring basis. For the year ended December 31, 2024, the Company remeasured the fair value of certain tangible and intangible assets in connection with the impairment assessment of its Display business, which was classified as discontinued operations in the current year.

4. Accounts Receivable

Accounts receivable as of December 31, 2025 and 2024 consisted of the following (in thousands):

	December 31,	
	2025	2024
Accounts receivable	\$ 26,327	\$ 28,818
Notes receivable	56	77
Less:		
Allowance for credit losses	(70)	(68)
Sales return reserves	(291)	(425)
Accounts receivable, net	<u>\$ 26,022</u>	<u>\$ 28,402</u>

Changes in allowance for credit losses for the years ended December 31, 2025 and 2024 are as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Beginning balance	\$ (68)	\$ (78)
Provision	—	(4)
Write off	—	4
Translation adjustments	(2)	10
Ending balance	<u>\$ (70)</u>	<u>\$ (68)</u>

Changes in sales return reserves for the years ended December 31, 2025 and 2024 are as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Beginning balance	\$ (425)	\$ (348)
Provision	(106)	(142)
Usage	247	—
Translation adjustments	(7)	65
Ending balance	<u>\$ (291)</u>	<u>\$ (425)</u>

Commencing in March 2012, the Company has been a party to an agreement to sell selected trade accounts receivable to a financial institution from time to time. After a sale, the Company does not retain any interest in the receivables and the applicable financial institution collects these accounts receivable directly from the customer. Net proceeds of these accounts receivable sale program are recognized in the consolidated statements of cash flows as part of operating cash flows.

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

5. Inventories

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

	December 31,	
	2025	2024
Finished goods	\$ 7,542	\$ 7,802
Semi-finished goods and work-in-process	29,245	26,797
Raw materials	4,198	3,607
Materials in-transit	—	61
Less: inventory reserve	(6,834)	(7,732)
Inventories, net	<u>\$ 34,151</u>	<u>\$ 30,535</u>

Changes in inventory reserve for the years ended December 31, 2025 and 2024 are as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Beginning balance	\$ (7,732)	\$ (10,599)
Change in reserve		
Inventory reserve charged to costs of sales	(7,827)	(6,979)
Sale of previously reserved inventory	4,956	7,610
	(2,871)	631
Write off	4,029	1,222
Translation adjustments	(260)	1,014
Ending balance	<u>\$ (6,834)</u>	<u>\$ (7,732)</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.

6. Property, Plant and Equipment

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

	December 31,	
	2025	2024
Buildings and related structures	\$ 24,371	\$ 21,873
Machinery and equipment	137,024	126,971
Finance lease right-of-use assets	495	606
Others	32,342	33,274
	194,232	182,724
Less: accumulated depreciation	(128,171)	(115,236)
Land	11,679	11,237
Construction in progress	22,464	2,738
Property, plant and equipment, net	<u>\$ 100,204</u>	<u>\$ 81,463</u>

Aggregate depreciation expenses associated with continuing operations totaled \$12,332 thousand and \$14,133 thousand for the years ended December 31, 2025 and 2024, respectively.

Pledge Agreement

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

On December 16, 2024, MSK executed a Standard Credit Agreement (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 in Gumi, Korea.

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

7. Intangible Assets

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

	December 31, 2025		
	Gross amount	Accumulated amortization	Net amount
Intellectual property assets	\$ 7,672	\$ (7,218)	\$ 454
Intangible assets	<u>\$ 7,672</u>	<u>\$ (7,218)</u>	<u>\$ 454</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 expense associated with continuing operations for intangible assets totaled \$248 thousand and \$305 thousand for the years ended December 31, 2025 and 2024, respectively.

The aggregate amortization expense associated with continuing operations of intangible assets for the next five years are estimated to be \$148 thousand, \$86 thousand, \$56 thousand, \$32 thousand and \$16 thousand for the years ended December 31, 2026, 2027, 2028, 2029 and 2030, respectively.

8. Leases

The Company has operating and finance leases for buildings and other assets such as vehicles and office equipment. The Company’s leases have remaining lease terms ranging from 1 year to 4 years.

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

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

Leases	Classification	December 31,	
		2025	2024
Assets			
Operating lease	Operating lease right-of-use assets	\$ 2,070	\$ 3,107
Finance lease	Property, plant and equipment, net	217	390
Total lease assets		<u>\$ 2,287</u>	<u>\$ 3,497</u>
Liabilities			
Current			
Operating lease	Operating lease liabilities	\$ 1,427	\$ 1,393
Finance lease	Other current liabilities	130	153
Non-current			
Operating lease	Non-current operating lease liabilities	690	1,823
Finance lease	Other non-current liabilities	128	294
Total lease liabilities		<u>\$ 2,375</u>	<u>\$ 3,663</u>

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

	December 31,	
	2025	2024
Weighted average remaining lease term		
Operating leases	1.5 years	2.5 years
Finance leases	2.1 years	2.9 years
Weighted average discount rate		
Operating leases	6.5%	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):

	Year Ended December 31,	
	2025	2024
Operating lease cost	\$ 1,781	\$ 1,868
Finance lease cost		
Amortization of right-of-use assets	144	138
Interest on lease liabilities	26	35
Total lease cost	<u>\$ 1,951</u>	<u>\$ 2,041</u>

The above table does not include an immaterial cost of short-term leases for the years ended December 31, 2025 and 2024.

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

	Year Ended December 31,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 1,844	\$ 1,913
Operating cash flows from finance leases	26	35
Financing cash flows from finance leases	154	140

Non-cash transaction amounts of lease liabilities arising from obtaining right-of-use assets were \$1,225 thousand and \$959 thousand for the years ended December 31, 2025 and 2024, respectively.

The aggregate future lease payments for operating and finance leases as of December 31, 2025 are as follows (in thousands):

	Operating Leases	Finance Leases
2026	\$ 1,520	\$ 144
2027	701	110
2028	9	22
2029	—	2
Total future lease payments	2,230	278
Less: Imputed interest	(113)	(20)
Present value of future payments	<u>\$ 2,117</u>	<u>\$ 258</u>

9. Accrued Expenses

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

	December 31,	
	2025	2024
Payroll, benefits and related taxes, excluding severance benefits	\$ 4,999	\$ 5,518
Withholding tax attributable to intercompany interest income	7	1,419
Outside service fees	841	1,221
Others	1,082	490
Accrued expenses	<u>\$ 6,929</u>	<u>\$ 8,648</u>

10. 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 derivative contracts as of December 31, 2025 are as follows (in thousands):

Date of transaction	Type of derivative	Total notional amount	Month of settlement
February 03, 2025	Zero cost collar	\$ 9,000	January 2026 to March 2026
July 10, 2025	Zero cost collar	\$ 9,000	April 2026 to June 2026
July 17, 2025	Zero cost collar	\$ 9,000	July 2026 to September 2026
September 30, 2025	Zero cost collar	\$ 27,000	January 2026 to December 2026
November 07, 2025	Zero cost collar	\$ 42,000	April 2026 to June 2027

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

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

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 December 31, 2025 and 2024 are as follows (in thousands):

Derivatives designated as hedging instruments:		December 31,	
		2025	2024
Asset Derivatives:			
Zero cost collars	Other current assets	\$ 3	\$ —
Liability Derivatives:			
Zero cost collars	Other current liabilities	\$ 1,644	\$ 1,956
Zero cost collars	Other non-current liabilities	\$ 126	\$ —

Offsetting of derivative assets and liabilities as of December 31, 2025 are as follows (in thousands):

As of December 31, 2025	Gross amounts of recognized assets/liabilities	Gross amounts offset in the balance sheets	Net amounts of assets/liabilities presented in the balance sheets	Gross amounts not offset in the balance sheets		Net amount
				Financial instruments	Cash collateral pledged	
Asset Derivatives:						
Zero cost collars	\$ 3	\$ —	\$ 3	\$ —	\$ —	\$ 3
Liability Derivatives:						
Zero cost collars	\$ 1,770	\$ —	\$ 1,770	\$ —	\$ (1,200)	\$ 570

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

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

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

The following table summarizes the impact of derivative instruments on the consolidated statements of operations for the years ended December 31, 2025 and 2024 (in thousands):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Loss Recognized in AOCI on Derivatives		Location/Amount of Loss Reclassified from AOCI Into Statement of Operations	Location/Amount of Gain (Loss) Recognized in Statement of Operations on Derivatives				
	2025	2024		2025	2024			
	Zero cost collars	\$ (748)		\$ (2,988)	Net sales	\$ (1,042)	\$ (868)	Other income, net

As of December 31, 2025, the amount expected to be reclassified from accumulated other comprehensive loss into loss within the next twelve months is \$664 thousand.

