



FINANCIAL RESULTS
FIRST QUARTER
ENDED MARCH 31, **2024**

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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 March 31, 2024, and the related interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for each of the three-month periods ended March 31, 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

May 13, 2024

This review report is effective as of May 13, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report 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 47) according to Korean International Financial Reporting Standards (KIFRS) 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 first quarter ended March 31, 2024 as well as the first quarter ended March 31, 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 first quarter ended March 31, 2024 included in this report have been prepared in accordance with KIFRS 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 KIFRS. The annual financial statements for the year 2023 can be found on our website www.songwon.com.

All financials disclosed hereunder reflect consolidated numbers in Million KRW where 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.

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SECTION 1:

Business Development

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								
	March 31,								
	2024	2023		2024	2023		2024	2023	
	Industrial Chemicals			Performance Chemicals					
	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%
Total sales	255,752	267,167	-4.3%

Business development

In the 1st 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 1st quarter of 2024 was a challenging one for SONGWON. Although revenues remained consistent with the 1st 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 1st 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 1st 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 1st 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 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 1st 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.

SECTION 2:

Interim Condensed Consolidated Financial Statements (unaudited)

Interim consolidated statements of financial position (unaudited)

		March 31, 2024	As of December 31, 2023
	Notes	Million KRW	Million KRW
ASSETS			
Non-current assets		521,295	520,514
Property, plant and equipment	4.2.2, 5, 20	433,970	435,321
Right-of-use assets	4.2.2, 5.1	18,459	18,379
Investment properties	4.2.2, 20	3,446	3,448
Intangible assets	4.2.2, 6	16,081	14,789
Investments accounted for using the equity method	7, 26	7,904	8,131
Other non-current assets		23,227	23,046
Other non-current financial assets	11, 18, 26, 28	12,318	11,345
Deferred tax assets		5,890	6,055
Current assets		604,601	569,230
Inventories	8	301,506	291,466
Trade and other receivables	9, 26, 28, 29	172,069	150,975
Income tax receivables	31	2,112	2,189
Other current assets	10	18,537	13,606
Other current financial assets	11, 18, 28	14,935	12,410
Cash and cash equivalents	12, 28	95,442	98,584
Total assets		1,125,896	1,089,744
EQUITY AND LIABILITIES			
Equity		711,880	705,592
<i>Non-controlling interests</i>		-	-
<i>Equity attributable to owners of the parent</i>		<i>711,880</i>	<i>705,592</i>
Issued capital		12,000	12,000
Capital surplus		20,482	20,482
Reserves	13.1	30,903	30,303
Retained earnings	13.1	638,746	638,217
Other components of equity	13.2	9,749	4,590
Non-current liabilities		76,543	76,459
Bonds, interest-bearing loans and borrowings	14, 20, 27.3, 28	4,500	5,250
Pension liability		4,276	4,269
Other long-term employee-related liabilities		10,640	10,780
Non-current lease liabilities	5.1, 27.3, 28	16,294	16,087
Other non-current financial liabilities	17, 27.3, 28	2,695	2,579
Other non-current liabilities		428	434
Deferred tax liabilities		37,710	37,060
Current liabilities		337,473	307,693
Bonds, interest-bearing loans and borrowings	14, 19, 20, 27.3, 28	155,837	164,696
Trade and other payables	15, 26, 27.3, 28	144,218	119,245
Current lease liabilities	5.1, 27.3, 28	2,277	2,357
Other current financial liabilities	17, 18, 27.3, 28	7,966	1,640
Other current liabilities	16	6,704	5,149
Income tax payable	31	20,471	14,606
Total liabilities		414,016	384,152
Total equity and liabilities		1,125,896	1,089,744

Interim consolidated statements of financial position (unaudited)

	As of (refer to note 2.1)	
	March 31, 2024	December 31, 2023
	Thousand USD	Thousand USD
ASSETS		
Non-current assets	387,062	386,482
Property, plant and equipment	322,223	323,226
Right-of-use assets	13,706	13,646
Investment properties	2,559	2,560
Intangible assets	11,940	10,981
Investments accounted for using the equity method	5,869	6,037
Other non-current assets	17,246	17,112
Other non-current financial assets	9,146	8,424
Deferred tax assets	4,373	4,496
Current assets	448,916	422,653
Inventories	223,868	216,414
Trade and other receivables	127,761	112,099
Income tax receivables	1,568	1,625
Other current assets	13,764	10,102
Other current financial assets	11,089	9,214
Cash and cash equivalents	70,866	73,199
Total assets	835,978	809,135
EQUITY AND LIABILITIES		
Equity	528,571	523,904
Issued capital	8,910	8,910
Capital surplus	15,208	15,208
Reserves	22,945	22,500
Retained earnings	474,269	473,877
Other components of equity	7,239	3,409
Non-current liabilities	56,833	56,770
Bonds, interest-bearing loans and borrowings	3,341	3,898
Pension liability	3,175	3,170
Other long-term employee-related liabilities	7,900	8,004
Non-current lease liabilities	12,098	11,945
Other non-current financial liabilities	2,001	1,915
Other non-current liabilities	318	321
Deferred tax liabilities	28,000	27,517
Current liabilities	250,574	228,461
Bonds, interest-bearing loans and borrowings	115,709	122,287
Trade and other payables	107,082	88,540
Current lease liabilities	1,691	1,750
Other current financial liabilities	5,915	1,218
Other current liabilities	4,977	3,821
Income tax payable	15,200	10,845
Total liabilities	307,407	285,231
Total equity and liabilities	835,978	809,135

