Korea Alcohol Industrial

2Q FY2026 Business Result

26.2Q Earnings Release | 2026.08.18

kai

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Chapter 1.

Earnings Release

Business Performance (1) Quarterly Performance Overview (Separate)

Business Performance (2) Performance Overview (Separate)

Business Performance (3) Performance Overview (Consolidated)

Business Performance (4) Consolidated Subsidiaries Performance Overview

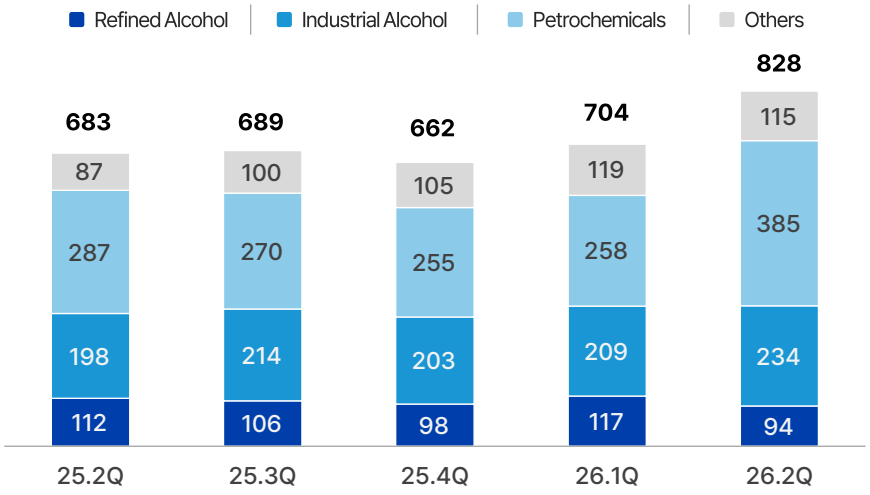


Business Performance (1) Quarterly Performance Overview (Separate)

Rapid Response to Market Changes Delivering Both Growth and Profitability

Revenue Trend

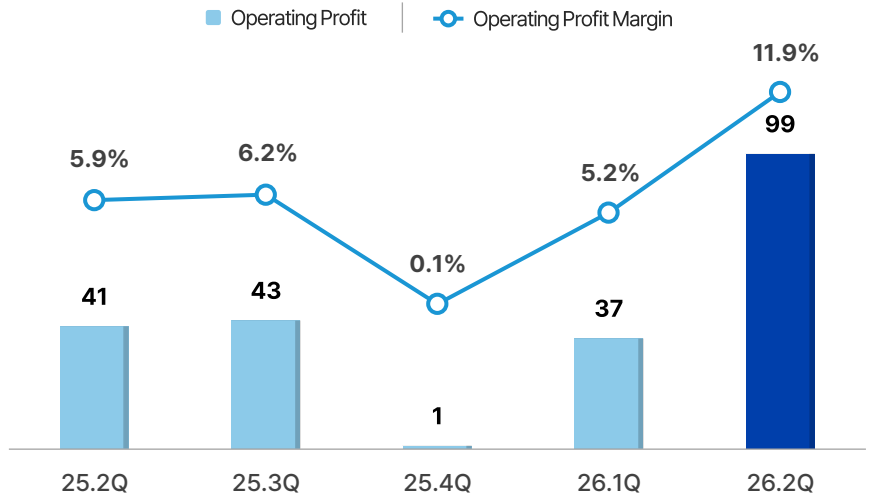
Unit : KRW 100 million



Note : K-IFRS (Separated)

Operating Profit (Margin) Trend

Unit : KRW 100 million



Note : K-IFRS (Separated)

Revenue Increased by 17.5% QoQ

Product Price Increases and Sales Volume Growth Driven by Geopolitical Risks in the Middle East

- Increased ocean freight rates and raw material costs arising from developments in the Middle East reflected in product pricing
- Expansion of sales volume supported by a stable supply chain compared to imported products

OP Increased by 169.1% QoQ

Margin Expansion and Improved Profitability Driven by the Lag Effect of Raw Material Costs

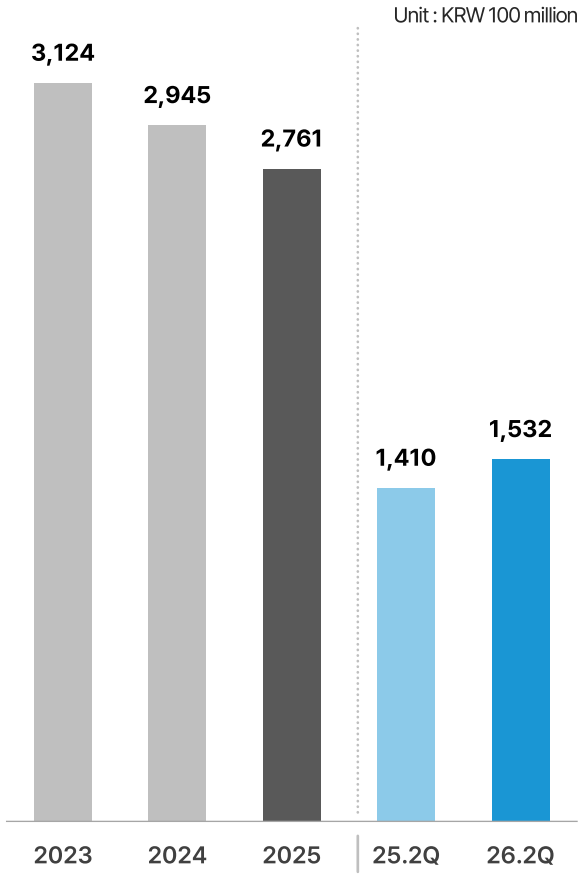
- Profitability improved in 2Q as product prices increased alongside raw material prices, while the lag effect in raw material input costs supported margin expansion
- Higher sales volumes further enhanced profitability improvement

