

SK hynix 78th Annual General Meeting

# Letter to Shareholders





## “2026, a leap forward as a Full Stack AI Memory Creator”

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Dear shareholders,

2025 witnessed unprecedented growth in the memory semiconductor market, driven by the rapid adoption of AI technology across industries and society. The proliferation of AI service fueled broad-based demand for memory products, from HBM to conventional DRAM and NAND, driving price appreciation. Now, memory is no longer just a simple component, but a key-value product that determines the performance of AI systems.

In the midst of a changing market landscape, we became the first in the industry to develop and mass produce HBM4 and we have solidified our leadership based on our technological excellence in DRAM and NAND. In particular, we secured profitability and growth by expanding sales of high value-added products such as HBM, DDR5, LPDDR5 and high-capacity enterprise SSD.

As a result, we achieved a record-high performance once again in 2025, setting a major milestone as our share price exceeded KRW 1 million in February 2026. These achievements were made possible by the dedication of our 46,000 members' passion and dedication worldwide, along with the unwavering support of our shareholders.

Over the past year, as a “Full Stack AI Memory Provider” timely providing products our customers need with advanced technology, we strengthened our position as a global leader. Furthermore, we secured customers' trust in AI memory eco system and established ourselves as a key partner by expanding collaboration with leading global companies.

As we embark on 2026, we are evolving from a “Provider” into a “Full Stack AI Memory Creator”. Breaking free from conventional frameworks, we will proactively define and realize the values our customers need most through creative methods. We ask for your unwavering trust and support as we continue our journey toward the new lead forward.

I would now like to share in greater detail our key achievements over the past year, as well as our strategies and plans for 2026.

## Key Achievements in 2025

By promptly responding to the surging demand for memory driven by the rapid adoption of AI technology, our consolidated revenue reached a record high level in 2025, seeing a significant increase to KRW 97.1 trillion, up by KRW 31 trillion from 2024.

With increased sales of high value-added products and improvement in investment efficiency, operating profit amounted to KRW 47.2 trillion, far exceeding the record performance in 2024. This holds great significance as we have achieved qualitative growth together with exceptional profitability, exceeding mere top-line growth.

### > Achieving Record High Performance based on Industry-Leading Technology Leadership

In 2025, we once again proved our “world’s best technology.”

As AI technology changes the overall industry paradigm, the demand for advanced capability that ensures speed, efficiency and safety—beyond simple capacity expansion—is increasing. In memory technology, we achieved differentiated business performance based on industry-leading technology and customers’ high trust.

In March last year, we were the first in the industry to provide HBM4 sample and in September, and established the world’s first mass production system of HBM4. Through successful development and mass production of HBM4 which will contribute to overcoming the limitations of AI Infra, we once again proved our dominance in the AI memory market.

In conventional DRAM, we secured the highest level of performance and cost competitiveness, entering full-scale mass production of 1nm DDR5, and also solidified our leadership in server modules, with the introduction of the industry’s highest capacity, 256GB DDR5 module.

For the NAND business, we increased market share in eSSD, leveraging our technological competitiveness, and developed and began the mass production of the world’s highest 321-layer QLC products, overcoming technological limitations. Additionally, we are engaged in collaborative efforts with global customers and partners to develop next-generation NAND storage, optimized in AI era.

We made every effort to secure production infrastructure so that our industry-leading technology leadership can sustainably support future growth. To provide the products our customers need in a timely manner, we completed the construction of M15X fab in Cheongju earlier than initially planned, and the construction of Yongin Semiconductor Cluster and advanced packaging fab in Indiana, the U.S., are also progressing smoothly.

## > Improving Fundamental Competitiveness through Operational Innovation and Strengthening Financial Soundness

In the midst of a rapidly changing AI industry environment, we are making special efforts for operational innovation and strengthening financial soundness, improving fundamental competitiveness and laying the foundation for sustainable growth.

Based on accurate demand forecast, we focused our resources on highly profitable products, achieving both profitability and efficiency. By expanding our investment in high-demand DRAM, we solidified market leadership, and for NAND business, we enhanced fundamentals by restructuring product portfolio to flexibly respond to changes in AI demand.

Efforts to maximize revenue and investment efficiency led to a massive improvement in financial soundness. We successfully transitioned from net debt of KRW 8.5 trillion as of late 2024, to net cash of KRW 12.7 trillion as of late 2025.

## 2026 Outlook

AI technology's advancement is leading structural change in overall computing infrastructure, and accordingly, memory demand is expected to increase mid-to long-term.

As we move into 2026, HBM will once again be a leading driving force of memory market's growth, and conventional DRAM and NAND adoption across AI Infrastructure will gain momentum. In this era of change, we will further strengthen industry-leading technology and product competitiveness.

