Samyang Corporation and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2025
with the independent auditor's report

Samyang Corporation and its subsidiaries

Table of contents

Independent auditor's report

	Page
Consolidated financial statements	
Consolidated statements of financial position	1
Consolidated statements of comprehensive income or loss	2
Consolidated statements of changes in equity	3
Consolidated statements of cash flows	5
Notes to the consolidated financial statements	6

Audit opinion on internal control over financial reporting

Independent auditor's report on internal control over financial reporting for consolidation purposes

Management's report on the effectiveness of internal control over financial reporting for consolidation purposes

EY 한영

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EY Han Young
2-3F, 7-8F, Taeyoung Building, 111 Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

Independent auditor's report

(English translation of a report originally issued in Korean)

Samyang Corporation
The Shareholders and Board of Directors

Opinion

We have audited the consolidated financial statements of Samyang Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income or loss, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2025, and the notes to the consolidated financial statements, including material accounting policy information .

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2025 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2025 based on *the Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 18, 2026 expressed an unqualified opinion thereon.

Basis of opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment assessment of goodwill pertaining to subsidiaries

As described in Note 10 to the consolidated financial statements, the book value of goodwill held by the Group as of December 31, 2025 amounts to KRW 198,641 million and is material. The Group performs annual impairment tests on goodwill with indefinite useful lives by leveraging the value-in-use based on the discounted cash flow method. We have identified the impairment test of goodwill as a key audit matter, considering the materiality of the amount of goodwill and the significant managerial judgment and estimates involved in the impairment testing process.

The primary audit procedures we performed for this key audit matter are as follows:

- Assess the internal controls related to the impairment testing process based on the understanding thereof.
- Assess the independence and qualification of the external experts used by management.
- Evaluate the valuation model used by management in estimating the value-in-use.
- Compare the discount rate used by management in estimating the value-in-use with the observable information.
- Assess the consistency of the projections of cash-generating unit's sales growth rate, operating profit margin, and investment activity with the past performance and market conditions.
- Compare the future cash flows used in estimating the value-in-use with those presented in the business plans approved by management.
- Perform independent recalculation on the impairment testing report.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Heekyun Shin.

EY Han Young

March 18, 2026

This audit report is effective as of March 18, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Samyang Corporation and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2025

“The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

Ho-sung Kang
Chief Executive Officer
Samyang Corporation

Samyang Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

(in Korean won)	Notes		December 31, 2025		December 31, 2024
Assets					
Current assets					
Cash and cash equivalents	33	₩	201,951,426,803	₩	181,106,791,479
Trade and other receivables, net	5,30,32,33		256,478,587,389		262,329,884,335
Other current financial assets	4,29,33		312,403,099,316		309,012,151,384
Inventories, net	6		386,576,409,050		391,469,095,739
Current tax assets			310,234,295		300,411,695
Other current assets	7		22,522,879,942		16,070,932,470
			1,180,242,636,795		1,160,289,267,102
Non-current assets					
Property, plant and equipment, net	8,9,30,31		1,247,631,980,974		1,223,751,696,170
Goodwill	10		198,641,021,930		198,641,021,930
intangible assets, net	10		35,926,603,128		45,001,197,009
Investment properties, net	11		43,308,000,437		20,189,416,036
Investments in associates and joint ventures	12		26,189,875,157		24,957,482,830
Long-term other recievables	5,30,33		9,547,066,433		13,732,621,645
Financial assets at fair value through profit or loss (FVPL)	4,33		22,435,780,840		25,442,061,897
Financial assets at fair value through other comprehensive income (FVOCI)	4,32,33		847,859,650,501		593,836,618,370
Other non-current financial assets	29,33		10,500,000		10,500,000
Deferred tax assets	27		263,820,226		444,816,195
Other non-current assets	7		8,038,644,461		7,453,085,142
Net defined benefit assets	17		5,353,259,771		6,176,715,589
			2,445,206,203,858		2,159,637,232,813
Total assets		₩	3,625,448,840,653	₩	3,319,926,499,915
Liabilities					
Current liabilities					
Trade and other payables	13,30,32,33	₩	238,469,374,689	₩	232,708,975,698
Short-term borrowings	14,31,32,33		166,352,174,941		190,232,935,969
Current portion of long-term borrowings	14,31,32,33		38,469,244,700		74,553,674,450
Current portion of debentures	14,31,32,33		159,934,163,635		79,990,697,488
Other current financial liabilities	4,9,15,30,31,32,33		7,506,449,305		7,142,021,199
Income tax payables			12,000,655,313		14,512,143,062
Other current liabilities	16		482,650,710,969		77,943,310,308
			1,105,382,773,552		677,083,758,174
Non-current liabilities					
Long-term other payables	13,32,33		4,268,116,458		4,086,867,490
Long-term borrowings	14,31,32,33		7,510,161,175		37,700,030,563
Debentures	14,31,32,33		459,224,331,742		459,301,103,244
Other non-current financial liabilities	9,15,30,31,32,33		10,835,788,798		11,923,797,379
Deferred tax liabilities	27		235,515,365,328		171,394,272,507
Other non-current liabilities	16		17,665,969,668		10,755,389,323
			735,019,733,169		695,161,460,506
Total liabilities		₩	1,840,402,506,721	₩	1,372,245,218,680
Equity					
Capital stock	18		53,417,595,000		53,417,595,000
Capital surplus	18		891,693,097,593		865,967,900,462
Accumulated other comprehensive income	19		457,512,192,813		282,626,128,761
Retained earnings	20		253,958,298,218		578,452,600,128
Other components of equity	21		(49,104,725,219)		(49,510,173,758)
Equity attributable to owners of the Parent Company			1,607,476,458,405		1,730,954,050,593
Non-controlling interest			177,569,875,527		216,727,230,642
Total equity			1,785,046,333,932		1,947,681,281,235
Total liabilities and equity		₩	3,625,448,840,653	₩	3,319,926,499,915

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

Samyang Corporation and its subsidiaries
Consolidated statements of comprehensive income or loss
for each of the two years in the period ended December 31, 2025

(in Korean won)	Notes		2025		2024
Sales	3,22,30	₩	2,562,499,706,149	₩	2,671,821,461,625
Cost of sales	25,30		(2,073,917,050,231)		(2,160,769,134,257)
Gross profit			488,582,655,918		511,052,327,368
Selling and administrative expenses	23,25,30		(376,858,006,844)		(377,529,204,475)
Operating profit			111,724,649,074		133,523,122,893
Finance income	24,30,33		70,243,017,765		76,936,327,337
Finance costs	24,30,33		(52,005,652,958)		(38,462,206,603)
Share of gain on equity method	12		1,334,158,752		1,090,124,605
Other non-operating income	26,33		45,666,529,191		59,854,060,917
Other non-operating expenses	25,26,33		(448,975,057,754)		(58,069,039,772)
Profit before income tax			(272,012,355,930)		174,872,389,377
Income tax expense	27		(30,350,889,073)		(38,431,024,773)
Profit(Loss) for the year			(302,363,245,003)		136,441,364,604
Other comprehensive income (loss)	27				
Items that will not be reclassified to profit or loss					
Remeasurements of net defined benefit liability			398,799,601		(627,561,757)
Gain (loss) on valuation of financial assets at fair value			182,444,969,652		124,710,309,419
Retained earnings adjustments in equity method			12,926,238		(41,449,599)
Items that may be subsequently reclassified to profit or loss					
through other comprehensive income (FVOCI)			14,211,484		32,686,772
Equity adjustments under equity method			(11,955,471)		27,846,986
Gain (loss) on translation of foreign operations			(914,298,908)		5,038,222,691
Other comprehensive income for the year, net of tax			181,944,652,596		129,140,054,512
Total comprehensive income (loss) for the year		₩	(120,418,592,407)	₩	265,581,419,116
Profit(loss) for the year attributable to:					
Owners of the Company		₩	(313,878,103,012)	₩	121,473,985,442
Non-controlling interests			11,514,858,009		14,967,379,162
		₩	(302,363,245,003)	₩	136,441,364,604
Total comprehensive income (loss) for the year attributable to:					
Owners of the Company		₩	(132,025,999,358)	₩	250,442,089,203
Non-controlling interest			11,607,406,951		15,139,329,913
		₩	(120,418,592,407)	₩	265,581,419,116
Earnings(losses) per share					
Basic and diluted earnings(losses) per ordinary share	28	₩	(31,276)	₩	12,101
Basic and diluted earnings(losses) per preferred share	28		(31,226)		12,151

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

Samyang Corporation and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2025

(in Korean won)

	Attributable to owners of the Parent Company							
	Capital stock	Capital surplus	Accumulated other comprehensive income	Retained earnings	Other components of equity	Total	Non-controlling interest	Total equity
Balance as of January 1, 2024	₩ 53,417,595,000	₩ 863,996,610,248	₩ 152,847,752,524	₩ 475,371,125,662	₩ (49,510,173,758)	₩ 1,496,122,909,676	₩ 215,971,640,503	₩ 1,712,094,550,179
Total comprehensive income								
Profit for the year	-	-	-	121,473,985,442	-	121,473,985,442	14,967,379,162	136,441,364,604
Remeasurements of net defined benefit liability	-	-	-	(768,822,877)	-	(768,822,877)	141,261,120	(627,561,757)
Gain on valuation of financial assets at FVOCI	-	-	124,729,910,545	-	-	124,729,910,545	13,085,646	124,742,996,191
Retained earnings adjustments in equity method	-	-	-	(41,449,599)	-	(41,449,599)	-	(41,449,599)
Equity adjustments under equity method	-	-	10,243,001	-	-	10,243,001	17,603,985	27,846,986
Foreign currency translation differences for foreign operations	-	-	5,038,222,691	-	-	5,038,222,691	-	5,038,222,691
Total comprehensive income for the year	-	-	129,778,376,237	120,663,712,966	-	250,442,089,203	15,139,329,913	265,581,419,116
Transactions with owners								
Dividends paid	-	-	-	(17,582,238,500)	-	(17,582,238,500)	(4,485,969,250)	(22,068,207,750)
Changes in the equity ownership in subsidiary	-	1,971,290,214	-	0	-	1,971,290,214	(9,897,770,524)	(7,926,480,310)
Total transactions with owners	-	1,971,290,214	-	(17,582,238,500)	-	(15,610,948,286)	(14,383,739,774)	(29,994,688,060)
Balance as of December 31, 2024	₩ 53,417,595,000	₩ 865,967,900,462	₩ 282,626,128,761	₩ 578,452,600,128	₩ (49,510,173,758)	₩ 1,730,954,050,593	₩ 216,727,230,642	₩ 1,947,681,281,235

(Continued)

Samyang Corporation and its subsidiaries
Consolidated statements of changes in equity, continued
for each of the two years in the period ended December 31, 2025

(in Korean won)

	Attributable to owners of the Parent Company							
	Capital stock	Capital surplus	Accumulated other comprehensive income	Retained earnings	Other components of equity	Total	Non-controlling interest	Total equity
Balance as of January 1, 2025	₩ 53,417,595,000	₩ 865,967,900,462	₩ 282,626,128,761	₩ 578,452,600,128	₩ (49,510,173,758)	₩ 1,730,954,050,593	₩ 216,727,230,642	₩ 1,947,681,281,235
Total comprehensive income								
Loss for the year	-	-	-	(313,878,103,012)	-	(313,878,103,012)	11,514,858,009	(302,363,245,003)
Remeasurements of net defined benefit liability	-	-	-	286,735,477	-	286,735,477	112,064,124	398,799,601
Gain on valuation of financial assets at FVOCI	-	-	182,473,866,559	-	-	182,473,866,559	(14,685,423)	182,459,181,136
Transfer of gain (loss) on valuation of financial assets at FVOCI to retained earnings	-	-	(6,666,377,887)	6,666,377,887	-	-	-	-
Retained earnings adjustments in equity method	-	-	-	12,926,238	-	12,926,238	-	12,926,238
Equity adjustments under equity method	-	-	(7,125,712)	-	-	(7,125,712)	(4,829,759)	(11,955,471)
Foreign currency translation differences for foreign operations	-	-	(914,298,908)	-	-	(914,298,908)	-	(914,298,908)
Total comprehensive loss for the year	-	-	174,886,064,052	(306,912,063,410)	-	(132,025,999,358)	11,607,406,951	(120,418,592,407)
Transactions with owners								
Dividends paid	-	-	-	(17,582,238,500)	-	(17,582,238,500)	(4,257,119,250)	(21,839,357,750)
Changes in the equity ownership in subsidiary	-	25,725,197,131	-	-	-	25,725,197,131	(46,507,642,816)	(20,782,445,685)
Others	-	-	-	-	405,448,539	405,448,539	-	405,448,539
Total transactions with owners	-	25,725,197,131	-	(17,582,238,500)	405,448,539	8,548,407,170	(50,764,762,066)	(42,216,354,896)
Balance as of December 31, 2025	₩ 53,417,595,000	₩ 891,693,097,593	₩ 457,512,192,813	₩ 253,958,298,218	₩ (49,104,725,219)	₩ 1,607,476,458,405	₩ 177,569,875,527	₩ 1,785,046,333,932

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

Samyang Corporation and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2025

(in Korean won)	Notes		2025		2024
Cash flows from operating activities					
Cash generated from operations	31	₩	218,913,387,004	₩	272,590,659,658
Interest paid			(29,199,563,520)		(33,066,828,565)
Interest received			9,915,598,222		17,082,091,987
Dividends received			36,203,487,502		33,179,790,905
Income taxes paid			(33,314,682,754)		(36,448,396,579)
Income tax refund received			1,974,980,616		528,825,485
Net cash flows provided by operating activities			204,493,207,070		253,866,142,891
Cash flows from investing activities	31				
Decrease in short-term loans			37,500,000		570,779,579
Decrease in long-term loans			997,173,000		859,644,000
Proceeds from disposal of financial assets at FVPL			2,464,262,372		-
Proceeds from disposal of financial assets at FVOCI			12,867,270,000		20,000
Decrease in other current financial assets			403,357,686,000		470,562,436,000
Cash inflows from disposal of assets held for sale			-		75,000,000
Decrease in guarantee deposits			3,173,665,052		2,180,844,431
Proceeds from disposal of property, plant and equipment			4,269,328,835		1,880,343,610
Proceeds from disposal of intangible assets			344,063,091		45,596
Proceeds from disposal of investment property			1,504,976,156		-
Cash inflows from government grants			4,482,131,069		19,124,939,164
Increase in long-term loans			(1,047,267,000)		(1,543,946,000)
Acquisition of financial assets at FVPL			-		(2,999,856,304)
Acquisition of financial assets at FVOCI			(21,065,456,740)		-
Increase in other current financial assets			(418,313,686,000)		(434,562,436,000)
Increase in guarantee deposits			(1,205,359,852)		(1,665,648,279)
Acquisition of property, plant and equipment			(92,374,989,037)		(93,926,557,580)
Acquisition of intangible assets			(312,544,695)		(308,513,328)
Acquisition of investment property			(24,293,777,770)		-
Cash outflows from government grants			(994,838,027)		(1,411,097,780)
Net cash flows used in investing activities			(126,109,863,546)		(41,164,002,891)
Cash flows from financing activities	31				
Proceeds from short-term borrowings			388,675,506,414		421,353,725,432
Proceeds from debentures			160,000,000,000		120,000,000,000
Proceeds from bond issue expenses			4,722,732		-
Cash inflows from repayable government grants			300,947,509		336,224,348
Repayment of short-term borrowings			(414,718,213,688)		(442,160,662,075)
Repayment of current portion of long-term borrowings			(59,891,738,950)		(29,651,509,360)
Repayment of current portion of debentures			(80,000,000,000)		(244,000,000,000)
Repayment of lease liabilities			(6,553,760,771)		(6,616,077,891)
Payment of dividends			(21,839,357,750)		(22,068,207,750)
Debenture issuance cost			(569,231,600)		(328,323,200)
Cash outflows from consolidated equity transaction			(20,782,445,685)		(7,926,480,310)
Share issuance cost from paid-in capital increase in subsidiaries			(64,244,198)		(42,482,234)
Net cash flows used in financing activities			(55,437,815,987)		(211,103,793,040)
Effects of exchange rate fluctuations on cash and cash equivalents			(2,106,610,395)		4,533,403,474
Net increase in cash and cash equivalents			20,838,917,142		6,131,750,434
Cash and cash equivalents at the beginning of the year			181,112,509,661		174,980,759,227
Cash and cash equivalents at the end of the year	33	₩	201,951,426,803	₩	181,112,509,661

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

1. Corporation Information

1.1 The Company

Samyang Corporation (the "Company") was incorporated through a spin-off of the food and chemicals business segments of Samyang Holdings Corporation on November 1, 2011. The Company's ordinary shares have been re-listed on the KOSPI Market of the Korea Exchange since December 2011. The Company is primarily engaged in the manufacture and sale of sugar and engineering plastics.

The share capital of the Company as of December 31, 2025, amounts to ₩ 53,418 million, and its major shareholder is Samyang Holdings Corporation which holds 61.83% of shares.