The Company set aside cash deposits to the counterparty, Standard Chartered Bank Korea Limited (“SC”), as required for the zero cost collar contracts. This cash deposit is recorded as hedge collateral on the consolidated balance sheets. Cash deposits as of December 31, 2025 and 2024 are as follows (in thousands):

Counterparty	December 31,	
	2025	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, and \$1,200 thousand and \$1,080 thousand of additional cash collateral were required and recorded as hedge collateral on the consolidated balance sheets as of December 31, 2025 and 2024, respectively.

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.

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 December 31, 2025, approximately \$27,877 thousand aggregate principal amount of the Term Loan was outstanding, bearing interest at a variable rate of 3.78% per annum as of that date.

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 have been and 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 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.

During 2025, under its existing Equipment Financing Credit Agreement with KDB, MSK entered into three CAPEX Loans in the aggregate principal amount of KRW 23,995,000,000, consisting of (i) KRW 9,520,000,000 on June 26, 2025, (ii) KRW 5,075,000,000 on September 26, 2025, and (iii) KRW 9,400,000,000 on December 30, 2025 (approximately \$16,722 thousand in the aggregate based on the KRW/USD exchange rate of 1,434.9:1 as of December 31, 2025, as quoted by KEB Hana Bank). The CAPEX Loans bear a weighted average interest rate of 2.91% per annum and mature on June 26, 2035.

As of December 31, 2025, the aggregate principal amount outstanding under the CAPEX Loans was approximately \$16,722 thousand, and the scheduled principal repayment amounts are as following (in thousands):

	Principal Repayments
2026	\$ —
2027	\$ 1,045
2028	\$ 2,090
2029	\$ 2,090
2030	\$ 2,090
2031 – 2035	\$ 9,407

12. Accrued Severance Benefits

The majority of accrued severance benefits are for employees in the Company's Korean subsidiary. Pursuant to Employee Retirement Benefit Security Act of Korea, eligible employees and executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of December 31, 2025, 97% of all employees of the Company were eligible for severance benefits.

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

	Year Ended December 31,	
	2025	2024
Beginning balance	\$ 45,594	\$ 45,932
Provisions	3,639	8,020
Severance payments	(13,567)	(2,407)
Translation adjustments	1,394	(5,951)
	<u>37,060</u>	<u>45,594</u>
Less: Cumulative contributions to severance insurance deposit accounts	(25,542)	(28,476)
The National Pension Fund	(16)	(24)
Accrued severance benefits, net	<u>\$ 11,502</u>	<u>\$ 17,094</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):

	Severance Benefit
2026	\$ 96
2027	\$ 394
2028	\$ —
2029	\$ 1,710
2030	\$ 2,204
2031 – 2036	\$ 15,866

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.

13. Stock Repurchases

Stock Repurchase Program

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

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

14. Equity Incentive Plans

The Company adopted its 2009 Common Unit Plan, or the 2009 Plan, effective December 8, 2009, which is administered by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee"). The 2009 Plan terminated in connection with the Company's initial public offering in March 2011, and no additional options or other equity awards may be granted under the 2009 Plan. The Company adopted its 2011 Equity Incentive Plan, or the 2011 Plan, in March 2010. The Company amended and restated the 2011 Plan in February 2011, and the Company's stockholders approved the amendment in March 2011 to reflect that it became effective in 2011 in connection with the Company's initial public offering in March 2011. The 2011 Plan was amended on October 23, 2017, to revise the Compensation Recovery Policy of the 2011 Plan. The 2011 Plan was amended on April 26, 2018 to amend the tax withholding provisions as they relate to directed sales of shares. At the 2020 Annual Meeting of Stockholders, the Company's stockholders approved its 2020 Equity and Incentive Compensation Plan, or the 2020 Plan, which is administered by the Compensation Committee. Following the adoption of the 2020 Plan, no further awards may be issued under the 2011 Plan. At the 2023 Annual Meeting of Stockholders held on May 18, 2023, the Company's stockholders approved an increase of an additional 1,990,000 shares of the Company's common stock available for issuance under the 2020 Plan.

Awards may be granted under the 2020 Plan to the Company's employees, officers, directors, or certain consultants or those of any subsidiary of the Company. While the Company may grant incentive stock options only to employees, the Company may grant non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, dividend equivalents and cash-based awards or other stock-based awards to any eligible participant, subject to terms and conditions determined by the Compensation Committee. The term of any options granted under the 2020 Plan shall not exceed ten years from the date of grant. As of December 31, 2025 an aggregate maximum of 13,342,919 shares were authorized and 1,748,942 shares were reserved for all future grants.

Stock options and stock appreciation rights must have exercise prices at least equal to the fair market value of the stock at the time of their grant pursuant to the 2011 Plan and 2020 Plan. Stock options typically vest over one to three years following grant, subject to the participant's continued service through the applicable vesting dates. As of December 31, 2025, no stock options or stock appreciation rights had been granted under 2020 Plan.

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

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

The following summarizes restricted stock unit activities for the year ended December 31, 2025.

	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value of Restricted Stock Units
Outstanding at January 1, 2025	1,953,742	\$ 7.01
Granted	1,497,586	3.43
Vested	(529,189)	5.42
Forfeited	(1,269,042)	5.22
Outstanding at December 31, 2025	<u>1,653,097</u>	<u>\$ 5.65</u>

Total compensation expenses recorded for the restricted stock units associated with continuing operations were \$2,533 thousand and \$5,297 thousand for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025, there was \$2,481 thousand of total unrecognized compensation cost related to unvested restricted stock units, which is expected to be recognized over a weighted average future period of 1.1 year. Total fair value of restricted stock units vested were \$2,867 thousand and \$4,603 thousand for the years ended December 31, 2025 and 2024, respectively.

The following summarizes stock option activities for the year ended December 31, 2025. At the date of grant, all options had an exercise price not less than the fair value of common stock (aggregate intrinsic value in thousands):

	Number of Options	Weighted Average Exercise Price of Stock Options	Aggregate Intrinsic Value of Stock Options	Weighted Average Remaining Contractual Life of Stock Options
Outstanding at January 1, 2024	728,792	\$ 7.19	\$ —	1.1 years
Expired	(274,129)	\$ 7.73	—	—
Forfeited	(52,036)	\$ 6.53	—	—
Outstanding at December 31, 2025	<u>402,627</u>	\$ 6.91	\$ —	0.5 years
Vested and Exercisable at December 31, 2025	<u>402,627</u>	\$ 6.91	\$ —	0.5 years

There were no compensation expenses recorded for the stock options for the years ended December 31, 2025 and 2024.

15. 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 year ended December 31, 2025.

In addition, for the year ended December 31, 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.

For the year ended December 31, 2024, the Company recorded \$1,589 thousand of one-time cumulative financial impact in connection with certain employee benefits, which was classified as “early termination and other charges” in the consolidated statements of operations.

16. Foreign Currency Gain (Loss), Net

Net foreign currency gain or loss includes non-cash translation gain or loss associated with intercompany balances. A substantial portion of the Company’s net foreign currency gain or loss is non-cash translation gain or loss associated with intercompany long-term loans to MSK, 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 December 31, 2025 and 2024, the outstanding intercompany loan balances including accrued interest between MSK and the Dutch subsidiary were \$75,063 thousand and \$257,670 thousand, respectively. The Korean won to U.S. dollar exchange rates were 1,434.9:1 and 1,470.0:1 using the first base rate as of December 31, 2025 and 2024, respectively, as quoted by the KEB Hana Bank.

17. Income Taxes

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

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

	Year Ended December 31,	
	2025	2024
Income (loss) before income tax expense (benefit)		
Domestic	\$ 14,941	\$ (10,955)
Foreign	(47,079)	(24,554)
	<u>(32,138)</u>	<u>(35,509)</u>
Current income tax expense (benefit)		
Domestic	(0)	—
Foreign	(2,740)	184
Uncertain tax position liability (foreign)	10	(3)
	<u>(2,730)</u>	<u>181</u>
Deferred income tax expense (benefit)		
Domestic	834	(1,340)
Foreign	(15,993)	(7,040)
	<u>(15,159)</u>	<u>(8,380)</u>
Total income tax benefit	<u>\$ (17,889)</u>	<u>\$ (8,199)</u>

