



FINANCIAL RESULTS  
Q2 & 6 MONTHS  
ENDED JUNE 30, **2024**

It's all about **the chemistry**<sup>®</sup>



Ernst & Young 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

## Report on review of interim condensed consolidated financial statements

(English translation of a report originally issued in Korean)

### The Shareholders and Board of Directors Songwon Industrial Co., Ltd.

We have reviewed the accompanying interim condensed consolidated financial statements of Songwon Industrial Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the interim condensed consolidated statement of financial position as of June 30, 2024, and the related interim condensed consolidated statements of comprehensive income for each of the three-month and six-month periods ended June 30, 2024 and 2023, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for each of the six-month periods ended June 30, 2024 and 2023, and a summary of material accounting policy information and other explanatory information.

### Management's responsibility for the interim condensed consolidated financial statements

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of the interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.



**Other matter**

We have audited the consolidated statement of financial position of the Group as of December 31, 2023, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated February 23, 2024 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position.

*Ernst & Young Han Young*

August 12, 2024

This review report is effective as of August 12, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

---

## About this report

The interim condensed consolidated financial statements including notes (refer to section 2 from page 9 to 53) according to Korean International Financial Reporting Standards (K-IFRS) are reviewed and not audited by our group auditor Ernst & Young Han Young (Ernst & Young Korea) – the review conclusion on the quarterly financial statements can be found at the beginning of this report. The review is applicable to the three and six months ended June 30, 2024 as well as the three and six months ended June 30, 2023.

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

The interim condensed consolidated financial statements for the three and six months ended June 30, 2024 included in this report have been prepared in accordance with K-IFRS 1034 and should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have also been prepared in accordance with K-IFRS. The annual financial statements for the year 2023 can be found on our website [www.songwon.com](http://www.songwon.com).

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

## Forward-looking statements & information

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

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

---

## Content

### SECTION 1: Business Development

Key financial data .....	7
Sales development .....	7
Business development .....	8
Outlook .....	8

### SECTION 2: Interim Condensed Consolidated Financial Statements

Interim consolidated statements of financial position.....	10
Interim consolidated statements of comprehensive income .....	12
Interim consolidated statements of changes in equity .....	16
Interim consolidated statements of cash flows .....	18
Notes to the interim condensed consolidated financial statements .....	20

## **SECTION 1:**

# **Business Development**

## 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											
	2024			2023			2024			2023		
	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%
	<b>Industrial Chemicals</b>			<b>Performance Chemicals</b>								
Sales	206,816	198,774	4.0%	66,705	70,458	-5.3%	273,521	269,232	1.6%	273,521	269,232	1.6%

	For the six months ended											
	2024			2023			2024			2023		
	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%
	<b>Industrial Chemicals</b>			<b>Performance Chemicals</b>								
Sales	399,601	394,721	1.2%	129,672	141,678	-8.5%	529,273	536,399	-1.3%	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	76,207	-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	15,236	20.6%	32,678	31,288	4.4%	32,678	31,288	4.4%
<b>Total sales</b>	<b>273,521</b>	<b>269,232</b>	<b>1.6%</b>	<b>529,273</b>	<b>536,399</b>	<b>-1.3%</b>	<b>529,273</b>	<b>536,399</b>	<b>-1.3%</b>

---

## 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.



## **SECTION 2:**

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

## Interim consolidated statements of financial position (unaudited)

		<b>June 30, 2024</b>	<b>As of December 31, 2023</b>
	Notes	Million KRW	Million KRW
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>521,684</b>	<b>520,514</b>
Property, plant and equipment	4.2.2, 5, 20	431,725	435,321
Right-of-use assets	4.2.2, 5.1	18,559	18,379
Investment properties	4.2.2, 20	3,444	3,448
Intangible assets	4.2.2, 6	16,035	14,789
Investments accounted for using the equity method	7, 26	8,315	8,131
Other non-current assets		22,647	23,046
Other non-current financial assets	11, 18, 26, 28	13,059	11,345
Deferred tax assets		7,900	6,055
<b>Current assets</b>		<b>650,636</b>	<b>569,230</b>
Inventories	8	325,728	291,466
Trade and other receivables	9, 26, 28, 29	174,127	150,975
Income tax receivables	31	1,281	2,189
Other current assets	10	14,724	13,606
Other current financial assets	11, 18, 28	13,483	12,410
Cash and cash equivalents	12, 28	121,293	98,584
<b>Total assets</b>		<b>1,172,320</b>	<b>1,089,744</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>727,644</b>	<b>705,592</b>
Issued capital		12,000	12,000
Capital surplus		20,482	20,482
Reserves	13.1	30,903	30,303
Retained earnings	13.1	649,617	638,217
Other components of equity	13.2	14,642	4,590
<b>Non-current liabilities</b>		<b>76,435</b>	<b>76,459</b>
Bonds, interest-bearing loans and borrowings	14, 20, 27.3, 28	3,750	5,250
Pension liability		4,520	4,269
Other long-term employee-related liabilities		10,749	10,780
Non-current lease liabilities	5.1, 27.3, 28	16,549	16,087
Other non-current financial liabilities	17, 27.3, 28	2,779	2,579
Other non-current liabilities		423	434
Deferred tax liabilities		37,665	37,060
<b>Current liabilities</b>		<b>368,241</b>	<b>307,693</b>
Bonds, interest-bearing loans and borrowings	14, 19, 20, 27.3, 28	176,126	164,696
Trade and other payables	15, 26, 27.3, 28	155,984	119,245
Current lease liabilities	5.1, 27.3, 28	2,193	2,357
Other current financial liabilities	17, 18, 27.3, 28	2,936	1,640
Other current liabilities	16	7,343	5,149
Income tax payable	31	23,659	14,606
<b>Total liabilities</b>		<b>444,676</b>	<b>384,152</b>
<b>Total equity and liabilities</b>		<b>1,172,320</b>	<b>1,089,744</b>

## Interim consolidated statements of financial position (unaudited)

	As of (refer to note 2.1)	
	June 30, 2024	December 31, 2023
	Thousand USD	Thousand USD
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>375,527</b>	<b>374,686</b>
Property, plant and equipment	310,772	313,361
Right-of-use assets	13,359	13,230
Investment properties	2,479	2,482
Intangible assets	11,543	10,646
Investments accounted for using the equity method	5,985	5,853
Other non-current assets	16,302	16,588
Other non-current financial assets	9,400	8,167
Deferred tax assets	5,687	4,359
<b>Current assets</b>	<b>468,353</b>	<b>409,754</b>
Inventories	234,472	209,809
Trade and other receivables	125,343	108,678
Income tax receivables	922	1,576
Other current assets	10,599	9,793
Other current financial assets	9,706	8,933
Cash and cash equivalents	87,311	70,965
<b>Total assets</b>	<b>843,880</b>	<b>784,440</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>523,785</b>	<b>507,910</b>
Issued capital	8,638	8,638
Capital surplus	14,744	14,744
Reserves	22,244	21,812
Retained earnings	467,619	459,413
Other components of equity	10,540	3,303
<b>Non-current liabilities</b>	<b>55,021</b>	<b>55,038</b>
Bonds, interest-bearing loans and borrowings	2,699	3,779
Pension liability	3,254	3,073
Other long-term employee-related liabilities	7,738	7,760
Non-current lease liabilities	11,913	11,580
Other non-current financial liabilities	2,000	1,857
Other non-current liabilities	304	312
Deferred tax liabilities	27,113	26,677
<b>Current liabilities</b>	<b>265,074</b>	<b>221,492</b>
Bonds, interest-bearing loans and borrowings	126,782	118,555
Trade and other payables	112,283	85,838
Current lease liabilities	1,579	1,697
Other current financial liabilities	2,113	1,181
Other current liabilities	5,286	3,707
Income tax payable	17,031	10,514
<b>Total liabilities</b>	<b>320,095</b>	<b>276,530</b>
<b>Total equity and liabilities</b>	<b>843,880</b>	<b>784,440</b>

## Interim consolidated statements of comprehensive income (unaudited)

	Notes	For the three months ended June 30,	
		2024	2023
		Million KRW	Million KRW
Sales	4, 26	273,521	269,232
Cost of sales	5, 5.1, 6, 26	-228,353	-225,182
<b>Gross profit</b>		<b>45,168</b>	<b>44,050</b>
Selling and administration costs	5, 5.1, 6, 21, 26	-28,751	-22,060
<b>Operating profit</b>		<b>16,417</b>	<b>21,990</b>
Other income		384	881
Other expenses	5, 5.1, 8	-897	-3,258
Share of result from investments accounted for using the equity method	7	323	173
Finance income	22.1	3,315	7,856
Finance expenses	22.2	-5,011	-12,050
<b>Profit before tax</b>		<b>14,531</b>	<b>15,592</b>
Income tax expenses	23	-3,956	-3,636
<b>Profit for the period</b>		<b>10,575</b>	<b>11,956</b>
<b>Other comprehensive income, net of taxes</b>			
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		4,893	3,180
Exchange differences on translation of foreign operations		4,893	3,180
<i>Net other comprehensive income not to be reclassified to profit or loss</i>		296	-673
Re-measurement gains / (losses) on defined benefit plans		296	-673
<b>Total other comprehensive income, net of taxes</b>		<b>5,189</b>	<b>2,507</b>
<b>Total comprehensive income</b>		<b>15,764</b>	<b>14,463</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent	24	10,575	11,956
Non-controlling interests		-	-
<b>Profit for the period</b>		<b>10,575</b>	<b>11,956</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		15,764	14,463
Non-controlling interests		-	-
<b>Total comprehensive income</b>		<b>15,764</b>	<b>14,463</b>
<b>Earnings per share</b>			
		<b>KRW</b>	<b>KRW</b>
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	24	441	498

