



FINANCIAL RESULTS  
FIRST QUARTER  
ENDED MARCH 31, **2025**

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## **Independent Auditors' Review Report**

### **Based on a report originally issued in Korean**

To the Board of Directors and Shareholders of

Songwon Industrial Co., LTD.

#### **Reviewed consolidated financial statements**

We have reviewed the accompanying condensed consolidated interim financial statements of Songwon Industrial Co., LTD. and its subsidiaries (the "Group") expressed in Korean won, which comprise the condensed consolidated statement of financial position as of March 31, 2025, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2025 and notes, comprising of material accounting policy information and other explanatory information.

#### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 '*Interim Financial Reporting*', and for such internal control as management determines is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' review responsibility**

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above do not present fairly, in all material respects, in accordance with K-IFRS No.1034, '*Interim Financial Reporting*'.



## Other matters

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

The condensed consolidated interim statement of comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2024, presented for comparative purposes, were reviewed by other auditors whose report dated May 13, 2024, stated that nothing has come to their attention that causes them to believe that the condensed consolidated interim financial statements do not present fairly, in all material respects, in accordance with the K-IFRS.

Moreover, the consolidated statement of financial position as of December 31, 2024, the related consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by other auditors in accordance with KSAs, whose report dated February 28, 2025, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position as of December 31, 2024, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

The accompanying condensed consolidated interim financial statements as of March 31, 2025 and December 31, 2024 and for the three-month periods ended March 31, 2025 and 2024 have been translated into United States dollars solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the condensed consolidated interim financial statements expressed in Korean won have not been translated into dollars on the basis set forth in note 2.1 to the condensed consolidated interim financial statements.

*KPMG Samjong Accounting Corp.*

Seoul, Korea

May 9, 2025

This report is effective as of May 9, 2025, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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## About this report

The interim condensed consolidated financial statements including notes (refer to section 2 from page 9 to 48) according to Korean International Financial Reporting Standards (KIFRS) are reviewed and not audited by our group auditor KPMG Samjong Accounting Corp. – the review conclusion on the quarterly financial statements can be found at the beginning of this report. The review is applicable to the first quarter ended March 31, 2025 as well as the first quarter ended March 31, 2024 (performed by Ernst & Young Han Young Korea).

A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing (KSA). There have been no significant changes in this approach in comparison to prior quarters and is only expanded in this paragraph for clarification to the user of the financial statements.

The interim condensed consolidated financial statements for the first quarter ended March 31, 2025 included in this report have been prepared in accordance with KIFRS 1034 and should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which have also been prepared in accordance with KIFRS. The annual financial statements for the year 2024 can be found on our website [www.songwon.com](http://www.songwon.com).

All financials disclosed hereunder reflect consolidated numbers in Million KRW where not indicated differently.

## Forward-looking statements & information

This report contains forward-looking statements and information concerning the outlook for our business. These statements are based on current expectations, estimates and projections concerning factors that may affect SONGWON Industrial Group's future performance, including global and regional economic conditions in the regions, major markets and industries where SONGWON does business. As a result, these forward-looking statements and information are subject to uncertainties and risks, many of which are beyond our control. These may cause our actual results to differ materially from the forward-looking information and statements made in this report and possibly affect our ability to achieve any, or all of, our stated targets. SONGWON Industrial Group believes that the expectations reflected in any forward-looking statement are based upon reasonable assumptions; however, no assurance can be given that these expectations will prove to be correct.

The forward-looking statements contained herein are current only as of the date of this document.

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## SECTION 1:

# Business Development

## Key financial data

For the three months ended March 31,			
	2025	2024	
	Million KRW	Million KRW	Δ%
Sales	275,753	255,752	7.8%
Gross profit	40,743	39,134	4.1%
Gross profit margin	14.8%	15.3%	
Operating profit	10,937	12,130	-9.8%
EBITDA	21,957	22,215	-1.2%
EBITDA margin	8.0%	8.7%	
EBIT	11,543	11,629	-0.7%
EBIT margin	4.2%	4.5%	
Profit for the period	4,857	6,662	-27.1%
Total assets	1,191,977	1,125,939	5.9%
Total equity	754,422	711,880	6.0%
Equity ratio	63.3%	63.2%	
Headcounts	984	977	0.7%

## Sales development

### Divisions

For the three months ended March 31,								
	2025	2024		2025	2024		2025	2024
	Industrial Chemicals			Performance Chemicals				
	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW
Sales	208,133	192,785	8.0%	67,620	62,967	7.4%	275,753	255,752

### Regions

For the three months ended March 31,			
	2025	2024	
	Million KRW	Million KRW	Δ%
Korea	42,957	48,290	-11.0%
Rest of Asia	82,146	71,956	14.2%
Europe	68,395	60,411	13.2%
North and South America	67,841	59,789	13.5%
Australia	1,073	1,009	6.3%
Middle East and Africa	13,341	14,297	-6.7%
<b>Total sales</b>	<b>275,753</b>	<b>255,752</b>	<b>7.8%</b>

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## Business development

During the 1st quarter of 2025, SONGWON Industrial Group achieved consolidated sales of 275,753 Million KRW. Compared to sales for Q1/2024 (255,752 Million KRW), this marked an increase in revenue of 7.8%. In Q1/2025, the Group recorded a gross profit of 40,743 Million KRW, a 4.1% increase compared to the gross profit recorded in Q1/2024 (39,134 Million KRW). The Group's net profit for the 1st quarter of 2025 amounted to 4,857 Million KRW, marking a decline of 27.1% year-on-year (Q1/2024: 6,662 Million KRW), mainly due to margin pressure and increased labor-related costs following a court ruling in Korea that impacted companies operating in the country.

Despite ongoing macroeconomic headwinds and global uncertainties, including trade tensions carried over from 2024 that continued to shape the business climate, SONGWON began 2025 positively. On the back of robust demand throughout Q1/2025, Division Industrial Chemicals achieved consolidated sales of 208,133 Million KRW, marking an increase of 8.0% over the previous year comparable period (Q1/2024: 192,785 Million KRW). In Q1/2025, Division Performance Chemicals recorded increased consolidated sales of 67,620 Million KRW, up 7.4% from Q1/2024 (62,967 Million KRW).

Q1/2025 was a strong quarter for Division Industrial Chemicals, supported by robust demand and partly as a result of the easing of congestion in shipping lanes compared to the previous period. Despite ongoing market pressure, Polymer Stabilizers outperformed Q4/2024 overall, with strong demand positively impacting revenues in the 1st quarter of the year. Amid the highly competitive environment, Polymer Stabilizers also expanded market share in Q1/2025 with new business. Compared to the final quarter of 2024, SONGWON's Fuel and Lubricant Additives achieved higher revenues in Q1/2025, supported by strong demand and improved logistics lead times and availability. After the seasonally weak final quarter of 2024, Coatings delivered a robust performance in Q1/2025, with both revenues and volumes up compared to Q4/2024, despite persistent market oversupply and intense price pressure.

In line with expectations, Division Performance Chemicals experienced slow demand in the 1st quarter of 2025 due to the Chinese New Year and regional pressures, but demonstrated resilience and delivered a positive result. Tin Intermediates started 2025 slowly in terms of volume and revenue compared to the final quarter of 2024 but showed year-on-year improvement as Q1/2025 progressed. Higher tin ingot prices, favorable foreign exchange rates and new business contributed to stronger sales revenue, improved margins and market share gains. Throughout Q1/2025, PVC's performance continued to be impacted by Korea's sluggish construction market as well as reduced demand and aggressive pricing competition. However, the business noted a slight improvement toward the end of the quarter resulting from good business recovery in Korea and emerging opportunities across various regions. For Thermoplastic Polyurethanes and Solution Polyurethanes (TPU/SPU), the 1st quarter of 2025 proved to be challenging, with weaker demand across industries due to the Asian holiday period, as well as economic depression in the domestic market and foreign exchange pressure.

## Outlook

Looking ahead, SONGWON anticipates market conditions to remain challenging, with intense pricing competition and persistent oversupply continuing throughout the year. While overall demand is still expected to align with earlier industry forecasts, ongoing economic uncertainty, changing global regulations and potential new trade tariffs may further disrupt market dynamics. Customers are also expected to continue facing difficulties in making accurate longer-term forecasts, resulting in volatile order patterns and adding to the overall unpredictability.

Despite these headwinds, SONGWON remains committed to reliably meeting customer needs and intends to continue adapting its operations to the evolving market. Going forward, by applying effective cost management and increasing operational efficiency to enhance competitiveness, SONGWON intends to remain focused on ensuring that the organization is well-positioned for long-term value creation and able to execute its strategic priorities to achieve sustainable growth.



