



FINANCIAL RESULTS
Q2 & 6 MONTHS
ENDED June 30, **2025**

It's all about **the chemistry[®]**

About this report

The interim condensed consolidated financial statements including notes (refer to section 2 from page 8 to 54) 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 three and six months ended June 30, 2025 as well as the three and six months ended June 30, 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 three and six months ended June 30, 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.

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.

Content

SECTION 1: Business Development

Key financial data	6
Sales development	6
Business development	7
Outlook	7

SECTION 2: Interim Condensed Consolidated Financial Statements

Interim consolidated statements of financial position	11
Interim consolidated statements of comprehensive income	12
Interim consolidated statements of comprehensive income	13
Interim consolidated statements of changes in equity	14
Interim consolidated statements of cash flows	15
Notes to the interim condensed consolidated financial statements	16

SECTION 1:

Business Development

Key financial data

				For the six months ended June 30,		
	Q2 2025	Q2 2024		2025	2024	
	million KRW	million KRW	Δ%	million KRW	million KRW	Δ%
Sales	265,408	273,521	-3.0%	541,161	529,273	2.2%
Gross profit	38,627	45,168	-14.5%	79,370	84,302	-5.9%
Gross profit margin	14.6%	16.5%		14.7%	15.9%	
Operating profit	8,592	16,417	-47.7%	19,529	28,547	-31.6%
EBITDA	18,066	25,794	-30.0%	40,023	48,009	-16.6%
EBITDA margin	6.8%	9.4%		7.4%	9.1%	
EBIT	7,818	15,904	-50.8%	19,361	27,533	-29.7%
EBIT margin	2.9%	5.8%		3.6%	5.2%	
Profit for the period	-1,481	10,575	-114.0%	3,376	17,237	-80.4%
Total assets				1,179,460	1,172,320	0.5%
Total equity				745,440	727,644	2.4%
Equity ratio				63.2%	62.1%	
Headcounts				981	980	0.1%

Sales development

Divisions

									For the three months ended June 30,				
		2025	2024			2025	2024			2025	2024		
Industrial Chemicals				Performance Chemicals									
	million KRW	million KRW	Δ%	million KRW	million KRW	Δ%	million KRW	million KRW	Δ%				
Sales	191,019	206,816	-7.6%	74,389	66,705	11.5%	265,408	273,521	-3.0%				

For the six months ended June 30,									
	2025	2024		2025	2024		2025	2024	
	Industrial Chemicals			Performance Chemicals					
	million KRW	million KRW	Δ%	million KRW	million KRW	Δ%	million KRW	million KRW	Δ%
Sales	399,152	399,601	-0.1%	142,009	129,672	9.5%	541,161	529,273	2.2%

Regions

				For the six months ended June 30,		
	Q2 2025	Q2 2024		2025	2024	
	million KRW	million KRW	Δ%	million KRW	million KRW	Δ%
Korea	46,107	46,807	-1.5%	89,064	95,097	-6.3%
Rest of Asia	76,315	73,973	3.2%	158,461	145,929	8.6%
Europe	68,231	65,119	4.8%	136,626	125,530	8.8%
North and South America	59,714	68,487	-12.8%	127,555	128,276	-0.6%
Australia	1,022	754	35.5%	2,095	1,763	18.8%
Middle East and Africa	14,019	18,381	-23.7%	27,360	32,678	-16.3%
Total sales	265,408	273,521	-3.0%	541,161	529,273	2.2%

Business development

SONGWON Industrial Group generated consolidated sales of 265,408 million KRW in the 2nd quarter of 2025. When compared to sales achieved in Q2/2024 (273,521 million KRW), this amounted to a decline in revenue of 3.0%. Profit for the period was -1,481 million KRW in Q2/2025, down from 10,575 million KRW in the prior-year period. Year-to-date (YTD), the Group recorded consolidated sales of 541,161 million KRW, marking a 2.2% increase over H1/2024 (YTD June 2024: 529,273 million KRW). Reflecting the ongoing impact of margin pressure and increased labor costs following a court ruling in Korea earlier in the year, SONGWON's profit for the period totaled 3,376 million KRW, marking a decrease compared to the same period of the previous year (H1/2024: 17,237 million KRW). The Group's gross profit margin stood at 14.6% for Q2/2025 and 14.7% for the six months ended June 30th, 2025.

Throughout Q2/2025, subdued global demand, ongoing geopolitical uncertainties and sustained margin pressure across key regions continued. Despite some stabilization in raw material costs, market conditions remained challenging, with customers more cautious and overcapacity persisting in several product segments. Division Industrial Chemicals reported a 7.6% decline in sales, amounting to 191,019 million KRW, compared to the 2nd quarter of 2024 (Q2/2024: 206,816 million KRW). For the first six months of 2025, the Division achieved sales of 399,152 million KRW, reflecting a stable year-over-year performance compared to 399,601 million KRW in HY/2024. In contrast, Division Performance Chemicals recorded a robust 11.5% increase in sales during Q2/2025, reaching 74,389 million KRW, up from 66,705 million KRW in the prior-year quarter. In HY/2025, the Division achieved revenues of 142,009 million KRW, representing 9.5% growth compared to 129,672 million KRW in the same period of 2024.

In Q2/2025, Division Industrial Chemicals performed in line with expectations amid a difficult market landscape, shaped by weaker global demand as well as intensified competitive pressure and pricing challenges. Polymer Stabilizers faced ongoing headwinds in Q2/2025 from muted global demand, geopolitical uncertainty and U.S. tariff concerns, resulting in lower volumes year-on-year. However, turnover remained close to 2024 levels and overall performance met expectations. In Q2/2025, Fuel and Lubricant Additives recorded lower volumes compared to Q1/2025, following strong demand earlier in the year, supported by improved logistics. Revenue was negatively impacted by reduced raw material costs affecting formula-driven pricing, as well as increased competition in the spot market. Building on the strong momentum from Q1/2025, Coatings delivered comparable performance in Q2 in terms of both volume and net sales. The business continued to outperform market growth, particularly in Europe and Asia, resulting in further market share gains.

Division Performance Chemicals delivered a strong result in Q2/2025, maintaining performance similar to the previous quarter despite ongoing challenges such as the construction and automotive industries showing no signs of recovery. Although Tin Intermediates observed weak demand in Q2/2025, driven by intensified global competition, falling market prices and logistics challenges for European customers, higher tin ingot prices supported revenue. PVC remained under pressure due to aggressive pricing from Chinese competitors and volatile customer purchasing behavior. In Q2/2025, Thermoplastic Polyurethanes and Solution Polyurethanes (TPU/SPU) achieved strong profitability supported by stable raw material prices, despite economic recession in both the Korean domestic and global markets, while TPU export sales grew as expected.

Outlook

In line with expectations, macroeconomic factors such as geopolitical restrictions, US tariffs, regulatory changes and China's slow recovery continue to impact demand throughout Q2/2025. Furthermore, rising uncertainty around US tariffs and volatile FX rates along with increased selling activity from Chinese producers is intensifying competition in key markets, particularly in Asia and Europe. Looking ahead, overall economic growth is expected to decline and demand to remain weaker than projected with continued oversupply exerting ongoing pressure on margins.

