



SONGWON

FINANCIAL RESULTS
Preliminary, unaudited

**Q2 & 6 MONTHS
ENDED JUNE 30**

2024

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About this report

This report contains Songwon Industrial Group's preliminary, unaudited financial results for the three months (Q2/2024) and six months (HY/2024) ended June 30, 2024.

All the disclosed figures are preliminary and may be subject to change during the review of the condensed interim financial statements by the Group's auditor, Ernst & Young Han Young. Songwon Industrial Group will publish condensed interim financial statements for the three and six months ended June 30, 2024, prepared in accordance with the Korean International Financial Reporting Standards ("K-IFRS"). These will be reviewed by the Group auditor by mid-August 2024.

The financial information in this interim report reflects the consolidated figures in Million KRW unless otherwise stated.

For further information about Songwon Industrial Group, please visit: www.songwon.com or write to us at: ir@songwon.com.

Forward-looking statements & information

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

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

Key Financial Data

	Q2 2024			Q2 2023			For the six months ended June 30,		
	Million KRW	Million KRW	Δ%	2024	2023	Δ%	2024	2023	Δ%
Sales	273,521	269,232	1.6%	529,273	536,399	-1.3%	529,273	536,399	-1.3%
Gross profit	45,168	44,050	2.5%	84,302	85,126	-1.0%	84,302	85,126	-1.0%
<i>Gross profit margin</i>	16.5%	16.4%		15.9%	15.9%		15.9%	15.9%	
Operating profit	16,417	21,990	-25.3%	28,547	40,479	-29.5%	28,547	40,479	-29.5%
EBITDA	25,794	31,453	-18.0%	48,009	58,577	-18.0%	48,009	58,577	-18.0%
<i>EBITDA margin</i>	9.4%	11.7%		9.1%	10.9%		9.1%	10.9%	
EBIT	15,904	19,613	-18.9%	27,533	38,355	-28.2%	27,533	38,355	-28.2%
<i>EBIT margin</i>	5.8%	7.3%		5.2%	7.2%		5.2%	7.2%	
Profit for the period	10,575	11,956	-11.6%	17,237	22,582	-23.7%	17,237	22,582	-23.7%
Total assets				1,172,320	1,160,645	1.0%	1,172,320	1,160,645	1.0%
Total equity				727,644	703,640	3.4%	727,644	703,640	3.4%
<i>Equity ratio</i>				62.1%	60.6%		62.1%	60.6%	
Headcounts				980	994	-1.4%	980	994	-1.4%

Sales development

Divisions

	For the three months ended June 30,											
	2024			2023			2024			2023		
	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%
	Industrial Chemicals						Performance Chemicals					
Sales	206,816	198,774	4.0%	66,705	70,458	-5.3%	273,521	269,232	1.6%			

	For the six months ended June 30,											
	2024			2023			2024			2023		
	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%
	Industrial Chemicals						Performance Chemicals					
Sales	399,601	394,721	1.2%	129,672	141,678	-8.5%	529,273	536,399	-1.3%			

Regions

	Q2 2024			Q2 2023			For the six months ended June 30,		
	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	2024	2023	Δ%
Korea	46,807	49,713	-5.8%	95,097	102,520	-7.2%	95,097	102,520	-7.2%
Rest of Asia	73,973	76,206	-2.9%	145,929	143,869	1.4%	145,929	143,869	1.4%
Europe	65,119	63,583	2.4%	125,530	129,585	-3.1%	125,530	129,585	-3.1%
North and South America	68,487	63,897	7.2%	128,276	127,934	0.3%	128,276	127,934	0.3%
Australia	754	596	26.5%	1,763	1,203	46.6%	1,763	1,203	46.6%
Middle East and Africa	18,381	15,237	20.6%	32,678	31,288	4.4%	32,678	31,288	4.4%
Total sales	273,521	269,232	1.6%	529,273	536,399	-1.3%	529,273	536,399	-1.3%

