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

FORM 10-Q

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

For the quarterly period ended March 31, 2026
or

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

For the transition period from _____ to _____.
Commission File Number: 001-34791



Magnachip Semiconductor Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

Securities registered pursuant to Section 12(b) of the Act:

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

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

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

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

Large accelerated filer
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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No
As of April 30, 2026, the registrant had 36,440,854 shares of common stock outstanding.

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
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PART I—FINANCIAL INFORMATION

Item 1. Interim Consolidated Financial Statements (Unaudited)

**MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)**

	March 31, 2026	December 31, 2025
	(In thousands of U.S. dollars, except share data)	
Assets		
Current assets		
Cash and cash equivalents	\$ 94,554	\$ 103,756
Accounts receivable, net	24,176	26,022
Inventories, net	32,848	34,151
Other receivables	4,203	2,882
Prepaid expenses	5,591	5,062
Hedge collateral (Note 8)	4,970	1,200
Other current assets (Note 17)	3,681	3,782
Total current assets	170,023	176,855
Property, plant and equipment, net	95,072	100,204
Operating lease right-of-use assets	1,797	2,070
Intangible assets, net	404	454
Long-term prepaid expenses, net	531	584
Deferred income taxes	61,222	64,248
Other non-current assets	6,416	7,114
Total assets	\$ 335,465	\$ 351,529
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 21,330	\$ 20,848
Other accounts payable	10,813	11,444
Accrued expenses (Note 7)	5,490	6,929
Accrued income taxes	45	81
Operating lease liabilities	1,344	1,427
Current portion of long-term borrowings (Note 11)	26,431	—
Other current liabilities	6,264	2,681
Total current liabilities	71,717	43,410
Long-term borrowings (Note 11)	15,855	44,599
Accrued severance benefits, net	11,660	11,502
Non-current operating lease liabilities	509	690
Other non-current liabilities	2,921	3,078
Total liabilities	102,662	103,279
Commitments and contingencies (Note 17)		
Stockholders' equity		
Common stock, \$0.01 par value, 150,000,000 shares authorized, 58,249,450 shares issued and 36,440,854 outstanding at March 31, 2026 and 58,027,696 shares issued and 36,219,100 outstanding at December 31, 2025	581	579
Additional paid-in capital	282,178	281,537
Retained earnings	210,205	214,852
Treasury stock, 21,808,596 shares at March 31, 2026 and 21,808,596 shares at December 31, 2025, respectively	(229,910)	(229,910)
Accumulated other comprehensive loss	(30,251)	(18,808)
Total stockholders' equity	232,803	248,250
Total liabilities and stockholders' equity	\$ 335,465	\$ 351,529

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

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

	Three Months Ended	
	March 31, 2026	March 31, 2025
	(In thousands of U.S. dollars, except share data)	
Net sales	\$ 46,208	\$ 44,722
Cost of sales	39,014	35,360
Gross profit	7,194	9,362
Operating expenses:		
Selling, general and administrative expenses	7,666	9,203
Research and development expenses	6,698	5,437
Total operating expenses	14,364	14,640
Operating loss	(7,170)	(5,278)
Interest income	1,063	1,540
Interest expense	(373)	(423)
Foreign currency loss, net	(115)	(405)
Other income (loss), net	(10)	114
Loss from continuing operations before income tax benefit, net	(6,605)	(4,452)
Income tax benefit, net	(1,908)	(401)
Loss from continuing operations	(4,697)	(4,051)
Income (Loss) from discontinued operations, net of tax	50	(4,827)
Net loss	<u>\$ (4,647)</u>	<u>\$ (8,878)</u>
Basic earnings (loss) per common share—		
Continuing operations	\$ (0.13)	\$ (0.11)
Discontinued operations	\$ 0.00	\$ (0.13)
Total	\$ (0.13)	\$ (0.24)
Diluted earnings (loss) per common share—		
Continuing operations	\$ (0.13)	\$ (0.11)
Discontinued operations	\$ 0.00	\$ (0.13)
Total	\$ (0.13)	\$ (0.24)
Weighted average number of shares—		
Basic	36,407,581	36,887,841
Diluted	36,407,581	36,887,841

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

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

	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2026</u>	<u>March 31,</u> <u>2025</u>
	<u>(In thousands of U.S. dollars)</u>	
Net loss	\$ (4,647)	\$ (8,878)
Other comprehensive income (loss)		
Foreign currency translation adjustments	(7,975)	755
Derivative adjustments	(3,468)	661
Total other comprehensive income (loss)	(11,443)	1,416
Total comprehensive loss	<u>\$ (16,090)</u>	<u>\$ (7,462)</u>

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

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

(In thousands of U.S. dollars, except share data)	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
	Shares	Amount					
Three Months Ended March 31, 2026:							
Balance at December 31, 2025	36,219,100	\$ 579	\$ 281,537	\$ 214,852	\$ (229,910)	\$ (18,808)	\$ 248,250
Stock-based compensation	—	—	643	—	—	—	643
Settlement of restricted stock units	221,754	2	(2)	—	—	—	—
Other comprehensive loss, net	—	—	—	—	—	(11,443)	(11,443)
Net loss	—	—	—	(4,647)	—	—	(4,647)
Balance at March 31, 2026	36,440,854	\$ 581	\$ 282,178	\$ 210,205	\$ (229,910)	\$ (30,251)	\$ 232,803
Three Months Ended March 31, 2025:							
Balance at December 31, 2024	36,912,118	\$ 574	\$ 279,423	\$ 244,576	\$ (225,883)	\$ (21,893)	\$ 276,797
Stock-based compensation	—	—	1,030	—	—	—	1,030
Settlement of restricted stock units	72,962	1	(1)	—	—	—	—
Acquisition of treasury stock	(309,291)	—	—	—	(1,164)	—	(1,164)
Other comprehensive income, net	—	—	—	—	—	1,416	1,416
Net loss	—	—	—	(8,878)	—	—	(8,878)
Balance at March 31, 2025	36,675,789	\$ 575	\$ 280,452	\$ 235,698	\$ (227,047)	\$ (20,477)	\$ 269,201

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

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

	Three Months Ended	
	March 31, 2026	March 31, 2025
(In thousands of U.S. dollars)		
Cash flows from operating activities		
Net loss	\$ (4,647)	\$ (8,878)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	2,882	3,273
Provision for severance benefits	1,212	1,514
Loss (gain) on foreign currency, net	4,262	(35)
Provision (reversal) for inventory reserves	(321)	1,208
Stock-based compensation	643	1,030
Deferred income taxes	8	(415)
Others, net	74	225
Changes in operating assets and liabilities		
Accounts receivable, net	1,611	635
Inventories	(191)	(3,259)
Other receivables	(1,547)	(811)
Prepaid expenses	(152)	1,233
Other current assets	(1,725)	970
Accounts payable	571	2,542
Other accounts payable	(254)	(2,622)
Accrued expenses	(1,068)	(111)
Accrued income taxes	(33)	(6)
Other current liabilities	593	(901)
Other non-current liabilities	53	354
Payment of severance benefits	(228)	(325)
Others, net	(187)	(290)
Net cash provided by (used in) operating activities	1,556	(4,669)
Cash flows from investing activities		
Payment of hedge collateral	(3,785)	—
Proceeds from disposal of property, plant and equipment	49	—
Purchase of property, plant and equipment	(3,915)	(208)
Payment for intellectual property registration	(24)	(63)
Collection of guarantee deposits	1,891	21
Payment of guarantee deposits	(158)	(139)
Net cash used in investing activities	(5,942)	(389)
Cash flows from financing activities		
Acquisition of treasury stock	(176)	(1,306)
Repayment of financing related to water treatment facility arrangement	(110)	(111)
Repayment of principal portion of finance lease liabilities	(34)	(38)
Net cash used in financing activities	(320)	(1,455)
Effect of exchange rates on cash and cash equivalents	(4,496)	557
Net decrease in cash and cash equivalents	(9,202)	(5,956)
Cash and cash equivalents		
Cash and cash equivalents at beginning of period	103,756	138,610
Cash and cash equivalents at end of period	\$ 94,554	\$ 132,654
Supplemental cash flow information		
Cash paid for interest on long-term borrowings	\$ 384	\$ 321
Cash refunded for income taxes	\$ (42)	\$ (337)
Non-cash investing activities		
Property, plant and equipment additions in other accounts payable	\$ 1,292	\$ 1,840
Non-cash financing activities		
Unsettled common stock repurchases	\$ —	\$ 247

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

The December 31, 2025 balance sheet data was derived from the Company’s audited financial statements, but does not include all disclosures required by U.S. GAAP. The interim consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

There have been no material changes to the Company’s significant accounting policies as of and for the three months ended March 31, 2026 as compared to the significant accounting policies described in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses” (“ASU 2024-03”). Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. ASU 2024-03 requires public companies to disclose, in the notes to the financial statements, specific information about certain costs and expenses at each interim and annual reporting period. This includes disclosing amounts related to 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 three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended	
	March 31, 2026	March 31, 2025
Net sales	\$ 1,646	\$ 9,556
Cost of sales	1,154	6,439
Gross profit	492	3,117
Operating expenses:		
Selling, general and administrative expenses	108	1,543
Research and development expenses	133	6,281
Other charges	—	127
Total operating expenses	241	7,951
Operating income (loss) from discontinued operations	251	(4,834)
Interest income	—	131
Interest expense	(14)	(120)
Foreign currency gain (loss), net	49	(4)
Other income, net	8	—
Income (Loss) from discontinued operations before income tax expense, net	294	(4,827)
Income tax expense, net	244	—
Income (Loss) from discontinued operations, net of tax	<u>\$ 50</u>	<u>\$ (4,827)</u>

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):

	March 31, 2026	December 31, 2025
Accounts receivable, net	\$ 1,572	\$ 2,689
Inventories, net	2,981	2,252
Accrued severance benefits, net	32	24

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

	Three Months Ended	
	March 31, 2026	March 31, 2025
Significant non-cash operating activities:		
Depreciation and amortization	\$ 5	\$ 153
Provision for severance benefits	10	207
Stock-based compensation	—	162
Investing activities:		
Capital expenditures	\$ —	\$ —

Although the Company has discontinued our Display business, certain limited activities remain active 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):

	Three Months Ended March 31, 2026
Net sales	\$ 1,646
Gross profit	1,154
Operating expenses	247

3. Inventories

Inventories as of March 31, 2026 and December 31, 2025 consist of the following (in thousands):

	March 31, 2026	December 31, 2025
Finished goods	\$ 8,310	\$ 7,542
Semi-finished goods and work-in-process	26,447	29,245
Raw materials	4,169	4,198
Materials in-transit	65	—
Less: inventory reserve	(6,143)	(6,834)
Inventories, net	<u>\$ 32,848</u>	<u>\$ 34,151</u>

Changes in inventory reserve for the three months ended March 31, 2026 and 2025 are as follows (in thousands):

	Three Months Ended	
	March 31, 2026	March 31, 2025
Beginning balance	\$ (6,834)	\$ (7,732)
Change in reserve		
Inventory reserve charged to costs of sales	(1,161)	(2,299)
Sale of previously reserved inventory	1,455	1,268
	294	(1,031)
Write off	20	197
Translation adjustments	377	(188)
Ending balance	<u>\$ (6,143)</u>	<u>\$ (8,754)</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.

4. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2026 and December 31, 2025 are comprised of the following (in thousands):

	March 31, 2026	December 31, 2025
Buildings and related structures	\$ 23,143	\$ 24,371
Machinery and equipment	128,225	137,024
Finance lease right-of-use assets	470	495
Others	27,889	32,342
	<u>179,727</u>	<u>194,232</u>
Less: accumulated depreciation	(119,380)	(128,171)
Land	11,073	11,679
Construction in progress	23,652	22,464
Property, plant and equipment, net	<u>\$ 95,072</u>	<u>\$ 100,204</u>

Aggregate depreciation expenses associated with continuing operations totaled \$2,829 thousand and \$3,048 thousand for the three months ended March 31, 2026 and 2025, 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. Borrowings” to these consolidated financial statements below for more information regarding the Loan Agreement and Equipment Financing Credit Agreement.