## Interim consolidated statements of comprehensive income (unaudited)

	For the three months ended June 30, (refer to note 2.1)	
	2024	2023
	Thousand USD	Thousand USD
Sales	196,891	193,803
Cost of sales	-164,377	-162,095
<b>Gross profit</b>	<b>32,514</b>	<b>31,708</b>
Selling and administration costs	-20,696	-15,880
<b>Operating profit</b>	<b>11,818</b>	<b>15,828</b>
Other income	276	634
Other expenses	-646	-2,345
Share of result from investments accounted for using the equity method	233	125
Finance income	2,386	5,655
Finance expenses	-3,608	-8,674
<b>Profit before tax</b>	<b>10,459</b>	<b>11,223</b>
Income tax expenses	-2,847	-2,617
<b>Profit for the period</b>	<b>7,612</b>	<b>8,606</b>
<b>Other comprehensive income, net of taxes</b>		
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	3,522	2,289
Exchange differences on translation of foreign operations	3,522	2,289
<i>Net other comprehensive income not to be reclassified to profit or loss</i>	213	-484
Re-measurement gains / (losses) on defined benefit plans	213	-484
<b>Total other comprehensive income, net of taxes</b>	<b>3,735</b>	<b>1,805</b>
<b>Total comprehensive income</b>	<b>11,347</b>	<b>10,411</b>
<b>Profit for the period attributable to:</b>		
Owners of the parent	7,612	8,606
Non-controlling interests	-	-
<b>Profit for the period</b>	<b>7,612</b>	<b>8,606</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	11,347	10,411
Non-controlling interests	-	-
<b>Total comprehensive income</b>	<b>11,347</b>	<b>10,411</b>
<b>Earnings per share</b>	<b>USD</b>	<b>USD</b>
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	0.32	0.36

## Interim consolidated statements of comprehensive income (unaudited)

	Notes	For the six months ended June 30,	
		2024	2023
		Million KRW	Million KRW
Sales	4, 26	529,273	536,399
Cost of sales	5, 5.1, 6, 26	-444,971	-451,273
<b>Gross profit</b>		<b>84,302</b>	<b>85,126</b>
Selling and administration costs	5, 5.1, 6, 21, 26	-55,755	-44,647
<b>Operating profit</b>		<b>28,547</b>	<b>40,479</b>
Other income		1,215	1,454
Other expenses	5, 5.1, 8	-2,229	-3,578
Share of result from investments accounted for using the equity method	7	589	180
Finance income	22.1	22,407	26,971
Finance expenses	22.2	-23,103	-30,986
<b>Profit before tax</b>		<b>27,426</b>	<b>34,520</b>
Income tax expenses	23	-10,189	-11,938
<b>Profit for the period</b>		<b>17,237</b>	<b>22,582</b>
<b>Other comprehensive income, net of taxes</b>			
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		10,052	10,016
Exchange differences on translation of foreign operations		10,052	10,016
<i>Net other comprehensive income not to be reclassified to profit or loss</i>		763	420
Gains on valuation of financial assets at FVOCI		-	2
Re-measurement gains on defined benefit plans		763	418
<b>Total other comprehensive income, net of taxes</b>		<b>10,815</b>	<b>10,436</b>
<b>Total comprehensive income</b>		<b>28,052</b>	<b>33,018</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent	24	17,237	22,582
Non-controlling interests		-	-
<b>Profit for the period</b>		<b>17,237</b>	<b>22,582</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		28,052	33,018
Non-controlling interests		-	-
<b>Total comprehensive income</b>		<b>28,052</b>	<b>33,018</b>
<b>Earnings per share</b>			
		<b>KRW</b>	<b>KRW</b>
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	24	718	941

## Interim consolidated statements of comprehensive income (unaudited)

	For the six months ended June 30, (refer to note 2.1)	
	2024	2023
	Thousand USD	Thousand USD
Sales	380,991	386,121
Cost of sales	-320,307	-324,844
<b>Gross profit</b>	<b>60,684</b>	<b>61,277</b>
Selling and administration costs	-40,135	-32,139
<b>Operating profit</b>	<b>20,549</b>	<b>29,138</b>
Other income	875	1,047
Other expenses	-1,605	-2,576
Share of result from investments accounted for using the equity method	424	130
Finance income	16,129	19,415
Finance expenses	-16,629	-22,306
<b>Profit before tax</b>	<b>19,743</b>	<b>24,848</b>
Income tax expenses	-7,335	-8,593
<b>Profit for the period</b>	<b>12,408</b>	<b>16,255</b>
<b>Other comprehensive income, net of taxes</b>		
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	<i>7,237</i>	<i>7,210</i>
Exchange differences on translation of foreign operations	7,237	7,210
<i>Net other comprehensive income not to be reclassified to profit or loss</i>	<i>548</i>	<i>302</i>
Gains on valuation of financial assets at FVOCI	-	2
Re-measurement gains on defined benefit plans	548	301
<b>Total other comprehensive income, net of taxes</b>	<b>7,785</b>	<b>7,512</b>
<b>Total comprehensive income</b>	<b>20,193</b>	<b>23,767</b>
<b>Profit for the period attributable to:</b>		
Owners of the parent	12,408	16,255
Non-controlling interests	-	-
<b>Profit for the period</b>	<b>12,408</b>	<b>16,255</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	20,193	23,767
Non-controlling interests	-	-
<b>Total comprehensive income</b>	<b>20,193</b>	<b>23,767</b>
<b>Earnings per share</b>	<b>USD</b>	<b>USD</b>
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	0.52	0.68

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

For the six months ended June 30, 2023 and 2024

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Issued capital	Capital surplus	Reserves	Retained earnings	Other components of equity		Total		
					Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve			
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	
<b>As of January 1, 2023</b>	<b>12,000</b>	<b>20,482</b>	<b>29,103</b>	<b>622,951</b>	<b>-703</b>	<b>-1,211</b>	<b>682,622</b>	-	<b>682,622</b>
Profit for the period	-	-	-	22,582	-	-	22,582	-	22,582
Other comprehensive income	-	-	-	418	2	10,016	10,436	-	10,436
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,000</b>	<b>2</b>	<b>10,016</b>	<b>33,018</b>	<b>-</b>	<b>33,018</b>
Dividends	-	-	-	-12,000	-	-	-12,000	-	-12,000
Appropriation to reserves	-	-	1,200	-1,200	-	-	-	-	-
<b>As of June 30, 2023</b>	<b>12,000</b>	<b>20,482</b>	<b>30,303</b>	<b>632,751</b>	<b>-701</b>	<b>8,805</b>	<b>703,640</b>	<b>-</b>	<b>703,640</b>
<b>As of January 1, 2024</b>	<b>12,000</b>	<b>20,482</b>	<b>30,303</b>	<b>638,217</b>	<b>-701</b>	<b>5,291</b>	<b>705,592</b>	<b>-</b>	<b>705,592</b>
Profit for the period	-	-	-	17,237	-	-	17,237	-	17,237
Other comprehensive income	-	-	-	763	-	10,052	10,815	-	10,815
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,000</b>	<b>-</b>	<b>10,052</b>	<b>28,052</b>	<b>-</b>	<b>28,052</b>
Dividends	-	-	-	-6,000	-	-	-6,000	-	-6,000
Appropriation to reserves	-	-	600	-600	-	-	-	-	-
<b>As of June 30, 2024</b>	<b>12,000</b>	<b>20,482</b>	<b>30,903</b>	<b>649,617</b>	<b>-701</b>	<b>15,343</b>	<b>727,644</b>	<b>-</b>	<b>727,644</b>



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

For the six months ended June 30, 2023 and 2024 (refer to note 2.1)

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Issued capital	Capital surplus	Reserves	Retained earnings	Other components of equity		Total		
					Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve			
	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	
<b>As of January 1, 2023</b>	<b>8,638</b>	<b>14,744</b>	<b>20,948</b>	<b>448,424</b>	<b>-506</b>	<b>-872</b>	<b>491,376</b>	-	<b>491,376</b>
Profit for the period	-	-	-	16,255	-	-	16,255	-	16,255
Other comprehensive income	-	-	-	301	1	7,210	7,512	-	7,512
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,556</b>	<b>1</b>	<b>7,210</b>	<b>23,767</b>	<b>-</b>	<b>23,767</b>
Dividends	-	-	-	-8,638	-	-	-8,638	-	-8,638
Appropriation to reserves	-	-	864	-864	-	-	-	-	-
<b>As of June 30, 2023</b>	<b>8,638</b>	<b>14,744</b>	<b>21,812</b>	<b>455,478</b>	<b>-505</b>	<b>6,338</b>	<b>506,505</b>	<b>-</b>	<b>506,505</b>
<b>As of January 1, 2024</b>	<b>8,638</b>	<b>14,744</b>	<b>21,812</b>	<b>459,413</b>	<b>-506</b>	<b>3,809</b>	<b>507,910</b>	<b>-</b>	<b>507,910</b>
Profit for the period	-	-	-	12,408	-	-	12,408	-	12,408
Other comprehensive income	-	-	-	548	-	7,237	7,785	-	7,785
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,956</b>	<b>-</b>	<b>7,237</b>	<b>20,193</b>	<b>-</b>	<b>20,193</b>
Dividends	-	-	-	-4,318	-	-	-4,318	-	-4,318
Appropriation to reserves	-	-	432	-432	-	-	-	-	-
<b>As of June 30, 2024</b>	<b>8,638</b>	<b>14,744</b>	<b>22,244</b>	<b>467,619</b>	<b>-506</b>	<b>11,046</b>	<b>523,785</b>	<b>-</b>	<b>523,785</b>

## Interim consolidated statements of cash flows (unaudited)

	Notes	For the six months ended June 30,	
		2024	2023
		Million KRW	Million KRW
<b>Profit for the period</b>		<b>17,237</b>	<b>22,582</b>
<b>Total adjustments</b>	<b>25</b>	<b>39,147</b>	<b>43,116</b>
<b>Changes in operating assets and liabilities</b>	<b>25</b>	<b>-11,714</b>	<b>61,779</b>
Interest received		1,224	711
Payments of income tax		-2,290	-35,135
<b>Net cash flows provided by operating activities</b>		<b>43,604</b>	<b>93,053</b>
Proceeds from sale of property, plant and equipment	5	-	65
Purchases of property, plant and equipment	5	-10,979	-25,624
Purchases of intangible assets	6	-1,824	-1,231
Dividends received from investments using equity method		549	578
Increase in other financial assets, net		-2	-1,895
<b>Net cash flows used in investing activities</b>		<b>-12,256</b>	<b>-28,107</b>
Proceeds from borrowings		124,116	205,879
Repayments of borrowings		-117,281	-257,722
Payment of lease liabilities		-1,686	-1,683
Increase in other financial liabilities, net		226	1,096
Interest paid		-3,280	-5,097
Dividends paid		-6,000	-12,000
<b>Net cash flows used in financing activities</b>		<b>-3,905</b>	<b>-69,527</b>
Increase / (Decrease) in cash and cash equivalents		27,443	-4,581
Net foreign exchange differences		-4,734	-5,770
Cash and cash equivalents as of January 1	12	98,584	104,760
<b>Cash and cash equivalents as of June 30</b>	<b>12</b>	<b>121,293</b>	<b>94,409</b>