Interim consolidated statements of comprehensive income (unaudited)

	Notes	For the three months ended March 31,	
		2024	2023
		Million KRW	Million KRW
Sales	4, 26	255,752	267,167
Cost of sales	5, 5.1, 6, 26	-216,618	-226,091
Gross profit		39,134	41,076
Selling and administration costs	5, 5.1, 6, 21, 26	-27,004	-22,587
Operating profit		12,130	18,489
Other income		831	573
Other expenses	5, 5.1, 8	-1,332	-320
Share of result from investments accounted for using the equity method	7	266	7
Finance income	22.1	19,092	19,115
Finance expenses	22.2	-18,092	-18,936
Profit before tax		12,895	18,928
Income tax expenses	23	-6,233	-8,302
Profit for the period		6,662	10,626
Other comprehensive income, net of taxes			
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		5,159	6,836
Exchange differences on translation of foreign operations		5,159	6,836
<i>Net other comprehensive income not to be reclassified to profit or loss</i>		467	1,093
Gains on valuation of financial assets at FVOCI		-	2
Re-measurement losses on defined benefit plans		467	1,091
Total other comprehensive income, net of taxes		5,626	7,929
Total comprehensive income		12,288	18,555
Profit for the period attributable to:			
Owners of the parent	24	6,662	10,626
Non-controlling interests		-	-
Profit for the period		6,662	10,626
Total comprehensive income attributable to:			
Owners of the parent		12,288	18,555
Non-controlling interests		-	-
Total comprehensive income		12,288	18,555
Earnings per share			
		KRW	KRW
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	24	278	443

Interim consolidated statements of comprehensive income (unaudited)

	For the three months ended March 31, (refer to note 2.1)	
	2024	2023
	Thousand USD	Thousand USD
Sales	189,896	198,372
Cost of sales	-160,839	-167,873
Gross profit	29,057	30,499
Selling and administration costs	-20,050	-16,771
Operating profit	9,007	13,728
Other income	617	425
Other expenses	-989	-238
Share of result from investments accounted for using the equity method	198	5
Finance income	14,176	14,193
Finance expenses	-13,434	-14,059
Profit before tax	9,575	14,054
Income tax expenses	-4,628	-6,164
Profit for the period	4,947	7,890
Other comprehensive income, net of taxes		
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	3,831	5,076
Exchange differences on translation of foreign operations	3,831	5,076
<i>Net other comprehensive income not to be reclassified to profit or loss</i>	346	811
Gains on valuation of financial assets at FVOCI	-	1
Re-measurement losses on defined benefit plans	346	810
Total other comprehensive income, net of taxes	4,177	5,887
Total comprehensive income	9,124	13,777
Profit for the period attributable to:		
Owners of the parent	4,947	7,890
Non-controlling interests	-	-
Profit for the period	4,947	7,890
Total comprehensive income attributable to:		
Owners of the parent	9,124	13,777
Non-controlling interests	-	-
Total comprehensive income	9,124	13,777
Earnings per share	USD	USD
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	0.21	0.33

Interim consolidated statements of changes in equity (unaudited)

For the three months ended March 31, 2023 and 2024

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Reserves	Retained earnings	Other components of equity					
					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	Million KRW	
As of January 1, 2023	12,000	20,482	29,103	622,951	-703	-1,211	682,622	-	682,622	
Profit for the period	-	-	-	10,626	-	-	10,626	-	10,626	
Other comprehensive income	-	-	-	1,091	2	6,836	7,929	-	7,929	
Total comprehensive income	-	-	-	11,717	2	6,836	18,555	-	18,555	
Dividends	-	-	-	-12,000	-	-	-12,000	-	-12,000	
Appropriation to reserves	-	-	1,200	-1,200	-	-	-	-	-	
As of March 31, 2023	12,000	20,482	30,303	621,468	-701	5,625	689,177	-	689,177	
As of January 1, 2024	12,000	20,482	30,303	638,217	-701	5,291	705,592	-	705,592	
Profit for the period	-	-	-	6,662	-	-	6,662	-	6,662	
Other comprehensive income	-	-	-	467	-	5,159	5,626	-	5,626	
Total comprehensive income	-	-	-	7,129	-	5,159	12,288	-	12,288	
Dividends	-	-	-	-6,000	-	-	-6,000	-	-6,000	
Appropriation to reserves	-	-	600	-600	-	-	-	-	-	
As of March 31, 2024	12,000	20,482	30,903	638,746	-701	10,450	711,880	-	711,880	

Interim consolidated statements of changes in equity (unaudited)

For the three months ended March 31, 2023 and 2024 (refer to note 2.1)