5. Intangible Assets

Intangible assets as of March 31, 2026 and December 31, 2025 are comprised of the following (in thousands):

	March 31, 2026		
	Gross amount	Accumulated amortization	Net amount
Intellectual property assets	\$ 7,317	\$ (6,913)	\$ 404
Intangible assets	<u>\$ 7,317</u>	<u>\$ (6,913)</u>	<u>\$ 404</u>
	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>

Aggregate amortization expenses associated with continuing operations totaled \$48 thousand and \$72 thousand for the three months ended March 31, 2026 and 2025, respectively.

6. Leases

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

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

Supplemental balance sheets information related to leases as of March 31, 2026 and December 31, 2025 are as follows (in thousands):

Leases	Classification	March 31, 2026	December 31, 2025
Assets			
Operating lease	Operating lease right-of-use assets	\$ 1,797	\$ 2,070
Finance lease	Property, plant and equipment, net	176	217
Total lease assets		<u>\$ 1,973</u>	<u>\$ 2,287</u>
Liabilities			
Current			
Operating lease	Operating lease liabilities	\$ 1,344	\$ 1,427
Finance lease	Other current liabilities	115	130
Non-current			
Operating lease	Non-current operating lease liabilities	509	690
Finance lease	Other non-current liabilities	97	128
Total lease liabilities		<u>\$ 2,065</u>	<u>\$ 2,375</u>

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

	March 31, 2026	December 31, 2025
Weighted average remaining lease term		
Operating leases	1.4 years	1.5 years
Finance leases	1.9 years	2.1 years
Weighted average discount rate		
Operating leases	6.0%	6.5%
Finance leases	7.0%	7.0%

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

	Three Months Ended	
	March 31, 2026	March 31, 2025
Operating lease cost	\$ 371	\$ 484
Finance lease cost		
Amortization of right-of-use assets	30	36
Interest on lease liabilities	4	7
Total lease cost	<u>\$ 405</u>	<u>\$ 527</u>

The above table does not include an immaterial cost of short-term leases for the three months ended March 31, 2026 and 2025.

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

	Three Months Ended	
	March 31, 2026	March 31, 2025
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 358	\$ 622
Operating cash flows from finance leases	4	7
Financing cash flows from finance leases	34	38

Non-cash transaction amounts of lease liabilities arising from obtaining right-of-use assets were \$185 thousand and \$966 thousand for the three months ended March 31, 2026 and 2025, respectively.

The aggregate future lease payments for operating and finance leases as of March 31, 2026 are as follows (in thousands):

	Operating Leases	Finance Leases
Remainder of 2026	\$ 1,114	\$ 100
2027	749	104
2028	68	21
2029	1	2
Total future lease payments	1,932	227
Less: Imputed interest	(79)	(15)
Present value of future payments	<u>\$ 1,853</u>	<u>\$ 212</u>

7. Accrued Expenses

Accrued expenses as of March 31, 2026 and December 31, 2025 are comprised of the following (in thousands):

	March 31, 2026	December 31, 2025
Payroll, benefits and related taxes, excluding severance benefits	\$ 4,331	\$ 4,999
Withholding tax attributable to intercompany interest income	111	7
Outside service fees	556	841
Others	492	1,082
Accrued expenses	<u>\$ 5,490</u>	<u>\$ 6,929</u>

8. Derivative Financial Instruments

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

Details of the zero cost collar contracts as of March 31, 2026 are as follows (in thousands):

Date of transaction	Total notional amount	Month of settlement
July 10, 2025	\$ 9,000	April 2026 to June 2026
July 17, 2025	\$ 9,000	July 2026 to September 2026
September 30, 2025	\$ 21,000	April 2026 to December 2026
November 07, 2025	\$ 42,000	April 2026 to June 2027

Details of the zero cost collar contracts as of December 31, 2025 are as follows (in thousands):

<u>Date of transaction</u>	<u>Total notional amount</u>	<u>Month of settlement</u>
February 03, 2025	\$ 9,000	January 2026 to March 2026
July 10, 2025	\$ 9,000	April 2026 to June 2026
July 17, 2025	\$ 9,000	July 2026 to September 2026
September 30, 2025	\$ 27,000	January 2026 to December 2026
November 07, 2025	\$ 42,000	April 2026 to June 2027

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 March 31, 2026 and December 31, 2025 are as follows (in thousands):

<u>Derivatives designated as hedging instruments:</u>		<u>March 31, 2026</u>	<u>December 31, 2025</u>
<u>Assets Derivatives:</u>			
Zero cost collars	Other current assets	\$ —	\$ 3
<u>Liability Derivatives:</u>			
Zero cost collars	Other current liabilities	\$ 4,712	\$ 1,644
Zero cost collars	Other non-current liabilities	\$ 458	\$ 126

Offsetting of derivative liabilities as of March 31, 2026 is as follows (in thousands):

<u>As of March 31, 2026</u>	<u>Gross amounts of recognized liabilities</u>	<u>Gross amounts offset in the balance sheets</u>	<u>Net amounts of liabilities presented in the balance sheets</u>	<u>Gross amounts not offset in the balance sheets</u>		<u>Net amount</u>
				<u>Financial instruments</u>	<u>Cash collateral pledged</u>	
<u>Liability Derivatives:</u>						
Zero cost collars	\$ 5,170	\$ —	\$ 5,170	\$ —	\$ (4,970)	\$ 200

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

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

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

The following table summarizes the impact of derivative instruments on the consolidated statements of operations for the three months ended March 31, 2026 and 2025 (in thousands):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives		Location/Amount of Loss Reclassified from AOCI Into Statement of Operations		Location/Amount of Gain (Loss) Recognized in Statement of Operations on Derivatives			
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,			
	2026	2025	2026	2025	2026	2025		
Zero cost collars	\$ (3,693)	\$ 136	Net sales	\$ (225)	\$ (525)	Other income (loss), net	\$ (20)	\$ 29
	<u>\$ (3,693)</u>	<u>\$ 136</u>		<u>\$ (225)</u>	<u>\$ (525)</u>		<u>\$ (20)</u>	<u>\$ 29</u>

As of March 31, 2026, the amount expected to be reclassified from accumulated other comprehensive loss into loss within the next 12 months is \$3,812 thousand.

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. As of March 31, 2026, \$4,970 thousand of additional cash collateral were required by NFIK and recorded as hedge collateral on the consolidated balance sheet. As of December 31, 2025, \$1,200 thousand of additional cash collateral were required by NFIK and recorded as hedge collateral on the consolidated balance sheet.

These zero cost collar contracts may be terminated by the counterparty 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.

9. Fair Value Measurements

Fair Value of Financial Instruments

As of March 31, 2026, 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 March 31, 2026	Fair Value Measurement March 31, 2026	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)	\$ 4,712	\$ 4,712	—	\$ 4,712	—
Derivative liabilities (Other non-current liabilities)	\$ 458	\$ 458	—	\$ 458	—

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):

	Carrying Value December 31, 2025	Fair Value Measurement December 31, 2025	Quoted Prices in Active Markets for Identical Assets/Liability (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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	—

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

10. Accrued Severance Benefits

The majority of accrued severance benefits are for employees in the Company's Korean subsidiaries. Pursuant to the Employee Retirement Benefit Security Act of Korea, eligible employees and executive officers with one or more years of service are entitled to severance benefits upon the termination of their employment based on their length of service and rate of pay. As of March 31, 2026, 97% of all employees of the Company were eligible for severance benefits.

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

	Three Months Ended	
	March 31, 2026	March 31, 2025
Beginning balance	\$ 37,060	\$ 45,594
Provisions	1,212	1,514
Severance payments	(228)	(325)
Translation adjustments	(1,950)	103
	36,094	46,886
Less: Cumulative contributions to severance insurance deposit accounts	(24,419)	(28,821)
The National Pension Fund	(15)	(24)
Accrued severance benefits, net	\$ 11,660	\$ 18,041

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
2027	\$ 379
2028	\$ —
2029	\$ 1,683
2030	\$ 2,113
2031	\$ 3,092
2032 – 2037	\$ 17,093

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

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

11. Borrowings

Borrowings as of March 31, 2026 and December 31, 2025 are as follows (in thousands):

	March 31, 2026	December 31, 2025
Term Loan due March 2027	\$ 26,431	\$ 27,877
CAPEX Loans due June 2035	15,855	16,722
Total borrowings	\$ 42,286	\$ 44,599
Less: current portion of long-term borrowings	(26,431)	—
Long-term borrowings	\$ 15,855	\$ 44,599

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 March 31, 2026, approximately \$26,431 thousand aggregate principal amount of the Term Loan was outstanding, bearing interest at a variable rate of 4.06% 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). The 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 the 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 the 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 \$15,855 thousand in the aggregate based on the KRW/USD exchange rate of 1,513.4:1 as of March 31, 2026, 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 March 31, 2026, the aggregate principal amount outstanding under the CAPEX Loans was approximately \$15,855 thousand, and the scheduled principal repayment amounts are as following (in thousands):

	Principal Repayments
Remainder of 2026	\$ —
2027	\$ 991
2028	\$ 1,982
2029	\$ 1,982
2030	\$ 1,982
2031 – 2035	\$ 8,918

12. Foreign Currency 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 March 31, 2026 and December 31, 2025, the outstanding intercompany loan balances including accrued interest between MSK and the Dutch subsidiary were \$76,000 thousand and \$75,063 thousand, respectively. The Korean won to U.S. dollar exchange rates were 1,513.4:1 and 1,434.9:1 using the first base rate as of March 31, 2026 and December 31, 2025, respectively, as quoted by the KEB Hana Bank.

13. Income Taxes

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

For the three months ended March 31, 2026 and 2025, the Company recorded income tax benefits of \$1,908 thousand and \$401 thousand, respectively, primarily related to its primary operating entity in Korea, based on the estimated taxable loss for each respective period.

14. Geographic and Other Information

The Company operates within a single operating segment, Power Solutions business, which consists of the Power Analog Solutions and Power IC businesses.

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 other information, such as asset or liability.

The following sets forth information relating to the operating segment, Power Solutions business (in thousands). For financial information below gross profit, including operating income and expenses as well as other income and expenses, please refer to the Company’s consolidated statements of operations.

	Three Months Ended	
	March 31, 2026	March 31, 2025
Net Sales		
Power Solutions business		
Power Analog Solutions	\$ 41,647	\$ 39,857
Power IC	4,561	4,865
Total Power Solutions business	<u>46,208</u>	<u>44,722</u>
Total Net Sales	<u>\$ 46,208</u>	<u>\$ 44,722</u>
Cost of Sales		
Power Solutions business		
Power Analog Solutions	\$ 36,296	\$ 32,757
Power IC	2,718	2,603
Total Power Solutions business	<u>39,014</u>	<u>35,360</u>
Total cost of sales	<u>\$ 39,014</u>	<u>\$ 35,360</u>
Gross Profit		
Power Solutions business		
Power Analog Solutions	\$ 5,351	\$ 7,100
Power IC	1,843	2,262
Total Power Solutions business	<u>7,194</u>	<u>9,362</u>
Total gross profit	<u>\$ 7,194</u>	<u>\$ 9,362</u>

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

	Three Months Ended	
	March 31, 2026	March 31, 2025
Korea	\$ 20,666	\$ 21,716
Asia Pacific (other than Korea)	23,587	20,992
United States	1,239	1,182
Europe	716	832
Total	<u>\$ 46,208</u>	<u>\$ 44,722</u>

For the three months ended March 31, 2026 and 2025, of the Company’s net sales in Asia Pacific (other than Korea), net sales in China and Hong Kong together represented 83.8% and 83.1%, respectively, and net sales in Taiwan represented 11.0% and 11.3%, respectively.

Net sales from the Company's top ten largest customers accounted for 73.4% and 75.4% for the three months ended March 31, 2026 and 2025, respectively.

For the three months ended March 31, 2026, the Company had one customer that represented 31.0% of net sales. For the three months ended March 31, 2025, the Company had one customer that represented 32.9% of net sales.

