

**KUMHO
PETROCHEMICAL**



KUMHO PETROCHEMICAL

**46th Annual General Meeting of
Shareholders Reference Material**

Table of content

No.	Topic	No.
	Message from the Chairperson	02
1	Notice of Convocation of the 46th Annual General Meeting of Shareholders	04
2	Agendas	05
3	ESG Improvement Performance	09
4	Composition and Operation of the Board of Directors	13
5	Appendix Financial Statements (FY2022)	23

Dear Shareholders of Kumho Petrochemical,

We would like to express our sincere appreciation for the support you have shown during the tumultuous year of 2022. The year 2022 presented us with significant external challenges, including declining demand in the consumer goods market due to interest rate hikes across major economies, the outbreak of the War in Ukraine, and China's "Zero COVID" policy.

Despite these challenges, our commitment to expanding investments in our core businesses has remained steadfast. Through strategic initiatives focused on increasing production capacity and enhancing our global competitiveness, we have made significant progress in achieving our objectives. In addition, we stayed focused on progressing towards our environmental, social, and governance (ESG) targets, demonstrating our dedication to sustainable practices and responsible business operations. We will continue to prioritize investments in areas that drive long-term value creation for our stakeholders while upholding our commitment to ESG principles.

As we move forward, we remain confident in the future of our Company and look forward to sharing our success with you in the years to come.

Strong business performance in a challenging environment

While the COVID-19 pandemic has been a tragic global event over the past three years, it has accelerated consumer demands in medical NB latex and as the world's largest manufacturer of NB latex, we have experienced substantial sales growth during this period. However, the year 2022 posed significant challenges to our Company as the global economic slowdown and pandemic-related inflation made it difficult to maintain such growth momentum we experienced in the past two years.

In 2022, we achieved sales of KRW 7.97 trillion and an operating profit of KRW 1.14 trillion. Although these figures represent a 5.7% and 52.3% reduction, respectively, compared to our remarkable achievements in the previous year, our performance demonstrates our focus in minimizing external risks and maintaining stable performance in the face of significantly volatile market conditions.

We also continued our active investment in projects for future sustainable growth. In 2022, the Company successfully expanded the production of S-SBR synthetic rubber by 60,000 tons, specially designed for electric vehicle tires and high-performance EPDM product by 10,000 tons. Currently, we are focused on increasing epoxy products by 60,000 tons in 2023 and plan to increase NB latex by 230,000 tons by 2024. These investments reflect Kumho Petrochemical's strategic vision to remain at the forefront of innovation, meet the changing needs of the market, and ensure long-term sustainable growth.

As we move forward, we will remain vigilant in our efforts to identify and pursue growth opportunities that are aligned with our long-term objectives, while maintaining our commitment to responsible and sustainable business practices.

Outstanding ESG achievements

Based on the medium to long-term strategies in place, we are responding to the rapidly changing global environment proactively and collaboratively. We aim to achieve excellence in ESG performance and reporting, in which we apply the recommendations of the TCFD. In December 2021, we joined the UNGC and declared our support for TCFD in July of the same year, demonstrating our dedication to fulfilling our corporate social responsibility.

In December of last year, we made a strategic decision to separate the roles of CEO and Chair of the Board, and subsequently appointed an independent director as the new Board Chair. As the Chair of the Board, I represent the Board in stating that we take our responsibility to prioritize shareholder value very seriously. We will implement a Board-centered management approach and encourage independent opinions in our boardroom to promote discussions that are open, impactful and fulsome.

While we are proud to have implemented all the board operations related improvements, we promised in 2021 that we will not be complacent and continue to strive to exceed our shareholders' expectations.

Starting this year, we aim to enhance communication with our shareholders by regularly updating them on the

activities and plans of the Board throughout the year. When needed, we will also provide opportunities for direct dialogues with our shareholders. We believe that transparent communication with our shareholders is essential to maintaining their trust and support, and we look forward to engaging with them in meaningful ways moving forward.

2023 Annual General Meeting

Kumho Petrochemical invites our shareholders to the Annual General Meeting scheduled on Friday, March 24th. The meeting will cover two agenda items:

(1) Approval of Financial Statements and Allocation of Income of the 46th Fiscal Year (January 1, 2022, to December 31, 2022) which includes the Appropriation Statement of Retained Earnings; and

(2) Approval of Director Remuneration Limit .

As we announced last year, we are maintaining a consistent dividend payout ratio of 20-25% for the next two-three years. This year, we will pay a dividend of KRW 5,400 per share this year, which represents a payout ratio of 25.5% of earnings. We also plan to repurchase and retire KRW 100 billion worth of our own shares throughout the year, further demonstrating our dedication to enhancing shareholder value.

We highly value the voting rights of our shareholders. We encourage you to participate actively in the upcoming General Meeting of shareholders and exercise your right to vote. To help you make informed decisions, we have provided details of our yearly performance, ESG progress, and agenda items in the Convocation Notice of the Meeting.

Once again, we deeply appreciate your support and look forward to your continuing support in Kumho Petrochemical.

Sincerely,

Do-Soung, Choi 최 도 성

Chair of the Board

Kumho Petrochemical

1. Notice of Convocation of the 46th Annual General Meeting of Shareholders.

1. Date: March 24, 2023 (Friday) 9:00 a.m.

2. Location: 4F Auditorium, East Building, Signature Towers, 100 Cheonggyecheon-ro, Jung-gu, Seoul, Republic of Korea

3. Purpose of Meeting

1) Matters to report:

Audit reports, business reports, reports on transaction history with the largest shareholders, etc., reports on the operation status of the internal accounting control system

2) Resolutions (Agenda to be discussed):

Agenda No. 1: Approval of Financial Statements and Allocation of Income of the 46th Fiscal Year (January 1, 2022 to December 31, 2022) which includes the Appropriation Statement of Retained Earnings

Agenda No. 2: Approval of Director Remuneration Limit

4. Matters concerning the exercise of voting rights

Shareholders may attend the general meeting to exercise their voting rights directly, or delegate their voting rights to an agent to enable voting in their absence.

<Things to prepare when attending a general meeting of shareholders>

- When exercising directly: ID card (resident registration card, driver's license, or passport)
- When exercising through an agent: Power of attorney, agent's ID card, copy of mandator's seal certificate or ID card

※ Matters to be stated in the power of attorney

- ① Name, address, and resident registration number of the mandator (in the case of a corporation, the corporate registration number, the same applies below)
- ② Details of the agent's name, address, resident registration number, and details of delegation of voting rights
- ③ Certified seal or signature of the mandator

(Our company's power of attorney form will be posted on our internet homepage below from March 11, 2023)

<https://www.kkpc.com/kor/invest/disclosure/announcementList/>

2. Agenda

Agenda No. 1: Approval of Financial Statements and Allocation of Income of the 46th Fiscal Year (January 1, 2022 to December 31, 2022) which includes the Appropriation Statement of Retained Earnings

Summary of business conditions for the current fiscal year

The operating profit and net profit of Kumho Petrochemical decreased compared to the previous period in 2022 on a consolidated basis with sales of KRW 7.9756 trillion, operating profit of KRW 1.1474 trillion and net profit of KRW 1.0282 trillion. Despite the economic downturn causing demand reduction, oversupply, and prices to fall, the Company has achieved yearly sales and operating profits higher than our peers by staying focused on running core-businesses and diversifying product portfolios. During the second half of 2022, where the upstream industry started experiencing the post-pandemic slowdown in its demand amid the global economic downturn, we carefully analyzed the raw material market's supply and demand situation to respond promptly. With this effort, we were able to generate stable earnings in major businesses such as synthetic rubber, synthetic resin, and phenol derivatives, and succeeded in increasing profitability in the fine chemical sector compared to the previous fiscal year.

Please refer to the attached data for the statements of financial position/P & L statements (comprehensive profit and loss statement)/appropriation statement of retained earnings (disposition of deficit statement) for the fiscal year of 2022.