## Interim consolidated statements of cash flows (unaudited)

	For the six months ended June 30, (refer to note 2.1)	
	2024	2023
	Thousand USD	Thousand USD
<b>Profit for the period</b>	<b>12,408</b>	<b>16,255</b>
<b>Total adjustments</b>	<b>28,180</b>	<b>31,037</b>
<b>Changes in operating assets and liabilities</b>	<b>-8,433</b>	<b>44,471</b>
Interest received	881	512
Payments of income tax	-1,648	-25,292
<b>Net cash flows provided by operating activities</b>	<b>31,388</b>	<b>66,983</b>
Proceeds from sale of property, plant and equipment	-	47
Purchases of property, plant and equipment	-7,903	-18,445
Purchases of intangible assets	-1,313	-886
Dividends received from investments using equity method	395	416
Increase in other financial assets, net	-1	-1,364
<b>Net cash flows used in investing activities</b>	<b>-8,822</b>	<b>-20,232</b>
Proceeds from borrowings	89,344	148,200
Repayments of borrowings	-84,424	-185,518
Payment of lease liabilities	-1,214	-1,211
Increase in other financial liabilities, net	163	789
Interest paid	-2,361	-3,669
Dividends paid	-4,319	-8,638
<b>Net cash flows provided by (used in) financing activities</b>	<b>-2,811</b>	<b>-50,047</b>
Increase / (Decrease) in cash and cash equivalents	19,755	-3,296
Net foreign exchange differences	-3,409	-4,153
Cash and cash equivalents as of January 1	70,965	75,410
<b>Cash and cash equivalents as of June 30</b>	<b>87,311</b>	<b>67,961</b>

## Notes to the interim condensed consolidated financial statements

### 1. Corporate information

#### 1.1. The Group

SONGWON Industrial Group (the “Group”) consists of the parent company Songwon Industrial Co., Ltd. (the “Company”) and its consolidated subsidiaries as listed below. The Company was incorporated on December 15, 1965, under the law of the Republic of Korea to engage in the manufacture and commercial sale of polymer stabilizers, tin intermediates, PVC stabilizers and specialty chemicals, among others. The Company’s main manufacturing plants are located in Korea in Ulsan, Maeam and Suwon and in India in Ankleshwar. The address of the registered office (Songwon Industrial Co., Ltd.) can be found at the end of the annual report.

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

#### Scope of consolidation

As of June 30, 2024, the scope of consolidation for the interim consolidated financial statements encompasses 14 entities (2023: 14 entities). Additionally, one entity is classified as a joint venture (2023: one entity) and accounted for using the equity method.

During the six months ended June 30, 2024, and the year ended December 31, 2023, no changes in the legal structure of the Group and scope of consolidation took place.

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

Name	Location	June 30, 2024		December 31, 2023	
		Status	Interest	Status	Interest
<b>Consolidated entities</b>					
Songwon Industrial Co., Ltd.	Korea	Parent		Parent	
Songwon International-Japan K.K.	Japan	Subsidiary	100%	Subsidiary	100%
Songwon Specialty Chemicals-India Pvt. Ltd.	India	Subsidiary	100%	Subsidiary	100%
Songwon International-Americas Inc.	USA	Subsidiary	100%	Subsidiary	100%
Songwon International AG	Switzerland	Subsidiary	100%	Subsidiary	100%
Songwon Group Holding AG	Switzerland	Subsidiary	100%	Subsidiary	100%
Songwon Management AG	Switzerland	Subsidiary	100%	Subsidiary	100%
Songwon ATG GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon Europe GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon Chemicals GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon Trading GmbH	Germany	Subsidiary	100%	Subsidiary	100%
Songwon International-Qingdao Co., Ltd.	China	Subsidiary	100%	Subsidiary	100%
Songwon International Middle East FZE	UAE	Subsidiary	100%	Subsidiary	100%
Songwon Polysys Additives-Sole Proprietorship LLC	UAE	Subsidiary	100%	Subsidiary	100%
<b>Entity accounted for using the equity method (joint venture)</b>					
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	China	Joint venture	30%	Joint venture	30%

---

## 2. Basis of preparation

The interim condensed consolidated financial statements for the three and six months ended June 30, 2024 have been prepared in accordance with K-IFRS 1034 – *Interim Financial Reporting* enacted by the *Act on External Audit of Stock Companies*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2023.

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

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

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

The Company operates primarily in KRW and its official accounting records are maintained in KRW. The US dollars amounts provided in the financial statements represent supplementary information solely for the convenience of the reader. All amounts in KRW are presented in US dollars at the rate of KRW 1,389.20 to USD 1, the exchange rate in effect on June 30, 2024. Such presentation is not in accordance with generally accepted accounting principles and should not be construed as a representation that the amounts in KRW shown could be readily converted, realized or settled in US dollars at this or at any other rate.

### 3. Material accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2024, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

#### **New and amended standards adopted by the Group**

##### **Amendments to KIFRS 1116 *Lease Liability in a Sale and Leaseback***

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements as there are no sale and leaseback transactions within the Group.

##### **Amendments to KIFRS 1001 *Classification of Liabilities as Current or Non-current***

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The Group assessed the impact the amendments have on current practice and existing loan agreements and did not identify transactions impacted by the amendments in the Group's interim condensed consolidated financial statements.

##### **Amendments to KIFRS 1007 and KIFRS 1107 *Supplier Finance Arrangements***

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

## 4. Segment information

The Group is organized into two main reporting segments “Industrial Chemicals” and “Performance Chemicals”. The segments are defined based on SONGWON’s product portfolio and its respective product families.

- Industrial Chemicals**  
 Industrial Chemicals operating segment mainly includes the product lines “Polymer Stabilizers”, “Fuel and Lubricant Additives” and “Coatings”.
- Performance Chemicals**  
 Performance Chemicals operating segment mainly includes the product lines “Thermoplastic Polyurethanes / Solution Polyurethanes”, “Tin Intermediates / PVC Stabilizers and Plasticizers” and “Specialty Chemicals”.

The Chief Operating Decision Makers (CODM), at Songwon, leaders of respective divisions, monitor the sales and operating profits or losses of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. However, certain income and expense positions such as other income / expenses, finance income / expenses and income tax expenses are managed on a Group basis and therefore not allocated to operating segments. The Group does not disclose a measure of total assets and liabilities for each reportable segment as such amounts are not reported to the CODM.

There are no inter-company transactions between the two operating segments.

### 4.1. Reported key figures

The following key figures are presented each month to the CODM. For the segment reporting, the same accounting policies and methods of computation as were followed in the most recent annual financial statement are used.

Description	For the three months ended					
	2024		2023		June 30,	
	2024	2023	2024	2023	2024	2023
	Industrial Chemicals		Performance Chemicals		Total	
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Sales	206,816	198,774	66,705	70,458	273,521	269,232
Operating profit	14,141	19,743	2,276	2,247	16,417	21,990

Description	For the six months ended					
	2024		2023		June 30,	
	2024	2023	2024	2023	2024	2023
	Industrial Chemicals		Performance Chemicals		Total	
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Sales	399,601	394,721	129,672	141,678	529,273	536,399
Operating profit	25,681	36,995	2,866	3,484	28,547	40,479

As of June 30, 2024, the balance of contract liabilities not recognized as sales at the end of the reporting period amounted to 6,270 Million KRW (operating advances: 3,477 Million KRW, deferred sales: 2,793 Million KRW). As of December 31, 2023, the balance of contract liabilities not recognized as sales was 4,458 Million KRW (operating advances: 3,630 Million KRW, deferred sales: 828 Million KRW).

## 4.2. Geographic information

### 4.2.1. Sales

The sales information below is based on the location of the customer. Korea is disclosed separately due to the size of the Korean market whereas all other countries have been summarized into regions. Therefore, no other country's revenues are disclosed separately.

	<b>For the three months ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	Million KRW	Million KRW
Korea	46,807	49,713
Rest of Asia	73,973	76,206
Europe	65,119	63,583
North and South America	68,487	63,897
Australia	754	596
Middle East and Africa	18,381	15,237
<b>Total sales</b>	<b>273,521</b>	<b>269,232</b>

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
	Million KRW	Million KRW
Korea	95,097	102,520
Rest of Asia	145,929	143,869
Europe	125,530	129,585
North and South America	128,276	127,934
Australia	1,763	1,203
Middle East and Africa	32,678	31,288
<b>Total sales</b>	<b>529,273</b>	<b>536,399</b>

As of June 30, 2024, one customer referring to the reporting segment "Industrial Chemicals" accounted for more than 10% of the Group's total sales with the total amount of revenues of 34,153 Million KRW during three months as of June 30, 2024 (during three months as of June 30, 2023: 28,104 Million KRW) and with the total amount of revenues of 59,194 Million KRW during six months as of June 30, 2024 (during six months as of June 30, 2023: 59,609 Million KRW).



#### 4.2.2. Non-current assets

Non-current assets information presented below consists of property, plant and equipment, right-of-use assets, investment properties and intangible assets.