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

	Year Ended December 31, 2025	
	Amount	Percent
U.S. federal statutory income tax rate	\$ (6,749)	21.0%
Domestic federal		
Tax credits	—	—
Non-taxable and non-deductible items		
Permanent foreign currency gain (loss)	(3,619)	11.26
Others	(62)	0.19
Cross-border tax laws		
Subpart F income	98	(0.31)
Changes in tax laws or rates enacted in the current period	—	—
Change in valuation allowance	1,279	(3.98)
State income taxes, net of federal effect	—	—
Foreign tax effect		
Korea		
Statutory tax rate difference between Korea and United States	(8,499)	26.45
Enacted changes in tax laws or rates	(3,912)	12.17
Tax credits claimed	(743)	2.31
R&D credit refund	(1,637)	5.09
Others	253	(0.78)
Netherlands		
Statutory tax rate difference between Netherlands and United States	(694)	2.16
TPECs, hybrid and other interest	(2,458)	7.65
Permanent foreign currency gain (loss)	6,317	(19.65)
Change in valuation allowance	7,819	(24.33)
Intercompany debt restructuring	—	—
Outside basis difference	(4,408)	13.72
Withholding tax	(1,372)	4.27
Others	320	(1.00)
Luxembourg		
Permanent foreign currency gain (loss)	(2,710)	8.43
Change in valuation allowance	2,231	(6.94)
TPECs, hybrid and other interest	986	(3.06)
Others	(267)	0.83
Other foreign jurisdictions	(62)	0.18
Changes in unrecognized tax benefits	—	—
Income tax benefit	<u>\$ (17,889)</u>	<u>55.66%</u>

	Year Ended December 31, 2024
Provision computed at statutory rates	\$ (7,463)
Change in statutory tax rates	(2,329)
Difference in foreign tax rates	1,936
Permanent differences	
Derivative assets/liabilities adjustment	(6)
TPECs, hybrid and other interest	1,262
Equity-based compensation	(61)
Permanent foreign currency loss	(1,113)
Penalty	77
Subpart F income	624
Intercompany debt restructuring	3,125
Other permanent differences	(145)
Withholding tax	(172)
Change in valuation allowance	(3,619)
Tax credits claimed	(630)
Uncertain tax positions liability	(3)
Change in net operating loss carry-forwards	19
Foreign local taxes	42
Others	257
Income tax benefit	<u>\$ (8,199)</u>

For the year ended December 31, 2025, the Korean permanent tax benefit of \$8,499 thousand was related to the difference in statutory tax rates between Korea and the United States. The Dutch permanent tax expense of \$6,317 thousand pertained to a foreign currency gain primarily derived from the unrealized foreign translation gain related to the intercompany loan granted to the Dutch subsidiary by the U.S. parent company.

For the year ended December 31, 2024, the permanent tax expense of \$3,125 thousand related to intercompany debt restructuring recorded for the year ended December 31, 2024 was derived from the waiver and release of unpaid interests of the intercompany loans granted to the Company's Korean subsidiary by the Dutch subsidiary. In connection with the waiver of unpaid interests, the related withholding tax was reversed, resulting in the recognition of income tax benefit of \$172 thousand.

A summary of the composition of net deferred income tax assets (liabilities) as of December 31, 2025 and 2024 are as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Deferred tax assets		
Inventory reserves	\$ 1,509	\$ 1,090
Accrued expenses	1,069	1,202
Property, plant and equipment	2,191	2,593
Accumulated severance benefits	8,128	8,024
Operating lease right-of-use liabilities	460	740
Foreign currency translation loss	362	24,271
NOL carry-forwards	126,147	96,358
Tax credit carry-forwards	16,379	15,149
Other long-term payable	851	2,205
Interest expense deduction limitation	—	3,150
Derivative liabilities	401	434
Outside basis difference	10,530	—
Others	2,826	8,905
Total deferred tax assets	170,853	164,121
Less: Valuation allowance	(97,631)	(81,653)
	<u>73,222</u>	<u>82,468</u>
Deferred tax liabilities		
Prepaid expense	577	1,741
Severance benefit deposits	5,406	5,274
Operating lease right-of-use assets	444	715
Foreign currency translation gain	2,435	13,090
Others	151	8,870
Total deferred tax liabilities	9,013	29,690
Net deferred tax assets	<u>\$ 64,209</u>	<u>\$ 52,778</u>

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

Changes in valuation allowance for deferred tax assets for the years ended December 31, 2025 and 2024 are as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Beginning balance	\$ 81,653	\$ 87,201
Addition	11,708	—
NOL/ tax credit claimed/expired	(5,881)	(38)
Translation adjustments	10,151	(5,510)
Ending balance	<u>\$ 97,631</u>	<u>\$ 81,653</u>

As of December 31, 2025 and 2024, respectively, the Company recorded a valuation allowance of \$97,631 thousand and \$81,653 thousand on its deferred tax assets related to temporary differences, net operating loss carry-forwards and tax credits of domestic and foreign subsidiaries.

The Company has recorded a full valuation allowance against certain foreign subsidiaries' deferred tax assets pertaining to its related tax loss carry-forwards that are not anticipated to generate a tax benefit. The valuation allowances at December 31, 2025 and 2024 were primarily attributable to its Luxembourg subsidiary.

The net operating loss carry-forwards balance as of December 31, 2025 and 2024 are as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
NOL carry-forwards	\$ 544,010	\$ 418,102

As of December 31, 2025, the Company had \$544,010 thousand of net operating loss carry-forwards available to offset future taxable income, of which \$300,051 thousand is associated with the Company's Luxembourg subsidiary, mainly attributable to certain expenses incurred in connection with its shareholding in the Company's Dutch subsidiary. Of the \$300,051 thousand net operating loss carry-forwards, \$290,352 thousand is carried forward indefinitely and the remaining \$9,699 thousand expires from 2034 through 2042. The net operating loss carry-forwards retained by the Company's U.S. parent amounts to \$55,686 thousand, \$5,309 thousand is carried forward indefinitely and the remaining \$50,377 thousand expires at various dates through 2037. The net operating loss carry-forwards retained by the Company's Korean subsidiary amounts to \$185,997 thousand, in which \$60,274 expires in 2038, \$15,781 expires in 2039, and the remaining \$109,942 expires in 2040.

The Company did not utilize net operating loss for the year ended December 31, 2025, but utilized net operating loss of \$402 thousand for the year ended December 31, 2024. The Company also has Dutch tax credit carry-forwards of approximately \$14,696 thousand as of December 31, 2025. The Dutch tax credits are carried forward to be used for an indefinite period of time.

Uncertainty in Income Taxes

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

As of December 31, 2025 and 2024, the Company recorded \$276 thousand and \$253 thousand of unrecognized tax benefits, respectively.

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

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Unrecognized tax benefits, balance at the beginning	\$ 253	\$ 274
Additions based on tax positions related to the current year	54	51
Lapse of statute of limitations	(44)	(54)
Translation adjustments	13	(18)
Unrecognized tax benefits, balance at the ending	<u>\$ 276</u>	<u>\$ 253</u>

No interest and penalties related to unrecognized tax benefits were recognized as of December 31, 2025 and 2024.

Income Taxes Paid (Net of Refunds) by Jurisdiction

The Company paid income taxes, net of refunds received, by jurisdiction for the year ended December 31, 2025 as follows (in thousands):

	<u>Year Ended December 31, 2025</u>
U.S. federal	\$ —
Korea	(2,301)
Netherlands	268
Japan	103
Others	4
Total	<u>\$ (1,926)</u>

18. 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, other than revenue and gross profit margin.

Revenues for the year ended December 31, 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	\$ 54,336	\$ —	\$ 19,024	\$ 35,312	\$ 54,336
Power Analog Solutions	166,804	166,804	—	—	166,804
	<u>\$ 221,140</u>	<u>\$ 166,804</u>	<u>\$ 19,024</u>	<u>\$ 35,312</u>	<u>\$ 221,140</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.

	Year Ended December 31,	
	2025	2024
Revenues		
Power Solutions business		
Power Analog Solutions	\$ 160,477	\$ 166,804
Power IC	18,383	19,024
Total Power Solutions business	178,860	185,828
Transitional Fab 3 foundry services	—	10,597
Total revenues	<u>\$ 178,860</u>	<u>\$ 196,425</u>
Cost of Sales		
Power Solutions business		
Power Analog Solutions	\$ 136,628	\$ 135,302
Power IC	10,839	10,582
Total Power Solutions business	147,467	145,884
Transitional Fab 3 foundry services	—	11,814
Total cost of sales	<u>\$ 147,467</u>	<u>\$ 157,698</u>
Gross Profit		
Power Solutions business		
Power Analog Solutions	\$ 23,849	\$ 31,502
Power IC	7,544	8,442
Total Power Solutions business	31,393	39,944
Transitional Fab 3 foundry services	—	(1,217)
Total gross profit	<u>\$ 31,393</u>	<u>\$ 38,727</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):

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Korea	\$ 88,012	\$ 79,901
Asia Pacific (other than Korea)	82,022	98,745
United States	4,964	2,120
Europe	3,862	5,062
Total	<u>\$ 178,860</u>	<u>\$ 185,828</u>

For the years ended December 31, 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 78.2% and 83.5%, respectively, and net sales— Power Solutions business in Taiwan represented 13.3% and 9.1%, respectively.