Business development

During the 2nd quarter of 2024, Songwon Industrial Group achieved consolidated sales of 273,521 Million KRW marking a 1.6% increase compared to sales for Q2/2023 (269,232 Million KRW). The Group recorded a net profit of 10,575 Million KRW, reflecting an 11.6% decline compared to the same quarter of the previous year (Q2/2023: 11,956 Million KRW). For the six months ended June 30, 2024, the Group achieved sales of 529,273 Million KRW (YTD June 2023: 536,399 Million KRW) and recorded a net profit of 17,237 Million KRW amounting to a 23.7% decrease over the same period the previous year (YTD June 2023: 22,582 Million KRW). YTD June 2024, the Group's gross profit margin remained the same as YTD June 2023 at 15.9%.

In line with expectations, Q2/2024 remained challenging due to persistent geopolitical tensions and deteriorating economic conditions. These factors, combined with ongoing market price pressures and logistics issues, negatively impacted the Group's profit for the period. Division Industrial Chemicals reported an increase of 4.0% in sales in Q2/2024 (206,816 Million KRW) compared to the same quarter of the previous year (Q2/2023: 198,774 Million KRW) and an increase in revenues of 1.2% in the first six months of 2024 (399,601 Million KRW) over the previous year (YTD June 2023: 394.721 Million KRW). In the 2nd quarter of 2024, Division Performance Chemicals achieved consolidated sales of 66,705 Million KRW, reflecting a decline of 5.3% over the 2nd quarter in 2023 (Q2/2023: 70,458 Million KRW). YTD June 2024, Division Performance Chemicals reported a revenue decline of 8.5% (Q2/2024: 129,672 Million KRW) compared to the same reporting period in 2023 (YTD June 2023: 141,678 Million KRW).

In Q2/2024, Division Industrial Chemicals performed well noting an increase in demand as customers began building up their safety stocks to offset delays caused by the logistical disruptions stemming from issues in the Red Sea and the Panama Canal. Furthermore, despite also facing intense price competition from China, an oversupply of low-priced products and falling raw material prices, the division remained resilient, adhering to its strategy and effectively managing its market share. Compared to the 1st quarter of 2024, Polymer Stabilizers reported a strong 2nd quarter, increasing both sales volumes and revenues. Contrary to the market trend, the business also continued to win new customers in Q2/2024 on the back of SONGWON's strong reputation for reliable supply. SONGWON's Fuel and Lubricant Additives business also noted a rise in demand and reported increases in revenues on the back of the volume increases offsetting the lower raw material costs which were applied to the formula pricing in 2024. For Coatings, Q2/2024 was as strong as the 1st quarter in terms of volume and net sales due to a rise in demand by customers concerned about supply bottlenecks caused by the current logistics situation.

As anticipated, the diminished demand in key markets already seen in previous quarters, continued to affect SONGWON's Division Performance Chemicals throughout Q2/2024 and was further exacerbated by the the Red Sea shipping situation and fierce market pricing. In Q2/2024, Tin Intermediates experienced slow movement in both volume and revenue but showed a slight recovery compared to Q1. For Solution Polyurethanes and Thermoplastic Polyurethanes, the 2nd quarter was weaker than Q1/2024 due to low

demand in the Korean domestic market and Southeast Asia as well as delayed approvals from customers. Competition remained fierce in Korea driven by continued weak demand. In Q2/2024, PVC performed slightly better than in Q1/2024, reporting increased volumes and revenues.

Outlook

Entering Q3/2024, the ongoing geopolitical issues and prevailing market uncertainties, including demand fluctuations and the unknown timing of a rebound in China, are affecting customers' ability to accurately forecast for the remainder of 2024. Although this makes predicting future market developments challenging, SONGWON expects demand to remain at levels similar to Q2/2024, primarily due to how customers are responding to the current disrupted logistics situation.

Looking towards the next quarter and remainder of the year, SONGWON intends to continue adapting its operations to evolving market realities, focusing on long-term value creation and executing strategic priorities for sustainable and profitable growth. Although proceeding with caution, SONGWON is confident in its ability to address emerging challenges and ensure dependable supply for its customers.