1.2 Subsidiaries

Details of the consolidated subsidiaries as of December 31, 2025 and 2024 are as follows:

Name of subsidiary	Domicile	Reporting period	Key business	Percentage of ownership	
				December 31, 2025	December 31, 2024
Samyang Packaging Corporation [1]	Korea	Dec. 31	Manufacture and sale of PET bottle	72.72	59.40
Samyang EcoTech Corporation	Korea	Dec. 31	Manufacture and sale of recycled PET chip	100.00	100.00
Samyang Engineering Plastics (Shanghai) Co., Ltd.	China	Dec. 31	Manufacture and sale of engineering plastics	100.00	100.00
Samyang Engineering Plastics (Hungary) Co., Ltd.	Hungary	Dec. 31	Manufacture and sale of engineering plastics	100.00	100.00
Samyang KCI Co., Ltd.	Korea	Dec. 31	Manufacture and sale of raw materials for household goods	50.02	50.02
Samyang Engineering Plastics (Vietnam) Co., Ltd.	Vietnam	Dec. 31	Manufacture and sale of engineering plastics	100.00	100.00

[1] For the year ended December 31, 2025, the Company acquired additional equity interests its subsidiary, Samyang Packaging Corporation, which resulted in a change in its ownership interest.

1. Corporation Information (cont'd)
1.2 Subsidiaries (cont'd)

Summarized financial information of the subsidiaries as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of Korean won)

	As of and for the year ended December 31, 2025											
Name of subsidiary		Assets		Liabilities		Equity		Sales		Profit (loss) for the year		Total comprehensive income (loss)
Samyang Packaging Corporation	₩	647,610	₩	263,125	₩	384,485	₩	418,914	₩	17,502	₩	17,812
Samyang EcoTech Corporation		72,768		2,560		70,208		30,876		181		203
Samyang Engineering Plastics (Shanghai) Co., Ltd.		37,511		15,507		22,004		65,476		3,201		2,719
Samyang Engineering Plastics Hungary Co., Ltd.		34,611		25,219		9,392		43,648		276		1,137
Samyang KCI Co., Ltd.		144,228		18,698		125,530		116,840		9,743		9,733
Samyang Engineering Plastics Vietnam Co., Ltd.		39,623		13,644		25,979		44,389		4,677		3,458

(in millions of Korean won)

	As of and for the year ended December 31, 2024											
Name of subsidiary		Assets		Liabilities		Equity		Sales		Profit (loss) for the year		Total comprehensive income (loss)
Samyang Packaging Corporation	₩	664,251	₩	286,080	₩	378,171	₩	433,773	₩	19,735	₩	20,163
Samyang EcoTech Corporation		72,382		2,377		70,005		28,352		697		663
Samyang Engineering Plastics (Shanghai) Co., Ltd.		49,644		16,989		32,655		83,485		18,453		21,201
Samyang Engineering Plastics Hungary Co., Ltd.		34,180		25,925		8,255		46,337		1,241		1,751
Samyang KCI Co., Ltd.		136,176		17,689		118,487		110,185		14,713		14,750
Samyang Engineering Plastics Vietnam Co., Ltd.		38,859		16,339		22,520		45,037		3,497		5,176

The above financial information is based on the stand-alone financial statements of each subsidiary.

1. Corporation Information (cont'd)

1.2 Subsidiaries (cont'd)

Financial information of non-controlling interests as of December 31, 2025 and 2024 and for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of Korean won)	As of and for the year ended December 31, 2025			
	Samyang Packaging Corporation [1]	Samyang KCI Co., Ltd.	Others	Total
Current assets	₩ 119,109	₩ 101,400		
Non-current assets	530,166	42,827		
Current liabilities	155,704	18,178		
Non-current liabilities	107,494	520		
Equity	386,078	125,530		
Equity attributable to non-controlling interests	105,351	59,771	₩ 12,448	₩ 177,570
Sales	420,218	116,840		
Profit for the year	17,657	9,743		
Total comprehensive income	17,989	9,733		
Profit for the year attributable to non-controlling interests	7,340	4,639	(464)	11,515
Total comprehensive income attributable to non-controlling interests	7,438	4,634	(464)	11,608
Dividends for non-controlling interests	(2,976)	(1,281)	-	(4,257)
Cash flow from operating activities	48,275	(894)		
Cash flow from investing activities	(18,696)	(15,899)		
Cash flow from financing activities	(38,525)	(3,946)		

[1] Consolidated financial information that includes Samyang Packaging Corporation and its subsidiaries.

1. Corporation Information (cont'd)

1.2 Subsidiaries (cont'd)

(in millions of Korean won)	As of and for the year ended December 31, 2024			
	Samyang Packaging Corporation [1]	KCI Co., Ltd.	Others	Total
Current assets	₩ 171,293	₩ 90,945		
Non-current assets	495,984	45,231		
Current liabilities	100,991	17,321		
Non-current liabilities	186,699	368		
Equity	379,587	118,487		
Equity attributable to non-controlling interests	147,394	56,418	₩ 12,915	₩ 216,727
Sales	448,112	110,185		
Profit for the year	20,440	14,713		
Total comprehensive income	20,833	14,750		
Profit for the year attributable to non-controlling interests	8,248	7,006	(287)	14,967
Total comprehensive income attributable to non-controlling interests	8,403	7,023	(287)	15,139
Dividends for non-controlling interests	(3,205)	(1,281)	-	(4,486)
Cash flow from operating activities	61,678	24,301		
Cash flow from investing activities	(43,046)	(4,153)		
Cash flow from financing activities	(4,078)	(2,894)		

[1] Consolidated financial information that includes Samyang Packaging Corporation and its subsidiaries.

2. Material Accounting Policies

2.1 Basis of Preparation

The Company and its subsidiaries (collectively referred to as the “Group”) maintains its accounting records in Korean won and statutory financial statements in Korean in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”), enacted by the *Act on External Audit of Stock Companies*. The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The accompanying consolidated financial statements have been prepared on a historical cost basis, except when otherwise indicated. The consolidated financial statements are presented in Korean won with all values rounded to the nearest million, except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of for the year ended December 31, 2025 are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. Material Accounting Policies (cont'd)

2.2 Basis of Consolidation (cont'd)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non- controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognizes the assets including goodwill and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recognized in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any gains or losses resulting from above accounting treatment in profit or loss; and
- reclassifies the parent's share of subsidiaries previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. Material Accounting Policies (cont'd)

2.3 Basis Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

For a business combination achieved in stages, the acquirer remeasures its previously held interests in the acquiree at fair value at the acquisition date, and the difference of fair value and the carrying amount resulting from such remeasurement are recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of KIFRS 1109, is measured at fair value with the changes in fair value recognized in profit or loss in accordance with KIFRS 1109. Other contingent consideration that is not within the scope of KIFRS 1109 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2. Material Accounting Policies (cont'd)

2.4 Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as gain or loss on equity method investments in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2. Material Accounting Policies (cont'd)

2.5 Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Foreign Currency Translation

The Group's consolidated financial statements are presented in Korean won, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2. Material Accounting Policies (cont'd)
2.6 Foreign Currency Translation (cont'd)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(b) Translation of foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

2.7 Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits for the purpose of meeting short-term cash demands but not for investment or other purposes. Cash in the consolidated statement of cash flows are such cash and cash equivalents.

2.8 Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under KIFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2. Material Accounting Policies (cont'd)

2.8 Financial Instruments – Initial Recognition and Subsequent Measurement (cont'd)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

2. Material Accounting Policies (cont'd)
2.8 Financial Instruments – Initial Recognition and Subsequent Measurement (cont'd)

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as finance income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Material Accounting Policies (cont'd)

2.8 Financial Instruments – Initial Recognition and Subsequent Measurement (cont'd)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade and Other Receivables: Note 5
- Financial Risk Management: Note 32

The Group assesses expected credit losses on debt instruments measured at amortized cost or at fair value through other comprehensive income on the basis of forward-looking information. The impairment method depends on whether there is a significant increase in credit risk. However, for trade receivables, the Group applies a simplified method for recognizing lifetime expected credit losses from the date of initial recognition of the receivables.

(b) Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payable, less directly attributable transaction costs. The Group's financial liabilities include trade and other payables, borrowings, and debentures.

The Group classifies financial liabilities that arise from supplier finance arrangement within trade and other payables in the consolidated statement of financial position if they have a similar nature and function to trade payables. This is the case if the terms of the liabilities that are part of the supplier finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and other payables in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows.

2. Material Accounting Policies (cont'd)
2.8 Financial Instruments – Initial Recognition and Subsequent Measurement (cont'd)

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

(3) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when the entity currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2. Material Accounting Policies (cont'd)

2.9 Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the consolidated statement of comprehensive income as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

2. Material Accounting Policies (cont'd)

2.9 Derivative Financial Instruments (cont'd)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of comprehensive income. Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of comprehensive income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of comprehensive income.

2. Material Accounting Policies (cont'd)

2.10 Fair Value Measurement

The Group measures financial instruments, at fair value at each balance sheet date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative Disclosures of Fair Value Measurement Hierarchy: Note 4
- Investment in Unquoted Equity Shares: Note 4
- Financial Instruments (including those carried at amortized cost): Note 33

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either.

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Material Accounting Policies (cont'd)

2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Purchase costs, transfer costs and costs incurred in bringing each product to its present location and conditions are accounted for initial cost of inventories. Unit costs of inventories are measured by total average method by month, except merchandise-in-transit, whose cost is determined using the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are expensed in the consolidated statement of comprehensive income as incurred.

The Group reviews the depreciation method, estimated useful lives, and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate and applied prospectively.

Depreciation is calculated a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives (years)
Buildings	10 - 50
Structures	7 - 50
Machinery	5 - 15
Vehicles	4 - 5
Right-of-use assets	1 - 37
Others	4 - 10

2. Material Accounting Policies (cont'd)

2.13 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach to all leases, except short-term leases, leases of low-value assets and variable leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

(a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Material Accounting Policies (cont'd)

2.13 Leases (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases have a lease term of less than 12 months from the commencement date of the lease and do not contain a purchase option). It also applies the leases of low-value assets recognition exemptions to leases of office supplies that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

2.15 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Such cost includes the cost of replacing part of the asset if the recognition criteria are met. All other administration costs are expensed as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit of loss in the period of derecognition.

2. Material Accounting Policies (cont'd)

2.15 Investment Properties (cont'd)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.16 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives (years)
Industrial property rights	3 - 10
Development costs	3 - 5
Software	3 - 5
Other intangible assets	3 - 17
Memberships	Indefinite

2. Material Accounting Policies (cont'd)

2.17 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.
Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at the end of each reporting period to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the CGU level, as appropriate.

2.18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2. Material Accounting Policies (cont'd)

2.18 Provisions (cont'd)

Greenhouse gas emission rights and emission liabilities

The Group, in accordance with the *Act on Allocation and Trading of Emission Allowances*, is issued emission allowances free of charge by government up to the allowable limit. During the year, as the Group emits gasses, a liability is recognized for the obligation to deliver allowances at the end of the year to cover those emissions.

The Group recognizes the received emission rights (the "emission allowances") at the nominal amount (i.e., nil). Where emission rights are purchased from other parties, they are recorded at cost. The Group derecognizes the emission rights from the consolidated statements of financial position at the timing of remittance or disposal.

A provision is recognized only when actual emissions exceed the emission rights granted and still held. The emission costs are recognized as cost of sales. Emission provision is measured by adding the following (a) and (b):

(a) the carrying value of the emission rights to be remitted for this year; and
(b) the best estimate of the expenditure required to settle the present obligation for the actual emissions that exceed the emission rights granted at the end of the reporting period.

2.19 Pensions Benefits and Other Post-Employment Benefits

The Group operates a defined benefit plan and defined contribution plan.

Defined benefit plan

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

- the date of the plan amendment or curtailment; and
- the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes service cost or net interest expense in the net defined benefit obligation under cost of sales or selling and administrative expenses in the consolidated statement of comprehensive income.

Defined contribution plan

For the employees under the defined contribution plan, the Group makes contributions of required funding amount regardless of the operating results of the defined contribution plan, and contributions are expensed in the period they are incurred.

2. Material Accounting Policies (cont'd)

2.20 Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in capital surplus.

2.21 Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration.

a) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group is required to deduct the incentive provided to the customer from the transaction price unless it is paid in exchange for the distinct goods or services transferred to the entity by the customer.

b) Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability (other current liability). A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer (other current asset).

c) Principal versus agent

If the Group sells the product in accordance with the contract with the customer and performs the transportation service, the Group is primarily an "agent" in such transaction. Revenue from the shipping lane service is recognized as a net amount.

2. Material Accounting Policies (cont'd)

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill;
- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

2. Material Accounting Policies (cont'd)

2.22 Taxes (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. On the other hand, when the grant relates to an asset, it is presented as a deductible account of the related assets and offset with the depreciation expense of the related assets over the useful life of the related assets.

2.24 Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.25 Cash Dividends

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2. Material Accounting Policies (cont'd)

2.26 Changes in Accounting Policies and Disclosures

2.26.1 New and amended standards and interpretations adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) **Amendments to KIFRS 1021 -** ***Lack of Exchangeability***

For annual reporting periods beginning on or after January 1, 2025, the amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments had no material impact on the Group's consolidated financial statements.

(b) Amendments to KIFRS 1117 ***Insurance Contracts - Disclosure of Methods for Estimating Inputs Used to Measure Insurance Contract***

The amendments to KIFRS 1117 *Insurance Contracts*, effective for annual reporting periods ending on or after December 31, 2025, specify disclosure requirements applied when the entity with insufficient historical data or experience available is required to use principle-based estimation techniques in accordance with insurance-related laws and regulations. If the entity uses the estimation techniques for inputs in measuring insurance contracts different from the principle-based estimation techniques as required by insurance-related laws and regulations and the information about such differences is judged to be relevant and material to users of financial statements, the entity is required to disclose the followings:

- the methods that the entity used for estimating inputs based on its significant judgment and the basis of such judgment, and the difference between the estimation technique used by the entity and the principle-based estimation techniques required by laws and regulations; and
- the impact of applying the principle-based estimation techniques required by laws and regulations on the estimates of future cash flows, insurance contract margins, insurance revenues and insurance service expenses.

However, the amendments will remain effective until the annual reporting period that includes December 31, 2029.
The amendments have no material impact on the Group's consolidated financial statements.

2. Material Accounting Policies (cont'd)

2.26 Changes in Accounting Policies and Disclosures (cont'd)

2.26.1 New standards and interpretations not yet adopted by the Group

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

(a) Amendments to KIFRS 1109 and KIFRS 1107 - *Classification and Measurement of Financial Instruments*

The amendments to KIFRS 1109 and KIFRS 1107 *Classification and Measurement of Financial Instruments* include:

- a clarification that a financial liability is derecognized on the "settlement date" and the introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date;
- additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- clarifications on what constitute "non-recourse features" and what are the characteristics of contractually linked instruments; and
- the introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments measured at fair value through other comprehensive income (OCI).

The amendments are effective for annual periods beginning on or after January 1, 2026 with early adoption permitted for classification of financial assets and related disclosures only.

(b) Annual Improvements to KIFRS - Volume 11

Annual Improvements to KIFRS - Volume 11 have been announced for the purpose of improving consistency among the requirements in the standards, clarifying unclear wording, and enhancing understandability.

- Amendments to KIFRS 1101 *First-time Adoption of KIFRS: Hedge Accounting by a First-time Adopter*
- Amendments to KIFRS 1107 *Financial Instruments: Disclosures: Gain or Loss on Derecognition, Guidance for Application in Practice*
- Amendments to KIFRS 1109 *Financial Instruments: Accounting for Derecognition of Lease Liabilities and Definition of Transaction Price*
- Amendments to KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- Amendments to KIFRS 1007 *Statement of Cash Flows: Cost Method*

The amendments will be effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2. Material Accounting Policies (cont'd)

2.26 Changes in Accounting Policies and Disclosures (cont'd)

2.26.1 New standards and interpretations not yet adopted by the Group (cont'd)

(c) Amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity*

The amendments to KIFRS 1109 and KIFRS 1107 - *Contracts Referencing Nature-dependent Electricity* have been issued and include the followings:

- clarification of the application of the "own-use" requirements for in-scope contracts;
- amendments to the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts; and
- addition of new disclosure requirements to enable investors to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted and must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the disclosure amendments to KIFRS 1107 must be implemented alongside the amendments to KIFRS 1109. If an entity does not restate comparative information, it cannot present comparative disclosures.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

(d)* KIFRS 1118 *Presentation and Disclosure in Financial Statements

KIFRS 1118 *Presentation and Disclosure in Financial Statements*, which replaces KIFRS 1001 *Presentation of Financial Statements*, has been issued. KIFRS 1118 introduces new requirements for the presentation of the statement of profit or loss, including specified totals and subtotals. In addition, entities are required to classify all income and expenses in the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, of which the first three are newly introduced categories.

