

KUMHO PETROCHEMICAL



KUMHO PETROCHEMICAL

**47^h Annual General Meeting of
Shareholders Reference Material**

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Board Chair's Message

Dear Shareholders,

We extend our deepest gratitude for your continuous interest and support towards Kumho Petrochemical, wishing you a year filled with joy and prosperity. We are pleased to invite you to the upcoming Annual General Meeting (AGM) scheduled for March 22. On behalf of the Board, I would like to take this opportunity to briefly share our accomplishments over the past year and discuss the agenda items for the meeting.

Business Performance and Outlook

The year 2023 was marked by significant external uncertainties due to a variety of complex factors, including high inflation, supply chain disruptions caused by geopolitical tensions and climate change, as well as the decoupling of the global economy. The petrochemical industry also experienced challenges, with a delay in the recovery of chemical product demand due to the global economic downturn, and intensified price competition due to new expansions in China, our largest consumer market. Additionally, a recent increase in freight rates from the Red Sea has led to a reduction in exports to Europe, exacerbating the oversupply situation in Asia and increasing volatility in oil prices.

Kumho Petrochemical recorded consolidated sales of KRW 6.3225 trillion, operating profit of KRW 359 billion, and net income of KRW 447 billion in 2023. These figures represent decreases of 20.7%, 68.7% and 56.2%, respectively, compared to the previous year, primarily due to the delayed recovery in demand and intensified price competition resulting from the expansion of petrochemical sector within China. Despite these challenges, Kumho Petrochemical succeeded in maintaining a solid level of profit compared to the industry peers by strengthening the market dominance of its existing products, continuously reducing costs, and expanding the sales of high-value-added products.

The current business conditions and imbalance between supply and demand are not expected to be resolved in the short term. However, the management and the Board of Directors are committed to enhancing the competitiveness of our core businesses to maintain solid performance against competitors, secure future growth drivers, and achieve sustainable growth, despite the challenging environment.

Shareholder Returns

The dividend for the fiscal year 2023 has been set at 2,900 KRW per share for common shares. The dividend payout ratio is based on a separate net income basis of 25.2%, which is similar to the previous year. Additionally, on March 6, the Board announced the acquisition of treasury shares worth 50 billion KRW (for the purpose of cancellation), and the total shareholder return rate relative to net income, combining the cash dividend size and treasury stock purchase size, is at the level of 41.7%. Over the past three years, the Board has strived to meet shareholders' expectations by consistently implementing shareholder returns of more than 40% through cash dividends and the purchase and cancellation of treasury shares. The Board is focused on enhancing shareholder value from a medium to long-term perspective, emphasizing sustainability rather than expanding shareholder returns in the short term, and will continue to actively communicate with shareholders in this regard. Furthermore, on March 6, the Board of Directors decided to cancel 50% of its treasury shares (common shares 2,624,417) over three years. The Board expects this cancellation decision to dispel market concerns about holding treasury shares while helping to properly evaluate the corporate value of Kumho Petrochemical. The Board promises to continue improving the shareholder return policy while seeking a balance between the company's long-term growth and continuous enhancement of shareholder value.

Board's Achievements

The Board initiated a renewal in 2021, completely revitalizing itself by replacing all members in 2022. It has continuously made improvements to fulfill the promise of enhancing corporate governance and operating a Board centered around independent directors. The efforts of the Board over the past three years to create an effective Board include:

- Enhancing the independence of the Board by separating the roles of the CEO and the Chairman of the Board and appointing an independent director as the Chairman;

- Establishing Committees such as the ESG Committee, the Transactions Committee, and the Compensation Committee, while ensuring that the Transactions Committee, Compensation Committee, Audit Committee, and Nomination Committee are all composed entirely of independent directors to enable effective and independent operation of the Board;
- Enhancing the transparency of the nomination process for independent directors and laying the foundation for appointing competent independent directors by establishing nomination guidelines for independent director candidates and introducing a competency matrix for the Board, along with a system to manage the candidate pool continuously;
- Introducing a director evaluation system to continuously improve the operation of the Board; and
- Increasing the gender diversity of the Board by achieving a 20% female director ratio.

The Board is proud to have fulfilled all promises made in 2021 over the past three years and will continue to communicate with shareholders to maintain good corporate governance and seek improvements.

Meeting Agendas and Shareholder Proposals

The Board, including myself, has proposed the appointment of 5 directors at this shareholder meeting. Four candidates are for reappointment, and candidate Jeung-Won Yang is a new appointment. Jeung-Won Yang, a veteran in the capital markets, has worked for 13 years at Samsung Life Insurance and 20 years at Samsung Asset Management, serving as the CEO of Samsung Active Asset Management from 2019 to 2021. The Board expects him to contribute significantly to the Board with his balanced and differentiated advice, showcasing his capabilities as a CEO and expertise as an investor. The shareholder proposed independent director candidate is also set to be proposed. After thorough review, the Board finds the shareholder-proposed candidate competent. However, we would like to ask our shareholders to support the Board's nominee for the following reasons:

The current Board already has sufficient experience and competency in accounting, the area of expertise of the shareholder-proposed candidate. The Audit Committee has fulfilled its role impeccably over the past three years with all members having accounting and financial expertise. Following the retirement of Lee-Seok Hwang, candidate Jeung-Won Yang will fill this gap, with his CEO experience and capital market understanding, thus contributing to the Audit Committee's broader perspective.

The Board always respects shareholder rights and listens to their opinions. However, the dissident has continuously shown distrust towards the Board and management without attempting communication – often creating conflicts. A healthy and effective Board requires intense yet constructive discussions and harmony despite diversity. There are concerns whether a candidate recommended by a shareholder in conflict with the current management can positively contribute to creating an ideal Board.

As mentioned, our Board has continuously evolved to meet the global governance standards and is committed to building a Board that contributes to sustainable growth. We request shareholders to recognize the Board's efforts and support the Board's nominees.

Treasury Stock Cancellation

Another key issue is the cancellation of the treasury stock. The Board has been aware of the concerns of investors about holding treasury stocks and announced a plan on March 6 to cancel 50% of our outstanding treasury shares. Since the announcement of our shareholder return policy in 2021, the company has proactively purchased and subsequently cancelled the purchased shares. Including the 50 billion KRW planned this time, the total amount of treasury stock acquisition and cancellation is 300 billion KRW from '22~'24. The remaining treasury shares will be disposed of or canceled only in ways that align with shareholder value after sufficient communication with shareholders. The Board believes it must decide on the appropriate timing and scale for treasury stock cancellation, considering available earnings, long-term strategic investment opportunities, employee compensation, and capital funding costs, especially in the anticipated long-term industry downturn where financial liquidity is crucial. The Amendment of the Articles of Incorporation proposed by the dissident fails to consider these critical factors while potentially hindering the Board's ability to make strategic decisions aimed at enhancing the company, and instead myopically focuses on the dissident's concerns about possible

misuse. We, therefore, respectfully ask the shareholders to take these factors into consideration and support the Board's proposal.

Detailed information on each agenda item and the company's key achievements are provided in the following materials. We hope that they will assist shareholders in exercising their voting rights.

We remain committed to engaging and collaborating with our shareholders, driving sustainable growth and enhancing shareholder value. We deeply appreciate your continued support and trust in Kumho Petrochemical and wish health and happiness to you and your families.

Sincerely,

Dosoung Choi 최 도 성

Chair of the Board

Kumho Petrochemical

March 2024

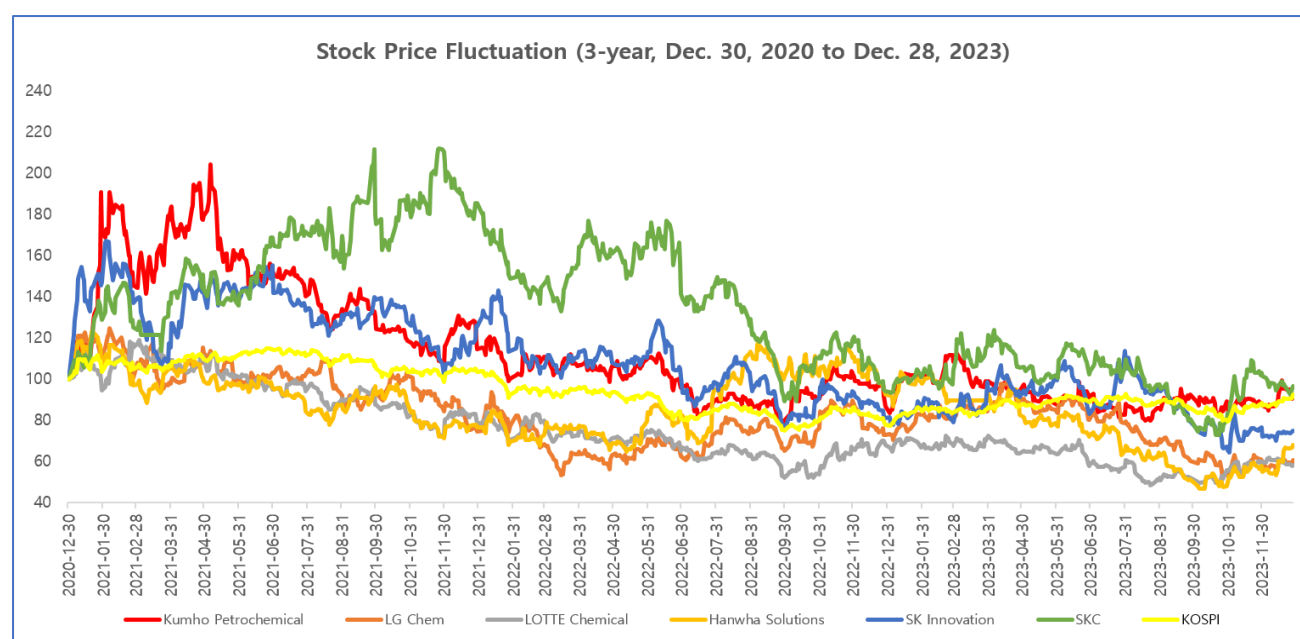
Company's Statement on Tcha Partners' Presentation

Dear respected shareholders,

Tcha Partners Asset Management, acting under the authorization of shareholder Chul-Whan Park, submitted a shareholder proposal which was disclosed publicly on March 4th. We wish to address arguments made by Tcha Partners, which we believe are founded on inaccuracies or are potentially misleading due to selective data use or omissions for their convenience. In light of these claims, we urge our shareholders to consider our detailed rebuttal and the supplementary explanatory materials provided for the agenda items, and to endorse the Board's recommendation.