As the Group enters the next quarter, it remains optimistic that the measures it has taken to address current challenges, including streamlining production processes and optimizing costs, will drive future revenue and profitability. SONGWON will continue to focus on executing its strategy, monitoring global industry developments and prioritizing customer needs, with confidence in its ability to navigate emerging challenges and maintain supply reliability.

SECTION 2:

Interim Condensed Consolidated Financial Statements (unaudited)

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"), which comprise the condensed consolidated interim statement of financial position as of June 30, 2025, the condensed consolidated interim statements of comprehensive income(loss) for the three-month and six-month periods ended June 30, 2025, changes in equity and cash flows for the six-month periods ended June 30, 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 for three-month and six-month periods ended June 30, 2024, changes in equity and cash flows for the six-month period ended June 30, 2024, presented for comparative purposes, were reviewed by other auditors whose report dated August 12, 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.

As described in note 34 to the condensed consolidated interim financial statements, the condensed consolidated interim financial statements as of June 30, 2025 and December 31, 2024 and for the three-month and six-month periods ended June 30, 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 34 to the condensed consolidated interim financial statements.

KPMG Samjong Accounting Corp.

Seoul, Korea

August 8, 2025

This report is effective as of August 8, 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.

Interim consolidated statements of financial position (unaudited)¹

	Notes	As of	
		June 30, 2025	December 31, 2024
		million KRW	million KRW
ASSETS			
Current assets		678,863	654,244
Cash and cash equivalents	5, 28, 29	133,978	113,481
Trade and other receivables	6, 27, 28, 29	167,922	162,040
Other current financial assets	7, 19, 28, 29	8,700	8,665
Other current assets	8	13,163	15,506
Inventories	9	354,069	353,485
Income tax receivables	24	1,031	1,067
Non-current assets		500,597	525,949
Investments accounted for using the equity method	10, 27	9,434	9,202
Property, plant and equipment	4.2.2, 11, 21	427,503	430,699
Investment properties	4.2.2, 21	3,440	3,442
Intangible assets	4.2.2, 12	14,995	15,844
Right-of-use assets	4.2.2, 13	26,110	35,523
Other non-current financial assets	7, 27, 28, 29	9,186	12,113
Other non-current assets		2,872	11,435
Deferred tax assets	24	7,057	7,691
Total assets		1,179,460	1,180,193
EQUITY AND LIABILITIES			
Total liabilities		434,020	424,083
Current liabilities		348,809	329,649
Interest-bearing loans and borrowings	15, 20, 21, 28.3, 29	176,914	149,034
Trade and other payables	16, 27, 28.3, 29	152,371	142,364
Current lease liabilities	13, 28.3, 29	2,883	3,914
Other current financial liabilities	18, 19, 28.3, 29	2,718	3,310
Other current liabilities	4.1, 17	4,554	6,984
Income tax payable	24	9,369	24,043
Non-current liabilities		85,211	94,434
Bonds, interest-bearing loans and borrowings	15, 21, 28.3, 29	750	2,250
Pension liability		5,102	4,575
Other long-term employee-related liabilities		16,413	14,650
Non-current lease liabilities	13, 28.3, 29	24,585	31,991
Other non-current financial liabilities	18, 28.3, 29	2,079	1,471
Other non-current liabilities		364	374
Deferred tax liabilities	24	35,918	39,123
Equity		745,440	756,110
<i>Non-controlling interests</i>		-	-
<i>Equity attributable to owners of the parent</i>		<i>745,440</i>	<i>756,110</i>
Issued capital		12,000	12,000
Capital surplus		20,482	20,482
Reserves	14.1	31,623	30,903
Retained earnings	14.1	664,362	669,322
Other components of equity	14.2	16,973	23,403
Total equity and liabilities		1,179,460	1,180,193

¹ Refer to Note 34 for supplementary information in USD.

Interim consolidated statements of comprehensive income (unaudited)²

		For the three months ended June 30,	
		2025	2024
	Notes	million KRW	million KRW
Sales	4, 27	265,408	273,521
Cost of sales	27	-226,781	-228,353
Gross profit		38,627	45,168
Selling and administration costs	22, 27	-30,035	-28,751
Operating profit		8,592	16,417
Other income		-78	384
Other expenses		-696	-897
Share of result from investments accounted for using the equity method	10	303	323
Finance income	23.1	13,381	3,315
Finance expenses	23.2	-22,790	-5,011
Profit before tax		-1,288	14,531
Income tax expenses	24	-193	-3,956
Profit for the period		-1,481	10,575
Other comprehensive income, net of taxes			
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		-9,416	4,893
Exchange differences on translation of foreign operations	14	-9,416	4,893
<i>Net other comprehensive income not to be reclassified to profit or loss</i>		1,914	296
Gains on valuation of financial assets at FVOCI	14	-	-
Re-measurement losses on defined benefit plans	14	1,914	296
Total other comprehensive income, net of taxes		-7,502	5,189
Total comprehensive income		-8,983	15,764
Profit for the period attributable to:			
Owners of the parent	25	-1,481	10,575
Non-controlling interests		-	-
Profit for the period		-1,481	10,575
Total comprehensive income attributable to:			
Owners of the parent		-8,983	15,764
Non-controlling interests		-	-
Total comprehensive income		-8,983	15,764
Earnings per share		KRW	KRW
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	25	-62	441

² Refer to Note 34 for supplementary information in USD.

Interim consolidated statements of comprehensive income

(unaudited)³

		For the six months ended June 30,	
		2025	2024
	Notes	million KRW	million KRW
Sales	4, 27	541,161	529,273
Cost of sales	27	-461,791	-444,971
Gross profit		79,370	84,302
Selling and administration costs	22, 27	-59,841	-55,755
Operating profit		19,529	28,547
Other income		851	1,215
Other expenses		-1,019	-2,229
Share of result from investments accounted for using the equity method	10	532	589
Finance income	23.1	22,107	22,407
Finance expenses	23.2	-33,910	-23,103
Profit before tax		8,090	27,426
Income tax expenses	24	-4,714	-10,189
Profit for the period		3,376	17,237
Other comprehensive income, net of taxes			
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		-6,431	10,052
Exchange differences on translation of foreign operations	14	-6,431	10,052
<i>Net other comprehensive income not to be reclassified to profit or loss</i>		-416	763
Gains on valuation of financial assets at FVOCI	14	1	-
Re-measurement gains on defined benefit plans	14	-417	763
Total other comprehensive income, net of taxes		-6,847	10,815
Total comprehensive income		-3,471	28,052
Profit for the period attributable to:			
Owners of the parent	25	3,376	17,237
Non-controlling interests		-	-
Profit for the period		3,376	17,237
Total comprehensive income attributable to:			
Owners of the parent		-3,471	28,052
Non-controlling interests		-	-
Total comprehensive income		-3,471	28,052
Earnings per share		KRW	KRW
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	25	141	718

³ Refer to Note 34 for supplementary information in USD.