KIFRS 1118 also requires disclosure of management-defined performance measures and subtotals of income and expenses, and introduces new requirements for aggregation and disaggregation of financial information based on identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to KIFRS 1007 *Statement of Cash Flows* as a consequence of the issuance of this standard. For example, the starting point for determining cash flows from operating activities under the indirect method has been changed from profit for the period to operating profit, and the accounting policy choice for classification of cash flows arising from dividends and interest has been removed. Various consequential amendments have also been made to other standards.

2. Material Accounting Policies (cont'd)

2.26 Changes in Accounting Policies and Disclosures (cont'd)

2.26.1 New standards and interpretations not yet adopted by the Group (cont'd)

KIFRS 1118 and the amendments to other standards will be effective for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted but will need to be disclosed. In addition, KIFRS 1118 is required to be applied retrospectively on initial application.

The Group is currently assessing the impact that these amendments will have on the primary financial statements and related disclosures.

2.27 Material Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties are summarized in the following note:

- Capital Management: Note 32
- Financial Risk Management and Policies: Note 32
- Sensitivity Analysis and Disclosure: Note 32

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

(b) Retirement benefit plan

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2. Material Accounting Policies (cont'd)

2.27 Material Accounting Judgments, Estimates and Assumptions (cont'd)

(c) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

2.28 Approval of Issuance of the Financial Statements

The Group's consolidated financial statements as of and for the year ended December 31, 2025 were approved by the Board of Directors on March 18, 2026 and will be submitted to the annual shareholders' meeting to be held on March 26, 2026.

3. Operating Segments

The Group is organized into business units based on its products and services and has three reportable segments, whose financial information is regularly reported to the Group's chief operating decision maker, and details are as follows:

Segment	Product or services	Customer information
Food	Sugar, cooking oil, flour, and processed foods	Branches, distributors and major retailers
Chemicals	Engineering plastic, PET flake, resins, raw materials for cosmetics and household products.	Distributors and manufacturers
Others	Services, etc.	-

Financial performance for each segment for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of Korean won)	2025					
	Foods	**Chemicals**	**Others**	**Sub-total**	**Consolidation adjustments**	**Total**
Sales:	₩ 1,515,274	₩ 1,090,837	₩ 11,166	₩ 2,617,277	₩ (54,777)	₩ 2,562,500
External sales	1,510,335	1,043,277	8,888	2,562,500	-	2,562,500
Inter-segment sales	4,939	47,560	2,278	54,777	(54,777)	-
Depreciation and amortization	37,505	38,167	5,529	81,201	704	81,905
Interest income	3,893	4,240	-	8,133	(2)	8,131
Interest expenses	12,913	9,931	-	22,844	(1)	22,843
Profit (loss) for the year[1]	₩ (357,400)	₩ 71,342	₩ (652)	₩ (286,710)	₩ (20,263)	(306,973)
Finance income not allocated to segment						33,627
Gain on equity method investments						1,334
Loss before income tax						₩ (272,012)

[1] Presenting net profit (loss) before income tax, excluding finance income and cost not allocated to the segment and gain (loss) on equity method investments.

3. Operating Segments (cont'd)

(in millions of Korean won)	2024					
	Foods	**Chemicals**	**Others**	**Sub-total**	**Consolidation adjustments**	**Total**
Sales:	₩ 1,586,334	₩ 1,115,665	₩ 11,503	₩ 2,713,502	₩ (41,681)	₩ 2,671,821
External sales	1,581,282	1,081,226	9,313	2,671,821	-	2,671,821
Inter-segment sales	5,052	34,439	2,190	41,681	(41,681)	-
Depreciation and amortization	35,347	41,250	5,648	82,245	1,025	83,270
Impairment losses of tangible assets	-	5,045	-	5,045	-	5,045
Interest income	5,337	5,354	-	10,691	(1)	10,690
Interest expenses	17,252	10,413	-	27,665	-	27,665
Profit (loss) for the year[1]	₩ 59,712	₩ 83,610	₩ 9,074	₩ 152,396	₩ (10,243)	142,153
Finance income not allocated to segment						31,629
Gain on equity method investments						1,090
Profit before income tax						₩ 174,872

[1] Presenting net profit (loss) before income tax, excluding finance income and cost not allocated to the segment and gain (loss) on equity method investments.

Details of geographical sales by each region for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	**2025**	**2024**
Korea	₩ 2,014,334	₩ 2,090,194
China	95,512	111,728
Japan	129,791	119,157
Other Asian countries	131,240	165,763
Europe	83,113	80,091
Others	108,510	104,888
	₩ 2,562,500	₩ 2,671,821

The revenue information above is based on customers' locations.

3. Operating Segments (cont'd)

Details of non-current assets by each region as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025		December 31, 2024	
Korea	₩	1,493,354	₩	1,450,529
China		10,623		12,532
Hungary		5,176		5,615
Vietnam		16,240		18,585
Japan		115		322
	₩	1,525,508	₩	1,487,583

The non-current asset information above is based on the geographical locations of the assets. The non-current assets above consist of property, plant and equipment, intangible assets and investment properties.

4. Fair Value

There are no significant changes in business and economic environment which affect fair value of financial assets and financial liabilities for the year ended December 31, 2025

4.1 Fair Value of Financial Instruments by Category

Details of the carrying amount and fair value of financial instruments as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025				December 31, 2024			
	Carrying amount		Fair value		Carrying amount		Fair value	
Financial assets								
Financial assets at FVOCI	₩	847,860	₩	847,860	₩	593,837	₩	593,837
Financial assets at FVPL		22,436		22,436		25,442		25,442
Derivative financial assets		2,666		2,666		14,450		14,450
	₩	872,962	₩	872,962	₩	633,729	₩	633,729
Financial liabilities								
Derivative financial liabilities	₩	1,381	₩	1,381	₩	503	₩	503

Financial instruments whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

4. Fair Value (cont'd)

4.2 Fair Value Hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	**December 31, 2025**			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial assets at FVOCI				
Listed equity instruments	₩ 767,957	₩ -	₩ -	₩ 767,957
Unlisted equity instruments	-	-	78,766	78,766
Debt instruments	-	1,137	-	1,137
Financial assets at FVPL				
Beneficiary certificates	-	-	17,573	17,573
Compound financial instruments	-	-	4,843	4,843
Capital contribution	-	-	20	20
Derivatives				
Derivative assets	-	2,666	-	2,666
Derivative liabilities	-	1,381	-	1,381

4. Fair Value (cont'd)

4.2 Fair Value Hierarchy (cont'd)

(in millions of Korean won)	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVOCI				
Listed equity instruments	₩ 529,860	₩ -	₩ -	₩ 529,860
Unlisted equity instruments	-	-	62,992	62,992
Debt instruments	-	985	-	985
Financial assets at FVPL				
Beneficiary certificates	-	-	20,579	20,579
Compound financial instruments	-	-	4,843	4,843
Capital contribution	-	-	20	20
Derivatives				
Derivative assets	-	14,450	-	14,450
Derivative liabilities	-	503	-	503

The Group recognizes transfers between levels of the fair value at the end of the reporting period.

4.3 Valuation Techniques and the Inputs

The valuation techniques used to measure the fair value of Level 2 and the input variables that are significant but not observable are as follows:

(in millions of Korean won)	Valuation techniques	Fair value	Inputs
Debt instruments	Discount cash flows method	₩ 1,137	Market interest rate
Derivative assets	Discount cash flows method	2,666	Discount rate
Derivative liabilities	Discount cash flows method	1,381	Discount rate

4. Fair Value (cont'd)
4.3 Valuation Techniques and the Inputs(Cont'd)

The valuation techniques used to measure the fair value of Level 3 and the input variables that are significant but not observable are as follows:

(in millions of Korean won)	Valuation techniques	Fair value	Inputs	Effects of input variables on fair value
Unlisted equity instruments	Discount cash flows method	₩ 66,407	Discount rate 4.71% - 10.20%	Reduced fair value when discount rate rises
			Perpetual growth rate 0%	Increase in fair value when permanent growth rate increases
	Asset value approach method and others	12,359	-	-
Beneficiary certificates	Asset value approach method	17,573	-	-
Compound financial instruments	Asset value approach method	4,843	-	-
Capital contribution	Asset value approach method	20	-	-

Changes in the fair value of Level 3 for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025	
	Financial assets at FVOCI	Financial assets at FVPL
Beginning balance	₩ 62,992	₩ 25,442
Acquisitions	7,000	-
Valuation	8,774	(542)
Disposals	-	(2,464)
Ending balance	₩ 78,766	₩ 22,436

(in millions of Korean won)	2024	
	Financial assets at FVOCI	Financial assets at FVPL
Beginning balance	₩ 59,688	₩ 19,882
Acquisitions	-	3,000
Valuation	3,304	2,560
Ending balance	₩ 62,992	₩ 25,442

4. Fair Value (cont'd)
4.3 Valuation Techniques and the Inputs(Cont'd)

If other input variables remain constant for fair values that are currently classified as Level 3 as of December 31, 2025 and 2024, the impact of a significant but not observable input variable that is materially fluctuating at the reporting date is as follows:

(in millions of Korean won)		December 31, 2024			
	Inputs	**1% decrease**		**1% increase**	
Unlisted equity instruments	Discount rate	₩	21,996	₩	(16,462)

(in millions of Korean won)		December 31, 2024			
	Inputs	**1% decrease**		**1% increase**	
Unlisted equity instruments	Discount rate	₩	21,711	₩	(16,842)

5. Trade and Other Receivables

Details of trade and other receivables as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025			December 31, 2024		
	Amounts before allowance for doubtful accounts	Allowance for doubtful accounts	Carrying amount	Amounts before allowance for doubtful accounts	Allowance for doubtful accounts	Carrying amount
Current assets:						
Trade receivables	₩ 252,599	₩ (7,826)	₩ 244,773	₩ 259,171	₩ (7,639)	₩ 251,532
Other receivables	3,950	(3)	3,947	5,538	(3)	5,535
Short-term loans	8,144	(7,300)	844	8,160	(7,300)	860
Security deposit	6,915	-	6,915	4,403	-	4,403
	271,608	(15,129)	256,479	277,272	(14,942)	262,330
Non-current assets:						
Long-term other receivables	3,564	-	3,564	3,054	-	3,054
Long-term loans	2,255	-	2,255	2,225	-	2,225
Security deposit	3,728	-	3,728	8,454	-	8,454
	9,547	-	9,547	13,733	-	13,733
	₩ 281,155	₩ (15,129)	₩ 266,026	₩ 291,005	₩ (14,942)	₩ 276,063

Changes in allowance for doubtful accounts on trade and other receivables for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025	2024
Beginning balance	₩ 14,942	₩ 15,587
Write-offs	-	(14)
Impairment loss (reversal)	187	(631)
Ending balance	₩ 15,129	₩ 14,942

6. Inventories

Details of inventories as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025			December 31, 2024		
	Acquisition cost	Allowance for valuation loss	Carrying amount	Acquisition cost	Allowance for valuation loss	Carrying amount
Merchandise	₩ 48,684	(1,921)	46,763	₩ 55,123	(477)	54,646
Finished goods	114,620	(1,942)	112,678	114,395	(2,672)	111,723
Semi-finished goods	30,110	(666)	29,444	31,788	(337)	31,451
By-product	942	-	942	454	-	454
Work-in-process	174	-	174	179	-	179
Raw materials	55,994	(492)	55,502	51,291	(486)	50,805
Supplementary materials	16,920	(1,100)	15,820	17,287	(988)	16,299
Supplies	3,726	(49)	3,677	4,156	(84)	4,072
Goods-in-transit	121,576	-	121,576	121,840	-	121,840
	₩ 392,746	(6,170)	386,576	₩ 396,513	(5,044)	391,469

Loss on valuation of inventories for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of Korean won)	2025	2024
Loss on valuation of inventories (reversal)	₩ 1,030	₩ (1,878)

7. Other Assets

Details of other assets as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025	December 31, 2024
Current		
Prepaid expenses	₩ 2,176	₩ 2,066
Advance payments	9,265	8,160
Accrued income	6,448	4,487
Prepaid value added tax	4,442	1,187
Returnable assets	192	171
	22,523	16,071
Non-current		
Long-term prepaid expenses	3,319	3,708
Long-term advance payments	1,285	310
Long-term Accrued income	3,435	3,435
	8,039	7,453
	₩ 30,562	₩ 23,524

8. Property, Plant and Equipment

Changes in property, plant and equipment for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025				
	Land	**Buildings**	**Structures**	**Machinery**	**Vehicles**
Acquisition cost					
Beginning balance	₩ 433,548	₩ 394,623	₩ 71,579	₩ 1,168,571	₩ 1,689
Acquisitions	-	2	6	61	-
Disposals	(2,144)	(5,471)	(92)	(9,445)	(72)
Others[1]	12,202	1,254	843	27,481	-
Foreign currency translation differences	-	(128)	(94)	421	-
Ending balance	₩ 433,606	₩ 390,280	₩ 72,242	₩ 1,187,089	₩ 1,617
Accumulated depreciation					
Beginning balance	₩ -	₩ 138,084	₩ 38,741	₩ 710,729	₩ 1,391
Disposals	-	(1,884)	(59)	(9,266)	(72)
Depreciation	-	11,256	1,869	46,488	105
Others[1]	-	-	-	-	-
Foreign currency translation differences	-	109	38	665	1
Ending balance	₩ -	₩ 147,565	₩ 40,589	₩ 748,616	₩ 1,425
Accumulated impairment loss					
Beginning balance	₩ -	₩ 4,697	₩ 1,211	₩ 6,414	₩ -
Disposals	-	(3,424)	-	(92)	-
Ending balance	₩ -	₩ 1,273	₩ 1,211	₩ 6,322	₩ -
Government grants					
Beginning balance	₩ -	₩ -	₩ -	₩ 4,231	₩ -
Acquisitions	-	-	-	714	-
Depreciation	-	-	-	(368)	-
Others[1]	-	-	-	735	-
Ending balance	₩ -	₩ -	₩ -	₩ 5,312	₩ -
Carrying amount					
Beginning balance	₩ 433,548	₩ 251,842	₩ 31,627	₩ 447,197	₩ 298
Ending balance	₩ 443,606	₩ 241,442	₩ 30,442	₩ 426,839	₩ 192

8. Property, Plant and Equipment(Cont'd)

(in millions of Korean won)	2025							
	Right-of-use assets		Others		Construction-in-progress		Total	
Acquisition cost								
Beginning balance	₩	30,793	₩	99,039	₩	19,540	₩	2,219,382
Acquisitions		4,480		378		100,764		105,691
Disposals		(5,715)		(14,817)		(56)		(37,812)
Others[1]		275		7,396		(52,400)		(2,949)
Foreign currency translation differences		710		140		-		1,049
Ending balance	₩	30,543	₩	92,136	₩	67,848	₩	2,285,361
Accumulated depreciation								
Beginning balance	₩	8,865	₩	80,146	₩	-	₩	977,956
Disposals		(5,233)		(14,786)		-		(31,300)
Depreciation		7,085		5,854		-		72,657
Others[1]		(91)		-		-		(91)
Foreign currency translation differences		450		116		-		1,379
Ending balance	₩	11,076	₩	71,330	₩	-	₩	1,020,601
Accumulated impairment loss								
Beginning balance	₩	-	₩	33	₩	-	₩	12,355
Disposals		-		-		-		(3,516)
Ending balance	₩	-	₩	33	₩	-	₩	8,839
Government grants								
Beginning balance	₩	-	₩	1,088	₩	-	₩	5,319
Acquisitions		-		162		2,854		3,730
Depreciation		-		(392)		-		(760)
Others[1]		-		-		(735)		-
Ending balance	₩	-	₩	858	₩	2,119	₩	8,289
Carrying amount								
Beginning balance	₩	21,928	₩	17,772	₩	19,540	₩	1,223,752
Ending balance	₩	19,467	₩	19,915	₩	65,729	₩	1,247,632

[1] Others include a transfer from construction-in-progress to intangible assets of ₩ 537 million, a reclassification of long-term other receivables of ₩ 2,940 million, a remeasurement of right-of-use assets of ₩ 367 million, and capitalized borrowing costs of ₩ 252 million.