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Reserves	Retained earnings	Other components of equity					
					Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve				
TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD		
As of January 1, 2023	8,910	15,208	21,608	462,542	-522	-899	506,847	-	506,847	
Profit for the period	-	-	-	7,890	-	-	7,890	-	7,890	
Other comprehensive income	-	-	-	810	1	5,076	5,887	-	5,887	
Total comprehensive income	-	-	-	8,700	1	5,076	13,777	-	13,777	
Dividends	-	-	-	-8,910	-	-	-8,910	-	-8,910	
Appropriation to reserves	-	-	891	-891	-	-	-	-	-	
As of March 31, 2023	8,910	15,208	22,499	461,441	-521	4,177	511,714	-	511,714	
As of January 1, 2024	8,910	15,208	22,499	473,877	-521	3,929	523,902	-	523,902	
Profit for the period	-	-	-	4,947	-	-	4,947	-	4,947	
Other comprehensive income	-	-	-	346	-	3,831	4,177	-	4,177	
Total comprehensive income	-	-	-	5,293	-	3,831	9,124	-	9,124	
Dividends	-	-	-	-4,455	-	-	-4,455	-	-4,455	
Appropriation to reserves	-	-	446	-446	-	-	-	-	-	
As of March 31, 2024	8,910	15,208	22,945	474,269	-521	7,760	528,571	-	528,571	

Interim consolidated statements of cash flows (unaudited)

	Notes	For the three months ended March 31,	
		2024	2023
		Million KRW	Million KRW
Profit for the period		6,662	10,626
Total adjustments	25	20,867	26,652
Changes in operating assets and liabilities	25	-6,557	35,413
Interest received		797	319
Payments of income tax		-124	-15,674
Net cash flows provided by operating activities		21,645	57,336
Proceeds from sale of property, plant and equipment	5	-	62
Purchases of property, plant and equipment	5	-5,552	-14,890
Purchases of intangible assets	6	-1,560	-558
Increase in other financial assets, net		-1,821	-762
Net cash flows used in investing activities		-8,933	-16,148
Proceeds from borrowings		44,846	112,767
Repayments of borrowings		-56,144	-149,142
Payment of lease liabilities		-854	-869
Increase / (decrease) in other financial liabilities, net		117	-56
Interest paid		-1,291	-2,489
Net cash flows used in financing activities		-13,326	-39,789
(Decrease) / increase in cash and cash equivalents		-614	1,399
Net foreign exchange differences		-2,528	-5,772
Cash and cash equivalents as of January 1	12	98,584	104,760
Cash and cash equivalents as of March 31	12	95,442	100,387

Interim consolidated statements of cash flows (unaudited)

	For the three months ended March 31, (refer to note 2.1)	
	2024	2023
	Thousand USD	Thousand USD
Profit for the period	4,947	7,890
Total adjustments	15,494	19,789
Changes in operating assets and liabilities	-4,869	26,294
Interest received	592	237
Payments of income tax	-92	-11,638
Net cash flows provided by operating activities	16,072	42,572
Proceeds from sale of property, plant and equipment	-	46
Purchases of property, plant and equipment	-4,122	-11,056
Purchases of intangible assets	-1,158	-414
Increase in other financial assets, net	-1,352	-566
Net cash flows used in investing activities	-6,632	-11,990
Proceeds from borrowings	33,298	83,730
Repayments of borrowings	-41,687	-110,738
Payment of lease liabilities	-634	-645
Increase / (decrease) in other financial liabilities, net	87	-42
Interest paid	-959	-1,848
Net cash flows used in financing activities	-9,895	-29,543
(Decrease) / increase in cash and cash equivalents	-455	1,039
Net foreign exchange differences	-1,878	-4,286
Cash and cash equivalents as of January 1	73,199	77,784
Cash and cash equivalents as of March 31	70,866	74,538

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 March 31, 2024, the scope of consolidation for the 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 three months ended March 31, 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	March 31, 2024		December 31, 2023	
		Status	Interest	Status	Interest
Consolidated entities					
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%
Entity accounted for using the equity method (joint venture)					
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 months ended March 31, 2024 have been prepared in accordance with KIFRS 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 1,346.80 to USD 1, the exchange rate in effect on March 31, 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		March 31,	
	2024	2023	2024	2023	2024	2023
	Industrial Chemicals		Performance Chemicals		Total	
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Sales	192,785	195,947	62,967	71,220	255,752	267,167
Operating profit	11,853	17,252	277	1,237	12,130	18,489

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.

	For the three months ended	
	2024	March 31, 2023
	Million KRW	Million KRW
Korea	48,290	52,807
Rest of Asia	71,956	67,663
Europe	60,411	66,002
North and South America	59,789	64,037
Australia	1,009	607
Middle East and Africa	14,297	16,051
Total sales	255,752	267,167

During the reporting period as of March 31, 2024, there is no customer who accounts for more than 10% of the Group's total sales. As of March 31, 2023, 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 31,505 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.