Interim consolidated statements of changes in equity (unaudited)⁴

For the six months ended June 30, 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	-	-	-	17,237	-	-	17,237	-	17,237
Other comprehensive income	-	-	-	763	-	10,052	10,815	-	10,815
Total comprehensive income	-	-	-	18,000	-	10,052	28,052	-	28,052
Dividends	-	-	-	-6,000	-	-	-6,000	-	-6,000
Appropriation to reserves	-	-	600	-600	-	-	-	-	-
As of June 30, 2024	12,000	20,482	30,903	649,617	-701	15,343	727,644	-	727,644
As of January 1, 2025	12,000	20,482	30,903	669,322	-701	24,104	756,110	-	756,110
Profit for the period	-	-	-	3,376	-	-	3,376	-	3,376
Other comprehensive income	-	-	-	-417	1	-6,431	-6,847	-	-6,847
Total comprehensive income	-	-	-	2,960	1	-6,431	-3,471	-	-3,471
Dividends	-	-	-	-7,200	-	-	-7,200	-	-7,200
Appropriation to reserves	-	-	720	-720	-	-	-	-	-
As of June 30, 2025	12,000	20,482	31,623	664,362	-700	17,673	745,440	-	745,440

⁴ Refer to Note 34 for supplementary information in USD.

Interim consolidated statements of cash flows (unaudited)⁵

		For the six months ended June 30,	
		2025	2024
	Notes	million KRW	million KRW
Profit for the period		3,376	17,237
Total adjustments	26	40,153	39,147
Changes in operating assets and liabilities	26	-4,818	-11,714
Interest received		841	1,224
Payments of income tax		-21,515	-2,290
Net cash flows provided by operating activities		18,037	43,604
Proceeds from sale of property, plant and equipment	11	27	-
Purchases of property, plant and equipment	11	-18,074	-10,979
Purchases of intangible assets	12	-330	-1,824
Dividends received from investments using equity method		-	549
(Purchases) / proceeds from sale of other financial assets, net	7	855	-2
Net cash flows used in investing activities		-17,522	-12,256
Proceeds from borrowings	15	123,177	124,116
Repayments of borrowings	15	-93,973	-117,281
Payment of lease liabilities	13	-2,606	-1,686
Proceeds from / (repayments of) other financial liabilities, net	18	652	226
Interest paid		-3,190	-3,280
Dividends paid		-7,200	-6,000
Net cash flows provided by (used in) financing activities		16,860	-3,905
(Decrease) / increase in cash and cash equivalents		17,375	27,443
Net foreign exchange differences		3,122	-4,734
Cash and cash equivalents as of January 1	5	113,481	98,584
Cash and cash equivalents as of June 30	5	133,978	121,293

⁵ Refer to Note 34 for supplementary information in USD.

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 June 30, 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 six months ended June 30, 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.

		June 30, 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%

2. Basis of preparation

The interim condensed consolidated financial statements for the three and six months ended June 30, 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.

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 applied in the most recent annual financial statement are used.

Description	For the three months ended June 30,					
	2025	2024	2025	2024	2025	2024
	Industrial Chemicals		Performance Chemicals		Total	
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
Sales	191,019	206,816	74,389	66,705	265,408	273,521
Operating profit	5,918	14,141	2,674	2,276	8,592	16,417

Description	For the six months ended June 30,					
	2025	2024	2025	2024	2025	2024
	Industrial Chemicals		Performance Chemicals		Total	
	million KRW	million KRW	million KRW	million KRW	million KRW	million KRW
Sales	399,152	399,601	142,009	129,672	541,161	529,273
Operating profit	17,316	25,681	2,214	2,866	19,529	28,547

As of June 30, 2025, the balance of contract liabilities not recognized as sales at the end of the reporting period amounted to 3,847 million KRW (operating advances: 2,086 million KRW, deferred sales: 1,761 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. Therefore, no other country's revenues are disclosed separately.

	For the three months ended	
	June 30,	
	2025	2024
	million KRW	million KRW
Korea	46,107	46,807
Rest of Asia	76,315	73,973
Europe	68,231	65,119
North and South America	59,714	68,487
Australia	1,022	754
Middle East and Africa	14,019	18,381
Total sales	265,408	273,521

	For the six months ended	
	June 30,	
	2025	2024
	million KRW	million KRW
Korea	89,064	95,097
Rest of Asia	158,461	145,929
Europe	136,626	125,530
North and South America	127,555	128,276
Australia	2,095	1,763
Middle East and Africa	27,360	32,678
Total sales	541,161	529,273

During the reporting period as of June 30, 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 33,785 million KRW during three months as of June 30, 2025 (during three months as of June 30, 2024: 34,153 million KRW) and with the total amount of revenues of 76,595 million KRW during six months as of June 30, 2025 (during six months as of June 30, 2024: 59,194 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.

	As of	
	June 30, 2025	December 31, 2024
	million KRW	million KRW
Korea	389,471	401,686
Rest of Asia	22,978	24,374
Europe	7,076	7,161
North and South America	34,011	31,885
Middle East and Africa	18,512	20,402
Total	472,048	485,508

5. Cash and cash equivalents

Description	June 30, 2025	December 31, 2024
	million KRW	million KRW
Cash on hand	70	76
Bank accounts	85,068	69,349
Time deposits (< 3 months)	48,840	44,056
Total	133,978	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 June 30, 2025, time deposits included restricted cash of 147 million KRW (December 31, 2024: 143 million KRW).

6. Trade and other receivables

Description	June 30, 2025	December 31, 2024
	million KRW	million KRW
Trade and notes receivables	164,497	158,663
Allowances for trade and notes receivables	-1,236	-1,201
Trade and notes receivables (related parties) (note 27)	17	-
Other accounts receivables	4,532	4,445
Allowances for other accounts receivables	-14	-7
Accrued income	126	140
Total	167,922	162,040

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
June 30, 2025	169,172	127,470	39,423	830	867	582
December 31, 2024	163,248	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	June 30, 2025		December 31, 2024	
	Current	Non-Current	Current	Non-Current
	million KRW		million KRW	
Financial instruments at amortized cost (bank deposit)	1,484	569	2,705	684
Financial instruments at FVtPL	6,202	6,801	2,541	9,953
Derivative assets at FVtPL (note 19)	505	-	2,606	-
Guarantee and other deposits at amortized cost	509	1,783	813	1,443
Guarantee and other deposits at amortized cost (related parties) (note 27)	-	33	-	33
Total	8,700	9,186	8,665	12,113

As of June 30, 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 1,418 million KRW (December 31, 2024: 1,601 million KRW).