Major financial performance for the current year

Consolidated basis

(Unit: KRW 1 million)	FY2022	FY2021	Change
Sales	7,975,626	8,461,842	-5.7%
Operating income	1,147,746	2,406,836	-52.3%
<i>Operating margin %</i>	<i>14.4%</i>	<i>28.4%</i>	<i>-14.0%p</i>
Net income	1,025,705	1,965,577	-47.8%
<i>Net profit margin %</i>	<i>12.9%</i>	<i>23.2%</i>	<i>-10.3%p</i>
EPS- Common stock (KRW)	37,290	70,433	-47.1%
EPS- Preferred stock (KRW)	37,899	70,417	-46.2%
Assets	7,719,272	8,115,675	-4.9%
Liabilities	2,065,857	3,032,766	-31.9%
Equity	5,653,415	5,082,908	11.2%
<i>Liabilities/Equity %</i>	<i>36.5%</i>	<i>59.7%</i>	<i>-23.2%p</i>
ROE	19.1%	47.8%	-28.7%p

Separate basis

(Unit: KRW 1 million)	FY2022	FY2021	Change
Sales	5,086,856	5,501,282	-7.5%
Operating income	656,206	1,342,782	-51.1%
<i>Operating margin %</i>	<i>12.9%</i>	<i>24.4%</i>	<i>-11.5%p</i>
Net income	575,139	986,987	-41.7%
<i>Net profit margin %</i>	<i>11.3%</i>	<i>17.9%</i>	<i>-6.6%p</i>

EPS- Common stock (KRW)	20,912	35,370	-40.9%
EPS- Preferred stock (KRW)	21,276	35,354	-39.8%
Assets	4,278,840	4,648,774	-8.0%
Liabilities	1,085,433	1,570,407	-30.9%
Equity	3,193,407	3,078,367	3.7%
<i>Liabilities/Equity %</i>	<i>34.0%</i>	<i>51.0%</i>	<i>-17.0%p</i>
ROE	18.3%	37.9%	-19.6%p

Profit dividend (KRW 5,400 per share cash dividend for common stock, KRW 5,450 per share cash dividend for preferred stock)

Appropriation Statement of Retained Earnings (Proposed) (Unit: KRW 1 million)

Classification	Current year (Expected date of disposal: March 24, 2023)		Previous year (Confirmed date of disposal: March 25, 2022)	
I. Unappropriated retained earnings		450,020		989,698
Unappropriated retained earnings carried over from previous year	10,741		12,541	
Profit for the year	575,139		986,987	
Re-measurement of net defined benefit liability	14,212		(7,873)	
Substitution from other comprehensive income to retained earnings	-		(726)	
Retirement of treasury stock	(150,073)		(1,231)	
II. Appropriation of retained earnings		346,120		978,956
Legal reserve	14,700		28,100	
Voluntary reserve	185,000		670,000	
Cash dividends				
Dividend per share (dividend rate):				
Common stock:				
Current year - KRW 5,400(108%)				
Previous year - KRW 10,000(200%)				
Preferred stock:				
Current year: KRW 5,450(109%)				
Previous year: KRW 10,050(201%)				
III. Unappropriated retained earnings carried forward to subsequent year		103,888		10,742

For sustainable growth and shareholder value enhancement, we have established a shareholder return policy in consideration of business performance and future investment resources and have communicated this to the market. (Announcement on website and electronic disclosure system, December 15, 2021) The 46th profit dividend plan was prepared based on the shareholder return policy (cash dividend: dividend payout ratio 20-25% on a separate basis) we announced, taking into account various factors such as our profit scale, securing mid- to long-term investment resources, and stabilizing the financial structure.

The 46th settlement dividend is KRW 5,400 per share based on common stocks, and the total dividend, including preferred stocks (KRW 5,450 per share), is approximately KRW 146.4 billion, and the dividend payout ratio is 25.5% based on net profit of current period

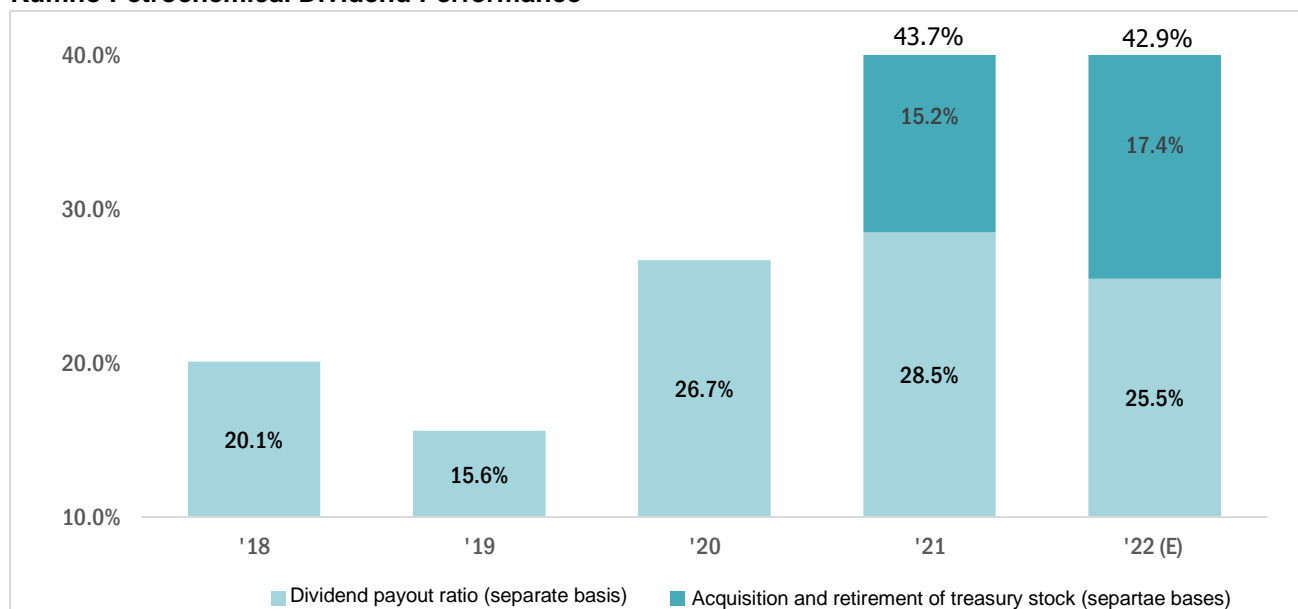
In addition, the Board of Directors decided and announced the acquisition (for retirement purpose) of treasury stock worth KRW 100 billion. (Disclosure of the conclusion of treasury stock acquisition trust agreement, March 8, 2023) This is equivalent to 17.4% of the separate net profit, and we have been promoting our shareholder return policy for two years in a row from the 45th period to enhance shareholder value through the rise in stock value.

The scale of total shareholder return of the 46th period, including profit dividends and treasury stock acquisition/retirement, was 42.9% (KRW 246.4 billion) of the net profit, which is set at a similar level to the total shareholder return for the 45th period (43.7% of the separate net profit), which was the largest return.

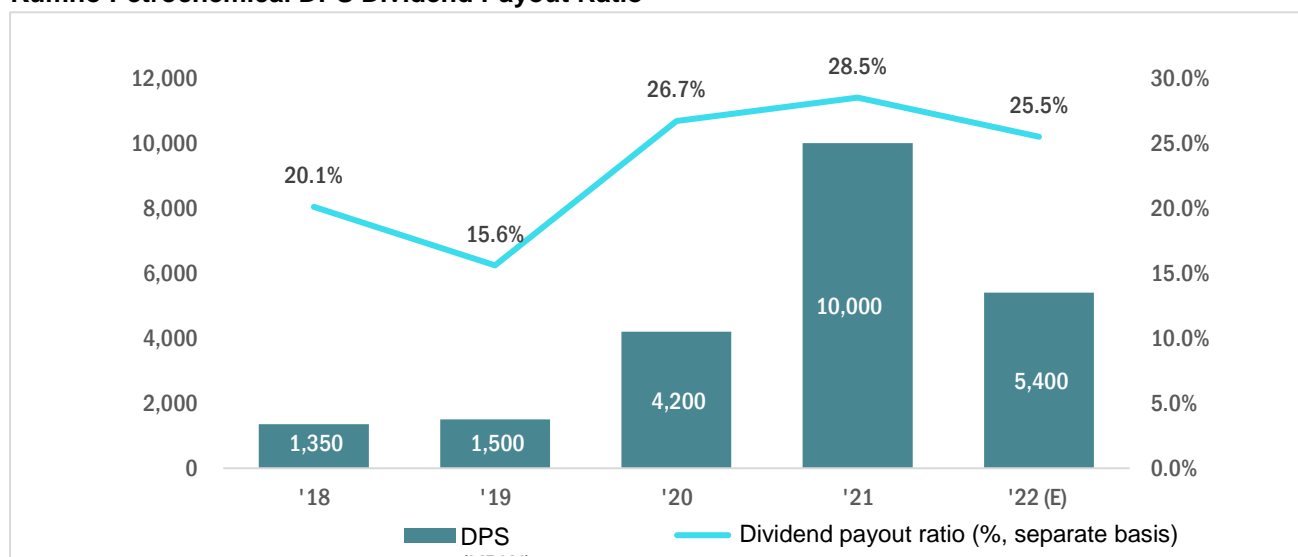
This year's chemical industry is expected to have difficulties in the internal and external environment due to the high inflation rate and continuous interest rate hike as the global economic downturn continues. We will continue to strive for stable profit generation and sustainable growth by utilizing our experiences and crisis management capabilities that we have accumulated over time.

