



Financial
Statements 2025



Financial Statements 2025

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INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

On the following pages (8–11), consolidated financial statements for the year 2025 are presented. The financial statements disclosed are prepared according to International Financial Reporting Standards as adopted by the Republic of Korea (“K-IFRS”) and represent the statements submitted for approval to the Annual General Shareholders’ Meeting on March 19, 2026, in Ulsan, Korea.

While the management of the Group is responsible for the preparation and presentation of the financial statements, the Group’s independent auditor is responsible for expressing an opinion on these financial statements. The report on the consolidated financial statements – issued by our Group auditor, KPMG Samjong Accounting Corp. – can be found on pages (5–7).

INDEPENDENT AUDITOR'S REPORT



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Independent Auditors' Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders of

Songwon Industrial Co., LTD.

Opinion

We have audited the consolidated financial statements of Songwon Industrial Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policy and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to audits of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is such matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Appropriateness of Revenue Cut-off for Export Sales

As described in Note 1 to the consolidated financial statements, the Group is principally engaged in the manufacture and sale of polymer stabilizers, tin intermediates, PVC stabilizers and specialty chemical products. The Group recognizes revenue when control of goods is transferred to customers in accordance with contracts with customers.

For sales to customers located in the United States, Japan and Europe, the timing of transfer of control may vary depending on the terms and conditions of transactions and contractual terms with customers. As the Group is a listed company with various stakeholders and revenue is a key performance indicator of the Group, there is a higher inherent risk that revenue may be recognized before the conditions for revenue recognition are satisfied. We identified the appropriateness of revenue cut-off for sales to customers located in the United States, Japan and Europe as a key audit matter due to the possibility of intentional adjustments or potential errors in revenue recognition.

In addressing this key audit matter, we performed the following audit procedures, among others:

- Obtained an understanding of the Group's accounting policies for revenue recognition related to sales to customers located in the United States, Japan and Europe
- Obtained an understanding and evaluated the design of the Group's internal controls over revenue cut-off;
- Selected samples of sales transactions occurring during a certain period before the reporting date and performed inspection of supporting documents to assess the appropriateness of the transaction terms and the timing of revenue recognition.



Other Matters

The consolidated financial statements of the Group as of and for the year ended December 31, 2024 were audited by another auditor, whose report dated February 28, 2025 expressed an unmodified opinion on those statements.

As described in the Note 36 to the consolidated financial statements as of and for the year ended December 31, 2025, the consolidated financial statements have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Korean Won have been translated into dollars on the basis set forth in Note 36 to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Hwang, Hyun-dong.

KPMG Samjong Accounting Corp.

Seoul, Korea

February 27, 2026

This report is effective as of February 27, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION¹

As of December 31, 2025 and 2024

Assets	Notes	2025 million KRW	2024 million KRW
Current assets		634,032	654,244
Cash and cash equivalents	5, 33	112,669	113,481
Trade and other receivables	6, 31, 33	156,463	162,040
Other current financial assets	7, 21, 33	10,500	8,665
Other current assets	8	11,291	15,506
Inventories	9, 24	341,676	353,485
Income tax receivables	28	1,433	1,067
Non-current assets		513,280	525,949
Investments accounted for using the equity method	10, 31	10,463	9,202
Property, plant and equipment	4.2.2, 11, 24, 25	426,216	430,699
Investment properties	4.2.2, 12, 24, 25	3,436	3,442
Intangible assets	4.2.2, 13, 14, 24	14,474	15,844
Right-of-use assets	4.2.2, 15	34,685	35,523
Other non-current financial assets	7, 31, 33	3,065	12,113
Other non-current assets	22	13,950	11,435
Deferred tax assets	28	6,991	7,691
Total assets		1,147,312	1,180,193
Equity and liabilities			
Total liabilities		387,202	424,083
Current liabilities		291,387	329,649
Interest-bearing loans and borrowings	17, 24, 25, 32, 33	143,820	149,034
Trade and other payables	18, 31, 32, 33	129,891	142,364
Current lease liabilities	15, 32, 33	3,209	3,914
Other current financial liabilities	20, 21, 32, 33	3,352	3,310
Other current liabilities	19	4,344	6,984
Income tax payable	28	6,771	24,043
Non-current liabilities		95,815	94,434
Interest-bearing loans and borrowings	17, 24, 25, 32, 33	–	2,250
Pension liability	22	5,045	4,575
Other long-term employee-related liabilities	23	21,666	14,650
Non-current lease liabilities	15, 32, 33	33,277	31,991
Other non-current financial liabilities	20, 32, 33	781	1,471
Other non-current liabilities		354	374
Deferred tax liabilities	28	34,692	39,123
Equity		760,110	756,110
<i>Equity attributable to owners of the parent</i>		<i>760,110</i>	<i>756,110</i>
Issued capital	16.1	12,000	12,000
Capital surplus	16.2	20,482	20,482
Reserves	16.3	31,623	30,903
Retained earnings	16.3	668,818	669,322
Other components of equity	16.5	27,187	23,403
Total equity and liabilities		1,147,312	1,180,193

¹ Refer to Note 36 for supplementary information in USD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME²

for the years ended December 31, 2025 and 2024

	Notes	2025 million KRW	2024 million KRW
Sales	4.1, 4.2, 31	1,039,162	1,070,200
Cost of sales	26.5, 31	-896,671	-893,292
Gross profit		142,491	176,908
Selling and administration costs	26.2, 26.5, 31	-120,646	-114,094
Operating profit		21,845	62,814
Other income	26.3	1,068	2,853
Other expenses	26.4, 26.5	-4,400	-4,173
Share of result from investments accounted for using the equity method	10	1,144	1,186
Finance income	27.1, 27.3	37,210	53,146
Finance expenses	27.2, 27.3	-50,296	-51,584
Profit before tax		6,571	64,242
Income tax expenses	28	-4,234	-19,154
Profit for the period		2,337	45,088
Other comprehensive income / (expense), net of taxes			
<i>Net other comprehensive income / (expense) to be reclassified to profit or loss in subsequent periods</i>		3,773	18,813
Exchange differences on translation of foreign operations	16.5	3,773	18,813
<i>Net other comprehensive income / (expense) not to be reclassified to profit or loss</i>		5,090	-7,383
Gain on valuation of financial assets at FVOCI	16.5	11	–
Re-measurement gain / (loss) on defined benefit plans	16.5, 22	5,079	-7,383
Total other comprehensive income / (expense), net of taxes		8,863	11,430
Total comprehensive income		11,200	56,518
Earnings per share		KRW	KRW
Basic and diluted earnings per share	29	97	1,879

² Refer to Note 36 for supplementary information in USD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY³

for the years ended December 31, 2024 and 2025

	Issued capital	Capital surplus	Reserves	Retained earnings	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Total equity
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
As of January 1, 2024	12,000	20,482	30,303	638,217	-701	5,291	705,592
Profit for the period	–	–	–	45,088	–	–	45,088
Other comprehensive income	–	–	–	-7,383	–	18,813	11,430
Total comprehensive income	–	–	–	37,705	–	18,813	56,518
Dividends	–	–	–	-6,000	–	–	-6,000
Appropriation to reserves	–	–	600	-600	–	–	–
As of December 31, 2024	12,000	20,482	30,903	669,322	-701	24,104	756,110
As of January 1, 2025	12,000	20,482	30,903	669,322	-701	24,104	756,110
Profit for the period	–	–	–	2,337	–	–	2,337
Other comprehensive income	–	–	–	5,079	11	3,773	8,863
Total comprehensive income	–	–	–	7,416	11	3,773	11,200
Dividends	–	–	–	-7,200	–	–	-7,200
Appropriation to reserves	–	–	720	-720	–	–	–
As of December 31, 2025	12,000	20,482	31,623	668,818	-690	27,877	760,110

³ Refer to Note 36 for supplementary information in USD.

CONSOLIDATED STATEMENTS OF CASH FLOWS⁴

for the years ended December 31, 2025 and 2024

	Notes	2025 million KRW	2024 million KRW
Profit for the period		2,337	45,088
Total adjustments	30	70,593	76,385
Changes in operating assets and liabilities	30	5,679	-36,327
Interest received		1,654	2,295
Payments of income tax		-26,725	-6,774
Net cash flows provided by operating activities		53,538	80,667
Proceeds from sale of property, plant and equipment	11, 30	40	5
Purchases of property, plant and equipment	11	-30,677	-21,396
Purchases of intangible assets	13	-589	-2,360
Dividends received from investments using the equity method	10	-	549
(Purchases) / proceeds from sale of other financial assets, net		5,832	3,494
Net cash flows used in investing activities		-25,394	-19,708
Proceeds from borrowings	17, 30	252,038	271,459
Repayments of borrowings	17, 30	-260,633	-291,048
Payment of lease liabilities	17, 30	-5,051	-3,789
Proceeds from / (repayments of) other financial liabilities, net	17, 30	-503	-872
Interest paid		-5,658	-6,227
Dividends paid	16	-7,200	-6,000
Net cash flows used in financing activities		-27,007	-36,477
Increase / (decrease) in cash and cash equivalents		1,137	24,482
Net foreign exchange differences		-1,949	-9,585
Cash and cash equivalents as of January 1	5	113,481	98,584
Cash and cash equivalents as of December 31	5	112,669	113,481

⁴ Refer to Note 36 for supplementary information in USD.

1. CORPORATE INFORMATION

1.1. THE GROUP

SONGWON Industrial Group (the "Group") consists of the parent company, Songwon Industrial Co., Ltd. (the "Company") and its consolidated subsidiaries as listed below. The Company was incorporated on December 15, 1965, under the law of the Republic of Korea to engage in the manufacture and commercial sale of polymer stabilizers, tin intermediates, PVC stabilizers and specialty chemicals, among others. The Company's main manufacturing plants are located in Korea in Ulsan, Maeam, Suwon and in India in Ankleshwar.

The Company has listed its common shares on the Korea Exchange since June 1977, pursuant to the Korean Securities and Exchange Act.

1.2. SCOPE OF CONSOLIDATION

1.2.1. CHANGE IN THE SCOPE OF CONSOLIDATION

As of December 31, 2025, the scope of consolidation for the consolidated financial statements encompasses 14 entities (2024: 14 entities). Additionally, one entity is classified as a joint venture (2024: one entity) and accounted for using the equity method.

The Group's material subsidiaries and joint ventures at 31 December 2025 are set out below.

Consolidated entities	Location	Status	2025	2024	
			December 31	December 31	December 31
			Interest	Status	Interest
Songwon Industrial Co., Ltd.	Korea	Parent		Parent	
Songwon International-Japan K.K.	Japan	Subsidiary	100%	Subsidiary	100%
Songwon Specialty Chemicals-India Pvt. Ltd.	India	Subsidiary	100%	Subsidiary	100%
Songwon International-Americas Inc.	USA	Subsidiary	100%	Subsidiary	100%
Songwon International AG	Switzerland	Subsidiary	100%	Subsidiary	100%
Songwon ATG GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon International Middle East FZE	UAE	Subsidiary	100%	Subsidiary	100%
Songwon Polysys Additives-Sole Proprietorship LLC	UAE	Subsidiary	100%	Subsidiary	100%
Entity accounted for using the equity method (joint venture)					
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	China	Joint venture	30%	Joint venture	30%

1.2.2. SUMMARIZED STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME OF SUBSIDIARIES

The summarized statements of financial position and comprehensive income of material subsidiaries are as follows:

	Total assets	Total liabilities	Total equity	Total revenue	Net income	Total comp. income
2025	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
as of December 31						
Songwon International – Japan K.K.	46,728	35,403	11,325	107,245	1,615	1,615
Songwon Specialty Chemicals-India Pvt. Ltd.	59,417	9,315	50,102	39,311	10,664	10,686
Songwon International – Americas Inc.	139,286	94,147	45,139	231,579	-707	-707
Songwon International AG	132,470	94,075	38,395	284,779	1,844	1,883
Songwon-ATG GmbH	8,467	4,351	4,116	10,106	755	755
Songwon International – Middle East FZE	11,381	8,545	2,836	37,821	1,185	1,185
Songwon Polysys Additives – Sole Proprietorship LLC	33,056	7,900	25,156	25,816	1,137	1,137
2024						
as of December 31						
Songwon International – Japan K.K.	40,560	29,737	10,823	93,782	1,260	1,260
Songwon Specialty Chemicals-India Pvt. Ltd.	59,577	10,575	49,002	33,379	6,259	6,258
Songwon International – Americas Inc.	139,435	92,398	47,037	254,541	2,809	2,809
Songwon International AG	131,655	94,113	37,542	282,210	7,477	7,499
Songwon-ATG GmbH	8,718	3,768	4,950	8,692	314	314
Songwon International – Middle East FZE	13,174	9,608	3,566	47,072	1,760	1,760
Songwon Polysys Additives – Sole Proprietorship LLC	33,602	7,001	26,601	28,479	1,843	1,843

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The Group prepares statutory financial statements in the Korean language in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“K-IFRS”) enacted by the *Act on External Audit of Stock Companies*.