On the Matter of the Company's Market Valuation Post-Pandemic

The post-COVID-19 era has indeed presented economic challenges and a slowed rebound in demand across the chemical sector, leading to a general downtrend in the stock values of chemical firms, our own included. However, as shown below, the Company has managed to maintain a higher level of stock price compared to its competitors.



Furthermore, when assessing Total Shareholder Return (TSR), our performance stands commendably against both domestic and international counterparts. Our recent 5-year and 3-year TSR figures are recorded at 79.7% and 4.3%, respectively, markedly outperforming the industry average of 68.2% and -7.3%. This achievement is particularly notable amidst the ongoing downturn within the petrochemical sector since 2022, positioning our company's shareholder returns at a leading level within the industry.

The apparent discrepancy between the calculations of Tcha Partners and our own primarily arises from the differing baseline period for assessment. We select the end of year when no special events occurred, whereas Tcha Partners' calculation is based on January 29, 2021—a date influenced by a temporary surge in stock prices resulting from Mr. Chul-Whan Park's shareholder proposal, which we argue is an unsuitable reference point for TSR evaluation.



Addressing Concerns Regarding Treasury Shares

The Board acknowledges the concerns expressed by our investors about the potential disposal of treasury shares through means other than retention and cancellation. In response to these concerns, the Board announced on March 6th an initiative to cancel 50%(common shares 2,624,417) of the company's held treasury shares over a three-year span, with an immediate plan to cancel 875,000 shares within the current fiscal year.

It is important to clarify that the Company has never engaged in the disposal of treasury shares as a means of defense against hostile takeovers or misuse to expand control by major shareholders and has no future intentions of adopting such practices. Despite the assumptions made by Tcha Partners, we affirm that there has been no precedent for deploying treasury shares to favor management's allies, nor are there plans to do so.

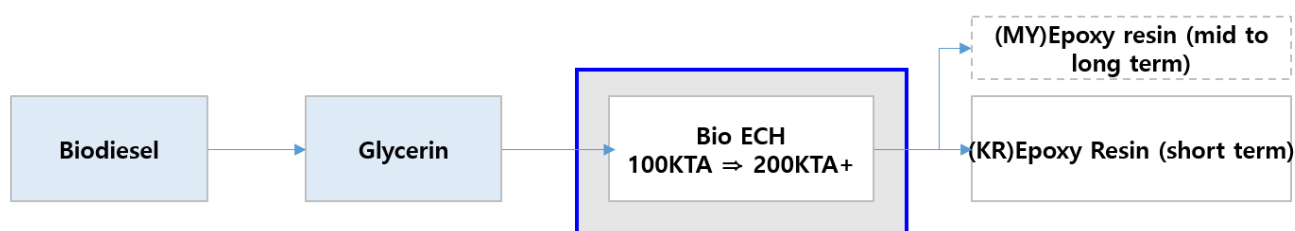
Given the ongoing downturn in the domestic petrochemical industry—a situation we anticipate enduring for a significant duration—the company is taking a cautious approach to safeguard against potential financial vulnerabilities. Maintaining financial liquidity is crucial, not only for enduring this downturn but also for supporting strategic growth through mergers and acquisitions (M&A) or the pursuit of new business opportunities. Thus, the management and the Board regard the remaining treasury shares to be a strategic reserve for the company whose judicious use can be a key option for bolstering financial liquidity under these challenging market conditions without diluting value for the existing shareholders.. We commit to maintaining open and transparent communication with our shareholders about our strategies for the management and disposition of treasury shares, ensuring that any actions taken will be in the best interest of enhancing shareholder value and aligned with our long-term strategic objectives.

Strategic Alliance and Stock Exchange with OCI

The exchange of treasury shares with OCI was orchestrated to cement a strategic partnership and foster enduring trust between our two entities, following the creation of a bio-ECH business joint venture, OCIKumho Sdn. Bhd, in 2021. This venture signifies a pivotal step towards securing a stable supply of ECH, a critical

component for epoxy products, and aligns with our goal to expand epoxy applications over the medium to long term. The joint venture also aims to procure eco-friendly raw materials, such as glycerin, to replace traditional fossil fuels, emphasizing our commitment to sustainability. OCI, with its CA plant in Malaysia and associated utilities, stands as an ideal partner for this initiative, ensuring a synergistic collaboration for the bio ECH production. The establishment of a joint venture is a pivotal activity for the implementation of the company's medium to long-term strategic plan. Introducing a new ECH production technique utilizing the green material glycerin is expected to require a significant period before it begins generating revenue. Therefore, considering the potential for business expansion and the possibility of entering the Malaysian market, the exchange of treasury shares was executed as a mechanism to solidify the long-term trust between the two companies.

This joint venture and the exchange of treasury shares, constituting merely 0.56% of our total shares, underscores a strategic business enhancement move rather than a tactic for management entrenchment. The company's victory in the legal challenge initiated by shareholder Chul-Whan Park with regards to this strategic disposition of treasury shares, further validates the integrity and legitimate rationale for this transaction.



Regarding NB Latex Business

Kumho Petrochemical's NB Latex products, developed in-house, serve as the primary material for medical gloves and are produced through a unique continuous production method worldwide. This method ensures product quality stability (uniformity) and cost competitiveness, while leading in research and development (R&D). Leveraging these strengths, the company has consistently expanded its market share. To enhance its core business, the Company has been converting general-purpose rubber production lines into high-value product lines, also increasing NB-Latex production by dedicating former general-purpose SBR lines. Notably, the medical gloves market was projected to grow steadily by over 8% annually pre-COVID. In response to the growing market, the company added 240,000 tons of capacity through line conversions in 2020 and improved productivity to add another 70,000 tons in 2021, reaching a total production capacity of 710,000 tons. These proactive investments yielded higher-than-expected profits amidst the COVID-19 situation.

From a medium to long-term perspective, predicting market growth and solidify its competitiveness, the Company decided to further expand by 236,000 tons in 2021, aiming to complete this by the second quarter of 2024, as the investment is currently underway. The high profitability of NB-Latex and medical gloves during the COVID-19 crisis attracted new market entrants, especially local companies in China, leading to a significant increase in glove inventories. However, with the pandemic subsiding and demand decreasing from the second half of 2022, the NB-Latex market has entered a downturn. An adjustment period of 2-3 years may be necessary to address the supply-demand imbalance (e.g., exit of less competitive Chinese companies, depletion of glove inventories), after which the market is expected to turn around and continue growing at a rate of over 8% annually. The Company is planning to adjust its NB-Latex production volume based on market conditions, confident in its quality, cost competitiveness, and R&D capabilities to quickly regain market dominance as demand recovers. Furthermore, to lead future markets, the company is also developing various products, including batch-process NB-Latex and bio-based NB-Latex.

The Board of Directors' oversight

The Board has undergone a complete renewal since the end of 2020, with all members replaced as shown below. Mr. Chan-Koo Park, whom Tcha Partners has criticized, resigned from the board in May 2021. Mr. Jun-Kyung Park, who has not been indicted and has no legal or administrative issues, received endorsements from ISS and Glass Lewis at the time of his appointment. Despite the proxy contest and opposition campaign initiated

by shareholder Chul-Whan Park, the current board members were elected with widespread support from the shareholders, representing the interests of all shareholders.

At the end of 2022		Date of retirement
Category	Name	
Inside Director	Chan-Koo Park	May 2021
	Dong-Jun Moon	Mar 2021
	Woo-Sung Shin	May 2021
Outside Director	Jin-Ho Chung	Mar 2022
	Woon-Oh Jung	Mar 2021
	Hwi-Sung Lee	Mar 2021
	Myong-Kee Jang	Mar 2021
	Ok-Rial Song	Mar 2021
	Yong-Sun Chung	Mar 2022
	Jae-Kyung Lee	July 2022

The entire membership of the Board of Directors was completely overhauled over two years

At the end of 2023		Date of retirement
Category	Name	
Inside Director	Jong-Hoon Baek	Mar 2024
	Jun-Kyung Park	July 2025
	Young-Do Ko	June 2024
Outside Director	Lee-Seok Hwang	Mar 2024
	Do-Soung Choi	Mar 2024
	Jung-Mi Lee	Mar 2024
	Sang-Soo Park	Mar 2025
	Young-Woo Park	Mar 2025
	Tae-Kyun Kwon	July 2025
	Jee-Yoon Lee	July 2025

The Board has been diligently working to fulfill the medium to long-term management plan and corporate governance improvement promises announced at the 2021 AGM. Notable actions include separating the roles of CEO and Chairman of the Board, appointing an outside director as the Board Chair, and composing key committees entirely of outside directors to significantly enhance the Board's independence. The introduction of a BSM aimed at effective board composition, and the revision of the outside director nomination process, has established a system for appointing capable and independent candidates. Additionally, to proactively address climate change, the company has initiated disclosures in accordance with TCFD guidelines and is faithfully advancing tasks for the transition to eco-friendly products and achieving carbon neutrality by 2050. As a result of these efforts, the company's CDP rating has improved from D to B, and its DJSI score has significantly increased from 23 to 63, receiving recognition from the market.