Net sales from the Company's top ten largest customers in the Power Solutions business accounted for 74.3% and 73.4% for the years ended December 31, 2025 and 2024, respectively.

For the year ended December 31, 2025, the Company had one customer that represented 29.7% of its net sales— Power Solutions business, and for the year ended December 31, 2024, the Company had one customer that represented 25.4% of its net sales— Power Solutions business, respectively.

As of December 31, 2025, two customers of the Company's Power Solutions business accounted for 35.4% and 15.7% of its accounts receivable – Power Solutions business, respectively. 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.

99.8% of the Company's property, plant and equipment are located in Korea as of December 31, 2025.

19. Accumulated Other Comprehensive Loss

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

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Foreign currency translation adjustments	\$ (18,093)	\$ (20,927)
Derivative adjustments	(715)	(966)
Total	<u>\$ (18,808)</u>	<u>\$ (21,893)</u>

Changes in accumulated other comprehensive loss for the years ended December 31, 2025 and 2024 are as follows (in thousands):

<u>Year Ended December 31, 2025</u>	<u>Foreign currency translation adjustments</u>	<u>Derivative adjustments</u>	<u>Total</u>
Beginning balance	\$ (20,927)	\$ (966)	\$ (21,893)
Other comprehensive income (loss) before reclassifications	2,219	(791)	1,428
Amounts reclassified from accumulated other comprehensive loss	615	1,042	1,657
Net current-period other comprehensive income	2,834	251	3,085
Ending balance	<u>\$ (18,093)</u>	<u>\$ (715)</u>	<u>\$ (18,808)</u>

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

During the year ended December 31, 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.

There was an income tax expense of \$43 thousand related to changes in accumulated other comprehensive loss for the year ended December 31, 2025. There was an income tax benefit of \$463 thousand related to changes in accumulated other comprehensive loss for the year ended December 31, 2024.

20. Loss Per Share

The following table illustrates the computation of basic and diluted loss per common share for the years ended December 31, 2025 and 2024:

	Year Ended December 31,	
	2025	2024
	(In thousands of U.S. dollars, except share data)	
Basic loss per common share		
Loss from continuing operations	\$ (14,249)	\$ (27,310)
Loss from discontinued operations, net of tax	(15,475)	(26,998)
Net loss	\$ (29,724)	\$ (54,308)
Basic weighted average common stock outstanding	36,218,138	37,774,280
Basic loss per common share		
Continuing operations	\$ (0.39)	\$ (0.72)
Discontinued operations	\$ (0.43)	\$ (0.72)
Total	\$ (0.82)	\$ (1.44)
Diluted loss per common share		
Loss from continuing operations	\$ (14,249)	\$ (27,310)
Loss from discontinued operations, net of tax	(15,475)	(26,998)
Net loss	\$ (29,724)	\$ (54,308)
Basic weighted average common stock outstanding	36,218,138	37,774,280
Net effect of dilutive equity awards	—	—
Diluted weighted average common stock outstanding	36,218,138	37,774,280
Diluted loss per common share		
Continuing operations	\$ (0.39)	\$ (0.72)
Discontinued operations	\$ (0.43)	\$ (0.72)
Total	\$ (0.82)	\$ (1.44)

Diluted earnings (loss) per share adjusts basic earnings (loss) per share for the potentially dilutive impact of stock options and restricted stock units. As the Company has reported loss for the years ended December 31, 2025 and 2024, all potentially dilutive securities are antidilutive and accordingly not considered, therefore basic net loss per share equals diluted net loss per share.

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

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Options	402,627	728,792
Restricted Stock Units	1,653,097	1,953,742

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

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

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

Management of the Company, with the participation of our Principal Executive Officer and our Principal Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, as of December 31, 2025. Based on this evaluation, our Principal Executive Officer and our Principal Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2025.

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

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

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

Under the supervision and with the participation of our Principal Executive Officer and our Principal Financial Officer, we conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2025, based on the criteria set forth in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, we concluded that our internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025 has been audited by Ernst & Young Han Young, an independent registered public accounting firm, as stated in their report which appears in Item 8 of this Report.

(c) Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended December 31, 2025, none of our directors or officers, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item relating to our executive officers is included in “Item 1. Business—Executive Officers of the Company.” The other information required by this item is incorporated by reference to our definitive proxy statement relating to our 2026 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

Insider Trading Policy

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

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our definitive proxy statement relating to our 2026 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

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

The information required by this item is incorporated by reference to our definitive proxy statement relating to our 2026 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

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

The information required by this item is incorporated by reference to our definitive proxy statement relating to our 2026 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference to our definitive proxy statement relating to our 2026 annual meeting of stockholders or will be included by amendment to this Report within 120 days after the end of the fiscal year to which this Report relates.

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

1. Financial Statements

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

2. Financial Statement Schedules

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

3. Exhibits

Exhibit No.	Exhibit Description
2.1	<u>Business Transfer Agreement, dated as of March 31, 2020 among by and among Magnus Semiconductor, LLC, MagnaChip Semiconductor S.A. and MagnaChip Semiconductor, Ltd. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on March 31, 2020).</u>
3.1	<u>Certificate of Conversion of MagnaChip Semiconductor LLC (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on March 11, 2011).</u>
3.2	<u>Certificate of Incorporation of MagnaChip Semiconductor Corporation (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on March 11, 2011).</u>
3.3	<u>Certificate of Amendment to the Certificate of Incorporation of Magnachip Semiconductor Corporation (incorporated by reference to Exhibit 3.1 to our Current report on Form 8-K filed on December 30, 2020).</u>
3.4	<u>Amended and Restated Bylaws of MagnaChip Semiconductor Corporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on May 6, 2016).</u>
3.5	<u>Form of Plan of Conversion of MagnaChip Semiconductor LLC (incorporated by reference to Exhibit 3.6 to our Amendment No. 2 to Registration Statement on Form S-1 filed on May 11, 2010 (Registration No. 333-165467)).</u>
3.6	<u>Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of MagnaChip Semiconductor Corporation, as filed with the Secretary of the State of Delaware on March 6, 2015 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on March 6, 2015).</u>
3.7	<u>Certificate of Designation of Series A-1, Junior Participating Preferred Stock of Magnachip Semiconductor Corporation, as filed with the Secretary of State of Delaware on December 13, 2021.</u>
4.1	<u>Description of Securities (incorporated by reference to Exhibit 4.1 to our Annual Report on Form 10-K filed on March 14, 2025).</u>
10.1	<u>Intellectual Property License Agreement, dated as of October 6, 2004, by and between Hynix Semiconductor Inc. and MagnaChip Semiconductor, Ltd. (Korea) (incorporated by reference to Exhibit 10.2 to our Amendment No. 1 to Registration Statement on Form S-1 filed on April 20, 2010 (Registration No. 333-165467)).</u>
10.2*	<u>MagnaChip Semiconductor Corporation 2011 Equity Incentive Plan (as amended on April 26, 2018) (incorporated by reference to Exhibit 10.24 to our Annual Report on Form 10-K filed on February 22, 2019).</u>
10.3*	<u>MagnaChip Semiconductor Corporation 2020 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 17, 2020).</u>
10.4*	<u>Amended and Restated 2020 Equity and Incentive Compensation Plan (incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A filed with the Commission on April 17, 2023).</u>
10.5*	<u>MagnaChip Semiconductor Corporation 2011 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.26 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u>
10.6*	<u>MagnaChip Semiconductor Corporation Form of Indemnification Agreement with Directors and Officers (incorporated by reference to Exhibit 10.49 to our Registration Statement on Form S-1 filed on March 15, 2010 (Registration No. 333-165467)).</u>