# **SECTION 2:**

## **Interim Condensed Consolidated Financial Statements (unaudited)**

## Interim consolidated statements of financial position (unaudited)

		As of
		March 31, 2025
		December 31, 2024
	Notes	Million KRW
		Million KRW
<b>ASSETS</b>		
<b>Current assets</b>		<b>689,209</b>
Cash and cash equivalents	5, 28, 29	116,180
Trade and other receivables	6, 27, 28, 29	185,849
Other current financial assets	7, 19, 28, 29	11,677
Other current assets	8	16,199
Inventories	9	358,709
Income tax receivables	24	595
<b>Non-current assets</b>		<b>502,768</b>
Investments accounted for using the equity method	10, 27	9,443
Property, plant and equipment	4.2.2, 11, 21	429,456
Investment properties	4.2.2, 21	3,442
Intangible assets	4.2.2, 12	15,711
Right-of-use assets	4.2.2, 13	27,923
Other non-current financial assets	7, 27, 28, 29	8,596
Other non-current assets		914
Deferred tax assets	24	7,283
<b>Total assets</b>		<b>1,191,977</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total liabilities</b>		<b>437,555</b>
<b>Current liabilities</b>		<b>348,644</b>
Interest-bearing loans and borrowings	15, 20, 21, 28.3, 29	163,866
Trade and other payables	16, 27, 28.3, 29	138,495
Current lease liabilities	13, 28.3, 29	3,185
Other current financial liabilities	18, 19, 28.3, 29	11,285
Other current liabilities	17	6,220
Income tax payable	24	25,593
<b>Non-current liabilities</b>		<b>88,911</b>
Bonds, interest-bearing loans and borrowings	15, 21, 28.3, 29	1,500
Pension liability		6,045
Other long-term employee-related liabilities		16,519
Non-current lease liabilities	13, 28.3, 29	26,024
Other non-current financial liabilities	18, 28.3, 29	1,468
Other non-current liabilities		370
Deferred tax liabilities		36,985
<b>Equity</b>		<b>754,422</b>
<i>Non-controlling interests</i>		-
<i>Equity attributable to owners of the parent</i>		<i>754,422</i>
Issued capital		12,000
Capital surplus		20,482
Reserves	14.1	31,623
Retained earnings	14.1	663,928
Other components of equity	14.2	26,389
<b>Total equity and liabilities</b>		<b>1,191,977</b>

## Interim consolidated statements of financial position (unaudited)

	As of (refer to note 2.1)	
	March 31, 2025	December 31, 2024
	Thousand USD	Thousand USD
<b>ASSETS</b>		
<b>Current assets</b>	<b>469,969</b>	<b>446,126</b>
Cash and cash equivalents	79,223	77,382
Trade and other receivables	126,730	110,494
Other current financial assets	7,962	5,909
Other current assets	11,046	10,573
Inventories	244,602	241,040
Income tax receivables	406	728
<b>Non-current assets</b>	<b>342,835</b>	<b>358,642</b>
Investments accounted for using the equity method	6,439	6,275
Property, plant and equipment	292,844	293,692
Investment properties	2,347	2,347
Intangible assets	10,713	10,804
Right-of-use assets	19,041	24,223
Other non-current financial assets	5,862	8,260
Other non-current assets	623	7,797
Deferred tax assets	4,966	5,244
<b>Total assets</b>	<b>812,804</b>	<b>804,768</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total liabilities</b>	<b>298,367</b>	<b>289,179</b>
<b>Current liabilities</b>	<b>237,739</b>	<b>224,785</b>
Interest-bearing loans and borrowings	111,740	101,626
Trade and other payables	94,439	97,075
Current lease liabilities	2,172	2,669
Other current financial liabilities	7,695	2,257
Other current liabilities	4,241	4,763
Income tax payable	17,452	16,395
<b>Non-current liabilities</b>	<b>60,628</b>	<b>64,394</b>
Bonds, interest-bearing loans and borrowings	1,023	1,534
Pension liability	4,122	3,120
Other long-term employee-related liabilities	11,264	9,990
Non-current lease liabilities	17,746	21,815
Other non-current financial liabilities	1,001	1,003
Other non-current liabilities	252	254
Deferred tax liabilities	25,220	26,678
<b>Equity</b>	<b>514,437</b>	<b>515,589</b>
<i>Non-controlling interests</i>	-	-
<i>Equity attributable to owners of the parent</i>	<i>514,437</i>	<i>515,589</i>
Issued capital	8,183	8,183
Capital surplus	13,967	13,967
Reserves	21,564	21,073
Retained earnings	452,730	456,408
Other components of equity	17,993	15,958
<b>Total equity and liabilities</b>	<b>812,804</b>	<b>804,768</b>

## Interim consolidated statements of comprehensive income

(unaudited)

		For the three months ended March 31,	
		2025	2024
	Notes	Million KRW	Million KRW
Sales	4, 27	275,753	255,752
Cost of sales	27	-235,010	-216,618
<b>Gross profit</b>		<b>40,743</b>	<b>39,134</b>
Selling and administration costs	22, 27	-29,806	-27,004
<b>Operating profit</b>		<b>10,937</b>	<b>12,130</b>
Other income		929	831
Other expenses		-323	-1,332
Share of result from investments accounted for using the equity method	10	229	266
Finance income	23.1	8,726	19,092
Finance expenses	23.2	-11,120	-18,092
<b>Profit before tax</b>		<b>9,378</b>	<b>12,895</b>
Income tax expenses	24	-4,521	-6,233
<b>Profit for the period</b>		<b>4,857</b>	<b>6,662</b>
<b>Other comprehensive income, net of taxes</b>			
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		<i>2,985</i>	<i>5,159</i>
Exchange differences on translation of foreign operations	14	2,985	5,159
<i>Net other comprehensive income not to be reclassified to profit or loss</i>		<i>-2,330</i>	<i>467</i>
Gains on valuation of financial assets at FVOCI	14	1	-
Re-measurement losses on defined benefit plans	14	-2,331	467
<b>Total other comprehensive income, net of taxes</b>		<b>655</b>	<b>5,626</b>
<b>Total comprehensive income</b>		<b>5,512</b>	<b>12,288</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent	25	4,857	6,662
Non-controlling interests		-	-
<b>Profit for the period</b>		<b>4,857</b>	<b>6,662</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		5,512	12,288
Non-controlling interests		-	-
<b>Total comprehensive income</b>		<b>5,512</b>	<b>12,288</b>
<b>Earnings per share</b>		<b>KRW</b>	<b>KRW</b>
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	25	202	278

## Interim consolidated statements of comprehensive income

(unaudited)

	For the three months ended March 31, (refer to note 2.1)	
	2025	2024
	Thousand USD	Thousand USD
Sales	188,036	174,397
Cost of sales	-160,253	-147,711
<b>Gross profit</b>	<b>27,783</b>	<b>26,686</b>
Selling and administration costs	-20,325	-18,413
<b>Operating profit</b>	<b>7,458</b>	<b>8,273</b>
Other income	633	567
Other expenses	-220	-908
Share of result from investments accounted for using the equity method	156	181
Finance income	5,951	13,019
Finance expenses	-7,583	-12,338
<b>Profit before tax</b>	<b>6,395</b>	<b>8,794</b>
Income tax expenses	-3,083	-4,251
<b>Profit for the period</b>	<b>3,312</b>	<b>4,543</b>
<b>Other comprehensive income, net of taxes</b>		
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	<i>2,035</i>	<i>3,518</i>
Exchange differences on translation of foreign operations	2,035	3,518
<i>Net other comprehensive income not to be reclassified to profit or loss</i>	<i>-1,589</i>	<i>318</i>
Gains on valuation of financial assets at FVOCI	-	-
Re-measurement losses on defined benefit plans	-1,589	318
<b>Total other comprehensive income, net of taxes</b>	<b>446</b>	<b>3,836</b>
<b>Total comprehensive income</b>	<b>3,758</b>	<b>8,379</b>
<b>Profit for the period attributable to:</b>		
Owners of the parent	3,312	4,543
Non-controlling interests	-	-
<b>Profit for the period</b>	<b>3,312</b>	<b>4,543</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	3,758	8,379
Non-controlling interests	-	-
<b>Total comprehensive income</b>	<b>3,758</b>	<b>8,379</b>
<b>Earnings per share</b>	<b>USD</b>	<b>USD</b>
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	0.14	0.19

## Interim consolidated statements of changes in equity (unaudited)

For the three months ended March 31, 2024 and 2025

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Issued capital	Capital surplus	Reserves	Retained earnings	Other components of equity		Total		
					Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve			
	Million KRW	Million KRW	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	-	705,592
Profit for the period	-	-	-	6,662	-	-	6,662	-	6,662
Other comprehensive income	-	-	-	467	-	5,159	5,626	-	5,626
Total comprehensive income	-	-	-	7,129	-	5,159	12,288	-	12,288
Dividends	-	-	-	-6,000	-	-	-6,000	-	-6,000
Appropriation to reserves	-	-	600	-600	-	-	-	-	-
As of March 31, 2024	12,000	20,482	30,903	638,746	-701	10,450	711,880	-	711,880
As of January 1, 2025	12,000	20,482	30,903	669,322	-701	24,104	756,110	-	756,110
Profit for the period	-	-	-	4,857	-	-	4,857	-	4,857
Other comprehensive income	-	-	-	-2,331	1	2,985	655	-	655
Total comprehensive income	-	-	-	2,526	1	2,985	5,512	-	5,512
Dividends	-	-	-	-7,200	-	-	-7,200	-	-7,200
Appropriation to reserves	-	-	720	-720	-	-	-	-	-
As of March 31, 2025	12,000	20,482	31,623	663,928	-700	27,089	754,422	-	754,422

## Interim consolidated statements of changes in equity (unaudited)

For the three months ended March 31, 2024 and 2025 (refer to note 2.1)