	As of	
	March 31, 2024	December 31, 2023
	Million KRW	Million KRW
Korea	409,208	410,232
Rest of Asia	23,987	23,582
Europe	7,176	7,444
North and South America	12,546	12,409
Middle East and Africa	19,039	18,270
Total	471,956	471,937

5. Property, plant and equipment

	Land	Buildings	Structures	Machinery	Other	Construction in progress	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Acquisition cost							
As of January 1, 2023	149,656	103,338	72,918	532,467	22,053	35,498	915,930
Additions	-	38	112	460	96	10,322	11,028
Disposals	-	-	-485	-1,237	-67	-	-1,789
Reclassifications	-	405	485	124	4	-1,018	-
Net exchange differences	-	789	-	1,579	179	25	2,572
As of March 31, 2023	149,656	104,570	73,030	533,393	22,265	44,827	927,741
As of January 1, 2024	149,656	102,965	79,202	523,539	19,691	7,615	882,668
Additions	-	-	167	338	44	5,975	6,524
Disposals	-	-	-167	-3,264	-42	-	-3,473
Reclassifications	-	-	-	3,903	864	-4,816	-49
Net exchange differences	-	1,002	-	1,487	192	15	2,696
As of March 31, 2024	149,656	103,967	79,202	526,003	20,749	8,789	888,366
Accumulated depreciation and impairment							
As of January 1, 2023	-	-35,096	-47,647	-374,184	-17,462	-	-474,389
Depreciation charge	-	-893	-946	-5,321	-356	-	-7,516
Disposals	-	-	336	1,130	67	-	1,533
Net exchange differences	-	-170	-	-785	-93	-	-1,048
As of March 31, 2023	-	-36,159	-48,257	-379,160	-17,844	-	-481,420
As of January 1, 2024	-	-36,956	-50,437	-344,529	-15,425	-	-447,347
Depreciation charge	-	-891	-1,040	-6,149	-373	-	-8,453
Disposals	-	-	117	2,300	42	-	2,459
Net exchange differences	-	-249	-	-688	-118	-	-1,055
As of March 31, 2024	-	-38,096	-51,360	-349,066	-15,874	-	-454,396
Net book value							
As of March 31, 2024	149,656	65,871	27,842	176,937	4,875	8,789	433,970
As of January 1, 2024	149,656	66,009	28,765	179,010	4,266	7,615	435,321
As of March 31, 2023	149,656	68,411	24,773	154,233	4,421	44,827	446,321

During the three months ended March 31, 2024, non-cash transactions increased by 972 Million KRW (for the three months ended March 31, 2023: decreased by 3,862 Million KRW). Accounts payables relating to non-cash transactions amounted to 4,483 Million KRW as of March 31, 2024 (March 31, 2023: 8,728 Million KRW).

No impairment was recognized on property, plant and equipment for the three months ended March 31, 2024 (for the three months ended March 31, 2023: none).

During the three months ended March 31, 2024, no borrowing cost was capitalized in the property, plant and equipment. For the three months ended March 31, 2023, the Group capitalized borrowing cost of 254 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
Acquisition cost					
As of January 1, 2023	21,652	2,837	1,200	1,297	26,986
Additions	-	-	264	36	300
Modification of contract	19	-	-	1	20
Net exchange differences	745	1	58	46	850
As of March 31, 2023	22,416	2,838	1,522	1,380	28,156
As of January 1, 2024	24,634	673	1,501	1,688	28,496
Additions	91	-	-	-	91
Disposals	-179	-	-	-	-179
Modification of contract	232	-	-	-	232
Net exchange differences	638	1	61	25	725
As of March 31, 2024	25,416	674	1,562	1,713	29,365
Accumulated depreciation and impairment					
As of January 1, 2023	-6,315	-2,342	-510	-850	-10,017
Depreciation charge	-408	-166	-38	-74	-686
Net exchange differences	-218	-	-20	-33	-271
As of March 31, 2023	-6,941	-2,508	-568	-957	-10,974
As of January 1, 2024	-8,178	-183	-676	-1,080	-10,117
Depreciation charge	-447	-164	-40	-78	-729
Disposals	179	-	-	-	179
Net exchange differences	-191	-1	-28	-19	-239
As of March 31, 2024	-8,637	-348	-744	-1,177	-10,906
Net book value					
As of March 31, 2024	16,779	326	818	536	18,459
As of January 1, 2024	16,456	490	825	608	18,379
As of March 31, 2023	15,475	330	954	423	17,182

The Group recognized rent expenses from short-term leases of 41 Million KRW (March 31, 2023: 41 Million KRW), leases of low-value assets of 19 Million KRW (March 31, 2023: 20 Million KRW) and variable lease payments of 12 Million KRW (March 31, 2023: 9 Million KRW) in the interim condensed consolidated statements of comprehensive income for the three months ended March 31, 2024.

No impairment was recognized on right-of-use assets for the three months ended March 31, 2024 (for the three months ended March 31, 2023: none).