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<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.7*	<u>MagnaChip Semiconductor LLC Profit Sharing Plan as adopted on December 31, 2009 and amended on February 15, 2010 (incorporated by reference to Exhibit 10.54 to our Quarterly Report on Form 10-Q filed on August 5, 2011).</u>
10.8*	<u>MagnaChip Semiconductor Corporation 2011 Form of Stock Option Agreement (U.S. Participants) (incorporated by reference to Exhibit 10.55 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u>
10.9*	<u>MagnaChip Semiconductor Corporation 2011 Form of Stock Option Agreement (Non-U.S. Participants) (incorporated by reference to Exhibit 10.56 to our Amendment No. 9 to the Registration Statement on Form S-1 filed on February 18, 2011 (Registration No. 333-165467)).</u>
10.10*	<u>MagnaChip Semiconductor Corporation 2011 Form of Restricted Stock Units Agreement (Nonemployee Director) (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 6, 2016).</u>
10.11*	<u>MagnaChip Semiconductor Corporation 2020 Form of Restricted Stock Units Agreement (Non-employee Directors) (incorporated by reference to Exhibit 99.2 to our Registration Statement on Form S-8 filed on July 15, 2020).</u>
10.12	<u>Patent Cross-License Agreement, with an effective date as of June 15, 2017, by and between Infineon Technologies AG and Magnachip Semiconductor, Ltd. (incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u>
10.13	<u>First Amendment to the Patent Cross-License Agreement, with an effective date as of January 1, 2022, by and between Infineon Technologies AG and Magnachip Semiconductor, Ltd. (incorporated by reference to Exhibit 10.9 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u>
10.14*	<u>Form of 2020 Plan Restricted Stock Units Agreement (Non-employee Directors) (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u>
10.15*	<u>Form of 2020 Plan Restricted Stock Units Agreement (CEO and other Section 16 Officers) (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u>
10.16*	<u>Form of 2020 Plan Restricted Stock Units Agreement—Financial Performance (CEO) (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u>
10.17*	<u>Form of 2020 Plan Restricted Stock Units Agreement—Financial Performance (Non-CEO Section 16 Officers) (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u>
10.18*	<u>Form of 2020 Plan Restricted Stock Units Agreement—TSR Performance (CEO) (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u>
10.19*	<u>Form of 2020 Plan Restricted Stock Units Agreement—TSR Performance (Non-CEO Section 16 Officers) (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on November 4, 2022).</u>
10.20	<u>Agreement, dated as of April 11, 2023, by and among Magnachip Semiconductor Corporation, Jackson Square Advisors LLC, GT Investments II Corp and Gilbert Nathan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 13, 2023).</u>
10.21	<u>Standard Credit Agreement, dated as of March 26, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation) (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on May 10, 2024).</u>
10.22	<u>Kun-Pledge (Mortgage) Agreement, dated as of March 26, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation) (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on May 10, 2024).</u>
10.23*	<u>Separation Agreement, dated as of July 29, 2024, by and among Magnachip Semiconductor Corporation, Magnachip Semiconductor, Ltd., Magnachip Mixed-Signal, Ltd. and Woung Moo Lee (incorporated by reference to our Current Report on Form 8-K filed on July 31, 2024).</u>
10.24*	<u>Consulting Agreement, dated as of August 1, 2024, by and between Magnachip Mixed-Signal, Ltd. and Woung Moo Lee (incorporated by reference to our Current Report on Form 8-K filed on July 31, 2024).</u>

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<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.25	<u>Amendment to Kun-Pledge (Mortgage) Agreement, dated as of December 8, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation) (incorporated by reference to Exhibit 10.42 to our Annual Report on Form 10-K filed on March 14, 2025).</u>
10.26	<u>Amendment to Kun-Pledge (Mortgage) Agreement, dated as of December 8, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation) (incorporated by reference to Exhibit 10.43 to our Annual Report on Form 10-K filed on March 14, 2025).</u>
10.27	<u>Standard Credit Agreement, dated as of December 16, 2024, by and between Magnachip Semiconductor, Ltd. and Korea Development Bank. (English Translation) (incorporated by reference to Exhibit 10.44 to our Annual Report on Form 10-K filed on March 14, 2025).</u>
10.28	<u>Amendment to Standard Credit Agreement, dated as of March 31, 2025, by and between Magnachip Semiconductor, Ltd., and Korea Development Bank (English Translation) (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 12, 2025).</u>
10.29*	<u>Form of Restricted Stock Units Agreement—Stock Price Hurdle Performance (CEO GM) (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on May 12, 2025).</u>
10.30*	<u>Amended and Restated Executive Service Agreement, dated April 28, 2025, by and among Magnachip Semiconductor Corporation, Magnachip Semiconductor, Ltd., and Shin Young Park (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on August 5, 2025).</u>
10.31*	<u>Amendment to Employment Agreement, dated April 28, 2025, by and among Magnachip Semiconductor Corporation, Magnachip Semiconductor, Ltd., and Shin Young Park (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on August 5, 2025).</u>
10.32*	<u>Form of 2020 Plan Restricted Stock Units Agreement for deferrals for Directors (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 10, 2025).</u>
10.33*	<u>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).</u>
10.34*	<u>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).</u>
10.35*	<u>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).</u>
10.36*	<u>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).</u>
10.37#*	<u>Amended and Restated Director Compensation Policy, dated January 28, 2026.</u>
16.1	<u>Letter from Samil PricewaterhouseCoopers dated as of March 14, 2025 (incorporated by reference to our Current Report on Form 8-K filed on March 14, 2025).</u>
19.1#	<u>Securities Trading Policy, as amended effective September 8, 2025.</u>
21.1#	<u>Subsidiaries of the Registrant</u>
23.1#	<u>Consent of Ernst & Young Han Young</u>
23.2#	<u>Consent of Samil PricewaterhouseCoopers</u>
31.1#	<u>Certification of Chief Executive Officer required by Rule 13(a)-14(a), as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002</u>
31.2#	<u>Certification of Chief Financial Officer required by Rule 13(a)-14(a), as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002</u>

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<u>Exhibit No.</u>	<u>Exhibit Description</u>
32.1†	Certification of Chief Executive Officer required by 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Chief Financial Officer required by 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002
97.1*	Compensation Recovery Policy, adopted as of November 15, 2023 (incorporated by reference to Exhibit 97.1 to our Annual Report on Form 10-K filed on March 8, 2024).
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page formatted as Inline XBRL and contained Exhibit 101

Footnotes:

* Management contract, compensatory plan or arrangement

Filed herewith

† Furnished herewith

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

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

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

MAGNACHIP SEMICONDUCTOR CORPORATION

By: /s/ Camillo Martino
Name: Camillo Martino
Title: Chairman and Interim Chief Executive Officer (Principal Executive Officer)
Date: March 16, 2026

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

	<u>Date</u>
<u>/s/ Camillo Martino</u> Camillo Martino, <i>Chairman and Interim Chief Executive Officer (Principal Executive Officer)</i>	March 16, 2026
<u>/s/ Shinyoung Park</u> Shinyoung Park, <i>Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)</i>	March 16, 2026
<u>/s/ Cristiano Amoruso</u> Cristiano Amoruso, <i>Director</i>	March 16, 2026
<u>/s/ Liz Chung</u> Liz Chung, <i>Director</i>	March 16, 2026
<u>/s/ Gilbert Nathan</u> Gilbert Nathan, <i>Director</i>	March 16, 2026

Amended and Restated on January 28, 2026

Magnachip Semiconductor Corporation
Director Compensation Policy

The Director Compensation Policy applicable to the members of the Board of Directors (the “**Board**”) of Magnachip Semiconductor Corporation (the “**Company**”) is as follows:

- Each non-employee director will receive a fee of \$18,750 per quarter for such director’s service for any fiscal quarter of the Company during which such director serves on the Board (the “**Applicable Quarter**”).
 - The Chairman of the Board will receive an additional fee of \$18,750 per quarter for such Chairman’s service for the Applicable Quarter.
 - The Lead Director of the Board, if any, will receive an additional fee of \$11,250 per quarter for such Lead Director’s service for the Applicable Quarter.
 - Each non-employee director will be granted annually, pursuant to the Company’s equity incentive plan as in effect at such time (the “**Plan**”), a restricted stock unit award having a fair value equal to \$165,000, with the number of restricted stock units to be calculated in accordance with the Company’s Equity Award Grant Policy, which award shall vest in full on the earlier of (i) the first anniversary of grant and (ii) the meeting date of the Annual General Meeting of Stockholders that occurs in the year following the year in which the restricted stock unit award is granted, with such grants to be made on the earlier of (i) the first date on which a grant may be made under the Equity Award Grant Policy following the meeting date of the Company’s Annual General Meeting of Stockholders for such year and (ii) August 31 of such year.
 - If a non-employee director’s initial appointment to the Board occurs other than at an Annual General Meeting of Stockholders of the Company, such director will be granted, pursuant to Plan, a restricted stock unit award having a fair value equal to \$165,000, with the number of restricted stock units to be calculated in accordance with the Company’s Equity Award Grant Policy, multiplied by the quotient of the number of days elapsed from the date of initial appointment to the first anniversary of the prior year’s Annual General Meeting of Stockholders (or, if earlier, August 31 of such year) divided by 365 (or 366 if such year is a leap year and thus contains February 29), with such grants to vest 100% on the same date as the vesting date of the annual equity grant made to non-executive directors immediately preceding the grant of award.
 - The Chair of the Company’s Audit Committee (the “**Audit Committee**”) will receive:
 - an additional fee of \$6,250 per quarter for such Chair’s service for the Applicable Quarter; and
 - a restricted stock unit award under the Plan having a fair value equal to \$20,000, with the number of restricted stock units to be calculated in accordance with the Company’s Equity Award Grant Policy, which award shall vest in full on the earlier of (i) the first anniversary of grant and (ii) the meeting date of the Annual General Meeting of Stockholders that occurs in the year following the year in which the restricted stock unit award is granted, with such grants to be made on the earlier of (i) the first date on which a grant may be made under the Equity Award Grant Policy following the meeting date of the Company’s Annual General Meeting of Stockholders for such year and (ii) August 31 of such year.
 - The Chair of the Company’s Compensation Committee (the “**Compensation Committee**”) will receive:
 - an additional fee of \$3,750 per quarter for such Chair’s service for the Applicable Quarter; and
 - a restricted stock unit award under the Plan having a fair value equal to \$20,000, with the number of restricted stock units to be calculated in accordance with the Company’s Equity Award Grant Policy, which award shall vest in full on the earlier of (i) the first anniversary of grant and (ii) the meeting date of the Annual General Meeting of Stockholders that occurs in the year following the year in which the restricted stock unit award is granted, with such grants to be made on the earlier of (i) the first date on which a grant may be made under the Equity Award Grant Policy following the meeting date of the Company’s Annual General Meeting of Stockholders for such year and (ii)
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August 31 of such year.