	<b>As of</b>	
	<b>June 30, 2024</b>	<b>December 31, 2023</b>
	Million KRW	Million KRW
Korea	406,230	410,232
Rest of Asia	24,331	23,582
Europe	7,183	7,444
North and South America	12,586	12,409
Middle East and Africa	19,433	18,270
<b>Total</b>	<b>469,763</b>	<b>471,937</b>

## 5. Property, plant and equipment

Set out below are the carrying amounts of property, plant and equipment recognized and the movements during the period:

	Land	Buildings	Structures	Machinery	Other	Construction in progress	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
<b>Acquisition cost</b>							
<b>As of January 1, 2023</b>	<b>149,656</b>	<b>103,338</b>	<b>72,918</b>	<b>532,467</b>	<b>22,053</b>	<b>35,498</b>	<b>915,930</b>
Additions	-	169	112	953	241	13,828	15,303
Disposals	-	-3,161	-1,333	-35,709	-503	-	-40,706
Reclassifications	-	2,417	7,125	31,342	88	-40,972	-
Net exchange differences	-	1,130	-	2,207	259	43	3,639
<b>As of June 30, 2023</b>	<b>149,656</b>	<b>103,893</b>	<b>78,822</b>	<b>531,260</b>	<b>22,138</b>	<b>8,397</b>	<b>894,166</b>
<b>As of January 1, 2024</b>	<b>149,656</b>	<b>102,965</b>	<b>79,202</b>	<b>523,539</b>	<b>19,691</b>	<b>7,615</b>	<b>882,668</b>
Additions	-	44	167	1,083	297	10,121	11,712
Disposals	-	-	-167	-4,725	-506	-	-5,398
Reclassifications	-	119	-	9,745	960	-10,873	-49
Net exchange differences	-	1,774	-	2,746	365	19	4,904
<b>As of June 30, 2024</b>	<b>149,656</b>	<b>104,902</b>	<b>79,202</b>	<b>532,388</b>	<b>20,807</b>	<b>6,882</b>	<b>893,837</b>
<b>Accumulated depreciation and impairment</b>							
<b>As of January 1, 2023</b>	<b>-</b>	<b>-35,096</b>	<b>-47,647</b>	<b>-374,184</b>	<b>-17,462</b>	<b>-</b>	<b>-474,389</b>
Depreciation charge	-	-1,827	-1,944	-11,165	-710	-	-15,646
Disposals	-	1,616	1,177	34,204	491	-	37,488
Net exchange differences	-	-247	-	-1,103	-138	-	-1,488
<b>As of June 30, 2023</b>	<b>-</b>	<b>-35,554</b>	<b>-48,414</b>	<b>-352,248</b>	<b>-17,819</b>	<b>-</b>	<b>-454,035</b>
<b>As of January 1, 2024</b>	<b>-</b>	<b>-36,956</b>	<b>-50,437</b>	<b>-344,529</b>	<b>-15,425</b>	<b>-</b>	<b>-447,347</b>
Depreciation charge	-	-1,790	-2,084	-12,433	-736	-	-17,043
Disposals	-	-	117	3,638	496	-	4,251
Net exchange differences	-	-445	-	-1,305	-223	-	-1,973
<b>As of June 30, 2024</b>	<b>-</b>	<b>-39,191</b>	<b>-52,404</b>	<b>-354,629</b>	<b>-15,888</b>	<b>-</b>	<b>-462,112</b>
<b>Net book value</b>							
<b>As of June 30, 2024</b>	<b>149,656</b>	<b>65,711</b>	<b>26,798</b>	<b>177,759</b>	<b>4,919</b>	<b>6,882</b>	<b>431,725</b>
<b>As of January 1, 2024</b>	<b>149,656</b>	<b>66,009</b>	<b>28,765</b>	<b>179,010</b>	<b>4,266</b>	<b>7,615</b>	<b>435,321</b>
<b>As of June 30, 2023</b>	<b>149,656</b>	<b>68,339</b>	<b>30,408</b>	<b>179,012</b>	<b>4,319</b>	<b>8,397</b>	<b>440,131</b>

During the six months ended June 30, 2024, non-cash transactions increased by 733 Million KRW (for the six months ended June 30, 2023: decreased by 10,321 Million KRW). Accounts payable relating to non-cash transactions amounted to 4,244 Million KRW as of June 30, 2024 (June 30, 2023: 2,269 Million KRW). No impairment was recognized on property, plant and equipment for the six months ended June 30, 2024, as well as for the six months ended June 30, 2023.

During the six months ended June 30, 2024, no borrowing cost was capitalized in the property, plant and equipment. For the six months ended June 30, 2023, the Group capitalized borrowing cost of 731 Million KRW in the property, plant and equipment.

## 5.1. Right-of-use assets and leases

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Right-of-use assets - buildings	Right-of-use assets - structures	Right-of-use assets - machinery	Right-of-use assets - other	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
<b>Acquisition cost</b>					
<b>As of January 1, 2023</b>	<b>21,652</b>	<b>2,837</b>	<b>1,200</b>	<b>1,297</b>	<b>26,986</b>
Additions	142	-	264	205	611
Disposals	-	-	-	-8	-8
Modification of contract	-778	-	-	18	-760
Net exchange differences	1,070	1	81	60	1,212
<b>As of June 30, 2023</b>	<b>22,086</b>	<b>2,838</b>	<b>1,545</b>	<b>1,572</b>	<b>28,041</b>
<b>As of January 1, 2024</b>	<b>24,634</b>	<b>673</b>	<b>1,501</b>	<b>1,688</b>	<b>28,496</b>
Additions	115	-	-	230	345
Disposals	-257	-	-	-	-257
Modification of contract	323	-	-	-16	307
Net exchange differences	1,348	1	109	63	1,521
<b>As of June 30, 2024</b>	<b>26,163</b>	<b>674</b>	<b>1,610</b>	<b>1,965</b>	<b>30,412</b>
<b>Accumulated depreciation and impairment</b>					
<b>As of January 1, 2023</b>	<b>-6,315</b>	<b>-2,342</b>	<b>-510</b>	<b>-850</b>	<b>-10,017</b>
Depreciation charge	-836	-331	-78	-135	-1,380
Disposals	-	-	-	8	8
Net exchange differences	-289	-	-28	-42	-359
<b>As of June 30, 2023</b>	<b>-7,440</b>	<b>-2,673</b>	<b>-616</b>	<b>-1,019</b>	<b>-11,748</b>
<b>As of January 1, 2024</b>	<b>-8,178</b>	<b>-183</b>	<b>-676</b>	<b>-1,080</b>	<b>-10,117</b>
Depreciation charge	-912	-329	-81	-160	-1,482
Disposals	257	-	-	-	257
Modification of contract	-	-	-	12	12
Net exchange differences	-423	-1	-51	-48	-523
<b>As of June 30, 2024</b>	<b>-9,256</b>	<b>-513</b>	<b>-808</b>	<b>-1,276</b>	<b>-11,853</b>
<b>Net book value</b>					
<b>As of June 30, 2024</b>	<b>16,907</b>	<b>161</b>	<b>802</b>	<b>689</b>	<b>18,559</b>
<b>As of January 1, 2024</b>	<b>16,456</b>	<b>490</b>	<b>825</b>	<b>608</b>	<b>18,379</b>
<b>As of June 30, 2023</b>	<b>14,646</b>	<b>165</b>	<b>929</b>	<b>553</b>	<b>16,293</b>

The Group recognized rent expenses from short-term leases of 99 Million KRW (June 30, 2023: 81 Million KRW), leases of low-value assets of 39 Million KRW (June 30, 2023: 39 Million KRW) and variable lease payments of 21 Million KRW (June 30, 2023: 20 Million KRW) in the interim condensed consolidated statements of comprehensive income for the six months ended June 30, 2024.

No impairment was recognized on right-of-use assets for the six months ended June 30, 2024 (for the six months ended June 30, 2023: none).

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

Description	2024 Million KRW	2023 Million KRW
<b>As of January 1</b>	<b>18,444</b>	<b>16,898</b>
Additions	345	611
Modifications	319	-760
Net exchange differences	978	860
Accretion of interest	342	295
Payments	-1,686	-1,683
<b>As of June 30</b>	<b>18,742</b>	<b>16,221</b>

The maturity analysis of lease liabilities is disclosed in note 27.3.

## 6. Intangible assets

	Industrial rights	Software	Memberships	Goodwill	Construction in progress	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
<b>Acquisition cost</b>						
<b>As of January 1, 2023</b>	<b>7,688</b>	<b>3,558</b>	<b>831</b>	<b>40,734</b>	<b>3,186</b>	<b>55,997</b>
Additions	14	5	-	-	1,212	1,231
Disposals	-	-32	-	-	-	-32
Reclassifications	146	188	-	-	-334	-
Net exchange differences	-	30	-	7,044	-	7,074
<b>As of June 30, 2023</b>	<b>7,848</b>	<b>3,749</b>	<b>831</b>	<b>47,778</b>	<b>4,064</b>	<b>64,270</b>
<b>As of January 1, 2024</b>	<b>8,050</b>	<b>3,861</b>	<b>831</b>	<b>46,902</b>	<b>6,722</b>	<b>66,366</b>
Additions	-	1,599	-	-	225	1,824
Disposals	-	-17	-	-	-	-17
Reclassifications	11	6,387	-	-	-6,398	-
Net exchange differences	-	64	-	3,071	-	3,135
<b>As of June 30, 2024</b>	<b>8,061</b>	<b>11,894</b>	<b>831</b>	<b>49,973</b>	<b>549</b>	<b>71,308</b>
<b>Accumulated amortization and impairment</b>						
<b>As of January 1, 2023</b>	<b>-4,039</b>	<b>-2,922</b>	<b>-</b>	<b>-37,609</b>	<b>-</b>	<b>-44,570</b>
Amortization charge	-322	-125	-	-	-	-447
Disposals	-	32	-	-	-	32
Net exchange differences	-	-23	-	-6,871	-	-6,894
<b>As of June 30, 2023</b>	<b>-4,361</b>	<b>-3,038</b>	<b>-</b>	<b>-44,480</b>	<b>-</b>	<b>-51,879</b>
<b>As of January 1, 2024</b>	<b>-4,692</b>	<b>-3,179</b>	<b>-</b>	<b>-43,706</b>	<b>-</b>	<b>-51,577</b>
Amortization charge	-316	-485	-	-	-	-801
Disposals	-	17	-	-	-	17
Net exchange differences	-	-63	-	-2,849	-	-2,912
<b>As of June 30, 2024</b>	<b>-5,008</b>	<b>-3,710</b>	<b>-</b>	<b>-46,555</b>	<b>-</b>	<b>-55,273</b>
<b>Net book value</b>						
<b>As of June 30, 2024</b>	<b>3,053</b>	<b>8,184</b>	<b>831</b>	<b>3,418</b>	<b>549</b>	<b>16,035</b>
<b>As of January 1, 2024</b>	<b>3,358</b>	<b>682</b>	<b>831</b>	<b>3,196</b>	<b>6,722</b>	<b>14,789</b>
<b>As of June 30, 2023</b>	<b>3,487</b>	<b>711</b>	<b>831</b>	<b>3,298</b>	<b>4,064</b>	<b>12,391</b>

Intangible assets with a definite useful life are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. No impairment was recognized on intangible assets for the six months ended June 30, 2024 (for the six months ended June 30, 2023: none). Intangible assets with indefinite useful lives are tested for impairment on an annual basis as of December 31. No triggering events occurred during the six months ended June 30, 2024 and 2023.