To our shareholders, please actively support the 46th financial statements and profit dividend proposed by the Board of Directors.

Kumho Petrochemical Dividend Performance



Kumho Petrochemical DPS Dividend Payout Ratio



(Separate basis)	2018	2019	2020	2021	2022 (E)
Shareholder return funds	20.1%	15.6%	26.7%	43.7%	42.9%
- Dividend payout ratio	20.1%	15.6%	26.7%	28.5%	25.5%
- Acquisition and retirement of treasury stock				15.2%	17.4%
DPS (KRW)	1,350	1,500	4,200	10,000	5,400

Agenda No. 2: Approval of Director Remuneration Limit

Number of directors, total remuneration or the maximum amount

(Current period)

Number of directors (Number of independent directors)	10 (7)
Total remuneration or maximum amount	KRW 6.5 billion

(Previous period)

Number of directors (Number of independent directors)	10 (7)
Total remuneration actually paid	KRW 2.3 billion
Maximum amount	KRW 6.5 billion

3. ESG Improvement Performance

Two years ago, as part of our 2021 AGM material, we communicated our new corporate vision to become a “Solution Partner Creating Our Common Future With Value Beyond Chemistry”, in which we also delivered mid-to long-term strategies and goals to pursue over the next five-years. As we continue our journey to pursue sustainable growth whilst staying focused on delivering stronger financial and operational performance, the Board of Directors considered that it is vital to be transparent about our progress with our shareholders. Here are some of our recent accomplishments as well as enhancements in progress.

Governance Highlights

Since 2021, our Board has adopted the following changes to our governance structures and practices to enhance the Board’s independence, transparency, and rationality.

Board Refreshment with Appointment of Independent Non-Executive Board Chair

Over the past two years, our Board has undergone significant transformation as we rejuvenated the Board with experienced Directors possessing skills aligned with our mid-to-long-term strategies.

As part of this process, Mr. Chan-koo Park, voluntarily stepped down from the executive chair position at the 2021 EGM with his decision based on the desire to promote the highest standards of corporate governance in terms of framework, policies and practices by transitioning to a Board-centric structure.

In December 2022, the Board separated the roles of CEO and Board Chair, with Do-Sung Choi appointed as an independent Board Chair. With these actions, we have fulfilled all the corporate governance improvements promised to investors in 2021.

	Resigned	Appointed
2021 AGM	Woon-Oh Jeong (Independent Director) Hwi-Sung Lee (Independent Director) Ock-Ryeol Song (Independent Director) Myung-Kee Jang (Independent Director) Dong-Jun Moon (Executive Director)	Lee-Seok Hwang (Independent Director) Do-Sung Choi (Independent Director) Jung-Mi Lee (Independent Director) Soon-Ae Park (Independent Director) Jong-Hoon Baek (Executive Director)
2021 EGM	Chan-Koo Park (Executive Director) Woo-Sung Shin (Executive Director)	Young-Hoon Ko (Executive Director) Young-Do Ko (Executive Director)
2022 AGM	Yong-Sun Chung (Independent Director) Jin-Ho Chung (Independent Director)	Sang-Soo Park (Independent Director) Young-Woo Park (Independent Director)
2022 EGM	Jae-Kyung Lee (Independent Director) Soon-Ae Park (Independent Director) Young-Hoon Ko (Executive Director)	Tae-Kyun Kwon (Independent Director) Jee-Yoon Lee (Independent Director) Jun-Kyung Park (Executive Director)

Improvement in Board Diversity

We understand the importance of Diversity and Inclusion and have been focused on strengthening Diversity and Inclusion in our corporate culture. At the 2021 AGM, we appointed two female directors (Jung-mi Lee and Soon-ae Park) to strengthen the diversity of the Board. Currently, female representation on the Board sits out 20%. We will continue our efforts to embed and enhance Diversity and Inclusion across our corporate culture.

Establishment of Key Board Committees

As promised to our shareholders, we established additional key Board committees to assist in the discharging of the Board's responsibilities and to promote the highest standards of corporate governance. Currently, the Board has six key committees: (I) the Audit Committee; (II) Independent Director Nomination Committee; (III) the Compensation Committee; (IV) the Related Party Transaction Committee; (V) the ESG Committee; and (VI) the Management Committee. The Audit, Nomination, Compensation and Related Party Transactions Committees consist of all independent directors with 100% independence and two-thirds of the ESG Committee is composed of independent directors. The Management Committee consists of three executive directors.

Before 2021 AGM	After 2021 AGM
Independent Director Nomination Committee Audit Committee	Independent Director Nomination Committee Audit Committee (+) Compensation Committee (+) Related Party Transaction Committee (+) ESG Committee (+) Management Committee

Enhancements in Progress

Equity Management

To address shareholder concerns regarding the Company's treasury shares and non-adjacent assets, the Board has announced the following plans:

- a. Treasury shares in possession: The non-retired treasury shares acquired during previous mergers with internal subsidiaries will be used for securing strategic alliances and creating new growth platforms. This may include retiring the treasury shares where deem appropriate. Additional buybacks: As part of our shareholder return policy, we plan to repurchase additional treasury shares at 5-10% of standalone net income and dispose the reacquired shares.
- b. Non-adjacent assets: The Board postponed the execution of its disposal plan of the Company's satellite holdings until the market value recovers. Once sold, the fund will be put towards securing a future portfolio.

Board Operations

In addition to fulfilling all our 2021 initiatives in regards to Board restructuring and operations, the Board made new commitments to further enhance its governance practice by implementing the following:

- Nomination of independent director: The Board will develop specific practice guidelines of the nomination process and it will include measures to maximize our chances to secure candidates that are competent, independent, and diverse. One of them would be to establish a frequent referral program for better management of the potential candidate pool and another would be to use external third-party HR agencies.
- Board evaluation methods: The Board will adopt and stipulate evaluation guidelines to better assess board operations and to understand areas for improvement. The evaluation results will be included in the Company disclosures such as the corporate governance report.
- Shareholder engagement: The Board plans to expand channels and opportunities for shareholder communications, utilizing methods such as distribution of corporate letters or board level direct engagements via calls and in-person meetings.

Advancing Sustainability

Climate Strategies

As communicated in our 2022 AGM disclosure, KKPC is paving a path towards achieving net zero emissions across our entire value chain by 2050. While calling the year 2035 as the start of our journey towards achieving this goal with an initiative called “2035 Net Zero Growth,” we set the target of 29% emission reductions compared to 2030 BAU (business as usual) levels. Our five key strategies include:

Accelerating carbon reductions across all business sites with conversion to clean energy;

- (i) Accelerating carbon reductions across all business sites with conversion to clean energy;
- (ii) Transition to eco-friendly products;
- (iii) Transition to eco-friendly bio-based raw materials;
- (iv) Increase recycling; and
- (v) Digitalization of carbon asset management

Recent efforts toward achieving emission reduction targets include:

- a. Replacement of old equipment to improve energy efficiency,
- b. Adoption of the heat recovery system, and
- c. Co-firing biomass at our Yeosu Energy power plants.

In November 2022, the Company decided to make investments to deploy CCUS (carbon capture utilization and storage) technology at the Energy power plants, with the goal of commercial production by 4Q 2024. We believe these initiatives will contribute to reducing emissions. Also, securing such CO2 conversion technologies will lay the foundations for eco-friendly new businesses.

Moving forward, the Company plans to continue its R&D and investments in the abovementioned core strategies. We will work on transitioning fuel (ex. LNG/hydrogen), deploying CCUS, increasing use of eco-friendly feedstock, and converting waste to raw material using thermal decomposition. We will set detailed emission reduction guidelines for each operation site and setting environmental KPIs for executives.

Safety Management and Human rights

We consider prioritizing safety as one of our core duties as a socially responsible corporation, and essential for business continuity. In 2022, we stayed focused on our commitment to securing the health and safety of our employees as well as wider stakeholders in the communities that we operate in.