- The Chair of the Company’s Nominating and Corporate Governance Committee (the “*Nominating Committee*”) will receive:
 - an additional fee of \$2,500 per quarter for such Chair’s service for the Applicable Quarter; and
 - a restricted stock unit award under the Plan having a fair value equal to \$20,000, with the number of restricted stock units to be calculated in accordance with the Company’s Equity Award Grant Policy, which award shall vest in full on the earlier of (i) the first anniversary of grant and (ii) the meeting date of the Annual General Meeting of Stockholders that occurs in the year following the year in which the restricted stock unit award is granted, with such grants to be made on the earlier of (i) the first date on which a grant may be made under the Equity Award Grant Policy following the meeting date of the Company’s Annual General Meeting of Stockholders for such year and (ii) August 31 of such year.
 - Each member of the Audit Committee (other than its Chair) will receive:
 - \$3,750 per quarter for such member’s service for the Applicable Quarter;
 - a restricted stock unit award under the Plan having a fair value equal to \$10,000, with the number of restricted stock units to be calculated in accordance with the Company’s Equity Award Grant Policy, which award shall vest in full on the earlier of (i) the first anniversary of grant and (ii) the meeting date of the Annual General Meeting of Stockholders that occurs in the year following the year in which the restricted stock unit award is granted, with such grants to be made on the earlier of (i) the first date on which a grant may be made under the Equity Award Grant Policy following the meeting date of the Company’s Annual General Meeting of Stockholders for such year and (ii) August 31 of such year.
 - Each member of the Compensation Committee (other than its Chair) will receive:
 - \$2,500 per quarter for such member’s service for the Applicable Quarter; and
 - a restricted stock unit award under the Plan having a fair value equal to \$10,000, with the number of restricted stock units to be calculated in accordance with the Company’s Equity Award Grant Policy, which award shall vest in full on the earlier of (i) the first anniversary of grant and (ii) the meeting date of the Annual General Meeting of Stockholders that occurs in the year following the year in which the restricted stock unit award is granted, with such grants to be made on the earlier of (i) the first date on which a grant may be made under the Equity Award Grant Policy following the meeting date of the Company’s Annual General Meeting of Stockholders for such year and (ii) August 31 of such year.
 - Each member of the Nominating Committee (other than its Chair) will receive:
 - \$1,250 per quarter for such member’s service for the Applicable Quarter; and
 - a restricted stock unit award under the Plan having a fair value equal to \$10,000, with the number of restricted stock units to be calculated in accordance with the Company’s Equity Award Grant Policy, which award shall vest in full on the earlier of (i) the first anniversary of grant and (ii) the meeting date of the Annual General Meeting of Stockholders that occurs in the year following the year in which the restricted stock unit award is granted, with such grants to be made on the earlier of (i) the first date on which a grant may be made under the Equity Award Grant Policy following the meeting date of the Company’s Annual General Meeting of Stockholders for such year and (ii) August 31 of such year.
 - Each of the cash payments referenced in the preceding bullets will be paid on a quarterly basis in advance except as otherwise described herein.
 - Each of the cash payments referenced in the preceding bullets shall not be subject to refunds upon the termination of applicable director’s service, unless otherwise determined by the Board.
 - If a non-employee director’s initial appointment as a Chair or member of any of the Audit Committee, Compensation Committee, or Nominating Committee occurs other than at an Annual General Meeting of Stockholders, such director
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will be granted, pursuant to the Plan, a restricted stock unit award equal to the applicable amount for such committee Chair or committee membership position pursuant to the bullets below, multiplied by the quotient of the number of days elapsed from the date of initial appointment to the first anniversary of the prior year's Annual General Meeting of Stockholders (or, if earlier, August 31 of such year) divided by 365 (or 366 if such year is a leap year and thus contains February 29), with such grant(s) to vest 100% on the same date as the vesting date of the annual equity grant made to non-executive directors immediately preceding the grant of award.

- If a non-employee director's initial appointment to the Board, the Chairman of the Board, the Lead Director, or as a Chair or member of any of the Audit Committee, Compensation Committee, or Nominating Committee occurs other than on the first day of any Applicable Quarter, such director will be entitled to the quarterly cash amount for such position(s) pursuant to the above paragraphs, multiplied by the quotient of the number of days elapsed from the date of initial appointment to the last date of the Applicable Quarter divided by the total number of days in such Applicable Quarter, with such prorated cash payment(s) being made on or promptly following such appointment(s).
 - Each non-employee member of the Company's Advisory Committee (the "***Advisory Committee***") will receive (i) a fee of \$10,000 for each visit such member makes to the Company's Korean subsidiary in connection with such member's service and (ii) a fee of \$5,000 for each Advisory Committee meeting such member attends or for each full-day working session (or reasonable equivalent) such member engages in, provided that the fees paid under this clause (ii) will exclude any meetings or working sessions that constitute the whole or a part of the Advisory Committee's visit to the Company's Korean subsidiary referenced in clause (i) above.
 - If the Chairman of the Board of Directors, on authority by resolutions adopted by the Board of Directors, is requested to travel the Company's Korean headquarters for meetings and full-day working sessions, he or she will receive (i) a fee of \$10,000 for each visit he or she makes to the Company's Korean subsidiary headquarters in connection with such member's service (the "***Per Visit Board Services Fees***") and (ii) a per diem fee of \$3,000 in cash for each full working day in excess of three (3) working days during any single visit in which he or she attends meetings and/or full-day working sessions (or reasonable equivalent) at the Company's Korean headquarters on behalf of the Board (the "***Additional Per Diem Board Services Fees***"); provided, that the Per Visit Board Services Fees and Additional Per Diem Board Services Fees payments shall not exceed in the aggregate \$100,000 in any calendar year and (ii) no Per Visit Board Services Fees payment shall be made in respect of any visit in which he or she is attending Board or Board Committee meetings in-person at the Company's Korean headquarters. For the avoidance of doubt, he or she shall be entitled to Additional Per Diem Board Services Fees (but not the Per Visit Board Services Fees) in respect of any visit related to a regularly-scheduled Board or Board Committee meeting in which he or she attend meetings and/or full-day working sessions (or reasonable equivalent) in excess of three (3) working days during such visit.
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MAGNACHIP SEMICONDUCTOR CORPORATION

SECURITIES TRADING POLICY

Effective September 8, 2025

I. Purpose

MagnaChip Semiconductor Corporation and its subsidiaries (the “*Company*”) have adopted this Securities Trading Policy (this “*Policy*”) for directors, officers and employees of the Company. The purpose of this Policy is to describe the standards concerning the handling of non-public information relating to the Company and the buying and selling of securities of the Company.

II. Persons Affected and Prohibited Transactions

This Policy applies to directors, officers and employees of the Company. Please note that the general prohibitions apply to all directors, officers and employees of the Company, while the restrictions set forth in Part V (Blackout Periods) and Part VI (Pre-Clearance) apply only to directors, executive officers and certain designated officers and employees. If you are unsure whether you are subject to the restrictions set forth in Part V or VI, please contact the Company’s General Counsel or his or her designee.

The same restrictions described in this Policy also apply to your spouse, minor children and anyone else living in your household, partnerships in which you are a general partner, trusts of which you are a trustee, estates of which you are an executor and investment funds or other similar vehicles with which you are affiliated (collectively “*Related Parties*”). You will be responsible for compliance with this Policy by your Related Parties.