## 7. Investment accounted for using the equity method

The summarized statements of financial position and comprehensive income of the joint venture (accounted for using the equity method) are as follows:

Statement of financial position	Cash and cash equivalents	Total current assets	Total non-current assets	Current financial liabilities	Total current liabilities	Non-current financial liabilities	Total non-current liabilities	Equity	Carrying amount
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	6,986	16,093	13,464	2,374	2,418	-	37	27,102	8,131
<b>December 31, 2023</b>	<b>6,986</b>	<b>16,093</b>	<b>13,464</b>	<b>2,374</b>	<b>2,418</b>	<b>-</b>	<b>37</b>	<b>27,102</b>	<b>8,131</b>
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	3,997	13,768	16,383	1,983	2,394	-	40	27,717	8,315
<b>June 30, 2024</b>	<b>3,997</b>	<b>13,768</b>	<b>16,383</b>	<b>1,983</b>	<b>2,394</b>	<b>-</b>	<b>40</b>	<b>27,717</b>	<b>8,315</b>

Statement of comprehensive income	Revenue	Depreciation & Amortization	Interest income	Interest expense	Profit before tax	Income tax expenses	Profit for the period	Other comp. income	Total comp. income
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	7,934	-46	29	-1	771	-193	578	-340	238
<b>For the three months ended June 30, 2023</b>	<b>7,934</b>	<b>-46</b>	<b>29</b>	<b>-1</b>	<b>771</b>	<b>-193</b>	<b>578</b>	<b>-340</b>	<b>238</b>
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	10,446	-53	61	-	1,433	-358	1,075	293	1,368
<b>For the three months ended June 30, 2024</b>	<b>10,446</b>	<b>-53</b>	<b>61</b>	<b>-</b>	<b>1,433</b>	<b>-358</b>	<b>1,075</b>	<b>293</b>	<b>1,368</b>

Statement of comprehensive income	Revenue	Depreciation & Amortization	Interest income	Interest expense	Profit before tax	Income tax expenses	Profit for the period	Other comp. income	Total comp. income
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	15,112	-89	38	-2	801	-200	601	90	691
<b>For the six months ended June 30, 2023</b>	<b>15,112</b>	<b>-89</b>	<b>38</b>	<b>-2</b>	<b>801</b>	<b>-200</b>	<b>601</b>	<b>90</b>	<b>691</b>
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	19,068	-98	90	-1	2,616	-654	1,962	480	2,442
<b>For the six months ended June 30, 2024</b>	<b>19,068</b>	<b>-98</b>	<b>90</b>	<b>-1</b>	<b>2,616</b>	<b>-654</b>	<b>1,962</b>	<b>480</b>	<b>2,442</b>

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

	<b>As of January 1, 2023</b>	<b>Dividends</b>	<b>Share of result from equity method revaluation</b>	<b>Exchange rate effects</b>	<b>As of June 30, 2023</b>
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	7,818	-578	180	27	7,447
<b>Total</b>	<b>7,818</b>	<b>-578</b>	<b>180</b>	<b>27</b>	<b>7,447</b>

	<b>As of January 1, 2024</b>	<b>Dividends</b>	<b>Share of result from equity method revaluation</b>	<b>Exchange rate effects</b>	<b>As of June 30, 2024</b>
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	8,131	-549	589	144	8,315
<b>Total</b>	<b>8,131</b>	<b>-549</b>	<b>589</b>	<b>144</b>	<b>8,315</b>

## 8. Inventories

Description	June 30,	December 31,
	2024	2023
	Million KRW	Million KRW
Raw materials and supplies	48,511	57,850
Work in progress	1,240	1,132
Finished and semi-finished goods	175,732	175,478
Goods in transit	97,132	54,594
Consignment stocks	3,113	2,412
<b>Total inventories at the lower of cost and net realizable value</b>	<b>325,728</b>	<b>291,466</b>

As of June 30, 2024, allowance for valuation of inventory amounted to 5,682 Million KRW for raw materials, finished and semi-finished goods (December 31, 2023: 6,178 Million KRW). During the six months ended June 30, 2024, the Group recognized loss on valuation of inventory of 2,295 Million KRW (for the six months ended June 30, 2023: 2,527 Million KRW) and reversed the loss on valuation of inventory recognized in prior periods of 2,791 Million KRW (for the six months ended June 30, 2023: 956 Million KRW).

For the six months ended June 30, 2024, the Group recognized impairment losses of 607 Million KRW within inventories (for the six months ended June 30, 2023: 852 Million KRW).

## 9. Trade and other receivables

Description	June 30,	December 31,
	2024	2023
	Million KRW	Million KRW
Trade and notes receivables	170,158	148,170
Allowances for trade and notes receivables	-1,240	-1,375
Trade and notes receivables (related parties) (note 26)	70	65
Other accounts receivables	4,949	3,948
Allowances for other accounts receivables	-9	-13
Accrued income	199	180
<b>Total</b>	<b>174,127</b>	<b>150,975</b>

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

The ageing analysis of trade and other receivables is as follows:

	Total	Current	Days past due			
			≤ 90	91-120	121-180	> 180
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
<b>June 30, 2024</b>	<b>175,376</b>	162,093	12,501	34	162	586
<b>December 31, 2023</b>	<b>152,363</b>	139,998	11,759	-	-	606

Refer to note 27.2 on credit risk of trade receivables, which describes how the Group manages and measures credit quality of trade receivables that are neither past due, nor impaired.



## 10. Other current assets

Description	June 30,	December 31,
	2024	2023
	Million KRW	Million KRW
Advance payments	730	701
Prepaid expenses	5,303	4,961
VAT receivable	8,691	7,944
<b>Total</b>	<b>14,724</b>	<b>13,606</b>

## 11. Other financial assets

Description	June 30, 2024		December 31, 2023	
	Non-current	Current	Non-current	Current
	Million KRW	Million KRW	Million KRW	Million KRW
Financial instruments at amortized cost (bank deposit)	507	1,366	539	2,400
Financial instruments at FVtPL	11,132	5,906	9,450	5,823
Derivative assets at FVtPL (note 18)	-	5,611	-	3,556
Guarantee and other deposits at amortized cost	1,387	600	1,323	631
Guarantee and other deposits at amortized cost (related parties) (note 26)	33	-	33	-
<b>Total</b>	<b>13,059</b>	<b>13,483</b>	<b>11,345</b>	<b>12,410</b>

As of June 30, 2024, financial instruments at amortized cost included restricted cash of 5 Million KRW (December 31, 2023: 5 Million KRW) as well as pledged bank deposits of 806 Million KRW (December 31, 2023: 804 Million KRW).

## 12. Cash and cash equivalents

Description	June 30,	December 31,
	2024	2023
	Million KRW	Million KRW
Cash on hand	65	103
Bank accounts	75,858	66,566
Time deposits (< 3 months)	45,370	31,915
<b>Total</b>	<b>121,293</b>	<b>98,584</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for various periods from one day to three months, depending on the Group's immediate cash requirements, and earn interest at the respective short-term deposit rates.

As of June 30, 2024, time deposits included restricted cash of 135 Million KRW (December 31, 2023: 125 Million KRW).

## 13. Equity

### 13.1. Reserves and dividends paid

At the regular general meeting of shareholders held on March 15, 2024, dividends with the total amount of 6,000 Million KRW were approved by the shareholders. Legal reserves increased by 600 Million KRW due to the appropriation to the reserve approved by the shareholders on March 15, 2024.

### 13.2. Accumulated other comprehensive income

Accumulated other comprehensive income, net of tax as of June 30, 2024 and December 31, 2023, is composed of the following:

Description	June 30,	December 31,
	2024	2023
	Million KRW	Million KRW
Re-measurement of defined benefit plans	-9,986	-10,749
<b>OCI recognized within retained earnings</b>	<b>-9,986</b>	<b>-10,749</b>
Fair value reserve of financial assets at FVOCI	-701	-701
Foreign currency translation reserve	15,343	5,291
<b>OCI recognized within other components of equity</b>	<b>14,642</b>	<b>4,590</b>

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

Bonds, interest-bearing loans and borrowings as of June 30, 2024 and December 31, 2023, are as follows:

Description	June 30,	December 31,
	2024	2023
	Million KRW	Million KRW
Long-term borrowings	3,750	5,250
<b>Non-current interest-bearing loans and borrowings</b>	<b>3,750</b>	<b>5,250</b>
Current portion of corporate bonds	60,016	57,529
Current portion of long-term borrowings	3,000	3,590
Short-term borrowings	113,110	103,577
<b>Current interest-bearing loans and borrowings</b>	<b>176,126</b>	<b>164,696</b>
<b>Total</b>	<b>179,876</b>	<b>169,946</b>

## 15. Trade and other payables

Trade and other payables as of June 30, 2024 and December 31, 2023, are as follows:

Description	June 30, 2024	December 31, 2023
	Million KRW	Million KRW
Trade payables	127,649	74,675
Trade payables (related parties) (note 26)	3,209	1,062
Other accounts payables	2,522	18,186
Other accounts payables (related parties) (note 26)	7	7
Withholdings	727	1,966
Accrued expenses	21,841	23,334
Guarantee deposits	29	15
<b>Total</b>	<b>155,984</b>	<b>119,245</b>

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

## 16. Emission rights and emission liabilities

Details of annual quantity of allocated emission allowances as of June 30, 2024 are as follows (Unit: Korean Allowance Unit - KAU):

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

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

	2023		2024		2025	
	Quantity	Book value	Quantity	Book value	Quantity	Book value
<b>Beginning</b>	3,063	27	141,938	27	-	-
Allocation	138,875	-	137,574	-	137,574	-
Carryforward	-141,938	-27	-	-	-	-
<b>Ending</b>	-	-	279,512	27	137,574	-

There are no emission rights provided as collateral as of June 30, 2024.

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

	2024	2023
As of January 1	-	-
Increase	73	-
Decrease	-	-
As of June 30	<b>73</b>	-

Estimated greenhouse gas emissions in 2024 were 154,062 KAU.

Allocated greenhouse gas emissions free of charge in 2024 are 137,574 KAU.