### > Reinforcing Technological Leadership for a Leap Forward as a "Full Stack AI Memory Creator"

Building on our 2025 performance, we will take on new challenges. AI demand is no longer a temporary trend, but has become an industry standard, with competition growing fiercer. As a "Full Stack AI Memory Creator," we will continue to strengthen industry-leading technological competitiveness to work together with our customers to address and resolve their challenges.

First and foremost, in HBM4, which will lead the AI memory market this year, we will cement our leadership with our accumulated mass production experience and technology. We will provide high performance HBM4 products in a timely manner to meet customers' requested schedule and prepare Custom HBM smoothly, thereby maintaining unwavering leadership in HBM.

Furthermore, in DRAM, by accelerating the transition to the cutting-edge 1nm node, we will expand product portfolio including SOCAMM2 and GDDR7 and in NAND, we will focus on transition to 321-layer and expansion of Solidigm QLC-based high capacity enterprise SSD, thereby continuously strengthening fundamental competitiveness.

We will accelerate preparations for next-generation products and technologies. We are developing CXL<sup>1</sup>, ultra-high capacity and high speed memory, and planning to proactively prepare HBF<sup>2</sup> products which can supplement AI DRAM's capacity by vertically stacking NAND.

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<sup>1</sup> Compute Express Link

<sup>2</sup> High Bandwidth Flash

## > Bolstering Global Competitiveness to Support Sustainable Growth

To respond to surging AI memory demand, we will prepare future production infrastructure in a timely manner. We plan to maximize production capacity of M15X fab, which started operation in 2025, at an early stage and accelerate clean room opening of Yongin fab, while prioritizing on-site safety. In particular, we will step up the construction of Cheongju P&T7 and advanced packaging fab in Indiana, the U.S., to secure global integrated manufacturing capabilities spanning from front-end processes to back-end processes.

We are also strengthening global competitiveness to develop necessary capabilities for AI memory development and to enhance cooperation with customers. By establishing a Global AI Research Center, taking into account the strengths of AI ecosystem by country, we will accelerate computing system architecture research and bolster collaboration with global big tech companies in next-generation AI technology. Additionally, we will establish a U.S.-based entity for AI investment, which will promote investment in promising AI companies, pursue business collaboration with them, and actively recruit top AI talent worldwide.

## Sharing Record-breaking Performance through Shareholder Return and Enhancing Shareholder Value

We introduced a new shareholder return policy applicable from 2025, under which “securing financial soundness” was identified as our top priority. In rapidly changing semiconductor market conditions, we set a goal of securing positive net cash and appropriate cash levels, and stated that if a meaningful level of FCF is generated, we would consider shareholder returns ahead of the expiration of the policy period. Based on the financial flexibility secured in 2025 through record-breaking performance, the Board of Directors has resolved an additional shareholder return package in recognition of our shareholders’ continued trust and support.

First, in addition to the fixed dividend, we will pay an additional cash dividend of KRW 1,500 per share. Accordingly, the year-end dividend per share will be KRW 1,875 – comprising the existing quarterly dividend of KRW 375 plus the additional KRW 1,500. As a result, the total cash dividend per share for fiscal year 2025 will amount to KRW 3,000, and the total dividend payout will be approximately KRW 2.1 trillion.

Second, excluding the portion of treasury shares reserved for employee compensation, the company retired all remaining 15.3 million treasury shares, equivalent to 2.1% of total shares outstanding. This action is intended to enhance per share value and demonstrate the company’s long-term commitment to shareholder value creation.

We remain committed to a disciplined capital allocation framework that seeks to maintain an optimal balance among future growth investments, financial soundness, and shareholder returns. We will continue to make efforts to enhance shareholder value. We will closely monitor performance and cash flow trends to continuously review and implement additional plans and timing of shareholder return, including dividend and share buyback.

With the explosive growth in AI memory market, we will consistently make efforts to increase shareholder return by improving performance through unparalleled competitiveness in AI memory technology.

## Dear Shareholders

In 2026, SK hynix aims to write a new chapter in its history by advancing our journey toward becoming a “Full Stack AI Memory Creator.” Moving beyond as an AI memory leader, we will strive to be a genuine partner to our customers’ success and a world-class company that contributes to the sustainable progress of humanity.

In the upcoming AI era, success will not be determined by individual companies’ capabilities; it will be determined within the ecosystem formed by customers, partners and all participants within the industry. At the center of this collaboration, we will deliver distinctive value through strengthening both technological and global competitiveness. Also, we will share the fruits of innovation with our shareholders.

Today’s SK hynix exists thanks to our shareholders’ unwavering trust and support. With deep respect and appreciation, we ask for your continued interest and support as we embark on a new journey.

Thank you.

March 2026

Noh-jung Kwak, President and CEO, SK hynix

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