On Shareholders' Proposals

The Board of Directors, after a thorough review of the candidate proposed by Tcha Partners, Kyung-Ho Kim, has concluded that the nomination of Do-Soung Choi, the Board-recommended candidate, aligns more closely with shareholder value for several reasons.

Firstly, the current Board already possesses sufficient accounting expertise, making Kyung-Ho Kim's capabilities somewhat redundant and unlikely to add new value. In contrast, Do-Soung Choi not only brings accounting expertise but, as a top researcher and market leader in the field of corporate governance in Korea, is expected to make a significant contribution to the ongoing improvement of Kumho Petrochemical's corporate governance.

Secondly, while Kyung-Ho Kim has a background in accounting and has served as a director at banks and financial institutions for many years, the petrochemical industry significantly differs from the financial sector in its industrial characteristics. Already having served a term of three years, Do-Soung Choi has gained knowledge and understandings about the petrochemical industry and the Company's operations and is expected to contribute even more effectively to the Board's functioning as a senior Director in his next term.

Thirdly, although Tcha Partners is the proposer of the shareholder proposal, they held only 20 shares at the end of 2023 and increased their holdings to 7,179 shares (0.03%) by February 7, 2024, the time of the proposal. The Board regards this proposal as realistically emanating from shareholder Chul-Whan Park. Tcha Partners, not being a long-term holder of the Company's shares, and based on this investment history, it is difficult to see the shareholder proposal's purpose as serving the long-term interests of the Company or the entirety of its shareholders, other than short-term results or the interests of a specific shareholder. Additionally, since the proxy contest in 2021, Chul-Whan Park has continuously caused friction with the current Board and management through litigation and objections to Board's decisions, leading the Board to conclude that Chul-Whan Park's interests diverge from those of the overall shareholders. The Board expresses concern that the

participation of a candidate recommended by Chul-Whan Park's side may hinder constructive discussion and effective operation of the Board.

Factual inaccuracies and misleading assertions

The company has identified numerous factual inaccuracies and misleading claims in the presentation by Tcha Partners:

- **Claim that BlackRock reduced its stake due to the rejection of a share buyback request:** Black Rock is a well-known index investor, making this claim baseless.
- **Claim regarding the disposal of treasury shares leading to a decrease in the voting and property rights of ordinary shareholders:** This is a biased claim based on the unrealistic scenario of treasury shares being sold entirely to friendly forces.
- **100% approval rate for board resolutions:** The preparation for board resolutions involves thorough prior review, and considerable deliberation occurs among individual directors and the board before resolutions are officially proposed. Therefore, a 100% approval rate for board resolutions does not indicate ineffective operation or lack of independence of the board.
- **Proxy advisors' recommendations for Jun-Kyung Park:** Jun-Kyung Park has received recommendations in favor from ISS, GL, and the Korea ESG Research Institute. The claim selectively chooses information that conveniently supports Tcha Partners' position.
- **Performance of Kumho Resort:** Before acquisition by the Company, Kumho Resort recorded an operating loss of -6.9 billion won. After the acquisition in 2021, the company improved the sales structure and profitability of Kumho Resort, recording operating profits of 0.5 billion won in 2021, 8.8 billion won in 2022, and 13 billion won in 2023.

The company, thus, clarifies its position against the claims made by Tcha Partners and requests the shareholders to oppose the shareholder proposal and support the board's resolutions.

On behalf of the Board of Directors,

Chairman of Kumho Petrochemical Board,

Dosoung Choi 최 도 성

1. Notice of Convocation for the 47th Annual General Meeting (AGM)

1. **Date and Time:** March 22, 2024 (Friday) 09:00 AM
2. **Venue:** Signature Towers East Wing, 4th Floor Auditorium, 100 Cheonggyecheon-ro, Jung-gu, Seoul
3. **Meeting Agenda**

1) **Reporting Items:** Audit Report, Business Report, Transactions with Major Shareholders Report, Internal Accounting Management System Operation Report

2) **Resolutions (Agenda Items):**

Item 1: Approval of the 47th Fiscal Year (January 1, 2023, to December 31, 2023) Financial Statements (Including the Statement of Retained Earnings)

Item 2: Amendment of the Articles of Incorporation

Item 2-1: Disposal and Cancellation of Treasury Shares (Management Proposal)

Item 2-2: Cancellation of Treasury Shares (Shareholder Proposal by Tcha Partners Asset Management)

※ Agenda Item 2-1 and Agenda Item 2-2 are conflicting- PLEASE VOTE FOR ONE AGENDA ITEM.
If one agenda is approved, the other Agenda Item will automatically become invalid.

Item 3: Cancellation of Treasury Shares (Shareholder Proposal by Tcha Partners Asset Management)

※ If Agenda Item 2-2- is NOT approved, Agenda Item will automatically become invalid.

Item 4: Election of One Independent Director to Serve as an Audit Committee Member

Item 4-1: Election of Do-Soung Choi as an Independent Director to serve as an Audit Committee Member (Management Proposal)

Item 4-2: Election of Kyung-Ho Kim as an Independent Director to serve as an Audit Committee Member (Shareholder Proposal by Tcha Partners Asset Management)

※ Agenda Item 4-1 and Agenda Item 4-2 are conflicting- PLEASE VOTE FOR ONE AGENDA ITEM.
If one agenda is approved, the other Agenda Item will automatically become invalid.

Item 5: Election of Two Executive Directors

Item 5-1: Election of Jong-Hoon Baek as an Executive Director

Item 5-2: Election of Young-Do Ko as an Executive Director

Item 6: Election of Two Independent Directors

Item 6-1: Election of Jung-Mi Lee as an Independent Director

Item 6-2: Election of Jeung-Won Yang as an Independent Director

Item 7: Election of Jeung-Won Yang to the Audit Committee

Item 8: Approval of Director Remuneration Limit

4. Details on the Exercise of Voting Rights

Shareholders may attend the AGM in person to exercise their voting rights or appoint a proxy to vote on their behalf.

<Required Documents for Attendance>

For direct voting: A valid ID (Resident Registration Card, Driver's License, or Passport)

For proxy voting: Power of Attorney, Proxy's ID, and a copy of the appointer's Seal Certificate or ID

※ Details to Include in the Power of Attorney:

1. Appointer's name, address, and Resident Registration Number (or Corporation Registration Number, as applicable)
2. Proxy's name, address, and Resident Registration Number, including the content stating the delegation of voting rights
3. Appointer's seal or signature

(The company's power of attorney form will be available on <https://www.kkpc.com/kor/invest/disclosure/announcementList/> from March 9, 2024)

2. Corporate Governance

Board Composition and Operations

Kumho Petrochemical's Board of Directors serves as a pivotal decision-making body, advising on and making critical business decisions. The Board consists of 10 members, including 7 independent directors appointed through shareholder meetings upon the recommendation of the Nomination Committee. Striving to maximize corporate value from a long-term and sustainable perspective, our Board operates with the aim of representing shareholder interests, underpinned by a composition that ensures over half are independent directors to enhance the board's independence and expertise (Independent Director Ratio: 70%).

	Composition		
	Chair	Non-independent	Independent
Board (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)	Sang-Soo Park (Independent Director)		Do-Soung Choi* Lee-Seok Hwang*
Nomination Committee (3)	Do-Soung Choi* (Independent Director)		Jung-Mi Lee* Tae-Kyun Kwon
Internal Transaction Committee (3)	Jung-Mi Lee* (Independent Director)		Lee-Seok Hwang* Young-Woo Park
Compensation Committee (3)	Tae-Kyun Kwon (Independent Director)		Sang-Soo Park 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*	

Note: As of 6th, Mar

*Note: *Directors with terms expiring in 2024*

According to Article 5 of Kumho Petrochemical's Board Regulations, the board convenes quarterly as a principle, with additional meetings in January to March considering the submission and approval of financial statements to the Audit Committee six weeks prior to the AGM, along with the pre-approval of AGM agenda items. Special board meetings are also held as needed for urgent approval items outside of the regular schedule.

Meetings are convened by the Board Chair as per Article 7 of the Company's Articles of Incorporation, with at least a two-day notice to directors, although procedures can be waived with unanimous consent. Last year, the Board met eight times, achieving a 100% attendance rate.

Board Skills Matrix

The board is composed of diverse talents required for fulfilling its oversight and strategic roles, ensuring the company's sustainable growth and strategic implementation.

Category	Board Members	Management	Industry	Sales	Finance/Financial	Trade/Procurement	Risk Management	Governance	Law/Policy	Environment/Climate Change	Safety/Health
	Jong-Hoon Baek	○	○	○							

Executive Directors	Young-Do Ko	○			○		○				
	Jun-Kyung Park	○	○	○							
Independent Directors	Lee-Seok Hwang (Term Expiry)				○		○	○			
	Do-Soung Choi				○		○	○			
	Jung-Mi Lee						○	○	○		
	Sang-Soo Park				○		○		○		
	Young-Woo Park								○	○	
	Tae-Kyun Kwon				○	○		○			
	Jee-Yoon Lee								○	○	○
	Jeung-Won Yang (New Appointment)	○			○		○				

Note:* ☐ : Directors subject to new election or re-election

Board Committees

Kumho Petrochemical operates several Committees within its Board of Directors, including the Audit Committee (3 independent directors), Independent Director Nomination Committee (3 independent directors), Internal Transactions Committee (3 independent directors), Compensation Committee (3 independent directors), ESG Committee (4 independent directors and 2 executive directors), and Management Committee (3 executive directors).

The Audit Committee acts as an internal control mechanism to enhance the transparency of corporate management and increase the reliability of accounting information. It operates with a minimum of three directors, maintaining objectivity independently from the Board of Directors and management. At least two-thirds of its members are required to be independent directors, including at least one member who is a financial or accounting expert as defined by relevant laws. Currently, all three members of our Audit Committee are independent directors, including a financial or accounting expert, providing independent opinions on management decisions.