8. Property, Plant and Equipment(Cont'd)

(in millions of Korean won)	2024				
	Land	Buildings	Structures	Machinery	Vehicles
Acquisition cost					
Beginning balance	₩ 433,578	₩ 382,608	₩ 70,001	₩ 1,096,695	₩ 1,563
Acquisitions	-	129	73	193	5
Disposals	(30)	(4,498)	(279)	(14,884)	(57)
Others[1]	-	15,653	1,428	83,991	170
Foreign currency translation differences	-	731	356	2,576	8
Ending balance	₩ 433,548	₩ 394,623	₩ 71,579	₩ 1,168,571	₩ 1,689
Accumulated depreciation					
Beginning balance	₩ -	₩ 130,225	₩ 36,875	₩ 676,133	₩ 1,288
Disposals	-	(3,691)	(149)	(13,245)	(57)
Depreciation	-	11,226	1,858	46,241	156
Others[1]	-	-	-	-	-
Foreign currency translation differences	-	324	157	1,600	4
Ending balance	₩ -	₩ 138,084	₩ 38,741	₩ 710,729	₩ 1,391
Accumulated impairment loss					
Beginning balance	₩ -	₩ 1,086	₩ 1,181	₩ 5,251	₩ -
Impairment loss[2]	-	3,611	137	1,297	-
Disposals	-	-	(107)	(134)	-
Ending balance	₩ -	₩ 4,697	₩ 1,211	₩ 6,414	₩ -
Government grants					
Beginning balance	₩ -	₩ -	₩ -	₩ 1,145	₩ -
Acquisitions	-	-	-	1,503	-
Depreciation	-	-	-	(171)	-
Others[1]	-	-	-	1,754	-
Ending balance	₩ -	₩ -	₩ -	₩ 4,231	₩ -
Carrying amount					
Beginning balance	₩ 433,578	₩ 251,297	₩ 31,945	₩ 414,166	₩ 275
Ending balance	₩ 433,548	₩ 251,842	₩ 31,627	₩ 447,197	₩ 298

8. Property, Plant and Equipment(Cont'd)

(in millions of Korean won)	2024			
	Right-of-use assets	**Others**	**Construction-in-progress**	**Total**
Acquisition cost				
Beginning balance	₩ 29,707	₩ 102,311	₩ 51,755	₩ 2,168,218
Acquisitions	5,503	140	76,723	82,766
Disposals	(6,804)	(10,146)	(505)	(37,203)
Others[1]	631	6,560	(108,499)	(66)
Foreign currency translation differences	1,756	174	66	5,667
Ending balance	₩ 30,793	₩ 99,039	₩ 19,540	₩ 2,219,382
Accumulated depreciation				
Beginning balance	₩ 7,517	₩ 83,684	₩ -	₩ 935,722
Disposals	(6,231)	(9,532)	-	(32,905)
Depreciation	7,136	5,867	-	72,484
Others[1]	(2)	-	-	(2)
Foreign currency translation differences	445	127	-	2,657
Ending balance	₩ 8,865	₩ 80,146	₩ -	₩ 977,956
Accumulated impairment loss				
Beginning balance	₩ -	₩ 33	₩ -	₩ 7,551
Impairment loss	-	-	-	5,045
Disposals	-	-	-	(241)
Ending balance	₩ -	₩ 33	₩ -	₩ 12,355
Government grants				
Beginning balance	₩ -	₩ 1,407	₩ 782	₩ 3,334
Acquisitions	-	70	972	2,545
Depreciation	-	(387)	-	(558)
Others[1]	-	(2)	(1,754)	(2)
Ending balance	₩ -	₩ 1,088	₩ -	₩ 5,319
Carrying amount				
Beginning balance	₩ 22,190	₩ 17,187	₩ 50,973	₩ 1,221,611
Ending balance	₩ 21,928	₩ 17,772	₩ 19,540	₩ 1,223,752

[1] Others include a transfer from construction-in-progress to intangible assets of ₩ 676 million, a remeasurement of right-of-use assets of ₩ (633) million, reclassification of investment properties, nets of ₩ 21 million, and a disposal of government subsidies of ₩ 2 million.

[2] The Group recognized an impairment loss of ₩ 5,054 million on unused assets, and the amount is included in other non-operating expenses.

As of December 31, 2025, property, plant and equipment have been pledged as collateral in connection with the Group's borrowings, as described in Note 29.

8. Property, Plant and Equipment(Cont'd)

Line items including depreciation in the statements of comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Cost of sales	₩	59,123	₩	58,446
Selling and administrative expenses, and others		12,774		13,480
	₩	71,897	₩	71,926

9. Leases

Set out below is information for leases when the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

(in millions of Korean won)		**2025**		**2024**
Right-of-use assets[1]				
Properties	₩	16,945	₩	19,406
Vehicles		2,376		2,368
Others		146		154
	₩	19,467	₩	21,928

[1] Included in property, plant and equipment in the consolidated statements of financial position.

(in millions of Korean won)		**2025**		**2024**
Lease liabilities[1]				
Current	₩	6,125	₩	6,621
Non-current		10,836		11,924
	₩	16,961	₩	18,545

[1] Included in other financial liabilities in the consolidated statements of financial position.

9. Leases(Cont'd)

(b) The consolidated statement of comprehensive income shows the following amounts relating to leases:

(in millions of Korean won)		2025		2024
Depreciation of right-of-use assets				
Properties	₩	5,845	₩	5,921
Vehicles		1,160		1,156
Others		80		59
	₩	7,085	₩	7,136
Interest expense relating to lease liabilities (included in finance cost)	₩	710	₩	640
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)		680		1,636
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)		588		484
Expense relating to variable lease payments not included in lease liabilities (included in selling and administrative expenses)		16,831		17,580

The total cash outflow for leases for the year ended December 31, 2025 is ₩ 25,363 million (2024: ₩ 26,956 million).

10. Intangible Assets

Changes in intangible assets for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025						
	Goodwill	Industrial property rights	Software	Club membership	Others	Intangible assets under development	Total
Beginning balance	₩ 198,641	₩ 187	₩ 18,572	₩ 7,901	₩ 18,341	₩ -	₩ 243,642
Acquisitions	-	25	-	-	-	288	313
Disposal	-	-	-	(208)	-	-	(208)
Others[1]	-	-	519	306	-	(288)	537
Amortization	-	(62)	(7,989)	-	(1,679)	-	(9,730)
Foreign currency translation differences	-	-	14	-	-	-	14
Ending balance	₩ 198,641	₩ 150	₩ 11,116	₩ 7,999	₩ 16,662	₩ -	₩ 234,568

[1] Others include a transfer from construction-in-progress to intangible assets of ₩ 537 million.

(in millions of Korean won)	2024						
	Goodwill	Industrial property rights	Software	Club membership	Others	Intangible assets under development	Total
Beginning balance	₩ 198,641	₩ 230	₩ 25,876	₩ 7,901	₩ 20,865	₩ -	₩ 253,513
Acquisitions	-	22	-	-	-	287	309
Others[1]	-	-	963	-	-	(287)	676
Amortization	-	(65)	(8,463)	-	(2,524)	-	(11,052)
Foreign currency translation differences	-	-	196	-	-	-	196
Ending balance	₩ 198,641	₩ 187	₩ 18,572	₩ 7,901	₩ 18,341	₩ -	₩ 243,642

[1] Others include a transfer from construction-in-progress to intangible assets of ₩ 676 million.

10. Intangible Assets(Cont'd)

Details of goodwill allocated to CGUs as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)			**December 31, 2025**		**December 31, 2024**
Chemicals	Samyang Packaging Corporation	₩	164,590	₩	164,590
	KCI Co., Ltd.		34,051		34,051
		₩	198,641	₩	198,641

The value in use of CGUs and group of CGUs were estimated using the discounted cash flows method. The key assumptions used in the estimation of value in use are as follows:

- Cash flows were projected based on past experiences, actual financial results and future business plan.
- The revenue growth rate for the future was estimated based on past average growth rates, and cash flows after the estimation were estimated on the assumption of permanent growth rate of 0%
- The discount rate applied is based on the average-weighted average cost of capital of CGU 7.8% and 7.95%.
- The key assumptions used in calculating value in use represent management's expectation on future trends in each CGUs and group of CGUs, which are based on historical data from external and internal sources.

As a result of impairment test, the CGU and group of CGU's recoverable amount exceeds its carrying amount.

Research and development costs recognized as expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Selling and administrative expenses	₩	7,288	₩	7,175

Line items including amortization in the statements of comprehensive income for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Cost of sales	₩	452	₩	446
Selling and administrative expenses and others		9,278		10,606
	₩	9,730	₩	11,052

11. Investment Properties

Changes in investment properties for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025					
		Land		**Buildings**		**Total**
Beginning balance	₩	14,648	₩	5,541	₩	20,189
Acquisition		24,234		60		24,294
Depreciation		-		(278)		(278)
Disposal		(298)		(599)		(897)
Ending balance	₩	38,584	₩	4,724	₩	43,308

(in millions of Korean won)	2024					
		Land		**Buildings**		**Total**
Beginning balance	₩	14,648	₩	5,812	₩	20,460
Depreciation		-		(292)		(292)
Others[1]		-		21		21
Ending balance	₩	14,648	₩	5,541	₩	20,189

[1] Others represent a reclassification from land and buildings to investment property.

Details of income and expenses associated with investment properties for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Rental income	₩	792	₩	1,278
Rental costs		(319)		(379)

11. Investment Properties(Cont'd)

The Group holds various operating leases for certain real estate properties, and the details of related future lease receivables as of December 31, 2025and 2024 are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Within one year	₩	1,115	₩	408
1 year - 2 years		618		-
2 years - 3 years		591		-
3 years - 4 years		591		-
4 years - 5 years		246		-
	₩	3,161		408

The carrying amount and fair value of investment properties as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Carrying amount	₩	43,308	₩	20,189
Fair value[1]		45,924		22,853

[1] Fair value is measured using the Officially Assessed Land Price, price index and recent comparable transactions prices available.

The Group's investment properties have been provided as collateral for the borrowings and commitments as of December 31, 2025, and details thereof are explained in Note 29.

12. Interests in Associates and Joint Venture

Details of investment in joint venture and investment in associates as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025	December 31, 2024
Investment in associates	₩ 2,700	₩ 3,043
Investment in joint ventures	23,490	21,914
	₩ 26,190	₩ 24,957

Details of investments in associates as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)				December 31, 2025		December 31, 2024	
Associates	Location	Main business	Date of financial statements	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount
KCI Japan Co., Ltd. . [1]	Japan	Wholesale	Dec. 31	45.00	₩ 1,1,02	45.00	₩ 999
Solid Ionics Co., Ltd.	Korea	Manufacture of solid electrolyte materials	Dec. 31	20.00	1,522	20.00	1,955
Kinfolk Beauty Inc. [2]	Korea	Distribution and sales of cosmetics	Dec. 31	12.96	76	12.96	89
					₩ 2,700		₩ 3,043

[1] For the year ended December 31, 2025, KCI Japan Co., Ltd. changed its corporate name to Samyang KCI Japan Corporation.
[2] The Company classified Kinfolk Beauty Co., Ltd. as an associate because it has the right to appoint directors and is therefore able to exercise significant influence over the investee.

Details of investments in joint venture as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)				December 31, 2025		December 31, 2024	
Joint venture	Location	Main business	Date of financial statements	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount
Samyang Fine Technology Co., Ltd.	Korea	Manufacture and sale of IER	Dec. 31	50.00	₩ 23,490	50.00	₩ 21,914

In accordance with the relevant joint agreements, the Group has residual interests in the net assets of the entity. Accordingly, the Group has classified its interests in the entity as investments in joint ventures.

12. Interests in Associates and Joint Venture(Cont'd)

Changes in investments in associates and joint venture for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025				
	Beginning balance	Dividend	Gain under equity method investments	Others	Ending balance
KCI Japan Co., Ltd.	₩ 999	₩ (102)	₩ 216	₩ (11)	₩ 1,102
Solid Ionics Co., Ltd.	1,955	-	(433)	-	1,522
Kinfolk Beauty Inc.	89	-	(13)	-	76
Samyang Fine Technology Co., Ltd.	21,914	-	1,564	12	23,490
	₩ 24,957	₩ (102)	₩ 1,334	₩ 1	₩ 26,190

(in millions of Korean won)	2024				
	Beginning balance	Dividend	Gain under equity method investments	Others	Ending balance
KCI Japan Co., Ltd.	₩ 842	₩ (96)	₩ 214	₩ 39	₩ 999
Solid Ionics Co., Ltd.	2,549	-	(594)	-	1,955
Kinfolk Beauty Inc.	-	-	89	-	89
Samyang Fine Technology Co., Ltd.	20,585	-	1,381	(52)	21,914
	₩ 23,976	₩ (96)	₩ 1,090	₩ (13)	₩ 24,957

12. Interests in Associates and Joint Venture(Cont'd)

Summarized financial information of associates and joint venture adjusted to the carrying amounts of shares in associates and joint venture as of December 31, 2025 and 2024 is as follows:

(in millions of Korean won)

2025	Net value	Share of net assets	Intercompany transaction	Difference in investments	Carrying amount
KCI Japan Co., Ltd.	₩ 2,983	₩ 1,342	₩ (240)	₩ -	₩ ₩ 1,102
Solid Ionics Co., Ltd.	(3,990)	(798)	-	2,320	1,522
Kinfolk Beauty Inc.	585	76	-	-	76
Samyang Fine Technology Co., Ltd.	47,400	23,700	(210)	-	23,490
	₩ 46,978	₩ 24,320	₩ (450)	₩ 2,320	₩ ₩ 26,190

(in millions of Korean won)

2024	Net value	Share of net assets	Intercompany transaction	Difference in investments	Carrying amount
KCI Japan Co., Ltd.	₩ 2,454	₩ 1,104	₩ (105)	₩ -	₩ ₩ 999
Solid Ionics Co., Ltd.	(1,824)	(365)	-	2,320	1,955
Kinfolk Beauty Inc.	685	89	-	-	89
Samyang Fine Technology Co., Ltd.	44,330	22,165	(251)	-	21,914
	₩ 45,645	₩ 22,993	₩ (356)	₩ 2,320	₩ ₩ 24,957

12. Interests in Associates and Joint Venture(Cont'd)

Set out below is summarized financial information on associates and joint venture as of December 31, 2025 and 2024:

(in millions of Korean won)	December 31, 2025							
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Profit (loss) for the year	Other comprehensive income	Total comprehensive income (loss)
KCI Japan Co.,Ltd.	₩ 5,254	₩ 285	₩ 1,794	₩ 762	₩ 12,722	₩ 781	₩ (24)	₩ 757
Solid Ionics Co., Ltd.	5,868	5,305	13,635	1,528	7	(2,157)	-	(2,157)
Kinfolk Beauty Inc.	3,591	63	1,147	1,922	7,878	417	-	417
Samyang Fine Technology Co., Ltd.	22,313	47,858	12,782	9,989	59,133	3,016	23	3,039

(in millions of Korean won)	December 31, 2024							
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Profit (loss) for the year	Other comprehensive income	Total comprehensive income (loss)
KCI Japan Co.,Ltd.	₩ 4,008	₩ 280	₩ 1,044	₩ 790	₩ 10,237	₩ 390	₩ 87	₩ 477
Solid Ionics Co., Ltd.	787	4,453	5,538	1,526	4	(1,513)	-	(1,513)
Kinfolk Beauty Inc.	2,673	155	299	1,844	6,867	1,334	-	1,334
Samyang Fine Technology Co., Ltd.	24,622	53,055	22,141	11,206	55,921	2,841	(104)	2,737

13. Trade and Other Payables

Details of trade and other payables as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025	December 31, 2024
Current		
Trade payables	₩ 150,463	₩ 150,871
Other payables	87,620	80,795
Others	386	1,043
	238,469	232,709
Non-Current		
Deposits received	392	225
Others	3,876	3,862
	4,268	4,087
	₩ 242,737	₩ 236,796

14. Borrowings and Debentures

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

(in millions of Korean won)

Lender	Type	Annual interest rate (%) as of December 31, 2025	December 31, 2025	December 31, 2024
Hana Bank and others	Import finance	3.89 - 4.51	₩ 152,510	₩ 129,593
Korea Exim bank	Export growth fund	-	-	1,000
	Import growth fund	2.90	10,000	-
Woori Bank and others	L/C Nego and others	-	2,156	1,204
Raiffeisen Bank	Factoring Loan	-	-	1,504
Shinhan Bank Europe GmbH	General loans	3M Euribor + 0.95	1,686	3,822
Woori Bank	General loans	-	-	10,000
NongHyup Bank	General loans	-	-	43,110
			₩ 166,352	₩ 190,233

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

(in millions of Korean won)

Lender	Type	Maturity date	Annual interest rate (%) as of December 31, 2025	December 31, 2025	December 31, 2024
Korea Development Bank	General loans	Mar. 7, 2027	3.11	₩ 31,250	₩ 56,250
Shinhan Bank Europe GmbH	General loans	May. 27, 2026	Euribor 3M + 0.89	8,428	7,644
Woori Bank London Branch	Facility loans	-	-	-	36,750
Shinhan Bank Singapore Branch	Facility loans	Feb. 12, 2027	TERM SOFR 3M + 1.20	6,301	11,610
				45,979	112,254
Less: current portion				(38,469)	(74,554)
				₩ 7,510	₩ 37,700

14. Borrowing and Debentures(Cont'd)

Details of debentures as of December 31, 2025 and 2024 are as follows:

Lender	Type	Maturity date	Annual interest rate (%) as of December 31, 2025	December 31, 2025	December 31, 2024
Samyang Corporation	3-2nd public bonds	Jan. 18, 2026	2.59	100,000	100,000
Samyang Corporation	4-1st public bonds	-	-	-	80,000
Samyang Corporation	4-2nd public bonds	Mar. 03, 2027	1.87	60,000	60,000
Samyang Corporation	5-1st public bonds	Feb. 22, 2027	3.26	120,000	120,000
Samyang Corporation	5-2nd public bonds	Feb. 22, 2029	3.53	60,000	60,000
Samyang Corporation	6-1st public bonds	Mar. 03, 2028	2.99	50,000	-
Samyang Corporation	6-2nd public bonds	Mar. 04, 2030	3.14	110,000	-
Samyang Packaging Corporation	3-1st public bonds	Sep. 04, 2026	3.68	60,000	60,000
Samyang Packaging Corporation	3-2nd public bonds	Sep. 06, 2027	3.75	60,000	60,000
	Less: discount on debentures issuance			(842)	(708)
				619,158	539,292
	Less: current portion			(159,934)	(79,991)
				₩ 459,224	₩ 459,301