Source : Company data

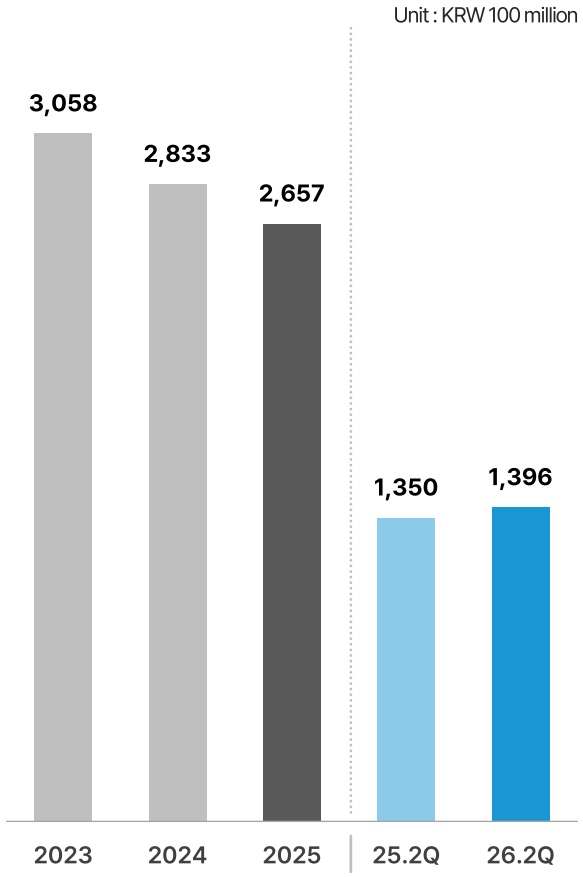
Business Performance (2) Performance Overview (Separate)