8. Other current assets

Description	June 30, 2025	December 31, 2024
	million KRW	million KRW
Advance payments	938	1,085
Prepaid expenses	4,505	5,573
VAT receivable	7,720	8,848
Total	13,163	15,506

9. Inventories

Description	June 30, 2025			December 31, 2024		
	Acquisition	Allowance	Net Value	Acquisition	Allowance	Net Value
	million KRW			million KRW		
Raw materials and supplies	62,088	-434	61,654	63,503	-742	62,761
Work in progress	739	-36	703	1,184	-34	1,150
Finished and semi-finished goods	203,925	-6,225	197,700	217,704	-7,316	210,388
Goods in transit	90,574	-	90,574	76,711	-	76,711
Consignment stocks	3,438	-	3,438	2,475	-	2,475
Total inventories at the lower of cost and net realizable value	360,764	-6,695	354,069	361,577	-8,092	353,485

As of June 30, 2025, allowance for valuation of inventory amounted to 6,695 million KRW for raw materials, finished and semi-finished goods (December 31, 2024: 8,092 million KRW). During the six months ended June 30, 2025, the Group recognized loss on valuation of inventory of 1,514 million KRW (for the six months ended June 30, 2024: 2,295 million KRW) and reversed the loss on valuation of inventory recognized in prior periods of 2,911 million KRW (for the six months ended June 30, 2024: 2,791 million KRW).

For the six months ended June 30, 2025, the Group recognized impairment losses of 1,427 million KRW within inventories (for the six months ended June 30, 2024: 607 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
December 31, 2024	1,951	13,354	20,966	2,856	3,601	-	45	30,674	9,202
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	3,109	14,261	20,899	3,341	3,670	-	44	31,446	9,434
June 30, 2025	3,109	14,261	20,899	3,341	3,670	-	44	31,446	9,434

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.	10,446	-53	61	-	1,433	-358	1,075	293	1,368
For the three months ended June 30, 2024	10,446	-53	61	-	1,433	-358	1,075	293	1,368
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	13,470	-53	1	-6	1,346	-336	1,010	-1,040	-30
For the three months ended June 30, 2025	13,470	-53	1	-6	1,346	-336	1,010	-1,040	-30

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.	19,068	-98	90	-1	2,616	-654	1,962	480	2,442
For the six months ended June 30, 2024	19,068	-98	90	-1	2,616	-654	1,962	480	2,442
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	25,014	-109	1	-12	2,364	-591	1,773	-1,000	773
For the six months ended June 30, 2025	25,014	-109	1	-12	2,364	-591	1,773	-1,000	773

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 June 30, 2024
	million KRW	million KRW	million KRW	million KRW	million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	8,131	-549	589	144	8,315
Total	8,131	-549	589	144	8,315

	As of January 1, 2025	Dividends	Share of result from equity method revaluation	Exchange rate effects	As of June 30, 2025
	million KRW	million KRW	million KRW	million KRW	million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	9,202	-	532	-300	9,434
Total	9,202	-	532	-300	9,434

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	-	44	167	1,083	297	10,121	11,712
Disposals	-	-	-167	-4,725	-506	-	-5,398
Reclassifications	-	119	-	9,745	960	-10,873	-49
Net exchange differences	-	1,774	-	2,746	365	19	4,904
As of June 30, 2024	149,656	104,902	79,202	532,388	20,807	6,882	893,837
As of January 1, 2025	149,656	106,737	84,684	539,917	21,061	7,797	909,852
Additions	-	188	95	810	205	16,769	18,067
Disposals	-	-42	-164	-1,972	-172	-	-2,350
Reclassifications	-	117	165	5,012	58	-5,352	-
Net exchange differences	-	-2,061	-	-2,577	-326	-762	-5,726
As of June 30, 2025	149,656	104,939	84,780	541,190	20,826	18,452	919,843
Accumulated depreciation and impairment							
As of January 1, 2024	-	-36,956	-50,437	-344,529	-15,425	-	-447,347
Depreciation charge	-	-1,790	-2,084	-12,433	-736	-	-17,043
Disposals	-	-	117	3,638	496	-	4,251
Net exchange differences	-	-445	-	-1,305	-223	-	-1,973
As of June 30, 2024	-	-39,191	-52,404	-354,629	-15,888	-	-462,112
As of January 1, 2025	-	-41,329	-54,367	-367,009	-16,448	-	-479,153
Depreciation charge	-	-1,764	-2,183	-12,697	-597	-	-17,241
Disposals	-	12	129	1,797	172	-	2,110
Net exchange differences	-	582	-	1,178	184	-	1,944
As of June 30, 2025	-	-42,499	-56,421	-376,731	-16,689	-	-492,340
Net book value							
As of June 30, 2025	149,656	62,440	28,359	164,459	4,137	18,452	427,503
As of January 1, 2025	149,656	65,408	30,317	172,908	4,613	7,797	430,699
As of June 30, 2024	149,656	65,711	26,798	177,759	4,919	6,882	431,725

During the six months ended June 30, 2025, non-cash transactions decreased by 6 million KRW (for the six months ended June 30, 2024: increased by 733 million KRW). Accounts payables relating to non-cash transactions amounted to 8,385 million KRW as of June 30, 2025 (December 31, 2024: 8,391 million KRW).

No impairment was recognized on property, plant and equipment for the six months ended June 30, 2025 (for the six months ended June 30, 2024: none).

During the six months ended June 30, 2025, no borrowing cost was capitalized in the property, plant and equipment (for the six months ended June 30, 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
Acquisition cost						
As of January 1, 2024	8,050	3,861	831	46,902	6,722	66,366
Additions	-	1,599	-	-	225	1,824
Disposals	-	-17	-	-	-	-17
Reclassifications	11	6,387	-	-	-6,398	-
Net exchange differences	-	64	-	3,071	-	3,135
As of June 30, 2024	8,061	11,894	831	49,973	549	71,308
As of January 1, 2025	8,581	11,949	831	52,363	509	74,233
Additions	-	-	-	-	330	330
Disposals	-	-	-	-	-119	-119
Reclassifications	168	-	-	-	-168	-
Net exchange differences	-	-42	-	-3,024	-	-3,066
As of June 30, 2025	8,749	11,907	831	49,339	552	71,378
Accumulated amortization and impairment						
As of January 1, 2024	-4,692	-3,179	-	-43,706	-	-51,577
Amortization charge	-316	-485	-	-	-	-801
Disposals	-	17	-	-	-	17
Net exchange differences	-	-63	-	-2,849	-	-2,912
As of June 30, 2024	-5,008	-3,710	-	-46,555	-	-55,273
As of January 1, 2025	-5,334	-4,222	-	-48,833	-	-58,389
Amortization charge	-307	-481	-	-	-	-788
Net exchange differences	-	41	-	2,753	-	2,794
As of June 30, 2025	-5,641	-4,662	-	-46,080	-	-56,383
Net book value						
As of June 30, 2025	3,108	7,245	831	3,259	552	14,995
As of January 1, 2025	3,247	7,727	831	3,530	509	15,844
As of June 30, 2024	3,053	8,184	831	3,418	549	16,035