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Issued capital	Capital surplus	Reserves	Retained earnings	Other components of equity		Total		
	TUSD	TUSD	TUSD	TUSD	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	TUSD	TUSD	TUSD
<b>As of January 1, 2024</b>	<b>8,183</b>	<b>13,967</b>	<b>20,663</b>	<b>435,197</b>	<b>-478</b>	<b>3,608</b>	<b>481,140</b>	-	<b>481,140</b>
Profit for the period	-	-	-	4,543	-	-	4,543	-	4,543
Other comprehensive income	-	-	-	318	-	3,518	3,836	-	3,836
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,861</b>	<b>-</b>	<b>3,518</b>	<b>8,379</b>	<b>-</b>	<b>8,379</b>
Dividends	-	-	-	-4,091	-	-	-4,091	-	-4,091
Appropriation to reserves	-	-	409	-409	-	-	-	-	-
<b>As of March 31, 2024</b>	<b>8,183</b>	<b>13,967</b>	<b>21,072</b>	<b>435,558</b>	<b>-478</b>	<b>7,126</b>	<b>485,428</b>	<b>-</b>	<b>485,428</b>
<b>As of January 1, 2025</b>	<b>8,183</b>	<b>13,967</b>	<b>21,073</b>	<b>456,408</b>	<b>-478</b>	<b>16,436</b>	<b>515,589</b>	<b>-</b>	<b>515,589</b>
Profit for the period	-	-	-	3,312	-	-	3,312	-	3,312
Other comprehensive income	-	-	-	-1,589	-	2,035	446	-	446
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,723</b>	<b>-</b>	<b>2,035</b>	<b>3,758</b>	<b>-</b>	<b>3,758</b>
Dividends	-	-	-	-4,910	-	-	-4,910	-	-4,910
Appropriation to reserves	-	-	491	-491	-	-	-	-	-
<b>As of March 31, 2025</b>	<b>8,183</b>	<b>13,967</b>	<b>21,564</b>	<b>452,730</b>	<b>-478</b>	<b>18,471</b>	<b>514,437</b>	<b>-</b>	<b>514,437</b>

## Interim consolidated statements of cash flows (unaudited)

		For the three months ended March 31,	
		2025	2024
	Notes	Million KRW	Million KRW
<b>Profit for the period</b>		<b>4,857</b>	<b>6,662</b>
<b>Total adjustments</b>	<b>26</b>	<b>29,890</b>	<b>20,867</b>
<b>Changes in operating assets and liabilities</b>	<b>26</b>	<b>-24,811</b>	<b>-6,557</b>
Interest received		438	797
Payments of income tax		-3,617	-124
<b>Net cash flows provided by operating activities</b>		<b>6,757</b>	<b>21,645</b>
Proceeds from sale of property, plant and equipment	11	2	-
Purchases of property, plant and equipment	11	-11,828	-5,552
Purchases of intangible assets	12	-269	-1,560
(Purchases) / proceeds from sale of other financial assets, net	7	684	-1,821
<b>Net cash flows used in investing activities</b>		<b>-11,411</b>	<b>-8,933</b>
Proceeds from borrowings	15	64,759	44,846
Repayments of borrowings	15	-52,081	-56,144
Payment of lease liabilities	13	-1,308	-854
Proceeds from / (repayments of) other financial liabilities, net	18	-7	117
Interest paid		-1,672	-1,291
<b>Net cash flows used in financing activities</b>		<b>9,691</b>	<b>-13,326</b>
(Decrease) / increase in cash and cash equivalents		5,037	-614
Net foreign exchange differences		-2,338	-2,528
Cash and cash equivalents as of January 1	5	113,481	98,584
<b>Cash and cash equivalents as of March 31</b>	<b>5</b>	<b>116,180</b>	<b>95,442</b>



## Interim consolidated statements of cash flows (unaudited)

	For the three months ended March 31, (refer to note 2.1)	
	2025	2024
	Thousand USD	Thousand USD
<b>Profit for the period</b>	<b>3,312</b>	<b>4,543</b>
<b>Total adjustments</b>	<b>20,382</b>	<b>14,229</b>
<b>Changes in operating assets and liabilities</b>	<b>-16,919</b>	<b>-4,471</b>
Interest received	299	543
Payments of income tax	-2,466	-85
<b>Net cash flows provided by operating activities</b>	<b>4,608</b>	<b>14,759</b>
Proceeds from sale of property, plant and equipment	1	-
Purchases of property, plant and equipment	-8,065	-3,786
Purchases of intangible assets	-183	-1,064
(Purchases) / proceeds from sale of other financial assets, net	466	-1,242
<b>Net cash flows used in investing activities</b>	<b>-7,781</b>	<b>-6,092</b>
Proceeds from borrowings	44,159	30,580
Repayments of borrowings	-35,514	-38,284
Payment of lease liabilities	-892	-582
Proceeds from / (repayments of) other financial liabilities, net	-5	80
Interest paid	-1,140	-880
<b>Net cash flows used in financing activities</b>	<b>6,618</b>	<b>-9,086</b>
(Decrease) / increase in cash and cash equivalents	3,446	-419
Net foreign exchange differences	-1,595	-1,723
Cash and cash equivalents as of January 1	77,382	67,224
<b>Cash and cash equivalents as of March 31</b>	<b>79,223</b>	<b>65,082</b>

## Notes to the interim condensed consolidated financial statements

### 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 and Suwon and in India in Ankleshwar. The address of the registered office (Songwon Industrial Co., Ltd.) can be found at the end of the annual report.

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

#### Scope of consolidation

As of March 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.

During the three months ended March 31, 2025 and the year ended December 31, 2024, no changes in the legal structure of the Group and scope of consolidation took place.

The consolidated financial statements include the financial statements of the Company and of the subsidiaries listed in the following table. The table also includes the joint venture which is accounted for using the equity method.

		March 31, 2025		December 31, 2024	
Name	Location	Status	Interest	Status	Interest
Consolidated entities					
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 Group Holding AG	Switzerland	Subsidiary	100%	Subsidiary	100%
Songwon Management AG	Switzerland	Subsidiary	100%	Subsidiary	100%
Songwon ATG GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon Europe GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon Chemicals GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon Trading GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon International-Qingdao Co., Ltd.	China	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%

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## 2. Basis of preparation

The interim condensed consolidated financial statements for the three months ended March 31, 2025 have been prepared in accordance with KIFRS 1034 – *Interim Financial Reporting* enacted by the *Act on External Audit of Stock Companies*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2024.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain items such as financial instruments. The financial statements are presented in Korean Won (KRW) and all values are rounded to the nearest million (000,000), except when otherwise indicated.

The Group maintains its official accounting records in Korean Won. The accompanying interim condensed consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in the interpretation of the financial statements or the independent auditor's review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

### 2.1. Translation into United States Dollar for Convenience Purposes

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 1,466.50 to USD 1, the exchange rate in effect on March 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.

### 3. Material accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2024, except for the following:

Amendments to KIFRS 1021 – Lack of exchangeability: these amendments require entities to apply a consistent approach in assessing currency exchangeability and determining exchange rates.

These amendments do not have a material impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 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 its 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 were followed in the most recent annual financial statement are used.

Description	For the three months ended					
	March 31,		March 31,		March 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	208,133	192,785	67,620	62,967	275,753	255,752
Operating profit	11,397	11,853	-460	277	10,937	12,130

## 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. Therefore, no other country's revenues are disclosed separately.

	For the three months ended	
	March 31, 2025	March 31, 2024
	Million KRW	Million KRW
Korea	42,957	48,290
Rest of Asia	82,146	71,956
Europe	68,395	60,411
North and South America	67,841	59,789
Australia	1,073	1,009
Middle East and Africa	13,341	14,297
<b>Total sales</b>	<b>275,753</b>	<b>255,752</b>

During the reporting period as of March 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 a total amount of revenues of 42,810 Million KRW. As of March 31, 2024, no customer accounted for more than 10% of the Group's total sales.

### 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.

	As of	
	March 31, 2025	December 31, 2024
	Million KRW	Million KRW
Korea	396,490	401,686
Rest of Asia	24,128	24,374
Europe	7,208	7,161
North and South America	28,650	31,885
Middle East and Africa	20,056	20,402
<b>Total</b>	<b>476,532</b>	<b>485,508</b>

## 5. Cash and cash equivalents

Description	March 31, 2025	December 31, 2024
	Million KRW	Million KRW
Cash on hand	52	76
Bank accounts	75,042	69,349
Time deposits (< 3 months)	41,086	44,056
<b>Total</b>	<b>116,180</b>	<b>113,481</b>

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 March 31, 2025, time deposits included restricted cash of 159 Million KRW (December 31, 2024: 143 Million KRW).

## 6. Trade and other receivables

Description	March 31, 2025	December 31, 2024
	Million KRW	Million KRW
Trade and notes receivables	181,331	158,663
Allowances for trade and notes receivables	-1,308	-1,201
Trade and notes receivables (related parties) (note 27)	74	-
Other accounts receivables	5,613	4,445
Allowances for other accounts receivables	-11	-7
Accrued income	150	140
<b>Total</b>	<b>185,849</b>	<b>162,040</b>

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

The ageing 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
<b>March 31, 2025</b>	<b>187,168</b>	170,912	15,445	21	202	588
<b>December 31, 2024</b>	<b>163,248</b>	155,802	6,858	-	-	588

Refer to note 28.2 on credit risk of trade receivables, which describes how the Group manages and measures credit quality of trade receivables that are neither past due, nor impaired.