Revenue Increased by 8.6% YoY, while Operating Profit Rose by 123.0%

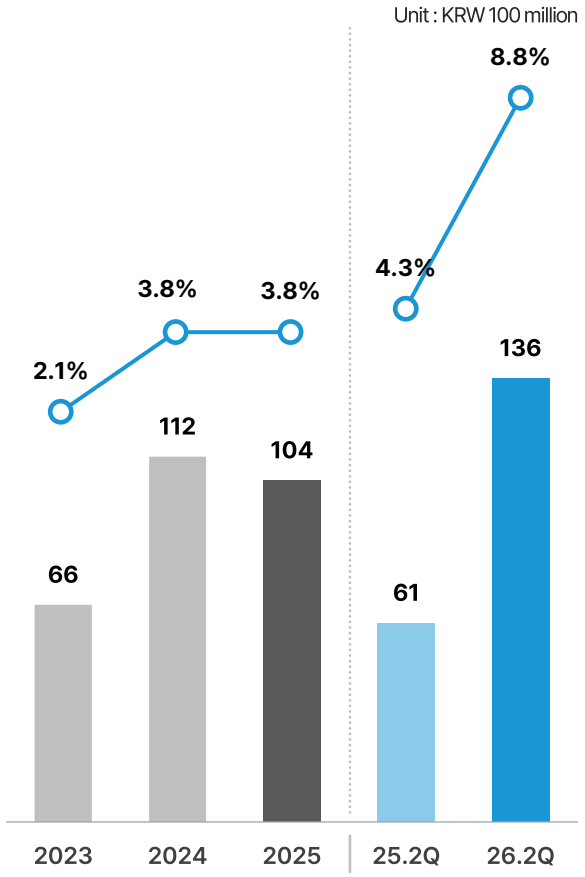
Revenue Trend



COGS & SG&A Trend



Operating Profit (Margin) Trend

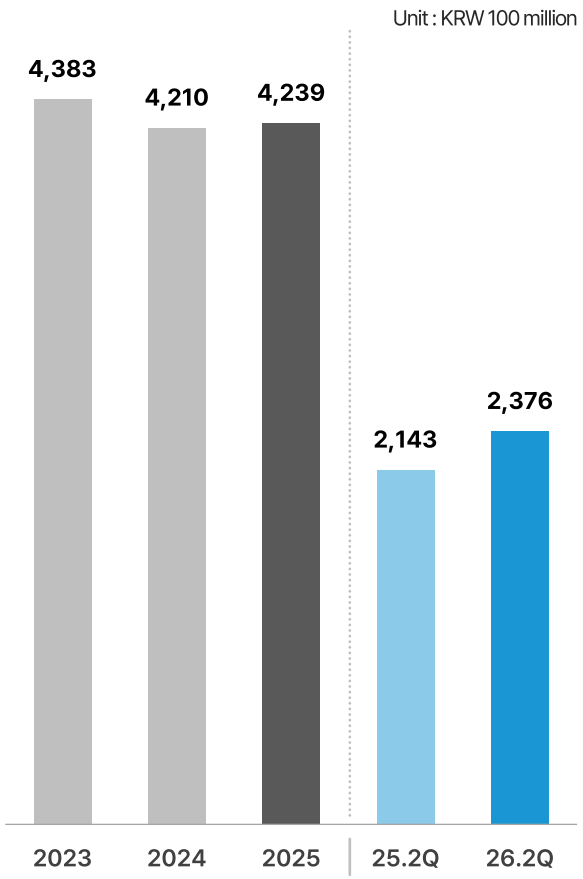


Note : K-IFRS (Separate)

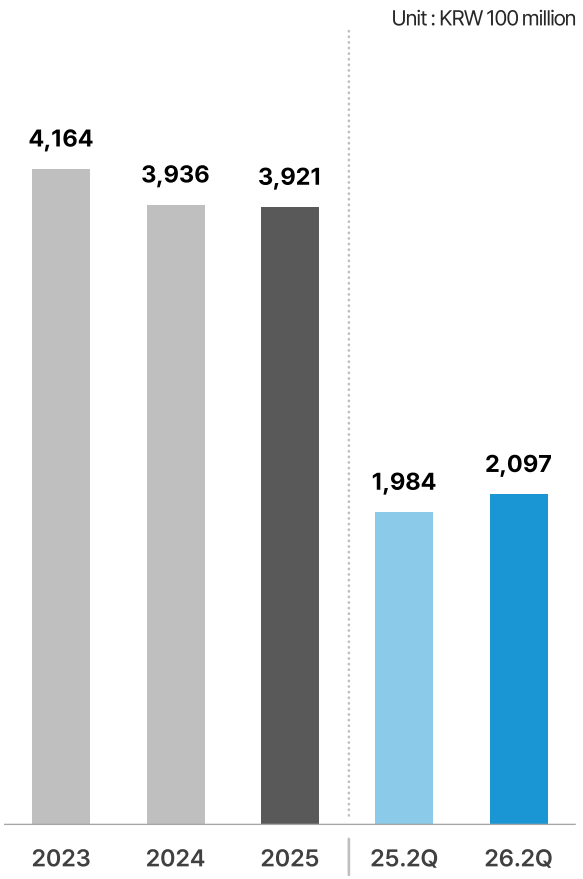
Business Performance (3) Performance Overview (Consolidated)