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 six months ended June 30, 2025 (for the six months ended June 30, 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 six months ended June 30, 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
Acquisition cost					
As of January 1, 2024	24,634	673	1,501	1,688	28,496
Additions	115	-	-	230	345
Disposals	-257	-	-	-	-257
Modification of contract	323	-	-	-16	307
Net exchange differences	1,348	1	109	63	1,521
As of June 30, 2024	26,163	674	1,610	1,965	30,412
As of January 1, 2025	44,003	676	1,677	2,997	49,353
Additions	10	-	-	735	745
Disposals	-34	-	-	-	-34
Modification of contract	-10,879	-	-	-1	-10,880
Net exchange differences	-1,630	-2	-130	-97	-1,859
As of June 30, 2025	31,470	674	1,547	3,634	37,325
Accumulated depreciation and impairment					
As of January 1, 2024	-8,178	-183	-676	-1,080	-10,117
Depreciation charge	-912	-329	-81	-160	-1,482
Disposals	257	-	-	-	257
Modification of contract	-	-	-	12	12
Net exchange differences	-423	-1	-51	-48	-523
As of June 30, 2024	-9,256	-513	-808	-1,276	-11,853
As of January 1, 2025	-11,187	-189	-930	-1,524	-13,830
Depreciation charge	-1,683	-329	-83	-259	-2,354
Disposals	34	-	-	-	34
Modification of contract	4,629	-	-	-	4,629
Net exchange differences	209	2	76	19	306
As of June 30, 2025	-7,998	-516	-937	-1,764	-11,215
Net book value					
As of June 30, 2025	23,472	158	610	1,870	26,110
As of January 1, 2025	32,816	487	747	1,473	35,523
As of June 30, 2024	16,907	161	802	689	18,559

The Group recognized rent expenses from short-term leases of 122 million KRW (June 30, 2024: 99 million KRW), leases of low-value assets of 41 million KRW (June 30, 2024: 39 million KRW) and variable lease payments of 25 million KRW (June 30, 2024: 21 million KRW) in the interim condensed consolidated statements of comprehensive income for the six months ended June 30, 2025.

No impairment was recognized on right-of-use assets for the six months ended June 30, 2025 (for the six months ended June 30, 2024: none).

During the six months ended June 30, 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
As of January 1	35,905	18,444
Additions	745	345
Modifications	-6,251	319
Net exchange differences	-925	978
Accretion of interest	600	342
Payments	-2,606	-1,686
As of June 30	27,468	18,742

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 June 30, 2025 and December 31, 2024 is composed of the following:

	June 30, 2025	December 31, 2024
Description	million KRW	million KRW
Re-measurement of defined benefit plans	-18,549	-18,132
OCI recognized within retained earnings	-18,549	-18,132
Fair value reserve of financial assets at FVOCI	-700	-701
Foreign currency translation reserve	17,673	24,104
OCI recognized within other components of equity	16,973	23,403

15. Bonds, interest-bearing loans and borrowings

Bonds, interest-bearing loans and borrowings as of June 30, 2025 and December 31, 2024 are as follows:

Description	June 30, 2025	December 31, 2024
	million KRW	million KRW
Long-term borrowings	750	2,250
Non-current interest-bearing loans and borrowings	750	2,250
Current portion of long-term borrowings	3,000	3,000
Short-term borrowings	173,914	146,034
Current interest-bearing loans and borrowings	176,914	149,034
Total	177,664	151,284

16. Trade and other payables

Description	June 30, 2025	December 31, 2024
	million KRW	million KRW
Trade payables	120,431	108,976
Trade payables (related parties) (note 27)	2,905	2,601
Other accounts payables	2,557	2,160
Other accounts payables (related parties) (note 27)	7	7
Withholdings	871	2,058
Accrued expenses	25,559	26,544
Guarantee deposits	41	18
Total	152,371	142,364

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 June 30, 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

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

	June 30, 2025		December 31, 2024		December 31, 2023	
Description	Quantity	Book value	Quantity	Book value	Quantity	Book value
	KAU	million KRW	KAU	million KRW	KAU	million KRW
As of January 1	3,764	-	9,844	-	3,063	27
Allocation	137,574	-	137,574	-	138,875	-
Disposal	-	-	-	-	-3,282	-27
Delivery to government	-	-	-143,654	-	-128,812	-
Carryforward	-	-	-3,764	-	-9,844	-
Total	141,338	-	-	-	-	-

There are no emission rights provided as collateral as of June 30, 2025.

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

	2025	2024
Description	million KRW	million KRW
As of January 1	-	-
Increase	-	73
Decrease	-	-
As of June 30	-	73

Estimated greenhouse gas emissions in 2025 are 134,224 KAU.

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

18. Other financial liabilities

Other financial liabilities as of June 30, 2025 and December 31, 2024 are as follows:

Description	June 30, 2025		December 31, 2024	
	Current	Non-Current	Current	Non-Current
	million KRW		million KRW	
Derivative liabilities (note 19)	1,119	-	1,515	-
Deposits	1,356	1,357	1,471	1,471
Accrued interest expenses	243	-	324	-
Long-term other accounts payables	-	722	-	-
Total	2,718	2,079	3,310	1,471

19. Derivative financial instruments

Description	June 30, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
	million KRW		million KRW	
Forward exchange contracts (current portion)	115	1,119	-	1,515
Currency swaps (current portion)	390	-	2,606	-
Total	505	1,119	2,606	1,515

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 June 30, 2025 and December 31, 2024 are as follows:

As of June 30, 2025

Contractual party	Position	Contract amount	Maturity dates	Contractual exchange rate
WOORI BANK	Sell	EUR 10,400,000	31.07.2025 ~ 30.06.2026	KRW 1551.10 ~ 1633.90
WOORI BANK	Sell	JPY 508,800,000	31.07.2025 ~ 30.06.2026	KRW 10.0250
CITI BANK	Sell	EUR 17,800,000	31.07.2025 ~ 16.06.2026	KRW 1551.00 ~ 1634.20
CITI BANK	Sell	JPY 416,400,000	31.07.2025 ~ 16.06.2026	KRW 10.03
BUSAN BANK	Sell	EUR 4,860,000	31.07.2025 ~ 31.03.2026	KRW 1,579.00
UBS	Sell	USD 1,000,000	24.07.2025	CHF 0.81
UBS	Sell	USD 1,000,000	22.08.2025	CHF 0.80
UBS	Sell	USD 1,000,000	24.09.2025	CHF 0.80

As of December 31, 2024

Contractual party	Position	Contract amount	Maturity dates	Contractual exchange rate
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

19.2. Currency swaps

To hedge the exchange rate risks, the Group has entered into the following currency swap contracts as of June 30, 2025 and December 31, 2024:

As of June 30, 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 628 million KRW (December 2024: 664 million KRW). As of June 30, 2025 and December 31, 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 June 30, 2025 and December 31, 2024 are as follows:

Description	June 30, 2025	December 31, 2024
	million KRW	million KRW
Short-term lease commitments		
Within one year	-3	-2
<i>Total short-term lease commitments</i>	-3	-2
Low-value lease commitments		
Within one year	-31	-53
After one year but not more than five years	-12	-12
<i>Total low-value lease commitments</i>	-43	-65
Total	-46	-67

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 June 30, 2025, the Group entered into commitments to purchase property, plant and equipment, as well as raw materials amounting to 6,666 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 June 30, 2025 are as follows:

Description	Currency	Credit limit	Used	Unused
USANCE and L/C for import	Thousand USD	15,700	4,741	10,959
D/A and D/P	million KRW	99,500	49,633	49,867
	Thousand USD	12,000	7,465	4,535
Trade loans	million KRW	9,000	-	9,000
Secured loan of credit sales	million KRW	9,000	1,950	7,050
Other foreign currency guarantees	Thousand USD	8,750	1,755	6,995
	Total million KRW	30,000	9,415	20,585
	Total Thousand USD	123,950	56,129	67,821

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 June 30, 2025 and December 31, 2024, presented in the maximum pledge amount, are as follows:

			June 30, 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
Total		million KRW	345,000	345,000
		Thousand USD	24,000	24,000

No other items of property, plant and equipment and investment property are pledged as collateral for interest-bearing loans and borrowings as of June 30, 2025 and December 31, 2024.