The consolidated financial statements have been prepared on a historical cost basis unless otherwise stated. The consolidated financial statements are presented in Korean won (KRW) and all values are rounded to the nearest million, except when otherwise indicated.

The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

2.2. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of December 31, 2025. Subsidiaries are all entities over which the Group has control. The Group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date when control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

There are no non-controlling interests in the results and equity of any of the subsidiaries.

2.3. INTEREST IN JOINT VENTURES

Interests in joint ventures are accounted for using the equity method. The interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the joint venture's result. Dividends are recognized as a reduction in the carrying amount of interest in joint ventures.

2.4. FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the underlying spot rate. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group Companies

The results and financial position of foreign operations are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that statement of financial position,
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

Resulting differences are recognized within equity and reclassified to profit or loss as part of the gain or loss on sale when the foreign operation is sold.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5. BUSINESS COMBINATIONS AND GOODWILL

Business combinations

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are recognized at their acquisition-date fair values. Acquisition-related costs are expensed as incurred. The Group reviews the classification and designation of acquired financial instruments at the acquisition date in accordance with contractual terms and economic circumstances.

Goodwill

Goodwill represents the excess of the consideration transferred over the Group's share of the net identifiable assets acquired. Goodwill is carried at cost less accumulated impairment losses and is not amortized. It is allocated to the cash-generating units expected to benefit from the acquisition and is tested for impairment at least annually. When a business or part of a cash-generating unit is disposed of, the associated goodwill is included in the gain or loss on disposal, determined based on the relative values of the disposed operation and the portion retained.

2.6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. As far as the recognition criteria are met, such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects. Other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Land	No depreciation
Buildings	18–54 years
Structures	6–39 years
Machinery	10–20 years
Other	1–39 years

Residual values and useful lives are reviewed annually and adjusted accordingly if expectations differ from previous estimates.

The gain or loss arising from the derecognition of property, plant, or equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset.

2.7. INTANGIBLE ASSETS

Separately acquired intangible assets are initially measured at historical cost, whilst intangible assets acquired in a business combination are initially recognized at fair value (deemed cost). Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses.

Intangible assets with finite useful lives are amortized using the straight-line method to allocate costs over their estimated useful lives as follows:

Software	3–10 years
Industrial rights	10 years

The amortization periods and the methods are reviewed at least at the end of each reporting period. The amortization expense is recognized in the income statement under cost of sales and selling and administration costs in the expense category that is consistent with the underlying function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually. The assessment of indefinite life is reviewed annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.8. INVESTMENT PROPERTY

The Group classifies the property to earn rentals or for capital appreciation, as investment properties. As investment properties are accounted for using a cost model, the same accounting policies applied to property, plant and equipment are used for their accounting treatment, except for their classification and presentation.

2.9. LEASES

Assets and liabilities arising from a lease where the Group is a lessee are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that are based on an index or a rate, initially measured using the index or
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the group under residual value guarantees,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option,

- lease payments to be made under an extension option if the group is reasonably certain to exercise the option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Right-of-use assets are measured at cost, comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Factors that are normally the most relevant in this assessment are: significant penalties, significant leasehold improvements with significant remaining value as well as the costs and business disruptions required to replace the leased asset. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below 5,000 USD).

2.10. IMPAIRMENT OF NON-FINANCIAL ASSETS

Generally, the Group assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If such indication exists, the Group estimates the recoverable amount, defined as the higher of:

- Fair value less costs of disposal, and
- Value in use (present value of future cash flows expected from the asset).

If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in profit or loss.

Property, plant and equipment

PPE is tested for impairment when indicators exist (e.g., significant decline in market value, adverse changes in technology or regulations, or underperformance). Impairment losses are allocated to reduce the carrying amount of assets in the cash-generating unit (CGU) on a pro-rata basis.

Intangible assets

Intangible assets with finite useful lives are tested for impairment when indicators exist. Intangible assets with indefinite useful lives (e.g., memberships) are tested annually and whenever indicators arise.

Goodwill

Goodwill is tested for impairment at least annually and whenever indicators exist. The impairment test compares the CGU's carrying amount (including goodwill) with its recoverable amount. Impairment losses on goodwill are not reversed.

2.11. INVENTORIES

Inventories are valued at the lower of the acquisition or production cost and net realizable value, cost being generally determined on the basis of a weighted average. Production costs comprise of direct material and labor and applicable manufacturing overheads, including depreciation charges based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statements of financial position comprise cash at banks, as well as on-hand and short-term deposits with a maturity of three months or less.

2.13. PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Greenhouse gas emissions

The Group participates in emission trading schemes and receives free emission rights annually. Under the net liability approach, a provision is recognized only when actual emissions exceed the rights granted and still held. Emission costs are recorded as other operating expenses.

Purchased emission rights are recognized at cost and treated as reimbursement rights, matched against emission liabilities and subsequently measured at fair value. Changes in fair value are recognized in profit or loss.

2.14. PENSIONS AND OTHER LONG-TERM EMPLOYMENT BENEFITS

Pensions

The Group operates three defined benefit pension plans in Korea, Switzerland, and India. Obligations are measured using the projected unit credit method.

Re-measurements, including actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding net interest), are recognized immediately in other comprehensive income (OCI) and reflected in equity. These amounts are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss at the earlier of:

- the date of plan amendment or curtailment, or
- the date the Group recognizes restructuring-related costs.

Other long-term employment benefits

The parent company provides a bonus plan (including gold awards) and additional vacation entitlement for long-service employees. These benefits are accounted for similarly to defined benefit plans, except that re-measurements are recognized immediately in profit or loss.

2.15. TAXES

Current income tax

Current income tax is calculated on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date. It is recognized in profit or loss unless it relates to items in OCI or equity. Current tax assets and liabilities are offset only when a legal right of set-off exists.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases, using tax rates that are enacted or substantively enacted at the reporting date. Deferred tax assets are recognized only to the extent that it is probable that taxable profits will be available to utilize deductible temporary differences. For investments in subsidiaries and joint ventures, deferred tax liabilities are recognized only when the reversal of the temporary difference is foreseeable.

Deferred tax is recognized in profit or loss, except for items recognized in other comprehensive income or directly in equity, where the tax effect is also recognized in OCI or equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

2.16. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group manufactures and sells antioxidants, stabilizers, and polyurethane products. Revenue is recognized when control of goods or services is transferred to the customer at the agreed transaction price.

Sales of goods

Revenue from product sales is recognized at a point in time, typically upon delivery, when control passes to the customer.

Sale of services

Transportation services provided in connection with product sales represent a separate performance obligation. The transaction price is allocated based on stand-alone selling prices. Revenue for transportation services is recognized over time, as the customer simultaneously receives and consumes the benefits.

2.17. FINANCIAL ASSETS

Financial assets are classified and measured in accordance with IFRS 9 based on the Group's business model and the contractual cash flow characteristics:

Trade and Other Receivables

Measured at amortized cost, as they are held to collect contractual cash flows that represent solely payments of principal and interest (SPPI). Impairment is assessed using the expected credit loss (ECL) model.

Other Financial Assets

- **At amortized cost:** Deposits and similar items held to collect contractual cash flows that meet the SPPI criterion
- **At fair value through profit or loss (FVTPL):**
 - Derivatives used for risk management that do not qualify for hedge accounting
 - Other financial instruments with contractual cash flows that do not meet the SPPI criterion
- **At fair value through other comprehensive income (OCI):** The Group holds an equity investment for which it has made an irrevocable election to present subsequent changes in fair value in OCI.

Recognition and Measurement

Financial assets are initially recognized at fair value plus transaction costs (except for FVTPL assets, which are recognized at fair value without transaction costs). Subsequent measurement depends on classification as described above:

- **Amortized Cost:** Financial assets at amortized cost are measured using the effective interest method, which allocates interest income over the relevant period. They are presented net of expected credit loss allowances.
- **FVTPL:** Financial assets classified as FVTPL are measured at fair value at each reporting date. All changes in fair value are recognized immediately in profit or loss under financial income or expense.
- **FVOCI (Equity Instruments):** Measured at fair value, with changes recognized in OCI. No recycling to profit or loss upon disposal. Dividends from this investment are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

Derecognition

Financial assets are derecognized when the contractual rights to cash flows expire or are transferred and the Group has transferred substantially all risks and rewards.

Impairment of financial assets

The Group applies the expected credit loss model to financial assets measured at amortized cost and FVOCI debt instruments in accordance with IFRS 9.

Trade and Other Receivables

The Group uses the simplified approach for calculating ECLs on trade receivables and contract assets. Under this approach, lifetime expected credit losses are recognized from initial recognition. ECLs are estimated using a provision matrix based on historical default rates, adjusted for current and forward-looking information on macroeconomic factors.

Equity instruments at FVOCI

Equity investments classified as FVOCI are not subject to impairment under the ECL model. Changes in fair value are recognized in OCI and are not recycled to profit or loss upon disposal.

Other Financial Assets

For other financial assets at amortized cost (e.g., deposits), the Group applies the general approach, recognizing:

- 12-month ECLs if credit risk has not increased significantly since initial recognition.
- Lifetime ECLs if credit risk has increased significantly.

Measurement of ECL

ECLs represent the present value of all cash shortfalls over the expected life of the financial asset. The Group considers reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions.

Recognition

Loss allowances for ECLs are recognized in profit or loss and reduce the carrying amount of financial assets measured at amortized cost. For FVOCI debt instruments, the allowance is recognized in OCI without reducing the carrying amount.

2.18. FINANCIAL LIABILITIES

Financial liabilities are classified and measured in accordance with IFRS 9. They are initially recognized at fair value, net of transaction costs, and subsequently measured as follows:

Non-Derivative Financial Liabilities

This category includes trade and other payables, interest-bearing loans and borrowings, deposits received, and accruals. These liabilities are measured at amortized cost using the effective interest method. Any difference between initial recognition and the settlement amount is amortized over the term of the liability.

Derivatives

The Group uses derivatives such as foreign exchange contracts, currency swaps, and currency and interest rate swaps for risk management purposes. These instruments are measured at FVTPL. All changes in fair value are recognized immediately in profit or loss under financial income or expense.

Derecognition

Financial liabilities are derecognized when the obligation is discharged, cancelled, or expires. An exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original liability and recognition of a new liability.

Offsetting of financial instruments

Financial assets and liabilities are presented on a net basis in the consolidated statement of financial position only when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.19. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes the transaction occurs in the principal market or, if none exists, the most advantageous market to which the Group has access.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

Fair values are categorized into a three-level hierarchy based on the inputs used:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Unobservable inputs for the asset or liability

For financial instruments measured at fair value, the Group determines fair value at each reporting date using market prices (Level 1), valuation models based on observable market data (Level 2), or internal models with unobservable inputs (Level 3). Transfers between levels are recognized at the end of the reporting period in which they occur.