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

Description	2024	2023
	Million KRW	Million KRW
As of January 1	18,444	16,898
Additions	91	300
Modifications	232	20
Net exchange differences	475	583
Accretion of interest	183	144
Payments	-854	-869
As of March 31	18,571	17,076

6. Intangible assets

	Industrial rights	Software	Memberships	Goodwill	Construction in progress	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Acquisition cost						
As of January 1, 2023	7,688	3,558	831	40,734	3,186	55,997
Additions	4	4	-	-	550	558
Disposals	-	-11	-	-	-	-11
Reclassifications	50	188	-	-	-238	-
Net exchange differences	-	5	-	6,440	-	6,445
As of March 31, 2023	7,742	3,744	831	47,174	3,498	62,989
As of January 1, 2024	8,050	3,861	831	46,902	6,722	66,366
Additions	-	1,522	-	-	38	1,560
Disposals	-	-17	-	-	-	-17
Reclassifications	11	6,387	-	-	-6,398	-
Net exchange differences	-	21	-	1,727	-	1,748
As of March 31, 2024	8,061	11,774	831	48,629	362	69,657
Accumulated amortization and impairment						
As of January 1, 2023	-4,039	-2,922	-	-37,609	-	-44,570
Amortization charge	-166	-61	-	-	-	-227
Disposals	-	11	-	-	-	11
Net exchange differences	-	-	-	-6,317	-	-6,317
As of March 31, 2023	-4,205	-2,972	-	-43,926	-	-51,103
As of January 1, 2024	-4,692	-3,179	-	-43,706	-	-51,577
Amortization charge	-158	-229	-	-	-	-387
Disposals	-	17	-	-	-	17
Net exchange differences	-	-22	-	-1,607	-	-1,629
As of March 31, 2024	-4,850	-3,413	-	-45,313	-	-53,576
Net book value						
As of March 31, 2024	3,211	8,361	831	3,316	362	16,081
As of January 1, 2024	3,358	682	831	3,196	6,722	14,789
As of March 31, 2023	3,537	772	831	3,248	3,498	11,886

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 three months ended March 31, 2024 (for the three months ended March 31, 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 three months ended March 31, 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
December 31, 2023	6,986	16,093	13,464	2,374	2,418	-	37	27,102	8,131
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	6,073	15,703	13,490	2,568	2,808	-	39	26,346	7,904
March 31, 2024	6,073	15,703	13,490	2,568	2,808	-	39	26,346	7,904

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.	7,178	-43	9	-1	30	-7	23	430	453
For the three months ended March 31, 2023	7,178	-43	9	-1	30	-7	23	430	453
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	8,622	-45	29	-1	1,183	-296	887	187	1,074
For the three months ended March 31, 2024	8,622	-45	29	-1	1,183	-296	887	187	1,074

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

	As of January 1, 2023	Dividends	Share of result from equity method revaluation	Exchange rate effects	As of March 31, 2023
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	7,818	-	7	129	7,954
Total	7,818	-	7	129	7,954
	As of January 1, 2024	Dividends	Share of result from equity method revaluation	Exchange rate effects	As of March 31, 2024
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	8,131	-549	266	56	7,904
Total	8,131	-549	266	56	7,904

8. Inventories

Description	March 31,	December 31,
	2024	2023
	Million KRW	Million KRW
Raw materials and supplies	51,745	57,850
Work in progress	1,145	1,132
Finished and semi-finished goods	158,004	175,478
Goods in transit	87,790	54,594
Consignment stocks	2,822	2,412
Total inventories at the lower of cost and net realizable value	301,506	291,466

As of March 31, 2024, allowance for valuation of inventory amounted to 6,444 Million KRW for raw materials, finished and semi-finished goods (December 31, 2023: 6,178 Million KRW). During the three months ended March 31, 2024, the Group recognized loss on valuation of inventory of 7,151 Million KRW (for the three months ended March 31, 2023: 1,240 Million KRW) and reversed the loss on valuation of inventory recognized in prior periods of 6,885 Million KRW (for the three months ended March 31, 2023: 750 Million KRW).

For the three months ended March 31, 2024, the Group recognized impairment losses of 245 Million KRW within inventories (for the three months ended March 31, 2023: 459 Million KRW).

9. Trade and other receivables

Description	March 31,	December 31,
	2024	2023
	Million KRW	Million KRW
Trade and notes receivables	165,618	148,170
Allowances for trade and notes receivables	-1,319	-1,375
Trade and notes receivables (related parties) (note 26)	136	65
Other accounts receivables	6,922	3,948
Allowances for other accounts receivables	-12	-13
Other accounts receivables (related parties) (note 26)	529	-
Accrued income	195	180
Total	172,069	150,975

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
March 31, 2024	173,400	158,153	14,529	-	112	606
December 31, 2023	152,363	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	March 31,	December 31,
	2024	2023
	Million KRW	Million KRW
Advance payments	922	701
Prepaid expenses	6,004	4,961
VAT receivable	11,611	7,944
Total	18,537	13,606

11. Other financial assets

Description	March 31, 2024		December 31, 2023	
	Non-current	Current	Non-current	Current
	Million KRW		Million KRW	
Financial instruments at amortized cost (bank deposit)	608	3,771	539	2,400
Financial instruments at FVtPL	10,322	5,864	9,450	5,823
Derivative assets at FVtPL (note 18)	-	4,750	-	3,556
Guarantee and other deposits at amortized cost	1,355	550	1,323	631
Guarantee and other deposits at amortized cost (related parties) (note 26)	33	-	33	-
Total	12,318	14,935	11,345	12,410

As of March 31, 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 941 Million KRW (December 31, 2023: 804 Million KRW).