22. Selling and administration expenses

Description	For the three months ended June 30,	
	2025	2024
	million KRW	million KRW
Sales-related costs	-7,175	-8,995
Personnel expenses	-14,670	-12,500
Travelling and entertainment	-1,633	-1,389
Depreciation and amortization	-822	-809
Administration expenses	-3,718	-3,233
IT expenses	-1,565	-1,388
Others	-452	-437
Total	-30,035	-28,751

Description	For the six months ended June 30,	
	2025	2024
	million KRW	million KRW
Sales-related costs	-14,306	-16,716
Personnel expenses	-29,673	-24,893
Travelling and entertainment	-3,185	-2,947
Depreciation and amortization	-1,593	-1,584
Administration expenses	-6,703	-6,231
IT expenses	-3,223	-2,492
Others	-1,158	-892
Total	-59,841	-55,755

23. Finance income / expenses

23.1. Finance income

Description	For the three months ended June 30,	
	2025	2024
	million KRW	million KRW
Interest on loans and receivables	439	494
Gains on foreign exchange transactions	8,438	6,290
Gains on foreign exchange translations	4,062	-4,417
Gains on derivative transactions	375	23
Gains on valuation of derivatives	7	869
Gains on valuation of financial assets at FVtPL	60	56
Total finance income	13,381	3,315

Description	For the six months ended June 30,	
	2025	2024
	million KRW	million KRW
Interest on loans and receivables	988	980
Gains on foreign exchange transactions	9,981	11,325
Gains on foreign exchange translations	9,880	7,627
Gains on derivative transactions	1,090	149
Gains on valuation of derivatives	10	2,151
Gain on valuation of financial assets FVtPL	158	175
Total finance income	22,107	22,407

23.2. Finance expenses

Description	For the three months ended June 30,	
	2025	2024
	million KRW	million KRW
Interest on borrowings	-1,810	-1,748
Losses on foreign exchange transactions	-8,247	-4,789
Losses on foreign exchange translations	-10,154	3,163
Losses on derivative transactions	-1,110	-677
Losses on valuation of derivatives	-1,375	-895
Loss on valuation of financial assets FVtPL	-10	-
Bank charges	-84	-65
Total finance expenses	-22,790	-5,011

Description	For the six months ended June 30,	
	2025	2024
	million KRW	million KRW
Interest on borrowings	-3,945	-3,492
Losses on foreign exchange transactions	-9,445	-8,531
Losses on foreign exchange translations	-15,137	-8,776
Losses on derivative transactions	-1,421	-823
Losses on valuation of derivatives	-3,335	-1,343
Loss on valuation of financial assets FVtPL	-10	-
Loss on lease modification	-446	-
Bank charges	-171	-138
Total finance expenses	-33,910	-23,103

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	
	June 30,	
	2025	2024
	million KRW	million KRW
Current income tax charges	-1,429	-6,185
Adjustments in respect of current income tax of previous year	30	-
Deferred taxes related to origination and reversal of deferred taxes	319	2,144
Income tax recognized in other comprehensive income	887	85
Income tax expenses	-193	-3,956

Income taxes	For the six months ended	
	June 30,	
	2025	2024
	million KRW	million KRW
Current income tax charges	-7,398	-12,133
Adjustments in respect of current income tax of previous year	401	-132
Deferred taxes related to origination and reversal of deferred taxes	2,060	1,854
Income tax recognized in other comprehensive income	223	222
Income tax expenses	-4,714	-10,189

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 June 30, 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	
	June 30,	
	2025	2024
	KRW	KRW
Net profit attributable to ordinary equity holders of the parent	-1,481,495,148	10,574,626,702
Weighted average number of ordinary shares	24,000,000	24,000,000
Earnings per share (basic / diluted)	-62	441

Description	For the six months ended	
	June 30,	
	2025	2024
	KRW	KRW
Net profit attributable to ordinary equity holders of the parent	3,375,674,531	17,237,078,094
Weighted average number of ordinary shares	24,000,000	24,000,000
Earnings per share (basic / diluted)	141	718

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 each of the six months ended June 30, 2025 and 2024 are as follows:

		For the six months ended June 30,	
		2025	2024
Adjustments	Notes	million KRW	million KRW
Depreciation of property, plant and equipment	11	17,241	17,043
Depreciation of right-of-use assets	13	2,354	1,482
Depreciation of investment properties		2	3
Amortization of intangible assets	12	788	801
Impairment of inventories	9	1,427	607
Losses on disposals of property, plant and equipment, net	11	213	1,147
Losses on disposal of intangible assets, net		119	-
Share of result from investments accounted using the equity method	10	-532	-589
Share-based compensation (income) / expenses		-28	-791
Pension costs	32	11,810	2,585
Other long-term employee benefit expenses		1,209	770
Finance income	23.1	-3,954	-2,907
Finance expenses	23.2	4,790	8,807
Income tax expenses	24	4,714	10,189
Total		40,153	39,147
Changes in operating assets and liabilities			
Trade receivables	6	-9,555	-17,622
Other receivables	6	-105	-852
Other current assets	8	2,205	-1,004
Other current financial assets	7	2,102	-2,055
Inventories	9	-4,909	-27,082
Trade payables	16	16,387	53,114
Other payables	16	-1,983	-19,660
Other current financial liabilities	18	-3,722	2,063
Other current liabilities		-2,347	2,156
Pension liabilities	32	-3,570	-688
Other long-term employment benefits		679	-84
Total		-4,818	-11,714

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 six months ended June 30,	
		2025	2024
Related party	Description	million KRW	million KRW
Songwon Moolsan Co., Ltd.	Selling and administration costs	-40	-40
Songwon Baifu Chemicals (Tangshan) Co., Ltd. (Joint venture)	Sales	208	202
	Cost of sales	-14,449	-11,911
	Sales	208	202
Total	Cost of sales	-14,449	-11,911
	Selling and administration costs	-40	-40

		As of	
		June 30, 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	17	-
	Trade and other payables	2,905	2,601
	Other non-current financial assets	33	33
Total	Trade and other receivables	17	-
	Trade and other payables	2,912	2,608