## 7. Other financial assets

Description	March 31, 2025		December 31, 2024	
	Current	Non-Current	Current	Non-Current
	Million KRW		Million KRW	
Financial instruments at amortized cost (bank deposit)	2,184	423	2,705	684
Financial instruments at FVtPL	6,128	6,645	2,541	9,953
Derivative assets at FVtPL (note 19)	2,570	-	2,606	-
Guarantee and other deposits at amortized cost	795	1,495	813	1,443
Guarantee and other deposits at amortized cost (related parties) (note 27)	-	33	-	33
<b>Total</b>	<b>11,677</b>	<b>8,596</b>	<b>8,665</b>	<b>12,113</b>

As of March 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 1,340 Million KRW (December 31, 2024: 1,601 Million KRW).

## 8. Other current assets

Description	March 31, 2025	December 31, 2024
	Million KRW	Million KRW
Advance payments	1,096	1,085
Prepaid expenses	6,102	5,573
VAT receivable	9,001	8,848
<b>Total</b>	<b>16,199</b>	<b>15,506</b>

## 9. Inventories

Description	March 31, 2025			December 31, 2024		
	Acquisition	Allowance	Net Value	Acquisition	Allowance	Net Value
	Million KRW			Million KRW		
Raw materials and supplies	60,946	-472	60,474	63,503	-742	62,761
Work in progress	916	-39	877	1,184	-34	1,150
Finished and semi-finished goods	206,106	-6,292	199,814	217,704	-7,316	210,388
Goods in transit	92,329	-	92,329	76,711	-	76,711
Consignment stocks	5,215	-	5,215	2,475	-	2,475
<b>Total inventories at the lower of cost and net realizable value</b>	<b>365,512</b>	<b>-6,803</b>	<b>358,709</b>	<b>361,577</b>	<b>-8,092</b>	<b>353,485</b>

As of March 31, 2025, allowance for valuation of inventory amounted to 6,803 Million KRW for raw materials, finished and semi-finished goods (December 31, 2024: 8,092 Million KRW). During the three months ended March 31, 2025, the Group recognized loss on valuation of inventory of 1,316 Million KRW (for the three months ended March 31, 2024: 7,151 Million KRW) and reversed the loss on valuation of inventory recognized in prior periods of 2,605 Million KRW (for the three months ended March 31, 2024: 6,885 Million KRW).

For the three months ended March 31, 2025, the Group recognized impairment losses of 775 Million KRW within inventories (for the three months ended March 31, 2024: 245 Million KRW).



## 10. Investment accounted for using the equity method

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	Non-current financial liabilities	Total non-current liabilities	Equity	Carrying amount
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KaRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	1,951	13,354	20,966	2,856	3,601	-	45	30,674	9,202
<b>December 31, 2024</b>	<b>1,951</b>	<b>13,354</b>	<b>20,966</b>	<b>2,856</b>	<b>3,601</b>	<b>-</b>	<b>45</b>	<b>30,674</b>	<b>9,202</b>
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	1,972	13,865	21,370	3,437	3,712	-	46	31,477	9,443
<b>March 31, 2025</b>	<b>1,972</b>	<b>13,865</b>	<b>21,370</b>	<b>3,437</b>	<b>3,712</b>	<b>-</b>	<b>46</b>	<b>31,477</b>	<b>9,443</b>

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
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	8,622	-45	29	-1	1,183	-296	887	187	1,074
<b>For the three months ended March 31, 2024</b>	<b>8,622</b>	<b>-45</b>	<b>29</b>	<b>-1</b>	<b>1,183</b>	<b>-296</b>	<b>887</b>	<b>187</b>	<b>1,074</b>
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	11,544	-56	-	-6	1,018	-255	763	40	803
<b>For the three months ended March 31, 2025</b>	<b>11,544</b>	<b>-56</b>	<b>-</b>	<b>-6</b>	<b>1,018</b>	<b>-255</b>	<b>763</b>	<b>40</b>	<b>803</b>

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

	As of January 1, 2024	Dividends	Share of result from equity method revaluation	Exchange rate effects	As of March 31, 2024
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	8,131	-549	266	56	7,904
<b>Total</b>	<b>8,131</b>	<b>-549</b>	<b>266</b>	<b>56</b>	<b>7,904</b>

  

	As of January 1, 2025	Dividends	Share of result from equity method revaluation	Exchange rate effects	As of March 31, 2025
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	9,202	-	229	12	9,443
<b>Total</b>	<b>9,202</b>	<b>-</b>	<b>229</b>	<b>12</b>	<b>9,443</b>

## 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
<b>Acquisition cost</b>							
<b>As of January 1, 2024</b>	<b>149,656</b>	<b>102,965</b>	<b>79,202</b>	<b>523,539</b>	<b>19,691</b>	<b>7,615</b>	<b>882,668</b>
Additions	-	-	167	338	44	5,975	6,524
Disposals	-	-	-167	-3,264	-42	-	-3,473
Reclassifications	-	-	-	3,903	864	-4,816	-49
Net exchange differences	-	1,002	-	1,487	192	15	2,696
<b>As of March 31, 2024</b>	<b>149,656</b>	<b>103,967</b>	<b>79,202</b>	<b>526,003</b>	<b>20,749</b>	<b>8,789</b>	<b>888,366</b>
<b>As of January 1, 2025</b>	<b>149,656</b>	<b>106,737</b>	<b>84,684</b>	<b>539,917</b>	<b>21,061</b>	<b>7,797</b>	<b>909,852</b>
Additions	-	146	89	464	104	6,762	7,565
Disposals	-	-	-165	-1,046	-22	-	-1,233
Reclassifications	-	47	166	4,440	32	-4,685	-
Net exchange differences	-	-64	-	200	44	58	238
<b>As of March 31, 2025</b>	<b>149,656</b>	<b>106,866</b>	<b>84,774</b>	<b>543,975</b>	<b>21,219</b>	<b>9,932</b>	<b>916,422</b>
<b>Accumulated depreciation and impairment</b>							
<b>As of January 1, 2024</b>	<b>-</b>	<b>-36,956</b>	<b>-50,437</b>	<b>-344,529</b>	<b>-15,425</b>	<b>-</b>	<b>-447,347</b>
Depreciation charge	-	-891	-1,040	-6,149	-373	-	-8,453
Disposals	-	-	117	2,300	42	-	2,459
Net exchange differences	-	-249	-	-688	-118	-	-1,055
<b>As of March 31, 2024</b>	<b>-</b>	<b>-38,096</b>	<b>-51,360</b>	<b>-349,066</b>	<b>-15,874</b>	<b>-</b>	<b>-454,396</b>
<b>As of January 1, 2025</b>	<b>-</b>	<b>-41,329</b>	<b>-54,367</b>	<b>-367,009</b>	<b>-16,448</b>	<b>-</b>	<b>-479,153</b>
Depreciation charge	-	-882	-1,118	-6,433	-297	-	-8,730
Disposals	-	-	129	1,007	21	-	1,157
Net exchange differences	-	12	-	-210	-42	-	-240
<b>As of March 31, 2025</b>	<b>-</b>	<b>-42,199</b>	<b>-55,356</b>	<b>-372,645</b>	<b>-16,766</b>	<b>-</b>	<b>-486,966</b>
<b>Net book value</b>							
<b>As of March 31, 2025</b>	<b>149,656</b>	<b>64,667</b>	<b>29,418</b>	<b>171,330</b>	<b>4,453</b>	<b>9,932</b>	<b>429,456</b>
<b>As of January 1, 2025</b>	<b>149,656</b>	<b>65,408</b>	<b>30,317</b>	<b>172,908</b>	<b>4,613</b>	<b>7,797</b>	<b>430,699</b>
<b>As of March 31, 2024</b>	<b>149,656</b>	<b>65,871</b>	<b>27,842</b>	<b>176,937</b>	<b>4,875</b>	<b>8,789</b>	<b>433,970</b>

During the three months ended March 31, 2025, non-cash transactions decreased by 4,262 Million KRW (for the three months ended March 31, 2024: increased by 972 Million KRW). Accounts payables relating to non-cash transactions amounted to 4,129 Million KRW as of March 31, 2025 (December 31, 2024: 8,391 Million KRW).

No impairment was recognized on property, plant and equipment for the three months ended March 31, 2025 (for the three months ended March 31, 2024: none).

During the three months ended March 31, 2025, no borrowing cost was capitalized in the property, plant and equipment (for the three months ended March 31, 2024: none).