12. Cash and cash equivalents

Description	March 31,	December 31,
	2024	2023
	Million KRW	Million KRW
Cash on hand	75	103
Bank accounts	77,269	66,566
Time deposits (< 3 months)	18,098	31,915
Total	95,442	98,584

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 March 31, 2024, time deposits included restricted cash of 131 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 March 31, 2024 and December 31, 2023 is composed of the following:

Description	March 31,	December 31,
	2024	2023
	Million KRW	Million KRW
Re-measurement of defined benefit plans	-10,282	-10,749
OCI recognized within retained earnings	-10,282	-10,749
Fair value reserve of financial assets at FVOCI	-701	-701
Foreign currency translation reserve	10,450	5,291
OCI recognized within other components of equity	9,749	4,590

14. Bonds, interest-bearing loans and borrowings

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

Description	March 31,	December 31,
	2024	2023
	Million KRW	Million KRW
Long-term borrowings	4,500	5,250
Non-current interest-bearing loans and borrowings	4,500	5,250
Current portion of corporate bonds	58,955	57,529
Current portion of long-term borrowings	3,295	3,590
Short-term borrowings	93,587	103,577
Current interest-bearing loans and borrowings	155,837	164,696
Total	160,337	169,946

15. Trade and other payables

Description	March 31,	December 31,
	2024	2023
	Million KRW	Million KRW
Trade payables	120,619	74,675
Trade payables (related parties) (note 26)	2,146	1,062
Other accounts payables	3,600	18,186
Other accounts payables (related parties) (note 26)	7	7
Withholdings	1,198	1,966
Accrued expenses	16,624	23,334
Guarantee deposits	24	15
Total	144,218	119,245

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 March 31, 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
Beginning	3,063	27	141,938	27	-	-
Allocation	138,875	-	137,574	-	137,574	-
Carryforward	-141,938	-27	-	-	-	-
Ending	-	-	279,512	27	137,574	-

There are no emission rights provided as collateral as of March 31, 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	54	-
Decrease	-	-
As of March 31	54	-

Estimated greenhouse gas emissions in 2024 were 162,531 KAU.

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

17. Other financial liabilities

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

Description	March 31, 2024		December 31, 2023	
	Non-current	Current	Non-current	Current
	Million KRW		Million KRW	
Derivative liabilities (note 18)	-	409	-	89
Deposits	2,695	1,347	2,579	1,290
Accrued interest expenses	-	210	-	261
Unpaid dividends	-	6,000	-	-
Total	2,695	7,966	2,579	1,640

18. Derivative financial instruments

Description	March 31, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
	Million KRW		Million KRW	
Forward exchange contracts (current portion)	8	409	96	89
Currency and interest rate swaps (current portion)	4,742	-	3,460	-
Total	4,750	409	3,556	89

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 March 31, 2024 and December 31, 2023 are as follows:

As of March 31, 2024

Contractual party	Position	Contract amount	Maturity dates	Contractual exchange rate (KRW)
Busan Bank	Sell	EUR 15,420,000	30.04.2024~28.02.2025	1,459.80~1,475.10
Citi Bank	Sell	EUR 20,920,000	30.04.2024~24.02.2025	1,454.20~1,474.00
Woori Bank	Sell	EUR 24,020,000	30.04.2024~28.02.2025	1,456.10~1,475.20

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 March 31, 2024 and December 31, 2023:

As of March 31, 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	SOFR Compounding +0.8%	17.09.2021	13.09.2024
		Payment: 28,643 MKRW	Fixed 1.96%		

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	SOFR Compounding +0.8%	17.09.2021	13.09.2024
		Payment: 28,643 MKRW	Fixed 1.96%		

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 602 Million KRW (December 2023: 909 Million KRW). As of March 31, 2024, there were no customer complaints concerning the quality of a SONGWON product. As of December 31, 2023, a customer complaint concerning product (related sales valued at 285 Million KRW) was disclosed as a contingent liability. As of March 31, 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 March 31, 2024 and December 31, 2023 are as follows:

Description	March 31, 2024	December 31, 2023
	Million KRW	Million KRW
Short-term lease commitments		
Within one year	-2	-2
<i>Total short-term lease commitments</i>	-2	-2
Low-value lease commitments		
Within one year	-50	-59
After one year but not more than five years	-28	-25
<i>Total low-value lease commitments</i>	-78	-84
Total	-80	-86

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 March 31, 2024, the Group entered into commitments to purchase property, plant and equipment, as well as raw materials amounting to 9,085 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 March 31, 2024 are as follows:

Description	Currency	Credit limit	Used	Unused
USANCE and L/C for import	Thousand USD	20,000	4,119	15,881
D/A and D/P	Million KRW	12,000	4,505	7,495
	Thousand USD	103,000	24,786	78,214
Secured loan of credit sales	Million KRW	9,000	943	8,057
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	-
	Total Million KRW	47,000	31,448	15,552
	Total Thousand USD	156,740	56,514	100,226

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 March 31, 2024 and December 31, 2023, presented in the maximum pledge amount, are as follows:

Pledged to	Pledged assets		March 31, 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
		Million KRW	345,000	345,000
Total		Thousand USD	24,000	24,000

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

Payment guarantee to Seoul Guarantee Insurance Company

In the three months ended as of March 31, 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 2021 till November 2023.

Additionally, in the three months ended as of March 31, 2024, as well as 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.

Moreover, 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.