The Independent Director Nomination Committee is responsible for searching, reviewing, and recommending competent independent director candidates through a fair process. The Management Committee deliberates and decides on the company's major management issues.

Since 2021, the company has established and operated the Internal Transactions Committee, Compensation Committee (comprised entirely of independent directors), and the ESG Committee (with more than two-thirds being independent directors) to enhance the independence and expertise of the Board and to establish the company's ESG strategy and sustainable management system.

The Compensation Committee deliberates on matters related to the compensation system and remuneration of executive directors, while the Internal Transactions Committee reviews the appropriateness of transactions with related parties as defined by relevant laws.

The ESG Committee, one of the most actively operated Committees in recent years, is responsible for establishing, managing, and evaluating the company's ESG strategies and policies.

Roles of Audit Committee	Roles of Nomination Committee
<ol style="list-style-type: none"> Supervision of directors and management's work Approval of external auditor selection 	<ol style="list-style-type: none"> Establishment, review, and supplementation of director nomination principles Recommendation of director candidates for shareholder meetings

3. Other audit-related matters as defined by the articles of incorporation or internal regulations.	3. Ongoing management and verification of director candidate pool
Roles of Internal Transactions Committee	Roles of Compensation Committee
Deliberation and decision on internal transactions as defined by the Commercial Act, the Monopoly Regulation and Fair-Trade Act, etc	Deliberation and decision on director compensation limits and the system and structure of compensation
Roles of ESG Committee	Roles of Management Committee
Establishment, management, and evaluation of the company's ESG strategies and policies.	Establishment of major management strategies and policies, and deliberation and decision on major management issues.

Independent Director Nomination Process

Kumho Petrochemical ensures a fair and transparent process for appointing independent directors by verifying disqualification criteria based on legal requirements for independent directors, including independence, expertise, fairness in duties, ethical responsibility, and diligence. The company thoroughly reviews individuals with diverse experiences to select suitable candidates.

Moreover, the Board and Independent Director Nomination Committee carefully assess candidates' backgrounds and expertise to ensure they can make substantial contributions to corporate management. The company aims to enhance its expertise and the supervisory function of the management by involving directors with diverse backgrounds and expertise in business management, finance, accounting, law, risk management, ESG, and gender diversity. In particular, the Audit Committee includes at least two experts with experience in finance, accounting, or finance, exceeding legal requirements.

The company has also improved the qualitative level and transparency of its Board composition by securing an additional pool of independent director candidates, pre-verified by external professional institutions, beyond the existing candidate pool. Based on these pools, candidates for reappointment are selected after considering independence, expertise, and diversity according to the Independent Director Nomination Guidelines established in 2023, and the final candidates are chosen by the Independent Director Nomination Committee (comprised entirely of independent directors) after reflecting the Board evaluation results.

In December 2022, to strengthen the independence of the Board and increase management transparency, the roles of the Board Chair and CEO were separated, with Do-Soung Choi appointed as the Board Chair. In November 2023, the Board established director evaluation guidelines to continuously improve the Board by identifying and addressing its shortcomings. Additionally, Kumho Petrochemical is exploring various methods to enhance the Board's expertise and continue advancing its governance structure.

Board of Directors' Training

The company provides a range of educational programs for independent directors to fully perform their roles as directors. In 2023, to enhance understanding of the company's business and facilitate communication with workers and other stakeholders, training visits to the Ulsan plant and the central research center were conducted. Furthermore, to support the effective performance of the Audit Committee, training on audit Committee-related systems and operational trends was provided to the members of the Audit Committee. The company will continue to communicate with the Board of Directors and provide various educational programs to ensure that directors have the knowledge and capabilities required due to changes in the business environment.

2023 Independent Directors (Audit Committee Members) Training Status

Date	Agenda	Status	Participants
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2023.05.23	Introduction to Kumho Petrochemical's Ulsan plant and product process training	Completed	Independent Directors(6/7)
2023.08.21	Training on audit Committee-related systems and operational trends	Completed	Audit Committee Members(3/3)
2023.10.16	Introduction to Kumho Petrochemical's central research center and research status report	Completed	Independent Directors(6/7)

3. Agenda Items

Summary of Board Recommendations

Agenda items	Board Recommendation
1: Approval of the 47th Fiscal Year (January 1, 2023, to December 31, 2023) Financial Statements (Including the Statement of Retained Earnings)	For
2: Amendment of the Articles of Incorporation	
2-1: Disposal and Cancellation of Treasury Shares (Management Proposal)	For
2-2: Cancellation of Treasury Shares (Shareholder Proposal by Tcha Partners Asset Management)	Against
3: Cancellation of Treasury Shares (Shareholder Proposal by Tcha Partners Asset Management)	Against
4: Election of One Independent Director to Serve as an Audit Committee Member	
4-1: Election of Do-Soung Choi as an Independent Director to serve as an Audit Committee Member (Management Proposal)	For
4-2: Election of Kyung-Ho Kim as an Independent Director to serve as an Audit Committee Member (Shareholder Proposal by Tcha Partners Asset Management)	Against
5: Election of Two Executive Directors	
5-1: Election of Jong-Hoon Baek as an Executive Director	For
5-2: Election of Young-Do Ko as an Executive Director	For
6: Election of Two Independent Directors	
6-1: Election of Jung-Mi Lee as an Independent Director	For
6-2: Election of Jeung-Won Yang as an Independent Director	For
7: Election of Jeung-Won Yang to the Audit Committee	For
8: Approval of Director Remuneration Limit	For

Agenda Item 1: Approval of the 47th Fiscal Year (January 1, 2023, to December 31, 2023) Financial Statements (Including the Statement of Retained Earnings)

Overview of the Fiscal Year's Business Operations

Kumho Petrochemical achieved consolidated sales of 63,225 billion KRW, operating profit of 3,590 billion KRW, and net income of 4,470 billion KRW in 2023. Despite facing numerous external challenges, such as increased geopolitical risks, delayed global demand recovery, and rising self-sufficiency rates in China, the company strengthened the market dominance of existing products and maintained a robust profit level compared to the industry through continuous cost reduction.

Amid declining demand in the upstream industry and weak raw material prices, the company defended its profitability by improving the market and product portfolio and expanding sales of high-value products. In the synthetic rubber segment, the sale of an additional 60,000 tons of S-SBR products for electric vehicle tires expanded its market share. Additionally, the company obtained ISCC PLUS certification, an international eco-friendly product certification, for BR and S-SBR products. In the precision chemicals segment, commercialization of HBPAs was pursued based on proprietary technology. Moreover, the completion of expansion projects for key products such as NB-Latex, epoxy, EPDM, and MDI is scheduled within the year.

Please refer to the attached materials for the fiscal year's balance sheet, income statement (comprehensive income statement), and statement of retained earnings (statement of deficit treatment).

Key Financial Highlights - Consolidated Basis

Unit: Million KRW	FY2023	FY2022	Change
Sales Revenue	6,322,528	7,975,626	-20.7%
Operating Income	358,962	1,147,312	-68.7%
Operating Margin %	5.7%	14.4%	-8.7%p
Net Income	447,044	1,020,120	-56.2%
Net Profit Margin %	7.1%	12.8%	-5.7%p
EPS (Earnings Per Share) - Common Stock (in Won)	16,727	37,087	-54.9%
EPS - Preferred Stock (in Won)	17,019	37,693	-54.8%
Assets	7,979,695	7,717,403	3.4%
Liabilities	2,145,675	2,038,142	5.3%
Equity	5,834,020	5,679,261	2.7%
Debt to Equity Ratio %	36.8%	35.9%	0.9%p
ROE	7.8%	18.9%	-11.1%p

Separate Basis

Unit: Million KRW	FY2023	FY2022	Change
Sales Revenue	4,196,148	5,086,856	-17.5%
Operating Income	232,568	656,206	-64.6%
Operating Margin %	5.5%	12.9%	-7.4%p
Net Income	302,972	580,202	-47.8%
Net Profit Margin %	7.2%	11.4%	-4.2%p
EPS (Earnings Per Share) - Common Stock (in Won)	11,340	21,097	-46.2%
EPS - Preferred Stock (in Won)	11,554	21,463	-46.2%

Assets	4,433,758	4,252,316	4.3%
Liabilities	1,218,152	1,067,816	14.1%
Equity	3,215,606	3,184,500	1.0%
<i>Debt to Equity Ratio %</i>	<i>37.9%</i>	<i>33.5%</i>	<i>4.4%p</i>

ROE	9.5%	18.5%	-9%p
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Profit Distribution (Common Stock Cash Dividend Per Share: 2,900 KRW, Preferred Stock Cash Dividend Per Share: 2,950 KRW)

Proposed Statement of Retained Earnings Disposal (Unit: Million KRW)

Category	Current Period (Disposal Scheduled Date: 2024.3.22)		Previous Period (Disposal Confirmation Date: 2023.3.24)	
I. Undistributed Retained Earnings		324,607		493,178
Brought-forward Undistributed Retained Earnings	147,046		10,742	
Adjustments of misstatements			38,095	
Current Net Income	302,972		580,202	
Remeasurements of Defined Benefit Liabilities	(18,081)		14,212	
Transfers from Other Comprehensive Income to Undistributed Retained Earnings	(7,283)		-	
Treasury Shares Cancellation	(100,048)		(150,073)	
II. Disposal of Retained Earnings		274,486		346,132
Legal Reserve	-		14,700	
Voluntary Reserves	198,000		185,000	
Cash Dividends				
Dividend Per Share (Dividend Payout Ratio):				
Common Shares:				
Current Year: 2,900 KRW (58%)				
Previous Year: 5,400 KRW (108%)				
Preferred Stock:				
Current Year: 2,950 KRW (59%)				
Previous Year: 5,450 KRW (109%)				
III. Carried-forward Undistributed Retained Earnings		50,121		147,046

Sustainable Growth and Shareholder Value Enhancement

Considering the company's performance and future investment resources, Kumho Petrochemical has established a shareholder return policy for sustainable growth and shareholder value enhancement, which has been shared with the market (disclosed on the website and electronic disclosure system on December 15, 2021). The 47th fiscal year dividend proposal is based on the company's shareholder return policy (cash dividend: 20~25% payout ratio based on separate financial statements), taking into account the company's profit size, long-term investment resource acquisition, and financial structure stabilization.

