



**SONGWON**

**FINANCIAL RESULTS**  
*Preliminary, unaudited*

**FIRST QUARTER  
ENDED MARCH 31**

**2024**

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

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## About this report

This report contains SONGWON Industrial Group's preliminary, unaudited financial results for the three months ended March 31, 2024 (Q1/2024).

All the disclosed figures are preliminary and may be subject to change during the review of the condensed interim financial statements by the Group's auditor, Ernst & Young Han Young. SONGWON Industrial Group will publish condensed interim financial statements for the three months ended March 31, 2024, prepared in accordance with the Korean International Financial Reporting Standards ("K-IFRS"). These will be reviewed by the Group auditor by mid-May 2024.

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

For further information about SONGWON Industrial Group, please visit: [www.songwon.com](http://www.songwon.com) or write to us at: [ir@songwon.com](mailto:ir@songwon.com).

## Forward-looking statements & information

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

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

## Key Financial Data

	For the three months ended		
	March 31,		
	2024	2023	
	Million KRW	Million KRW	Δ%
Sales	255,752	267,167	-4.3%
Gross profit	39,134	41,076	-4.7%
<i>Gross profit margin</i>	15.3%	15.4%	
Operating profit	12,130	18,489	-34.4%
EBITDA	22,215	27,124	-18.1%
<i>EBITDA margin</i>	8.7%	10.2%	
EBIT	11,629	18,742	-38.0%
<i>EBIT margin</i>	4.5%	7.0%	
Profit for the period	6,662	10,626	-37.3%
Total assets	1,125,896	1,198,398	-6.0%
Total equity	711,880	689,177	3.3%
<i>Equity ratio</i>	63.2%	57.5%	
Headcounts	980	996	-1.6%

## Sales development

### Divisions

	For the three months ended								
	2024			2023			March 31,		
	2024	2023	Δ%	2024	2023	Δ%	2024	2023	Δ%
	Industrial Chemicals			Performance Chemicals			Total		
	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%	Million KRW	Million KRW	Δ%
Sales	192,785	195,947	-1.6%	62,967	71,220	-11.6%	255,752	267,167	-4.3%

### Regions

	For the three months ended		
	March 31,		
	2024	2023	
	Million KRW	Million KRW	Δ%
Korea	48,290	52,807	-8.6%
Rest of Asia	71,956	67,663	6.3%
Europe	60,411	66,002	-8.5%
North and South America	59,789	64,037	-6.6%
Australia	1,009	607	66.2%
Middle East and Africa	14,297	16,051	-10.9%
<b>Total sales</b>	<b>255,752</b>	<b>267,167</b>	<b>-4.3%</b>

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## Business development

In the 1<sup>st</sup> quarter of 2024, Songwon Industrial Group generated consolidated sales of 255,752 Million KRW marking a 4.3% decline in revenue, compared to the sales recorded in Q1/2023 (267,167 Million KRW). Gross profit decreased in Q1/2024 to 39,134 Million KRW, a decrease of 4.7%, compared to Q1/2023 (41,076 Million KRW), resulting in a similar gross profit margin in Q1/2024 of 15.3% compared to the previous year (Q1/2023: 15.4%). Net profit for the quarter amounted to 6,662 Million KRW (Q1/2023: 10,626 Million KRW).

As anticipated, the complex macroeconomic landscape and ongoing global political tensions that characterized 2023 persisted into 2024. With market conditions remaining weak, the 1<sup>st</sup> quarter of 2024 was a challenging one for SONGWON. Although revenues remained consistent with the 1<sup>st</sup> quarter of the previous year, the Group's profit for the period declined. During Q1/2024, SONGWON's Divisions continued to face the ongoing challenges from the final quarter of 2023, particularly competitive price pressure and logistics issues. Division Industrial Chemicals recorded sales of 192,785 Million KRW, marking a slight drop of 1.6% over the previous year comparable period (Q1/2023: 195,947 Million KRW). Division Performance Chemicals also recorded a decline in revenues of 11.6% when compared to the same quarter of 2023 (Q1/2023: 71,220 Million KRW) and reported consolidated sales of 62,967 Million KRW in Q1/2024.

In Q1/2024, Division Industrial Chemicals faced a challenging environment, marked by logistical disruptions stemming from issues in both the Suez and Panama Canals, that resulted in longer distribution times. In addition, intense price competition, particularly from China and an oversupply of low-priced products saturating the market as well as low raw material prices also impacted performance. Despite these obstacles, the division remained resilient, pursuing its strategy and implementing measures to navigate the difficulties and effectively defend its market share. In Q1/2024, Polymer Stabilizers reported an increase in both sales volumes and revenue compared to the 1<sup>st</sup> quarter of 2023. In addition, due to the longer lead times caused by the current logistical challenges, customers began ordering extra volumes to build up new safety stocks which positively benefited the business. On the back of SONGWON's reputation for supply reliability, Polymer Stabilizers also gained major new customers in Q1/2024. Fuel and Lubricant Additives was impacted by flat demand in the 1<sup>st</sup> quarter of 2024 as well as intense price competition and saw a decline in revenues compared to Q1/2023. Furthermore, the revenue decline was also driven by the lower raw material costs applied to the previously implemented formula pricing. The 1<sup>st</sup> quarter of the year is traditionally strong for Coatings and the business saw an increase in demand on the back of the longer lead times caused by the logistics issues resulting in customers building safety stocks.

Division Performance Chemicals was also impacted by the same global headwinds in Q1/2024. In the first 3 months of the year, due to continuous customer destocking and lower market demand, Tin Intermediates experienced a sluggish start to the year in both volume and revenue. Although the business did benefit from a price increase and an uptrend in tin ingot prices, the positive impact was offset by lower operations and sales volume. PVC observed positive developments in market demand in Q1/2024, marked by a

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notable recovery in Korea and strong growth in the EMEA region. Despite the current downside in the construction market, noteworthy positive trends are emerging, indicating potential for future improvement. For TPU, Q1/2024 was a stronger quarter than the previous one due to robust demand, particularly in Europe, and the positive impacts from newly won business. However, for SPU, the 1<sup>st</sup> quarter of 2024 was weaker due to subdued performance in the SEA market.

## Outlook

SONGWON anticipates that 2024 will remain a challenging year clouded by geopolitical tensions, logistics issues, demand unpredictability and uncertainties regarding the timing of China's economic rebound. These factors are also affecting customers' ability to forecast accurately and provide annual projections for 2024, thus making it difficult for SONGWON to make any accurate market development predictions. Remaining committed to its aim of improving profitability, the company will continue to draw upon its key strengths, implementing suitable measures and following its strategy to strengthen SONGWON's global footprint. Additionally, it will capitalize on growth opportunities while exercising appropriate levels of prudence. Looking ahead to the next quarters of 2024, the company is committed to leveraging its leading position and technology strength to accelerate its innovation and sustainability initiatives across SONGWON's core businesses and also to enhancing the overall competitiveness of the Group.