15. Other Financial Liabilities

Details of other current financial liabilities as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Current				
Derivative liabilities	₩	1,381	₩	502
Lease liabilities		6,125		6,621
Financial guarantee liabilities		-		19
		7,506		7,142
Non-current				
Lease liabilities		10,836		11,924
	₩	18,342	₩	19,066

16. Other Liabilities

Details of other current liabilities as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Current				
Advances received	₩	20,900	₩	22,812
Withholdings		2,443		2,629
Value-added tax withheld		6,113		6,361
Accrued expenses		170,709		45,053
Provision for sales return		1,117		1,085
Unearned revenue		30		3
Other provisions		281,339		-
		482,651		77,943
Non-Current				
Advances received		17,535		10,614
Unearned revenue		61		68
Other provisions		70		73
		17,666		10,755
	₩	500,317	₩	88,698

17. Employment Benefits

Details of net defined benefit liabilities (assets) as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Present value of defined benefit obligation	₩	105,497	₩	103,692
Fair value of plan assets		(110,850)		(109,869)
Net defined benefit liabilities (assets)	₩	(5,353)	₩	(6,177)

Movements in the net defined benefit liabilities (assets) for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025					
		Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities (assets)
Beginning balance	₩	103,692	₩	(109,869)	₩	(6,177)
Recognized in profit or loss as incurred:		13,632		(3,946)		9,686
Current service cost		9,938		-		9,938
Interest expense (income)		3,694		(3,946)		(252)
Remeasurements recognized in other comprehensive income:		(803)		287		(516)
Financial assumptions		(1,765)		-		(1,765)
Experience adjustments		962		-		962
Return on plan assets excluding interest income		-		287		287
Others:		(11,025)		2,679		(8,346)
Benefits paid		(12,204)		13,216		1,012
Contribution by the employer		-		(9,400)		(9,400)
Others		1,179		(1,137)		42
Ending balance	₩	105,496	₩	(110,849)	₩	(5,353)

17. Employment Benefits(Cont'd)

(in millions of Korean won)	2024		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liabilities (assets)**
Beginning balance	₩ 103,806	₩ (112,850)	₩ (9,044)
Recognized in profit or loss as incurred:	15,883	(5,368)	10,515
Current service cost	10,964	-	10,964
Interest expense (income)	4,919	(5,368)	(449)
Remeasurements recognized in other comprehensive income:	(548)	1,373	825
Demographic assumptions	(5,196)	-	(5,196)
Financial assumptions	4,266	-	4,266
Experience adjustments	382	-	382
Return on plan assets excluding interest income	-	1,373	1,373
Others:	(15,449)	6,976	(8,473)
Benefits paid	(15,039)	13,354	(1,685)
Contribution by the employer	-	(6,800)	(6,800)
Others	(410)	422	12
Ending balance	₩ 103,692	₩ (109,869)	₩ (6,177)

Expenses recorded in relation to defined benefit plans for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	**2025**	**2024**
Defined benefit plan	₩ 9,686	₩ 10,515
Current service costs	9,938	10,964
Net interest expense (income)	(252)	(449)
Defined contribution pension plan and others	4,126	4,075
	₩ 13,812	₩ 14,590

17. Employment Benefits(Cont'd)

Details of plan assets as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Financial instruments with guaranteed interest rate	₩	110,830	₩	109,843
Others		20		26
	₩	110,850	₩	109,869

The Group expects to contribute 9,400 million to its defined benefit plans in 2026.

The principal actuarial assumptions as of December 31, 2025 and 2024 are as follows:

(in %)	December 31, 2025	December 31, 2024
Expected rate of increase in salaries	4.00%	4.00%
Discount rate	4.42 - 4.51%	4.07-5.00%

The discount rate is the yield at the end of the reporting period on corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Also, the Group estimated the defined benefit obligation based on employee information, salary increase information, and demographic variables from Korea Insurance Development Institute.

Reasonably possible changes at the end of the reporting period due to any of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(in millions of Korean won)	December 31, 2025			
		1% Increase		1% Decrease
Changes in expected rate of increase in salaries	₩	5,301	₩	(4,861)
Changes in discount rate		(4,738)		5,263

(in millions of Korean won)	December 31, 2024			
		1% Increase		1% Decrease
Changes in expected rate of increase in salaries	₩	5,347	₩	(4,897)
Changes in discount rate		(4,790)		5,329

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The weighted average duration of the defined benefit obligation is 4.66 years in 2025 (2024: 5.06 years).

18. Capital Stock and Capital Surplus

Details of the Company's capital stock as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won except par value per share and in shares)	December 31, 2025			
	Number of shares issued	Number of treasury shares	Par value	Capital stock
Ordinary shares	10,313,449	647,099	₩ 5,000	₩ 51,568
Preferred shares	370,070	-	5,000	1,850
	10,683,519	647,099		₩ 53,418

(in millions of Korean won except par value per share and in shares)	December 31, 2024			
	Number of shares issued	Number of treasury shares	Par value	Capital stock
Ordinary shares	10,313,449	647,099	₩ 5,000	₩ 51,568
Preferred shares	370,070	-	5,000	1,850
	10,683,519	647,099		₩ 53,418

The Company's preferred shares have no voting rights. The dividends on the Company's preferred shares are paid at the amount of 1% on par value of the shares per annum on top of dividends of ordinary shares.

The total number of shares to be issued, including ordinary and preferred shares of the Company, is 30,000,000 shares.

Details of capital surplus as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025	December 31, 2024
Paid-in capital in excess of par value	₩ 854,063	₩ 854,063
Gain on disposal of treasury shares	758	758
Other capital surplus	36,872	11,147
	₩ 891,693	₩ 865,968

19. Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		**December 31, 2025**		**December 31, 2024**
Gain on valuation of financial assets at fair value through other comprehensive income	₩	452,325	₩	276,517
Equity adjustments under equity method		(35)		(28)
Foreign currency translation differences of foreign operations		5,222		6,137
	₩	457,512	₩	282,626

20. Retained Earnings and Dividends

Details of retained earnings as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Legal reserves[1]	₩	15,190	₩	13,430
Discretionary reserves		402,300		333,400
Retained earnings before appropriation		(163,532)		231,623
	₩	253,958	₩	578,453

[1] According to the *Commercial Act* of the Republic of Korea, an amount equal to at least 10% of cash dividends for each fiscal period is required to be appropriated as a legal reserve until the reserve equals 50% of paid-in capital.

Dividends proposed but not paid to shareholders prior to the approval on the issuance of the consolidated financial statements for the year ended December 31, 2025 are as follows:

(in millions of Korean won)	2025						
	Number of shares issued *(in shares)*	Number of treasury shares *(in shares)*	Number of shares for dividends *(in shares)*		Dividends per share *(In Korean won)*		Total
Ordinary shares	10,313,449	(647,099)	9,666,350	₩	1,750	₩	16,916
Preferred shares	370,070	-	370,070		1,800		666
	10,683,519	(647,099)	10,036,420			₩	17,582

Dividends paid to the owners of the Company for the year ended December 31, 2024 are as follows:

(in millions of Korean won)	2024						
	Number of shares issued *(in shares)*	Number of treasury shares *(in shares)*	Number of shares for dividends *(in shares)*		Dividends per share *(In Korean won)*		Total
Ordinary shares	10,313,449	(647,099)	9,666,350	₩	1,750	₩	16,916
Preferred shares	370,070	-	370,070		1,800		666
	10,683,519	(647,099)	10,036,420			₩	17,582

21. Other Components of Equity

Details of other components of equity as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		**December 31, 2025**		**December 31, 2024**
Treasury shares	₩	71	₩	71
Others		49,034		49,439
	₩	49,105	₩	49,510

22. Sales

Details of sales for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Revenue from contracts with customers:				
Sale of goods	₩	2,547,864	₩	2,652,999
Provision of services		13,669		17,369
		2,561,533		2,670,368
Revenue from other sources:				
Rental income		967		1,453
	₩	2,562,500	₩	2,671,821

As of December 31, 2025, contract liabilities arising from contracts with customers were 20,900 million (2024: 22,812 million) and are recognized as other liabilities. The Group recognized 22,812 million (2024: 19,166 million) as revenue in relation to carried-forward contract liabilities from the previous year.

Details of revenue from contracts with customers for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Geographical market:				
Domestic	₩	2,003,270	₩	2,116,680
Export		558,263		553,688
	₩	2,561,533	₩	2,670,368
Timing of revenue recognition:				
Recognition at a point in time	₩	2,547,864	₩	2,652,999
Recognition over time		13,669		17,369
	₩	2,561,533	₩	2,670,368

23. Selling and Administrative Expenses

Details of selling and administrative expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		2025		2024
Salaries	₩	83,314	₩	86,464
Retirement benefits		7,303		7,896
Employee welfare		21,037		16,861
Travels		3,372		3,610
Communications		1,215		1,047
Utilities		2,372		2,373
Supplies		2,634		2,569
Taxes and dues		5,211		3,542
Rents		801		730
Commissions		87,239		88,806
Depreciation		12,774		13,480
Repair		1,331		1,410
Vehicle maintenance		1,583		1,629
Insurance		1,801		1,434
Advertisement expense		16,616		15,249
Samples		2,795		2,297
Bad debt expenses (reversal)		187		(98)
Transportation		99,255		101,335
Printing		201		192
Education & Training		1,178		1,350
Development		6,713		6,995
Amortization		9,278		10,606
Others		8,648		7,752
	₩	376,858	₩	377,529

24. Finance Income and Costs

Details of finance income and costs for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Finance income:				
Interest income	₩	12,677	₩	13,983
Dividend income		36,101		33,084
Gain on valuation of financial assets at fair value through profit or loss		-		2,561
Gain on valuation of derivative instruments		2,542		11,202
Gain on transaction of derivative instruments		18,923		16,106
	₩	70,243	₩	76,936
Finance costs:				
Interest expenses	₩	29,846	₩	32,394
Loss on valuation of financial assets at fair value through profit or loss		542		-
Loss on valuation of derivative instruments		1,693		913
Loss on transaction of derivative instruments		19,925		5,155
	₩	52,006	₩	38,462

25. Breakdown of Expenses by Nature

Details of expenses by nature for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Changes in inventories	₩	5,955	₩	5,397
Purchase of raw materials and merchandise		1,574,192		1,664,607
Expenses for employee benefit		189,301		201,616
Depreciation and amortization		81,905		83,270
Commissions		114,744		116,139
External processing expenses		11,877		13,707
Others		921,776		511,631
	₩	2,899,750	₩	2,596,367

26. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Other non-operating income:				
Gain on foreign currency transactions	₩	27,900	₩	14,752
Gain on foreign currency translation		6,041		6,484
Gain on disposal of property, plant and equipment		1,907		1,075
Gain on disposal of intangible assets		140		-
Gain on disposal of assets held for sale		-		34
Gain on disposal of investment property		640		-
Commissions		131		88
Reversal of allowance for other doubtful accounts		-		533
Others		8,908		36,888
	₩	45,667	₩	59,854
Other non-operating expenses:				
Loss on foreign currency transactions	₩	23,006	₩	28,073
Loss on foreign currency translation		8,198		17,802
Loss on disposal of property, plant and equipment		278		1,252
Loss on disposal of intangible assets		4		-
Loss on disposal of investment property		32		-
Impairment losses on property, plant, and equipment		-		5,045
Donations		3,567		593
Others		413,890		5,304
	₩	448,975	₩	58,069

27. Income Tax

Income tax expense for each of the two years in the period ended December 31, 2025 consists of:

(in millions of Korean won)		**2025**		**2024**
Current tax	₩	30,676	₩	28,975
Adjustments in respect of current tax of prior year		(1,550)		(720)
Relating to origination and reversal of temporary differences		3,228		10,176
Income tax recognized directly in equity		(2,003)		-
Income tax expense	₩	30,351	₩	38,431

27. Income Tax(Cont'd)

The tax effect relating to components of other comprehensive income for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of Korean won)	2025			2024		
	Before tax	**Tax effect**	**After tax**	**Before tax**	**Tax effect**	**After tax**
Items recognized in other comprehensive income:						
Remeasurements of defined benefit liability	₩ 516	₩ (117)	₩ 399	₩ (825)	₩ 197	₩ (628)
Retained earnings adjustments in equity method	13	-	13	(43)	2	(41)
Equity adjustments under equity method	(13)	1	(12)	30	(2)	28
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	245,825	(63,366)	182,459	162,213	(37,470)	124,743
Gain (loss) on translation of foreign operations	(914)	-	(914)	5,038	-	5,038
	₩ 245,427	₩ (63,482)	₩ 181,945	₩ 166,413	₩ (37,273)	₩ 129,140

The components of other comprehensive income are presented net of tax on the consolidated statement of comprehensive income.

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of Korean won)	**2025**	**2024**
Current income tax	₩ 2,003	₩ -
Disposal of financial assets at FVOCI	2,003	-
Deferred tax	₩ 405	₩ -
Other capital adjustments	405	-

27. Income Tax(Cont'd)

A reconciliation of effective tax rate for each of the two years in the period ended December 31, 2025 is as follows:

(in millions of Korean won)		**2025**		**2024**
Profit (loss) before income tax expense	₩	(272,012)	₩	174,872
Tax at the statutory income tax rate		(63,718)		39,393
Adjustments:		94,069		(962)
Non-deductible expense (non-taxable income), net		94,203		(1,481)
Tax credits and exemptions		(2,013)		(1,740)
Changes in deferred income tax for prior periods		(1,550)		(720)
Effect of changes in tax rates on deferred tax		3,226		-
Others		203		2,979
Income tax expense	₩	30,351	₩	38,431
Effective tax rate(*)		-		21.98%

(*) No effective tax rate is presented for the year ended December 31, 2025 because the effective tax rate is negative.

The analysis of deferred tax assets and liabilities as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		**December 31, 2025**		**December 31, 2024**
Deferred tax assets				
Deferred tax asset to be recovered within 12 months	₩	6,742	₩	7,229
Deferred tax asset to be recovered after more than 12 months		53,411		49,495
		60,153		56,724
Deferred tax liabilities				
Deferred tax liability to be settled within 12 months		(1,859)		(6,335)
Deferred tax liability to be settled after more than 12 months		(293,546)		(221,338)
		(295,405)		(227,673)
Deferred tax liabilities, net	₩	(235,252)	₩	(170,949)

27. Income Tax(Cont'd)

Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025			
	Beginning balance	**Profit or loss**	**Equity**	**Ending balance**
Investments in subsidiaries and others	₩ (15,361)	₩ (300)	₩ -	₩ (15,661)
Financial assets at fair value	(83,047)	282	(61,362)	(144,127)
Treasury shares	8,514	-	405	8,919
Government grants	1,408	864	-	2,272
Accrued income	(1,640)	(538)	-	(2,178)
Accrued expenses	8,893	1,114	-	10,007
Defined benefit obligations	(1,658)	441	(118)	(1,335)
Allowance for doubtful accounts	3,010	197	-	3,207
Inventories	309	14	-	323
Property, plant and equipment	3,905	(1,051)	-	2,854
Intangible assets	(31,982)	(3,237)	-	(35,219)
Land revaluation	(51,428)	(2,457)	-	(53,885)
Gain on valuation of derivatives instruments	(1,741)	1,829	-	88
Advanced depreciation provision	(6,986)	(900)	-	(7,886)
Equity method investments	(33)	-	-	(33)
Others	(3,139)	509	-	(2,630)
	₩ (170,976)	₩ (3,233)	₩ (61,075)	₩ (235,284)
Deficit carryforward	27	5	-	32
	(170,949)	(3,228)	(61,075)	(235,252)

27. Income Tax(Cont'd)

(in millions of Korean won)	2024			
	Beginning balance	**Profit or loss**	**Equity**	**Ending balance**
Investments in subsidiaries and others	₩ (13,385)	₩ (1,975)	₩ (1)	₩ (15,361)
Financial assets at fair value	(44,977)	(600)	(37,470)	(83,047)
Treasury shares	8,514	-	-	8,514
Government grants	1,038	370	-	1,408
Accrued income	(1,351)	(289)	-	(1,640)
Accrued expenses	7,608	1,285	-	8,893
Defined benefit obligations	(1,634)	(221)	197	(1,658)
Allowance for doubtful accounts	3,095	(85)	-	3,010
Inventories	319	(10)	-	309
Property, plant and equipment	3,913	(8)	-	3,905
Intangible assets	(25,844)	(6,138)	-	(31,982)
Land revaluation	(51,431)	3	-	(51,428)
Loss on valuation of derivatives instruments	(271)	(1,470)	-	(1,741)
Advanced depreciation provision	(6,828)	(158)	-	(6,986)
Equity method investments	(33)	-	-	(33)
Others	(2,240)	(899)	-	(3,139)
	₩ (123,507)	₩ (10,195)	₩ (37,274)	₩ (170,976)
Deficit carryforward	8	19	-	27
	(123,499)	(10,176)	(37,274)	(170,949)

Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as of December 31, 2025 and 2024,are as follows:

(in millions of Korean won)	**December 31, 2025**	**December 31, 2024**	**Reason of unrecognition**
Investments in subsidiaries	₩ 25,227	₩ 24,780	No plan for disposal
Deficit carryforward	9,527	12,495	Uncertainty of future taxable profit

The maturity of unused losses and unused tax credits as follows:

(in millions of Korean won)	**2025**
2026	1,012
2027	465
2028	5,398
2029	2,436
After 2030	216
	₩ 9,527

As of December 31, 2025, the tax effects of temporary difference were calculated using the effective tax rate of the periods when the temporary differences are expected to reverse.