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 June 30, 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 six months ended June 30, 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 six months ended June 30, 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 six months ended	
	June 30,	
	2025	2024
	million KRW	million KRW
Short-term employee benefits	-6,031	-5,710
Post-employment benefits	-310	-206
Other long-term benefits	-621	-368
Share based payments	4	91
Total compensation paid to key management personnel	-6,958	-6,193

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

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 June 30, 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 June 30 2025, the outstanding variable rate borrowings amount to 53,128 million KRW (June 30, 2024: 30,700 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
June 30, 2025	1.00	-266
	-1.00	266
June 30, 2024	1.00	-155
	-1.00	155

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 six months ended June 30, 2025 and year ended December 31, 2024 are as follows:

Currency	June 30, 2025		December 31, 2024	
	10% increase	10% decrease	10% increase	10% decrease
	million KRW	million KRW	million KRW	million KRW
USD	7,909	-7,909	6,961	-6,961
EUR	5,292	-5,292	3,449	-3,449
JPY	3,428	-3,428	2,642	-2,642
Total	16,629	-16,629	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	June 30, 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	48,814	15,981	2,519	38,315	4,826	-
Trade and other receivables	129,429	97,319	32,528	126,963	60,697	26,947
Other current financial assets	13,474	6,517	-	12,207	6,335	-
Total financial assets	191,717	119,817	35,047	177,485	71,858	26,947
Trade and other payables	-101,604	-419	-767	-99,033	-513	-525
Interest-bearing loans and borrowings	-8,315	-66,472	-	-5,891	-30,743	-
Other current financial liabilities	-1,356	-	-	-	-	-
Other non-current financial liabilities	-1,356	-	-	-2,940	-	-
Total financial liabilities	-112,631	-66,891	-767	-107,864	-31,256	-525

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 June 30, 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 June 30, 2025 and December 31, 2024 are as follows:

As of June 30, 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	20,880	80,922	77,387	756	-	179,945
Trade and other payables	138,573	9,232	4,566	-	-	152,371
Lease liabilities	353	753	2,843	15,866	15,512	35,327
Other financial liabilities	182	14	1,403	2,079	-	3,678
Total	159,988	90,921	86,199	18,701	15,512	371,321

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
Total	133,885	89,907	74,652	21,169	16,840	336,453

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 June 30, 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 June 30, 2025

		Carrying amount		Fair value	
		Current	Non-current	Current	Non-current
		million KRW	million KRW	million KRW	million KRW
Financial assets	Financial assets at amortized cost				
	Other financial assets	1,993	2,385	1,993	2,385
	Trade and other receivables	167,922	-	167,922	-
	Cash and cash equivalents	133,978	-	133,978	-
	<i>Total financial assets at amortized cost</i>	<i>303,893</i>	<i>2,385</i>	<i>303,893</i>	<i>2,385</i>
	Financial assets at FVtPL				
	Forward exchange contracts	115	-	115	-
	Currency swaps	390	-	390	-
	Other financial assets	6,202	6,801	6,202	6,801
	<i>Total financial assets at FVtPL</i>	<i>6,707</i>	<i>6,801</i>	<i>6,707</i>	<i>6,801</i>
Total financial assets		310,600	9,186	310,600	9,186
Financial liabilities	Financial liabilities at amortized cost				
	Other financial liabilities	1,599	2,079	1,599	2,079
	Lease liabilities	2,883	24,585	2,883	24,585
	Trade and other payables	152,371	-	152,371	-
	Bonds, interest-bearing loans and borrowings	176,914	750	176,914	750
	<i>Total financial liabilities at amortized cost</i>	<i>333,767</i>	<i>27,414</i>	<i>333,767</i>	<i>27,414</i>
	Financial liabilities at FVtPL				
	Forward exchange contracts	1,119	-	1,119	-
Total financial liabilities		334,886	27,414	334,886	27,414

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	Financial assets at amortized cost				
	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>
	Financial assets at FVtPL				
	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>
Total financial assets		284,186	12,113	284,186	12,113
Financial liabilities	Financial liabilities at amortized cost				
	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>
	Financial liabilities at FVtPL				
	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>
Total financial liabilities		298,622	35,712	298,622	35,712

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 June 30, 2025 and December 31, 2024, the Group held the following financial instruments carried at fair value on the statement of financial position:

		June 30, 2025	Level 1	Level 2	Level 3
		million KRW	million KRW	million KRW	million KRW
Financial assets	Derivatives				
	Forward exchange contracts	115	-	115	-
	Currency swaps	390	-	390	-
	<i>Total</i>	<i>505</i>	<i>-</i>	<i>505</i>	<i>-</i>
	Debt instruments				
	Exchange traded fund at FVtPL	13,003	-	13,003	-
<i>Total</i>		<i>13,003</i>	<i>-</i>	<i>13,003</i>	<i>-</i>
Total		13,508	-	13,508	-
Financial liabilities	Derivatives				
	Forward exchange contracts	1,119	-	1,119	-
	<i>Total</i>	<i>1,119</i>	<i>-</i>	<i>1,119</i>	<i>-</i>
Total		1,119	-	1,119	-
		December 31, 2024	Level 1	Level 2	Level 3
		million KRW	million KRW	million KRW	million KRW
Financial assets	Derivatives				
	Currency swaps	2,606	-	2,606	-
	<i>Total</i>	<i>2,606</i>	<i>-</i>	<i>2,606</i>	<i>-</i>
	Debt instruments				
	Exchange-traded fund at FVtPL	12,494	-	12,494	-
<i>Total</i>		<i>12,494</i>	<i>-</i>	<i>12,494</i>	<i>-</i>
Total		15,100	-	15,100	-
Financial liabilities	Derivatives				
	Forward exchange contracts	1,515	-	1,515	-
	<i>Total</i>	<i>1,515</i>	<i>-</i>	<i>1,515</i>	<i>-</i>
Total		1,515	-	1,515	-

During the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 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.

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 six months ended June 30, 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 interim condensed consolidated financial statements for the six months ended June 30, 2025. (For the six months ended June 30, 2024, the parameter adjustment resulted in a decrease in the allowance on ECL by 192 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 June 30, 2025 (for the period ended June 30, 2024: 26 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.

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 June 30, 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.

34. Primary financial statements in USD (unaudited)

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 1,356.40 to USD 1, the exchange rate in effect on June 30, 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.