2.20. GOVERNMENT GRANTS

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received.

Grants related to income: Grants intended to compensate for specific expenses are recognized in profit or loss on a systematic basis over the periods in which the related costs are incurred.

Grants related to assets: Grants related to the acquisition or construction of assets are deducted from the carrying amount of the related asset. The effect is recognized through reduced depreciation expense over the asset's useful life.

2.21. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group has applied the following new and amended standards issued under Korean International Financial Reporting Standards (K-IFRS) that are effective for annual periods beginning on or after 1 January 2025:

Lack of Exchangeability (Amendments to K-IFRS 1021)

These amendments clarify how to determine the exchange rate when a currency cannot be exchanged into another currency. The amendments provide guidance on assessing exchangeability and determining the spot exchange rate when exchangeability is lacking. The application of these amendments did not have a material impact on the Group's consolidated financial statements.

Other amendments effective in 2025

The Financial Services Commission (FSC) and the Korean Accounting Standards Board (KASB) issued other narrow-scope amendments to K-IFRS standards effective from 1 January 2025. These include minor amendments to K-IFRS 1007, K-IFRS 1039, and K-IFRS 1001 related to disclosure and classification requirements. These amendments did not have a significant effect on the Group's accounting policies or reported amounts.

2.22. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not early adopted any standards, amendments, or interpretations that have been issued but are not yet effective under K-IFRS. The Group is currently assessing the potential impact of these future changes, which are not expected to have a material effect on the consolidated financial statements.

3. MATERIAL JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements and estimates that affect the reported amounts. These estimates are based on assumptions about future events and conditions and are reviewed on an ongoing basis. Actual results may differ from these estimates. The areas involving significant judgement or estimation uncertainty, which could result in material adjustments within the next financial year, are outlined below.

Notes	Description	Nature of estimation
11, 12, 13, 14, 15	Impairment of non-financial assets	<p>The Group determines the recoverable amount of cash-generating units primarily using a value in use calculation based on discounted future cash flows. This assessment requires significant management judgement and estimation, particularly regarding:</p> <ul style="list-style-type: none"> Future cash flows: Derived from financial forecasts for a period of three to five years, excluding restructuring activities not yet committed and material future investments. Discount rate (WACC): Reflecting current market assessments of the time value of money and risks specific to the CGU. Terminal growth rate: Applied to extrapolate cash flows beyond the forecast period. <p>These assumptions are inherently uncertain and changes in key inputs—especially discount rates, growth rates, or expected cash flows—could result in material differences in the recoverable amount and potential impairment charges.</p>
22, 23	Pension and other employment benefits	<p>The measurement of defined benefit obligations and similar long-term employee benefits is based on actuarial valuations using the projected unit credit method. These valuations require significant assumptions, including:</p> <ul style="list-style-type: none"> Discount rate: Based on high-quality corporate bond yields or government bonds in the respective currency and jurisdiction. Future salary and pension increases: Reflecting expected inflation and career progression. Mortality and demographic assumptions: Based on relevant population statistics and plan experience. <p>Due to the complexity and long-term nature of these obligations, the defined benefit liability is highly sensitive to changes in these assumptions. Any variation in discount rates, salary growth, or life expectancy can materially affect the present value of the obligation and the related expense.</p>
28.1, 28.2	Income tax / deferred tax assets	<p>The Group operates in multiple jurisdictions and is subject to complex tax regulations. Significant judgement is required in:</p> <ul style="list-style-type: none"> Uncertain tax positions: Assessing whether tax treatments will be accepted by tax authorities, based on interpretation of laws and past practices. Recognition of deferred tax assets: Determining the extent to which unused tax losses and deductible temporary differences can be utilized. This involves estimating future taxable profits, the timing of their realization, and considering feasible tax planning strategies. <p>These assessments are inherently uncertain and changes in assumptions regarding future profitability or tax regulations could materially affect the amount of deferred tax assets recognized and the Group's effective tax rate.</p>

32.3	Leases – determination of lease term and incremental borrowing rate	<p>The determination of the lease term requires significant judgement. Management assesses whether it is reasonably certain to exercise extension or termination options by considering economic incentives such as penalties, leasehold improvements, and business disruption costs. This assessment is revisited only when a significant event or change in circumstances occurs within the Group's control.</p> <p>Additionally, because the interest rate implicit in the lease cannot be readily determined, the Group uses its IBR to discount lease payments. The IBR reflects the rate the Group would pay to borrow funds over a similar term and with similar security in a comparable economic environment.</p>
33	Fair values of financial instruments	<p>Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using commonly known valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing estimated fair values. These judgements include consideration of inputs and assessment of credit risks.</p>

4. SEGMENT INFORMATION

The Group is organized into two main reporting segments "Industrial Chemicals" and "Performance Chemicals". The segments are defined based on SONGWON's product portfolio and its respective product families.

- Industrial Chemicals**
 Industrial Chemicals operating segment mainly includes the product lines "Polymer Stabilizers", "Fuel and Lubricant Additives" and "Coatings".
- Performance Chemicals**
 Performance Chemicals operating segment mainly includes the product lines "Thermoplastic Polyurethanes / Solution Polyurethanes", "Tin Intermediates / PVC Stabilizers and Plasticizers" and "Specialty Chemicals".

The Chief Operating Decision Makers (CODM) at SONGWON, leaders of respective divisions, monitor the sales and operating profits or losses of their operating segments separately for the purpose of making decisions about resource allocation and performance assessment. However, certain income and expense positions such as other income / expenses, finance income / expenses and income tax expenses are managed on a Group basis and therefore not allocated to operating segments. The Group does not disclose a measure of total assets and liabilities for each reportable segment as such amounts are not reported to the CODM.

There are no inter-company transactions between the two operating segments.

4.1. REPORTED KEY FIGURES

The following key figures are presented each month to the CODM. For the segment reporting, the same accounting policies and methods of computation as applied in the most recent annual financial statement are used.

Description	For the twelve months ended					
	2025		2024		December 31	
	2025	2024	2025	2024	2025	2024
	Industrial Chemicals		Performance Chemicals		Total	
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
Sales	752,925	798,719	286,237	271,481	1,039,162	1,070,200
Operating profit	21,711	52,115	134	10,699	21,845	62,814

As of December 31, 2025, the balance of contract liabilities not recognized as sales at the end of the reporting period amounted to 3,264 million KRW (operating advances: 2,000 million KRW, deferred sales: 1,264 million KRW). As of December 31, 2024, the balance of contract liabilities not recognized as sales was 4,610 million KRW (operating advances: 2,734 million KRW, deferred sales: 1,876 million KRW).

4.2. GEOGRAPHIC INFORMATION

4.2.1. SALES

The sales information below is based on the location of the customer. Korea is disclosed separately due to the size of the Korean market whereas all other countries have been summarized into regions.

	2025	2024
	million KRW	million KRW
Korea	172,207	184,781
Rest of Asia	318,562	303,069
Europe	254,233	251,154
North and South America	239,140	259,982
Middle East and Africa	55,020	71,214
Total sales	1,039,162	1,070,200

During the reporting period as of December 31, 2025, there is one customer referring to the reporting segment "Industrial Chemicals" that accounted for more than 10% of the Group's total sales with the total amount of revenues of 111,028 million KRW (as of December 31, 2024: 124,907 million KRW).

4.2.2. NON-CURRENT ASSETS

Non-current assets information presented below consists of property, plant and equipment, right-of-use assets, investment properties and intangible assets.

	2025	2024
	million KRW	million KRW
Korea	386,137	401,686
Rest of Asia	22,828	24,374
Europe	7,135	7,161
North and South America	43,645	31,885
Middle East and Africa	19,066	20,402
Total	478,811	485,508

5. CASH AND CASH EQUIVALENTS

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Cash on hand	48	76
Bank accounts	75,757	69,349
Time deposits (< 3 months)	36,864	44,056
Total	112,669	113,481

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for various periods from one day to three months, depending on the Group's immediate cash requirements, and earn interest at the respective short-term deposit rates.

As of December 31, 2025, time deposits included restricted cash of 876 million KRW (December 31, 2024: 143 million KRW).

6. TRADE AND OTHER RECEIVABLES

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Trade and notes receivables	153,863	158,663
Allowances for trade and notes receivables	-1,305	-1,201
Other accounts receivables	3,792	4,445
Allowances for other accounts receivables	-7	-7
Accrued income	120	140
Total	156,463	162,040

Other accounts receivables include customs duty refunds, rental income receivables and others.

Changes in the allowance for doubtful accounts for trade and other receivables are as follows:

	million KRW
January 1, 2024	-1,388
Charge for the period	-105
Utilized	24
Unused amounts reversed	261
December 31, 2024	-1,208
January 1, 2025	-1,208
Charge for the period	-204
Unused amounts reversed	100
December 31, 2025	-1,312

The aging analysis of trade and other receivables is as follows:

	Total	Current	Days past due			
			≤ 90	91-120	121-180	> 180
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
December 31, 2025	157,775	150,691	6,124	23	144	793
December 31, 2024	163,248	155,802	6,858	-	-	588

Refer to note 32.2 on credit risk of trade receivables.

7. OTHER FINANCIAL ASSETS

Description	2025		2024	
	December 31		December 31	
	Current	Non-current	Current	Non-current
	million KRW	million KRW	million KRW	million KRW
Financial instruments at amortized cost	4,300	387	2,705	684
Financial instruments at FVtPL (note 21)	713	–	2,606	–
Other financial instruments at FVtPL	5,015	795	2,541	9,953
Guarantee and other deposits at amortized cost	472	1,850	813	1,443
Guarantee and other deposits at amortized cost (related parties) (note 31)	–	33	–	33
Total	10,500	3,065	8,665	12,113

As of December 31, 2025, financial instruments at amortized cost included restricted cash of 5 million KRW (December 31, 2024: 5 million KRW) as well as pledged bank deposits of 637 million KRW (December 31, 2024: 1,601 million KRW).

7.1. EQUITY INSTRUMENTS AT FVOCI

Description	2025				2024			
	December 31				December 31			
	Number of shares	% to equity	Cost	Fair value	Number of shares	% to equity	Cost	Fair value
		million KRW	million KRW			million KRW	million KRW	
Ulsan Broadcasting Corporation	180,000	3.00%	900	–	180,000	3.00%	900	–
Total			900	–			900	–

8. OTHER CURRENT ASSETS

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Advance payments	1,027	1,085
Prepaid expenses	5,775	5,573
VAT refundables	4,489	8,848
Total	11,291	15,506

9. INVENTORIES

Description	2025 December 31			2024 December 31		
	Acquisition	Allowance	Net Value	Acquisition	Allowance	Net Value
	million KRW			million KRW		
Raw materials and supplies	66,244	-417	65,827	63,503	-742	62,761
Work in progress	1,184	-37	1,147	1,184	-34	1,150
Finished and semi-finished goods	219,053	-5,616	213,437	217,704	-7,316	210,388
Goods in transit	58,936	-	58,936	76,711	-	76,711
Consignment stocks	2,329	-	2,329	2,475	-	2,475
Total inventories at the lower of cost and net realizable value	347,746	-6,070	341,676	361,577	-8,092	353,485

The Group recognized inventory allowance expenses of 1,718 million KRW (2024: 4,718 million KRW) and reversed inventory allowance recognized in prior periods of 3,740 million KRW (2024: 2,804 million KRW).

For the year ended 2025, the Group recognized impairment losses of 2,813 million KRW within inventories (2024: 1,668 million KRW).

10. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

The Group has a 30% interest in Songwon Baifu Chemicals (Tangshan) Co., Ltd., classified as a jointly controlled entity that primarily engages in the production of thioesters. Determination was driven by the contractually agreed sharing of control with regard to relevant activities, requiring unanimous consent of the control-sharing parties.