## 12. Intangible assets

	Industrial rights	Software	Memberships	Goodwill	Construction in progress	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
<b>Acquisition cost</b>						
<b>As of January 1, 2024</b>	<b>8,050</b>	<b>3,861</b>	<b>831</b>	<b>46,902</b>	<b>6,722</b>	<b>66,366</b>
Additions	-	1,522	-	-	38	1,560
Disposals	-	-17	-	-	-	-17
Reclassifications	11	6,387	-	-	-6,398	-
Net exchange differences	-	21	-	1,727	-	1,748
<b>As of March 31, 2024</b>	<b>8,061</b>	<b>11,774</b>	<b>831</b>	<b>48,629</b>	<b>362</b>	<b>69,657</b>
<b>As of January 1, 2025</b>	<b>8,581</b>	<b>11,949</b>	<b>831</b>	<b>52,363</b>	<b>509</b>	<b>74,233</b>
Additions	-	-	-	-	269	269
Reclassifications	35	-	-	-	-35	-
Net exchange differences	-	11	-	117	-	128
<b>As of March 31, 2025</b>	<b>8,616</b>	<b>11,960</b>	<b>831</b>	<b>52,480</b>	<b>743</b>	<b>74,630</b>
<b>Accumulated amortization and impairment</b>						
<b>As of January 1, 2024</b>	<b>-4,692</b>	<b>-3,179</b>	<b>-</b>	<b>-43,706</b>	<b>-</b>	<b>-51,577</b>
Amortization charge	-158	-229	-	-	-	-387
Disposals	-	17	-	-	-	17
Net exchange differences	-	-22	-	-1,607	-	-1,629
<b>As of March 31, 2024</b>	<b>-4,850</b>	<b>-3,413</b>	<b>-</b>	<b>-45,313</b>	<b>-</b>	<b>-53,576</b>
<b>As of January 1, 2025</b>	<b>-5,334</b>	<b>-4,222</b>	<b>-</b>	<b>-48,833</b>	<b>-</b>	<b>-58,389</b>
Amortization charge	-151	-241	-	-	-	-392
Net exchange differences	-	-11	-	-127	-	-138
<b>As of March 31, 2025</b>	<b>-5,485</b>	<b>-4,474</b>	<b>-</b>	<b>-48,960</b>	<b>-</b>	<b>-58,919</b>
<b>Net book value</b>						
<b>As of March 31, 2025</b>	<b>3,131</b>	<b>7,486</b>	<b>831</b>	<b>3,520</b>	<b>743</b>	<b>15,711</b>
<b>As of January 1, 2025</b>	<b>3,247</b>	<b>7,727</b>	<b>831</b>	<b>3,530</b>	<b>509</b>	<b>15,844</b>
<b>As of March 31, 2024</b>	<b>3,211</b>	<b>8,361</b>	<b>831</b>	<b>3,316</b>	<b>362</b>	<b>16,081</b>

Intangible assets with a definite useful life are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. No impairment was recognized on intangible assets for the three months ended March 31, 2025 (for the three months ended March 31, 2024: none). Intangible assets with indefinite useful lives are tested for impairment on an annual basis as of December 31. No triggering events occurred during the three months ended March 31, 2025 and 2024.

### 13. 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 - buildings	Right-of-use assets - structures	Right-of-use assets - machinery	Right-of-use assets - other	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
<b>Acquisition cost</b>					
<b>As of January 1, 2024</b>	<b>24,634</b>	<b>673</b>	<b>1,501</b>	<b>1,688</b>	<b>28,496</b>
Additions	91	-	-	-	91
Disposals	-179	-	-	-	-179
Modification of contract	232	-	-	-	232
Net exchange differences	638	1	61	25	725
<b>As of March 31, 2024</b>	<b>25,416</b>	<b>674</b>	<b>1,562</b>	<b>1,713</b>	<b>29,365</b>
<b>As of January 1, 2025</b>	<b>44,003</b>	<b>676</b>	<b>1,677</b>	<b>2,997</b>	<b>49,353</b>
Additions	10	-	-	66	76
Disposals	-34	-	-	-	-34
Modification of contract	-11,097	-	-	-	-11,097
Net exchange differences	42	-1	-5	37	73
<b>As of March 31, 2025</b>	<b>32,924</b>	<b>675</b>	<b>1,672</b>	<b>3,100</b>	<b>38,371</b>
<b>Accumulated depreciation and impairment</b>					
<b>As of January 1, 2024</b>	<b>-8,178</b>	<b>-183</b>	<b>-676</b>	<b>-1,080</b>	<b>-10,117</b>
Depreciation charge	-447	-164	-40	-78	-729
Disposals	179	-	-	-	179
Net exchange differences	-191	-1	-28	-19	-239
<b>As of March 31, 2024</b>	<b>-8,637</b>	<b>-348</b>	<b>-744</b>	<b>-1,177</b>	<b>-10,906</b>
<b>As of January 1, 2025</b>	<b>-11,187</b>	<b>-189</b>	<b>-930</b>	<b>-1,524</b>	<b>-13,830</b>
Depreciation charge	-883	-164	-42	-117	-1,206
Disposals	33	-	-	-	33
Modification of contract	4,629	-	-	-	4,629
Net exchange differences	-48	1	2	-29	-74
<b>As of March 31, 2025</b>	<b>-7,456</b>	<b>-352</b>	<b>-970</b>	<b>-1,670</b>	<b>-10,448</b>
<b>Net book value</b>					
<b>As of March 31, 2025</b>	<b>25,468</b>	<b>323</b>	<b>702</b>	<b>1,430</b>	<b>27,923</b>
<b>As of January 1, 2025</b>	<b>32,816</b>	<b>487</b>	<b>747</b>	<b>1,473</b>	<b>35,523</b>
<b>As of March 31, 2024</b>	<b>16,779</b>	<b>326</b>	<b>818</b>	<b>536</b>	<b>18,459</b>

The Group recognized rent expenses from short-term leases of 55 Million KRW (March 31, 2024: 41 Million KRW), leases of low-value assets of 21 Million KRW (March 31, 2024: 19 Million KRW) and variable lease payments of 12 Million KRW (March 31, 2024: 12 Million KRW) in the interim condensed consolidated statements of comprehensive income for the three months ended March 31, 2025.

No impairment was recognized on right-of-use assets for the three months ended March 31, 2025 (for the three months ended March 31, 2024: none).

During the three months ended March 31, 2025, the Group has reassessed the lease term of a building. The related right-of-use asset (net of accumulated depreciation) and lease liability have been reduced by 6,468 Million KRW each.

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

	2025	2024
Description	Million KRW	Million KRW
<b>As of January 1</b>	<b>35,905</b>	<b>18,444</b>
Additions	76	91
Modifications	-6,468	232
Net exchange differences	709	475
Accretion of interest	295	183
Payments	-1,308	-854
<b>As of March 31</b>	<b>29,209</b>	<b>18,571</b>

## 14. Equity

### 14.1. Reserves and dividends paid

At the regular general meeting of shareholders held on March 21, 2025, dividends with the total amount of 7,200 Million KRW were approved by the shareholders. Legal reserves increased by 720 Million KRW due to the appropriation to the reserve approved by the shareholders on March 21, 2025.

### 14.2. Accumulated other comprehensive income

Accumulated other comprehensive income, net of tax as of March 31, 2025 and December 31, 2024 is composed of the following:

	March 31, 2025	December 31, 2024
Description	Million KRW	Million KRW
Re-measurement of defined benefit plans	-20,463	-18,132
<b>OCI recognized within retained earnings</b>	<b>-20,463</b>	<b>-18,132</b>
Fair value reserve of financial assets at FVOCI	-700	-701
Foreign currency translation reserve	27,089	24,104
<b>OCI recognized within other components of equity</b>	<b>26,389</b>	<b>23,403</b>

## 15. Bonds, interest-bearing loans and borrowings

Bonds, interest-bearing loans and borrowings as of March 31, 2025 and December 31, 2024 are as follows:

Description	March 31, 2025	December 31, 2024
	Million KRW	Million KRW
Long-term borrowings	1,500	2,250
<b>Non-current interest-bearing loans and borrowings</b>	<b>1,500</b>	<b>2,250</b>
Current portion of long-term borrowings	3,000	3,000
Short-term borrowings	160,866	146,034
<b>Current interest-bearing loans and borrowings</b>	<b>163,866</b>	<b>149,034</b>
<b>Total</b>	<b>165,366</b>	<b>151,284</b>

## 16. Trade and other payables

Description	March 31, 2025	December 31, 2024
	Million KRW	Million KRW
Trade payables	112,907	108,976
Trade payables (related parties) (note 27)	2,826	2,601
Other accounts payables	4,028	2,160
Other accounts payables (related parties) (note 27)	7	7
Withholdings	1,467	2,058
Accrued expenses	17,229	26,544
Guarantee deposits	31	18
<b>Total</b>	<b>138,495</b>	<b>142,364</b>

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

## 17. Emission rights and emission liabilities

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

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

Changes in emission allowances during each planned period are as follows (Units: KAU and Million KRW):

	2023		2024		2025	
	Quantity	Book value	Quantity	Book value	Quantity	Book value
<b>Beginning</b>	3,063	27	9,844	-	-	-
Allocation	138,875	-	137,574	-	137,574	-
Disposal	-3,282	-27	-*	-	-	-
Delivery to government	-128,812	-	-*	-	-	-
Carryforward	-9,844	-	-*	-	-	-
<b>Ending</b>	-	-	<b>147,418*</b>	-	137,574	-

\* The results of the government certification of emissions for the financial year ended December 31, 2024 will be published in June 2025. Information regarding the number of emission certificates surrendered to the authorities and carried forward into the 2025 financial year will be disclosed in the Group's consolidated interim financial statements for the three- and six-month periods ending June 30, 2025.