The following lists the achievements we made in FY2022.

- Established a team designated for the Safety and Health Management.
- Created a company vision statement on internal safety: “Healthy Company Putting Safety First, Pursuing Shared Happiness” long with three goals – Achieving ZERO serious accidents, Establishing the infrastructure for OSH, Setting a strong culture of safety and health
- Conducted companywide workplace safety training
- Organized joint meetings on workplace safety for KKPC’s 11 operational sites
- Conducted the Human Rights Impact Assessment by the Korea Management Association. The assessment took two months in Q4 of 2022, looking at criteria consisting of 10 fields and 110 indices. The key fields included human rights protection implementation system, non-discrimination in hiring practices, workplace human rights protections, prohibition of child labor, and prohibition of forced/compulsory labor. The result of this assessment indicated there’s a need to conduct more in-depth human rights training, regularize the human rights management assessments, and lastly, as a

mid-to long-term goal, expand the scope of mandatory execution/application of human rights management. Within 2023, the Company plans to conduct human rights trainings for our employees and continue to undergo the Human Rights Impact Assessment.

Enhanced ESG Management Structures

In 2022, the Company took various measures to enhance our ESG management structures. We expanded the scope of ESG topics and items to be reported to the ESG Committee to provide the Committee with more visibility of relevant updates. In guidance of future investments of the Company, ESG investment principles have been enacted. We also established an ESG council and an ESG compliance system to identify and manage risks while promptly reviewing and supporting specific implementation plans for ESG strategies. In addition, ESG has been included in the Group-wide employee education program. This includes the Company holding training events such as “Visiting ESG Academy” to raise awareness of ESG among employees.

Participating global initiatives

In 2021 Dec, we took our first step towards a global initiative by joining the UN Global Compact. We also joined KBCSD, the Korean cooperative organization of World Business Council for Sustainable Development, and in July of last year, we participated in the Korea TCFD Alliance and publicly declared our support for the TCFD.

We plan to share the Company's achievements by actively participating in various global initiatives, while continuing our efforts to improve ESG management and contribute to the achievement of the UN Sustainable Development Goals as a global corporate citizen.

Awards and Recognitions

We are proud to share our ESG achievements for 2022 in which we have received external recognition.

- Achieving the ‘Gold’ rating by EcoVadis, one of the world’s largest and trusted provider of business sustainability ratings.
- Rating upgrade from CDP (from D to B)
- Rating upgrade from Morgan Stanley Capital International (MSCI) (from B to BB), in recognition of its improvements on the governance structure, large focus on eco-investing and safety & health measures.
- Received the ‘A’ grade by KCGS and Sustaininvest in Korea.
- Newly incorporated into the 2022 Dow Jones Sustainability Index Korea (DJSI Korea Index). About 50 Korean companies with excellent ESG management were included in the DJSI Korea Index in 2022.

We will continue our company-wide efforts by prioritizing ESG management so our ESG performance can lead to sustainable growth of the company and enhancement of shareholder value.

4. Composition and Operation of the Board of Directors

Composition of Board of Directors

Kumho Petrochemical's Board of Directors consists of a total of 10 directors, including seven independent directors appointed by shareholder resolutions and nominated by the recommendation of the Independent Director Candidate Recommendation Committee. This Board is a key decision-making body that makes important decisions and provides advice in business activities.

All decisions of the Board of Directors aim to represent the interests of shareholders and maximize corporate value from a continuous and long-term perspective. Over majority of Kumho Petrochemical's the Board of Directors is composed of independent directors in order to enhance the effectiveness of the Board. (Percentage of independent directors 70%)

Item	Composition		
	Chairperson/Committee Chair	Executive directors	Independent Directors
Board of Directors (10)	Do-Soung Choi (Independent Director)	Jong-Hoon Baek Jun-Kyung Park Young-Do Ko	Lee-Seok Hwang Jung-Mi Lee Sang-Soo Park Young-Woo Park Tae-Kyun Kwon Jee-Yoon Lee
Audit Committee (3)	Lee-Seok Hwang (Independent Director)		Do-Soung Choi Sang-Soo Park
Independent Director Nomination Committee (3)	Do-Soung Choi (Independent Director)		Jung-Mi Lee Tae-Kyun Kwon
Related Party Transaction Committee (3)	Jung-Mi Lee (Independent Director)		Lee-Seok Hwang Young-Woo Park
Compensation Committee (3)	Sang-Soo Park (Independent Director)		Tae-Kyun Kwon Jee-Yoon Lee
ESG Committee (6)	Jee-Yoon Lee (Independent Director)	Jong-Hoon Baek Jun-Kyung Park	Do-Soung Choi Jung-Mi Lee Young-Woo Park
Management Committee (3)	Jong-Hoon Baek (Executive director)	Jun-Kyung Park Young-Do Ko	

Board of Directors Skill Matrix

Classification	Composition of the Board of Directors	Management	Industry	Sales	R&D	Accounting/Finance	Trade/Purchase	Risk Management	Governance	Legal/Policy	Environment/(Climate Change)	Safety/Health
Executive Directors	Jong-Hoon Baek	○	○	○	○							
	Young-Do Ko	○				○		○				
	Jun-Kyung Park	○	○	○								
Independent Directors	Lee-Seok Hwang					○		○	○			
	Do-Soung Choi					○		○	○			
	Jung-Mi Lee							○		○		
	Sang-Soo Park					○		○		○		
	Young-Woo Park									○	○	
	Tae-Kyun Kwon					○	○			○		
	Jee-Yoon Lee									○	○	○

Committees under the Board of Directors

Currently, Kumho Petrochemical has six core committees under the Board: operating the Audit Committee (3 independent directors), Independent Director Nomination Committee (3 independent directors), Related Party Transaction Committee (3 independent directors), Compensation Committee (3 independent directors), ESG Committee (4 independent directors, 2 executive directors), and Management Committee (3 executive directors).

The Audit Committee plays an important role in enhancing the transparency of corporate management and ensuring the reliability of accounting information as an internal control body completely independent from the management. According to the relevant laws and regulations, the audit committee should be operated by three or more directors, of which more than 2/3 of the members shall be independent directors, and at least one of the members shall be an accounting or financial expert. Currently, our Audit Committee has a total of three members, and is composed of all independent directors, including accounting or financial experts.

The Independent Director Nomination Committee is responsible for searching for director candidates that are competent and suitable for the Board and , evaluate their qualifications prior to recommending the final list of candidates to the Board for higher review. The Management Committee's role is to review and approve agendas regarding major business decisions of the Company.

From 2021, we have newly established the ESG Committee, composed of more than 2/3 of the Related Party Transaction Committee and the Compensation Committee, both composed of entirely independent directors.

The ESG committee is responsible for establishing ESG strategies and oversees the Company's progress in execution of its ESG initiatives as driven by the sustainability focused management.

The Compensation Committee reviews matters related to the Company's remuneration policies and pay practices for our executive directors, while the Related Party Transaction Committee is in charge of reviewing the appropriateness of related party transactions as stipulated by relevant laws and regulations.

Role of the Audit Committee	Role of the Independent Director Nomination Committee
<ol style="list-style-type: none"> 1. Supervision of the work of directors and management 2. Approval of the selection of external auditors 3. Other matters stipulated by the Articles of Incorporation or bylaws in relation to audit duties 	<ol style="list-style-type: none"> 1. Establishment, inspection and supplementation of director appointment principles 2. Recommendation of director candidates to be appointed by the general meeting of shareholders 3. Regular management of director candidate pool and candidate verification
Role of the Related Party Transaction Committee	Role of the Compensation Committee
Deliberation and resolution on internal trading in accordance with the Commercial Act, Monopoly Regulation and Fair Trade Act, etc.	Deliberation and resolution on matters related to remuneration or compensation for directors, such as the limit on remuneration for directors and the system of compensation
Role of the ESG Committee	Role of the Management Committee
Establishment, management and evaluation of the company's ESG-related strategies and policies	Establishment of major business strategies or policies of the company, and deliberation and resolution on major business status

Operation of the Board of Directors

According to Article 5 of Kumho Petrochemical's Board of Directors Regulations, meetings of the Board of Directors are in principle to be held once a quarter, with two or more meetings being held between January to March for consideration of the submission of financial statements to the Audit Committee and approval by the Board of Directors six weeks prior to the general meeting of shareholders, the prior approval of the Board of Directors for the agenda of the general meeting of shareholders, and the convocation of the regular general meeting of shareholders in March. In addition, ad-hoc meetings are held from time to time when irregular Board approval matters occur and it is difficult to submit to the regular schedule of the Board.