The summarized statements of financial position and comprehensive income of the joint venture (accounted for using the equity method) are as follows:

Statement of financial position	Cash and cash equivalents	Total current assets	Total non-current assets	Current financial liabilities	Total current liabilities	Total non-current liabilities	Equity	Carrying amount
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
December 31, 2024	1,951	13,354	20,966	2,856	3,601	45	30,674	9,202
December 31, 2025	3,267	13,450	24,828	2,726	3,350	50	34,878	10,463

Statement of comprehensive income	Revenue	Depreciation & Amortization	Interest income	Interest expense	Profit before tax	Income tax expenses	Profit for the period	Other comp. income	Total comp. income
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
December 31, 2024	39,886	-206	122	-3	5,304	-1,350	3,954	1,447	5,401
December 31, 2025	49,275	-220	2	-18	5,109	-1,297	3,812	390	4,202

The changes in the investments accounted for using the equity method are summarized as follows:

	2025	2024
	December 31 million KRW	December 31 million KRW
January	9,202	8,131
Charge for the period	—	-549
Share of result from equity method revaluation	1,144	1,186
Exchange rate effects	117	434
December	10,463	9,202

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Structures	Machinery	Other	Construction in progress	Total
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
Acquisition cost							
As of January 1, 2024	149,656	102,965	79,202	523,539	19,691	7,615	882,668
Additions	–	244	714	1,948	581	22,789	26,276
Disposals	–	-136	-472	-6,010	-831	–	-7,449
Reclassifications	–	601	5,240	15,911	975	-22,776	-49
Net exchange differences	–	3,063	–	4,529	645	169	8,406
As of December 31, 2024	149,656	106,737	84,684	539,917	21,061	7,797	909,852
As of January 1, 2025	149,656	106,737	84,684	539,917	21,061	7,797	909,852
Additions	–	621	210	3,215	720	27,871	32,637
Disposals	–	-687	-1,437	-3,923	-782	–	-6,829
Reclassifications	–	11,886	2,294	14,738	1,662	-30,580	–
Net exchange differences	–	-895	–	-1,088	-29	15	-1,997
As of December 31, 2025	149,656	117,662	85,751	552,859	22,632	5,103	933,663
Accumulated depreciation and impairment							
As of January 1, 2024	–	-36,956	-50,437	-344,529	-15,425	–	-447,347
Depreciation charge	–	-3,608	-4,293	-25,044	-1,406	–	-34,351
Disposals	–	50	363	4,845	801	–	6,059
Net exchange differences	–	-815	–	-2,281	-418	–	-3,514
As of December 31, 2024	–	-41,329	-54,367	-367,009	-16,448	–	-479,153
As of January 1, 2025	–	-41,329	-54,367	-367,009	-16,448	–	-479,153
Depreciation charge	–	-3,814	-4,391	-25,309	-1,255	–	-34,769
Disposals	–	657	1,201	3,440	752	–	6,050
Net exchange differences	–	246	–	197	-18	–	425
As of December 31, 2025	–	-44,240	-57,557	-388,681	-16,969	–	-507,447
Net book value							
As of December 31, 2025	149,656	73,422	28,194	164,178	5,663	5,103	426,216
As of December 31, 2024	149,656	65,408	30,317	172,908	4,613	7,797	430,699

Refer to notes 24 and 25 for details on contractual commitments to purchase property, plant and equipment as well as pledged assets.

12. INVESTMENT PROPERTIES

	Land million KRW	Buildings million KRW	Total million KRW
Acquisition cost			
As of January 1, 2024	3,277	494	3,771
Net exchange differences	1	2	3
As of December 31, 2024	3,278	496	3,774
Net exchange differences	-	-2	-2
As of December 31, 2025	3,278	494	3,772

Accumulated depreciation			
As of January 1, 2024	-	-323	-323
Depreciation charge	-	-6	-6
Net exchange differences	-	-3	-3
As of December 31, 2024	-	-332	-332
Depreciation charge	-	-6	-6
Net exchange differences	-	2	2
As of December 31, 2025	-	-336	-336

Net book value			
As of December 31, 2025	3,278	158	3,436
As of December 31, 2024	3,278	164	3,442

Description	2025	2024
	million KRW	million KRW
Rental income	16	14
Operational expenses	-36	-36

The Company owns an office building in Busan which is sub-leased. The fair value of the office building and land amounts to 7,596 million KRW as of December 31, 2025 (2024: 7,534 million KRW). In addition, Songwon International – Japan K.K. owns an object that is subleased. The fair value of the building and land is 40 million KRW (2024: 25 million KRW). The fair value of investment properties is calculated based on the valuation of an independent rating agency taking into consideration the location and category of the investment property being valued. It is classified as Level 3 based on the valuation technique of the fair value hierarchy.

Disclosure of pledged assets can be found in note 25.

13. INTANGIBLE ASSETS

	Industrial rights	Software	Memberships	Goodwill	Construction in progress	Total
Acquisition cost	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
As of January 1, 2024	8,050	3,861	831	46,902	6,722	66,366
Additions	2	1,634	–	–	724	2,360
Disposals	–	-71	–	–	-21	-92
Reclassifications	529	6,387	–	–	-6,916	–
Net exchange differences	–	138	–	5,461	–	5,599
As of December 31, 2024	8,581	11,949	831	52,363	509	74,233
As of January 1, 2025	8,581	11,949	831	52,363	509	74,233
Additions	106	–	–	–	483	589
Disposals	-18	-6	–	–	-119	-143
Reclassifications	197	2	–	–	-199	–
Net exchange differences	–	37	–	-590	–	-553
As of December 31, 2025	8,866	11,982	831	51,773	674	74,126
Accumulated amortization and impairment						
As of January 1, 2024	-4,692	-3,179	–	-43,706	–	-51,577
Amortization charge	-642	-977	–	–	–	-1,619
Disposals	–	71	–	–	–	71
Net exchange differences	–	-137	–	-5,127	–	-5,264
As of December 31, 2024	-5,334	-4,222	–	-48,833	–	-58,389
As of January 1, 2025	-5,334	-4,222	–	-48,833	–	-58,389
Amortization charge	-621	-958	–	–	–	-1,579
Disposals	8	6	–	–	–	14
Net exchange differences	–	-39	–	341	–	302
As of December 31, 2025	-5,947	-5,213	–	-48,492	–	-59,652
Net book value						
As of December 31, 2025	2,919	6,769	831	3,281	674	14,474
As of December 31, 2024	3,247	7,727	831	3,530	509	15,844

For further details on impairment tests, refer to note 14.

14. IMPAIRMENT TESTING

The Group performs annual impairment tests for goodwill and intangible assets with indefinite useful lives, as required by K-IFRS. As of 31 December 2025, the Group identified one cash-generating unit (CGU) subject to testing:

- CGU "SWDM-IN" – includes goodwill of 3,281 million KRW

Methodology

The recoverable amounts was determined using the value in use approach based on a discounted cash flow model. Cash flow projections cover a five-year period based on the approved budget for 2026 and strategic plans for 2027–2030. Cash flows beyond the forecast period were extrapolated using terminal growth rates.

Key Assumptions

Assumption

Discount rate	14.04%
Terminal growth rate	2.75%

The discount rate applied to the cash flow projection is based on the CGU's weighted average cost of capital, reflecting current market assessments of the time value of money and risks specific to the CGU. The terminal growth rate used to extrapolate cash flows beyond the forecast period are based on long-term inflation expectations for the relevant countries in which the CGUs operates. Growth assumptions for the five-year forecast period are derived from the Group's approved budget for 2026 and strategic plans for 2027–2030, which incorporate management's best estimates of market conditions and business performance.

Results

No impairment losses were recognized in 2025 and no reasonably possible changes in key assumptions would neutralize headroom.

15. RIGHT-OF-USE ASSETS AND LEASES

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Right-of-use assets:					Total
	Buildings	Structures	Machinery	Other		
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
Acquisition cost						
As of January 1, 2024	24,634	673	1,501	1,688		28,496
Additions	14,791	410	–	1,137		16,338
Disposals	-271	-654	–	–		-925
Modification of contract, net	548	245	–	-17		776
Net exchange differences	4,301	2	176	189		4,668
As of December 31, 2024	44,003	676	1,677	2,997		49,353
As of January 1, 2025	44,003	676	1,677	2,997		49,353
Additions	10	682	–	1,633		2,325
Disposals	-34	-656	–	-16		-706
Modification of contract, net	-3,409	2	–	-1		-3,408
Net exchange differences	353	–	-91	83		345
As of December 31, 2025	40,923	704	1,586	4,696		47,909
Accumulated depreciation						
As of January 1, 2024	-8,178	-183	-676	-1,080		-10,117
Depreciation charge	-2,277	-657	-162	-343		-3,439
Disposals	271	654	–	–		925
Modification of contract, net	–	–	–	12		12
Net exchange differences	-1,003	-3	-92	-113		-1,211
As of December 31, 2024	-11,187	-189	-930	-1,524		-13,830
As of January 1, 2025	-11,187	-189	-930	-1,524		-13,830
Depreciation charge	-3,048	-663	-165	-615		-4,491
Disposals	34	656	–	16		706
Modification of contract, net	4,629	–	–	–		4,629
Net exchange differences	-215	–	49	-72		-238
As of December 31, 2025	-9,787	-196	-1,046	-2,195		-13,224
Net book value						
As of December 31, 2025	31,136	508	540	2,501		34,685
As of December 31, 2024	32,816	487	747	1,473		35,523

The Group recognized rent expenses from short-term leases of 320 million KRW (2024: 212 million KRW), leases of low-value assets of 85 million KRW (2024: 81 million KRW) and variable lease payments of 59 million KRW (2024: 46 million KRW) in the consolidated statements of comprehensive income.

In 2025, two significant reassessments of building lease terms were conducted. These resulted in a net decrease of the right-of-use assets and corresponding lease liabilities by 6,468 million KRW, and a separate increase of both by 5,000 million KRW. All other lease modifications and reassessments during the period were not material (2024: no material modifications or reassessments).

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Description	2025	2024
	million KRW	million KRW
As of January 1	35,905	18,444
Additions	2,325	16,338
Modifications	1,221	788
Net exchange differences	815	3,386
Accretion of interest	1,271	738
Payments	-5,051	-3,789
As of December 31	36,486	35,905

The maturity analysis of lease liabilities is disclosed in note 32.3.

16. ISSUED CAPITAL AND RESERVES

16.1. SHARE CAPITAL

In accordance with the Articles of Incorporation, the Company is authorized to issue 100,000,000 shares of common stock with a par value of 500 KRW per share. As of 31 December 2025 and 2024, 24,000,000 shares of common stock were issued and outstanding, with a carrying value of 12,000 million KRW. Ordinary shares carry one vote per share and entitle holders to dividends when declared.

16.2. CAPITAL SURPLUS

As of 31 December, capital surplus comprises:

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Paid-in capital in excess of par value	20,065	20,065
Gain on disposal of treasury stock	4,296	4,296
Loss on change in non-controlling interest due to interest acquisition	-3,879	-3,879
Total	20,482	20,482

16.3. RESERVES

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Legal reserve	5,808	5,088
Asset revaluation surplus	25,815	25,815
Total	31,623	30,903

Legal reserves

In accordance with the Korean Commercial Code, at least 10% of cash dividends must be appropriated to a legal reserve until it equals 50% of paid-in capital. The legal reserve may not be used for dividends but may offset a deficit or be transferred to capital.

Asset revaluation reserve

As at 31 December 2025 and 2024, reserves include KRW 25,815 million (net of tax) from the revaluation of property, plant and equipment in accordance with the Korean Asset Revaluation Act. These reserves are not distributable but may be used to offset losses or be capitalized.