The 47th fiscal year dividend is set at 2,900 KRW per common share, with a total dividend amount of approximately 76.5 billion KRW, including preferred shares (2,950 KRW per share), representing a payout ratio of 25.2% based on separate net income.

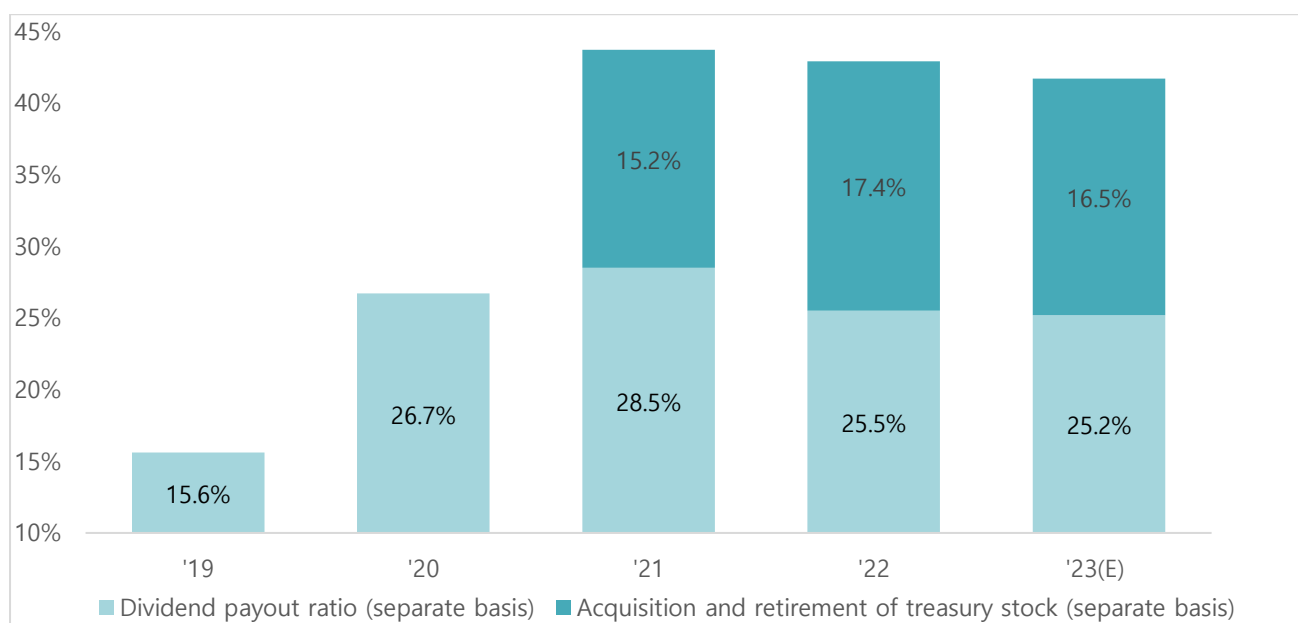
Furthermore, the Board has decided to acquire treasury shares worth 50 billion KRW (for cancellation purposes) (disclosed on 03.06.2024), representing 16.5% of the separate net income, as part of the company's

shareholder return policy to enhance shareholder value through the cancellation of outstanding shares. This initiative has been pursued for three consecutive years since the 45th fiscal year, with a total amount of 300 billion KRW spent on treasury share purchases and cancellations over three years.

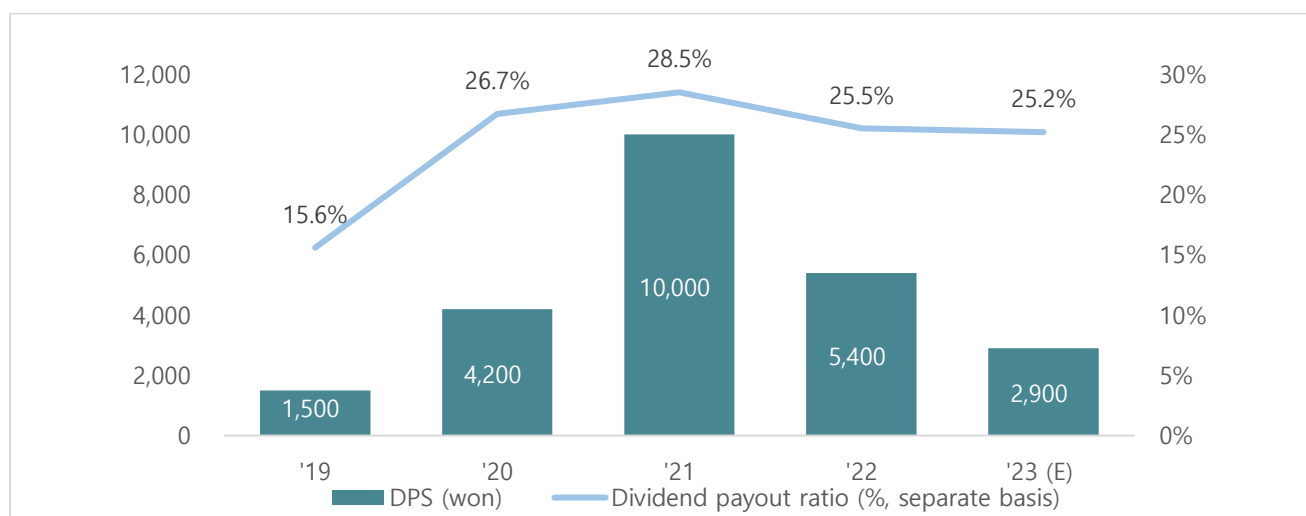
The total shareholder return rate for the 47th fiscal year, including profit distribution and treasury share acquisition/cancellation, is 41.7% (126.5 billion KRW) of the separate net income, similar to the maximum return executed in the 45th and 46th fiscal years (43.7% and 42.9%, respectively).

The chemical industry faces continued challenges this year, including weakened demand, rising self-sufficiency in China, and high-interest rates amid an oversupply situation. Kumho Petrochemical will continuously strive to generate stable profits and achieve sustainable growth by leveraging its accumulated experience and crisis management capabilities. The Board of Directors kindly requests shareholders to actively support the proposed 47th fiscal year financial statements and profit distribution plan.

Kumho Petrochemical Shareholder Return



Kumho Petrochemical DPS (Dividend Per Share) Dividend Payout Ratio



(On a Standalone Basis)	'19	'20	'21	'22	'23 (E)
Total Shareholder Return Rate	15.6%	26.7%	43.7%	42.9%	41.7%
- Dividend Payout Ratio	15.6%	26.7%	28.5%	25.5%	25.2%
- Treasury Shares Acquisition and Cancellation			15.2%	17.4%	16.5%
DPS (in Won)	1,500	4,200	10,000	5,400	2,900

Agenda Item 2~3: Amendment of the Articles of Incorporation and Treasury Shares Cancellation (Shareholder Proposal)

The Board of Directors acknowledges investors' concerns regarding the holding of treasury shares and plan to cancel 875,000 shares this year. Additionally, we have announced a plan to cancel 50% of these shares (common shares 2,624,417) over the next three years to address these concerns. The Board believes that the disposal activities, including the cancellation of treasury shares, should always be conducted in a way that enhances shareholder value. However, it does not consider the complete cancellation of all held shares as the only method that aligns with enhancing shareholder value.

Hence, the Board opposes the dissident proposal to address the cancellation of treasury shares via a shareholder meeting resolution and its further suggestion to cancel the held treasury shares by 2025. The Board identifies substantial risks associated with this proposal, asserting that it fails to increase shareholder value for several reasons:

- At the end of 2021, following the announcement of its shareholder return policy, the company has repurchased its own shares and executed a complete cancellation of them, along with distributing a cash dividend of around KRW 500 billion. When including the KRW 50 billion planned for this year, the total amount allocated for the acquisition and cancellation of treasury shares from 2022 to 2024 reaches KRW 300 billion. It also plans to continue this shareholder return policy by immediately canceling future purchased treasury shares while maintaining the shareholder return policy. The treasury shares currently held have been in long-term possession since the year 2000. As mentioned, 50% of these will be canceled over the next three years, and the remaining quantity will be disposed of or canceled only if it aligns with shareholder value, following thorough communication with shareholders from a more long-term perspective. Furthermore, we plan to maintain the policy of cash dividends and the purchase and cancellation of treasury shares going forward, and a new medium- to long-term shareholder return policy reflecting this will be announced to the market at the end of this year.
- The domestic petrochemical industry has entered a recession since last year. With the expectation of a prolonged economic downturn and an increase in workouts among petrochemical companies, mergers and acquisitions within or across industries are inevitable. In preparation for this, the company views securing financial liquidity as critically important at this time, while also recognizing potential new growth opportunities through related business expansion and entry into new ventures. Considering these circumstances, strategically retaining 50% of the treasury shares to ensure a variety of capital financing options, including the utilization of treasury shares, is deemed advantageous. We believe that a hasty cancellation of all treasury shares might not align with shareholder value.
- The proposed amendments to the Articles of Incorporation also present potential risks. Among domestic companies listed on the stock market, there are no companies that have cancelled their treasury shares by means of a shareholders' resolution nor do the articles of incorporation of any company allow for the cancellation of treasury shares solely by means of a shareholders' resolution. Allowing for such an unprecedented move will likely result in complications for the use of treasury shares for legitimate purposes, such as employee compensation, potentially impairing the Board's management capabilities.