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

Changes in emission liabilities during the current and prior reporting periods are as follows (in Million KRW):

	2025	2024
As of January 1	-	-
Increase	-	54
Decrease	-	-
As of March 31	-	<b>54</b>

Estimated greenhouse gas emissions in 2025 are 136,191 KAU.

Allocated greenhouse gas emissions free of charge in 2025 are 137,574 KAU.

## 18. Other financial liabilities

Other financial liabilities as of March 31, 2025 and December 31, 2024 are as follows:

Description	March 31, 2025		December 31, 2024	
	Current	Non-Current	Current	Non-Current
	Million KRW		Million KRW	
Derivative liabilities (note 19)	2,376	-	1,515	-
Deposits	1,467	1,468	1,471	1,471
Accrued interest expenses	242	-	324	-
Unpaid dividends	7,200	-	-	-
<b>Total</b>	<b>11,285</b>	<b>1,468</b>	<b>3,310</b>	<b>1,471</b>

## 19. Derivative financial instruments

Description	March 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
	Million KRW		Million KRW	
Forward exchange contracts (current portion)	3	2,376	-	1,515
Currency rate swaps (current portion)	2,567	-	2,606	-
<b>Total</b>	<b>2,570</b>	<b>2,376</b>	<b>2,606</b>	<b>1,515</b>

### 19.1. 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 March 31, 2025 and December 31, 2024 are as follows:

#### As of March 31, 2025

Contractual party	Position	Contract amount	Maturity dates	Contractual exchange rate (KRW)
Busan Bank	Sell	EUR 12,820,000	30.04.2025 – 31.03.2026	1,499.00 ~ 1,631.00
Citibank Korea	Sell	EUR 26,180,000	08.04.2025 – 24.03.2026	1,491.20 ~ 1,630.50
Citibank Korea	Sell	JPY 1,391,600,000	30.04.2025 – 24.03.2026	10.1010 ~ 10.3800
Woori Bank	Sell	EUR 15,840,000	30.04.2025 – 27.02.2026	1,491.20 ~ 1,551.10
Woori Bank	Sell	JPY 1,306,900,000	30.04.2025 – 31.03.2026	10.0910 ~ 10.3820

#### As of December 31, 2024

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



## 19.2. Currency swaps

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

### As of March 31, 2025

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

### As of December 31, 2024

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

## 20. Contingencies and commitments

### 20.1. Contingent liability

There are no current proceedings of lawsuits, claims, investigations and negotiations in relation to the product liability, mercantile law, environmental protection, health and safety etc., which could have a significant impact on the business operations and on the Group's consolidated financial position or income. Contingent liabilities in the Group are related to tax appeals of 670 Million KRW (December 2024: 664 Million KRW). As of March 31, 2025 and 31 December 2024, there were no customer complaints concerning the quality of a SONGWON product.

### 20.2. Other lease commitments

The Group has entered into short-term and low-value leases on certain buildings, vehicles, furniture and fixture. The lease periods for low-value leases are below 5 years. There are no restrictions placed upon the Group by entering into these leases. Future minimum short-term and low-value lease payments as of March 31, 2025 and December 31, 2024 are as follows:

Description	March 31, 2025	December 31, 2024
	Million KRW	Million KRW
<b>Short-term lease commitments</b>		
Within one year	-2	-2
<i>Total short-term lease commitments</i>	-2	-2
<b>Low-value lease commitments</b>		
Within one year	-45	-53
After one year but not more than five years	-10	-12
<i>Total low-value lease commitments</i>	-55	-65
<b>Total</b>	<b>-57</b>	<b>-67</b>

## 20.3. 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 March 31, 2025, the Group entered into commitments to purchase property, plant and equipment, as well as raw materials amounting to 5,137 Million KRW (December 31, 2024: 6,332 Million KRW).

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

Description	Currency	Credit limit	Used	Unused
USANCE and L/C for import	Thousand USD	15,700	5,425	10,275
D/A and D/P	Million KRW	12,000	10,988	1,012
	Thousand USD	99,500	32,423	67,077
Trade loans	Million KRW	11,000	-	11,000
Secured loan of credit sales	Million KRW	9,000	775	8,225
Other foreign currency guarantees	Thousand USD	8,750	1,755	6,995
	<b>Total Million KRW</b>	<b>32,000</b>	<b>11,763</b>	<b>20,237</b>
	<b>Total Thousand USD</b>	<b>123,950</b>	<b>39,603</b>	<b>84,347</b>

## 21. 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 March 31, 2025 and December 31, 2024, presented in the maximum pledge amount, are as follows:

			March 31, 2025	December 31, 2024
Pledged to	Pledged assets			
<i>Property, plant and equipment</i>				
<i>(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</i>				
<i>(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
		<b>Million KRW</b>	<b>345,000</b>	<b>345,000</b>
<b>Total</b>		<b>Thousand USD</b>	<b>24,000</b>	<b>24,000</b>

No other items of property, plant and equipment and investment property are pledged as collateral for interest-bearing loans and borrowings as of March 31, 2025 and December 31, 2024.

### Payment guarantee to Seoul Guarantee Insurance Company

As of March 31, 2025, the Group held a deposit guarantee of KRW 62 million in relation to the potential repayment of government subsidies received under the greenhouse gas energy reduction project for companies participating in the emissions trading system, covering the period from May 2024 to the end of March 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 the end of March 2025 and KRW 500 million for the period from November 2023 to the beginning of March 2025.

## 22. Selling and administration expenses

Description	For the three months ended March 31,	
	2025	2024
	Million KRW	Million KRW
Sales-related costs	-7,131	-7,721
Personnel expenses	-15,003	-12,393
Travelling and entertainment	-1,552	-1,558
Depreciation and amortization	-771	-775
Administration expenses	-2,985	-2,998
IT expenses	-1,658	-1,104
Others	-706	-455
<b>Total</b>	<b>-29,806</b>	<b>-27,004</b>

## 23. Finance income / expenses

### 23.1. Finance income

Description	For the three months ended March 31,	
	2025	2024
	Million KRW	Million KRW
Interest on loans and receivables	549	486
Gains on foreign exchange transactions	1,543	5,035
Gains on foreign exchange translations	5,818	12,044
Gains on derivative transactions	715	126
Gains on valuation of derivatives	3	1,282
Gains on valuation of financial assets at FVtPL	98	119
<b>Total finance income</b>	<b>8,726</b>	<b>19,092</b>

## 23.2. Finance expenses

Description	For the three months ended March 31,	
	2025	2024
	Million KRW	Million KRW
Interest on borrowings	-2,135	-1,744
Losses on foreign exchange transactions	-1,198	-3,742
Losses on foreign exchange translations	-4,983	-11,939
Losses on derivative transactions	-311	-146
Losses on valuation of derivatives	-1,960	-448
Losses on lease modification	-446	-
Bank charges	-87	-73
<b>Total finance expenses</b>	<b>-11,120</b>	<b>-18,092</b>

## 24. Income tax expenses

The major components of income tax expense in the interim condensed consolidated income statement are as follows:

Income taxes	For the three months ended March 31,	
	2025	2024
	Million KRW	Million KRW
Current income tax charges	-5,969	-5,947
Adjustments in respect of current income tax of previous year	371	-133
Deferred taxes related to origination and reversal of deferred taxes	1,741	-290
Income tax recognized in other comprehensive income	-664	137
<b>Income tax expenses</b>	<b>-4,521</b>	<b>-6,233</b>

## 25. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the average number of ordinary shares outstanding during the year. There is no difference between basic and diluted earnings per share as of March 31, 2025 and 2024, as no securities with dilutive features have been issued as of the end of the reporting periods.

The following shows the income and share data used in the basic per share computations:

Description	For the three months ended March 31,	
	2025	2024
	KRW	KRW
Net profit attributable to ordinary equity holders of the parent	4,856,674,531	6,662,451,392
Weighted average number of ordinary shares	24,000,000	24,000,000
<b>Earnings per share (basic / diluted)</b>	<b>202</b>	<b>278</b>

## 26. Cash flow statement

Cash and cash equivalents in the interim condensed consolidated statements of cash flows are equal to those in the interim condensed consolidated statements of financial position.

The Group's interim condensed consolidated statement of cash flows is prepared using the indirect method. The adjustments to the net profit for the period of the non-cash and non-operating items and changes in operating assets and liabilities for the three months ended March 31, 2025 and 2024 are as follows:

		For the three months ended	
		March 31,	
		2025	2024
Adjustments	Notes	Million KRW	Million KRW
Depreciation of property, plant and equipment	11	8,730	8,453
Depreciation of right-of-use assets	13	1,206	729
Depreciation of investment properties		1	1
Amortization of intangible assets	12	392	387
Impairment of inventories	9	775	245
Losses on disposals of property, plant and equipment, net	11	74	1,014
Share of result from investments accounted using the equity method	10	-229	-266
Share-based compensation (income) / expenses		-9	-500
Pension costs	32	9,833	1,311
Other long-term employee benefit expenses		682	370
Finance income	23.1	-2,122	-1,829
Finance expenses	23.2	6,036	4,719
Income tax expenses	24	4,521	6,233
<b>Total</b>		<b>29,890</b>	<b>20,867</b>
<b>Changes in operating assets and liabilities</b>			
Trade receivables	6	-20,431	-15,170
Other receivables	6	-1,094	-3,469
Other current assets	8	-634	-4,903
Other current financial assets	7	36	-1,195
Inventories	9	-2,563	-6,341
Trade payables	16	5,747	45,525
Other payables	16	-4,114	-23,178
Other current financial liabilities	18	-1,178	1,154
Other current liabilities		-795	1,532
Pension liabilities	32	-979	-468
Other long-term employment benefits		1,194	-44
<b>Total</b>		<b>-24,811</b>	<b>-6,557</b>

## 27. 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 (refer to note 27.5)	A company that has significant influence on the Group
Kyungshin Industrial Co., Ltd.	Korea	Other (refer to note 27.5)	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.