Each meeting of the Board of Directors is convened by the Chairperson in accordance with Article 7, Paragraph 1 of the Board of Directors Regulations, and in accordance with Article 7, Paragraph 3, each director must be notified at least two days before the convocation of such a meeting, and this convocation procedure may be omitted when there is unanimous consent of all directors.

Last year, a total of 10 Board of Director meetings were held, and the attendance rate of directors was 100%.

Strengthening the Expertise of the Board of Directors

In order to appoint independent directors in a fair and transparent manner, Kumho Petrochemical not only verifies the reasons for disqualification through the qualification requirements for independent directors required by the Commercial Act, but also faithfully checks qualifications such as independence, professionalism, job fairness, ethical responsibility, and loyalty - selecting the right candidate after carefully examining people with vast experience across various fields.

In addition, when recommending a director candidate, the Board of Directors and the Independent Director Nomination Committee closely review whether the candidate's experience and expertise have the potential to make a practical contribution to corporate management. Accordingly, directors with diverse backgrounds and expertise, such as corporate management, finance, accounting, law, risk management, ESG, and gender diversity, participate in our Board of Directors to enhance its expertise, and are strengthening the checks on management. In particular, the appointment of members of the Audit Committee is more stringent than legal

requirements, and includes two or more experts with experiences in banking, accounting, or finance.

In December 2022, in order to strengthen the independence of the Board of Directors and enhance management transparency, the roles of the Chairperson of the Board of Directors and the CEO were separated, and Independent Director Do-Soung Choi was appointed as the Chairperson of the Board of Directors. Independent of these, Kumho Petrochemical is seeking various ways to strengthen the expertise of the Board of Directors and at the same time, continue the policy of advancing governance structure.

Activity History of the Board of Directors

Resolutions of the Board of Directors in 2022

Date convened	Details of agenda	Passed or not	Attendance status
February 10, 2022	• Approval of 45th financial statements (fiscal year 2021)	Original draft passed	10/10
	• Approval of 45th financial statements (fiscal year 2021)	Original draft passed	
	• Appointment of members of the Independent Director Candidate Recommendation Committee	Original draft passed	
	• Report on the operation status of the internal accounting control system	Reporting complete	
March 8, 2022	• (Audit Committee) Report on internal accounting control system evaluation	Reporting complete	10/10
	• Report on mid- to long-term growth strategy for sustainable management	Reporting complete	
	• Report on committee resolutions within the Board of Directors	Reporting complete	
	• Case of convocation of the 45th regular general meeting of shareholders	Original draft passed	
	- Agenda No. 1: Approval of the 45th financial statement and profit dividend		
	- Agenda No. 2: Appointment of 2 independent directors		
	- Agenda No. 3: Appointment of 1 member of the Audit Committee		
	- Agenda No. 4: Approval of director remuneration limit		
	• Reapproval of the 45th business report	Original draft passed	
	• Decision on acquiring treasury stocks (signing of trust contract)	Original draft passed	
	• Approval of safety and health plans	Original draft passed	
April 5, 2022	• Approval of acquisition of investment securities of Kumho TNL Co., Ltd.	Original draft passed	10/10
May 12, 2022	• Appointment of members of the ESG Committee	Original draft passed	10/10
	• Appointment of members of the Internal Trading Committee	Original draft passed	
	• Appointment of members of the Compensation Committee	Original draft passed	
	• 1/4Q 2022 Business performance report	Reporting complete	
June 10, 2022	• Convocation of an extraordinary general meeting of shareholders	Original draft passed	9/9
August 10, 2022	• Appointment of members of the Independent Director Candidate Recommendation Committee	Original draft passed	10/10
	• Appointment of members of the ESG Committee	Original draft passed	
	• Appointment of members of the Compensation Committee	Original draft passed	

	• Appointment of members of the Business Committee	Original draft passed	
	• Report on business performance of the first half of 2022	Reporting complete	
	• Report on the release of investor obligation in Kumho TNL Co., Ltd.	Reporting complete	
	• Report on Committee resolutions	Reporting complete	
September 20, 2022	• Decision to retire treasury stock	Original draft passed	10/10
November 8, 2022	• Approval of facility investment change (NB_Latex, Ulsan)	Original draft passed	10/10
	• Q3 2022 Business performance report	Reporting complete	
	• Report on capital reduction of Kumho Petro Holdings (Hong Kong) Co., Ltd.	Reporting complete	
	• Report on Committee resolutions	Reporting complete	
December 14, 2022	• Approval of annual borrowing and setting limits for payment guarantee	Original draft passed	10/10
	• Approval of revision of the Related Party Transaction Committee regulations	Original draft passed	
	• Appointment of the Chairperson of the Board of Directors	Original draft passed	
	• 2022 business performance and 2023 business plan	Reporting complete	
	• Report on Committee resolutions	Reporting complete	
	• 46th Regular General Meeting of Shareholders Schedule (Draft)	Reporting complete	
December 22, 2022	• Appointment of executive officers	Original draft passed	10/10

Resolutions of the Audit Committee in 2022

Date convened	Details of agenda	Passed or not	Attendance status
February 10, 2022	• Report on the operation status of the internal accounting control system	Reporting complete	4/4
	• Report on the 45th (fiscal year 2021) financial statements	Reporting complete	
	• Report on 2021 Audit Committee activity results	Reporting complete	
	• Report on 2021 internal accounting control system Audit Committee supervision inspection results	Reporting complete	
March 7, 2022	• Q1 2022 Communication with auditors	Discussion complete	4/4
	• Report on the changes to the 45th (fiscal year 2021) financial statements	Reporting complete	
	• Report on the changes to the 45th (fiscal year 2021) business report	Reporting complete	
	• Preparation of internal accounting control system evaluation report	Original draft passed	
	• Preparation of audit report by Audit Committee	Original draft passed	
May 12, 2022	• Q2 2022 Communication with auditors	Discussion complete	4/4
	• Report on 2022 Audit Committee activity plan	Reporting complete	
	• Report on internal accounting control system evaluation plan for 2022	Reporting complete	

	• Report on 2022 internal audit activity plan	Reporting complete	
	• Evaluation of auditor's audit activities in 2021	Original draft passed	
September 16, 2022	• Q3 2022 Communication with auditors	Discussion complete	3/3
	• Report on external auditor (designated auditor) appointment process	Reporting complete	
	• Consolidated internal accounting control system and countermeasures	Training completed	
November 30, 2022	• Approval of external audit contract documentation	Original draft passed	3/3
December 16, 2022	• Q4 2022 Communication with auditors	Discussion complete	3/3
	• Report on 2022 internal accounting control system Audit Committee supervision inspection status	Reporting complete	

Resolutions of the Independent Director Nomination Committee in 2022

Date convened	Details of agenda	Passed or not	Attendance status
February 10, 2022	• Appointment of Chairperson of the Independent Director Candidate Recommendation Committee	Original draft passed	3/3
March 3, 2022	• Recommendation of independent director candidates	Original draft passed	3/3
June 10, 2022	• Recommendation of independent director candidates	Original draft passed	3/3

Resolutions of the Related Party Transaction Committee in 2022

Date convened	Details of agenda	Passed or not	Attendance status
December 7, 2022	• Report on Related Party Transaction Committee operation plan	Reporting complete	3/3
	• Report on internal trading status with affiliates (2022, 2023)	Reporting complete	

Resolutions of the Compensation Committee in 2022

Date convened	Details of agenda	Passed or not	Attendance status
March 4, 2022	• Approval of director remuneration limit in 2022	Original draft passed	3/3
	• 2022 Evaluation of adequacy of individual remuneration payment standards and payment methods for registered directors	Original draft passed	
August 10, 2022	• Appointment of Chairperson of the Compensation Committee	Original draft passed	3/3
December 13, 2022	• Compensation Committee operation plan	Reporting complete	3/3
	• 2022 company status related to payment of remuneration for registered directors	Reporting complete	