The Board has resolved to define explicit criteria for the governance and financial management of retiring or disposing of treasury shares. This approach ensures that any measures related to the retirement and strategic utilization of treasury shares are in strict compliance with our corporate governance standards and financial prudence. Consequently, our Board intends to carefully evaluate the utilization of treasury shares, guided by the stipulated Articles of Incorporation, committing to their disposal or retirement exclusively when it demonstrably serves the interests of our shareholders and aligns with broader corporate value enhancement strategies.

The Board respects the rights of shareholders and is in favor of expanding these rights on various matters. However, for issues that limit the scope of the Board's strategic decision-making, such as the cancellation of treasury shares, the Board believes that making decisions considering various factors aligns with the long-term corporate value and enhancement of shareholder value. Therefore, we request your support for the proposed amendment to the articles of incorporation suggested by the Board.

Item 2-1: Amendment of Articles of the Articles of Incorporation (Board Proposal)

Before Change	Proposed Amendments	Purpose of Change
(New)	<p>Article 10-4 (Disposal and Cancellation of Treasury Shares)</p> <p>① The board of directors shall resolve the key matters regarding the disposal and cancellation of treasury shares in accordance with the provisions of Articles 342 and 343 of the Commercial Act.</p> <p>② In making the resolutions mentioned in the preceding paragraph, the board of directors shall comprehensively consider the introduction of new technologies, strategic alliances, the establishment of joint ventures, improvement of the financial structure, procurement of operating funds, compensation for employees, and other managerial objectives of the company.</p>	To clarify commercial law principles for the disposal or cancellation of treasury shares and specify the factors that need to be specifically stated to ensure alignment with shareholder value when resolving the disposal or cancellation of treasury shares

Item 2-2: Amendment of Articles of Incorporation (Shareholder Proposal)

Before Change	Proposed Amendments	Purpose of Change
(New)	Article 10-4 (Cancellation of Treasury Shares) The company may cancel treasury shares by resolution of the board of directors in accordance with relevant laws. However, if there is a resolution from the general meeting of shareholders, the company can cancel the treasury shares it holds without a board resolution. [This article was newly established on March 22, 2024.]	To clarify that treasury shares can be cancelled not only by resolution of the board but also by resolution of the general meeting of shareholders to enhance shareholder value.
(New)	Supplementary Provisions (March 22, 2024) Article 1 (Effective Date) These articles of incorporation shall take effect from the date approved at the 47th regular general meeting of shareholders held in March 2024. [This article was newly established on March 22, 2024.]	To specify the implementation date.

Item 3: Proposal for the Retirement of Treasury Shares (Shareholder Proposal)

Scheduled for Cancellation Method of Acquisition of Shares to be Retired Scheduled Retirement Date	Common Shares	5,248,834 shares
	Preferred Shares	-
	From treasury shares held by the Company	
	50% of the shares scheduled for cancellation by December 31, 2024, with the remaining treasury shares to be fully cancelled by December 31, 2025	

The company's opinion on the elections of the Members of the Audit Committee, Executive Directors, and Independent Directors proposed in Items 4 to 7

The company's Board of Directors currently consists of 10 directors (3 executive directors and 7 independent directors), half of whom (2 executive directors and 3 independent directors) are proposed for new election or re-election at the 47th Annual General Meeting of Shareholders. Last year, the company secured an additional pool of independent director candidates, pre-verified by external professional agencies, beyond the existing independent director candidate pool, to further improve the qualitative level, transparency, and fairness of the Board's composition. Based on this pool and following the independent director nomination guidelines established last year, candidates for the shortlist were selected considering independence, expertise, and diversity, and final candidates were chosen by the Independent Director Nomination Committee (comprised entirely of independent directors) after reflecting the Board evaluation results. The candidate for independent director serving as an audit Committee member is Do-Soung Choi (finance/financial, risk management, governance), and the two candidates for executive directors are Jong-Hoon Baek (management, industry, sales) and Young-Do Ko (management, finance/financial, risk management). The two candidates for independent directors are Jung-Mi Lee (risk management, law/policy) and Jeung-Won Yang (management, finance/financial, risk management), with Jeung-Won Yang being a candidate for independent director serving as an audit Committee member. For detailed information on each candidate's recommendation background, please refer to the detailed information below.

Since 2021, the Board has embarked on a journey of relentless renewal, fulfilling our pledge to shareholders to foster a governance structure led by independent directors and characterized by effective management. Notably, the CEO and the Chair of the Board were separated, and an independent director was appointed as the Board Chair. Committees such as the Internal Transactions Committee and Compensation Committee, including the Audit Committee and Independent Director Nomination Committee, were composed entirely of independent directors, significantly enhancing the independence and operation of the Board and Committees. Guidelines for recommending independent directors were established, and a Board Skills Matrix (BSM) was introduced, along with a system for continuously managing a pool of candidates. The Board has also made considerable strides in enhancing gender diversity by significantly increasing the proportion of female directors to 20% and implementing a director evaluation system to ensure the Board's effective operation. We take pride in our accomplishments over the past three years and are committed to ongoing dialogue and improvement in collaboration with our shareholders.

Meanwhile, under the vision of 'Solution Partner Creating Our Common Future with Value Beyond Chemicals,' the company is reinforcing its existing business strategy and has announced three new growth directions: 'Electric Vehicle Solutions,' 'Eco-friendly/Bio,' and 'High-Value Specialty,' to accelerate the exploration of future growth engines. Additionally, as part of its climate change response strategy, the company established and is implementing a blueprint for carbon-neutral growth in 2021. The objective is to cut emissions by approximately 29% relative to the Business As Usual (BAU) projection by 2030 and to reach carbon neutrality by 2050. This will be accomplished through five strategic initiatives: 1) Accelerating emission reductions across all operations by shifting to clean energy; 2) Transitioning to eco-friendly products; 3) Adopting bio-based eco-friendly raw materials; 4) Enhancing recycling efforts; and 5) Implementing digital transformation in carbon asset management. Additionally, the organization has adopted disclosure practices based on the Task Force on Climate-related Financial Disclosures (TCFD) framework.

The company is actively practicing ESG management to achieve sustainable growth and established the ESG Committee in 2021 to ensure that ESG risks and opportunities are adequately considered at the Board level in setting and implementing medium to long-term strategies. Furthermore, the company has reorganized its internal structure to establish a dedicated ESG management team to lay the foundation for systematic and continuous ESG management strategies. As a result, the company's ESG evaluation results have shown a steady upward trend. In 2023, specific achievements include a significant increase in the S&P Global ESG Score (CSA) from 50 to 66 points and an upgrade in the KCGS (Korea Corporate Governance Service) evaluation from B+ to A in the environmental sector and from A to A+ in the social sector, maintaining an A rating by Sustainvest for two consecutive years.

The Board is dedicated to driving sustainable growth and firmly believes that the director candidates it has nominated have the right skills to foster the company's long-term success. While the candidate suggested by the dissident possesses considerable accounting expertise, our current Board members already have substantial knowledge in this area. Given the ongoing disagreements between the dissident and the company

over the past three years, introducing the dissident's nominee to the Board might disrupt rather than enhance its effectiveness.

Reflecting on our achievements, we are excited to make significant strides towards sustainable management. The five director candidates put forward by the Board bring with them the insight and experience needed to navigate the complexities of the petrochemical industry, which is facing challenges such as slow global demand recovery and increased self-sufficiency in China. The Board, therefore, seeks the unified appointment of these nominees, believing they are crucial for steering the company towards a more sustainable and prosperous future.

Agenda Item 4: Election of an Independent Director to serve as an Audit Committee Member

Agenda Item 4-1: Election of Do-Soung Choi as an Independent Director to serve as an Audit Committee Member

Candidate's Major Career Background


Candidate: Do-Soung Choi (Born 1952.10.18)

Skill Set: Finance/Financial, Risk Management, Governance

Primary Occupation: Former Director of Korea Impact Finance, Currently President of Handong University

Executive Director

Major Career Achievements:

Candidate	Skill set	Primary Occupation	Major Career Highlights	
			Period	Experience
 Do-Soung Choi (1952.10.18)	Finance/Financial Risk Management Governance	Professor at Seoul National University College of Business, Chair Professor at Gachon University, President of Handong University, Certified Public Accountant of Korea	1994-2008	Professor at Seoul National University College of Business
			2008-2012	Member of the Monetary Policy Committee at the Bank of Korea
			2012-2014	Vice President for International Affairs at Handong University
			2013-2014	Independent Director at Hyundai Card
			2013-2019	Independent Director at Samchully
			2015-2018	Professor in the Department of Global Business Administration at Gachon University
			2015-2019	Independent Director at POSCO International
			2018-2021	Chair Professor at Gachon University College of Business
			2018-2023	Director of Korea Impact Finance
			2022-Present	President of Handong University

Relationship with Major Shareholders & Transactions with the Company over the Last 3 Years: None
 Outstanding Taxes, Management of Insolvent Companies, Legal Disqualifications: None