## 17. Other financial liabilities

Other financial liabilities as of June 30, 2024 and December 31, 2023, are as follows:

Description	June 30, 2024		December 31, 2023	
	Non-current	Current	Non-current	Current
	Million KRW	Million KRW	Million KRW	Million KRW
Derivative liabilities (note 18)	-	1,343	-	89
Deposits	2,779	1,389	2,579	1,290
Accrued interest expenses	-	204	-	261
<b>Total</b>	<b>2,779</b>	<b>2,936</b>	<b>2,579</b>	<b>1,640</b>

## 18. Derivative financial instruments

Derivative financial liabilities as of June 30, 2024 and December 31, 2023, are as follows:

Description	June 30, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
	Million KRW	Million KRW	Million KRW	Million KRW
Forward exchange contracts (current portion)	-	1,343	96	89
Currency and interest rate swaps (current portion)	5,611	-	3,460	-
<b>Total</b>	<b>5,611</b>	<b>1,343</b>	<b>3,556</b>	<b>89</b>

### 18.1. Forward exchange contracts

Details of forward exchange contracts which the Group entered into with financial institutions in order to hedge the risk of foreign exchange rate fluctuation of assets denominated in foreign currencies as of June 30, 2024 and December 31, 2023 are as follows:

#### As of June 30, 2024

Contractual party	Position	Contract amount	Maturity dates	Contractual exchange rate (KRW)
Busan Bank	Sell	EUR 16,840,000	31.07.2024 – 30.05.2025	1,459.80 ~ 1,499.00
Citibank Korea	Sell	EUR 33,170,000	31.07.2024 – 25.06.2025	1,459.30 ~ 1,514.00
Woori Bank	Sell	EUR 24,090,000	30.04.2023 – 28.02.2025	1,459.40 ~ 1,514.00

#### As of December 31, 2023

Contractual party	Position	Contract amount	Maturity dates	Contractual exchange rate (KRW)
Citi Bank	Sell	EUR 10,800,000	16.01.2024 – 28.06.2024	1,403.50 ~ 1,454.20
Woori Bank	Sell	EUR 15,000,000	31.01.2024 – 28.06.2024	1,456.10 ~ 1,457.10

## 18.2. Currency and interest rate swaps

The Group is exposed to exchange rate and interest rate risks due to the corporate bond issuance in the form of a floating rate note (refer to note 14). To hedge these risks, the Group has entered into the following currency and interest rate swaps (CRS) as of June 30, 2024 and December 31, 2023:

### As of June 30, 2024

Contractual party	Target	Contract amount	Interest exchange condition	Contract date	Maturity date
Hongkong Woori Investment	Corporate bond (foreign currency FRN)	Receipt: 24,500 TUSD Payment: 28,643 MKRW	SOFR Compounding +0.8% Fixed 1.96%	17.09.2021	13.09.2024

### As of December 31, 2023

Contractual party	Target	Contract amount	Interest exchange condition	Contract date	Maturity date
Hongkong Woori Investment	Corporate bond (foreign currency FRN)	Receipt: 24,500 TUSD Payment: 28,643 MKRW	SOFR Compounding +0.8% Fixed 1.96%	17.09.2021	13.09.2024

## 19. Contingencies and commitments

### 19.1. Contingent liability

There are no current proceedings of lawsuits, claims, investigations and negotiations in relation to the product liability, mercantile law, environmental protection, health and safety etc., which could have a significant impact on the business operations and on the Group's consolidated financial position or income. Contingent liabilities in the Group are related to tax appeals of 621 Million KRW (December 31, 2023: 909 Million KRW). As of June 30, 2024, there were no contingent liabilities related to customer complaints concerning the quality of a SONGWON product. As of December 31, 2023, a customer complaint concerning product quality (related sales valued at 285 Million KRW) was disclosed as a contingent liability. In 2024, the Group recognized a provision of 174 Million KRW for this case.

### 19.2. Other lease commitments

The Group has entered into short-term and low-value leases on certain buildings, vehicles, furniture and fixture. The lease periods for low-value leases are below 5 years. There are no restrictions placed upon the Group by entering into these leases. Future minimum short-term and low-value lease payments as of June 30, 2024 and December 31, 2023 are as follows:

Description	June 30, 2024	December 31, 2023
	Million KRW	Million KRW
<b>Short-term lease commitments</b>		
Within one year	-1	-2
<i>Total short-term lease commitments</i>	-1	-2
<b>Low-value lease commitments</b>		
Within one year	-50	-59
After one year but not more than five years	-27	-25
<i>Total low-value lease commitments</i>	-77	-84
<b>Total</b>	<b>-78</b>	<b>-86</b>

### 19.3. Other commitments

As part of the ordinary business activities, the Group enters into various contractual commitments for the purchase of inventories, property, plant and equipment, intangible assets and investment properties. As of June 30, 2024, the Group entered into commitments to purchase property, plant and equipment, as well as raw materials amounting to 8,170 Million KRW (December 31, 2023: 6,344 Million KRW).

Details of the Group's available short-term credit line facilities (excluding general loans) as of June 30, 2024 are as follows:

Description	Currency	Credit limit	Used	Unused
USANCE and L/C for import	Thousand USD	20,000	4,812	15,188
D/A and D/P	Million KRW	12,000	8,628	3,372
	Thousand USD	103,000	35,116	67,884
Secured loan of credit sales	Million KRW	9,000	1,521	7,479
Other foreign currency guarantees	Thousand USD	8,750	2,619	6,131
Bond issuance payment guarantee	Million KRW	26,000	26,000	-
	Thousand USD	24,990	24,990	-
	<b>Total Million KRW</b>	<b>47,000</b>	<b>36,149</b>	<b>10,851</b>
	<b>Total Thousand USD</b>	<b>156,740</b>	<b>67,537</b>	<b>89,203</b>

### 20. Assets pledged as collateral and guarantees

Details of property, plant and equipment and investment property pledged by the Group as collateral for interest-bearing loans and borrowings as of June 30, 2024 and December 31, 2023, presented in the maximum pledge amount, are as follows:

Pledged to	Pledged assets		June 30, 2024	December 31, 2023
<i>Property, plant and equipment</i>				
<i>(Joint collateral in connection with long-term loan)</i>				
Busan Bank	Land, buildings and machinery	Million KRW	30,000	30,000
Kyongnam Bank	Land, buildings and machinery	Million KRW	18,000	18,000
<i>Property, plant and equipment and investment property</i>				
<i>(Collateral for other than long-term loan)</i>				
Woori Bank	Land, buildings and machinery	Million KRW	120,000	120,000
Hana Bank	Land, buildings and machinery	Million KRW	80,400	80,400
Korea Development Bank	Land, buildings, investment properties and machinery	Million KRW	96,600	96,600
Busan Bank	Land, buildings and machinery	Thousand USD	24,000	24,000
		<b>Million KRW</b>	<b>345,000</b>	<b>345,000</b>
<b>Total</b>		<b>Thousand USD</b>	<b>24,000</b>	<b>24,000</b>

No other items of property, plant and equipment are pledged as collateral for interest-bearing loans and borrowings as of June 30, 2024 and December 31, 2023.

#### Payment guarantee to Seoul Guarantee Insurance Company

In the six months ended as of June 30, 2024, as well as in the financial year ended December 31, 2023, the Group held a deposit guarantee of 500 Million KRW for return payment of government subsidies concerning the greenhouse gas energy reduction project for companies participating in the emissions trading system from November 2023 till March 2025.

Additionally, in the six months ended as of June 30, 2024, the Group held a deposit guarantee of 800 Million KRW for return payment of government subsidies concerning the greenhouse gas energy reduction project for companies participating in the emissions trading system from May 2024 till February 2025.

Moreover, in the six months ended as of June 30, 2024, the Group held a deposit guarantee of 62.25 Million KRW for return payment of government subsidies concerning the greenhouse gas energy reduction project for companies participating in the emissions trading system from May 2024 till March 2025.

In the financial year ended December 31, 2023, the Group held a deposit guarantee of 1,100 Million KRW for return payment of government subsidies concerning the greenhouse gas energy reduction project for companies participating in the emissions trading system from July 2023 till February 2024.

Additionally, in the financial year ended December 31, 2023, the Group held a deposit guarantee of 106.7 Million KRW for return payment of government subsidies concerning the greenhouse gas energy reduction project for companies participating in the emissions trading system from November 2023 till March 2025.

## 21. Selling and administration expenses

Details of selling and administration expenses for each of the three-month and the six-month periods ended June 30, 2024 and 2023 are as follows:

Description	For the three months ended	
	June 30,	
	2024	2023
	Million KRW	Million KRW
Sales-related costs	-8,995	-4,721
Personnel expenses	-12,500	-11,457
Travelling and entertainment	-1,389	-1,282
Depreciation and amortization	-809	-588
Administration expenses	-3,233	-2,782
IT expenses	-1,388	-989
Others	-437	-241
<b>Total</b>	<b>-28,751</b>	<b>-22,060</b>

Description	For the six months ended	
	June 30,	
	2024	2023
	Million KRW	Million KRW
Sales-related costs	-16,716	-8,997
Personnel expenses	-24,893	-23,685
Travelling and entertainment	-2,947	-2,756
Depreciation and amortization	-1,584	-1,178
Administration expenses	-6,231	-5,195
IT expenses	-2,492	-1,972
Others	-892	-864
<b>Total</b>	<b>-55,755</b>	<b>-44,647</b>



## 22. Finance income / expenses

### 22.1. Finance income

Details of finance income for the three-month and the six-month periods ended June 30, 2024 and 2023 are as follows:

Description	For the three months ended June 30,	
	2024	2023
	Million KRW	Million KRW
Interest on loans and receivables	494	469
Gains on foreign exchange transactions	6,290	8,150
Gains on foreign exchange translations	-4,417	-1,860
Gains on derivative transactions	23	625
Gains on valuation of derivatives	869	403
Gain on valuation of financial assets FVtPL	56	69
<b>Total finance income</b>	<b>3,315</b>	<b>7,856</b>

Description	For the six months ended June 30,	
	2024	2023
	Million KRW	Million KRW
Interest on loans and receivables	980	934
Gains on foreign exchange transactions	11,325	15,878
Gains on foreign exchange translations	7,627	8,100
Gains on derivative transactions	149	881
Gains on valuation of derivatives	2,151	1,043
Gain on valuation of financial assets FVtPL	175	135
<b>Total finance income</b>	<b>22,407</b>	<b>26,971</b>

## 22.2. Finance expenses

Details of finance expense for the three-month and the six-month periods ended June 30, 2024 and 2023 are as follows:

Description	For the three months ended June 30,	
	2024	2023
	Million KRW	Million KRW
Interest on borrowings	-1,748	-2,554
Losses on foreign exchange transactions	-4,789	-9,291
Losses on foreign exchange translations	3,163	-317
Losses on derivative transactions	-677	-290
Losses on valuation of derivatives	-895	450
Losses on disposal of financial assets at FVtPL	-	-3
Loss on valuation of financial assets FVtPL	-	5
Bank charges	-65	-50
<b>Total finance expenses</b>	<b>-5,011</b>	<b>-12,050</b>

Description	For the six months ended June 30,	
	2024	2023
	Million KRW	Million KRW
Interest on borrowings	-3,492	-4,982
Losses on foreign exchange transactions	-8,531	-15,782
Losses on foreign exchange translations	-8,776	-8,317
Losses on derivative transactions	-823	-432
Losses on valuation of derivatives	-1,343	-1,333
Losses on disposal of financial assets at FVtPL	-	-3
Loss on valuation of financial assets FVtPL	-	-15
Bank charges	-138	-122
<b>Total finance expenses</b>	<b>-23,103</b>	<b>-30,986</b>

## 23. Income tax expenses

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

Income taxes	For the three months ended June 30,	
	2024	2023
	Million KRW	Million KRW
Current income tax charges	-6,185	-4,507
Deferred taxes related to origination and reversal of deferred taxes	2,144	777
Income tax recognized in other comprehensive income	85	94
<b>Income tax expenses</b>	<b>-3,956</b>	<b>-3,636</b>

Income taxes	For the six months ended	
	June 30,	
	2024	2023
	Million KRW	Million KRW
Current income tax charges	-12,265	-11,485
Deferred taxes related to origination and reversal of deferred taxes	1,854	-230
Income tax recognized in other comprehensive income	222	-223
<b>Income tax expenses</b>	<b>-10,189</b>	<b>-11,938</b>

## 24. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the average number of ordinary shares outstanding during the year. There is no difference between basic and diluted earnings per share as of June 30, 2024 and 2023, as no securities with dilutive features have been issued as of the end of the reporting periods.

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

Description	For the three months ended	
	June 30,	
	2024	2023
	KRW	KRW
Net profit attributable to ordinary equity holders of the parent	10,574,626,702	11,956,401,188
Weighted average number of ordinary shares	24,000,000	24,000,000
<b>Earnings per share (basic / diluted)</b>	<b>441</b>	<b>498</b>

Description	For the six months ended	
	June 30,	
	2024	2023
	KRW	KRW
Net profit attributable to ordinary equity holders of the parent	17,237,078,094	22,582,339,915
Weighted average number of ordinary shares	24,000,000	24,000,000
<b>Earnings per share (basic / diluted)</b>	<b>718</b>	<b>941</b>

## 25. Cash flow statement

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

The Group's interim condensed consolidated statement of cash flows is prepared using the indirect method. The adjustments to the net profit for the period of the non-cash and non-operating items and changes in operating assets and liabilities for each of the six-months periods ended June 30, 2024 and 2023 are as follows:

	Notes	For the six months ended	
		2024	2023
Adjustments		Million KRW	Million KRW
Depreciation of property, plant and equipment	5	17,043	15,646
Depreciation of right-of-use assets	5.1	1,482	1,380
Depreciation of investment properties		3	4
Amortization of intangible assets	6	801	447
Impairment of inventories	8	607	852
Losses on disposals of property, plant and equipment, net	5	1,147	3,153
Share of result from investments accounted using the equity method	7	-589	-180
Share-based compensation expenses		-791	742
Pension costs		2,585	858
Other long-term employee benefit expenses		770	616
Finance income		-2,907	-1,219
Finance expenses		8,807	8,879
Income tax expenses	23	10,189	11,938
<b>Total</b>		<b>39,147</b>	<b>43,116</b>
<b>Changes in operating assets and liabilities</b>			
Trade receivables		-17,622	18,397
Other receivables		-852	-1,833
Other current assets		-1,004	-494
Other current financial assets		-2,055	163
Inventories		-27,082	44,000
Trade payables		53,114	13,478
Other payables		-19,660	-11,880
Other current financial liabilities		2,063	1,043
Other current liabilities		2,156	-644
Pension liabilities		-688	-284
Other long-term employment benefits		-84	-167
<b>Total</b>		<b>-11,714</b>	<b>61,779</b>

## 26. Related party disclosures

The companies listed below have been identified as related parties:

Company name	Location	Relation with the Group	Remarks
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	China	Joint Venture	Jointly controlled by Songwon Group Holding AG
Songwon Moolsan Co., Ltd.	Korea	Other (refer to note 26.5)	A company that has significant influence on the Group
Kyungshin Industrial Co., Ltd.	Korea	Other (refer to note 26.5)	A subsidiary of Songwon Moolsan Co., Ltd.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period and balances as per period-ends.

Related party	Description	For the six months ended June 30,	
		2024	2023
		Million KRW	Million KRW
Songwon Moolsan Co., Ltd.	Selling and administration costs	-40	-40
Songwon Baifu Chemicals (Tangshan) Co., Ltd. (Joint venture)	Sales	202	197
	Cost of sales	-11,911	-9,977
	<b>Sales</b>	<b>202</b>	<b>197</b>
<b>Total</b>	<b>Cost of sales</b>	<b>-11,911</b>	<b>-9,977</b>
	<b>Selling and administration costs</b>	<b>-40</b>	<b>-40</b>

Related party	Description	As of	
		June 30, 2024	December 31, 2023
		Million KRW	Million KRW
Songwon Moolsan Co., Ltd.	Other non-current financial assets	33	33
	Trade and other payables	7	7
Songwon Baifu Chemicals (Tangshan) Co., Ltd. (Joint venture)	Trade and other receivables	70	65
	Trade and other payables	3,209	1,062
	<b>Other non-current financial assets</b>	<b>33</b>	<b>33</b>
<b>Total</b>	<b>Trade and other receivables</b>	<b>70</b>	<b>65</b>
	<b>Trade and other payables</b>	<b>3,216</b>	<b>1,069</b>

## 26.1. The ultimate parent

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

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

Outstanding balances of related parties as of June 30, 2024 are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the six months ended June 30, 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2023: none). This assessment is undertaken periodically by examining the financial position of the related party and the market in which the related party operates.

## 26.3. Transactions with key management personnel

During the six months ended June 30, 2024 and the year ended December 31, 2023, no other transactions with key management personnel other than those disclosed in note 26.4 took place.

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

Description	For the six months ended	
	June 30,	
	2024	2023
	Million KRW	Million KRW
Short-term employee benefits	-5,710	-5,514
Post-employment benefits	-206	20
Other long-term benefits	-368	-401
Share based payments	91	-68
<b>Total compensation paid to key management personnel</b>	<b>-6,193</b>	<b>-5,963</b>

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

## 26.5. Other related parties

Other related parties are Songwon Moolsan Co., Ltd. (Korea) which has significant influence on the Group due to the interest held in the share capital of the parent company of 23.88%. Further, the subsidiary of Songwon Moolsan Co., Ltd., Kyungshin Industrial Co., Ltd., which holds interest in the share capital of the parent company of 9.15%, is identified as a related party of the Group.

## 27. Financial risk management objectives and policies

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

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

### 27.1. Market risk

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

- Interest rate risk; and,
- Foreign currency risk.

Financial instruments affected by market risk include loans and borrowings, deposits, financial instruments at FVOCI, financial instruments at FVtPL and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as of June 30, 2024 and 2023 as well as December 31, 2023.

#### 27.1.1. Interest rate risk

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

The Group's exposure to the risk of changes in market interest rates relates substantially to the Group's interest-bearing loans and borrowings with floating interest rates, which makes the Group expose to cash flows risk. Responsively, the Group is minimizing the risk partially through interest rate swap contract or choosing the best favorable financing instruments by switching to the loans with more favorable conditions or improving the Group's credit rating.

#### Interest rate sensitivity

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

	Increase / (decrease)	Effect on profit before tax
	in %	Million KRW
<b>June 30, 2024</b>	1.00	-155
	-1.00	155
<b>June 30, 2023</b>	1.00	-276
	-1.00	276

### 27.1.2. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The risk of foreign exchange primarily relates to US Dollar (USD), Euro (EUR), Japanese Yen (JPY), Swiss Franc (CHF), United Arab Emirates Dirham (AED) and to the Indian Rupee (INR).

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

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

#### Foreign currency sensitivity

The Group carries out a sensitivity analysis for the dominant foreign currencies: US Dollar (USD), Euro (EUR), Japanese Yen (JPY), Swiss Franc (CHF), United Arab Emirates Dirham (AED) and to the Indian Rupee (INR). The assumed possible currency fluctuations are based on historical observations and future prognoses. The financial instruments are incorporated into calculations. The following table demonstrates the sensitivity of consolidated net profit before tax to a reasonably possible shift in exchange rates related to financial instruments held in the balance sheet. Assuming that the other variables are constant and the foreign exchange rate only changes by 10%, the impacts on net profit for the six months ended June 30, 2024 and year ended December 31, 2023 are as follows:

Currency	June 30, 2024		December 31, 2023	
	10% increase	10% decrease	10% increase	10% decrease
	Million KRW	Million KRW	Million KRW	Million KRW
USD	5,448	-5,448	6,981	-6,981
EUR	2,533	-2,533	1,015	-1,015
JPY	2,369	-2,369	2,248	-2,248
CHF	362	-362	224	-224
AED	-174	174	-153	153
INR	169	-169	24	-24
<b>Total</b>	<b>10,707</b>	<b>-10,707</b>	<b>10,339</b>	<b>-10,339</b>

The Group's exposure to foreign currency changes for all other currencies is not material.

## 27.2. Credit risk

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

The Group maintains a policy to keep trade relationship only with the customers with high credit rating assessed by credit assessment considering their financial position, past experience of defaults and other indicators of default. If the credit rating of a customer worsens, the Group sets an individual credit limit on that customer and intensively manages its credit risk. In addition, the Group minimizes the credit risk by maintaining the exposure to the credit risk at an insignificant level through ongoing management including periodical reviews of all the customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 28.

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



### 27.3. Liquidity risk

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

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

In addition, the Group maintains credit facilities with the banks including overdraft to respond to unexpected shortage in liquidity. In response to expansion of the business, the Group manages funding schedules and ongoing review procedures, considering the appropriate mix of long-term and short-term loans and borrowings, to maintain the consistency and flexibility in obtaining liquidity and stable financing.