For purposes of this Policy, references to “*trading*” or “*transactions in securities of the Company*” (or other words or phrases with substantially the same meaning) include purchases or sales of Company stock, bonds, options, puts and calls, derivative securities based on securities of the Company, gifts of Company securities, loans of Company securities, hedging transactions involving or referencing Company securities, contributions of Company securities to a trust, sales of Company stock acquired upon the exercise of stock options, exercises of stock options, market sales to raise cash to fund the exercise of stock options and trades in Company stock made under an employee benefit plan, such as a 401(k) plan.

III. Policy Statement

If a director, officer or employee has material nonpublic information (as further discussed below) relating to the Company, it is our policy that neither that person nor any Related Party:

- **may effect transactions in securities of the Company (other than pursuant to a pre-arranged trading plan that complies with Rule 10b5-1 (“*Rule 10b5-1*”) under the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) as described in Part VIII below) or engage in any other action to take advantage of that information;**
- **may pass that information on to any person outside the Company or suggest or otherwise recommend that any such person outside the Company effect a transaction in securities of the Company or engage in any other action to take advantage of that information;**
or
- **assist anyone engaged in any of the above activities.**

This Policy will continue to apply after termination of employment to the extent that a former director, officer or employee is in possession of material nonpublic information at the time of termination. In such case, no transaction in securities of the Company may take place until the information becomes public or ceases to be material.

This Policy also applies to information, obtained in the course of employment with, or by serving as a director of, the Company,

relating to any other company, including:

- our customers, clients or suppliers,
- any entity with which we may be negotiating a major transaction or business combination, or
- any entity as to which we have an indirect or direct control relationship or a designee on the board of directors.

No director, officer or employee may effect transactions in the securities of any such other company while in possession of material nonpublic information concerning such company that was obtained in the course of employment with the Company.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Material Information. “**Material information**” is any information that a reasonable investor would consider important in a decision to effect a transaction in securities of the Company. In short, any information that could reasonably affect the price of such securities. Either positive or negative information may be material. Common examples of information that will frequently be regarded as material are:

- financial results;
- projections of future earnings or losses, or other guidance concerning earnings;
- the fact that earnings are inconsistent with consensus expectations;
- a pending or proposed merger, joint venture, acquisition or tender offer;
- a significant sale of assets or the disposition of a subsidiary or business unit;
- changes in dividend policies or the declaration of a stock split or the offering of additional securities;
- pending or proposed changes in senior management or other key employees;
- significant new products or services;
- significant legal or regulatory exposure due to a pending or threatened lawsuit or investigation;
- impending bankruptcy or other financial liquidity problems;
- changes in legislation affecting our business; and
- the gain or loss of a substantial customer, client or supplier.

20-20 Hindsight. Remember, if your transaction in securities of the Company becomes the subject of scrutiny, it will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and others might view your transaction in hindsight.

Tipping Information to Others. Whether the information is proprietary information about the Company or other information that could have an impact on the price of the Company’s securities, directors, officers and employees must not pass the information on to third parties. Penalties will apply whether or not you derive, or even intend to derive, any profit or other benefit from another’s actions.

When Information is Public. You may not trade on the basis of material information that has not been broadly disclosed to the marketplace, such as through a press release or a filing with the U.S. Securities and Exchange Commission (the “**SEC**”), and the marketplace has had time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until the end of the first business day after the information is released. Thus, if information is released on a Monday, trading should not take place until Wednesday. However, if the information in question is contained in a regular quarterly earnings

release and the release is issued prior to the opening of the market on a given day, trading may take place on the next business day following the day of release.

Transactions under Company Plans. This Policy applies to the exercise of employee stock options and to the sale of common stock received upon exercise. This Policy also applies to the sale as part of a broker-assisted cashless exercise of a stock option and the market sale for the purpose of raising cash to fund the exercise of an option. This Policy also applies to the following elections under a 401(k) plan (if and when the Company makes Company securities an investment alternative under our 401(k) plan):

- increasing or decreasing periodic contributions allocated to the purchase of Company securities;
- intra-plan transfers of an existing balance in or out of Company securities;
- borrowing money against the account if the loan results in the liquidation of any portion of Company securities; and
- pre-paying a loan if the pre-payment results in allocation of the proceeds to Company securities.

In addition, this policy applies to purchases under any employee stock purchase plan.

Confidentiality Obligations. The restrictions set forth in this Policy are designed to avoid misuse of material nonpublic information in violation of the securities laws. These restrictions are in addition to, and in no way alter, the general obligations that each director, officer and employee of the Company has to maintain the confidentiality of all confidential or proprietary information concerning the Company and its business, as well as any other confidential information, that may be learned in the course of service or employment with the Company. No such information is to be disclosed to any other person in the Company, unless that person has a clear need to know that information, and no such information may be disclosed to any third parties, except as required or otherwise contemplated by your function or position.

IV. Additional Prohibited Transactions

Because we believe it is improper and inappropriate for any person to engage in short-term or speculative transactions involving the Company's securities, it is the policy of the Company that directors, officers and employees of the Company, and their Related Parties, are prohibited from engaging in any of the following activities with respect to securities of the Company:

1. *Pledging.* You may not pledge Company securities, including as security for margin accounts.
2. *Short sales.* The SEC effectively prohibits directors and officers from selling Company securities short (*i.e.*, selling stock you do not own and borrowing the shares to make delivery). This Policy is simply expanding this prohibition to cover all employees.
3. *Puts, call, options and other derivatives.* You may not buy or sell puts, calls, options or other derivatives in respect of securities of the Company.

Although the Company discourages speculative hedging transactions, the Company does permit long-term hedging transactions that are designed to protect an individual's investment in Company securities (*i.e.*, the hedge must be for at least twelve (12) months and relate to stock or options held by the individual). If you wish to engage in any such transaction, you must pre-clear it in accordance with the pre-clearance procedures described in Part VI below (even if you are not one of the persons otherwise required to submit your transaction in Company securities to pre-clearance). Because these activities raise issues under U.S. federal securities laws, any person intending to engage in permitted hedging transactions is strongly urged to consult legal counsel.

V. Blackout Periods — For Directors, Executive Officers and Certain Other Personnel with Access to Our Results

The Company's announcement of quarterly financial results has the potential to have a material impact on the market for the Company's securities. Therefore, in order to avoid any appearance that its directors, officers, employees and other insiders are trading while aware of material nonpublic information, all directors, executive officers, any other officers who have obligations to file reports under Section 16 of the Exchange Act (such directors, executive officers and other officers collectively being referred to herein as "*Section 16 Insiders*") and certain other persons who are or may be expected to be aware of quarterly financial results of the Company will be subject to quarterly blackouts on trading.

The Company has established the following "*blackout periods*" in relation to the publication of its annual and quarterly results: **(a)**

the period commencing seven (7) days prior to the end of its fiscal year and ending twenty-four (24) hours following public announcement of the Company's annual financial results; (b) the period commencing seven (7) days prior to the end of each of its fiscal quarters and ending twenty-four (24) hours following public announcement of the Company's financial results for such quarter; and (c) for directors and executive officers, to the extent and during the periods as the General Counsel or his or her designee may direct, including as required by Section 306 of the Sarbanes-Oxley Act of 2002 or its implementing regulations.

During these blackout periods, the following persons and their Related Parties are prohibited from effecting transactions in securities of the Company, including option exercises and purchases under employee stock purchase plans (except as otherwise expressly provided below):

- Section 16 Insiders
- Section 16 Insiders' secretaries and other assistants;
- employees in the accounting, finance and legal departments; and
- any other person designated by the General Counsel or his or her designee.

You should be aware that the blackout periods described above may be modified by the Company at any time. In addition, the Company may from time to time determine that effecting transactions in securities of the Company is inappropriate at a time that is outside the blackout periods and, accordingly, may notify you of additional closed periods at any time. For example, a short blackout period may be imposed shortly before issuance of interim earnings guidance. Those subject to blackout period requirements will receive notice of any modification by the Company of the closed period policy or of any additional prohibition on trading during a non-blackout period. Persons subject to the blackout period restrictions who terminate their employment with the Company during a blackout period will remain subject to the restrictions until the end of such period.

The prohibition described in this Part V shall not apply to gifts of Company securities and contributions of Company securities to a trust so long as the requirements of Part VI below are complied with. The General Counsel or his or her designee may, on a case-by-case basis, authorize effecting a transaction in Company securities during a blackout period if the person who wishes to effect such a transaction (i) has, at least two (2) business days prior to the anticipated transaction date, notified the Company in writing of the circumstances and the amount and nature of the proposed transaction and (ii) has certified to the Company that he or she is not in possession of material nonpublic information concerning the Company.

See Part VIII below for the principles applicable to transactions under Rule 10b5-1 plans.

VI. Pre-Clearance of Securities Transactions

To provide assistance in preventing inadvertent violations of the law (which could result, for example, where a Section 16 Insider fails to comply with reporting obligations under the Exchange Act) and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engages in a trade while unaware of a pending major development), we are implementing the following procedures:

1. All transactions in securities of the Company by Section 16 Insiders and any other persons whose transactions require reporting to the SEC under applicable laws must be pre-cleared both with the Chairman of the board of directors of the Company (the "Board") and the Company's General Counsel.