16.4. DIVIDENDS

Dividends approved by the shareholders are as follows:

Description	2025	2024
	December 31	December 31
Subject to the year	2024	2023
Dividends on ordinary shares in KRW	7,200,000,000	6,000,000,000
Number of shares	24,000,000	24,000,000
Dividends per share in KRW	300	250

16.5. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income, net of tax, as of 31 December is as follows:

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Re-measurement of defined benefit plans	-13,053	-18,132
Fair value reserve of financial assets at FVOCI	-690	-701
Foreign currency translation reserve	27,877	24,104
Total	27,187	23,403

Details of other comprehensive income for the year ended December 31, 2025, and 2024, are as follows:

Description	2025	2024
	million KRW	million KRW
Pre-tax amounts		
Gain / (losses) on valuation of financial assets FVOCI	–	–
Exchange differences on translation of foreign operations	3,773	18,813
Re-measurement gains / (losses) on defined benefit plans	6,492	-9,541
Pre-tax amounts total	10,265	9,272
Tax effects on		
Gain / (losses) on valuation of financial assets FVOCI	11	–
Re-measurement gains / (losses) on defined benefit plans	-1,413	2,158
Tax effects total	-1,402	2,158
Net amounts		
Gain / (losses) on valuation of financial assets FVOCI	11	–
Exchange differences on translation of foreign operations	3,773	18,813
Re-measurement gains / (losses) on defined benefit plans	5,079	-7,383
Net amounts total	8,863	11,430

17. INTEREST-BEARING LOANS AND BORROWINGS

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Long-term borrowings	–	2,250
Non-current interest-bearing loans and borrowings	–	2,250
Current portion of long-term borrowings	2,250	3,000
Short-term borrowings	141,570	146,034
Current interest-bearing loans and borrowings	143,820	149,034
Total	143,820	151,284

Details of long-term borrowings as of December 31, 2025, and 2024, are as follows:

Banks	Description	Maturity date	Annual interest rate (%)	2025	2024
				December 31 million KRW	December 31 million KRW
Korea Development Bank	General Loan	24.08.2026	4.48	2,250	5,250
Subtotal				2,250	5,250

Details of short-term borrowings as of December 31, 2025, and 2024, are as follows:

Banks	Description	Annual interest rate (%)	2025	2024
			December 31 million KRW	December 31 million KRW
Hana Bank	General & trade loan	2.71~3.65	25,387	24,471
Woori Bank	General & trade loan	2.76~3.28	42,460	41,092
Busan Bank	General & trade loan	2.75~3.56	17,838	12,850
Kyongnam Bank	General & trade loan	2.82~3.51	18,535	22,921
Korea Development Bank	General loan	3.83	18,000	25,000
NH Bank	General loan	3.68	5,000	5,000
Citibank Korea	General loan	3.65	14,349	14,700
Subtotal			141,570	146,034

18. TRADE AND OTHER PAYABLES

Description	2025	2024
	December 31	December 31
	million KRW	million KRW
Trade payables	93,238	108,976
Trade payables (related parties) (note 31)	2,058	2,601
Other accounts payables	2,069	2,160
Other accounts payables (related parties) (note 31)	7	7
Withholdings	2,204	2,058
Accrued expenses	30,302	26,544
Guarantee deposits	13	18
Total	129,891	142,364

Trade and other payables do not bear interest and usually become due within 30–60 days.

The Group participates in supplier financing arrangements where suppliers transfer accounts receivables, due from the consolidated entity, to financial institutions to receive early payment. Under this arrangement, the financial institution pays the Groups obligations to the supplier on behalf of the Group, and the Group subsequently settles the payment with the financial institution.

The Group has **not derecognized the original payables** because this arrangement does not result in the discharge or substantial modification of the original liability. The payment period is not significantly extended compared to the normal payment terms of other suppliers not participating in this program. Additionally, the company does not bear any additional interest. Consequently, since the nature and function of the financial liabilities are identical to other trade payables, the amounts subject to the arrangement have been included within the trade payables balance. All liabilities under the supplier financing arrangement are classified as **current liabilities** as of the end of the current and prior periods.

Additional information regarding the Groups trade and other payables is as follows, and there are no significant non-cash changes in the carrying amounts of financial liabilities corresponding to the supplier financing arrangement.

Classification	2025	2024
	December 31	December 31
	million KRW	million KRW
Carrying amount of financial liabilities subject to supplier financing arrangements	8,814	9,169
Carrying amount corresponding to portions already paid to the supplier by the finance provider	2,282	1,914
Range of Payment Due Dates		
Financial liabilities subject to the supplier financing arrangements	Within 90 days	Within 90 days
Comparable trade payables not subject to supplier financing arrangements	Within 90 days	Within 90 days

19. EMISSION RIGHTS AND EMISSION LIABILITIES

Details of the annual quantity of allocated emission allowances as of December 31, 2025, are as follows (Unit: Korean Allowance Unit – KAU):

	2025	2024	2023	2022	2021	Total
Allocated emission allowance	137,574	137,574	138,875	138,875	138,875	691,773

Estimated greenhouse gas emission 2025: 128,804 KAU

Changes in emission rights by compliance year as of December 31, 2025 are:

	KAU25		KAU24		KAU23	
	Quantity	Book value	Quantity	Book value	Quantity	Book value
	KAU	million KRW	KAU	million KRW	KAU	million KRW
Beginning	3,136	–	9,844	–	3,063	27
Allocation	137,574	–	137,574	–	138,875	–
Disposal	–	–	-628*	–	-3,282	-27
Delivery to government	–	–	-143,654	–	-128,812	–
Carryforward	–	–	-3,136	–	-9,844	–
Ending	140,710	–	–	–	–	–

* During the twelve months ended December 31, 2025, the Group sold 628 units from its KAU24 balance.

Set out below are the carrying amount of emission liabilities recognized and movements during the period:

	2025	2024
As of January 1	–	–
Increase	–	–
Decrease	–	–
As of December 31	–	–

There are no emission rights provided as collateral as of December 31, 2025.

20. OTHER FINANCIAL LIABILITIES

Description	2025 December 31		2024 December 31	
	Current million KRW	Non-current million KRW	Current million KRW	Non-current million KRW
Derivative liabilities (note 21)	1,637	–	1,515	–
Deposits	1,436	781	1,471	1,471
Accrued interest expenses	279	–	324	–
Total	3,352	781	3,310	1,471

21. DERIVATIVES FINANCIAL INSTRUMENTS

Description	2025		2024	
	December 31		December 31	
	Assets	Liabilities	Assets	Liabilities
	million KRW		million KRW	
Forward exchange contracts	–	1,637	–	1,515
Currency swaps	713	–	2,606	–
Total	713	1,637	2,606	1,515

21.1. FORWARD EXCHANGE CONTRACTS

Details of forward exchange contracts which the Group entered into with financial institutions in order to hedge the risk of foreign exchange rate fluctuation of assets denominated in foreign currencies as of December 31, 2025, and 2024 are as follows:

				2025
				As of December 31
Contractual party	Position	Contract amount	Maturity dates	Contractual exchange rate (KRW)
Woori Bank	sell	EUR 9,800,000	30.01.2026 ~ 30.06.2026	KRW 1,551.10 ~ 1,670.60
Citibank Korea	sell	EUR 21,220,000	30.01.2026 ~ 30.06.2026	KRW 1,551.00 ~ 1,677.40
Busan Bank	sell	EUR 1,620,000	30.01.2025 ~ 31.03.2026	KRW 1,579.00

				2024
				As of December 31
Contractual party	Position	Contract amount	Maturity dates	Contractual exchange rate (KRW)
Woori Bank	sell	EUR 21,150,000	31.01.2025 – 30.06.2025	KRW 1,459.40 ~ 1,517.20
Citibank Korea	sell	EUR 12,950,000	13.01.2025 – 30.06.2025	KRW 1,459.30 ~ 1,504.00
Busan Bank	sell	EUR 4,840,000	27.01.2025 – 30.05.2025	KRW 1,459.80 ~ 1,499.00

21.2. CURRENCY SWAPS

To hedge the exchange rate risks, the Group has entered into the following currency swap contracts as of December 31, 2025, and 2024:

2025

As of December 31

Contractual party	Target	Contract amount	Interest condition	Contract date	Maturity date
Citibank Korea	Short-term borrowing	Receipt: 10,000 TUSD	USD SOFR + 0.8%	23.09.2025	23.09.2026
		Payment: 13,948 MKRW	KRW 3M CD + 0.8%		
Hana Bank	Short-term borrowing	Receipt: 10,000 TUSD	USD 3M SOFR + 1.0%	23.09.2025	23.09.2026
		Payment: 13,948 MKRW	KRW 3M CD + 0.8%		

2024

As of December 31

Contractual party	Target	Contract amount	Interest condition	Contract date	Maturity date
Citibank Korea	Short-term borrowing	Receipt: 10,000 TUSD	USD SOFR + 0.8%	24.09.2024	23.09.2025
		Payment: 13,360 MKRW	KRW 3M CD + 0.8%		
Hana Bank	Short-term borrowing	Receipt: 10,000 TUSD	USD 3M SOFR + 1.0%	24.09.2024	23.09.2025
		Payment: 13,370 MKRW	KRW 3M CD + 0.8%		

22. PENSION LIABILITY

Pension plan	2025 million KRW	2024 million KRW
Net defined benefit liability (incl. in pension liability)	-5,046	-4,575
Swiss pension plan	-4,432	-4,513
Other	-614	-62
Net defined benefit asset (incl. in other non-current assets)	13,127	10,497
Korean pension plan	13,127	10,497

22.1. DEFINED BENEFIT OBLIGATION

Changes in the defined benefit obligation from material defined benefit plans:

	Korean plan million KRW	Swiss plan million KRW
Defined benefit obligation as of January 1, 2024	76,250	42,951
Pension cost charged to profit or loss		
Service costs	4,472	1,453
Interest costs	3,848	616
<i>Sub-total included in profit or loss</i>	<i>8,320</i>	<i>2,069</i>
Benefits paid	-8,724	-4,208
Re-measurement gains / (losses) in OCI		
Actuarial changes arising from changes in financial assumptions	3,423	2,800
Experience adjustments	4,422	1,552
<i>Sub-total included in OCI</i>	<i>7,845</i>	<i>4,352</i>
Employee contributions	-	954
Plan amendments	-	632
Plan settlements	-	-524
Exchange differences	-	2,737
Defined benefit obligation as of December 31, 2024	83,691	48,963
Pension cost charged to profit or loss		
Service costs	13,633	1,752
Interest costs	3,780	466
<i>Sub-total included in profit or loss</i>	<i>17,413</i>	<i>2,218</i>
Benefits paid	-12,634	-5,781
Re-measurement gains / (losses) in OCI		
Actuarial changes arising from changes in demographic assumptions	1,268	-1,964
Actuarial changes arising from changes in financial assumptions	-1,358	-297
Experience adjustments	-4,151	-930
<i>Sub-total included in OCI</i>	<i>-4,241</i>	<i>-3,191</i>
Employee contributions	-	1,167
Plan amendments	-	-89
Plan settlements	-	-
Exchange differences	-	5,444
Defined benefit obligation as of December 31, 2025	84,229	48,731
Weighted average duration 2024 (years)	10.50	12.71
Weighted average duration 2025 (years)	8.80	12.90

22.2. PLAN ASSETS

Changes in the fair value of plan assets:

	Korean plan million KRW	Swiss plan million KRW
Plan assets as of January 1, 2024	98,312	38,750
Pension cost charged to profit or loss		
Interest income	4,974	558
Administration expenses	-320	-17
<i>Sub-total included in profit or loss</i>	<i>4,654</i>	<i>541</i>
Benefits (paid) / received	-6,642	-4,208
Re-measurement gains / (losses) in OCI		
Return on plan assets (excluding amounts included in interest expenses)	-2,136	4,818
<i>Sub-total included in OCI</i>	<i>-2,136</i>	<i>4,818</i>
Employer contributions	-	1,154
Employee contributions	-	954
Exchange differences	-	2,441
Plan assets as of December 31, 2024	94,188	44,450
Pension cost charged to profit or loss		
Interest income	3,944	422
Administration expenses	-336	-33
<i>Sub-total included in profit or loss</i>	<i>3,608</i>	<i>389</i>
Benefits paid	-8,670	-5,781
Re-measurement gains / (losses) in OCI		
Return on plan assets (excluding amounts included in interest expenses)	1,230	-2,177
<i>Sub-total included in OCI</i>	<i>1,230</i>	<i>-2,177</i>
Employer contributions	7,000	1,344
Employee contributions	-	1,167
Exchange differences	-	4,907
Plan assets as of December 31, 2025	97,356	44,299

The Group expects to make a contribution in the following year at the amount comparable to the contribution made during the current reporting period.