		For the three months ended March 31,	
		2025	2024
Related party	Description	Million KRW	Million KRW
Songwon Moolsan Co., Ltd.	Selling and administration costs	-20	-20
Songwon Baifu Chemicals (Tangshan) Co., Ltd. (Joint venture)	Sales	147	133
	Cost of sales	-6,464	-5,123
	<b>Sales</b>	<b>147</b>	<b>133</b>
<b>Total</b>	<b>Cost of sales</b>	<b>-6,464</b>	<b>-5,123</b>
	<b>Selling and administration costs</b>	<b>-20</b>	<b>-20</b>

		As of	
		March 31, 2025	December 31, 2024
Related party	Description	Million KRW	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	74	-
	Trade and other payables	2,826	2,601
	<b>Other non-current financial assets</b>	<b>33</b>	<b>33</b>
<b>Total</b>	<b>Trade and other receivables</b>	<b>74</b>	<b>-</b>
	<b>Trade and other payables</b>	<b>2,833</b>	<b>2,608</b>

## 27.1. The ultimate parent

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

## 27.2. Terms and conditions of transactions with related parties

Outstanding balances of related parties as of March 31, 2025 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 three months ended March 31, 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2024: none). This assessment is undertaken periodically by examining the financial position of the related party and the market in which the related party operates.

## 27.3. Transactions with key management personnel

During the three months ended March 31, 2025 and the year ended December 31, 2024, no other transactions with key management personnel other than those disclosed in note 27.4 took place.

## 27.4. Compensation of key management personnel of the Group

Description	For the three months ended	
	March 31,	
	2025	2024
	Million KRW	Million KRW
Short-term employee benefits	-3,214	-2,824
Post-employment benefits	-127	-103
Other long-term benefits	-373	-172
Share based payments	1	52
<b>Total compensation paid to key management personnel</b>	<b>-3,713</b>	<b>-3,047</b>

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Key management personnel are those persons with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

## 27.5. 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.

## 28. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade accounts and other accounts receivables, cash and cash equivalents and other financial assets that arrive directly from its operations. The Group also holds financial instruments at FVOCI and financial instruments at FVTPL and enters into derivative transactions and applies hedge accounting for cash flow hedges if applicable.

The Group is exposed to market, credit and liquidity risks. The Group's management oversees the management of these risks through appropriate risk assessment and monitoring activities to minimize their effects.

### 28.1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk as follows:

- interest rate risk; and,
- foreign currency risk.

Financial instruments affected by market risk include loans and borrowings, deposits, financial instruments at FVOCI, financial instruments at FVTPL and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as of March 31, 2025 and 2024 as well as December 31, 2024.

#### 28.1.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing loans and borrowings and bank deposits with floating interest rates.

The Group's exposure to the risk of changes in market interest rates relates substantially to the Group's interest-bearing loans and borrowings with floating interest rates, which makes the Group expose to cash flows risk. Responsively, the Group is minimizing the risk partially through interest rate swap contract or choosing the best favorable financing instruments by switching to the loans with more favorable conditions or improving the Group's credit rating. As of March 31 2025, the outstanding variable rate borrowings amount to 84,330 Million KRW (December 31, 2024: 30,994 Million KRW).

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing loans and borrowings as well as bank deposits with floating interest rates. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase / (decrease)	Effect on profit before tax
	in %	Million KRW
<b>March 31, 2025</b>	1.00	-211
	-1.00	211
<b>March 31, 2024</b>	1.00	-78
	-1.00	78



### 28.1.2. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The risk of foreign exchange primarily relates to the US Dollar (USD), Euro (EUR) and Japanese Yen (JPY).

Foreign exchange risks arise when commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The objective of the management of foreign currency risk is to maximize the value of the entity through minimizing the fluctuation of net profit and uncertainty arising from the fluctuation in foreign currency. To accomplish this, the Group uses a strategy to accord the collection terms of receivables and payment terms of payables denominated in USD considering the similar volume of exports and imports. In regard to EUR and JPY, the Group manages the risk through currency forward contracts.

#### Foreign currency sensitivity

The Group carries out a sensitivity analysis for the dominant foreign currencies: US Dollar (USD), Euro (EUR), and Japanese Yen (JPY). The assumed possible currency fluctuations are based on historical observations and future prognoses. The financial instruments are incorporated into calculations. The following table demonstrates the sensitivity of consolidated net profit before tax to a reasonably possible shift in exchange rates related to financial instruments held in the balance sheet. Assuming that the other variables are constant and the foreign exchange rate only changes by 10%, the impacts on net profit for the three months ended March 31, 2025 and year ended December 31, 2024 are as follows:

Currency	March 31, 2025		December 31, 2024	
	10% increase	10% decrease	10% increase	10% decrease
	Million KRW	Million KRW	Million KRW	Million KRW
USD	8,076	-8,076	6,961	-6,961
EUR	4,991	-4,991	3,449	-3,449
JPY	2,887	-2,887	2,642	-2,642
<b>Total</b>	<b>15,954</b>	<b>-15,954</b>	<b>13,052</b>	<b>-13,052</b>

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

Financial statement line item	March 31, 2025			December 31, 2024		
	USD	EUR	JPY	USD	EUR	JPY
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Cash and cash equivalents	37,319	11,367	1,640	38,315	4,826	-
Trade and other receivables	148,585	79,937	27,303	126,963	60,697	26,947
Other current financial assets	12,124	6,683	-	12,207	6,335	-
Other non-current financial assets	-	-	-	-	-	-
<b>Total financial assets</b>	<b>198,028</b>	<b>97,987</b>	<b>28,943</b>	<b>177,485</b>	<b>71,858</b>	<b>26,947</b>
Trade and other payables	-103,170	-702	-76	-99,033	-513	-525
Interest-bearing loans and borrowings	-11,165	-47,371	-	-5,891	-30,743	-
Other current financial liabilities	-1,467	-	-	-	-	-
Other non-current financial liabilities	-1,467	-	-	-2,940	-	--
<b>Total financial liabilities</b>	<b>-117,268</b>	<b>-48,073</b>	<b>-76</b>	<b>-107,864</b>	<b>-31,256</b>	<b>-525</b>

## 28.2. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and other receivables) and investing activities.

The Group maintains a policy to keep trade relationship only with the customers with high credit rating assessed by credit assessment considering their financial position, past experience of defaults and other indicators of default. If the credit rating of a customer worsens, the Group sets an individual credit limit on that customer and intensively manages its credit risk. In addition, the Group minimizes the credit risk by maintaining the exposure to the credit risk at an insignificant level through ongoing management including periodical reviews of all the customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 29.

The Group is also exposed to credit risk with regard to bank deposits, as well as cash and cash equivalents in which the maximum exposure to credit risk at the reporting date is the carrying value. The exposure to the related credit risk, however, is relatively restricted because the Group maintains relationships with financial institutions with high credit ratings.

### 28.3. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to the unfavorable economy of the industry or financial markets.

The Group manages its liquidity risk through its own strategy and plans which consider the maturity of financial instruments and expected operating cash flows and include the policy to map out the maturity of financial assets and liabilities.

In addition, the Group maintains credit facilities with the banks including overdrafts, to respond to an unexpected shortage in liquidity. As of March 31, 2025, the Group has utilized less than 60% of its committed credit facilities. In response to expansion of the business, the Group manages funding schedules and ongoing review procedures, considering the appropriate mix of long-term and short-term loans and borrowings, to maintain the consistency and flexibility in obtaining liquidity and stable financing.

The details of maturity profile of the Group's financial liabilities and lease liabilities, excluding financial derivative instruments, based on contractual undiscounted payments as of March 31, 2025 and December 31, 2024 are as follows:

As of March 31, 2025	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Bonds, interest-bearing loans and borrowings	17,770	28,603	119,870	1,520	-	167,763
Trade and other payables	123,522	11,276	3,697	-	-	138,495
Lease liabilities	447	1,026	2,803	14,219	17,188	35,683
Other financial liabilities	7,403	15	1,491	1,468	-	10,377
<b>Total</b>	<b>149,142</b>	<b>40,920</b>	<b>127,861</b>	<b>17,207</b>	<b>17,188</b>	<b>352,318</b>

As of December 31, 2024	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million 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
<b>Total</b>	<b>133,885</b>	<b>89,907</b>	<b>74,652</b>	<b>21,169</b>	<b>16,840</b>	<b>336,453</b>

### 28.4. Capital management

The capital managed by the Group is identical to the total amount of equity presented in the consolidated statements of financial position. The primary objective of the Group's capital management is to ensure its continued ability to provide consistent returns for its equity shareholders through a combination of capital growth and distribution. In order to achieve this objective, the Group monitors its gearing to balance risk and returns at an acceptable level, and also maintains a sufficient funding base to enable the Company to meet its working capital and strategic investment needs. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares considering not only the short-term position, but also its long-term operational and strategic objectives. At the Group level the debt ratio is reviewed regularly. The debt-equity ratio as of March 31, 2025 is 58% and December 31, 2024 is 56%.