Resolutions of the ESG Committee in 2022

Date convened	Details of agenda	Passed or not	Attendance status
February 23, 2022	• Report on results of consulting on establishment of strategy for countermeasures for climate changes	Reporting complete	4/4
	• Report on recent ESG issues	Reporting complete	
	• Approval of the 2022 ESG business strategy promotion plan	Original draft passed	
June 16, 2022	• Approval of publication of the 2021 sustainability report	Original draft passed	4/4
	• Approval of ESG policies and guidelines	Original draft passed	
	• Approval of registration to K-EV100	Original draft passed	
	• Report on the review of directions for plastic regulation countermeasures	Reporting complete	
August 10, 2022	• Appointment of Chairperson of the ESG Committee	Original draft passed	6/6
December 14, 2022	• Approval of establishment of ESG investment principles	Original draft passed	6/6
	• Report on 2030 detailed GHG reduction implementation roadmap	Reporting complete	
	• Report on carbon dioxide capture and utilization (CCUS) investment and commercialization	Reporting complete	
	• Report on the 2023 ESG Committee operation plan	Reporting complete	
	• Report on ESG business promotion performance in 2022 and business plan for 2023	Reporting complete	
	• Report on ESG Vision task Action Plan Renewal draft	Reporting complete	
	• Report on "Sustainability Report 2022" production progress	Reporting complete	

Resolutions of the Management Committee in 2022

Date convened	Details of agenda	Passed or not	Attendance status
February 14, 2022	• Approval of payment guarantee for Chinese joint venture (Rizhao Jinhu Jinma Chemical Co., Ltd.)	Original draft passed	2/2
May 16, 2022	• Approval of payment guarantee for Chinese joint venture (Rizhao Jinhu Jinma Chemical Co., Ltd.)	Original draft passed	2/2
May 26, 2022	• Suhyup Bank new line of credit agreement	Original draft passed	2/2
	• Renewal of the Kookmin Bank line of credit (trade finance) agreement	Original draft passed	
	• Renewal of the Export-Import Bank of Korea line of credit (import fund loan) agreement	Original draft passed	
July 7, 2022	• Agreement on loan for new facilities with Korea Development Bank	Original draft passed	2/2
	• Agreement on loan for new facilities with Shinhan Bank	Original draft passed	
October 6, 2022	• Approval of the Korea Development Bank loan refinancing and extension of the foreign exchange limit agreement	Original draft passed	3/3

Training status of independent directors (Audit Committee members) in 2022

Date convened	Details of agenda	Passed or not	Attendance status
May 17, 2022	• Introduction of Kumho Petrochemical	Training completed	Independent Directors(2/2)
September 16, 2022	• Consolidated internal accounting control system and countermeasures	Training completed	Audit Committee Member(3/3)
October 25, 2022	• Introduction of business sites and affiliates located in Yeosu, product training	Training completed	Independent Directors(7/7)

Board of Directors attendance rate

Classification	Name	2020	2021	2022	Total		
					Number of Board of Directors meetings	Frequency of attendance	Attendance rate
Executive Directors	Chan Koo Park	9/10	6/6	-	16	15	94%
	Dong-Jun Moon	10/10	3/3	-	13	13	100%
	Woo-Sung Shin	10/10	6/6	-	16	16	100%
	Jong-Hoon Baek	-	8/8	10/10	18	18	100%
	Young-Hoon Ko	-	5/5	5/5	10	10	100%
	Young-Do Ko	-	5/5	10/10	15	15	100%
	Jun-Kyung Park	-	-	5/5	5	5	100%
Independent Directors	Yong-Man Rhee	1/3	-	-	3	1	33%
	Jin-Ho Chung	10/10	11/11	2/2	23	23	100%
	Myung-Kee Jang	10/10	3/3	-	13	13	100%
	Ock-Ryeol Song	10/10	3/3	-	13	13	100%
	Woon-Oh Jeong	10/10	3/3	-	13	13	100%
	Hwi-Sung Lee	10/10	3/3	-	13	13	100%
	Yong-Sun Jeong	10/10	11/11	2/2	23	23	100%
	Jae-Kyung Lee	7/7	11/11	5/5	23	23	100%
	Do-Soung Choi	-	8/8	10/10	18	18	100%
	Lee-Seok Hwang	-	8/8	10/10	18	18	100%
	Jung-Mi Lee	-	8/8	10/10	18	18	100%
	Soon-Ae Park	-	8/8	4/4	12	12	100%
	Sang-Soo Park	-	-	8/8	8	8	100%
	Young-Woo Park	-	-	8/8	8	8	100%

	Tae-Kyun Kwon	-	-	5/5	5	5	100%
	Jee-Yoon Lee	-	-	5/5	5	5	100%

Audit Committee attendance rate

Name	2020	2021	2022	Total		
				Number of Board of Directors meetings	Frequency of attendance	Attendance rate
Yong-Man Rhee	1/2	-	-	2	1	50%
Jin-Ho Chung	5/5	7/7	2/2	14	14	100%
Woon-Oh Jeong	5/5	2/2	-	7	7	100%
Hwi-Sung Lee	5/5	2/2	-	7	7	100%
Jae-Kyung Lee	3/3	7/7	3/3	13	13	100%
Do-Soung Choi	-	5/5	6/6	11	11	100%
Lee-Seok Hwang	-	5/5	6/6	11	11	100%
Sang-Soo Park	-	-	4/4	4	4	100%

Independent Director Nomination Committee attendance rate

Name	2020	2021	2022	Total		
				Number of Board of Directors meetings	Frequency of attendance	Attendance rate
Yong-Man Rhee	1/1	-	-	1	1	100%
Jin-Ho Chung	2/2	1/1	-	3	3	100%
Woon-Oh Jeong	1/1	1/1	-	2	2	100%
Jung-Mi Lee	-	-	3/3	3	3	100%
Jae-Kyung Lee	-	-	3/3	3	3	100%
Do-Soung Choi	-	-	3/3	3	3	100%
Tae-Kyun Kwon	-	-	-	-	-	-

Related Party Transaction Committee attendance rate

Name	2020	2021	2022	Total		
				Number of Board of Directors meetings	Frequency of attendance	Attendance rate
Jung-Mi Lee	-	2/2	1/1	3	3	100%
Yong-Sun Jeong	-	2/2	-	2	2	100%
Lee-Seok Hwang	-	2/2	1/1	3	3	100%
Young-Woo Park	-	-	1/1	1	1	100%

Compensation Committee attendance rate

Name	2020	2021	2022	Total		
				Number of Board of Directors meetings	Frequency of attendance	Attendance rate
Jae-Kyung Lee	-	2/2	1/1	3	3	100%
Soon-Ae Park	-	2/2	1/1	3	3	100%
Yong-Sun Jeong	-	2/2	1/1	3	3	100%
Sang-Soo Park	-	-	2/2	2	2	100%
Tae-Kyun Kwon	-	-	2/2	2	2	100%
Jee-Yoon Lee	-	-	2/2	2	2	100%

ESG Committee attendance rate

Name	2020	2021	2022	Total		
				Number of Board of Directors meetings	Frequency of attendance	Attendance rate
Soon-Ae Park	-	3/3	1/1	4	4	100%
Jong-Hoon Baek	-	3/3	4/4	7	7	100%
Jun-Kyung Park	-	-	2/2	2	2	100%
Jung-Mi Lee	-	3/3	4/4	7	7	100%
Do-Soung Choi	-	3/3	4/4	7	7	100%
Young-Woo Park	-	-	3/3	3	3	100%
Jee-Yoon Lee	-	-	2/2	2	2	100%

Management Committee attendance rate

Name	2020	2021	2022	Total		
				Number of Board of Directors meetings	Frequency of attendance	Attendance rate
Jong-Hoon Baek	-	4/4	5/5	9	9	100%
Young-Do Ko	-	4/4	5/5	9	9	100%
Jun-Kyung Park	-	-	1/1	1	1	100%

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2022 and 2021

<i>(In millions of won)</i>	2022	2021
Assets		
Non-current assets	4,975,634	4,670,464
Property, plant and equipment	3,636,331	3,416,204
Right-of-use asset	80,184	92,660
Investment property	81,810	82,613
Intangible assets	44,015	51,339
Investments in associates and joint ventures	757,448	645,082
Financial assets at fair value through other comprehensive income	279,771	336,248
Financial assets at fair value through profit or loss	6,277	5,823
Net defined benefit assets	64,637	4,781
Derivative financial assets	2,367	90
Loans and other receivables	18,471	27,311
Deferred tax assets	1,961	6,731
Other non-current assets	2,362	1,582
Current assets	2,743,638	3,445,210
Inventories	826,466	780,319
Derivative financial assets	4,011	54
Trade receivables	684,159	832,139
Loans and other receivables	617,596	1,172,047
Cash and cash equivalents	567,301	622,937
Other current assets	43,499	37,611
Current tax assets	606	103
Total assets	7,719,272	8,115,674