21. Selling and administration expenses

Description	For the three months ended March 31,	
	2024	2023
	Million KRW	Million KRW
Sales-related costs	-7,721	-4,276
Personnel expenses	-12,393	-12,228
Travelling and entertainment	-1,558	-1,474
Depreciation and amortization	-775	-590
Administration expenses	-2,998	-2,413
IT expenses	-1,104	-983
Others	-455	-623
Total	-27,004	-22,587

22. Finance income / expenses

22.1. Finance income

Description	For the three months ended March 31,	
	2024	2023
	Million KRW	Million KRW
Interest on loans and receivables	486	465
Gains on foreign exchange transactions	5,035	7,728
Gains on foreign exchange translations	12,044	9,960
Gains on derivative transactions	126	256
Gains on valuation of derivatives	1,282	640
Gains on valuation of financial assets at FVtPL	119	66
Total finance income	19,092	19,115

22.2. Finance expenses

Description	For the three months ended March 31,	
	2024	2023
	Million KRW	Million KRW
Interest on borrowings	-1,744	-2,428
Losses on foreign exchange transactions	-3,742	-6,491
Losses on foreign exchange translations	-11,939	-8,000
Losses on derivative transactions	-146	-142
Losses on valuation of derivatives	-448	-1,783
Losses on valuation of financial assets at FVtPL	-	-20
Bank charges	-73	-72
Total finance expenses	-18,092	-18,936

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 March 31,	
	2024	2023
	Million KRW	Million KRW
Current income tax charges	-6,080	-6,978
Deferred taxes related to origination and reversal of deferred taxes	-290	-1,007
Income tax recognized in other comprehensive income	137	-317
Income tax expenses	-6,233	-8,302

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 March 31, 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 March 31,	
	2024	2023
	KRW	KRW
Net profit attributable to ordinary equity holders of the parent	6,662,451,392	10,625,738,727
Weighted average number of ordinary shares	24,000,000	24,000,000
Earnings per share (basic / diluted)	278	443

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 the three months ended March 31, 2024 and 2023 are as follows:

	Notes	For the three months ended	
		2024	March 31, 2023
Adjustments		Million KRW	Million KRW
Depreciation of property, plant and equipment	5	8,453	7,516
Depreciation of right-of-use assets	5.1	729	686
Depreciation of investment properties		1	2
Amortization of intangible assets	6	387	227
Impairment of inventories	8	245	459
Losses on disposals of property, plant and equipment, net	5	1,014	194
Share of result from investments accounted using the equity method	7	-266	-7
Share-based compensation (income) / expenses		-500	391
Pension costs		1,311	921
Other long-term employee benefit expenses		370	296
Finance income		-1,829	-1,010
Finance expenses		4,719	8,675
Income tax expenses	23	6,233	8,302
Total		20,867	26,652
Changes in operating assets and liabilities			
Trade receivables		-15,170	14,411
Other receivables		-3,469	-3,297
Other current assets		-4,903	-2,911
Other current financial assets		-1,195	592
Inventories		-6,341	25,808
Trade payables		45,525	11,061
Other payables		-23,178	-10,711
Other current financial liabilities		1,154	640
Other current liabilities		1,532	343
Pension liabilities		-468	-430
Other long-term employment benefits		-44	-93
Total		-6,557	35,413

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 three months ended March 31,	
		2024	2023
		Million KRW	Million KRW
Songwon Moolsan Co., Ltd.	Selling and administration costs	-20	-20
Songwon Baifu Chemicals (Tangshan) Co., Ltd. (Joint venture)	Sales	133	-
	Cost of sales	-5,123	-5,094
	Sales	133	-
Total	Cost of sales	-5,123	-5,094
	Selling and administration costs	-20	-20

Related party	Description	As of	
		March 31, 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	665	65
	Trade and other payables	2,146	1,062
	Other non-current financial assets	33	33
Total	Trade and other receivables	665	65
	Trade and other payables	2,153	1,069

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 March 31, 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 three months ended March 31, 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 three months ended March 31, 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 three months ended	
	March 31,	
	2024	2023
	Million KRW	Million KRW
Short-term employee benefits	-2,824	-2,762
Post-employment benefits	-103	-68
Other long-term benefits	-172	-184
Share based payments	52	-39
Total compensation paid to key management personnel	-3,047	-3,053

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 as follows:

- 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 March 31, 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
March 31, 2024	1.00	-78
	-1.00	78
March 31, 2023	1.00	-155
	-1.00	155

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 the US Dollar (USD), Euro (EUR), Japanese Yen (JPY), Chinese Renminbi (CNY), 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 entity 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, 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), Chinese Renminbi (CNY), 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 three months ended March 31, 2024 and year ended December 31, 2023 are as follows:

Currency	March 31, 2024		December 31, 2023	
	10% increase	10% decrease	10% increase	10% decrease
	Million KRW	Million KRW	Million KRW	Million KRW
USD	6,638	-6,638	6,981	-6,981
EUR	1,243	-1,243	1,015	-1,015
JPY	2,413	-2,413	2,248	-2,248
CNY	53	-53	-	-
CHF	4	-4	224	-224
AED	-135	135	-153	153
INR	36	-36	24	-24
Total	10,252	-10,252	10,339	-10,339