34.1. Interim consolidated statements of financial position in USD

	As of (refer to note 2.1)	
	June 30, 2025	December 31, 2024
	Thousand USD	Thousand USD
ASSETS		
Current assets	500,490	482,338
Cash and cash equivalents	98,776	83,663
Trade and other receivables	123,800	119,463
Other current financial assets	6,414	6,388
Other current assets	9,704	11,432
Inventories	261,036	260,605
Income tax receivables	760	787
Non-current assets	369,062	387,753
Investments accounted for using the equity method	6,955	6,784
Property, plant and equipment	315,175	317,531
Investment properties	2,536	2,538
Intangible assets	11,055	11,681
Right-of-use assets	19,249	26,189
Other non-current financial assets	6,772	8,930
Other non-current assets	2,117	8,430
Deferred tax assets	5,203	5,670
Total assets	869,552	870,091
EQUITY AND LIABILITIES		
Total liabilities	319,980	312,652
Current liabilities	257,160	243,031
Interest-bearing loans and borrowings	130,429	109,875
Trade and other payables	112,338	104,954
Current lease liabilities	2,125	2,886
Other current financial liabilities	2,004	2,440
Other current liabilities	3,357	5,150
Income tax payable	6,907	17,726
Non-current liabilities	62,820	69,621
Bonds, interest-bearing loans and borrowings	553	1,659
Pension liability	3,761	3,373
Other long-term employee-related liabilities	12,100	10,801
Non-current lease liabilities	18,125	23,585
Other non-current financial liabilities	1,533	1,084
Other non-current liabilities	268	276
Deferred tax liabilities	26,480	28,843
Equity	549,572	557,439
<i>Non-controlling interests</i>	-	-
<i>Equity attributable to owners of the parent</i>	<i>549,572</i>	<i>557,439</i>
Issued capital	8,847	8,847
Capital surplus	15,100	15,100
Reserves	23,314	22,783
Retained earnings	489,798	493,455
Other components of equity	12,513	17,254
Total equity and liabilities	869,552	870,091

34.2. Interim consolidated statements of comprehensive income in USD

	For the three months ended June 30, (refer to note 2.1)	
	2025	2024
	Thousand USD	Thousand USD
Sales	195,671	201,652
Cost of sales	-167,192	-168,353
Gross profit	28,479	33,299
Selling and administration costs	-22,143	-21,196
Operating profit	6,336	12,103
Other income	-58	283
Other expenses	-514	-661
Share of result from investments accounted for using the equity method	223	238
Finance income	9,865	2,444
Finance expenses	-16,802	-3,694
Profit before tax	-950	10,713
Income tax expenses	-142	-2,917
Profit for the period	-1,092	7,796
Other comprehensive income, net of taxes		
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	-6,942	3,607
Exchange differences on translation of foreign operations	-6,942	3,607
<i>Net other comprehensive income not to be reclassified to profit or loss</i>	1,411	218
Gains on valuation of financial assets at FVOCI	-	-
Re-measurement losses on defined benefit plans	1,411	218
Total other comprehensive income, net of taxes	-5,531	3,825
Total comprehensive income	-6,623	11,621
Profit for the period attributable to:		
Owners of the parent	-1,092	7,796
Non-controlling interests	-	-
Profit for the period	-1,092	7,796
Total comprehensive income attributable to:		
Owners of the parent	-6,623	11,621
Non-controlling interests	-	-
Total comprehensive income	-6,623	11,621
Earnings per share	USD	USD
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	-0.05	0.32

	For the six months ended June 30, (refer to note 2.1)	
	2025	2024
	Thousand USD	Thousand USD
Sales	398,969	390,204
Cost of sales	-340,453	-328,053
Gross profit	58,516	62,151
Selling and administration costs	-44,118	-41,105
Operating profit	14,398	21,046
Other income	627	896
Other expenses	-751	-1,643
Share of result from investments accounted for using the equity method	392	434
Finance income	16,299	16,519
Finance expenses	-25,000	-17,033
Profit before tax	5,965	20,219
Income tax expenses	-3,476	-7,511
Profit for the period	2,489	12,708
Other comprehensive income, net of taxes		
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	-4,741	7,411
Exchange differences on translation of foreign operations	-4,741	7,411
<i>Net other comprehensive income not to be reclassified to profit or loss</i>	-307	563
Gains on valuation of financial assets at FVOCI	-	-
Re-measurement gains on defined benefit plans	-307	563
Total other comprehensive income, net of taxes	-5,048	7,974
Total comprehensive income	-2,559	20,682
Profit for the period attributable to:		
Owners of the parent	2,489	12,708
Non-controlling interests	-	-
Profit for the period	2,489	12,708
Total comprehensive income attributable to:		
Owners of the parent	-2,559	20,682
Non-controlling interests	-	-
Total comprehensive income	-2,559	20,682
Earnings per share	USD	USD
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	0.10	0.53

34.3. Interim consolidated statements of changes in equity in USD

For the six months ended June 30, 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
As of January 1, 2024	8,847	15,100	22,341	470,523	-517	3,901	520,195	-	520,195
Profit for the period	-	-	-	12,708	-	-	12,708	-	12,708
Other comprehensive income	-	-	-	563	-	7,411	7,974	-	7,974
Total comprehensive income	-	-	-	13,271	-	7,411	20,682	-	20,682
Dividends	-	-	-	-4,423	-	-	-4,423	-	-4,423
Appropriation to reserves	-	-	442	-442	-	-	-	-	-
As of June 30, 2024	8,847	15,100	22,783	478,929	-517	11,312	536,454	-	536,454
As of January 1, 2025	8,847	15,100	22,783	493,455	-517	17,771	557,439	-	557,439
Profit for the period	-	-	-	2,489	-	-	2,489	-	2,489
Other comprehensive income	-	-	-	-307	-	-4,741	-5,048	-	-5,048
Total comprehensive income	-	-	-	2,182	-	-4,741	-2,559	-	-2,559
Dividends	-	-	-	-5,308	-	-	-5,308	-	-5,308
Appropriation to reserves	-	-	531	-531	-	-	-	-	-
As of June 30, 2025	8,847	15,100	23,314	489,798	-517	13,030	549,572	-	549,572

34.4. Interim consolidated statements of cash flows in USD

	For the six months ended June 30, (refer to note 2.1)	
	2025	2024
	Thousand USD	Thousand USD
Profit for the period	2,489	12,708
Total adjustments	29,603	28,861
Changes in operating assets and liabilities	-3,552	-8,636
Interest received	620	902
Payments of income tax	-15,862	-1,688
Net cash flows provided by operating activities	13,298	32,147
Proceeds from sale of property, plant and equipment	20	-
Purchases of property, plant and equipment	-13,325	-8,094
Purchases of intangible assets	-243	-1,345
Dividends received from investments using equity method	-	405
(Purchases) / proceeds from sale of other financial assets, net	630	-1
Net cash flows used in investing activities	-12,918	-9,035
Proceeds from borrowings	90,812	91,504
Repayments of borrowings	-69,281	-86,465
Payment of lease liabilities	-1,921	-1,243
Proceeds from / (repayments of) other financial liabilities, net	481	167
Interest paid	-2,352	-2,418
Dividends paid	-5,308	-4,423
Net cash flows used in financing activities	12,431	-2,878
(Decrease) / increase in cash and cash equivalents	12,811	20,234
Net foreign exchange differences	2,302	-3,489
Cash and cash equivalents as of January 1	83,663	72,681
Cash and cash equivalents as of June 30	98,776	89,426

For more information, please contact:

SONGWON Industrial Group

E-mail: ir@songwon.com
www.songwon.com