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position, Continued

As of December 31, 2022 and 2021

(In millions of won)	2022	2021
Equity		
Equity attributable to owners of the Group	5,652,042	5,081,790
Capital	167,456	167,456
Capital surplus	378,017	378,261
Capital adjustment	(38,146)	(37,950)
Accumulated other comprehensive income(loss)	(41,035)	8,957
Retained earnings	5,185,750	4,565,066
Non-controlling interests	1,374	1,118
Total equity	5,653,416	5,082,908
Liabilities		
Non-current liabilities	603,076	672,486
Other payables	110,777	104,178
Long-term accrued expenses	9,435	10,137
Borrowings	245,051	243,472
Lease liability	58,813	70,306
Net defined benefit liabilities	12,224	17,465
Deferred tax liabilities	124,871	185,650
Derivative financial liabilities	2,656	908
Provision	159	155
Other non-current liabilities	39,090	40,215
Current liabilities	1,462,780	2,360,280
Trade payables	349,002	443,426
Other payables	435,978	464,797
Borrowings	483,708	714,275
Lease liability	9,194	5,362
Current tax liabilities	100,830	571,507
Derivative financial Liabilities	-	533
Provisions	4,905	14,380
Other current liabilities	79,146	145,977
Financial guarantee liabilities	17	23
Total liabilities	2,065,856	3,032,766
Total equity and liabilities	7,719,272	8,115,674

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Profit or Loss

For the years ended December 31, 2022 and 2021

<i>(In millions of won, except earnings per share information)</i>	2022	2021
Sales	7,975,626	8,461,842
Cost of sales	6,548,798	5,763,735
Gross profit	1,426,828	2,698,107
Selling, general and administrative expenses	279,082	291,271
Operating income	1,147,746	2,406,836
Other income	137,343	140,534
Other expenses	139,990	96,358
Financial income	93,150	36,760
Financial expenses	104,505	58,262
Share of profit of equity accounted investees	117,831	188,610
Profit before income tax	1,251,575	2,618,120
Income tax expense	225,871	652,543
Profit for the year	1,025,704	1,965,577
Profit attributable to:		
Owners of the Group	1,025,448	1,965,465
Non-controlling interests	256	112
Earnings per share (In Korean won) :		
Basic and diluted earnings per share (common stock)	37,290	70,433
Basic and diluted earnings per share (preferred stock)	37,899	70,417

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

<i>(In millions of won)</i>	2022	2021
Profit for the year	1,025,704	1,965,577
Other comprehensive income (loss) for the year, net of income tax	(23,828)	60,884
1. Items that will not be reclassified subsequently to profit or loss :		
Remeasurement of net defined benefit liabilities/assets	25,834	(9,505)
Valuation gain (or loss) from financial assets at fair value through OCI	(43,406)	54,765
Net change in retained earnings of investments in associates	330	846
2. Items that will be reclassified subsequently to profit or loss :		
Foreign currency translation differences for foreign operations	(3,759)	5,025
Valuation gain (or loss) from derivative financial instruments	1,184	771
Net change in gain (or loss) on valuation of investments in associates	(4,011)	8,982
Total comprehensive income for the year	1,001,876	2,026,461
Total comprehensive income attributable to:		
Owners of the Group	1,001,619	2,026,349
Non-controlling interests	257	112

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(In millions of won)	Capital	Capital surplus	Capital adjustment	Accumulated OCI	Retained earnings	Non-controlling interests	Total equity
Balance at January 1, 2021	167,456	356,466	(40,412)	(62,726)	2,727,443	1,007	3,149,234
Total comprehensive income for the year							
Profit for the year	-	-	-	-	1,965,465	112	1,965,577
Valuation gain (or loss) from financial assets at fair value through OCI	-	-	-	56,905	(2,140)	-	54,765
Foreign currency translation differences for foreign operations	-	-	-	5,025	-	-	5,025
Valuation gain (or loss) from derivative financial instruments	-	-	-	771	-	-	771
Net change in unrealized gain on valuation of investments in associates	-	-	-	8,982	-	-	8,982
Net change in retained earnings of investments in associates	-	-	-	-	846	-	846
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	(9,505)	-	(9,505)
Transactions with owners of the Group, directly attributable to equity							
Changes in a parent's ownership interest in subsidiaries	-	(65)	-	-	-	-	(65)
Disposal of treasury stock	-	21,860	1,231	-	-	-	23,091
Retirement of treasury stock	-	-	1,231	-	(1,231)	-	-
Dividends	-	-	-	-	(115,812)	(1)	(115,813)
Balance at December 31, 2021	167,456	378,261	(37,950)	8,957	4,565,066	1,118	5,082,908
Balance at January 1, 2022	167,456	378,261	(37,950)	8,957	4,565,066	1,118	5,082,908
Total comprehensive income for the year							
Profit for the year	-	-	-	-	1,025,448	256	1,025,704
Valuation gain (or loss) from financial assets at fair value through OCI	-	-	-	(43,406)	-	-	(43,406)
Foreign currency translation differences for foreign operations	-	-	-	(3,759)	-	-	(3,759)
Valuation gain (or loss) from derivative financial instruments	-	-	-	1,184	-	-	1,184
Net change in unrealized gain on valuation of investments in associates	-	-	-	(4,011)	-	-	(4,011)
Net change in retained earnings of investments in associates	-	-	-	-	330	-	330
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	25,834	-	25,834
Transactions with owners of the Group, directly attributable to equity							
Acquisition of treasury stock	-	-	(150,072)	-	-	-	(150,072)
Retirement of treasury stock	-	-	150,072	-	(150,072)	-	-
Additional acquisition of shares of subsidiaries	-	-	(115)	-	-	-	(115)
Other capital adjustment	-	(244)	(81)	-	-	-	(325)
Dividends	-	-	-	-	(280,856)	-	(280,856)
Balance at December 31, 2022	167,456	378,017	(38,146)	(41,035)	5,185,750	1,374	5,653,416

(*) OCI : Other Comprehensive Income

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(In millions of won)	2022	2021
Cash flows from operating activities:	513,533	2,127,031
Cash generated from operating activities	1,200,126	2,366,243
Interest received	28,801	4,757
Interest paid	(24,584)	(18,946)
Dividends received	56,072	19,819
Income tax paid	(746,882)	(244,842)
Cash flows from investing activities:	94,084	(1,758,508)
Increase in short-term financial instruments	(1,191,624)	(1,303,000)
Decrease in short-term financial instruments	1,750,500	277,000
Increase in long-term financial instruments	(1,289)	-
Decrease in long-term financial instruments	9,253	10
Collection of short-term loans	265	5,528
Increase in long-term loans	(409)	(375)
Collection of long-term loans	153	631
Acquisition of investments in associates and joint ventures	(50,200)	-
Disposal of investments in associates and joint ventures	-	15,614
Acquisition of property, plant and equipment	(427,689)	(353,776)
Disposal of property, plant and equipment	4,869	1,375
Acquisition of intangible assets	(386)	(1,219)
Disposal of intangible assets	-	480
Acquisition of financial assets at fair value through OCI	-	(79)
Acquisition of financial assets at fair value through P/L	(600)	-
Disposal of financial assets at fair value through P/L	624	-
Acquisition of other investments	-	(371)
Disposal of other investments	617	-
Increase in cash due to change in scope of consolidation	-	(400,326)
Cash flows from financing activities:	(661,044)	(166,557)
Net changes in short-term borrowings	(75,996)	(2,001)
Proceeds from long-term borrowings	178,400	25,579
Repayments of current portion of long-term borrowings	(295,612)	(62,933)
Repayments of long-term borrowings	(32,749)	(1,000)
Payments of lease liability	(8,294)	(10,177)
Cash inflows from settlement of derivatives	4,240	-
Dividends paid	(280,846)	(115,809)
Acquisition of treasury stock	(150,072)	-
Disposal of treasury stock	-	(151)
Payment for share issuance costs	(115)	(65)
Effects of exchange rate changes on cash and cash equivalents	(2,209)	2,748
Net increase(decrease) in cash and cash equivalents	(55,636)	204,714
Cash and cash equivalents at the beginning of year	622,937	418,223
Cash and cash equivalents at the end of year	567,301	622,937

KUMHO PETROCHEMICAL CO., LTD.
Separate Statements of Financial Position
As of December 31, 2022 and 2021