As of March 31, 2026, two customers accounted for 40.6% and 14.6% of the Company's accounts receivable, respectively. As of December 31, 2025, two customers accounted for 35.4% and 15.7% of the Company's accounts receivable, respectively.

15. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists of the following as of March 31, 2026 and December 31, 2025, respectively (in thousands):

	March 31, 2026	December 31, 2025
Foreign currency translation adjustments	\$ (26,068)	\$ (18,093)
Derivative adjustments	(4,183)	(715)
Total	<u>\$ (30,251)</u>	<u>\$ (18,808)</u>

Changes in accumulated other comprehensive loss for the three months ended March 31, 2026 and 2025 are as follows (in thousands):

	Foreign currency translation adjustments	Derivative adjustments	Total
Three Months Ended March 31, 2026			
Beginning balance	\$ (18,093)	\$ (715)	\$ (18,808)
Other comprehensive loss before reclassifications	(7,975)	(3,693)	(11,668)
Amounts reclassified from accumulated other comprehensive loss	—	225	225
Net current-period other comprehensive loss	(7,975)	(3,468)	(11,443)
Ending balance	<u>\$ (26,068)</u>	<u>\$ (4,183)</u>	<u>\$ (30,251)</u>

	Foreign currency translation adjustments	Derivative adjustments	Total
Three Months Ended March 31, 2025			
Beginning balance	\$ (20,927)	\$ (966)	\$ (21,893)
Other comprehensive income before reclassifications	755	136	891
Amounts reclassified from accumulated other comprehensive loss	—	525	525
Net current-period other comprehensive income	755	661	1,416
Ending balance	<u>\$ (20,172)</u>	<u>\$ (305)</u>	<u>\$ (20,477)</u>

16. Loss Per Share

The following table illustrates the computation of basic and diluted loss per common share for the three months ended March 31, 2026 and 2025:

	Three Months Ended	
	March 31, 2026	March 31, 2025
(In thousands of U.S. dollars, except share data)		
Basic loss per common share		
Loss from continuing operations	\$ (4,697)	\$ (4,051)
Income (Loss) from discontinued operations, net of tax	50	(4,827)
Net loss	<u>\$ (4,647)</u>	<u>\$ (8,878)</u>
Basic weighted average common stock outstanding	36,407,581	36,887,841
Basic earnings (loss) per common share		
Continuing operations	\$ (0.13)	\$ (0.11)
Discontinued operations	\$ 0.00	\$ (0.13)
Total	<u>\$ (0.13)</u>	<u>\$ (0.24)</u>
Diluted loss per common share		
Loss from continuing operations	\$ (4,697)	\$ (4,051)
Income (Loss) from discontinued operations, net of tax	50	(4,827)
Net loss	<u>\$ (4,647)</u>	<u>\$ (8,878)</u>
Basic weighted average common stock outstanding	36,407,581	36,887,841
Net effect of dilutive equity awards	—	—
Diluted weighted average common stock outstanding	36,407,581	36,887,841
Diluted earnings (loss) per common share		
Continuing operations	\$ (0.13)	\$ (0.11)
Discontinued operations	\$ 0.00	\$ (0.13)
Total	<u>\$ (0.13)</u>	<u>\$ (0.24)</u>

Diluted earnings (loss) per common share adjusts basic earnings (loss) per common share for the potentially dilutive impact of stock options and restricted stock units. As the Company has reported loss from continuing operations for the three months ended March 31, 2026 and 2025, all potentially dilutive securities are antidilutive and accordingly not considered, therefore basic loss per common share equals diluted loss per common share.

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

	Three Months Ended	
	March 31, 2026	March 31, 2025
Options	222,448	728,792
Restricted Stock Units	1,373,835	1,783,538

17. Commitments and Contingencies

Advances to Suppliers

The Company, from time to time, may make advances in form of prepayments or deposits to suppliers, including external foundries, to meet its planned production. The Company recorded advances of \$508 thousand and \$512 thousand as other current assets as of March 31, 2026 and December 31, 2025, respectively.

18. Subsequent Events

Derivative contracts

In April 2026, the Company and NFIK entered into derivative contracts of zero cost collars for the period from April 2027 to September 2027. The total notional amounts are \$18,000 thousand.

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Report”) contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 27A of the Securities Act of 1933, as amended, that involve risks and uncertainties. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. All statements other than statements of historical facts included in this Report that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements.

These forward-looking statements are largely based on our expectations and beliefs concerning future events, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Although we believe our estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management’s assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this Report are not guarantees of future performance, and we cannot assure any reader that those statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to the factors listed in this section, in “Part II: Item 1A. Risk Factors” herein and in “Part I, Item 1A. Risk Factors” in our Annual Report on Form 10-K for our fiscal year ended December 31, 2025 filed on March 16, 2026 (“2025 Form 10-K”).

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

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

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

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

Overview

We are a designer and manufacturer of analog and mixed-signal power semiconductor platform solutions for various applications, including industrial, automotive, communication, consumer and computing. We provide a broad range of standard products to customers worldwide. We, with about 45 years of operating history, own a substantial number of registered patents and pending applications, and have extensive engineering, design 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 other 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. Substantially all 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, including trends and cyclicalities in the semiconductor industry, which are influenced by broader macroeconomic conditions, including inflation, interest rates, geopolitical developments and global trade policies. For example, certain shipments to customers with operations in or exposure to China or the United States are subject to heightened risks and uncertainties related to trade and export control policies, including the imposition of new tariffs or increases in existing tariffs. Furthermore, ongoing geopolitical tensions, including conflicts and instability in the Middle East, such as a potential escalation involving the United States, Israel, and Iran, as well as tensions between China and Taiwan, may contribute to increased volatility in global markets and increased costs, as well as disruptions in supply chains and impacts to customer demand. 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, changes in global trade conditions, export controls, tariffs, geopolitical uncertainty, or by market share losses by our customers. Macroeconomic conditions, including inflation, increased energy costs and supply chain constraints, have contributed to increased logistics and input costs across the supply chain, and such costs may remain elevated. We continue to monitor for potential disruptions or cost increases resulting from geopolitical tensions, including in the Middle East and Eastern Europe, as well as evolving global trade policies. 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

Gumi Power Substation Upgrade

A planned upgrade to the electrical substation in our Gumi fabrication facility by a third party is currently expected to temporarily impact our fabrication operations during the third quarter of 2026. To help mitigate potential customer supply disruptions, we currently plan to increase inventory production during the second quarter and a portion of the third quarter of 2026 in advance of the electrical substation upgrade being carried out by a third party owner of the substation. As a result, we expect our factory utilization rate to be somewhat higher in the second quarter of 2026, followed by lower utilization in the third quarter. Accordingly, we expect higher utilization to have a favorable impact on gross profit margin in the second quarter, while lower utilization in the third quarter is expected to adversely affect gross profit margins in the third and fourth quarters.

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.

Macroeconomic Industry Conditions

The semiconductor industry continues to face a number of macroeconomic challenges, including rising inflation, higher 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 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. In particular, the military conflict involving the United States, Israel, and Iran has created significant volatility in global energy and materials markets and may adversely affect our manufacturing costs, supply chain continuity, and customer demand. For example, the resulting disruptions to oil, gas, and critical raw material shipments could constrain availability and/or increase costs of key inputs used in semiconductor production and could lead to delays or reduced demand across end markets, which may materially and adversely impact our business, financial condition, and results of operations. 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 once it goes into effect; 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 recently 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 and (iii) derivative valuation loss (gain), net. 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:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
	(Dollars in millions)	
Loss from continuing operations	\$ (4.7)	\$ (4.1)
Interest income	(1.1)	(1.5)
Interest expense	0.4	0.4
Income tax benefit, net	(1.9)	(0.4)
Depreciation and amortization	2.9	3.1
EBITDA from continuing operations	\$ (4.4)	\$ (2.4)
Adjustments:		
Equity-based compensation expense(a)	0.6	0.9
Foreign currency loss, net(b)	0.1	0.4
Derivative valuation loss (gain), net(c)	0.0	(0.0)
Adjusted EBITDA from continuing operations	\$ (3.6)	\$ (1.2)

(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.

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 equity-based compensation expense.

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

	<u>Three Months Ended</u> <u>March 31,</u> <u>2026</u>	<u>Three Months Ended</u> <u>March 31,</u> <u>2025</u>
	(Dollars in millions)	
Operating loss	\$ (7.2)	\$ (5.3)
Adjustments:		
Equity-based compensation expense(a)	0.6	0.9
Adjusted Operating Loss	<u>\$ (6.5)</u>	<u>\$ (4.4)</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.

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 and (iv) income tax effect on non-GAAP adjustments.

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

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
	(Dollars in millions, except per share data)	
Loss from continuing operations	\$ (4.7)	\$ (4.1)
Adjustments:		
Equity-based compensation expense(a)	0.6	0.9
Foreign currency loss, net(b)	0.1	0.4
Derivative valuation loss (gain), net(c)	0.0	(0.0)
Income tax effect on non-GAAP adjustments(d)	(0.2)	0.0
Adjusted Loss from continuing operations	\$ (4.1)	\$ (2.8)
Reported loss per share—basic	\$ (0.13)	\$ (0.11)
Reported loss per share—diluted	\$ (0.13)	\$ (0.11)
Weighted average number of shares—basic	36,407,581	36,887,841
Weighted average number of shares—diluted	36,407,581	36,887,841
Adjusted loss per share—basic	\$ (0.11)	\$ (0.08)
Adjusted loss per share—diluted	\$ (0.11)	\$ (0.08)
Weighted average number of shares—basic	36,407,581	36,887,841
Weighted average number of shares—diluted	36,407,581	36,887,841

- (a) This adjustment eliminates the impact of non-cash equity-based compensation expenses. Although we expect to incur non-cash equity-based compensation expenses in the future, these expenses do not generally require cash settlement, and, therefore, are not used by us to assess the profitability of our operations. We believe that analysts and investors will find it helpful to review our operating performance without the effects of these non-cash expenses as supplemental information.
- (b) This adjustment mainly eliminates the impact of non-cash foreign currency translation associated with intercompany debt obligations and foreign currency denominated receivables and payables, as well as the cash impact of foreign currency transaction gains or losses on collection of such receivables and payment of such payables. Although we expect to incur foreign currency translation gains or losses in the future, we believe that analysts and investors will find it helpful to review our operating performance without the effects of these primarily non-cash gains or losses, which we cannot control. Additionally, we believe the isolation of this adjustment provides investors with enhanced comparability to prior and future periods of our operating performance results.

- (c) This adjustment eliminates the impact of gain or loss recognized in income on derivatives, which represents derivatives value changes excluded from the risk being hedged. We enter into derivative transactions to mitigate foreign exchange risks. As our derivative transactions are limited to a certain portion of our expected cash flows denominated in U.S. dollars, and we do not enter into derivative transactions for trading or speculative purposes, we do not believe that these charges or gains are indicative of our core operating performance.
- (d) For the three months ended March 31, 2026 and 2025, income tax effect on non-GAAP adjustments were calculated by calculating the tax expense of each jurisdiction with or without the non-GAAP adjustments.

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 all of our sales (net of sales returns and allowances) from our Power Solutions business, which consists of our Power Analog Solution and Power IC businesses. 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 three months ended March 31, 2026 and 2025, our products were sold to 143 and 140 end customers, respectively, and our net sales to our ten largest customers represented 73.4% and 75.4% of our net sales, 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 March 31, 2026, 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 March 31, 2026, the outstanding intercompany loan balance including accrued interest between MSK and our Dutch subsidiary was \$76.0 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 exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our stock could be adversely affected.