Revenue Increased by 10.9% YoY, while Operating Profit Rose by 75.5% YoY

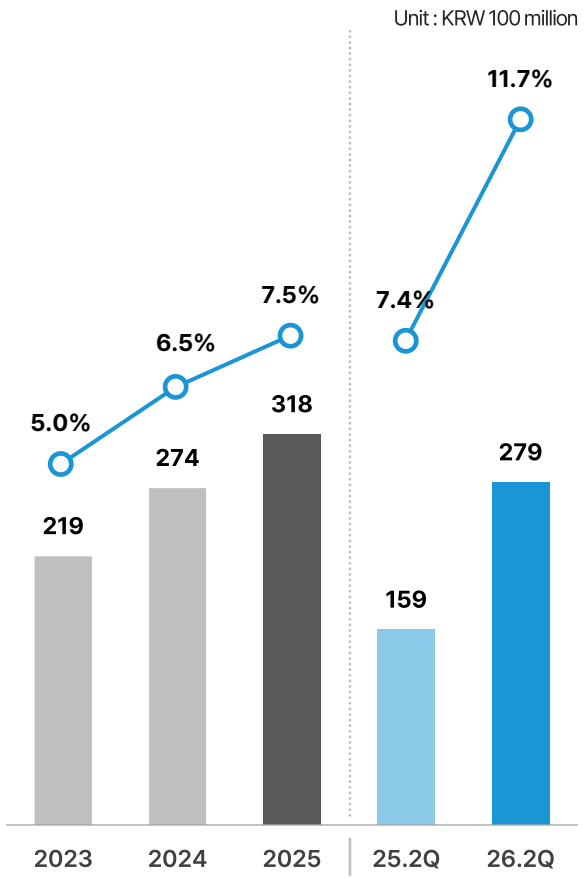
Revenue Trend



COGS & SG&A Trend



Operating Profit (Margin) Trend



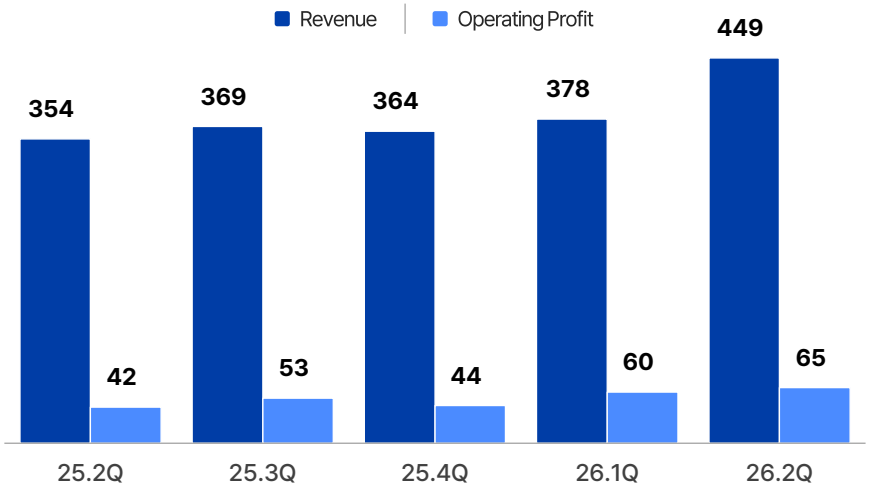
Note : K-IFRS (Consolidated)

Business Performance (4) Consolidated Subsidiaries Performance Overview

Solid Contribution to Consolidated Performance from Subsidiaries, Backed by Favorable Industry Conditions and Stable Earnings

Purit Performance Trend

Unit : KRW 100 million



Note : K-IFRS (Separate)

OP Increased by 8.8% QoQ

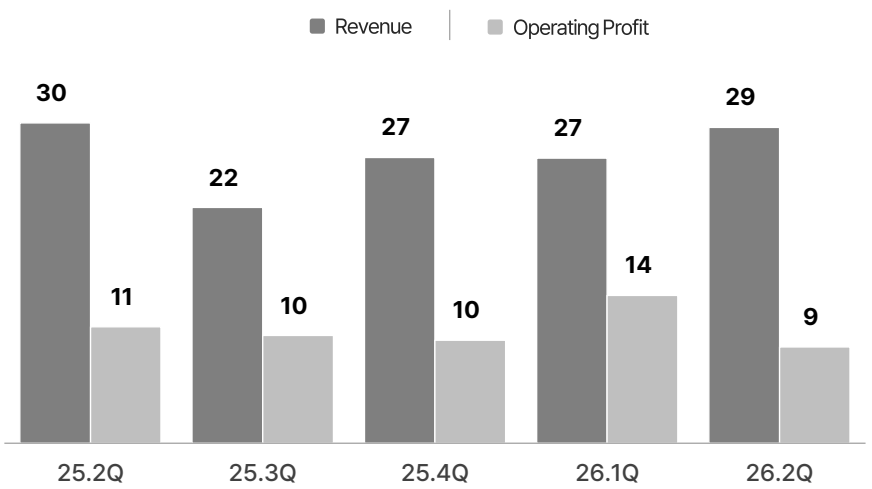
Continued Growth Driven by Expanding Memory Semiconductor Demand Amid AI Industry

- Strong memory semiconductor demand supported increased thinner usage in photolithography processes and continued growth in semiconductor thinner feedstock sales
- Revenue increased QoQ as product prices partially reflected higher raw material costs

Source : Company data

Soosan corp. Performance Trend

Unit : KRW 100 million



Note : K-IFRS (Separate)

OP Decreased by 34.9% QoQ

Steady Revenue Growth with Temporary Profitability Impact from One-Off Cost Increases

- Solid revenue growth supported by stable rental income and favorable foreign exchange effects
- Profitability was slightly affected by temporary cost increases, including property tax expenses

Chapter 2.