27. Income Tax(Cont'd)

Deferred tax assets and liabilities are offset if the Group has legally enforceable right and intent to offset tax assets and liabilities and such deferred tax assets and liabilities are related to income taxes from the same tax authority.

The Global Minimum Tax rules (hereinafter referred to as the "Pillar Two Model Rules") apply to multinational enterprises (MNEs) with consolidated revenue of EUR 750 million or more. Under the four newly introduced taxation mechanisms of the Pillar Two Model Rules, MNEs are required to pay a minimum level of tax (the "Global Minimum Tax").

- Qualified Domestic Minimum Top-up Tax (QDMTT)
- Income Inclusion Rule (IIR)
- Undertaxed Profits Rule (UTPR)

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

The International Accounting Standards Board issued Amendments to KIFRS 1012 *International Tax Reform — Pillar Two Model Rules*. The Amendments clarify that KIFRS 1012 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:

- a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two Model Rules were adopted in the Republic of Korea at the end of 2023 and are applicable starting from January 1, 2024. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two Model Rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates for the financial year beginning January 1, 2024

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2024 country-by-country reporting and 2025 financial information for the constituent entities in the Group. The Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, the Group has recognized a Pillar Two current tax expense of ₩153 million that arises in Vietnam which is not subject to the transitional safe harbour relief due to low statutory tax rates.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two Model Rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

28. Earnings per Share

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of shares outstanding for the year ended December 31, 2025. Earnings per share is calculated by considering preferred shares as a class of ordinary shares with a different dividend rate from that of another class of ordinary shares but without prior or senior rights.

Earnings per ordinary share for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		2025		2024
Profit(loss) for the year attributable to owners of the Company	₩	(313,878)	₩	121,474
Profit(loss) for the year attributable to preferred shares[1]		11,556		(4,497)
Profit(loss) for the year attributable to ordinary shareholders		(302,322)		116,977
Weighted average number of ordinary shares outstanding[2]		9,666,350		9,666,350
Basic and diluted earnings (loss) per share *(in Korean won)*	₩	(31,276)	₩	12,101

[1] Consisting of dividends attributable to preferred shares and remaining retained earnings available to all shareholders.

[2] As there were no changes in the number of issued ordinary shares during the current and prior periods, the weighted average number of ordinary shares outstanding has been calculated by deducting treasury shares.

Earnings(loss) per preferred share for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		2025		2024
Profit(loss) for the year attributable to preferred shares	₩	(11,556)	₩	4,497
Weighted average number of preferred shares[1]		370,070		370,070
Basic and diluted earnings(loss) per preferred share *(in Korean won)*	₩	(31,226)	₩	12,151

[1] As there were no changes in the number of issued ordinary shares during the current and prior periods, the weighted average number of ordinary shares outstanding has been calculated by deducting treasury shares.

29. Contingencies and Contingencies

The Group's significant commitments with financial institutions as of December 31, 2025 are summarized as follows:

(in millions of Korean won, and in thousands of USD, EUR, JPY)

Description	Currency	Limit amount
Bank overdraft	KRW	12,000
General loans	KRW	71,250
	EUR	9,000
Facility loans[1]	USD	4,375
Overseas trading	KRW	8,000
	USD	30,000
Bills bought (D/A, D/P)	USD	1,000
Secured loan of credit sales	KRW	12,000
L/C	USD	433,500
Guarantees	USD	4,475
	EUR	9,000
	JPY	200,000
Electronic Tracing Accounts Receivable Mortgage	KRW	100,000

[1] The amount of facility loans to Shinhan Bank Singapore Branch is guaranteed by Shinhan Bank in Korea.

Meanwhile, the Group has derivatives trading arrangements with financial institutions for the purposes of hedging exchange rate risk and interest rate risk.

Details of deposits with restriction on use as of December 31, 2025 are as follows:

(in millions of Korean won)

Description		Amount	Types
Other current financial assets	₩	62	Collateral
Other non-current financial assets		11	Deposit for overdraft

29. Contingencies and Contingencies(Cont'd)

Pending litigations

As of December 31, 2025, the Group is involved in 2 lawsuits as a defendant for claims for damages with a total litigation amount of ₩555 million and 1 lawsuit for confirmation of non-existence of debt with a litigation amount of 3,888 million, all of which are currently pending.

The Group holds joint liability with Samyang Holdings Corporation on its obligations (including any contingent liabilities existing prior to spin-off) existing prior to its spin-off.

The Group has entered into long-term supply agreements with related parties Samyang Kasei Co., Ltd. and Samyang Fine Technology Co., Ltd.

The Group entered into a contract with Mitsubishi Chemical Corporation to obtain technology information for production of Bisphenol-A(BPA) and regenerating technology for ion exchange resin on January 17, 2014. The Group entered into a sub-license agreement with a related party, Samyang Fine Technology Co., Ltd., based on the agreement of regenerating technology for ion exchange resin.

The Group received ₩ 4,783 million of government grants regarding certain national research and development projects and the relocation of a factory for the year ended December 31, 2025. As of December 31, 2025, the Group recognized long-term other payables of ₩ 1,621 million to be repaid under the conditions should the development projects turn out to be successful.

The Group has the right to convert redeemable convertible preferred shares of Staytuned Co., Ltd. held into ordinary shares from one day after the issuance date to the day before the end of the maturity period and has the right to request for redemption for all or partial amount from the day 3 years after the issuance date to the end of the maturity period. In addition, the Group has the pre-emption right to purchase under the same conditions or participate in the joint sale of shares under the same conditions when the interested party intends to dispose of all or part of the Company's share under an agreement with another investor of Staytuned Co., Ltd.

The Group has the right to convert redeemable convertible preferred shares of Solid Ionics Co., Ltd. held into ordinary shares from one day after the issuance date to the day before the end of the maturity period and has the right to request for redemption for all or partial amount from the day 3 years after the issuance date to the end of the maturity period. In addition, the Group has the pre-emption right to purchase under the same conditions or participate in the joint sale of shares under the same conditions when the interested party intends to dispose of all or part of the Company's share under an agreement with another investor of Solid Ionics Co., Ltd.

29. Contingencies and Contingencies(Cont'd)

Limitation on disposal of joint ventures

The Group committed to obtain the written consent of the counterparty if it intends to transfer, provide collateral, or otherwise dispose of its shares in Samyang Fine Technology Co., Ltd. As an exception, shares may be transferred to the Group's affiliates without the written consent of the counterparty, but even in this case, the affiliates have committed to succeed the Group's contractual obligations.

The above provisions are not intended to limit the disposal of the shares held by the Group, but are intended to maintain the management rights of each joint venture, and the management of the Group has no plans to dispose of the shares held by the Group.

Limitation on disposal of shares and convertible bonds

The Group committed to obtain the written consent of the counterparty if it intends to transfer, provide collateral, or otherwise dispose of its shares and convertible bonds in Kinfolk Beauty Inc.

The above provisions are not intended to limit the disposal of the shares held by the Group, but are intended to maintain the management rights, and the management of the Group has no plans to dispose of the shares held by the Group.

Agreement on performance of public placement debentures

The terms and conditions of bond issuance contracts of the Group include provisions that debt-to-equity ratio shall be kept at less than 400%, a collateral limit shall be within 200% of equity capital; the restriction on disposal of asset shall not exceed ₩ 500,000 million of total assets or 50% of total assets; and there shall be restriction on changes in corporate governance. In case of failure to comply with these obligations, the Group may have to repay the debentures before its maturities.

As of December 31, 2025, the Group has uncollected four bills and checks issued by Shinhan Bank before 1995.

Contractual obligation to purchase property, plant and equipment and intangible assets as of December 31, 2025 amounts to ₩ 364 million.

The Group's property, plant and equipment (including investment properties) have been partially provided as collateral for the borrowings and commitments, and details thereof are as follows:

(in millions of Korean won)	**Carrying amount**	**Borrowings**	**Pledged amount**	**Secured party**
Land, buildings, structures and machinery	₩ 115,683	₩ 31,250	₩ 120,000	KDB

29. Contingencies and Contingencies(Cont'd)

Supplier Finance Arrangements

The Group has established a supplier finance arrangement that is offered to some of the Group's key suppliers in the Republic of Korea. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Group for its receivables from the Group's external finance provider. The Group settles the liabilities by making the payments to the finance provider. Liabilities arising from the supplier finance arrangements are included in trade and other payables and short-term borrowings in the consolidated statements of financial position. Details of liabilities arising from the supplier finance arrangements as of December 31, 2025 and 2024 are summarized as follows:

(in millions of Korean won)

Description	2025	2024
Trade and other payables[1] and short-term borrowings[2] that are part of supplier finance arrangements	177,991	151,119
Of which the amounts paid to supplier	156,650	131,938

[1] There were no significant non-cash changes in the carrying amount.

[2] In accordance with the arrangement, the liability is classified as borrowings at the point when the financial institution assumes the obligation, as the terms of the liability are considered to have been substantially modified, including a significant extension of the payment due date. Cash payments to the financial institution are presented as cash outflows from financing activities when the Company settles the related amounts with the financial institution.

The maturities of trade and other payables and short-term borrowings that are part of the supplier finance arrangements are within six months.

The Group is currently subject to an investigation by the Fair Trade Commission regarding potential violations of applicable laws and regulations. The Group is fully cooperating with the investigation and is actively presenting its position. Based on the current assessment of the Fair Trade Commission, the Group has recognized the estimated amount of administrative surcharges as accrued expenses and other provisions.

30. Related Party Transactions

Details of related parties as of December 31, 2025 and 2024 are as follows:

Relationship	December 31, 2025	December 31, 2024
Parent Company	Samyang Holdings Corporation	Samyang Holdings Corporation
Joint venture	Samyang Fine Technology Co., Ltd.	Samyang Fine Technology Co., Ltd.
	Samyang KCI Japan Corporation [4]	KCI Japan Co., Ltd.[4]
Associates	Staytuned Co., Ltd.[1]	Staytuned Co., Ltd.[1]
	Solid Ionics Co., Ltd.	Solid Ionics Co., Ltd.
Other related parties [2]	Kinfolk Beauty Inc.	Kinfolk Beauty Inc.
	Samyang Data Systems Inc.	Samyang Data Systems Inc.
	Samyang F&B Co., Ltd.	Samyang F&B Co., Ltd.
	Samyang Innochem Corporation	Samyang Innochem Corporation
	Samyang Holdings USA, LLC	Samyang Holdings USA, LLC
	Samyang Biopharm USA Inc	Samyang Biopharm USA Inc
	Samyang Biopharm Hungary	Samyang Biopharm Hungary
	Samnam Petrochemical Co., Ltd.	Samnam Petrochemical Co., Ltd.
	Samyang Kasei Co., Ltd.	Samyang Kasei Co., Ltd.
	Huvis corporation	Huvis corporation
	Kyungwon Construction Co., Ltd.	Kyungwon Construction Co., Ltd.
	Akina, inc.	Akina, inc.
	Samyang NC Chem Corporation	Samyang NC Chem Corporation
	Huvis global Samyang Biopharm [5]	Huvis global
	Samyang Specialty Solutions, LLC	Samyang Specialty Solutions, LLC
	Odyssey Global Parent, LLC	Odyssey Global Parent, LLC
	Odyssey Global Intermediate, LLC	Odyssey Global Intermediate, LLC
	Verdant Specialty Solutions Global Holding Corp	Verdant Specialty Solutions Global Holding Corp
	Verdant Specialty Solutions US LLC [3]	Verdant Specialty Solutions US LLC
	Verdant Specialty Solutions GmbH	Verdant Specialty Solutions GmbH
	Verdant Specialty Solutions Halifax Limited	Verdant Specialty Solutions Halifax Limited
	Verdant Specialty Solutions Kimya Ticaret VE S.A. Sirketi [6]	Verdant Specialty Solutions Kimya Ticaret VE S.A. Sirketi
	Deforest Holdings, LLC	Deforest Holdings, LLC [3]
	Paraflow Energy Solutions LLC	Paraflow Energy Solutions LLC [3]
	Verdant Reactor Holdings, LLC	Verdant Reactor Holdings, LLC [3]
	Verdant Reactor Real Estate, LLC	Verdant Reactor Real Estate, LLC
	Verdant Specialty Solutions Canada Limited [6], etc	Verdant Energy Solutions [3], etc

30. Related Party Transactions(Cont'd)

[1] The Group invested in the redeemable convertible preferred share of Staytuned Co., Ltd. and classified it as financial assets at fair value through profit or loss. Since it has voting rights and the right to appoint directors over the investee, it is classified as an associate as the Group can exercise significant influence.
[2] Other related parties include subsidiaries, associates and other related parties of Samyang Holdings Corporation, the Parent Company.
[3] For the year ended December 31, 2025, Deforest Holdings, LLC, Paraflow Energy Solutions LLC, and Verdant Reactor Holdings, LLC were merged into Verdant Energy Solutions, which was subsequently merged into Verdant Specialty Solutions US LLC
[4] For the year ended December 31, 2025, the entity changed its name to Samyang KCI Japan Co., Ltd.
[5] For the year ended December 31, 2025, Samyang Holdings Corporation established a newly incorporated entity through a spin-off of its Biopharmaceutical business division
[6] The entity was newly incorporated for the year ended December 31, 2025.

30. Related Party Transactions(Cont'd)

Sales and purchases with the related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)

Type	Name of entity	Sales	Other income	Dividend income	Purchase of Merchandise and raw materials	Acquisition of property, plant and equipment[1]	Other expenses
Parent company	Samyang Holdings Corporation	8,042	293	-	-	2,589	34,729
Joint venture	Samyang Fine Technology Co.Ltd	4,732	2	-	31,146	-	6
Associates	KCI Japan Co., Ltd.	8,663	-	102	-	-	-
Other related parties	Samyang Data Systems Inc.	376	-	-	139	650	8,155
	Samyang Innochem Corporation	3,712	97	-	1	-	-
	Samyang F&B Co, Ltd	137	211	-	-	-	261
	Samyang Kasei Co.,Ltd	1,405	3	-	121,520	-	-
	Huvis corporation	64	-	-	8,771	6	178
	Samnam Petrochemical Co.,Ltd	183	3	-	-	-	-
	Kyungwon Construction Co,Ltd	6	-	27	-	-	1
	Samyang Biopharm Hungary	-	143	-	-	-	-
	Samyang NC Chem Corporation	1,734	-	-	-	-	-
	Verdant Specialty Solutions Halifax Limited	165	-	-	5	-	-
	Verdant Specialty Solutions Global Holding Corp	381	-	-	-	-	-
	Verdant Specialty Solutions US LLC	243	-	-	-	-	-
	Samyang Biopharm	398	8	-	-	546	204
		₩ 30,241	₩ 760	₩ 129	₩ 161,582	₩ 3,791	₩ 43,534

[1] The amount of right-of-use assets is included.

30. Related Party Transactions(Cont'd)

(in millions of Korean won)

		2024						
Type	**Name of entity**	**Sales**	**Other income**	**Disposal of property, plant and equipment**	**Dividend income**	**Purchase of merchandise and raw materials**	**Acquisition of property, plant and equipment[1]**	**Other expenses**
Parent company	Samyang Holdings Corporation	8,066	413	30	-	-	3,502	37,976
Joint venture	Samyang Fine Technology Co.Ltd	5,924	12	-	-	27,068	-	5
Associates	KCI Japan Co., Ltd.	6,690	-	-	96	-	-	-
	Samyang Data Systems Inc.	345	-	-	-	317	323	8,808
	Samyang Innochem Coporation	3,708	89	-	-	1	-	-
	Samyang F&B Co, Ltd	123	217	-	-	-	451	334
	Samyang Kasei Co.,Ltd	563	4	-	-	124,679	8	-
	Huvis corporation	112	-	-	-	8,813	11	184
Other related parties	Samnam Petrochemical Co.,Ltd	278	4	8	-	-	-	-
	Kyungwon Construction Co,Ltd	10	-	-	27	-	-	-
	Samyang Biopharm Hungary	7	131	-	-	-	-	-
	Samyang NC Chem Corporation	5,947	-	-	-	-	-	10
	Verdant Specialty Solutions Halifax Limited	228	-	-	-	-	-	-
		₩ 32,001	₩ 870	₩ 38	₩ 123	₩ 160,878	₩ 4,295	₩ 47,317

[1] The amount of right-of-use assets is included.