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

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

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

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

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

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

Results of Operations – Comparison of Three Months Ended March 31, 2026 and 2025

The following table sets forth consolidated results of operations for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025		Change Amount
	Amount	% of Net Sales	Amount	% of Net Sales	
	(Dollars in millions)				
Net sales	\$ 46.2	100.0%	\$ 44.7	100.0%	\$ 1.5
Cost of sales	39.0	84.4	35.4	79.1	3.7
Gross profit	7.2	15.6	9.4	20.9	(2.2)
Operating expenses:					
Selling, general and administrative expenses	7.7	16.6	9.2	20.6	(1.5)
Research and development expenses	6.7	14.5	5.4	12.2	1.3
Total operating expenses	14.4	31.1	14.6	32.7	(0.3)
Operating loss	(7.2)	(15.5)	(5.3)	(11.8)	(1.9)
Interest income	1.1	2.3	1.5	3.4	(0.5)
Interest expense	(0.4)	(0.8)	(0.4)	(0.9)	0.1
Foreign currency loss, net	(0.1)	(0.2)	(0.4)	(0.9)	0.3
Other income (loss), net	(0.0)	(0.0)	0.1	0.3	(0.1)
	0.6	1.2	0.8	1.8	(0.3)
Loss from continuing operations before income tax benefit, net	(6.6)	(14.3)	(4.5)	(10.0)	(2.2)
Income tax benefit, net	(1.9)	(4.1)	(0.4)	(0.9)	(1.5)
Loss from continuing operations	(4.7)	(10.2)	(4.1)	(9.1)	(0.6)
Income (Loss) from discontinued operations, net of tax	0.1	0.1	(4.8)	(10.8)	4.9
Net loss	\$ (4.6)	(10.1)%	\$ (8.9)	(19.9)%	\$ 4.2

Results by business line

	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025		Change Amount
	Amount	% of Net Sales	Amount	% of Net Sales	
	(Dollars in millions)				
Net Sales					
Power Solutions business					
Power Analog Solutions	\$ 41.6	90.1%	\$ 39.9	89.1%	\$ 1.8
Power IC	4.6	9.9	4.9	10.9	(0.3)
Total Power Solutions business	46.2	100.0	44.7	100.0	1.5
Total net sales	\$ 46.2	100.0%	\$ 44.7	100.0%	\$ 1.5

	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025		Change Amount
	Amount%	% of Net Sales	Amount%	% of Net Sales	
(Dollars in millions)					
Gross Profit					
Power Solutions business					
Power Analog Solutions	\$ 5.4	12.8%	\$ 7.1	17.8%	\$ (1.7)
Power IC	1.8	40.4	2.3	46.5	(0.4)
Total Power Solutions business	<u>7.2</u>	15.6	<u>9.4</u>	20.9	<u>(2.2)</u>
Total gross profit	<u>\$ 7.2</u>	15.6%	<u>\$ 9.4</u>	20.9%	<u>\$ (2.2)</u>

Net Sales

We operate within a single operating segment, Power Solutions business, which consists of our Power Analog Solutions and Power IC businesses.

The Power Solutions business. Net Sales from Power Solutions business were \$46.2 million for the three months ended March 31, 2026, a \$1.5 million, or 3.3%, increase compared to \$44.7 million for the three months ended March 31, 2025. This increase was primarily due to an increase in revenue related to our Power Analog Solutions business, which was offset in part by a decrease in revenue from our Power IC business as described below.

Net sales from Power Analog Solutions business were \$41.6 million for the three months ended March 31, 2026, a \$1.8 million, or 4.5%, increase compared to \$39.9 million for the three months ended March 31, 2025. The increase in net sales from our Power Analog Solutions business line was primarily attributable to a higher demand for power products such as MOSFETs in the computing application, and IGBTs in the industrial application, particularly solar inverters.

Net sales from Power IC business were \$4.6 million for the three months ended March 31, 2026, a \$0.3 million, or 6.2%, decrease compared to \$4.9 million for the three months ended March 31, 2025. The decrease in net sales from our Power IC business line was primarily attributable to a decrease in sales of certain OLED IT devices.

Gross Profit

The Power Solutions business. Gross profit from our Power Solutions business was \$7.2 million for the three months ended March 31, 2026, which represented a \$2.2 million, or 23.2%, decrease from gross profit of \$9.4 million for the three months ended March 31, 2025. Gross profit as a percentage of net sales for the three months ended March 31, 2026 decreased to 15.6% compared to 20.9% for the three months ended March 31, 2025. 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.

Net Sales by Geographic Region

We report net sales by geographic region based on the location to which the products are billed. The following table sets forth our net sales by geographic region and the percentage of total net sales represented by each geographic region for the three months ended March 31, 2026 and 2025:

	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025		Change Amount
	Amount	% of Net Sales	Amount	% of Net Sales	
	(Dollars in millions)				
Korea	\$ 20.7	44.7%	\$ 21.7	48.6%	\$ (1.1)
Asia Pacific (other than Korea)	23.6	51.0	21.0	46.9	2.6
United States	1.2	2.7	1.2	2.6	0.1
Europe	0.7	1.5	0.8	1.9	(0.1)
	<u>\$ 46.2</u>	<u>100.0%</u>	<u>\$ 44.7</u>	<u>100.0%</u>	<u>\$ 1.5</u>

Net sales in Korea decreased from \$21.7 million for the three months ended March 31, 2025 to \$20.7 million for the three months ended March 31, 2026, or by \$1.1 million, or 4.8%, primarily due to a decreased revenue from the competitive pricing pressure on our older generation products in consumer applications, which was offset in part by an increased demand for power products such as low-voltage MOSFETs in communication applications. A lower demand for our Power IC products, primarily for OLED IT devices, also had an unfavorable impact on net sales.

Net sales in the Asia Pacific (other than Korea) increased from \$21.0 million for the three months ended March 31, 2025 to \$23.6 million for the three months ended March 31, 2026, or by \$2.6 million, or 12.4%, primarily due to a higher demand for power products such as MOSFETs and high-end MOSFETs in computing and industrial applications, and IGBTs primarily for solar inverters.

Operating Expenses

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$7.7 million, or 16.6% of net sales for the three months ended March 31, 2026, compared to \$9.2 million, or 20.6% of net sales for the three months ended March 31, 2025. The decrease of \$1.5 million, or 16.7%, was primarily attributable to a decrease in employee compensation, driven mainly by the execution of the voluntary resignation program primarily for shared function employees and separation of certain executive officers in 2025, as well as a decrease in professional fees mainly comprised of legal and consulting fees.

Research and Development Expenses. Research and development expenses were \$6.7 million, or 14.5% of net sales, for the three months ended March 31, 2026, compared to \$5.4 million, or 12.2% of net sales, for the three months ended March 31, 2025. The increase of \$1.3 million, or 23.2%, was primarily attributable to higher personnel costs resulting from the increased headcount in research and development, and an increase in development activities for new generation power products.

Operating Loss

As a result of the foregoing, operating loss of \$7.2 million was recorded for the three months ended March 31, 2026 compared to operating loss of \$5.3 million for the three months ended March 31, 2025. As discussed above, the increase in operating loss of \$1.9 million resulted primarily from a \$2.2 million decrease in gross profit and a \$1.3 million increase in research and development expenses, which was offset in part by a \$1.5 million decrease in selling, general and administrative expenses.

Other Income (Expense)

Interest Income. Interest income was \$1.1 million and \$1.5 million for the three months ended March 31, 2026 and 2025, respectively.

Interest Expense. Interest expense was \$0.4 million for each of the three months ended March 31, 2026 and 2025.

Foreign Currency Loss, Net. Net foreign currency loss for the three months ended March 31, 2026 was \$0.1 million compared to net foreign currency loss of \$0.4 million for the three months ended March 31, 2025. The net foreign currency loss for the three months ended March 31, 2026 and 2025 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 March 31, 2026 and March 31, 2025, the outstanding intercompany loan balance including accrued interest between our Korean subsidiary, Magnachip Semiconductor, Ltd., and our Dutch subsidiary were \$76.0 million and \$260.7 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.

Income tax benefit for the three months ended March 31, 2026 and 2025 was \$1.9 million and \$0.4 million, respectively, primarily related to our primary operating entity in Korea, based on the estimated taxable loss for each respective period.

Loss from Continuing Operations

Loss from continuing operations for the three months ended March 31, 2026 was \$4.7 million compared to loss from continuing operations of \$4.1 million for the three months ended March 31, 2025. The \$0.6 million increase in loss from continuing operations was primarily attributable to a \$1.9 million increase in operating loss and a \$0.5 million decrease in interest income, which was offset by a \$1.5 million increase in income tax benefit and a \$0.3 million improvement in net foreign currency loss.

Income (Loss) from Discontinued Operations, Net of Tax

Income from discontinued operations, net of tax for the three months ended March 31, 2026 was \$0.1 million compared to loss from discontinued operations, net of tax of \$4.8 million for the three months ended March 31, 2025. The \$4.9 million improvement in loss from discontinued operations, net of tax primarily resulted from a \$6.1 million decrease in research and development expense and \$1.4 million decrease in selling, general and administrative expenses, which was offset in part by a \$2.6 million decrease in gross profit and a \$0.2 million increase in income tax expense.

Net Loss

As a result of the foregoing, a net loss of \$4.6 million was recorded for the three months ended March 31, 2026 compared to a net loss of \$8.9 million for the three months ended March 31, 2025. As discussed above, the improvement in net loss of \$4.2 million resulted from a \$4.9 million improvement in loss from discontinued operations, net of tax, which was offset by a \$0.6 million increase in loss from continuing operations.

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 operating 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 March 31, 2026, 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 March 31, 2026, the outstanding obligation of this arrangement is approximately \$44.5 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 \$26.4 million based on the KRW/USD exchange rate of 1,513.4:1 as of March 31, 2026 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 \$15.9 million in the aggregate based on the KRW/USD exchange rate of 1,513.4:1 as of March 31, 2026, 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 March 31, 2026, cash and cash equivalents held by MSK were \$87.8 million, which represents 93% of our total cash and cash equivalents on a consolidated basis. We currently believe that we will have sufficient cash reserves from cash on hand and expected cash from operations to fund our operations as well as debt service and capital expenditures for the next 12 months and the foreseeable future.

Working Capital

Our working capital balance as of March 31, 2026 was \$98.3 million compared to \$133.4 million as of December 31, 2025. The decrease in working capital balance was mainly attributable to the reclassification of \$26.4 million of our Term Loan to the current portion of long-term borrowings, reflecting its maturity within one year.

Cash Flows from Operating Activities

Cash inflow provided by operating activities totaled \$1.6 million for the three months ended March 31, 2026, compared to \$4.7 million of cash outflow used in operating activities for the three months ended March 31, 2025. The net operating cash inflow for the three months ended March 31, 2026 reflects our net loss of \$4.6 million, as adjusted favorably by \$8.8 million, which mainly consisted of depreciation and amortization, provision for severance benefits, reversal for inventory reserves, net foreign currency gain or loss and stock-based compensation, and net unfavorable impact of \$2.6 million from changes in operating assets and liabilities.

Cash Flows from Investing Activities

Cash outflow used in investing activities totaled \$5.9 million for the three months ended March 31, 2026, compared to \$0.4 million of cash outflow used in investing activities for the three months ended March 31, 2025. The \$5.6 million increase in cash outflow was primarily attributable to a \$3.8 million net increase in hedge collateral and a \$3.7 million increase in purchase of property, plant and equipment, which was offset in part by a \$1.9 million net decrease in guarantee deposits.

Cash Flows from Financing Activities

Cash outflow used in financing activities totaled \$0.3 million for the three months ended March 31, 2026, compared to \$1.5 million of cash outflow used in by financing activities for the three months ended March 31, 2025. The financing cash outflow for the three months ended March 31, 2026 was primarily attributable to a payment of \$0.2 million for the repurchase of our common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock units. The financing cash outflow for the three months ended March 31, 2025 was primarily attributable to a payment of \$0.9 million for the repurchases of our common stock pursuant to our stock repurchase program and a payment of \$0.5 million for the repurchase of our common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock units.