Q&A

Q1. Lagging Effect in Raw Material Cost Pass-Through

Q2. Monetization of Non-Core Assets

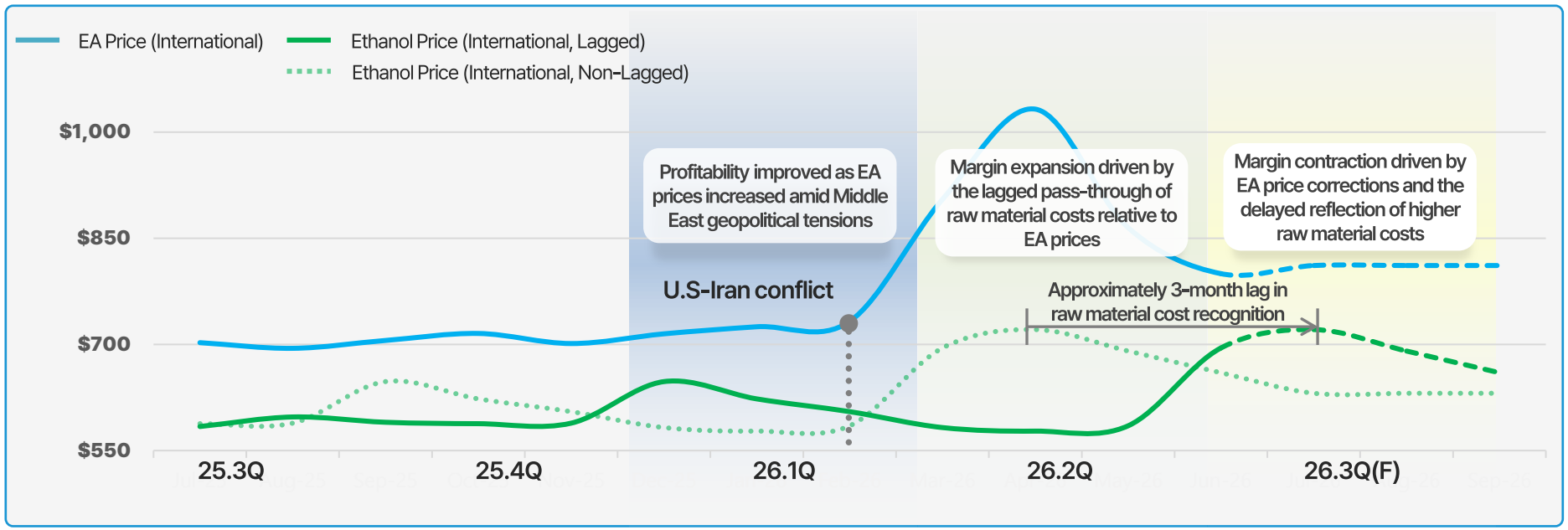
Q3. Evaluation of Asset Revaluation Model Adoption

Q1

Chapter 2. Q&A

Lagging Effect in Raw Material Cost Pass-Through

Profitability Impact from the Lagging Effect of Raw Material Procurement Lead Times
Higher Earnings Volatility Expected Following 1H Profitability Improvement



Factors Driving International Price Movements

Product and raw material prices are influenced by global factors, including supply-demand dynamics, grain prices, ocean freight rates, and crude oil prices

* Key Cost Drivers (QoQ)

FX rates	Freight rates	WTI	Ethanol prices
+2.6%	+56.1%	+29.3%	+11.5%

Pricing Mechanism

Product prices are reflected immediately, while imported raw materials require approximately 2-3 months from procurement to plant utilization, resulting in a lagged cost pass-through effect

Profitability Impact

Temporary profitability fluctuations occur during periods of price rebounds and corrections due to the lagging effect of raw material costs

Source : Company data

Q2 Monetization of Non-Core Assets

Repositioning Underutilized and Non-Core Assets as Strategic Assets to Enhance Asset Efficiency and Shareholder Value

Strategic Asset Review

Comprehensive assessment of asset relevance, utilization, and strategic value

- Analysis of asset ownership rationale and utilization status
- Evaluation of strategic fit with long-term growth initiatives
- Assessment of value creation relative to holding costs
- Identification of hidden value and alternative utilization opportunities

Optimal Asset Utilization Strategy

Selection of the most suitable utilization plan based on asset characteristics and market conditions

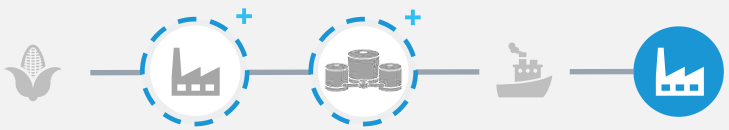
- Enhancement of Existing Utilization

  Maximizing asset value through operational improvements and new utilization opportunities

- Strategic Repurposing

  Reallocating assets to strengthen business competitiveness and support future growth initiatives

[Case Study] **Soosan Commercial Property**



Limited net cash inflow due to taxes and transaction costs related to monetizing a non-core asset

Potential reinvestment in U.S.-based ethanol production facilities and supply chain infrastructure to strengthen feedstock sourcing competitiveness ahead of the anticipated surge in ethanol demand by 2030

Strategic Asset Reallocation to Enhance Capital Efficiency and Support Sustainable Growth

Source : Company data

Q3 Evaluation of Asset Revaluation Model Adoption

Rather than Pursuing Book Value Enhancement Through Asset Revaluation, Focused on Creating Long-Term Value Through Strategic Asset Reallocation

Benefits of Asset Revaluation

- **Asset Value Realization**

  Reduces the gap between book value and market value by reflecting the fair value of assets

- **Enhanced Financial Transparency**

  Improves the relevance and reliability of financial information for investors and stakeholders

- **Improved Financing Flexibility**

  Strengthens financial credibility and supports access to funding on more favorable terms from financial institutions and investors

Limitations of Asset Revaluation

- **Higher Costs and Administrative Burden**

  Recurring appraisal and audit costs arising from the mandatory application of the revaluation model across all subsidiaries for the same asset class

- **Reduced Profitability and Shareholder Returns**

  Higher depreciation expenses may reduce operating profit and limit the Company's capacity for shareholder returns

- **Limited Accounting Flexibility**

  Reverting to the cost model after adopting the revaluation model is generally restricted under K-IFRS No.1008