On a monthly basis, all subsidiaries have to report key performance indicators, which also include capital management information.

## 29. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

As of March 31, 2025

		Carrying amount		Fair value	
		Current	Non-current	Current	Non-current
		Million KRW	Million KRW	Million KRW	Million KRW
Financial assets	<b>Financial assets at amortized cost</b>				
	Other financial assets	2,979	1,951	2,979	1,951
	Trade and other receivables	185,849	-	185,849	-
	Cash and cash equivalents	116,180	-	116,180	-
	<i>Total financial assets at amortized cost</i>	<i>305,008</i>	<i>1,951</i>	<i>305,008</i>	<i>1,951</i>
	<b>Financial assets at FVtPL</b>				
	Forward exchange contracts	3	-	3	-
	Currency and interest rate swaps	2,567	-	2,567	-
	Other financial assets	6,128	6,645	6,128	6,645
	<i>Total financial assets at FVtPL</i>	<i>8,698</i>	<i>6,645</i>	<i>8,698</i>	<i>6,645</i>
<b>Total financial assets</b>		<b>313,706</b>	<b>8,596</b>	<b>313,706</b>	<b>8,596</b>
Financial liabilities	<b>Financial liabilities at amortized cost</b>				
	Other financial liabilities	8,909	1,468	8,909	1,468
	Lease liabilities	3,185	26,024	3,185	26,024
	Trade and other payables	138,495	-	138,495	-
	Bonds, interest-bearing loans and borrowings	163,866	1,500	163,866	1,500
	<i>Total financial liabilities at amortized cost</i>	<i>314,455</i>	<i>28,992</i>	<i>314,455</i>	<i>28,992</i>
	<b>Financial liabilities at FVtPL</b>				
	Forward exchange contracts	2,376	-	2,376	-
<b>Total financial liabilities</b>		<b>316,831</b>	<b>28,992</b>	<b>316,831</b>	<b>28,992</b>

As of December 31, 2024

		Carrying amount		Fair value	
		Current	Non-current	Current	Non-current
		Million KRW	Million KRW	Million KRW	Million KRW
Financial assets	<b>Financial assets at amortized cost</b>				
	Other financial assets	3,518	2,160	3,518	2,160
	Trade and other receivables	162,040	-	162,040	-
	Cash and cash equivalents	113,481	-	113,481	-
	<i>Total financial assets at amortized cost</i>	<i>279,039</i>	<i>2,160</i>	<i>279,039</i>	<i>2,160</i>
	<b>Financial assets at FVtPL</b>				
	Currency swaps	2,606	-	2,606	-
	Other financial assets	2,541	9,953	2,541	9,953
	<i>Total financial assets at FVtPL</i>	<i>5,147</i>	<i>9,953</i>	<i>5,147</i>	<i>9,953</i>
<b>Total financial assets</b>		<b>284,186</b>	<b>12,113</b>	<b>284,186</b>	<b>12,113</b>
Financial liabilities	<b>Financial liabilities at amortized cost</b>				
	Other financial liabilities	1,795	1,471	1,795	1,471
	Lease liabilities	3,914	31,991	3,914	31,991
	Trade and other payables	142,364	-	142,364	-
	Bonds, interest-bearing loans and borrowings	149,034	2,250	149,034	2,250
	<i>Total financial liabilities at amortized cost</i>	<i>297,107</i>	<i>35,712</i>	<i>297,107</i>	<i>35,712</i>
	<b>Financial liabilities at FVtPL</b>				
	Forward exchange contracts	1,515	-	1,515	-
	<i>Total financial liabilities at FVtPL</i>	<i>1,515</i>	<i>-</i>	<i>1,515</i>	<i>-</i>
<b>Total financial liabilities</b>		<b>298,622</b>	<b>35,712</b>	<b>298,622</b>	<b>35,712</b>

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Fair value of cash and cash equivalents, trade and other receivables, trade payables and other current liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.
- Fair value of equity instruments at FVOCI is derived from quoted market prices in active markets, if available.
- Fair value of unquoted equity instruments at FVOCI is estimated using appropriate valuation techniques.

## 29.1. Fair value hierarchy

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

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 significant effect on the recorded fair value are observable either directly or indirectly
Level 3	Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

		March 31, 2025	Level 1	Level 2	Level 3
		Million KRW	Million KRW	Million KRW	Million KRW
<b>Financial assets</b>	<b>Derivatives</b>				
	Forward exchange contracts	3	-	3	-
	Currency and interest rate swaps	2,567	-	2,567	-
	<i>Total</i>	<i>2,570</i>	<i>-</i>	<i>2,570</i>	<i>-</i>
	<b>Debt instruments</b>				
	Exchange traded fund at FVtPL	12,773	-	12,773	-
<i>Total</i>		<i>12,773</i>	<i>-</i>	<i>12,773</i>	<i>-</i>
<b>Total</b>		<b>15,343</b>	<b>-</b>	<b>15,343</b>	<b>-</b>
<b>Financial liabilities</b>	<b>Derivatives</b>				
	Forward exchange contracts	2,376	-	2,376	-
	<i>Total</i>	<i>2,376</i>	<i>-</i>	<i>2,376</i>	<i>-</i>
<b>Total</b>		<b>2,376</b>	<b>-</b>	<b>2,376</b>	<b>-</b>
		December 31, 2024	Level 1	Level 2	Level 3
		Million KRW	Million KRW	Million KRW	Million KRW
<b>Financial assets</b>	<b>Derivatives</b>				
	Currency swaps	2,606	-	2,606	-
	<i>Total</i>	<i>2,606</i>	<i>-</i>	<i>2,606</i>	<i>-</i>
	<b>Debt instruments</b>				
	Exchange-traded fund at FVtPL	12,494	-	12,494	-
<i>Total</i>		<i>12,494</i>	<i>-</i>	<i>12,494</i>	<i>-</i>
<b>Total</b>		<b>15,100</b>	<b>-</b>	<b>15,100</b>	<b>-</b>
<b>Financial liabilities</b>	<b>Derivatives</b>				
	Forward exchange contracts	1,515	-	1,515	-
	<i>Total</i>	<i>1,515</i>	<i>-</i>	<i>1,515</i>	<i>-</i>
<b>Total</b>		<b>1,515</b>	<b>-</b>	<b>1,515</b>	<b>-</b>

During the three months ended March 31, 2025 and the year ended December 31, 2024, there were no significant transfers between Level 1 and Level 2 fair value measurements. For the financial assets and financial liabilities for which the fair values are disclosed, the carrying amounts are reasonable approximations of fair values and are measured using Level 3 measurement methods, except for cash and cash equivalents.

### 30. Impact of global economic situation on interim condensed 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 three months ended March 31, 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 three months ended March 31, 2025, no indications of impairment have been identified and accordingly, no impairment has been recognized on property, plant and equipment and intangible assets related to the Russian-Ukrainian war and other conflicts (the same as for the three months ended March 31, 2024).

#### **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 KIFRS 1109, the Group reassessed past events, current conditions and forecasts of future economic conditions. For the three months ended March 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 a increase in the allowance on ECL by 22 Million KRW in the interim condensed consolidated financial statements for the three months ended March 31, 2025. (For the three months ended March 31, 2024, the parameter adjustment resulted in a decrease in the allowance on ECL by 197 Million KRW.)

### 31. 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. 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, resulting in no significant additional tax to be incurred. Therefore, no top-up income tax expense was recognized for the period ended March 31, 2025 (for the period ended March 31, 2024: none).

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

### 32. Other significant events and transactions

The Supreme Court of Korea recently issued a ruling that redefined the criteria for determining “ordinary wages.” Under the revised interpretation, wage components paid regularly and uniformly as compensation for prescribed work are to be classified as ordinary wages, even if they are subject to certain conditions such as continued employment or minimum working days. This broader interpretation replaces an earlier precedent, which required wage items to be fixed and unconditional to qualify as ordinary wages.

Following this development, the Group reassessed its wage components and reclassified certain items as ordinary wages. As a result, employee benefit expenses associated with statutory entitlements - such as overtime pay and severance provisions - have increased. In addition to the impact on current period expenses, past service costs related to employee benefits in the amount of 8,090 Million KRW have also been recognized in the period ended March 31, 2025.

The Group continues to evaluate the longer-term implications of the ruling and its effect on labor cost structures going forward.

### 33. Events after the reporting period

The United States has started a process of implementing new import tariffs that are expected to impact both the supply of materials and the Group's sales activities in affected markets. At this stage, it is not possible to reasonably estimate the financial impact - whether positive or negative - or the extent to which these tariffs may affect the Group's future financial performance. Management continues to monitor the situation closely.

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



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