<i>(In millions of won)</i>	2022	2021
Assets		
Non-current assets	2,912,727	2,764,807
Property, plant and equipment	1,679,149	1,515,968
Right-of-use asset	24,732	27,453
Investment property	65,254	66,454
Intangible assets	15,292	16,129
Investments in subsidiaries, associates and joint ventures	784,728	780,412
Financial assets at fair value through other comprehensive income	279,332	335,814
Financial assets at fair value through profit or loss	5,588	5,049
Net defined benefit assets	47,501	4,781
Loans and other receivables	10,365	11,961
Other non-current assets	786	786
Current assets	1,366,112	1,883,967
Inventories	447,128	458,400
Derivative financial assets	1,703	-
Trade receivables	420,815	479,554
Loans and other receivables	147,211	447,505
Cash and cash equivalents	324,558	478,080
Other current assets	24,697	20,428
Total assets	4,278,839	4,648,774

KUMHO PETROCHEMICAL CO., LTD
Separate Statements of Financial Position, Continued
As of December 31, 2022 and 2021

<i>(In millions of won)</i>	2022	2021
Equity		
Capital	167,456	167,456
Capital surplus	298,065	298,065
Capital adjustment	(37,604)	(37,604)
Accumulated other comprehensive income(loss)	(45,531)	(2,148)
Retained earnings	2,811,020	2,652,598
Total equity	3,193,406	3,078,367
Liabilities		
Non-current liabilities	223,468	164,677
Other payables	19	19
Borrowings	176,293	125,472
Lease liability	20,414	23,258
Deferred tax liabilities	17,617	8,255
Long-term accrued expenses	6,468	6,765
Derivative financial liabilities	2,657	908
Current liabilities	861,965	1,405,730
Trade payables	230,119	266,642
Other payables	194,911	185,252
Borrowings	339,283	545,586
Lease liability	5,158	2,615
Derivative financial liabilities	-	188
Income tax payables	53,119	311,041
Provisions	3,023	3,728
Short-term financial guarantee liabilities	8	14
Other current liabilities	36,344	90,664
Total liabilities	1,085,433	1,570,407
Total equity and liabilities	4,278,839	4,648,774

KUMHO PETROCHEMICAL CO., LTD.

Separate Statements of Profit or Loss

For the years ended December 31, 2022 and 2021

<i>(In millions of won, except earnings per share information)</i>	2022	2021
Sales	5,086,856	5,501,282
Cost of sales	4,240,193	3,960,194
Gross profit	846,663	1,541,088
Selling, general and administrative expenses	190,457	198,306
Operating income	656,206	1,342,782
Other income	185,629	63,526
Other expenses	83,429	35,846
Financial income	53,806	17,937
Financial expenses	64,893	32,179
Profit before income tax	747,319	1,356,220
Income tax expense	172,180	369,234
Profit for the year	575,139	986,986
Earnings per share (In Korean won) :		
Basic and Diluted earnings per share(common stock)	20,912	35,370
Basic and Diluted earnings per share(preferred stock)	21,276	35,354

KUMHO PETROCHEMICAL CO., LTD.
Separate Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021

<i>(In millions of won)</i>	2022	2021
Profit for the year	575,139	986,986
Other comprehensive income (loss) for the year, net of income tax	(29,171)	48,276
1. Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liabilities/assets	14,212	(7,873)
Valuation gain (or loss) from financial assets at fair value through OCI	(43,408)	55,533
2. Items that will be reclassified subsequently to profit or loss:		
Valuation gain (or loss) from derivative financial instruments	25	616
Total comprehensive income for the year	545,968	1,035,262

KUMHO PETROCHEMICAL CO., LTD.
Separate Statements of Changes in Equity
For the years ended December 31, 2022 and 2021

<i>(In millions of won)</i>	Capital	Capital surplus	Capital adjustment	Accumulated OCI	Retained earnings	Total equity
Balance at January 1, 2021	167,456	276,205	(40,066)	(59,023)	1,791,254	2,135,826
Total comprehensive income for the year						
Profit for the year	-	-	-	-	986,986	986,986
Valuation gain (or loss) from financial assets at fair value through OCI	-	-	-	55,533	-	55,533
Substitution from other comprehensive income to retained earnings	-	-	-	726	(726)	-
Valuation gain (or loss) from derivative financial instruments	-	-	-	616	-	616
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	(7,873)	(7,873)
Transactions with owners of the Company, directly attributable to equity						
Dividends	-	-	-	-	(115,812)	(115,812)
Disposal of treasury stock	-	21,860	1,231	-	-	23,091
Retirement of treasury stock	-	-	1,231	-	(1,231)	-
Balance at December 31, 2021	167,456	298,065	(37,604)	(2,148)	2,652,598	3,078,367
Balance at January 1, 2022	167,456	298,065	(37,604)	(2,148)	2,652,598	3,078,367
Total comprehensive income for the year						
Profit for the year	-	-	-	-	575,139	575,139
Valuation gain (or loss) from financial assets at fair value through OCI	-	-	-	(43,408)	-	(43,408)
Valuation gain (or loss) from derivative financial instruments	-	-	-	25	-	25
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	14,212	14,212
Transactions with owners of the Company, directly attributable to equity						
Dividends	-	-	-	-	(280,856)	(280,856)
Acquisition of treasury stock	-	-	(150,073)	-	-	(150,073)
Retirement of treasury stock	-	-	150,073	-	(150,073)	-
Balance at December 31, 2022	167,456	298,065	(37,604)	(45,531)	2,811,020	3,193,406

(*) OCI : Other Comprehensive Income

KUMHO PETROCHEMICAL CO., LTD.

Separate Statements of Cash Flows

For the years ended December 31, 2022 and 2021

<i>(In millions of won)</i>	2022	2021
Cash flows from operating activities	374,809	1,144,956
Cash generated from operation activities	691,188	1,318,133
Interest received	12,641	2,972
Interest paid	(15,773)	(13,415)
Dividends received	99,051	14,568
Income tax paid	(412,298)	(177,302)
Cash flows from investing activities	56,381	(913,358)
Collection of short-term loans	176	166
Increase in long-term loans	(95)	(235)
Decrease in long-term loans	-	7
Increase in short-term financial instruments	(300,000)	(480,000)
Decrease in short-term financial instruments	611,500	67,000
Acquisition of property, plant and equipment	(255,504)	(137,531)
Disposal of property, plant and equipment	4,803	15
Acquisition of intangible assets	(183)	(4,845)
Acquisition of investments in subsidiaries and associates	(23,000)	(357,856)
Disposal of investments in subsidiaries and associates	18,684	-
Acquisition of financial assets at fair value through OCI	-	(79)
Cash flows from financing activities	(582,174)	(106,103)
Net proceeds(repaysments) of short-term borrowings	(55,861)	39,196
Proceeds from long-term borrowings	135,900	-
Repayments of current portion of long-term borrowings	(231,710)	(24,000)
Cash inflows from settlement of derivatives	4,240	-
Payments of lease liability	(3,824)	(5,339)
Dividends paid	(280,846)	(115,809)
Acquisition of treasury stock	(150,073)	-
Disposal of treasury stock	-	(151)
Effects of exchange rate changes on cash and cash equivalents	(2,538)	2,393
Net increase(decrease) in cash and cash equivalents	(153,522)	127,888
Cash and cash equivalents at the beginning of year	478,080	350,192
Cash and cash equivalents at the end of year	324,558	478,080

KUMHO PETROCHEMICAL CO., LTD.
Statements of Appropriation of Retained Earnings
For the years ended December 31, 2022 and 2021

<i>(In millions of won)</i>	Current year (Expected date of disposal: March 24, 2023)		Previous year (Confirmed date of disposal: March 25, 2022)	
I. Unappropriated retained earnings		450,020		989,698
Unappropriated retained earnings carried over from previous year	10,741		12,541	
Profit for the year	575,139		986,987	
Re-measurement of net defined benefit liability	14,212		(7,873)	
Substitution from other comprehensive income to retained earnings	-		(726)	
Retirement of treasury stock	(150,073)		(1,231)	
II. Appropriation of retained earnings		346,120		978,956
Legal reserve	14,700		28,100	
Voluntary reserve	185,000		670,000	
Cash dividends	146,432		280,856	
Dividend per share (dividend rate):				
Common stock:				
Current year - KRW 5,400(108%)				
Previous year - KRW 10,000(200%)				
Preferred stock:				
Current year: KRW 5,450(109%)				
Previous year: KRW 10,050(201%)				
III. Unappropriated retained earnings carried forward to subsequent year		103,888		10,742