The composition of plan assets as of December 31, 2025 and 2024 is as follows:

Structure of plan assets:	Korean plan		Swiss plan	
	2025	2024	2025	2024
Equity	-	-	36%	31%
Debt instruments	-	-	16%	14%
Real estate	-	-	21%	26%
Investment funds	100%	100%	-	-
Alternative investments	-	-	22%	19%
Cash and cash equivalents	-	-	6%	10%
Total	100%	100%	100%	100%

The category equity and debt instruments are quoted or daily traded. With few exceptions, there is no active market for plan assets in investment funds, real estate and alternative investments.

22.3. KEY ASSUMPTIONS

	Determining net benefit expense		Determining pension benefit obligation	
	2025	2024	2025	2024
Discount rate			December 31	December 31
Korean plan	4.39%	5.13%	4.86%	4.66%
Swiss plan	1.30%	0.95%	1.30%	0.95%
Future salary increases				
Korean plan	3.76%	3.76%	3.76%	3.76%
Swiss plan	1.75%	1.75%	1.75%	1.75%

22.4. SENSITIVITY ANALYSIS

Discount rate	Sensitivity level		Impact on defined benefit obligation
	Change		million KRW
Korean plan	+1.00%		-6,241
	-1.00%		7,209
Swiss plan	+0.25%		-1,669
	-0.25%		1,596
Salary increase			
Korean plan	+1.00%		7,424
	-1.00%		-6,537
Swiss plan	+0.25%		158
	-0.25%		-154

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

23. OTHER LONG-TERM EMPLOYEE-RELATED LIABILITIES

Other long-term employee-related liabilities consist of the following:

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Other long-term employee benefits – Korea	20,258	13,252
Other long-term employee benefits – Others	1,407	1,197
Share-based payment-related liability	1	201
Total other long-term employee-related liabilities	21,666	14,650

23.1. OTHER LONG-TERM EMPLOYEE BENEFITS – KOREA

The parent company implements a bonus plan designed to compensate employees with a prescribed quantity of gold and entitle compensated vacation to long-term service employees. Accounting policies of the bonus plan are mostly the same as those of the defined benefit plan, except that all the past service costs and actuarial variances are recognized immediately in profit or loss.

Description	million KRW
As of January 1, 2024	8,777
Current service costs	731
Interest costs	409
Re-measurement losses	3,964
Total payment	-629
As of December 31, 2024	13,252
Current service costs	1,572
Interest costs	656
Re-measurement gains	6,056
Total payment	-1,278
As of December 31, 2025	20,258

Description	2025	2024
	December 31	December 31
Discount rate	5.00%	4.48%
Compensation increase	3.76%	5.17%
Compensation per day for vacation	KRW 262,080 - 645,840	KRW 95,471 – 236,167
Rate of increase in gold price	10.60%	8.33%
Gold price per 3.75 grams	KRW 833,000	KRW 527,000

23.2. OTHER LONG-TERM EMPLOYEE BENEFITS – OTHERS

The remaining other long-term employee benefits refer to legally established termination benefits of subsidiaries located in the United Arab Emirates of 1,247 million KRW (as of December 31, 2024: 1,048 million KRW) and expenses for the defined contribution plan of Songwon Specialty Chemicals India Pvt. Ltd. of 160 million KRW (as of December 31, 2024: 149 million KRW).

24. CONTINGENCIES AND COMMITMENTS

24.1. CONTINGENT LIABILITIES

As per December 31, 2025, the Group had contingent liabilities in respect to tax appeals. The currently estimated financial effect is 1,232 million KRW (December 2024: 664 million KRW).

24.2. OTHER LEASE COMMITMENTS

The Group has entered into short-term and low-value leases on certain buildings, vehicles, furniture and fixture. Future minimum short-term and low-value lease payments as of December 31, 2025 and December 31, 2024 are as follows:

Description	2025	2024
	December 31 million KRW	December 31 million KRW
Short-term lease commitments		
Within one year	-2	-2
<i>Total short-term lease commitments</i>	-2	-2
Low-value lease commitments		
Within one year	-64	-53
After one year but not more than five years	-11	-12
<i>Total low-value lease commitments</i>	-75	-65
Total	-77	-67

24.3. OTHER COMMITMENTS

As part of the ordinary business activities, the Group enters into various contractual commitments for the purchase of inventories, property, plant and equipment, intangible assets and investment properties. As of December 31, 2025, the Group entered into commitments to purchase property, plant and equipment, as well as raw materials amounting to 4,367 million KRW (December 31, 2024: 6,332 million KRW).

25. ASSETS PLEDGED AS COLLATERAL AND GUARANTEES

Details of property, plant and equipment and investment property pledged by the Group as collateral for interest-bearing loans and borrowings as of December 31, 2025 and December 31, 2024, presented in the maximum pledge amount, are as follows:

Pledged to	Pledged assets		2025	2024
			December 31	December 31
<i>Property, plant and equipment (Joint collateral in connection with long-term loan)</i>				
Busan Bank	Land, buildings and machinery	million KRW	30,000	30,000
Kyongnam Bank	Land, buildings and machinery	million KRW	18,000	18,000
<i>Property, plant and equipment and investment property (Collateral for other than long-term loan)</i>				
Woori Bank	Land, buildings and machinery	million KRW	120,000	120,000
Hana Bank	Land, buildings and machinery	million KRW	80,400	80,400
Korea Development Bank	Land, buildings, investment properties and machinery	million KRW	96,600	96,600
Busan Bank	Land, buildings and machinery	thousand USD	24,000	24,000
Total		million KRW	345,000	345,000
		thousand USD	24,000	24,000

Payment guarantee to Seoul Guarantee Insurance Company

As of December 31, 2025, the Group held a deposit guarantee of KRW 237 million in relation to the potential repayment of government subsidies received under the greenhouse gas reduction project for companies participating in the emissions trading system, covering the period from April 2025 to December 2025.

As of December 31, 2024, the Group held deposit guarantees totaling KRW 562 million, comprising KRW 62 million for the period from May 2024 to March 2025 and KRW 500 million for the period from November 2023 to March 2025.

26. OPERATING PROFIT AND OTHER INCOME / EXPENSES

26.1. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of 5,576 million KRW (2024: 6,066 million KRW) are recorded in the consolidated statements of comprehensive income.

26.2. SELLING AND ADMINISTRATION EXPENSES

Description	2025	2024
	million KRW	million KRW
Sales-related costs	-26,943	-32,164
Personnel expenses	-59,952	-52,289
Travelling and entertainment	-6,157	-5,985
Depreciation and amortization	-3,153	-3,174
Administration expenses	-13,760	-13,247
IT expenses	-7,862	-5,630
Others	-2,819	-1,605
Total	-120,646	-114,094

26.3. OTHER EXPENSES

Description	2025	2024
	million KRW	million KRW
Miscellaneous expenses	-763	-2,323
Losses on disposal of property, plant and equipment	-2,098	-1,390
Taxes and dues	-1,539	-460
Total	-4,400	-4,173

26.4. EXPENSES CLASSIFIED BY NATURE

Description	2025	2024
	million KRW	million KRW
Purchased material	-571,190	-659,671
Inventory changes	-29,466	46,978
Freight and logistic costs	-30,209	-36,256
Energy costs	-54,739	-60,054
Personnel expenses	-165,369	-139,128
Depreciation and amortization	-42,841	-40,812
Other expenses	-127,903	-122,616
Total	-1,021,717	-1,011,559
Thereof recorded in cost of sales	-896,671	-880,026
Thereof recorded in selling and administration costs	-120,646	-91,480
Thereof recorded in other expenses	-4,400	-4,173
Total	-1,021,717	-1,011,559

27. FINANCE INCOME / EXPENSES

27.1. FINANCE INCOME

Description	2025	2024
	million KRW	million KRW
Foreign exchange gains	32,413	47,387
Gains from derivative instruments	2,448	3,169
Interest on loans and receivables	1,943	2,087
Gain on valuation of other financial assets FVtPL	406	503
Total finance income	37,210	53,146

27.2. FINANCE EXPENSES

Description	2025	2024
	million KRW	million KRW
Foreign exchange losses	-37,454	-39,954
Losses from derivative instruments	-4,723	-3,965
Interest on borrowings	-7,298	-7,375
Other	-821	-290
Total finance expenses	-50,296	-51,584

27.3. NET GAINS AND LOSSES OF FINANCIAL INSTRUMENT CLASSES

Description	2025	2024
	million KRW	million KRW
Financial assets at amortized cost	21,305	36,853
Financial assets at FVOCI	11	–
Financial liabilities at amortized cost	-32,147	-34,715
Financial assets / liabilities at FVtPL	-1,869	-293
Total net losses of the classes of financial instruments	-12,700	1,845

Net losses of financial instruments recognized in the consolidated statement of comprehensive income

Finance expense*	-49,921	-51,301
Finance income	37,210	53,146
Total	-12,711	1,845

Net gains / (losses) of financial instruments recognized in the consolidated statement of other comprehensive income

Financial assets at FVOCI	11	–
Total	11	–
Total	-12,700	1,845

* Excluding bank charges

28. INCOME TAX EXPENSES

28.1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Description	2025	2024
	million KRW	million KRW
Current income tax charge	-14,087	-24,598
Adjustments in respect of current income tax of previous year	4,879	7,418
Total current income tax	-9,208	-17,180
Deferred income taxes related to changes of temporary differences, net	-78	6,408
Deferred income taxes related to changes in tax rate	2,071	-8,382
Deferred income taxes related to tax loss carry forwards	2,981	-
Total deferred income tax	4,974	-1,974
Income tax expenses	-4,234	-19,154
Deferred income taxes recognized directly in other comprehensive income	-1,402	2,158
Total income taxes recognized in comprehensive income	-5,636	-16,996

Description	2025	2024
	million KRW	million KRW
Accounting profit before income taxes	6,571	64,242
At parent company's statutory income tax rate of 23.10% (2024: 22.20%)	-1,518	-14,261

Increase in income tax expens resulting from:

Adjustments in respect of current income tax of previous years	4,879	7,418
Non-temporary differences	-838	-489
Tax credits	-29	22
Non-deductible expenses	-2,948	-3,964
Effect of different tax rates in tax jurisdiction	-3,649	-7,963
Other	-131	83
At the effective income tax rate of 64.43% (2024: 29.82%)	-4,234	-19,154

28.2. DEFERRED TAX

Deferred tax relates to the following:

Description	Consolidated statements of financial position		Consolidated statements of comprehensive income	
	2025	2024	2025	2024
	December 31 million KRW	December 31 million KRW	December 31 million KRW	December 31 million KRW
Net pension obligation	-637	-1,001	1,777	-1,430
Other long-term employment benefits	4,752	2,961	1,791	903
Trade receivables	133	135	-2	17
Inventories	3,644	4,444	-800	1,936
Fixed assets	-11,704	-8,160	-3,544	-297
Right of use asset	246	-42	288	-42
Gain on revaluation of land	-28,011	-26,503	-1,508	-57
Other non-current financial assets	1,406	141	1,254	674
Other current financial assets	-409	-276	-133	3
Other current assets	-	308	-308	-287
Other non-current financial liabilities	-2	1	-1	7
Current lease liabilities	426	293	133	-2
Other current financial liabilities	1,116	955	161	243
Other current liabilities	241	274	-33	173
Intangible assets	-28	-215	187	-212
Investments in subsidiaries	-1,855	-4,747	-2,892	-4,214
Tax loss carry-forwards	2,981	-	2,981	-
Translation difference	-	-	-159	611
Deferred tax income			4,974	-1,974
Net deferred tax liabilities	-27,701	-31,432		

Reflected in the statements of financial positions as follows:

Deferred tax assets	6,991	7,691
Deferred tax liabilities	-34,692	-39,123

Reconciliation of deferred tax liabilities, net:

Description	2025	2024
	million KRW	million KRW
Opening balance as of January 1	-31,432	-31,005
Deferred tax recognized in statements of comprehensive income	4,974	-1,974
Deferred tax recognized in other comprehensive income (note 16.5)	-1,402	2,158
Translation differences	159	-611
Closing balance as of December 31	-27,701	-31,432

Expecting sufficient taxable income, the Group recognized deferred income tax assets to the extent of future taxable income. For the following deductible temporary differences, no deferred tax assets as of December 31, 2025 and 2024, were recognized.