Persons subject to the foregoing restriction should contact the General Counsel at least three (3) business days (or such shorter period as the Board may determine) in advance.

2. All transactions in securities of the Company by the following persons and their Related Parties must be pre-cleared with the Company's General Counsel or his or her designee:

- **Section 16 Insiders' secretaries and other assistants;**
 - **employees in the accounting, finance and legal departments; and**
 - **any other person designated by the General Counsel or his or her designee.**
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Persons subject to the foregoing restriction should contact the General Counsel or his or her designee at least two (2) business days (or such shorter period as the General Counsel or his or her designee may determine) in advance.

If pre-clearance of the proposed transaction is granted both by the Chairman of the Board and the General Counsel (under case 1 above) or the General Counsel or his or her designee (under case 2 above), as the case may be, such clearance will be valid only for three (3) business days following the approval date. If a transaction for which clearance has been granted is not effected (*i.e.*, the trade is not placed) within such three (3) business day period, the transaction must again be pre-cleared.

To the extent that a material event or development affecting the Company remains nonpublic, persons subject to pre-clearance will not be given permission to effect transactions in securities of the Company. Such persons may not be informed of the reason why they may not trade. Any person that is made aware of the reason for an event-specific prohibition on trading should in no event disclose the reason for the prohibition to third parties and should avoid disclosing the existence of the prohibition, if possible. Caution should be exercised when telling a broker or other person who suggested a trade that the trade cannot be effected at the time.

Note that the pre-clearance procedures may delay the disposition of any security after it is purchased.

The Company's Compliance & Internal Audit Team shall periodically report to the Board, but no less frequent than once per quarter, any and all trading activities by persons who are subject to the pre-clearance requirements set forth in this Part VI.

See Part VIII below for the principles applicable to transactions under Rule 10b5-1 plans.

VII. Reporting of Stock Transactions by Section 16 Insiders; Speculative Trading

Section 16 Insiders are required to report to the SEC any transactions in Company securities by themselves or members of their household within two (2) business days of the transaction date. The Company makes voluntary filings with the SEC for such transactions, but the reporting obligations are ultimately the responsibility of the Section 16 Insider.

Section 16 Insiders may not trade and realize a profit from any open market purchase and sale or sale and purchase within any period of less than six months. For example, if a Section 16 Insider buys Company stock, he or she may not sell any shares of Company stock at a higher price for six months. If such a transaction occurs, a lawsuit can be brought against the Section 16 Insider and the Company by any stockholder. Matchable transactions subject to short-swing profit rules include self-directed purchases and sales within the 401(k) plan.

VIII. 10b5-1 Plans

The SEC has adopted a safe harbor rule, Rule 10b5-1, which provides a defense against insider trading liability for trades that are effected pursuant to a pre-arranged trading plan that meets specified conditions. The trading plan must be properly documented and all of the procedural conditions of the Rule must be satisfied to avoid liability.

Rule 10b5-1 plans allow transactions for the account of an insider to occur during blackout periods or while the insider has material nonpublic information provided the insider has previously given instructions or other control to effect pre-planned transactions in securities of the Company to a third party. The insider must establish the plan at a time when he or she is not in possession of material nonpublic information and the insider may not exercise any subsequent influence over how, when or whether to effect transactions. In addition to other specified conditions, a Rule 10b5-1 plan would specify in writing in advance the amount and price of the securities to be sold and the date for the sale (or a formula for determining the amount, price and date) or would otherwise not permit the insider to exercise any subsequent influence over how, when or whether to effect the sales. After adopting a valid Rule 10b5-1 plan, the insider will have an affirmative defense that a sale under the plan was not made "on the basis of" material nonpublic information.

The Company will treat the creation, modification or termination of a pre-planned trading program or arrangement established to meet the requirements of Rule 10b5-1 as a transaction subject to the blackout period rules set forth in Part V of this Policy. Transactions effected pursuant to a properly established Rule 10b5-1 plan however will not be subject to the blackout periods under Part V of this Policy.

The Company will treat the creation, modification or termination of a pre-planned trading program or arrangement established to meet the requirements of Rule 10b5-1 as a transaction subject to pre-clearance under Part VI of this Policy at the time the plan is established, modified or terminated. Persons subject to the pre-clearance policy should coordinate any such plans or arrangements with the Board or the Company's General Counsel or his or her designee, as the case may be. Even though each transaction effected

under a Rule 10b5-1 plan does not need to be pre-cleared, it nonetheless must be made in accordance with Rule 144 and must be reported on a Form 4 under Section 16 of the Exchange Act.

The Company will publicly announce any contract, instruction or plan for Company share purchases adopted pursuant to Rule 10b5-1, and any subsequent amendments thereto. Such public disclosure will be included in the Company's proxy statement, press releases, on the Company's website and/or through a current or periodic report filed with the SEC.

IX. Consequences

The SEC and the U.S. securities exchanges are extremely effective in detecting insider trading. The SEC and the U.S. Department of Justice have prosecuted cases involving trading or tipping by employees at all levels of a business, trading or tipping by family members and friends, trading involving offshore accounts and trading involving only a small amount of stock. The consequences of insider trading violations can be severe:

For individuals who trade on inside information (or tip information to others):

- civil penalties of up to three times the profit gained or loss avoided;
- criminal fines (no matter how small the profit); and
- jail terms.

For a company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading, civil and criminal penalties.

Moreover, if any employee violates this Policy, the Company may impose sanctions, including dismissal for misconduct or cause. In addition, the Company may seek reimbursement from an employee for any fees or expenses incurred by the Company directly as a result of such employee's violation of this Policy. Needless to say, any of the above consequences, even an investigation by the SEC that does not result in prosecution, can tarnish the reputation of the Company, its management and the person involved, and irreparably damage a career.

X. Assistance

Any person who has any questions about this Policy or about specific transactions may contact the Company's General Counsel or his or her designee. Remember, however, that the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment and to ask before acting if you are unsure.

XI. Absence of General Counsel

In the absence of the Company's General Counsel, the Chief Financial Officer (or equivalent) shall perform all of the duties and functions of the General Counsel set forth in this Policy.

SUBSIDIARIES OF MAGNACHIP SEMICONDUCTOR CORPORATION

Subsidiary	Jurisdiction of Incorporation
MagnaChip Semiconductor S.A.	Luxembourg
MagnaChip Semiconductor B.V.	The Netherlands
Magnachip Semiconductor, Ltd.	Korea
MagnaChip Semiconductor SA Holdings LLC	Delaware
MagnaChip Semiconductor Limited	Taiwan
Magnachip Semiconductor Limited	Hong Kong SAR
Magnachip Technology Holding Company, Limited	Hong Kong SAR
Magnachip Semiconductor Inc.	Japan
MagnaChip Semiconductor Holding Company Limited	British Virgin Islands
Magnachip Semiconductor (Shanghai) Company Limited	China
Magnachip Technology Company, Ltd.	China

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-172864, 333-180696, 333-186789, 333-202120, 333-209756, 333-216204, 333-223155, 333-229811, 333-236565, 333-239872 and 333-272902) of Magnachip Semiconductor Corporation of our reports dated March 16, 2026, with respect to the consolidated financial statements of Magnachip Semiconductor Corporation and the effectiveness of internal control over financial reporting of Magnachip Semiconductor Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2025.

/s/ Ernst & Young Han Young
Seoul, Korea
March 16, 2026

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-172864, 333-180696, 333-186789, 333-202120, 333-209756, 333-216204, 333-223155, 333-229811, 333-236565, 333-239872 and 333-272902) of Magnachip Semiconductor Corporation of our report dated March 14, 2025, except for the effects of discontinued operations discussed in Note 2 to the consolidated financial statements, as to which the date is March 16, 2026 relating to the financial statements, which appears in this Form 10-K.

/s/ Samil PricewaterhouseCoopers
Seoul, Korea
March 16, 2026

**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 annual report on Form 10-K of Magnachip Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 16, 2026

/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, Shinyoung Park, certify that:

1. I have reviewed this annual report on Form 10-K of Magnachip Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 16, 2026

/s/ Shinyoung Park

Shinyoung Park

Chief Financial Officer

(Principal Financial Officer and

Principal Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Magnachip Semiconductor Corporation (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the Annual Report on Form 10-K of the Company for the year ended December 31, 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: March 16, 2026

/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 CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Magnachip Semiconductor Corporation (the “Company”) hereby certifies, to such officer’s knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the year ended December 31, 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: March 16, 2026

/s/ Shinyoung Park

Shinyoung 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.