30. Related Party Transactions(Cont'd)

Fund transactions with related parties for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)

Type	Name of entity	Lease payments[1]	Collection of loans	Acquisition of RCPS
Others	Executives	₩ -	₩ 38	₩ ₩ -
Parent company	Samyang Holdings Corporation	3,306	-	-
Other related parties	Samyang F&B Co., Ltd	26	-	-
	Huvis corporation	8	-	-
	Samyang Biopharm	90	-	-

(in millions of Korean won)

Type	Name of entity	Lease payments[1]	Collection of loans	Acquisition of RCPS
Others	Executives	₩ -	₩ 38	₩ ₩ -
Parent company	Samyang Holdings Corporation	3,515	-	-
Associates	Solid Ionics Co., Ltd.	-	-	3,000
Other related parties	Samyang F&B Co., Ltd	81	533	-
	Huvis corporation	12	-	-

[1] The amount of interest expense relating to lease is included.

30. Related Party Transactions(Cont'd)

Outstanding balances with the related parties as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

		December 31, 2025				
Type	Name of entity	Trade receivables	Other receivables	Loans	Trade payables	Other payables [2]
Parent company	Samyang Holdings Corporation	₩ 1,388	₩ 1,757	₩ -	₩ -	₩ 9,014
Joint venture	Samyang Fine Technology Co., Ltd.	377	3,671	-	3,406	1
Associates	Samyang KCI Japan Corporation	1,711	-	-	-	-
	Kinfolk Beauty Inc.	-	1,844	-	-	-
Other related parties	Samyang Data Systems Inc.	101	-	-	-	606
	Samyang Innochem Corporation	818	19	-	-	-
	Samyang F&B Co., Ltd. [1]	6,988	881	7,300	-	21
	Samyang Kasei Co., Ltd.	87	-	-	24,759	-
	Huvis corporation	2	-	-	303	490
	Samnam Petrochemical Co., Ltd.	46	-	-	-	-
	Samyang Biopharm Hungary	48	-	-	-	-
	Samyang NC Chem Corporation	349	-	-	-	-
	Verdant Specialty Solutions Halifax Limited	-	-	-	3	-
	Verdant Specialty Solutions Global Holding Corp	85	-	-	-	-
	Samyang Biopharm	423	584	-	-	584
Others	Executives	-	-	225	-	-
		₩ 12,423	₩ 8,756	₩ 7,525	₩ 28,471	10,716

[1] The Group's loss allowance for trade receivables and loans due from Samyang F&B Co., Ltd. amounts to KRW 6,988 million and KRW 7,300 million, respectively, and bad debt expenses of KRW 43 million were recognized therefor.
[2] The amount of lease liabilities is included.

30. Related Party Transactions(Cont'd)

(in millions of Korean won)

		December 31, 2024				
Type	**Name of entity**	**Trade receivables**	**Other receivables**	**Loans**	**Trade payables**	**Other payables [2]**
Parent company	Samyang Holdings Corporation	₩ 2,326	₩ 2,604	₩ -	₩ 59	₩ 10,651
Joint venture	Samyang Fine Technology Co., Ltd.	761	4,500	-	2,310	-
Associates	KCI Japan Co., Ltd.	1,352	-	-	-	-
	Kinfolk Beauty Inc.	-	1,844	-	-	-
Other related parties	Samyang Data Systems Inc.	98	-	-	-	735
	Samyang Innochem Corporation	713	21	-	-	-
	Samyang F&B Co., Ltd. [1]	6,945	2,192	7,300	-	285
	Samyang Kasei Co., Ltd.	105	-	-	20,105	-
	Huvis corporation	9	-	-	314	570
	Samnam Petrochemical Co., Ltd.	50	-	-	-	-
	Samyang Biopharm Hungary	-	43	-	-	-
	Samyang NC Chem Corporation	277	-	-	-	11
	Verdant Specialty Solutions Halifax Limited	154	-		-	-
Others	Executives	-	-	263	-	-
		₩ 12,790	₩ 11,204	₩ 7,563	₩ 22,788	12,252

[1] The Group's loss allowance for receivables and loans from and to Samyang F&B Co., Ltd. amounts to ₩ 6,945 million and ₩ 7,300 million, respectively, and ₩ 38 million of reversal of allowance for doubtful accounts and ₩ 533 million of reversal of allowance for other doubtful accounts are recognized therefor.
[2] The amount of lease liabilities is included.

30. Related Party Transactions(Cont'd)

Compensations for key management personnel for each of the two years in the period ended December 31, 2025 consists of:

(in millions of Korean won)		**2025**		**2024**
Salaries	₩	18,391	₩	18,660
Long-term salaries		2		-
Pension benefits		1,073		2,048
	₩	19,466	₩	20,708

31. Statements of Cash Flows

The Group presents cash flows from operating activities by adjusting the effects of non-cash transactions, deferred or incurred cash flows of past or future operating activities, and profit or loss related to cash flows from investing and financing activities, from profit for the year. Cash generated from operating activities for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Profit for the year (loss)	₩	(302,363)	₩	136,441
Adjustments for:		521,276		136,149
Income tax expense		30,351		38,431
Interest expense		29,846		32,394
Bad debt expenses (reversal)		187		(98)
Depreciation		72,175		72,219
Amortization		9,730		11,052
Pension benefits		9,686		10,515
Loss on foreign currency translation		8,198		17,802
Loss on valuation of derivative instruments		1,693		913
Loss on disposal of property, plant and equipment		278		1,252
Loss on disposal of investment property		32		-
Loss on disposal of intangible assets		4		-
Impairment losses on property, plant, and equipment		-		5,045
Gain on valuation of financial assets at fair value through profit or loss		542		-
Other expenses		411,590		6
Interest income		(12,677)		(13,983)
Gain on foreign currency translation		(6,041)		(6,484)
Gain on disposal of property, plant and equipment		(1,907)		(1,075)
Gain on disposal of investment property		(640)		-
Gain on disposal of intangible assets		(140)		-
Reversal of allowance for other doubtful accounts		-		(533)
Gain on valuation of financial assets at fair value through profit		-		(2,561)
Gain on valuation of derivative instruments		(2,542)		(11,202)
Dividend income		(36,101)		(33,084)
Other income		(21)		(31)
Gain on equity method investments, net		(1,334)		(1,090)
Gain on disposal of assets held for sale		-		(34)
Decrease in trade receivables		6,284		30,913
Decrease in other receivables		2,433		2,339
Decrease in inventories		5,955		5,397
Decrease in derivative financial assets		7,240		729
Increase in other current assets		(4,484)		(3,465)
Increase in other non-current assets		(560)		(6,892)
Increase in liquidity provision		32		107
Increase in trade payables		776		10,363
Increase (decrease) in other payables		384		(23,470)
Decrease in guarantee deposit withholdings		(340)		(50)

(in millions of Korean won)		**2025**		**2024**
Decrease in derivative financial liabilities		(503)		(2,843)
Increase (Decrease) in other current liabilities		(7,507)		10,250
Increase in other non-current liabilities		6,771		1,494
Increase in other long-term payables		237		294
Increase (Decrease) in other provisions		(4)		3
Transfer to (from) pension obligations		1,179		(410)
Pension benefits paid		(12,204)		(15,039)
Decrease in plan assets		2,678		6,975
Cash generated from operations	₩	218,913	₩	272,590

Significant non-cash transactions for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)		**2025**		**2024**
Non-cash acquisition of property, plant and equipment	₩	6,580	₩	(16,634)
Acquisition and remeasurement of right-of-use assets		5,307		5,489
Transfer from construction-in-progress to property, plant and equipment		51,863		107,823
Transfer from construction-in-progress to intangible assets		537		676

31. Statements of Cash Flows(Cont'd)

Changes in liabilities arising from financial activities for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)	2025					
			Non-cash transaction			
	As of January 1	Cash flows	Acquisition of right-of-use assets	Transfer to current portion	Others[1]	As of December 31
Short-term borrowings	₩ 190,233	₩ (26,043)	₩ -	₩ -	₩ 2,162	₩ 166,352
Long-term borrowings	37,700	-	-	(30,050)	(140)	7,510
Current portion of long-term borrowings	74,554	(59,892)	-	30,050	(6,243)	38,469
Debentures	459,301	159,435	-	(159,886)	374	459,224
Current portion of debentures	79,991	(80,000)	-	159,886	57	159,934
Current portion of lease liabilities	6,621	(6,554)	37	6,115	(94)	6,125
Long-term lease liabilities	11,924	-	5,044	(6,115)	(17)	10,836
Dividends payable	-	(21,839)	-	-	21,839	-
	₩ 860,324	₩ (34,893)	₩ 5,081	₩ -	₩ 17,938	₩ 848,450

[1] Others include disposal of lease liabilities, currency fluctuations, and discount on debentures.

(in millions of Korean won)	2024					
			Non-cash transaction			
	As of January 1	Cash flows	Acquisition of right-of-use assets	Transfer to current portion	Others[1]	As of December 31
Short-term borrowings	₩ 202,124	₩ (20,807)	₩ -	₩ -	₩ 8,916	₩ 190,233
Long-term borrowings	98,720	-	-	(62,100)	1,080	37,700
Current portion of long-term borrowings	36,682	(29,652)	-	62,100	5,424	74,554
Debentures	419,356	119,672	-	(79,991)	264	459,301
Current portion of debentures	243,927	(244,000)	-	79,991	73	79,991
Current portion of lease liabilities	6,269	(6,616)	193	6,643	132	6,621
Long-term lease liabilities	12,229	-	5,004	(6,643)	1,334	11,924
Dividends payable	-	(22,068)	-	-	22,068	-
	₩ 1,019,307	₩ (203,471)	₩ 5,197	₩ -	₩ 39,291	₩ 860,324

[1] Others include disposal of lease liabilities, currency fluctuations, and discount on debentures.

32. Financial Risk Management

The Group's financial instruments are exposed to credit risk, liquidity risk and market risk. This note presents information on the Group's exposure to each of the above risks, the Group's risk management objectives, policies and processes for measuring and managing each risk, and details of the Group's capital management.

Risk management activities

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 trade receivables) and from its financing activities, including deposits with banks and financial institutions. Accordingly, the credit risks from such financial institutions are considered low.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group determines credit limit of trade receivables. The Group's review includes external ratings, when available, and in some cases bank references.

The Group sets credit limit of trade receivables for customers who meet the credit criteria based on average payment terms in industry practice and sales. For customers who do not meet the credit criteria, it sets limit of trade receivables based on limit of collaterals provided by the customers and sales. The Group transacts with other customers only when advanced payments are provided.

The Group reviews customer's credit ratings and collaterals provided at each end of reporting period and adjusts credit limits if appropriate.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

(a) Provision of guarantee

As described in Note 30 to the consolidated financial statements, the Group provides payment guarantees to related parties.

32. Financial Risk Management(Cont'd)

(b) Impairment of financial assets

The Group recognized an allowance for doubtful accounts of ₩ 14,982 million in 2025 and ₩ 14,939 million in 2024 for financial assets individually assessed in 2025 and 2024. The Group recognizes an allowance for doubtful accounts for other financial assets collectively to evaluate impairment.

Aging analysis of the trade and other receivables that are overdue, but are not impaired, as of December 31, 2025 is as follows:

(in millions of Korean won)	Within 6 months	6 month-1 year	1-3 years	More than 3 years	Total
Trade receivables	₩ 244,621	₩ 395	₩ -	₩ 7,583	₩ 252,599
Allowance for doubtful accounts	(51)	(274)	-	(7,501)	(7,826)
	₩ 244,570	₩ 121	₩ -	₩ 82	₩ 244,773

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, to the extent reasonably possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group established short-term and mid-to-long term financial management plans to manage liquidity risk, and continued to analyze actual cash outflows with that of planned financial liabilities. The Group holds overdraft agreements with several financial institutions to manage the temporary liquidity risk.

The Group monitors its risk of shortage of funds and manages its cash flows using L/Cs, overdrafts and other means.

32. Financial Risk Management(Cont'd)

The maturity analysis of contractual maturity of financial liabilities as of December 31, 2025 and 2024 is as follows:

(in millions of Korean won)	December 31, 2025				
	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
Non-derivative financial liabilities:					
Trade and other payables	₩ 242,737	₩ 238,469	₩ 3,438	₩ 1,780	₩ 243,687
Borrowings	212,331	206,052	7,563	-	213,615
Debentures	619,158	176,645	480,807	-	657,452
Operating lease liabilities	16,961	6,730	9,820	3,342	19,892
	1,091,187	627,896	501,628	5,122	1,134,646
Derivative financial liabilities:					
Other current financial liabilities	1,381	1,381	-	-	1,381
	₩ 1,092,568	₩ 629,277	₩ 501,628	₩ 5,122	₩ 1,136,027

(in millions of Korean won)	December 31, 2024				
	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
Non-derivative financial liabilities:					
Trade and other payables	₩ 236,796	₩ 232,709	₩ 3,813	₩ 1,453	₩ 237,975
Borrowings	302,487	266,692	38,427	-	305,119
Debentures	539,292	94,516	479,413	-	573,929
Operating lease liabilities	18,545	7,186	9,489	4,205	20,880
Financial guarantee contracts [1]	19	27,500	-	-	27,500
	1,097,139	628,603	531,142	5,658	1,165,403
Derivative financial liabilities:					
Other current financial liabilities	503	503	-	-	503
	₩ 1,097,642	₩ 629,106	₩ 531,142	₩ 5,658	₩ 1,165,906

[1] The amount included above for the financial guarantee contracts is the maximum amount that the Group should pay under the contract if the guaranteed party claims the full amount of the guarantee. Based on the forecast as of December 31, 2025, the Group believes that it is more likely to not pay the guaranteed amount under the financial guarantee contracts. But, the above estimates may change because the probability that the guaranteed party will claim payment from the guarantee contracts company may vary due to the possibility of incurring credit loss on the financial bonds held by the guaranteed party.

The above maturity analysis is based on undiscounted cash flows and includes interest payments; therefore, the total amounts do not agree with the carrying amounts.

32. Financial Risk Management(Cont'd)

Market risk

Market risk is the risk that changes in market prices will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

The Company is exposed to foreign currency risk arising from sales, purchases and borrowings denominated in currencies other than the respective functional currencies of the Group entities. The principal currencies in which these transactions are denominated are USD, EUR and JPY.

The Company is exposed to interest rate risk in relation to its borrowings. The Group regularly measures and monitors its exposure to changes in market interest rates and maintains an appropriate balance between fixed-rate and floating-rate borrowings.

The Company is exposed to price risk arising from fluctuations in market prices, including changes in the fair value of its investments in listed equity securities. The Group regularly measures and monitors the risks associated with market price fluctuations and uses the results in making decisions related to the management of its investment assets.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group's entities, primarily Korean won. The currencies that the transactions are denominated are USD, EUR, JPY, etc. The Group uses currency forward contracts to hedge 40% to 70% of its estimated foreign currency exposure in respect of forecasted sales and purchases over the following six months.

Assets and liabilities denominated in currencies other than the Group's functional currencies as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 73,240	₩ 252,294	₩ 68,074	₩ 274,865
EUR	11,139	3,100	9,566	1,019
JPY	20,435	3,198	16,162	3,711
HUF	110	28	-	-
GBP	-	30	-	-
AUD	-	38	-	-
	₩ 104,924	₩ 258,688	₩ 93,802	₩ 279,595

32. Financial Risk Management(Cont'd)

The Group's forward exchange contracts to hedge against currency risk as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025		December 31, 2024	
	Short position	Long position	Short position	Long position
USD	₩ 4,805	₩ 138,157	₩ 5,137	₩ 89,512
EUR	682	-	753	-
JPY	8,718	-	7,637	-
	₩ 14,205	₩ 138,157	₩ 13,527	₩ 89,512

32. Financial Risk Management(Cont'd)

Assuming that foreign currency exchange rates fluctuate by 10% at the end of the reporting period and other variables remain constant, sensitivity analysis of income before taxes to change of foreign currency exchange rates as of December 31, 2025 and 2024 is as follows:

(in millions of Korean won)	December 31, 2025		December 31, 2024	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ (17,905)	₩ 17,905	₩ (20,679)	₩ 20,679
EUR	804	(804)	855	(855)
JPY	1,724	(1,724)	1,245	(1,245)
HUF	8	(8)	-	-
GBP	(3)	3	-	-
AUD	(4)	4	-	-
Profit (loss) from exposure	(15,376)	15,376	(18,579)	18,579
Effect of forward exchange contracts	12,395	(12,395)	7,599	(7,599)
Profit (loss) from exposure, net	₩ (2,981)	₩ 2,981	₩ (10,980)	₩ 10,980

(b) Interest rate risk

The Group is exposed to the interest rate risk related to its borrowings with variable rates. Management monitors the level of interest rate risks regularly and ensures to maintain an optimal balance between borrowings at variable and fixed rates.