Description	2025	2024
	million KRW	million KRW
Temporary differences related to investments in subsidiaries	12,932	13,473
Total	12,932	13,473

In the financial years 2025 and 2024, the Group recognized tax loss carry-forwards in the amount of 2,981 million KRW (2024: none). These tax loss carry-forwards can be utilized against future taxable profits and have no expiry date under the applicable tax legislation.

28.3. GLOBAL MINIMUM TAX

The Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions where it is active. In some of the jurisdictions in which the Group is active, qualified domestic top-up taxes are in place. Further, the Company as parent must pay additional top-up taxes on profits of subsidiaries taxes at less than the minimum tax rate of 15% (Income Inclusion Rule). Most of the subsidiaries have either passed the transition period exemption rules or their effective tax rate is 15% or more. Top-up tax recognized in the period ended December 31, 2025 is therefore limited to 54 million KRW (2024: 154 million KRW).

The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

29. EARNINGS PER SHARE

Description	2025	2024
	KRW	KRW
Net profit attributable to ordinary equity holders of the parent	2,337,243,064	45,088,472,239
Weighted average number of ordinary shares	24,000,000	24,000,000
Earnings per share (basic / diluted)	97	1,879

In 2025 and 2024, there were no potentially dilutive instruments outstanding.

30. CASH FLOW STATEMENT

Adjustments	Notes	2025	2024
		million KRW	million KRW
Depreciation and amortization	11, 12, 13, 15	40,845	39,415
Impairment of inventories	9	2,813	1,668
Losses on disposals of property, plant and equipment, net	11	739	1,385
Losses on disposal of intangible assets, net	13	129	21
Share of result from investments accounted using the equity method	10	-1,144	-1,186
Pension costs	22.3, 22.4	15,681	5,236
Finance income		-4,431	-3,810
Finance expenses		9,474	9,993
Income tax expenses	28	4,234	19,154
Other		2,253	4,509
Total		70,593	76,385

Changes in operating assets and liabilities	2025	2024
	million KRW	million KRW
Trade and other receivables	6,886	-533
Other current assets	4,185	-1,620
Other current financial assets	1,896	950
Inventories	15,653	-48,652
Trade and other payables	-12,427	13,055
Other current financial liabilities	-802	2,517
Other current liabilities	-2,586	1,612
Pension liabilities	-11,917	-2,868
Other long-term employment benefits	4,791	-788
Total	5,679	-36,327

Changes in liabilities arising from financing activities for the years ended December 31, 2025 and 2024, are as follows:

	Current interest-bearing loans and borrowings	Non-current interest-bearing loans and borrowings	Other financial liabilities
	million KRW	million KRW	million KRW
As of January 1, 2024	164,696	5,250	4,219
Cash flows	-19,589	-	-872
Foreign exchange movement	927	-	-81
Net losses on valuation of financial liabilities	-	-	1,515
Reclassifications	3,000	-3,000	-
As of December 31, 2024	149,034	2,250	4,781
Cash flows	-8,595	-	-503
Foreign exchange movement	1,131	-	-1,781
Net losses on valuation of financial liabilities	-	-	1,636
Reclassifications	2,250	-2,250	-
As of December 31, 2025	143,820	-	4,133

31. RELATED PARTY DISCLOSURES

The companies listed below have been identified as related parties:

Company name	Location	Relation with the Group	Remarks
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	China	Joint Venture	Jointly controlled by Songwon Group Holding AG
Songwon Moolsan Co., Ltd.	Korea	Other	A company that has significant influence on the Group
Kyungshin Industrial Co., Ltd.	Korea	Other	A subsidiary of Songwon Moolsan Co., Ltd.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period and balances as per period end.

Related party	Description	2025	2024
		million KRW	million KRW
Songwon Moolsan Co., Ltd.	Selling and administration costs	-80	-80
Songwon Baifu Chemicals (Tangshan) Co., Ltd. (Joint venture)	Sales	304	432
	Cost of sales	-28,482	-24,129
Total	Sales	304	432
	Cost of sales	-28,482	-24,129
	Selling and administration costs	-80	-80

Related party	Description	2025	2024
		December 31 million KRW	December 31 million KRW
Songwon Moolsan Co., Ltd.	Other non-current financial assets	33	33
	Trade and other payables	7	7
Songwon Baifu Chemicals (Tangshan) Co., Ltd. (Joint venture)	Trade and other receivables	72	-
	Trade and other payables	2,058	2,601
Total	Other non-current financial assets	33	33
	Trade and other receivables	72	-
	Trade and other payables	2,065	2,608

31.1. THE ULTIMATE PARENT

Songwon Industrial Co., Ltd. is the ultimate parent based and listed in Korea.

31.2. TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

Outstanding balances of related parties at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2024: none).

31.3. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

Description	2025	2024
	million KRW	million KRW
Short-term employee benefits	12,657	11,566
Post-employment benefits	705	426
Other long-term benefits	1,139	737
Share-based payments	-24	-111
Total compensation paid to key management personnel	14,477	12,618

31.4. OTHER RELATED PARTIES

Other related parties are Songwon Moolsan Co., Ltd. (Korea) which has significant influence on the Group due to the interest held in the share capital of the parent company of 23.88%. Further, the subsidiary of Songwon Moolsan Co., Ltd., Kyungshin Industrial Co., Ltd., which holds interest in the share capital of the parent company of 9.15%, is identified as a related party of the Group.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to market, credit and liquidity risks. The Group's management mitigates these risks through comprehensive risk assessment and continuous monitoring processes designed to minimize their potential impact.

32.1. MARKET RISK

Interest rate risk

The Group is exposed to cash flow interest rate risk arising from interest-bearing loans and borrowings with floating interest rates. To manage these risks, the Group employs interest rate swap contracts and optimizes its financing structure by selecting the most favorable instruments, refinancing existing loans under improved conditions, or enhancing its credit rating. As of December 31, 2025, the Group's outstanding variable-rate borrowings amounted to KRW 54,698 million (December 31, 2024: KRW 106,730 million).

Interest rate sensitivity

The following table illustrates the sensitivity of profit before tax to reasonably possible changes in interest rates. The Group's exposure to fluctuations in market interest rates primarily arises from interest-bearing loans and borrowings, as well as bank deposits with floating interest rates. Assuming all other variables remain constant, the impact on profit before tax resulting from changes in floating-rate borrowings is as follows:

	Increase / (decrease) in %	Effect on profit before tax million KRW
December 31, 2025	1.00	-547
	-1.00	547
December 31, 2024	1.00	-570
	-1.00	570

Foreign currency risk

The Group is exposed to foreign exchange risk primarily through its operating activities, where transactions, recognized assets, and liabilities are denominated in currencies other than the functional currency. The most significant exposures relate to the US Dollar (USD), Euro (EUR), and Japanese Yen (JPY).

The objective of managing foreign currency risk is to reduce volatility in profit and cash flows arising from exchange rate fluctuations. To achieve this, the Group employs a combination of natural hedging and derivative instruments. For USD exposures, the Group aligns the collection terms of receivables with the payment terms of payables, leveraging the offset between export and import volumes. For any remaining USD exposure as well as for EUR and JPY exposures, the Group uses forward exchange contracts to mitigate risk.

Foreign currency sensitivity

In accordance with IFRS 7, the Group performs a sensitivity analysis to estimate the impact of reasonably possible changes in exchange rates on profit before tax. The analysis covers the dominant foreign currencies: USD, EUR, and JPY. A 10% change in exchange rates has been assumed, based on recent market volatility and historical trends. The analysis incorporates all financial instruments denominated in foreign currencies and assumes that all other variables remain constant.

The following table presents the estimated effect of a 10% change in exchange rates on net profit for the year ended December 31, 2025 and year ended December 31, 2024:

Currency	2025 December 31		2024 December 31	
	10% increase million KRW	10% decrease million KRW	10% increase million KRW	10% decrease million KRW
USD	9,300	-9,300	6,961	-6,961
EUR	4,630	-4,630	3,449	-3,449
JPY	3,219	-3,219	2,642	-2,642
Total	17,149	-17,149	13,052	-13,052

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

Financial statement line item	2025 December 31			2024 December 31		
	USD million KRW	EUR million KRW	JPY million KRW	USD million KRW	EUR million KRW	JPY million KRW
Cash and cash equivalents	35,529	12,453	722	38,315	4,826	–
Trade and other receivables	122,897	59,433	32,008	126,963	60,697	26,947
Other current financial assets	7,950	16,722	–	12,207	6,335	–
Total financial assets	166,375	88,608	32,730	177,485	71,858	26,947
Trade and other payables	-71,939	-5,445	-539	-99,033	-513	-525
Interest-bearing loans and borrowings	–	-36,864	–	-5,891	-30,743	–
Other non-current financial liabilities	-1,435	–	–	-2,940	–	–
Total financial liabilities	-73,374	-42,309	-539	-107,864	-31,256	-525

32.2. CREDIT RISK

The Group is exposed to credit risk arising from its operating activities, primarily trade and other receivables, as well as from its investing activities, including bank deposits and cash equivalents.

To manage credit risk, the Group maintains a policy of conducting business only with customers that have a high credit rating, assessed based on their financial position, historical default experience, and other indicators of creditworthiness. If a customer's credit rating deteriorates, the Group applies an individual credit limit and implements enhanced monitoring procedures. In addition, the Group mitigates credit risk through ongoing management practices, including periodic reviews of all customers, to ensure that overall exposure remains at an insignificant level.

The maximum exposure to credit risk at the reporting date corresponds to the carrying amount of each class of financial assets, disclosed in note 33.

With respect to bank deposits and cash equivalents, the Group's exposure to credit risk is limited, as it maintains.

32.3. LIQUIDITY RISK

Liquidity risk is the risk that the Group may encounter difficulties in meeting its financial obligations as they fall due, particularly in periods of adverse economic conditions or financial market disruptions.

The Group manages liquidity risk through a structured strategy that considers the maturity profile of financial instruments, projected operating cash flows, and funding requirements. This includes maintaining a detailed schedule of financial assets and liabilities to ensure alignment of maturities.

To address unexpected liquidity shortfalls, the Group maintains committed credit facilities with banks, including overdraft arrangements. As of December 31, 2025, less than 50% of these facilities had been utilized. In line with business expansion, the Group actively manages funding schedules and regularly reviews its financing structure, maintaining an appropriate mix of short-term and long-term borrowings to ensure flexibility and stability in liquidity management.