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

Capital Expenditures

We routinely make capital expenditures for fabrication facility maintenance, enhancement of our existing facility and reinforcement of our global research and development capability. For the three months ended March 31, 2026, capital expenditures for property, plant and equipment were \$3.9 million, a \$3.7 million increase from \$0.2 million for the three months ended March 31, 2025. Of the \$3.9 million incurred during the first quarter of 2026, approximately \$2.5 million was related to investments in equipment at our fabrication facility located in Gumi, Korea. These investments are expected to support the development of new generation products and the installation of new tools to optimize product mix and improvement in gross profit margins for 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 our significant accounting policies, which are described further in Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for our fiscal year ended December 31, 2025, or our 2025 Form 10-K, are critical due to the fact that they involve a high degree of judgment and estimates about the effects of matters that are inherently uncertain. We base these estimates and judgments on historical experience, knowledge of current conditions and other assumptions and information that we believe to be reasonable. Estimates and assumptions about future events and their effects cannot be determined with certainty. Accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the business environment in which we operate changes.

A description of our critical accounting policies that involve significant management judgement appears in our 2025 Form 10-K, under “Management’s Discussion and Analysis of Financial Conditions and Reports of Operations—Critical Accounting Policies and Estimates.” There have been no other material changes to our critical accounting policies and estimates as compared to our critical accounting policies and estimates included in our 2025 Form 10-K.

Item 3. [Reserved]

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

In connection with the preparation of this Report, we carried out an evaluation under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, as of March 31, 2026, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2026.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings, see “Part I, Item 3. Legal Proceedings” of our 2025 Form 10-K.

See also “Item 1A. Risk Factors” in this Report and “Part I, Item 1A. Risk Factors” of our 2025 Form 10-K for additional information.

Item 1A. Risk Factors

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

In addition to the other information contained in this Report and the other reports and materials the Company files with the Securities and Exchange Commission, investors should carefully consider the risk factors disclosed in Part I, Item 1A of our 2025 Form 10-K as well as in our subsequent filings with the Securities and Exchange Commission. The risks described herein and therein are not the only ones we face.

Upgrades and modernization of power system infrastructure could interrupt production and materially and adversely impact our business, prospects, financial condition and results of operations.

Our Gumi fabrication facility requires a stable supply of electricity to support continuous manufacturing operations and sensitive production equipment. As we seek to maintain and improve our production capabilities, we may be required to further modernize our facilities and equipment and upgrade our manufacturing facilities. In addition, we rely on third parties to supply stable power supply and other power systems infrastructure to support our fabrication operations, and such third parties may from time to time perform maintenance, upgrades or other work relating to the supporting power systems infrastructure, including a planned upgrade to certain power infrastructure serving our Gumi fabrication facility that is currently expected to result in a temporary power interruption and related operational adjustments. Any damage to fabrication equipment, disruption during the resumption of operations, production delays, wafer losses, deterioration in yield or other operational inefficiencies resulting from such upgrade could materially and adversely affect our business, financial conditions and results of operations.

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

The following table shows the monthly activity related to our repurchases of common stock for the quarter ended March 31, 2026.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate dollar value of Shares that may yet be Purchased under the Plans or Programs (in thousands)(1)
January 2026	—	—	—	\$ 20,951
February 2026	—	—	—	\$ 20,951
March 2026	—	—	—	\$ 20,951
Total	—	—	—	\$ 20,951

(1) 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 March 31, 2026.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408.

Item 6. Exhibits.

Exhibit Number	Description
10.1 ^{#*}	Employment Agreement, dated as of October 22, 2018, by and between Magnachip Semiconductor Corporation and Seunghoon Lee.
31.1 [#]	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Principal Executive Officer.
31.2 [#]	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Principal Financial Officer.
32.1 [†]	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Principal Executive Officer.
32.2 [†]	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Principal Financial Officer.
101.INS [#]	Inline XBRL Instance Document.
101.SCH [#]	Inline XBRL Taxonomy Extension Schema Document.
101.CAL [#]	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF [#]	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB [#]	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE [#]	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Footnotes:

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MAGNACHIP SEMICONDUCTOR CORPORATION
(Registrant)

Dated: May 8, 2026

By: /s/ Camillo Martino

Camillo Martino
Chairman and Interim Chief Executive Officer
(Principal Executive Officer)

Dated: May 8, 2026

By: /s/ Shinyoung Park

Shinyoung Park
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement"), entered into on October 22, 2018 (the "Effective Date"), is made by and between Seunghoon Lee (the "Executive"), MagnaChip Semiconductor Corporation, a Delaware corporation ("Parent") and MagnaChip Semiconductor, Ltd. (together with any of its Affiliates as may employ the Executive from time to time, any and all successors thereto, and Parent, the "Company").

RECITALS

A. The Company and the Executive desire to enter into this Agreement to assure the Company of the continued exclusive services of the Executive and to set forth the rights and duties of the parties hereto.

B. Except as otherwise set forth herein, this Agreement is intended to supersede any prior agreements or understandings, whether formal or informal, between the Executive and the Company or any of its Affiliates (as defined below), including, without limitation, the letter agreement, dated as of November 3, 2015, by and between the Executive, the Company and Parent (the "Prior Agreement").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. Certain Definitions.

(a) "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person, where "control" shall have the meaning given such term under Rule 405 of the Securities Act of 1933, as amended.

(b) "Agreement" shall have the meaning set forth in the preamble hereto.

(c) "Annual Base Salary" shall have the meaning set forth in Section 3(a).

(d) "Annual Bonus" shall have the meaning set forth in Section 3(b).

(e) "Board" shall mean the Board of Directors of the Company.

(f) The Company shall have "Cause" to terminate the Executive's employment pursuant to Section 4(a)(iii) hereunder upon (i) the Executive's conviction of, or a plea of *nolo contendere* to, a felony or other crime involving moral turpitude (or, in each case, equivalent crimes in a jurisdiction other than the United States), but excluding minor traffic violations; (ii) the Executive's commission of fraud, embezzlement, or misappropriation of funds; (iii) a breach by the Executive of his fiduciary duty to the Company or any of its Affiliates; (iv) the Executive's refusal to fulfill the Executive's duties and responsibilities (other than by reason of death or Disability) to the Company or any of its Affiliates; (v) the Executive's material violation of any established lawful policy of the Company or any of its Affiliates; (vi) the Executive's material breach of any of the terms of any agreement the Executive has with the Company or any of its Affiliates; (vii) the Executive's habitual use of illicit drugs or habitual abuse of alcohol that affects his job performance; or (viii) any gross negligence, material misconduct, or material wrongful act or omission on the Executive's part in connection with the Executive's duties and responsibilities to the Company or any of its Affiliates. The Company may terminate the Executive's employment for Cause under this Agreement following issuance to the Executive of written notice of the circumstances the Company believes constitute Cause within ninety (90) days after it becomes aware of such circumstances; provided, however, that if the basis for termination is curable, then the Executive shall have fifteen (15)

days after receipt of such written notice to cure such basis, and if not cured, the Company may terminate the Executive's employment for Cause within ninety (90) days after the expiration of such cure period. If, within ninety (90) days subsequent to the Executive's termination of employment for any reason other than by the Company for Cause, the Company determines that the Executive's employment could have been terminated for Cause, the Executive's employment will be deemed to have been terminated for Cause for all purposes, and the Executive will be required to disgorge to the Company all amounts received pursuant to this Agreement or otherwise on account of such termination that would not have been payable to the Executive had such termination been by the Company for Cause; provided, however that the Company's ability to retroactively determine that the Executive's employment could have been terminated for Cause under this sentence will cease upon the occurrence of a Change in Control.

(g) "Change in Control" has the meaning given to such term in the MagnaChip Semiconductor Corporation 2011 Equity Incentive Plan.

(h) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(i) "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death or (ii) if the Executive's employment is terminated pursuant to Section 4(a)(ii)-(vi), the date specified or otherwise effective pursuant to Section 4(b).

(j) "Disability" shall mean a finding by the Company of the Executive's incapacitation through any illness, injury, accident or condition of either a physical or psychological nature that has resulted in his inability to perform the essential functions of his position, even with reasonable accommodations, for one hundred eighty (180) calendar days during any period of three hundred sixty-five (365) consecutive calendar days, and such incapacity is expected to continue.

(k) "Executive" shall have the meaning set forth in the preamble hereto.

(l) "Final Base Salary" means the Executive's Annual Base Salary as in effect immediately prior to the termination of the Executive's employment (or, if clause (i) or (ii) of "Good Reason" is implicated, immediately before any relevant diminution of the Executive's Annual Base Salary).

(m) The Executive shall have "Good Reason" to resign from his employment pursuant to Section 4(a)(v) in the event that any of the following actions are taken by the Company without his consent: (i) if upon or following a Change in Control, a diminution in the Executive's Annual Base Salary, Target Annual Bonus opportunity; (ii) if prior to a Change in Control, a diminution in (A) the Executive's Annual Base Salary, other than an across the board cumulative reduction of no more than fifteen (15%) that applies in a similar manner to all similarly-situated members of the senior management of the Company or (B) the Executive's Target Annual Bonus opportunity (other than a reduction that occurs as a result of a reduction described in clause (A) hereof); (iii) the Company's material breach of any of the material terms of any material agreement between the Executive and the Company or any of its Affiliates; or (iv) a non-temporary relocation of the Executive's primary work location by the Company to a location that is more than thirty-five (35) miles from the Executive's principal place of employment as of the date hereof (which the parties acknowledge is Seoul, South Korea and/or Cheongju, South Korea) and that increases the Executive's one-way commute to work by more than thirty five (35) miles. The Executive will not have Good Reason to terminate the Executive's employment and receive payments or benefits under Section 5(b) of this Agreement unless the Executive provides the Board with written notice of the circumstances the Executive believes constitute Good Reason within thirty (30) days after the occurrence of such circumstances. If the Company does not cure within fifteen (15) days after receipt of such written notice, then the Executive may terminate the Executive's employment for Good Reason within ninety (90) days after the expiration of such cure period. If the Executive terminates the Executive's employment prior to the expiration of the fifteen

(15) day cure period or more than ninety (90) days after the expiration of the cure period, the Executive will not be treated as having terminated the Executive's employment for Good Reason.

(n) "Inventions" shall have the meaning set forth in Section 7(c)(i).

(o) "Notice of Termination" shall have the meaning set forth in Section 4(b).

(p) "Parent" shall have the meaning set forth in the preamble hereto.

(q) "Person" shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

(r) "Proprietary Rights" shall have the meaning set forth in Section 7(c)(i).

(s) "Target Annual Bonus" means the Executive's target Annual Bonus, expressed as a percentage of the Annual Base Salary, under the terms of the Company's Profit Sharing Plan as are then in effect.

(t) "Term" shall have the meaning set forth in Section 2(b).

2. Employment.

(a) In General. The Company shall employ the Executive, and the Executive shall be employed by the Company, for the period set forth in Section 2(b), in the position set forth in Section 2(c), and upon the other terms and conditions herein provided.

(b) Term of Employment. The term of this Agreement (the "Term") shall begin on the Effective Date and remain in effect, until terminated as provided in Section 4.

(c) Position and Duties.

(i) During the Term, the Executive shall serve as Executive Vice President of Manufacturing of MagnaChip Semiconductor, Ltd., with responsibilities, duties and authority customary for such position; provided, however, that the Board or the Chief Executive Officer of the Company (the "CEO") may alter such responsibilities, duties and authority from time to time. The Executive shall also serve as an officer of other Affiliates of the Company as requested by the Board or the CEO. Except as otherwise provided herein, the Executive shall not be entitled to any additional compensation for service as a member of the Board or other positions or titles he may hold with any Affiliate of the Company to the extent he is so appointed. The Executive shall report to the CEO or any other officer of the Company as may be designated by the Board or the CEO. The Executive agrees to observe and comply with the Company's rules and policies as adopted from time to time by the Company. The Executive shall devote his full business time, skill, attention, and best efforts to the performance of his duties hereunder; provided, however, that the Executive shall be entitled to (A) serve on civic, charitable, and religious boards and (B) manage the Executive's personal and family investments, in each case, to the extent that such activities do not materially interfere with the performance of the Executive's duties and responsibilities hereunder, are not in conflict with the business interests of the Company or its Affiliates, and do not otherwise compete with the business of the Company or its Affiliates.