Details of the Group's interest-bearing financial liabilities as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025	December 31, 2024
Liabilities with fixed rates:		
Short-term borrowings	₩ 164,666	₩ 174,907
Current portion of long-term borrowings	24,999	25,000
Current portion of debentures	159,934	79,991
Long-term borrowings	6,251	31,250
Debentures	459,224	459,301
	815,074	770,449
Liabilities with variable rates:		
Short-term borrowings	1,686	15,326
Current portion of long-term borrowings	13,470	49,554
Long-term borrowings	1,259	6,450
	₩ 16,415	₩ 71,330

32. Financial Risk Management(Cont'd)

The impact of 1% change in interest rates at the reporting date on equity and profit or loss is shown below. This analysis assumes that all other variables, in particular, foreign currency rates remain constant.

(in millions of Korean won)	2025		2024	
	1% increase	1% decrease	1% increase	1% decrease
Liabilities with variable interest rates	₩ (164)	₩ 164	₩ (713)	₩ 713
Effects of interest rate swap	63	(63)	484	(484)
Net exposure gains (losses)	₩ (101)	₩ 101	₩ (229)	₩ 229

The Group does not account for any fixed rate financial liabilities as financial liabilities at fair value through profit or loss. Accordingly, changes in interest rates at the reporting date would not affect equity, profit or loss.

(c) Market price risk

The Group is exposed to equity price risk, which arises from listed equity securities in financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Management monitors the risk arising from changes in market prices regularly and approves all equity investment decisions.

As of December 31, 2025, the carrying amount of the listed equity instruments of the financial assets at fair value through other comprehensive income is ₩ 767,957 million, assuming that market price fluctuates by 10% at the end of reporting period and other variables remain constant, the impact of the change on other comprehensive income before taxes amounts to ₩ 76,795 million.

Capital management

The objective of the Group's capital management is to maximize shareholder value through maintaining a sound capital structure. The Group makes necessary improvements to its capital structure through monitoring financial ratios such as debt to equity and net borrowings to equity on a monthly basis in order to achieve an optimal capital structure.

The capital risk ratios the Group monitors as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)	December 31, 2025	December 31, 2024
Liabilities (A)	₩ 1,840,403	₩ 1,372,245
Equity (B)	1,785,046	1,947,681
Financial deposits and others (C)	511,699	475,680
Borrowings and debentures (D)	831,490	841,778
Debt-to-equity ratio (A/B)	103.10%	70.46%
Net debt-to-equity ratio ((D-C)/B)	17.92%	18.80%

32. Financial Risk Management(Cont'd)

Transfers of financial assets

Financial assets that are transferred but not derecognized as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Liabilities with recourse only to the transferred assets				
Fair value of assets	₩	2,157	₩	2,708
Fair value of related liabilities		(2,157)		(2,708)
Net amount	₩	-	₩	-

33.Financial Instruments by Category

Details of the carrying amount of financial assets as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

Category	Account		December 31, 2025		December 31, 2024
Financial asset at amortized cost	Cash and cash equivalents[1]	₩	201,951	₩	181,107
	Trade and other receivables		256,479		262,330
	Other current financial assets[2]		309,737		294,562
	Other non-current receivables		9,547		13,733
	Other non-current financial assets		11		11
			777,725		751,743
Financial assets at fair value through other comprehensive income	Listed equity instruments		767,957		529,860
	Unlisted equity instruments		78,766		62,992
	Debt instruments		1,137		985
			847,860		593,837
Financial assets at fair value through profit or loss	Beneficiary certificates, etc.		22,436		25,442
Derivatives	Other current financial assets[3]		2,666		14,450
		₩	1,650,687	₩	1,385,472

[1] Cash and cash equivalents consist of cash on hand and demand deposits which are presented net of unused government grants. A reconciliation of cash and cash equivalents reported in the statements of cash flows and financial position as of December 31, 2025 and 2024 is as follows:

(in millions of Korean won)		2025		2024
Cash and cash equivalents in the statements of cash flows	₩	201,951	₩	181,113
Government grants		-		(6)
Cash and cash equivalents in the statements of financial position	₩	201,951	₩	181,107

33. Financial Instruments by Category(Cont'd)

[2] Consisting of short-term deposits to financial institutions such as time deposits.
[3] Consisting of derivatives which are not accounted for using hedge accounting.

Details of the carrying amount of financial liabilities as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

Category	Account	December 31, 2025	December 31, 2024
Financial liabilities at amortized cost	Trade and other payables	₩ 238,469	₩ 232,709
	Short-term borrowings	166,352	190,233
	Current portion of long-term borrowings	38,469	74,554
	Other non-current payables	4,268	4,087
	Long-term borrowings	7,510	37,700
	Current portion of debentures	159,934	79,991
	Debentures	459,224	459,301
	Other current financial liabilities[1]	6,125	6,640
	Other non-current financial liabilities[1]	10,836	11,924
		1,091,187	1,097,139
Derivatives	Other current financial liabilities[2]	1,381	503
		₩ 1,092,568	₩ 1,097,642

[1] Other non-current financial liabilities consist of lease liabilities and financial guarantee liabilities.
[2] The above other current financial liabilities consist of derivatives which are not accounted for hedge accounting.

Gains and losses from financial instruments by category for each of the two years in the period ended December 31, 2025 are as follows:

(in millions of Korean won)

	2025					
	Financial assets			Financial liabilities		
	Financial assets measured at amortized cost	Financial assets at fair value	Derivative instruments	Financial liabilities measured at amortized cost	Derivative instruments	Total
Interest income	₩ 12,677	₩ -	₩ -	₩ -	₩ -	₩ 12,677
Interest expense	-	-	-	(29,846)	-	(29,846)
Dividend income	-	36,101	-	-	-	36,101
Impairment loss	(187)	-	-	-	-	(187)
Loss on foreign currency translation	(2,063)	-	-	(94)	-	(2,157)
Net changes in fair value through profit or loss	-	(542)	21,465	-	(21,617)	(694)
Net change in fair value through other comprehensive income	-	245,825	-	-	-	245,825
	₩ 10,427	₩ 281,384	₩ 21,465	₩ (29,940)	₩ (21,617)	₩ 261,719

33.Financial Instruments by Category(Cont'd)

(in millions of Korean won)	2024					
	Financial assets			**Financial liabilities**		
	Financial assets measured at amortized cost	**Financial assets at fair value**	**Derivative instruments**	**Financial liabilities measured at amortized cost**	**Derivative instruments**	**Total**
Interest income	₩ 13,983	₩ -	₩ -	₩ -	₩ -	₩ 13,983
Interest expense	-	-	-	(32,394)	-	(32,394)
Dividend income	-	33,084	-	-	-	33,084
Reversal of impairment loss	631	-	-	-	-	631
Loss on foreign currency translation	4,714	-	-	(16,032)	-	(11,318)
Net changes in fair value through profit or loss	-	2,561	27,308	-	(6,068)	23,801
Net change in fair value through other comprehensive income	-	162,213	-	-	-	162,213
	₩ 19,328	₩ 197,858	₩ 27,308	₩ (48,426)	₩ (6,068)	₩ 190,000

Audit opinion on internal control over financial reporting for consolidation purposes

The accompanying independent auditor's report on internal control over financial reporting for consolidation purposes is attached as a result of auditing the internal control over financial reporting for consolidation purposes of Samyang Corporation (the Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2025 in accordance with the Article 8 of the *Act on External Audit of Stock Companies.*

Attachments:

1. Independent auditor's report on internal control over financial reporting for consolidation purposes
2. Management's report on the effectiveness of internal control over financial reporting for consolidation purposes

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EY Han Young
2-3F, 7-8F, Taeyoung Building, 111 Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: + 82 2 783 5890
ey.com/kr

Independent auditor's report on internal control over financial reporting for consolidation purposes

(English translation of a report originally issued in Korean)

Samyang Corporation
The Shareholders and Board of Directors

Opinion on internal control over financial reporting for consolidation purposes

We have audited the internal control over financial reporting ("ICFR") for consolidation purposes of Samyang Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2025.

In our opinion, the Group's ICFR for consolidation purposes has been effectively designed and operated, in all material respects, as of December 31, 2025, in accordance with the *Conceptual Framework for Design and Operation of ICFR.*

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2025, and the consolidated statement of comprehensive income or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, of the Group, and our report dated March 18, 2026, expressed an unqualified opinion thereon.

Basis for opinion on ICFR for consolidation purposes

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR for consolidation purposes section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR for consolidation purposes in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for ICFR for consolidation purposes

Management is responsible for designing, implementing and maintaining an effective ICFR for consolidation purposes, and for assessing the effectiveness of the ICFR for consolidation purposes included in the accompanying management's report on the effectiveness of internal control over financial reporting for consolidation purposes.

Those charged with governance are responsible for overseeing the Group's ICFR for consolidation purposes process.

Auditor's responsibilities for the audit of ICFR for consolidation purposes

Our responsibility is to express an opinion of the Group's ICFR for consolidation purposes based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of the ICFR for consolidation purposes involves performing procedures to obtain audit evidence as

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to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR for consolidation purposes based on obtaining an understanding of ICFR for consolidation purposes and the assessed risk.

ICFR for consolidation purposes definition and inherent limitations

An ICFR for consolidation purposes of a company and its subsidiaries is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The ICFR for consolidation purposes of the company and its subsidiaries includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the company and its subsidiaries that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent or detect material misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR for consolidation purposes may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Heekyun Shin.

EY Han Young

March 18, 2026

This audit report is effective as of March 18, 2026, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR for consolidation purposes and may result in modifications to this report.

Management's report on the effectiveness of internal control over financial reporting for consolidation purposes

(English translation of a report originally issued in Korean)

To the Shareholders and Board of Directors and Audit Committee
Samyang Corporation

We, as Chief Executive Officer ("CEO") and Officer for Internal Control over Financial Reporting ("ICFR Officer") (hereinafter referred to as "we") of Samyang Corporation and its subsidiaries (the "Group"), assessed the effectiveness of the design and operation of the Group's ICFR for consolidation purposes for the year ended December 31, 2025.

The design and operation of ICFR for consolidation purposes is the responsibility of the Group's management, including the CEO and the ICFR Officer.

We assessed whether the Group's ICFR for consolidation purposes has been designed and is operating effectively in order to prevent and detect errors or frauds which may result in a misstatement of the consolidated financial statements to ensure preparation and disclosure of reliable consolidated financial statements.

We used, as the basis for the design and operation of the Group's ICFR for consolidation purposes, the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR. In assessing the design and operation of ICFR for consolidation purposes, we used, as the evaluation criteria, the Appendix 6 of the *Implementation Guidelines for the Regulation on External Audit and Accounting, etc*., the *Standard for Evaluation and Reporting of ICFR.*

Based on our assessment, we concluded that the Group's ICFR for consolidation purposes has been designed and is operating effectively as of December 31, 2025, in all material respects, in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We confirm that this report does not contain or present any false statement or omit to state a fact necessary to be presented herein. We also confirm that this report does not contain or present any statements which might cause material misunderstanding to the readers, and we have reviewed and verified this report with due care.

As stipulated in Paragraph 9 of *Conceptual Framework for Design and Operation of ICFR*, because of its inherent limitations, risks arising from the operation of ICFR may not be avoided and ICFR may not prevent or detect material misstatements of the financial statements arising from intentional fraudulent acts. The attachment to the report provides additional assessment results of key internal controls that are designed and operated by the Group in order to respond to the fraud risks identified in treasury processes.

(Attachments)

◦ Internal control activities performed by the Company in response to treasury fraud risks such as embezzlements, etc.

March 13, 2026

Kang Ho Sung
Chief Executive Officer

Lee Youn Woo,
Officer for ICFR

(For the signature of CEO and ICFR Officer, please refer to the original report prepared in Korean language attached below.)

(Appendix) Internal control activities performed by the Company responding to treasury related fraud risks, such as embezzlement

Classification	Internal control activities performed by the Company	Related company	Design and operation effectiveness assessment result
Company Level Controls	<Operation of fraud prevention programs> In order to prevent frauds such as embezzlements, etc., management operates an internal whistleblower program (anonymous reporting channel) and a fraud prevention and monitoring program and regularly communicates management's commitment to compliance with the programs to all employees by sending out Company-wide notifications.	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Assessment of fraud risk> Considering the revised business processes, management updates the identified and assessed potential fraud risks, and incorporates the updated details into the existing controls. The records on the fraud event should be considered in the assessment.	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Management of segregation of duties> Management takes into account segregation of duties and access authority (limitation) when designing control activities (i.e. creation or modification of controls) at a transaction level. The team in charge of ICFR ensures the up-to-date	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)

	design of duty segregation in control activities by considering changes in the work process.		
	<Monitoring> Management establishes plans for the ongoing monitoring of the ICFR and regularly reviews annual fraud risk assessment, which is reported to the Audit Committee.	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
Treasury Controls	<Registration /modification of accounts> The approver responsible for treasury activities reviews and approves the reason of registration/modification of accounts when a new account is registered or an existing account is modified.	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Management of bank accounts> The approver responsible for treasury activities reviews and approves the current state of the Company’ s bank accounts, such as the purpose or closing of accounts.	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Review on the integrity of bank accounts> The approver responsible for treasury activities reviews and approves the	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities

	completeness of the accounts maintained by obtaining supporting documents from major financial institutions to identify bank accounts held in the Company's name.		Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Corporate seal and Signature authorization control> The authorized approver restricts physical access to the corporate seal and affixes the seal only after reviewing the purpose of use and the approval document submitted by the requesting department. For companies that use signatures, the administrator reviews signature usage records to prevent unauthorized use by individuals without proper authority.	Samyang Corporation and 5 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 5 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Restriction on payment execution> The system is configured to prevent payments from being made to any bank account other than authorized and registered accounts.	Samyang Corporation and 3 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 3 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Review of payment execution> The approver responsible for treasury activities reviews and approves payment requests after verifying that key information (party receiving payments, account etc.) is consistent with the	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)

	supporting documentation, such as procurement requests.		
	<Segregation of duty for payment execution> The person who posts the payment slip is separated from the person who approves the payment execution.	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Management of deposit and withdrawal records> The approver responsible for treasury activities reviews and approves whether the ERP balances reconcile to the bank statements and, where differences exist, assesses the appropriateness of the supporting explanations for the reconciling items.	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Review of financing> The approver responsible for treasury activities reviews and approves the appropriateness of the key requirements in borrowings and bond issuance proposals. If Board of Directors' resolution is required, the proposal is submitted to the Board of Directors.	Samyang Corporation and 5 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 5 other entities Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)
	<Review on the creation and modification of Vendor Master> The approver responsible for treasury activities reviews and approves	Samyang Corporation and 6 other entities	As a result of the assessment, no material weaknesses have been identified. (Samyang Corporation and 6 other entities

	whether the key information on vendors (corporate registration number, account numbers etc.) described in the request letter for vendor master creation or modification is consistent with the source documents.		Internal Controls and Accounting Team of Samyang Holdings Corporation etc., August 2025, November 2025, January 2026 etc.)

1. 내부회계관리제도 운영실태보고서

주식회사 삼양사 주주, 이사회 및 감사위원회 귀중

본 대표이사 및 내부회계관리자는 2025년 12월 31일 현재 동일자로 종료하는 회계연도에 대한 당사의 내부회계관리제도의 설계 및 운영실태를 평가하였습니다.

내부회계관리제도의 설계 및 운영에 대한 책임은 본 대표이사 및 내부회계관리자를 포함한 회사의 경영진에 있습니다.
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본 대표이사 및 내부회계관리자의 내부회계관리제도 운영실태 평가결과, 2025년 12월 31일 현재 당사의 내부회계관리제도는 '내부회계관리제도 설계 및 운영 개념체계'에 근거하여 볼 때, 중요성의 관점에서 효과적으로 설계되어 운영되고 있다고 판단됩니다.

본 대표이사 및 내부회계관리자는 보고내용이 거짓으로 기재되거나 표시되지 아니하였고, 기재하거나 표시하여야 할 사항을 빠뜨리고 있지 아니함을 확인하였습니다.
또한 본 대표이사 및 내부회계관리자는 보고내용에 중대한 오해를 일으키는 내용이 기재되거나 표시되지 아니하였다는 사실을 확인하였으며, 충분한 주의를 다하여 직접 확인·검토하였습니다.

내부회계관리제도는 '내부회계관리제도 설계 및 운영 개념체계' 문단 9에서 규정된 바와 같이 내부회계관리제도의 본질적인 한계로 인하여 제도를 운영하는 과정에서 발생하는 집행 위험을 피할 수 없으며, 고의적인 부정행위로 인해 발생할 수 있는 재무제표에 대한 중요한 왜곡표시를 발견하거나 예방하지 못할 수 있습니다. 본 운영실태보고서의 (붙임)에서는 자금관련 프로세스에 부정위험으로 식별된 위험에 대응하기 위해 당사가 설계 및 운영하고 있는 중요 내부통제의 운영실태 평가결과를 추가적으로 기술하고 있습니다.

(붙임) 횡령 등 자금 관련 부정위험에 대응하기 위해 회사가 수행한 내부통제 활동

2026 년 3 월 13 일

대 표 이 사 강 호 성 (인)

내부회계관리자 이 연 우 (인)