Source : Company data

Appendix

01. Company Overview
02. Business Segments
03. Core Business Competencies
04. Advanced Materials Technology & Know-how
05. Key Production Infrastructure
06. Summary Financials (Consolidated & Separate)



01

Appendix

Company Overview

Company Overview

Name	Korea Alcohol Industrial Co., Ltd.
CEO	Chi Yong-seok, Kim Jeong-soo, Bae Jae-beom
Foundation	1984.07.27
Capital	KRW 10.8 billion
Total Number of Employees	190
Business Area	Ethanol and petrochemical product manufacturing
Headquarters	14, Tapsil-ro 35beon-gil, Giheung-gu, Yongin-si, Gyeonggi-do
Homepage	www.ka.co.kr

Source : Company data

Consolidated Subsidiaries Overview

As of Dec. 31, 2025

Name	Purit
Foundation	2010.01.04
Business Area	Refinement and manufacture of organic solvents
Capital	KRW 8.6 billion
Ownership Stakes of KAI	48.85%

Name	Soosan Corp.
Foundation	1997.09.25
Business Area	Property Leasing Business
Capital	KRW 32.1 billion
Ownership Stakes of KAI	100.00%





Business Segments

Strong Technical Expertise in Alcohol and Chemical Manufacturing, Supporting a Broad and Diversified Customer Base

Products by End-Use Industry, Applications, and Key Customers

Application Industry	Product & Description		Applications
Customer Products (Hand Sanitizers, Cosmetics), Secondary Batteries, and Display	Hydrous Ethanol	Industrial-grade ethanol with moisture content below 5%, produced by refining grain-fermented alcohol	Hand Sanitizer, Washer Fluids
	Anhydrous Ethanol	Industrial ethanol with moisture content below 1%, produced by refining fermented grain-based alcohol	Cosmetics, Chemical Reagents, Electrolytes for Secondary Batteries
	Electronic-Grade Anhydrous Ethanol	Industrial-grade ethanol with enhanced purity, produced by further processing anhydrous alcohol	Cleaning Solutions for Display Manufacturing
Customer Products (Paints, Coatings, Inks), and Semiconductors	Ethyl Acetate	Chemical products produced by synthesizing industrial ethanol and glacial acetic acid	Paints, Coatings, Inks, Spot Adhesives
	Butyl Acetate	Chemical products produced by synthesizing butanol and glacial acetic acid	
	Electronic-Grade Butyl Acetate	Butyl acetate with enhanced purity, produced through additional processing	Semiconductor-Grade Thinners
Alcoholic Beverages and Food & Beverages	Refined Ethanol	Edible ethanol produced by refining crude alcohol obtained from fermented sugarcane	Alcoholic Beverages (Soju), Food Seasonings

Customers & End Users

SAMSUNG
GC Biopharma
LG Chem
KCC
애경케미칼(주)
HITEJINRO
롯데칠성음료
DAESUN
NOROO

Source : Company data

Core Business Competencies

Resilient Earnings Underpinned by Dominant Market Position and Stable Industry Structure

Sole Domestic Producer of EA & BA with a Leading M/S

EA/BA Supply Structure

Sole Domestic Producer of EA & BA
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Acetic Acid + Industrial Alcohol
= **EA Manufacturing & Supply**

Acetic Acid + Butanol
= **BA Manufacturing & Supply**

Applications across diverse industries, including coatings, (pressure-sensitive) adhesives, and semiconductors
(Accounting for over 50% share in the domestic market)

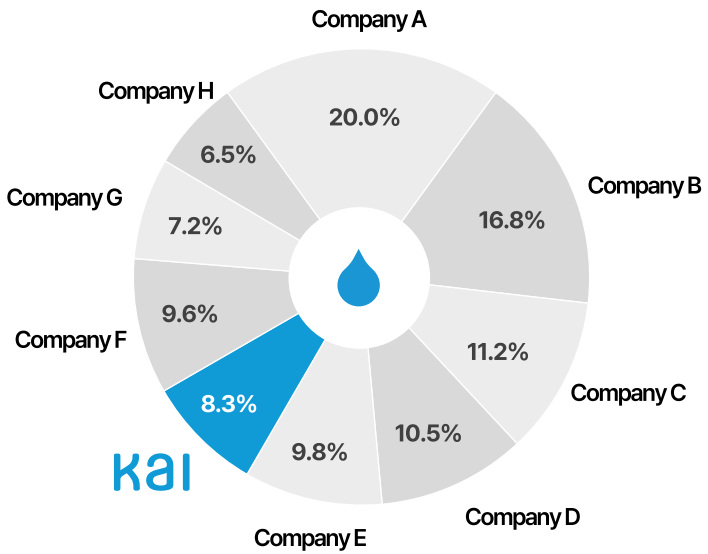
Profit generation driven by economies of scale through diversification of industrial alcohol product portfolio

Source : Company data

Stable Operations under a Controlled Market Structure

Licensing-Based Regulated Market (Domestic Alcohol Industry)

[Edible Ethanol Purchase Share by Korea Alcohol Distribution]



Stable earnings generation supported by strict market controls inherent to the alcohol industry