(ii) The Executive's employment shall be principally based at the Company's offices in Seoul, South Korea or Cheongju, South Korea. The Executive shall perform his duties and

responsibilities to the Company at such principal place of employment and at such other location(s) to which the Company may reasonably require the Executive to travel for Company business purposes.

3. Compensation and Related Matters.

(a) Annual Base Salary. During the Term, the Executive shall receive a base salary at a rate of Two Hundred Fifty Million Korean Won (KRW 250,000,000) per annum, which shall be paid in accordance with the customary payroll practices of the Company (the "Annual Base Salary")¹.

(b) Annual Bonus. With respect to each calendar year that ends during the Term, the Executive shall be eligible to receive an annual cash bonus (the "Annual Bonus") under the terms of the Company's Profit Sharing Plan as are then in effect. It is currently intended that the Board will set the Executive's target Annual Bonus at 50% of the Executive's Annual Base Salary.

(c) Equity Compensation. On or before October 31, 2018, subject to the Executive's continued employment on such date, the Executive will receive equity grants in respect of 2018 in the form of (i) annual operation planning-based performance stock units ("AOP PSUs"), (ii) relative total shareholder return-based performance stock units ("TSR PSUs"), and (iii) time-based restricted stock units, in each case pursuant to an award agreement in a form generally consistent with the applicable 2018 award agreements with the Company's senior executives, as well as the grant amounts and achievement criteria set forth in Exhibit 1. Subject to the Executive's continued employment with the Company, the Executive will receive additional AOP PSU grants with respect to 2019 and 2020 (the "2019 Grants" and the "2020 Grants", respectively) that are generally subject to same terms as in the 2018 AOP PSU award agreement, except as otherwise set forth in Exhibit 1.

(d) Benefits. During the Term, the Executive shall be entitled to participate in the employee benefit plans, programs, and arrangements of the Company now (or, to the extent determined by the Board, hereafter) in effect, in accordance with their terms, including, without limitation, medical and welfare benefits. For the avoidance of doubt, nothing in this Agreement shall limit or otherwise affect the rights that the Executive may have under any statutory pension under Korean law that is accrued to his account as of the effective date of his separation from the Company.

(e) Annual Vacation. During the Term, the Executive shall be entitled to paid-time-off (including vacation days) on an annual basis in accordance with the Company's applicable policies and practices. Any vacation shall be taken at the reasonable and mutual convenience of the Company and the Executive.

(f) Business Expenses. During the Term, the Company shall reimburse the Executive for all reasonable travel and other business expenses incurred by him in the performance of his duties to the Company, in accordance with the Company's expense reimbursement policies and procedures.

¹ Subsequent to the Effective Date of this Agreement, Mr. Seunghoon Lee's Annual Base Salary was increased by the Company 20%, effective beginning October 1, 2020, and by a further 10% effective beginning January 27, 2022. Accordingly, Mr. Lee's Annual Base Salary as of April 30, 2026 was KRW 330,000,000 (approximately US\$223,562 based on the KRW/USD exchange rate of 1,476.10:1 as of April 30, 2026 as quoted by KEB Hana Bank).

4. Termination. The Executive's employment hereunder may be terminated without any breach of this Agreement only under the following circumstances:

(a) Circumstances.

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If the Executive has incurred a Disability, the Company may give the Executive written notice of its intention to terminate the Executive's employment. In that event, the Executive's employment with the Company shall terminate effective on the later of the thirtieth (30th) day after receipt of such notice by the Executive and the date specified in such notice, provided that within the thirty (30) day period following receipt of such notice, the Executive shall not have returned to full-time performance of his duties hereunder.

(iii) Termination with Cause. The Company may terminate the Executive's employment with Cause.

(iv) Termination without Cause. The Company may terminate the Executive's employment without Cause.

(v) Resignation with Good Reason. The Executive may resign from his employment with Good Reason.

(vi) Resignation without Good Reason. The Executive may resign from his employment without Good Reason upon not less than thirty (30) days' advance written notice to the Board.

(b) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive under this Section 4 (other than termination pursuant to Section 4(a)(i)) shall be communicated by a written notice to the other party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) except with respect to a termination pursuant to Section 4(a)(iv) or (vi), setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) specifying a Date of Termination as provided herein (a "Notice of Termination"). If the Company delivers a Notice of Termination under Section 4(a)(ii), the Date of Termination shall be at least thirty (30) days following the date of such notice; provided, however, that such notice need not specify a Date of Termination, in which case the Date of Termination shall be determined pursuant to Section 4(a)(ii). If the Company delivers a Notice of Termination under Section 4(a)(iii) or 4(a)(iv), the Date of Termination shall be, in the Company's sole discretion, the date on which the Executive receives such notice or any subsequent date selected by the Company. If the Executive delivers a Notice of Termination under Section 4(a)(v) or (a)(vi), the Date of Termination shall be at least thirty (30) days following the date of such notice; provided, however, that the Company may, in its sole discretion, accelerate the Date of Termination to any date that occurs following the Company's receipt of such notice, without changing the characterization of such termination as voluntary, even if such date is prior to the date specified in such notice. The failure by the Company or the Executive to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Cause or Good Reason shall not waive any right of the Company or the Executive hereunder or preclude the Company or the Executive from asserting such fact or circumstance in enforcing the Company's or the Executive's rights hereunder.

(c) Termination and Resignation of All Positions. Upon termination of the Executive's employment for any reason, the Executive agrees to resign, as of the Date of Termination or such other date

requested by the Company, from all positions and offices that the Executive then holds with the Company and its Affiliates. In addition, as applicable, if the Executive fails to resign from any such positions or offices, the Company shall be relieved of its obligations under Section 5(b) hereof.

5. Company Obligations upon Termination of Employment.

(a) In General. Subject to Section 10(a), upon termination of the Executive's employment for any reason, the Executive (or the Executive's estate) shall be entitled to receive (i) any amount of the Executive's Annual Base Salary earned through the Date of Termination not theretofore paid, (ii) any Annual Bonus for the year prior to the year in which the Date of Termination occurred, that was earned but not yet paid, (iii) any expenses owed to the Executive under Section 3(f), and (iv) any vested payment or benefit arising from the Executive's participation in, or benefits under, any qualified employee benefit plans, programs, or arrangements under Section 3(d) (other than severance plans, programs, or arrangements), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs, or arrangements including, where applicable, any death and disability benefits (the "Accrued Obligations"). Notwithstanding anything to the contrary, upon a Termination with Cause, and only in the case of such a termination, the Accrued Obligations shall not include the amount set forth in clause (ii) of the preceding sentence or any other amounts or benefits not payable in accordance with the terms and conditions of any employee benefit plan, program or arrangement.

(b) Termination without Cause or Resignation with Good Reason. Subject to Section 10(a) and subject to the Executive's continued compliance with the covenants contained in Sections 6, 7 and 10, if the Company terminates the Executive's employment without Cause pursuant to Section 4(a)(iv) or the Executive resigns from his employment with Good Reason pursuant to Section 4(a)(v), the Company shall, in addition to the Accrued Obligations:

(i) continue to pay the Final Base Salary in accordance with the Company's customary payroll practices during the period beginning on the Date of Termination and ending on the earlier to occur of (A) the first anniversary of the Date of Termination and (B) the first date that the Executive violates any covenant contained in Section 6 or 7 (the "Salary Payment"), and if the Date of Termination occurs after June 30 of the calendar year in which the Date of Termination occurs, pay the Executive a prorated portion of the Annual Bonus payable with respect to the calendar year in which such termination occurs, determined on a daily basis, based on actual performance achievement for such year, and payable if and when annual bonuses are paid to other senior executives of the Company with respect to such year (the "Pro Rata Bonus", together with the Salary Payment, the "Severance Payment"). Notwithstanding the foregoing, if the Company terminates the Executive's employment without Cause pursuant to Section 4(a)(iv) or the Executive resigns from his employment with Good Reason pursuant to Section 4(a)(v), in each case, either (x) during a period of time when the Company is party to a definitive corporate transaction agreement, the consummation of which would result in a Change in Control or (y) within eighteen (18) months following a Change in Control (such a termination a "CIC Qualified Termination"), then the Severance Payment shall instead equal the sum of (xx) one (1) times the Final Base Salary, payable over twelve (12) months and (yy) if the Date of Termination occurs after June 30 of the calendar year in which the Date of Termination occurs, an amount equal to an additional month of base salary for each month that has passed since July 1 through the Date of Termination (rounding up for any partial months), and payable in a lump sum on the sixtieth (60th) day following the Date of Termination, in each case so long as the Release (as defined below) has become effective and the Executive has not violated any covenant contained in Section 6 or 7, in which case the Severance Payment shall be forfeited; for the avoidance of doubt, if the Date of Termination occurs in July, the payment in clause (yy) above will be equal to one (1) month's base salary; and

(ii) provide for vesting of outstanding unvested equity awards (A) for any awards granted prior to January 1, 2018, in full as of the Date of Termination, and (B) for any awards granted on or following January 1, 2018, as set forth in the applicable award agreement or on Exhibit 1, as applicable;

provided, however, that all payments and benefits to be paid or provided pursuant to this Section 5(b) shall commence on the sixtieth (60th) day following the Date of Termination, and, only with respect to any cash payments, the initial installment of such payments shall include a lump-sum payment of all amounts accrued under this Section 5(b) from the Date of Termination through the date of such initial payment.

Notwithstanding any provision in this Agreement to the contrary, if the Executive breaches any of the covenants contained in Sections 6 and 7 hereof, the Company shall have the right to cease providing any payments or benefits under this Section 5(b) and, if requested, the Executive shall repay to the Company within sixty (60) days of such request any previously paid payments or benefits under this Section 5(b); provided that the foregoing shall not apply unless the Company provides the Executive with written notice of the circumstances it believes constitutes a breach of such covenants within ninety (90) days after it becomes aware of such circumstances; provided further that, if the basis for the alleged breach is curable, then the Executive shall have fifteen (15) days after receipt of such written notice to cure such basis.

Payment of the amounts and benefits under this Section 5(b) is in lieu of any other severance or separation pay payable to the Executive whether under any employment agreement, offer letter or severance program, plan or policy, applicable law (including law of the Republic of Korea) or other statute, or otherwise; provided that nothing in this Agreement shall limit or otherwise affect the rights of the Executive may have under any statutory pension under Korean law that has accrued to the Executive's account as of the Date of Termination.

(c) Release. Notwithstanding anything herein to the contrary, the amounts payable and benefits to be provided to the Executive under Section 5(b), other than the Accrued Obligations, shall be contingent upon and subject to the Executive's (or the Executive's estate's, if applicable) execution and non-revocation of a general waiver and release of claims agreement generally consistent with the form attached as Exhibit 2 hereto (as appropriately modified to comply with applicable law, the "Release") (and the expiration of any applicable revocation period), on or prior to the sixtieth (60th) day following the Date of Termination.

(d) Survival. The obligations of any of the parties under this Agreement which by their nature may require either partial or total performance after the termination of the Term or this Agreement (including those under Sections 6, 7, 8, 9, and 10) will survive any termination of this Agreement.

6. Non-Competition; Non-Solicitation; Non-Hire.

(a) To the fullest extent permitted by applicable law, the Executive agrees that during the Executive's employment with the Company, and for the twelve (12) month period following the Executive's termination of employment for any reason, the Executive will not, directly or indirectly, have any equity or equity-based interest, or work or otherwise provide services as an employee, contractor, officer, owner, consultant, partner, director or otherwise, in any business anywhere in the world that competes with any of the businesses of the Company. Notwithstanding the foregoing, the Executive shall be permitted to acquire a passive stock or equity interest in such a business, provided that the stock or other equity interest acquired is not more than five percent (5%) of the outstanding interest in such business;

(b) To the fullest extent permitted by applicable law, the Executive agrees that during the Executive's employment with the Company, and for the twelve (12) month period following the

Executive's termination of employment for any reason, the Executive will not, directly or indirectly, on the Executive's own behalf or on behalf of another (i) solicit, induce or attempt to solicit or induce any officer, director, employee or consultant of the Company to terminate their relationship with or leave the employ of the Company, or in any way interfere with the relationship between the Company, on the one hand, and any officer, director, employee, or consultant thereof, on the other hand, (ii) hire (or other similar arrangement) any Person (in any capacity whether as an officer, director, employee or consultant) who is, or at any time in the twelve (12) months preceding the Date of Termination was, an officer, director, employee or consultant of the Company or (iii) induce or attempt to induce any customer, supplier, prospect, licensee or other business relation of the Company to cease doing business with the Company, or in any way interfere with the relationship between any such customer, supplier, prospect, licensee or business relation, on the one hand, and the Company, on the other hand.