The details of maturity profile of the Group's financial liabilities and lease liabilities, excluding financial derivative instruments, based on contractual undiscounted payments as of June 30, 2024 and December 31, 2023 are as follows:

As of June 30, 2024	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Bonds, interest-bearing loans and borrowings	75,330	32,790	68,006	3,750	-	179,876
Trade and other payables	139,871	9,371	6,742	-	-	155,984
Lease liabilities	306	528	1,977	9,389	10,056	22,256
Other financial liabilities	146	1,396	51	2,779	-	4,372
<b>Total</b>	<b>215,653</b>	<b>44,085</b>	<b>76,776</b>	<b>15,918</b>	<b>10,056</b>	<b>362,488</b>

As of December 31, 2023	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Bonds, interest-bearing loans and borrowings	67,912	35,072	61,712	5,250	-	169,946
Trade and other payables	97,457	20,565	1,223	-	-	119,245
Lease liabilities	240	517	1,954	8,442	10,100	21,253
Other financial liabilities	184	1,339	28	2,579	-	4,130
<b>Total</b>	<b>165,793</b>	<b>57,493</b>	<b>64,917</b>	<b>16,271</b>	<b>10,100</b>	<b>314,574</b>

### 27.4. Capital management

The capital managed by the Group is identical to the total amount of equity presented in the consolidated statements of financial position. The primary objective of the Group's capital management is to ensure its continued ability to provide consistency for its equity shareholders through a combination of capital growth and distribution. In order to achieve this objective, the Group monitors its gearing to balance risk and returns at an acceptable level, and also maintains a sufficient funding base to enable the Company to meet its working capital and strategic investment needs. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares considering not only the short-term position, but also its long-term operational and strategic objectives. At Group level the debt ratio is reviewed regularly. The debt-equity ratio as of June 30, 2024 and December 31, 2023 is 61% and 54%, respectively.

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

## 28. Fair values

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

As of June 30, 2024

		Carrying amount		Fair value	
		Non-current	Current	Non-current	Current
		Million KRW	Million KRW	Million KRW	Million KRW
<b>Financial assets</b>	<b>Financial assets at amortized cost</b>				
	Other financial assets	1,927	1,966	1,927	1,966
	Trade and other receivables	-	174,127	-	174,127
	Cash and cash equivalents	-	121,293	-	121,293
	<i>Total financial assets at amortized cost</i>	<i>1,927</i>	<i>297,386</i>	<i>1,927</i>	<i>297,386</i>
	<b>Financial assets at FVtPL</b>				
	Currency and interest rate swaps	-	5,611	-	5,611
	Other financial assets	11,132	5,906	11,132	5,906
	<i>Total financial assets at FVtPL</i>	<i>11,132</i>	<i>11,517</i>	<i>11,132</i>	<i>11,517</i>
	<b>Total financial assets</b>	<b>13,059</b>	<b>308,903</b>	<b>13,059</b>	<b>308,903</b>
<b>Financial liabilities</b>	<b>Financial liabilities at amortized cost</b>				
	Other financial liabilities	2,779	1,593	2,779	1,593
	Lease liabilities	16,549	2,193	16,549	2,193
	Trade and other payables	-	155,984	-	155,984
	Bonds, interest-bearing loans and borrowings	3,750	176,126	3,750	176,126
	<i>Total financial liabilities at amortized cost</i>	<i>23,078</i>	<i>335,896</i>	<i>23,078</i>	<i>335,896</i>
	<b>Financial liabilities at FVtPL</b>				
	Forward exchange contracts	-	1,343	-	1,343
<i>Total financial liabilities at FVtPL</i>	<i>-</i>	<i>1,343</i>	<i>-</i>	<i>1,343</i>	
<b>Total financial liabilities</b>	<b>23,078</b>	<b>337,239</b>	<b>23,078</b>	<b>337,239</b>	

As of December 31, 2023

	Carrying amount		Fair value		
	Non-current	Current	Non-current	Current	
	Million KRW	Million KRW	Million KRW	Million KRW	
<b>Financial assets</b>	<b>Financial assets at amortized cost</b>				
	Other financial assets	1,895	3,031	1,895	3,031
	Trade and other receivables	-	150,975	-	150,975
	Cash and cash equivalents	-	98,584	-	98,584
	<i>Total financial assets at amortized cost</i>	<i>1,895</i>	<i>252,590</i>	<i>1,895</i>	<i>252,590</i>
	<b>Financial assets at FVtPL</b>				
	Forward exchange contracts	-	96	-	96
	Currency and interest rate swaps	-	3,460	-	3,460
	Other financial assets	9,450	5,823	9,450	5,823
	<i>Total financial assets at FVtPL</i>	<i>9,450</i>	<i>9,379</i>	<i>9,450</i>	<i>9,379</i>
<b>Total financial assets</b>	<b>11,345</b>	<b>261,969</b>	<b>11,345</b>	<b>261,969</b>	
<b>Financial liabilities</b>	<b>Financial liabilities at amortized cost</b>				
	Other financial liabilities	2,579	1,551	2,579	1,551
	Lease liabilities	16,087	2,357	16,087	2,357
	Trade and other payables	-	119,245	-	119,245
	Bonds, interest-bearing loans and borrowings	5,250	164,696	5,250	164,696
	<i>Total financial liabilities at amortized cost</i>	<i>23,916</i>	<i>287,849</i>	<i>23,916</i>	<i>287,849</i>
	<b>Financial liabilities at FVtPL</b>				
	Forward exchange contracts	-	89	-	89
<i>Total financial liabilities at FVtPL</i>	<i>-</i>	<i>89</i>	<i>-</i>	<i>89</i>	
<b>Total financial liabilities</b>	<b>23,916</b>	<b>287,938</b>	<b>23,916</b>	<b>287,938</b>	

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

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

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

## 28.1. Fair value hierarchy

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

Description	Valuation technique
Level 1	Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2	Other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly
Level 3	Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As of June 30, 2024 and December 31, 2023, the Group held the following financial instruments carried at fair value on the statement of financial position:

		<b>June 30, 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		Million KRW	Million KRW	Million KRW	Million KRW
<b>Financial assets</b>	<b>Derivatives</b>				
	Currency and interest rate swaps	5,611	-	5,611	-
	<i>Total</i>	<i>5,611</i>	<i>-</i>	<i>5,611</i>	<i>-</i>
	<b>Debt instruments</b>				
	Exchange traded fund at FVtPL	17,038	-	17,038	-
<i>Total</i>	<i>17,038</i>	<i>-</i>	<i>17,038</i>	<i>-</i>	
<b>Total</b>		<b>22,649</b>	<b>-</b>	<b>22,649</b>	<b>-</b>
<b>Financial liabilities</b>	<b>Derivatives</b>				
	Forward exchange contracts	1,343	-	1,343	-
	<i>Total</i>	<i>1,343</i>	<i>-</i>	<i>1,343</i>	<i>-</i>
<b>Total</b>		<b>1,343</b>	<b>-</b>	<b>1,343</b>	<b>-</b>
		<b>December 31, 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		Million KRW	Million KRW	Million KRW	Million KRW
<b>Financial assets</b>	<b>Derivatives</b>				
	Forward exchange contracts	96	-	96	-
	Currency and interest rate swaps	3,460	-	3,460	-
	<i>Total</i>	<i>3,556</i>	<i>-</i>	<i>3,556</i>	<i>-</i>
	<b>Debt instruments</b>				
Exchange traded fund at FVtPL	15,273	-	15,273	-	
<i>Total</i>	<i>15,273</i>	<i>-</i>	<i>15,273</i>	<i>-</i>	
<b>Total</b>		<b>18,829</b>	<b>-</b>	<b>18,829</b>	<b>-</b>
<b>Financial liabilities</b>	<b>Derivatives</b>				
	Forward exchange contracts	89	-	89	-
	<i>Total</i>	<i>89</i>	<i>-</i>	<i>89</i>	<i>-</i>
<b>Total</b>		<b>89</b>	<b>-</b>	<b>89</b>	<b>-</b>

During the six months ended June 30, 2024 and year ended December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements. For the financial assets and financial liabilities for which the fair values are disclosed the carrying amounts are reasonable approximations of fair values and are measured using Level 3 measurement methods, except for cash and cash equivalents.

## 29. Impact of global economic situation on interim condensed consolidated financial statements

The Group closely monitors the global situation and assesses the future impact of the Russian-Ukrainian war as well as other conflicts in various regions on the consolidated financial statements on a regular basis. For the six months ended June 30, 2024, the following assessments were performed, amongst others:

### **Indication of impairment on property, plant and equipment and intangible assets**

The Group assessed whether there were any internal and external indicators of impairment of property, plant and equipment and intangible assets. For the six months ended June 30, 2024, no indications of impairment have been identified and accordingly, no impairment has been recognized on property, plant and equipment and intangible assets related to the Russian-Ukrainian war and other conflicts (the same as for the six months ended June 30, 2023).

### **Expected credit loss (ECL) of trade receivables and financial assets**

In order to determine the impact of the global economic situation on the ECL model in accordance with K-IFRS 1109, the Group reassessed past events, current conditions and forecasts of future economic conditions. For the six months ended June 30, 2024, the Group identified the changes in risk indicators considering the nature of risk such as geographical location of debtors which has been reflected in the ECL model for the recognition of allowance on expected credit risks. Such parameter adjustments resulted in a decrease in the allowance on ECL by 192 Million KRW in the interim condensed consolidated financial statements for the six months ended June 30, 2024. (For the six months ended June 30, 2023, the parameter adjustment resulted in an increase in the allowance on ECL by 221 Million KRW.)

## 30. Events after the reporting period

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

## 31. Global minimum tax

From 2024, as Pillar Two legislation came into effect in some countries where the Group operates its business, the Company as parent must pay additional income tax on the profits of the subsidiaries taxed at less than the minimum tax rate of 15%.

Most of the subsidiaries have either passed the transition period exemption rules or their effective tax rate is 15% or more, resulting in no significant additional tax to be incurred. Therefore, Pillar Two income tax expense of only 26 Million KRW was recognized for the period ended June 30, 2024.

In addition, the Group does neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes in accordance with the temporary exception to the requirement in KIFRS 1012.

For more information, please contact:

**SONGWON Industrial Group**

E-mail: [ir@songwon.com](mailto:ir@songwon.com)  
[www.songwon.com](http://www.songwon.com)