Source : Korea Alcohol Distribution Co., Korea IR Association Corporate Research Center

Advanced Materials Technology & Know-how

41 Years of Proven Expertise in Alcohol and Chemical Materials Technologies

Founding Phase

Building the Foundation for Alcohol and Chemical Businesses 1984 - 1990

- **1984 KAI Establishment**
- 1985 Refined Ethanol Plant Completion
- 1987 Anhydrous Ethanol Plant Completion
- 1989 Ethyl Acetate Plant Completion
- **1992 Listed on the KOSDAQ Market**

Growth Phase

Scaling Up the Chemical Products Business 1991 - 2007

- 1998 Ethylamine Plant Completion
- **1999 Electronic-Grade Butyl Acetate Plant Completion**
- 2001 ISO 9001 / 14001 Certification
- **2005 Color Paste Plant Completion**

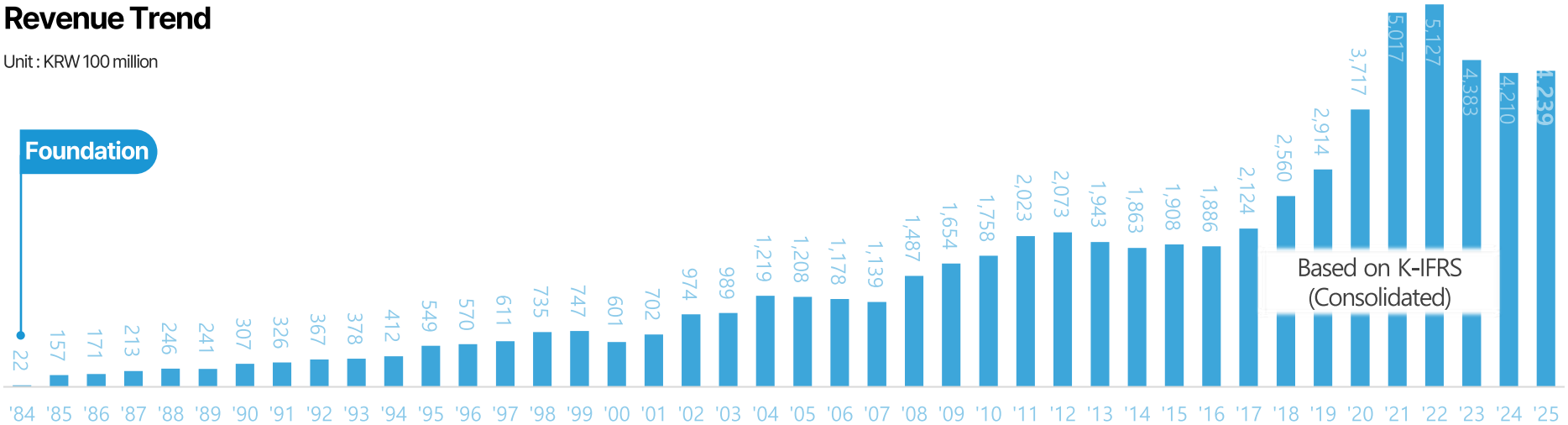
Takeoff Phase

Achieving into Electronic-Grade Precision Chemicals 2008 - Present

- **2008 Successful Localization of Mass Production for Color Paste**
- 2010 Anhydrous Ethanol Production Capacity Expansion
- 2015 OHSAS 18001 Certification
- 2016 Headquarters Relocation (Giheung)
- 2017 Ethyl Acetate Production Capacity Expansion & New Vision Declaration
- **2019 Equity Acquisition of Syndip (Currently Purit)**
- **2023 Development of High-Purity Ethanol for Secondary Battery Electrolyte Solvents**
- **2025 Launch of a Corporate Value-Up Plan**

Revenue Trend

Unit : KRW 100 million



Key Production Infrastructure

Extensive Product Lineup Supported by Strong Domestic Production Capacity



Synthetic Ethanol 95%

R-SEA, K95, R-CIE

Applications

Synthetic resins, Ethers, Cleaning Agents, Printing Inks, Disinfectants



Anhydrous Ethanol

Applications

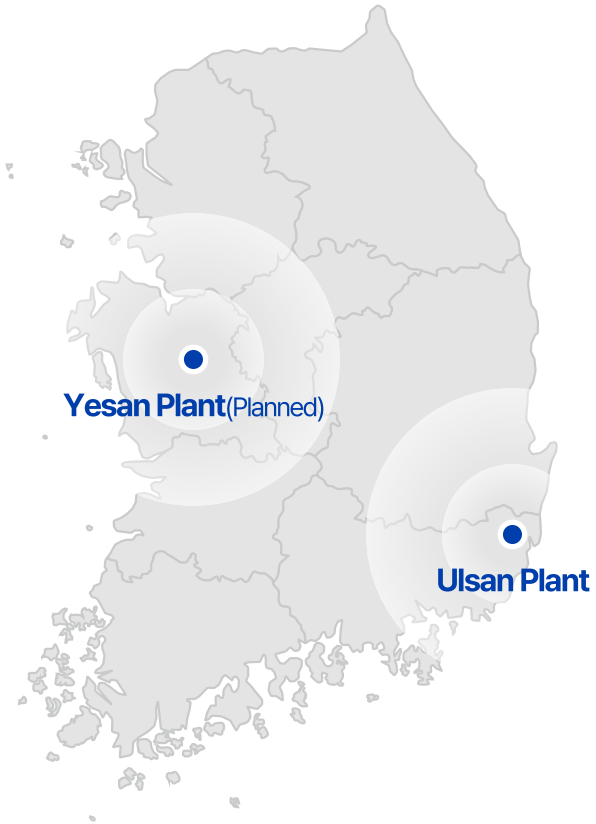
Raw material for synthetic detergents, Cosmetics, Soaps, Paints, Dyes