Board's Recommendation Reasons for Candidate

4-1	Election of Do-Soung Choi as an independent director to serve as an Audit Committee Member
<p>1. Detailed Biography of the Candidate</p> <ul style="list-style-type: none"> • Graduated from Seoul National University with a degree in Business Administration, completed postgraduate studies at the Graduate School of Business, Seoul National University, and earned a Ph.D. in Business Administration (majoring in Finance) from Pennsylvania State University, USA. • Professor at the College of Business Administration, Seoul National University, 1994 - 2008. • Member and Chairman of the Corporate Governance Improvement Committee, 2004 - 2005. • Independent Director and Audit Committee Chairman at Woori Financial Holdings, 2004 - 2005. • Director of the Korea Securities Research Institute, 2005 - 2008. • Monetary Policy Board Member of the Bank of Korea, 2008 - 2012. • Vice President for International Affairs at Handong Global University, 2012 - 2014. • Independent Director and Audit Committee Chair at Hyundai Card, 2013 - 2014. • Independent Director and Audit Committee Chair at Samchully, 2013 - 2019. • Professor at the Department of Global Business Administration, Gachon University, 2015 - 2018. • Independent Director and Audit Committee Chair at POSCO International, 2015 - 2019. • Distinguished Professor at the College of Business, Gachon University, 2018 - 2021. • Member of the Impact Finance Promotion Committee, 2017 - 2022. • Director of Korea Impact Finance, 2018 - 2023. • President of Handong Global University, 2022 - present. • Independent Director at Kumho Petrochemical (Chair of the Board, Chair of the Independent Director Nomination Committee, Audit Committee Member, ESG Committee Member), 2021 - present. • Research areas include corporate finance, securities capital market, M&A, monetary and financial policy, and international finance. <p>2. Board Recommendation Background</p> <p>Do-Soung Choi, candidate for the Audit Committee Independent Director, has no specific interest relationship with the company, such as transactions or concurrent positions. Having served as a professor in the Business Administration Department at Seoul National University and Gachon University, Director of the Korea Securities Research Institute, and Monetary Policy Board Member of the Bank of Korea, and holding a Certified Public Accountant license, he is one of the country's top experts in accounting, finance, and financial areas, possessing both theoretical and practical expertise. Moreover, as the Chair of the Corporate Governance Improvement Research Committee responsible for the revision of domestic corporate governance best practices in 2003, he is a recognized expert in corporate governance, having played a leading role in spreading the importance of corporate governance in the domestic market and leading its improvement.</p> <p>Since joining the Board of Kumho Petrochemical in 2021, the candidate has made significant contributions across accounting, finance, and corporate governance based on his expertise. He played a leading role in transforming the Board into an independent entity operated mainly by independent directors and initiating various changes. As the first Independent Non-Executive Chairman appointed after the separation of the roles of the CEO and the Chairman of the Board in December 2022, he has fulfilled his role to this day, serving as an effective communication channel between the management and independent directors. As Chairman, he has worked to enhance shareholder value through expanding communication with shareholders, announcing, and implementing medium to long-term shareholder return policies. Additionally, by introducing a director evaluation system and systematizing the independent director nomination process, he laid the groundwork for the Board's effective composition. Serving also as an Audit Committee Member, ESG Committee Member, and Chairman of the Independent Director Nomination Committee, he has played a crucial role in various decision-making processes. The Board believes that the candidate's extensive knowledge and experience in accounting, finance, and corporate governance, his deep understanding of the industry, the company's strategy, and vision, and his performance over the past three years as an independent director and Chairman of the Board, will continue to contribute significantly to the Board.</p>	

The Board of Kumho Petrochemical, enriched by Do-Soung Choi's involvement, has been in a state of ongoing evolution since 2021, prioritizing shareholder value and sustainable growth of the company, and accelerating improvements to achieve a global standard level of corporate governance.

The Board requests the shareholders' active support for Do-Soung Choi, a candidate who has consistently worked towards change, reflecting their trust in our Board's continuous efforts.

Attendance Rate from 2021-2023:

- Board of Directors 100%
- Audit Committee 100%
- ESG Committee 100%
- Nomination Committee 100%

Agenda Item 4-2: Election of Kyung-Ho Kim as an independent director to serve as an Audit Committee Member (Shareholder Proposal)

Candidate's Major Career Background

Relationship with Major Shareholders & Transactions with the Company over the Last 3 Years: None

Outstanding Taxes, Management of Insolvent Companies, Legal Disqualifications: None

Candidate	Skill set	Primary Occupation	Major Career Highlights	
			Period	Experience
Kyung-Ho Kim (1954.12.21)	-	Current Chair of the Board at KB Financial Group Inc.	1991.8-2020.2	Professor of Business Administration (Accounting) at Hongik University
			2015.3-2019.2	Independent Director at Citibank Korea Inc.
			2019.3-2024.3	Independent Director at KB Financial Group Inc.
			2021.11-Present	Advisor at Jade-K Partners Inc.

Agenda Item 5: Election of Two Executive Directors

Agenda Item 5-1: Election of Jong-Hoon Baek as Executive Director

Candidate's Major Career Background


Candidate: Jong-Hoon Baek (Born 1961.09.08)

Skill Set: Industry, Management, Sales

Primary Occupation: President (CEO) of Kumho Petrochemical

Major Career Achievements:

Candidate	Skill set	Primary Occupation	Career Highlights	
			Period	Experience
	Industry Management Sales	President (CEO) of Kumho Petrochemical	2005-2007	Director in charge of Sales at Kumho P&B Chemicals
			2008-2015	Executive Director in charge of Sales at Kumho P&B Chemicals

Candidate	Skill set	Primary Occupation	Career Highlights	
			Period	Experience
 <p>Jong-Hoon Baek (1961.09.08)</p>			2016-2021	Executive Vice President, Head of Sales Division at Kumho Petrochemical
			2021-2022	Vice President of Kumho Petrochemical
			2023-Present	President (CEO) of Kumho Petrochemical

Relationship with Major Shareholders & Transactions with the Company over the Last 3 Years: None

Outstanding Taxes, Management of Insolvent Companies, Legal Disqualifications: None

Board's Recommendation Reason for Candidate

5-1	Election of Jong-Hoon Baek as Executive Director
<p>1. Detailed Biography of the Candidate</p> <p>The candidate graduated with a degree in Chemical Engineering from Pusan National University and completed an MBA at Sogang University. His career milestones include:</p> <ul style="list-style-type: none"> • Joined Kumho Shell Chemical in 1988. • Worked at Mitsubishi Yuka Shell R&D Center in Japan from 1988 to 1990 and at Shell R&D Center in Belgium from 1990 to 1996. • Held various leadership roles at Kumho P&B Chemicals, including Sales Team Leader, Sales Strategy Team Leader, and Overseas Sales Team Leader from 1996 to 2005. • Served as the Director in charge of sales at Kumho P&B Chemicals from 2005 to 2007, and as the Executive Director from 2008 to 2015. • Promoted to Executive Vice President in charge of sales at Kumho Petrochemical in 2016 and served until 2021. • Appointed as Vice President of Kumho Petrochemical in 2021 and has been serving as the President and CEO since 2023. <p>2. Board of Directors Nomination Background:</p> <p>Jong-Hoon Baek, nominated for the position of executive director, has been a valued member of Kumho Petrochemical since 1988, contributing significantly in research and development (R&D) as well as sales. His expertise extended into leadership roles within the sales department at Kumho P&B Chemicals. Since taking the role of head of the sales division at Kumho Petrochemical in 2016, Baek was appointed executive director in March 2021 and subsequently took on the responsibilities of CEO in April 2021, a position he continues to hold with distinction.</p> <p>During his tenure as CEO from 2021 to 2023, under Jong-Hoon Baek's leadership, Kumho Petrochemical recorded its most outstanding performance since its founding, achieving sales of KRW 5.5013 trillion and an operating profit of KRW 1.3428 trillion in 2021. Despite the downturn in the petrochemical industry triggered by the global economic contraction in 2022 and 2023, the company continued to outperform competitors. This success was largely attributed to a strategic shift towards a high-value product portfolio and the execution of region-specific strategies, demonstrating Baek's adept guidance and strategic foresight in navigating challenging market conditions.</p> <p>The candidate has been instrumental in steering the company towards future growth by making strategic investments in core areas. Notably, he oversaw the completion of significant expansion projects, including the addition of 60,000 tons of S-SBR capacity for electric vehicle tires and 10,000 tons for high-functionality EPDM products. Additionally, a substantial expansion of 230,000 tons of NB-Latex is on track to be completed within the</p>	

year. His proactive approach extends to rigorously reviewing R&D investments in three key future-focused areas: eco-friendly automotive solutions, bio/eco-friendly materials, and high-value specialties. Moreover, in response to the growing urgency of climate change, a comprehensive "Carbon Neutral Growth Plan" was established and unveiled in 2021. This plan outlines a series of phased goals and concrete action strategies, alongside the implementation of disclosure practices based on the Task Force on Climate-related Financial Disclosures (TCFD). In the same year, the company accelerated its ESG (Environmental, Social, and Governance) initiatives by setting up a dedicated ESG department and enhancing the activities of the ESG Committee. These steps are aimed at developing a robust ESG management framework and bolstering ESG compliance, reflecting the candidate's commitment to sustainability and responsible corporate governance.

The candidate has demonstrated exceptional leadership and strategic acumen, proven by the company's robust financial health and laying the groundwork for continued growth. Through his tenure, the company not only achieved remarkable results but also significantly enhanced its corporate value by actively engaging in ESG management. Amidst economic challenges, including geopolitical tensions, persistent high interest rates, and a prolonged trend of low growth, his role has become increasingly vital. He is poised to further bolster the competitiveness of the company's core businesses and secure a sustainable growth trajectory. Given these contributions and the strategic direction he has set, the company is advocating for his reappointment as an executive director, recognizing the pivotal role he plays in navigating the complexities of the current economic landscape and steering the company towards future success.