(c) In the event that the terms of this Section 6 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action. The Executive hereby acknowledges that the terms of this Section 6 are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Company. The Executive hereby authorizes the Company to inform any future employer or prospective employer of the existence and terms of Sections 6 and 7 of this Agreement without liability for interference with the Executive's employment or prospective employment.

(d) As used in this Section 6, the term "Company" shall include Parent, the Company, and any direct or indirect subsidiaries thereof or any successors thereto.

7. Non-Disclosure of Confidential Information; Non-Disparagement; Intellectual Property.

(a) Non-Disclosure of Confidential Information; Return of Property. The Executive recognizes and acknowledges that he has access to confidential information and/or has had or will have material contact with the Company's customers, suppliers, licensees, representatives, agents, partners, licensors, or business relations. The Executive agrees that during his employment and in perpetuity thereafter, the Executive shall maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for the Executive's benefit or the benefit of any Person, any confidential or proprietary information or trade secrets of or relating to the Company, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, compensation paid to employees or other terms of employment, or deliver to any Person any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. Upon the Executive's termination of employment for any reason, the Executive shall promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company's customers, business plans, marketing strategies, products or processes. The Executive may respond to a lawful and valid subpoena or other legal process but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought and, if requested by the Company, shall reasonably assist such counsel in resisting or otherwise responding to such process.

(b) Non-Disparagement. The Executive shall not, at any time during his employment and in perpetuity thereafter, directly or indirectly, knowingly disparage, criticize, or otherwise make derogatory

statements regarding the Company, or any of its successors, directors or officers. The foregoing shall not be violated by the Executive's truthful responses to legal process or inquiry by a governmental authority.

(c) Intellectual Property Rights.

(i) The Executive agrees that the results and proceeds of the Executive's services for the Company (including any trade secrets, products, services, processes, know-how, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed for the Company and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by the Executive, either alone or jointly with others (collectively, "Inventions"), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Company) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, "Proprietary Rights") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Company determines in its sole discretion, without any further payment to the Executive whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work-made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company under the immediately preceding sentence, then the Executive hereby irrevocably assigns and agrees to assign any and all of the Executive's right, title and interest thereto, including, without limitation, any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Company, any of its Affiliates), and the Company or such Affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Company or such Affiliates without any further payment to the Executive whatsoever. As to any Invention that the Executive is required to assign, the Executive shall promptly and fully disclose to the Company all information known to the Executive concerning such Invention. The Executive hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, that the Executive now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

(ii) The Executive agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, the Executive shall do any and all things that the Company may reasonably deem useful or desirable to establish or document the Company's exclusive ownership throughout the United States of America or any other country of any and all Proprietary Rights in any such Inventions, including, without limitation, the execution of appropriate copyright and/or patent applications or assignments. To the extent the Executive has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, the Executive unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 7(c)(ii) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company of any Proprietary Rights of ownership to which the Company may be entitled by operation of law by virtue of the Executive's employment with, or service to, the Company. The Executive further agrees that, from time to time, as may be requested by the Company and at the Company's sole cost and expense, the Executive shall assist the Company in every proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, the Executive shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, the Executive shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. The Executive's obligation to assist the Company with respect to Proprietary Rights relating to such

Inventions in any and all countries shall continue beyond the termination of the Executive's employment with the Company.

(d) As used in this Section 7, the term "Company" shall include Parent, the Company, and any direct or indirect subsidiaries thereof or any successors thereto.

(e) Protected Disclosures.

(i) Nothing in this Agreement will preclude, prohibit or restrict the Executive from (A) communicating with, any federal, state or local administrative or regulatory agency or authority, including the Securities and Exchange Commission (the "SEC"); (B) participating or cooperating in any investigation conducted by any governmental agency or authority; or (C) filing a charge of discrimination with the United States Equal Employment Opportunity Commission or any other federal state or local administrative agency or regulatory authority.

(ii) Nothing in this Agreement, or any other agreement between the parties, prohibits or is intended in any manner to prohibit, the Executive from (A) reporting a possible violation of federal or other applicable law or regulation to any governmental agency or entity, including the Department of Justice, the SEC, the U.S. Congress, and any governmental agency Inspector General, or (B) making other disclosures that are protected under whistleblower provisions of federal law or regulation. This Agreement does not limit the Executive's right to receive an award (including, without limitation, a monetary reward) for information provided to the SEC. The Executive does not need the prior authorization of anyone at the Company to make any such reports or disclosures, and the Executive is not required to notify the Company that the Executive has made such reports or disclosures.

(iii) Nothing in this Agreement or any other agreement or policy of the Company is intended to interfere with or restrain the immunity provided under 18 U.S.C. §1833(b). The Executive cannot be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (A) (1) in confidence to federal, state or local government officials, directly or indirectly, or to an attorney, and (2) for the purpose of reporting or investigating a suspected violation of law; (B) in a complaint or other document filed in a lawsuit or other proceeding, if filed under seal; or (C) in connection with a lawsuit alleging retaliation for reporting a suspected violation of law, if filed under seal and does not disclose the trade secret, except pursuant to a court order.

(iv) The foregoing provisions regarding protected disclosures are intended to comply with all applicable laws. If any laws are adopted, amended or repealed after the execution of this Agreement, this Section 7(e) shall be deemed to be amended to reflect the same.

8. Injunctive Relief. The Executive recognizes and acknowledges that a breach of any of the covenants contained in Sections 6 and 7 will cause irreparable damage to the Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, the Executive agrees that in the event of a breach or threatened breach of any of the covenants contained in Sections 6 and 7, in addition to any other remedy that may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief (without posting a bond). In the event of any breach or violation by the Executive of any of the covenants contained in Section 6 and 7, the time period of such covenant with respect to the Executive shall, to the fullest extent permitted by law, be tolled until such breach or violation is resolved.

9. Cooperation. The Executive agrees that, subject to the Executive's reasonable availability, during and after the Executive's employment by the Company, and without the necessity of the Company obtaining a subpoena or court order, the Executive shall provide reasonable cooperation in connection with any suit,

action or proceeding (or any appeal from any suit, action or proceeding), and any investigation and/or defense of any claims asserted against the Company Releasees (as defined in the Release), which relates to events occurring during the Executive's employment (including furnishing relevant information and materials to the Company or its designee and/or providing testimony at depositions and at trial); provided that the Company shall reimburse the Executive for reasonable out-of-pocket expenses the Executive incurs that are associated with any such cooperation; provided further that any such cooperation occurring after the termination of the Executive's employment shall be scheduled to the extent reasonably practicable so as not to unreasonably interfere with the Executive's business or personal affairs. Notwithstanding anything herein to the contrary, the preceding cooperation covenant shall not apply to any suit, action, proceeding, investigation, defense or claim that arises out of or relates to a dispute between the Executive and any of the Company Releasees.

10. Section 409A of the Code.

(a)General. The parties hereto acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and incorporate the terms and conditions required by, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date ("Section 409A"). Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that any amounts payable hereunder will be taxable currently to the Executive under Section 409A(a)(1)(A) of the Code and related Department of Treasury guidance, the Company and the Executive shall cooperate in good faith to (i) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that they mutually determine to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement, to preserve the economic benefits of this Agreement, and to avoid less-favorable accounting or tax consequences for the Company, and/or (ii) take such other actions as mutually determined to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A or to comply with the requirements of Section 409A and thereby avoid the application of penalty taxes thereunder; provided, however, that this Section 10(a) does not create an obligation on the part of the Company to modify this Agreement and does not guarantee that the amounts payable hereunder will not be subject to interest or penalties under Section 409A, and in no event whatsoever shall the Company or any of its Affiliates be liable for any additional tax, interest, or penalties that may be imposed on the Executive as a result of Section 409A or any damages for failing to comply with Section 409A.

(b)Separation from Service under Section 409A. To the extent Section 409A is applicable, notwithstanding any provision to the contrary in this Agreement: (i) no amount shall be payable pursuant to Section 5(a) or (b) unless the termination of the Executive's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; (ii) if the Executive is deemed at the time of his separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent that delayed commencement of any portion of the termination benefits to which the Executive is entitled under this Agreement (after taking into account all exclusions applicable to such termination benefits under Section 409A), including, without limitation, any portion of the additional compensation awarded pursuant to Section 5(a) or (b), is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of the Executive's termination benefits shall not be provided to the Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of the Executive's "separation from service" with the Company (as such term is defined in the Department of Treasury Regulations issued under Section 409A) and (B) the date of the Executive's death; provided, that upon the earlier of such dates, all payments deferred pursuant to this Section 10(b)(ii) shall be paid to the Executive in a lump sum, and any remaining payments due under this Agreement shall be paid as otherwise provided herein; (iii) the determination of whether the Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of

his separation from service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including, without limitation, Section 1.409A-1(i) of the Department of Treasury Regulations and any successor provision thereto); (iv) for purposes of Section 409A of the Code, the Executive's right to receive installment payments pursuant to Section 5 shall be treated as a right to receive a series of separate and distinct payments; (v) if the sixty day period following the Date of Termination ends in the calendar year following the year that includes the Date of Termination, then payment of any amount that is conditioned upon the execution of the Release and is subject to Section 409A shall not be paid until the first day of the calendar year following the year that includes the Date of Termination, regardless of when the Release is signed; and (vi) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit shall be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year.

11. Section 280G of the Code.

(a) If there is a change of ownership or effective control or change in the ownership of a substantial portion of the assets of a corporation (within the meaning of Section 280G of the Code) and any payment or benefit (including payments and benefits pursuant to this Agreement) that the Executive would receive from the Company or otherwise ("Transaction Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Company shall cause to be determined, before any amounts of the Transaction Payment are paid to the Executive, which of the following two alternative forms of payment would result in the Executive's receipt, on an after-tax basis, of the greater amount of the Transaction Payment notwithstanding that all or some portion of the Transaction Payment may be subject to the Excise Tax: (1) payment in full of the entire amount of the Transaction Payment (a "Full Payment"), or (2) payment of only a part of the Transaction Payment so that the Executive receives the largest payment possible without the imposition of the Excise Tax (a "Reduced Payment"). For purposes of determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes). If a Reduced Payment is made, the reduction in payments and/or benefits will occur in the following order: (1) first, reduction of cash payments, in reverse order of scheduled payment date (or if necessary, to zero), (2) then, reduction of non-cash and non-equity benefits provided to the Executive, on a pro rata basis (or if necessary, to zero), and (3) then, cancellation of the acceleration of vesting of equity award compensation in the reverse order of the date of grant of the Executive's equity awards.

(b) Unless the Executive and the Company otherwise agree in writing, any determination required under this section shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Accountants shall provide detailed supporting calculations to the Company and the Executive as requested by the Company or the Executive. The Executive and the Company shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 11(b).

12. Assignment and Successors. The Company may assign its rights and obligations under this Agreement to any entity, including any successor to all or substantially all the assets of the Company, by merger or otherwise, and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its Affiliates. The Executive may not assign his rights or obligations under this Agreement to any individual or entity. This Agreement shall be binding upon and inure to the benefit of the Company and the Executive and their respective successors, assigns, personnel, legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. In the event of the Executive's death following a termination of his employment, all unpaid amounts otherwise due to the Executive (including under Section 5) shall be paid to his estate.

13. Governing Law. This Agreement shall be governed, construed, interpreted, and enforced in accordance with the substantive laws of the State of Delaware, without reference to the principles of conflicts of law of Delaware or any other jurisdiction, and where applicable, the laws of the United States.

14. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

15. Notices. Any notice, request, claim, demand, document, and other communication hereunder to any party hereto shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by telex, telecopy, email or sent by nationally recognized overnight courier, or certified or registered mail, postage prepaid, to the following address (or at any other address as any party hereto shall have specified by notice in writing to the other party hereto):

(a) If to the Company, to it at its current executive offices, Attn: Chief Executive Officer.

(b) If to the Executive, at his most recent address on the payroll records of the Company.

16. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

17. Entire Agreement. The terms of this Agreement (together with any pre-invention assignment agreements with the Company and any other agreements and instruments contemplated hereby or referred to herein) are intended by the parties hereto to be the final expression of their agreement with respect to the employment of the Executive by the Company and its Affiliates and to supersede any and all prior employment agreements, offer letters, severance agreements and similar agreements, plans, provisions, understandings or arrangements, whether written or oral (including, without limitation, the Prior Agreement), and all such prior agreements, plans, provisions, understandings or arrangements shall be null and void in their entirety and of no further force or effect as of the Effective Date. The parties hereto further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

18. Amendments; Waivers. This Agreement may not be modified, amended or terminated except by an instrument in writing signed by the Executive and a duly authorized officer of the Company that expressly identifies the amended provision of this Agreement. By an instrument in writing similarly executed and similarly identifying the waived compliance, the Executive or a duly authorized officer of the Company may waive compliance by the other party or parties with any provision of this Agreement that such other party was or is obligated to comply with or perform; provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure to comply or perform. No failure

to exercise and no delay in exercising any right, remedy, or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

19. No Inconsistent Actions. The parties hereto shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. Furthermore, it is the intent of the parties hereto to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

20. Construction. This Agreement shall be deemed drafted equally by both of the parties hereto. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections, or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary: (a) the plural includes the singular, and the singular includes the plural; (b) “and” and “or” are each used both conjunctively and disjunctively; (c) “any,” “all,” “each,” or “every” means “any and all,” and “each and every”; (d) “includes” and “including” are each “without limitation”; and (e) “herein,” “hereof,” “hereunder,” and other similar compounds of the word “here” refer to the entire Agreement and not to any particular paragraph, subparagraph, section, or subsection.

21. Dispute Resolution. The parties agree that any suit, action or proceeding brought by or against such party in connection with this Agreement shall be brought exclusively in the United States District Court for the District of Delaware to the extent that federal jurisdiction exists, and in the Delaware Chancery Court to the extent that federal jurisdiction does not exist. Each party expressly and irrevocably consents and submits to the jurisdiction and venue of each such court in connection with any such legal proceeding, including to enforce any settlement, order or award, and such party agrees to accept service of process by the other party or any of its agents in connection with any such proceeding. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTY IN RESPECT OF ITS RIGHTS OR OBLIGATIONS HEREUNDER.

22. Enforcement. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

23. Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local, and foreign withholding and other taxes and charges that the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

24. Clawback. To the extent required by applicable law (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) and/or the rules and regulations of any securities exchange or inter-dealer quotation service on which equity of the Company or Parent is listed or quoted, or if so required pursuant to a written policy adopted by the Company or Parent, payments under this Agreement or in respect of Company or Parent equity incentive awards shall be subject (including on a retroactive basis) to clawback, forfeiture or similar

requirements (and such requirements shall be deemed incorporated by reference into this Agreement and all agreements governing the terms of Company or Parent incentive equity compensation).

25. Other Benefit Plans. No payment under this Agreement shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as expressly required otherwise by law or the terms of such plan.

26. Employee Representations. The Executive represents, warrants and covenants that (i) that he has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on his own judgment, (ii) Executive has the full right, authority and capacity to enter into this Agreement and perform Executive's obligations hereunder, (iii) Executive is not bound by any agreement that conflicts with or prevents or restricts the full performance of Executive's duties and obligations to the Company hereunder during or after the Term, (iv) the execution and delivery of this Agreement shall not result in any breach or violation of, or a default under, any existing obligation, commitment or agreement to which Executive is subject, and (v) the Executive shall keep all terms of this Agreement confidential, except with respect to disclosure to the Executive's spouse, accountants or attorneys, each of whom shall agree to keep all terms of this Agreement confidential.

27. Equity Ownership. The Executive will be subject to such stock ownership guidelines and holding requirements as may be implemented by the Board from time to time.

[signature page follows]

The parties have executed this Agreement as of the date first written above.

MAGNACHIP SEMICONDUCTOR, LTD.

By: /s/ Young-Joon Kim
Name: Young-Joon Kim
Title: Representative Director

**MAGNACHIP SEMICONDUCTOR
CORPORATION**

By: /s/ Young-Joon Kim
Name: Young-Joon Kim
Title: Chief Executive Officer

EXECUTIVE

/s/ Seunghoon Lee
Seunghoon Lee

EXHIBIT 2

FORM OF RELEASE

As used in this Release of Claims (this “Release”), the term “claims” will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, proceedings, obligations, debts, accounts, attorneys’ fees, judgments, losses, and liabilities, of whatsoever kind or nature, in law, in equity, or otherwise. Capitalized terms used but not defined in this Release will have the meanings given to them in the Employment Agreement dated [____], 2018, between MagnaChip Semiconductor, Ltd. (the “Company”), MagnaChip Semiconductor Corporation, a Delaware corporation (“Parent”), and [____] (my “Employment Agreement”).

For and in consideration of the payments and benefits under Section 5(b) of the Employment Agreement, and other good and valuable consideration, I, for and on behalf of myself and my executors, heirs, administrators, representatives, and assigns, hereby agree to release and forever discharge the Company, Parent and all of their respective predecessors, successors, and past, current, and future parent entities, affiliates, subsidiary entities, investors, directors, shareholders, members, officers, general or limited partners, employees, attorneys, agents, and representatives, and the employee benefit plans in which I am or have been a participant by virtue of my employment with or service to the Company (collectively, the “Company Releasees”), from any and all claims that I have or may have had against the Company Releasees based on any events or circumstances arising or occurring on or prior to the date hereof and arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever my employment by or service to the Company or the termination thereof, including without limitation any and all claims arising under national, federal, provincial, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, intentional infliction of emotional distress, or liability in tort, and claims of any kind that may be brought in any court or administrative agency, and any related claims for attorneys’ fees and costs, including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “ADEA”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and any similar national, provincial, state, or local laws of the United States, the Republic of Korea or any other jurisdiction. I agree further that this Release may be pleaded as a full defense to any action, suit, arbitration, or other proceeding covered by the terms hereof that is or may be initiated, prosecuted, or maintained by me or my descendants, dependents, heirs, executors, administrators, or assigns. By signing this Release, I acknowledge that I intend to waive and release all rights known or unknown that I may have against the Company Releasees under these and any other laws.

I acknowledge and agree that as of the date I execute this Release, I have no knowledge of any facts or circumstances that give rise or could give rise to any claims under any of the laws listed in the preceding paragraph and that I have not filed any claim against any of the Releasees before any local, state, federal, or foreign agency, court, arbitrator, mediator, arbitration or mediation panel, or other body (each individually a “Proceeding”). I (i) acknowledge that I will not initiate or cause to be initiated on my behalf any Proceeding and will not participate in any Proceeding, in each case, except as required by law; and (ii) waive any right that I may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Proceeding, including any Proceeding conducted by the Equal Employment Opportunity Commission (“EEOC”). Further, I understand that, by executing this Release, I will be limiting the

availability of certain remedies that I may have against the Company and limiting also my ability to pursue certain claims against the Company Releasees.

By executing this Release, I specifically release all claims relating to my employment and its termination under ADEA, a federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans.

Notwithstanding the generality of the foregoing, I do not release (i) claims to receive payments and benefits under Section 5(b) of the Employment Agreement in accordance with the terms of the Employment Agreement, (ii) claims for indemnification arising under any applicable indemnification obligation of the Company, (iii) any vested rights I may have under any qualified employee benefit plans, programs or policies of the Company and any of its Affiliates, or (iv) claims that cannot be waived by law. Further, nothing in this Release shall prevent me from (a) initiating or causing to be initiated on my behalf any claim against the Company before any local, state, or federal agency, court, or other body challenging the validity of the waiver of my claims under the ADEA (but no other portion of such waiver); or (b) initiating or participating in an investigation or proceeding conducted by the EEOC.

I understand that nothing in this Agreement will preclude, prohibit or restrict me from (i) communicating with, any federal, state or local administrative or regulatory agency or authority, including but not limited to the Securities and Exchange Commission (the “SEC”); (ii) participating or cooperating in any investigation conducted by any governmental agency or authority; or (iii) filing a charge of discrimination with the EEOC or any other federal state or local administrative agency or regulatory authority.

Nothing in this Agreement, or any other agreement with the Company, prohibits or is intended in any manner to prohibit, me from (i) reporting a possible violation of federal or other applicable law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the SEC, the U.S. Congress, and any governmental agency Inspector General, or (ii) making other disclosures that are protected under whistleblower provisions of federal law or regulation. This Agreement does not limit my right to receive an award (including, without limitation, a monetary reward) for information provided to the SEC. I do not need the prior authorization of anyone at the Company to make any such reports or disclosures, and I am not required to notify the Company that I have made such reports or disclosures.

Nothing in this Agreement or any other agreement or policy of the Company is intended to interfere with or restrain the immunity provided under 18 U.S.C. §1833(b). I cannot be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) (A) in confidence to federal, state or local government officials, directly or indirectly, or to an attorney, and (B) for the purpose of reporting or investigating a suspected violation of law; (ii) in a complaint or other document filed in a lawsuit or other proceeding, if filed under seal; or (iii) in connection with a lawsuit alleging retaliation for reporting a suspected violation of law, if filed under seal and does not disclose the trade secret, except pursuant to a court order.

I acknowledge that I have been given at least [21]/[45]¹ days in which to consider this Release. I acknowledge further that the Company has advised me to consult with an attorney of my choice before signing this Release, and I have had sufficient time to consider the terms of this Release. I represent and acknowledge that if I execute this Release before [21]/[45] days have elapsed, I do so knowingly,

¹ NTD: To be selected based on whether applicable termination was “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967).

voluntarily, and upon the advice and with the approval of my legal counsel (if any), and that I voluntarily waive any remaining consideration period.

I understand that after executing this Release, I have the right to revoke it within seven days after its execution. I understand that this Release will not become effective and enforceable unless the seven-day revocation period passes and I do not revoke the Release in writing. I understand that this Release may not be revoked after the seven-day revocation period has passed. I understand also that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven-day period.

This Release will become effective, irrevocable, and binding on the eighth day after its execution, so long as I have not timely revoked it as set forth above. I understand and acknowledge that I will not be entitled to payments or benefits under Section 5(b) of the Employment Agreement unless this Release is effective on or before the date that is 60 days following the Date of Termination (as defined in the Employment Agreement).

I hereby agree to waive any and all claims to re-employment with the Company or any of its affiliates and affirmatively agree not to seek further employment with the Company or any of its affiliates.

The provisions of this Release will be binding upon my heirs, executors, administrators, legal representatives, and assigns. If any provision of this Release will be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision will be of no force or effect. The illegality or unenforceability of such provision, however, will have no effect upon and will not impair the enforceability of any other provision of this Release.

This Release will be governed in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of law. Any dispute or claim arising out of or relating to this Release or claim of breach hereof will be brought exclusively in the United States District Court for the District of Delaware to the extent that federal jurisdiction exists, and in the Delaware Chancery Court to the extent that federal jurisdiction does not exist. By execution of this Release, I am waiving any right to trial by jury in connection with any suit, action, or proceeding under or in connection with this Release.

[Name]

Date

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

I, Camillo Martino, certify that:

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

Dated: May 8, 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 quarterly report on Form 10-Q of Magnachip Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 8, 2026

/s/ Shinyoung Park

Shinyoung Park

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

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

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

(i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2026 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: May 8, 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 PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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

(i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2026 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: May 8, 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.