Details of the Group's available short-term credit line facilities (excluding general loans) as of December 31, 2025 are as follows:

Description	Currency	Credit limit	Used	Unused
USANCE and L/C for import	thousand USD	16,100	3,468	12,632
D/A and D/P	thousand USD	104,000	18,397	85,603
	million KRW	12,000	3,535	8,465
Trade loans	million KRW	19,000	–	19,000
Secured loan of credit sales	million KRW	9,000	2,282	6,718
Other foreign currency guarantees	thousand USD	8,750	1,755	6,995
Total	million KRW	40,000	5,817	34,183
Total	thousand USD	128,850	23,620	105,230

The following table presents the contractual maturity profile of the Group's financial liabilities and lease liabilities, excluding derivative financial instruments, based on undiscounted cash flows as of December 31, 2025 and December 31, 2024

	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
2025	million	million	million	million	million	million
As of December 31	KRW	KRW	KRW	KRW	KRW	KRW
Interest-bearing loans and borrowings	15,525	70,950	58,794	–	–	145,269
Trade and other payables	106,708	18,091	5,092	–	–	129,891
Lease liabilities	390	855	3,321	17,794	27,513	49,873
Other financial liabilities	173	92	1,450	781	–	2,496
Total	122,796	89,988	68,657	18,575	27,513	327,529

	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
2024	million	million	million	million	million	million
As of December 31	KRW	KRW	KRW	KRW	KRW	KRW
Interest-bearing loans and borrowings	12,416	73,706	62,912	2,250	–	151,284
Trade and other payables	120,793	15,178	6,393	–	–	142,364
Lease liabilities	454	935	3,862	17,448	16,840	39,539
Other financial liabilities	222	88	1,485	1,471	–	3,266
Total	133,885	89,907	74,652	21,169	16,840	336,453

32.3.1. CAPITAL MANAGEMENT

The primary objective of capital management is to safeguard the Group's ability to continue as a going concern while delivering sustainable returns to shareholders through a balance of capital growth and distributions.

To achieve this objective, the Group monitors its capital structure, including the gearing ratio, to maintain an appropriate balance between risk and return. The Group also ensures a robust funding base to meet working capital requirements and support strategic investments. Where necessary, the Group may adjust its capital structure by modifying dividend payments, returning capital to shareholders, or issuing new shares, taking into account both short-term financial position and long-term operational and strategic objectives.

At the Group level, the debt-to-equity ratio is reviewed regularly. As of December 31, 2025, the ratio was 51% (December 31, 2024: 56%).

33. FAIRVALUES

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair values. This is due to the short-term nature of these instruments or because they bear interest at market rates.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments,
- the present value of the estimated future cash flows based on observable yield curves, and
- the present value of future cash flows based on the forward exchange rates at the reporting date,

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Description	Valuation technique
Level 1	Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2	Other techniques for which all inputs which have a material effect on the recorded fair value are observable either directly or indirectly
Level 3	Techniques which use inputs that have a material effect on the recorded fair value that are not based on observable market data

As of December 31, 2025 and December 31, 2024, the Group held the following financial instruments carried at fair value on the statement of financial position:

		2025	Level 1	Level 2	Level 3
		As of December 31			
		million KRW	million KRW	million KRW	million KRW
Financial assets	Derivatives				
	Currency swaps	713	–	713	–
	Debt instruments				
	Exchange traded fund at FVtPL	5,810	–	5,810	–
Total	6,523	–	6,523	–	
Financial liabilities	Derivatives				
	Forward exchange contracts	1,637	–	1,637	–
	Total	1,637	–	1,637	–

		2024			
		As of December 31			
Financial assets		Level 1	Level 2	Level 3	
		million KRW	million KRW	million KRW	million KRW
	Derivatives				
	Currency swaps	2,606	–	2,606	–
	Debt instruments				
	Exchange traded fund at FVtPL	12,494	–	12,494	–
Total		15,100	–	15,100	–
Financial liabilities	Derivatives				
	Forward exchange contracts	1,515	–	1,515	–
Total		1,515	–	1,515	–

The fair values of forward exchange contracts are measured based on the difference between the current FX spot rate and the rate contractually agreed upon.

Currency swaps are measured by discounting the expected future cash flows using prevailing forward exchange rates and interest rate yield curves applicable to the respective currencies. These inputs are obtained from independently verifiable market sources at the reporting date.

The exchange traded fund at FVtPL is measured based on the amount that would be received upon cancellation at the reporting date (the “cancellation refund amount”) as provided by the counterparty. This amount reflects the present value of accumulated contributions and credited interest, net of any applicable charges. This valuation technique is consistent with market practices for similar instruments and there are no significant unobservable inputs used.

During the reporting periods ended December 31, 2025 and the year ended December 31, 2024, there were no significant transfers between Level 1 and Level 2 fair value measurements.

34. IMPACT OF GLOBAL ECONOMIC SITUATION ON CONSOLIDATED FINANCIAL STATEMENTS

The Group closely monitors the global situation and assesses the future impact of the Russian-Ukrainian war as well as other conflicts in various regions on the consolidated financial statements on a regular basis. For the financial year 2025, the following assessments were performed, amongst others:

Indication of impairment on property, plant and equipment and intangible assets

The Group assessed whether there were any internal and external indicators of impairment of property, plant and equipment and intangible assets. For the year ended December 31, 2025, no impairment has been recognized on property, plant and equipment and intangible assets related to the Russian-Ukrainian war and other conflicts.

Expected credit loss (ECL) of trade receivables and financial assets

In order to determine the impact of the global economic situation on the ECL model in accordance with K-IFRS 1109, the Group reassessed past events, current conditions and forecasts of future economic conditions. As of December 31, 2025, the Group identified the changes in risk indicators considering the nature of risk such as geographical location of debtors which has been reflected in the ECL model for the recognition of allowance on expected credit risks. Such parameter adjustments resulted in an increase in the allowance on ECL by 18 million KRW in the consolidated financial statements as of December 31, 2025 (2024: decrease by 173 million KRW).

35. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred during the period from the reporting period end to the date on which the consolidated financial statements were issued.

36. PRIMARY FINANCIAL STATEMENTS IN USD

The Company operates primarily in KRW and its official accounting records are maintained in KRW. The US dollars amounts provided in the financial statements represent supplementary information solely for the convenience of the reader. All amounts in KRW are presented in US dollars at the rate of KRW 1,434.90 to USD 1, the exchange rate in effect on December 31, 2025. Such presentation is not in accordance with generally accepted accounting principles and should not be construed as a representation that the amounts in KRW shown could be readily converted, realized or settled in US dollars at this or at any other rate.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION IN USD

As of December 31, 2025, and 2024

	2025	2024
	thousand USD	thousand USD
Assets		
Current assets	441,865	455,951
Cash and cash equivalents	78,520	79,086
Trade and other receivables	109,041	112,928
Other current financial assets	7,318	6,039
Other current assets	7,869	10,806
Inventories	238,118	246,348
Income tax receivables	999	744
Non-current assets	357,711	366,541
Investments accounted for using the equity method	7,292	6,413
Property, plant and equipment	297,035	300,160
Investment properties	2,395	2,399
Intangible assets	10,087	11,042
Right-of-use assets	24,172	24,756
Other non-current financial assets	2,136	8,442
Other non-current assets	9,722	7,969
Deferred tax assets	4,872	5,360
Total assets	799,576	822,492
Equity and liabilities		
Total liabilities	269,848	295,550
Current liabilities	203,071	229,738
Interest-bearing loans and borrowings	100,230	103,864
Trade and other payables	90,523	99,215
Current lease liabilities	2,236	2,728
Other current financial liabilities	2,336	2,307
Other current liabilities	3,027	4,868
Income tax payable	4,719	16,756
Non-current liabilities	66,777	65,812
Interest-bearing loans and borrowings	–	1,568
Pension liability	3,516	3,188
Other long-term employee-related liabilities	15,102	10,210
Non-current lease liabilities	23,191	22,295
Other non-current financial liabilities	544	1,025
Other non-current liabilities	247	261
Deferred tax liabilities	24,177	27,265
Equity	529,728	526,942
<i>Equity attributable to owners of the parent</i>	<i>529,728</i>	<i>526,942</i>
Issued capital	8,363	8,363
Capital surplus	14,274	14,274
Reserves	22,039	21,537
Retained earnings	466,107	466,459
Other components of equity	18,945	16,309
Total equity and liabilities	799,576	822,492

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME IN USD

for the years ended December 31, 2025, and 2024

	2025	2024
	thousand USD	thousand USD
Sales	724,205	745,836
Cost of sales	-624,901	-622,547
Gross profit	99,304	123,289
Selling and administration costs	-84,080	-79,514
Operating profit	15,224	43,775
Other income	744	1,988
Other expenses	-3,066	-2,908
Share of result from investments accounted for using the equity method	797	827
Finance income	25,932	37,039
Finance expenses	-35,052	-35,950
Profit before tax	4,579	44,771
Income tax expenses	-2,951	-13,349
Profit for the period	1,628	31,422
Other comprehensive income / (expense), net of taxes		
<i>Net other comprehensive income / (expense) to be reclassified to profit or loss in subsequent periods</i>	<i>2,629</i>	<i>13,111</i>
Exchange differences on translation of foreign operations	2,629	13,111
<i>Net other comprehensive income / (expense) not to be reclassified to profit or loss</i>	<i>3,547</i>	<i>-5,146</i>
Gain on valuation of financial assets at FVOCI	7	-
Re-measurement gain / (loss) on defined benefit plans	3,540	-5,146
Total other comprehensive income / (expense), net of taxes	6,176	7,965
Total comprehensive income	7,804	39,387
Earnings per share	USD	USD
Basic and diluted earnings per share	0.07	1.31

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY IN USD

	Other components of equity						Total equity
	Issued capital	Capital surplus	Reserves	Retained earnings	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	
	thous. USD	thous. USD	thous. USD	thous. USD	thous. USD	thous. USD	thous. USD
As of January 1, 2024	8,363	14,274	21,119	444,782	-489	3,687	491,736
Profit for the period	–	–	–	31,422	–	–	31,422
Other comprehensive income	–	–	–	-5,146	–	13,111	7,965
Total comprehensive income	–	–	–	26,276	–	13,111	39,387
Dividends	–	–	–	-4,181	–	–	-4,181
Appropriation to reserves	–	–	418	-418	–	–	–
As of December 31, 2024	8,363	14,274	21,537	466,459	-489	16,798	526,942
As of January 1, 2025	8,363	14,274	21,537	466,459	-489	16,798	526,942
Profit for the period	–	–	–	1,628	–	–	1,628
Other comprehensive income	–	–	–	3,540	7	2,629	6,176
Total comprehensive income	–	–	–	5,168	7	2,629	7,804
Dividends	–	–	–	-5,018	–	–	-5,018
Appropriation to reserves	–	–	502	-502	–	–	–
As of December 31, 2025	8,363	14,274	22,039	466,107	-482	19,427	529,728

CONSOLIDATED STATEMENTS OF CASH FLOWS IN USD

for the years ended December 31, 2025, and 2024

	2025	2024
	thousand USD	thousand USD
Profit for the period	1,628	31,422
Total adjustments	49,197	53,234
Changes in operating assets and liabilities	3,958	-25,317
Interest received	1,153	1,599
Payments of income tax	-18,625	-4,721
Net cash flows provided by operating activities	37,311	56,217
Proceeds from sale of property, plant and equipment	28	3
Purchases of property, plant and equipment	-21,379	-14,911
Purchases of intangible assets	-410	-1,645
Dividends received from investments using the equity method	-	383
(Purchases) / proceeds from sale of other financial assets, net	4,064	2,435
Net cash flows used in investing activities	-17,697	-13,735
Proceeds from borrowings	175,648	189,183
Repayments of borrowings	-181,638	-202,835
Payment of lease liabilities	-3,520	-2,641
Proceeds from / (repayments of) other financial liabilities, net	-351	-608
Interest paid	-3,943	-4,340
Dividends paid	-5,018	-4,181
Net cash flows used in financing activities	-18,822	-25,422
Increase / (decrease) in cash and cash equivalents	792	17,060
Net foreign exchange differences	-1,358	-6,679
Cash and cash equivalents as of January 1	79,086	68,704
Cash and cash equivalents as of December 31	78,520	79,086

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