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 March 31, 2024 and December 31, 2023 are as follows:

As of March 31, 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	69,995	18,870	66,972	4,500	-	160,337
Trade and other payables	128,042	11,586	4,590	-	-	144,218
Lease liabilities	347	650	2,028	9,099	9,902	22,026
Other financial liabilities	6,176	1,347	34	2,695	-	10,252
Total	204,560	32,453	73,624	16,294	9,902	336,833

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
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
Total	165,793	57,493	64,917	16,271	10,100	314,574

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 consistent returns 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 the Group level the debt ratio is reviewed regularly. The debt-equity ratio as of March 31, 2024 and December 31, 2023 is 58% 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 March 31, 2024

		Carrying amount		Fair value	
		Non-current	Current	Non-current	Current
		Million KRW	Million KRW	Million KRW	Million KRW
Financial assets	Financial assets at amortized cost				
	Other financial assets	1,996	4,321	1,996	4,321
	Trade and other receivables	-	172,069	-	172,069
	Cash and cash equivalents	-	95,442	-	95,442
	<i>Total financial assets at amortized cost</i>	<i>1,996</i>	<i>271,832</i>	<i>1,996</i>	<i>271,832</i>
	Financial assets at FVtPL				
	Forward exchange contracts	-	8	-	8
	Currency and interest rate swaps	-	4,742	-	4,742
	Other financial assets	10,322	5,864	10,322	5,864
	<i>Total financial assets at FVtPL</i>	<i>10,322</i>	<i>10,614</i>	<i>10,322</i>	<i>10,614</i>
Total financial assets	12,318	282,446	12,318	282,446	
Financial liabilities	Financial liabilities at amortized cost				
	Other financial liabilities	2,695	7,557	2,695	7,557
	Lease liabilities	16,294	2,277	16,294	2,277
	Trade and other payables	-	144,218	-	144,218
	Bonds, interest-bearing loans and borrowings	4,500	155,837	4,500	155,837
	<i>Total financial liabilities at amortized cost</i>	<i>23,489</i>	<i>309,889</i>	<i>23,489</i>	<i>309,889</i>
	Financial liabilities at FVtPL				
	Forward exchange contracts	-	409	-	409
<i>Total financial liabilities at FVtPL</i>	<i>-</i>	<i>409</i>	<i>-</i>	<i>409</i>	
Total financial liabilities	23,489	310,298	23,489	310,298	

As of December 31, 2023

		Carrying amount		Fair value	
		Non-current	Current	Non-current	Current
		Million KRW	Million KRW	Million KRW	Million KRW
Financial assets	Financial assets at amortized cost				
	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>
	Financial assets at FVtPL				
	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>
Total financial assets	11,345	261,969	11,345	261,969	
Financial liabilities	Financial liabilities at amortized cost				
	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>
	Financial liabilities at FVtPL				
	Forward exchange contracts	-	89	-	89
	<i>Total financial liabilities at FVtPL</i>	<i>-</i>	<i>89</i>	<i>-</i>	<i>89</i>
Total financial liabilities	23,916	287,938	23,916	287,938	

The fair value of the financial assets and liabilities is 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:

- Fair value of cash and cash equivalents, trade and other receivables, trade payables and other current liabilities approximates 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 March 31, 2024 and December 31, 2023, the Group held the following financial instruments carried at fair value on the statement of financial position:

		March 31, 2024	Level 1	Level 2	Level 3
		Million KRW	Million KRW	Million KRW	Million KRW
Financial assets	Derivatives				
	Forward exchange contracts	8	-	8	-
	Currency and interest rate swaps	4,742	-	4,742	-
	<i>Total</i>	4,750	-	4,750	-
	Debt instruments				
	Exchange traded fund at FVtPL	16,186	-	16,186	-
<i>Total</i>	16,186	-	16,186	-	
Total		20,936	-	20,936	-
Financial liabilities	Derivatives				
	Forward exchange contracts	409	-	409	-
	<i>Total</i>	409	-	409	-
	Total	409	-	409	-
		December 31, 2023	Level 1	Level 2	Level 3
		Million KRW	Million KRW	Million KRW	Million KRW
Financial assets	Derivatives				
	Forward exchange contracts	96	-	96	-
	Currency and interest rate swaps	3,460	-	3,460	-
	<i>Total</i>	3,556	-	3,556	-
	Debt instruments				
	Exchange traded fund at FVtPL	15,273	-	15,273	-
<i>Total</i>	15,273	-	15,273	-	
Total		18,829	-	18,829	-
Financial liabilities	Derivatives				
	Forward exchange contracts	89	-	89	-
	<i>Total</i>	89	-	89	-
Total		89	-	89	-

During the three months ended March 31, 2024 and the year ended December 31, 2023, there were no significant 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 three months ended March 31, 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 three months ended March 31, 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 three months ended March 31, 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 KIFRS 1109, the Group reassessed past events, current conditions and forecasts of future economic conditions. For the three months ended March 31, 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 197 Million KRW in the interim condensed consolidated financial statements for the three months ended March 31, 2024. (For the three months ended March 31, 2023, the parameter adjustment resulted in an increase in the allowance on ECL by 217 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, no Pillar Two income tax expense was recognized for the period ended March 31, 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:

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