Refined Alcohol

Applications

Alcoholic Beverages, Extraction Solvents, Seasonings, Beverages, Coagulants





Ethyl Acetate Plant 1

Applications

Paints, Synthetic resins, Printing Inks, Artificial Leather



Ethyl Acetate Plant 2

Applications

Paints, Synthetic resins, Printing Inks, Artificial Leather



Electronic-Grade Butyl Acetate

Applications

Wafer Cleaning Solvents, Photoresist Solvents

Source : Company data

06 Appendix

Summary Financial Statements (Consolidated)

Statement of Financial Position

Unit : KRW 1 million

Item	2023	2024	2025	2Q 2026 (YTD)
Current Asset	242,630	199,984	217,223	240,179
Non-Current Asset	410,540	454,940	486,359	498,096
Total Asset	**653,170**	**654,924**	**703,582**	**738,275**
Current Liabilities	100,789	39,248	45,162	44,416
Non-Current Liabilities	26,368	53,720	63,667	68,674
Total Liabilities	**127,157**	**92,968**	**108,829**	**113,091**
Capital	10,803	10,803	10,803	10,803
Capital Surplus	26,538	26,538	25,833	25,833
Retained Earnings	429,042	449,834	474,033	495,463
Other Components of Equity	13,212	23,604	24,768	29,759
Non-Controlling Interest	46,418	51,177	59,316	63,326
Total Equity	**526,013**	**561,956**	**594,753**	**625,184**

Note : Based on K-IFRS consolidated financial statements

Income Statement

Unit : KRW 1 million

Item	2023	2024	2025	2Q 2026 (YTD)
Revenue	**438,274**	**421,014**	**423,883**	**237,626**
Cost of Goods Sold	387,468	361,516	357,687	192,342
Gross Profit	**50,806**	**59,498**	**66,197**	**45,284**
SG&A Expenses	28,924	32,063	34,380	17,388
Operating Profit	**21,882**	**27,435**	**31,817**	**27,897**
Other Profit & Loss	676	(371)	1,139	(98)
Financial Profit & Loss	599	1,884	1,167	1,316
Profit & Loss on Investment in Associate	(4,986)	9,177	15,185	11,782
Earnings Before Income Tax	**18,171**	**38,124**	**49,309**	**40,897**
Income Tax Expenses	3,837	7,753	11,485	9,148
Net Income	**14,334**	**30,371**	**37,824**	**31,748**

Note : Based on K-IFRS consolidated financial statements

07

Appendix

Summary Financial Statements (Separate)

Statement of Financial Position

Unit : KRW 1 million

Item	2023	2024	2025	2Q 2026 (YTD)
Current Asset	179,514	138,329	141,617	155,147
Non-Current Asset	259,832	275,944	289,627	283,309
Total Asset	**439,346**	**414,273**	**431,244**	**438,456**
Current Liabilities	58,640	23,485	31,622	30,448
Non-Current Liabilities	1,300	1,674	2,829	2,734
Total Liabilities	**59,940**	**25,159**	**34,451**	**33,182**
Capital	10,803	10,803	10,803	10,803
Capital Surplus	8,923	8,923	8,923	8,923
Other Components of Equity	637	2,074	4,382	4,489
Retained Earnings	359,043	367,314	372,684	381,058
Total Equity	**379,406**	**389,114**	**396,793**	**405,273**

Note : Based on K-IFRS separate financial statements

Income Statement

Unit : KRW 1 million

Item	2023	2024	2025	2Q 2026 (YTD)
Revenue	**312,440**	**294,491**	**276,114**	**153,172**
Cost of Goods Sold	290,937	267,679	249,211	131,162
Gross Profit	**21,503**	**26,813**	**26,903**	**22,010**
SG&A Expenses	14,873	15,654	16,471	8,457
Operating Profit	**6,630**	**11,158**	**10,432**	**13,554**
Other Profit & Loss	8,916	4,826	(88)	(86)
Financial Profit & Loss	2,395	1,165	3,671	3.566
Earnings Before Income Tax	**17,941**	**14,819**	**14,014**	**17.034**
Income Tax Expenses	3,698	3,115	2,260	3.444
Net Income	**14,243**	**11,704**	**11,754**	**15.389**

Note : Based on K-IFRS separate financial statements

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