Attendance Rate from 2021-2023:

- Board of Directors 100%
- ESG Committee 100%
- Management Committee 100%

Agenda Item 5-2: Election of Young-Do Ko as Executive Director


Candidate's Major Career Background

Candidate: Young-Do Ko (Born 1965.05.15)

Skill Set: Management, Finance/Financial, Risk Management

Primary Occupation: Head of Management Division at Kumho Petrochemical

Major Career Achievements:

Candidate	Skill set	Primary Occupation	Career Highlights	
			Period	Period
 <p>Young-Do Ko (1965.05.15)</p>	Management Finance/Financial Risk Management	Head of Management Division at Kumho Petrochemical	2010-2011	Executive in charge of Management at Kumho Petrochemical
			2012-2013	Executive Director responsible for Purchasing and Finance at Kumho Petrochemical
			2014-2020	Executive Director in charge of Purchasing and Finance at Kumho Petrochemical
			2020-2021	Vice President in charge of Purchasing and Finance at Kumho Petrochemical
			2021-Present	Head of Management Division at Kumho Petrochemical

Relationship with Major Shareholders & Transactions with the Company over the Last 3 Years: None

Outstanding Taxes, Management of Insolvent Companies, Legal Disqualifications: None

Board's Recommendation Reason for Candidate

5-2	Election of Young-Do Ko as Executive Director
1. Detailed Biography of the Candidate	
<p>Young-Do Ko, the nominee, graduated from Yonsei University with a degree in Business Administration. His career, spanning over three decades since joining the Kumho Group's Financial Management Team in 1990, has been dedicated to the finance and accounting sectors, cementing the business's foundation. Beyond finance, he has also managed procurement tasks for about a decade, significantly impacting profit and loss. Since 2021, as Head of Management, he has overseen finance, procurement, human resources, and IR, playing a pivotal role in the company's strategic decisions as a board member.</p>	
2. Board of Directors Nomination Background	
<p>Young-Do Ko, the nominee for the position of executive director, has been instrumental in strengthening Kumho Petrochemical's financial and accounting departments since his start in 1990. His efforts, particularly during the workout agreement period in 2009, have significantly improved the company's financial structure and business model. This transformation has reduced the debt ratio from 660% in 2010 to 37.9% in 2023, with a credit rating upgrade to A+ (positive) in May 2023.</p> <p>During his three-year term on the Board, Ko has significantly contributed to the company's strategic direction, using his finance, accounting, and procurement expertise to bolster sustainable growth and enhance shareholder value. A standout achievement in 2021 was his leadership in the acquisition of a 50% interest in Kumho Polychem, a manufacturer specializing in the high-value product EPDM. This move not only enlarged the company's operational scope but also established a consistent revenue stream. His strategic approach to sourcing raw materials at competitive prices has played a pivotal role in recording unparalleled financial outcomes in 2021 and sustaining superior profitability relative to industry peers through 2022 and 2023. Furthermore, Ko has been instrumental in developing and executing an enhanced shareholder return policy, which introduced a significant increase in dividends and a strategy for share buybacks and retirements, officially announced on December 15, 2021, to be implemented over the following three years. In 2022, Ko played a vital role in announcing a new talent concept, 'Solution Mate,' and core values, as well as revamping the personnel system and revitalizing the organizational culture to attract and nurture top talent critical for the company's future.</p> <p>Given the expected prolongation of the petrochemical industry's downturn due to global economic slowdown, geopolitical risks, and increasing self-sufficiency in China, tight management and liquidity preservation are paramount. Ko's expertise is now more crucial than ever, and his contributions to the board over the last three years, combined with his experience in improving financial structures during the workout period, are deemed essential for future board decisions. Thus, his reappointment as an executive director is strongly recommended.</p>	
Attendance Rate from 2021-2023:	
<ul style="list-style-type: none">• Board of Directors 100%,• Management Committee 100%	

Agenda Item 6: Election of Two Independent Directors /

Agenda Item 7: Election of Jeung-Won Yang to serve as an Audit Committee Member

Agenda Item 6-1: Election of Jung-Mi Lee as Independent Director


Candidate's Major Career Background

Candidate: Jung-Mi Lee (Born 1962.06.25)

Skill Set: Risk Management, Law/Policy

Primary Occupation: Constitutional Court Justice, Standing Advisor at Logos Law Firm

Major Career Achievements:

Candidate	Skill Set	Primary Occupation	Career Highlights	
			Period	Period
 <p>Jung-Mi Lee (1962.06.25)</p>	Risk Management Law/Policy Governance	Constitutional Court Justice, Standing Advisor at Logos Law Firm	2010- 2011	Presiding Judge at Busan High Court
			2011- 2017	Constitutional Court Justice
			2017- 2020	Distinguished Professor at the Graduate School of Law, Korea University
			2020- Present	Standing Advisor at Logos Law Firm

Relationship with Major Shareholders & Transactions with the Company over the Last 3 Years: None

Outstanding Taxes, Management of Insolvent Companies, Legal Disqualifications: None

Board's Recommendation Reason for Candidate

6-1	Election of Jung-Mi Lee as Independent Director
<p>1. Detailed Biography of the Candidate:</p> <p>The nominee, Lee Jung-mi, holds a distinguished academic background with a law degree from Korea University and completion of the Judicial Research and Training Institute. Her illustrious career includes:</p> <ul style="list-style-type: none"> • Serving as a judge in various capacities at the Seoul Central District Court, Seoul High Court, and other judicial positions from 1987 to 2001. • Appointed as the Chief Judge at the Ulsan District Court from 2002 to 2004. • Faculty member at the Judicial Research and Training Institute from 2004 to 2007. • Chief Judge at both Seoul Central District Court and Daejeon High Court between 2007 and 2011. • Appointed as a Constitutional Court Justice from 2011 to 2017, becoming the youngest and second female to hold this position. • Held the position of Distinguished Professor at Korea University Law School from 2017 to 2020. • Currently serves as a standing advisor at Logos Law Firm since 2020. • Serves on the boards of CJ Welfare Foundation and Yeongsan Legal Culture Foundation since 2020. • Appointed as an independent director at Kumho Petrochemical Co., Ltd. since March 2021, serving as the Chair of the Internal Transactions Committee, member of the Independent Director Nomination Committee, and ESG Committee. <p>2. Board of Directors Nomination Background:</p> <p>Jung-Mi Lee, the candidate nominated for the position of independent director, stands out for her independence, having no specific interest relationships with the company due to transactions or concurrent positions. Her career is marked by groundbreaking achievements, including becoming the youngest and the second female justice ever to be appointed to the Constitutional Court of Korea. Following her retirement, she has contributed her expertise as a distinguished professor at the Graduate School of Law, Korea University, and serves as a standing advisor at Logos Law Firm. Since joining Kumho Petrochemical as an independent director in March 2021, Lee has played an instrumental role in enhancing the board's transparency and effectiveness. Her invaluable legal knowledge and steadfast commitment to ethical governance have significantly bolstered the board's operations.</p> <p>Lee has contributed to diversifying the board composition as one of the leading female leaders in the country and provides substantial legal insights into board deliberations. As the Chair of the Internal Transaction Committee, she has significantly contributed to enhancing the appropriateness and transparency of transactions involving major shareholders and related parties, in accordance with the Commercial Act and the Monopoly Regulation and Fair-Trade Act. Her participation in the ESG Committee over the past three years has also led to the establishment</p>	

and improvement of the ESG management system, the results of which have been published in the sustainability report. Consequently, the company has received recognition for its ESG efforts, including inclusion in the DJSI Korea and obtaining an EcoVadis Gold medal in 2022.

The board expects Lee's legal principles and high-level legal knowledge to contribute constructively to the board's decisions, establishing a governance and compliance management system, and thus recommends her reappointment as an independent director.

Attendance Rate from 2021-2023:

- Board of Directors 100%
- ESG Committee 100%
- Nomination Committee 100%
- Internal Transactions Committee 100%

Agenda Item 6-2: Election of Jeung-Won Yang as Independent Director

Agenda Item 7: Election of Jeung-Won Yang as Audit Committee Member


Candidate's Major Career Background

Candidate: Jeung-Won Yang (Born 1961.10.11)

Skill Set: Management, Finance/Financial, Risk Management

Primary Occupation: Former Executive Director at Samsung Asset Management, CEO of Samsung Active Asset Management, Currently Independent Director at KB Securities

Major Career Achievements:

Candidate	Skill Set	Primary Occupation	Career Highlights	
			Period	Period
 Jeung-Won Yang (1961.10.11)	Management Finance/Financial, Risk Management	Former Executive Director at Samsung Asset Management, CEO of Samsung Active Asset Management, Currently Independent Director at KB Securities	2007-2013	Senior Vice President at Samsung Asset Management
			2013-2018	Executive Director at Samsung Asset Management
			2019-2021	CEO of Samsung Active Asset Management
			2023-present	Independent Director at KB Securities

Relationship with Major Shareholders & Transactions with the Company over the Last 3 Years: None

Outstanding Taxes, Management of Insolvent Companies, Legal Disqualifications: None

Board's Recommendation Reason for Candidate

6-2, 7	Appointment of Jeung-Won Yang as Independent Director and Audit Committee Member
1. Candidate's Detailed Biography	
Jeung-Won Yang's candidacy for the role of independent director is supported by a comprehensive career in the financial sector, complemented by his academic foundation in Business Administration from Yonsei University,	

where he completed both his bachelor's and master's degrees. His professional trajectory is marked by influential positions at leading financial institutions:

- Initiated his professional journey at Samsung Life Insurance, contributing from 1987 to 1999.
- Progressed to Samsung Asset Management, assuming a series of critical roles between 1999 and 2018:
 - As Chief Marketing Officer (CMO), he spearheaded Marketing Solutions.
 - Held the title of Executive Managing Director, with responsibilities for Pension Funds and overall Fund Management.
 - Occupied the position of CMO with a focus on Marketing.
 - Served as Executive Director overseeing Marketing initiatives.
 - Took on the role of Chief Investment Officer (CIO) for Equity Management, guiding investment strategies.
 - Engaged in leadership capacities encompassing Risk Management, Pension Investment Pool Management, Human Resources, Administration, Operational Planning, and Evaluation, showcasing his versatility and leadership acumen.
- Elevated to CEO of Samsung Active Asset Management from 2019 to 2021, where he demonstrated strategic leadership and innovation.
- Currently holds a position as an independent director at KB Securities, a role he has been fulfilling since 2023, further extending his influence and expertise in the financial industry.

2. Board of Directors Nomination Background

Jeung-Won Yang's nomination as an independent director is supported by a comprehensive background free from conflicts of interest related to transactions or concurrent positions with the company. Starting his career at Samsung Life Insurance in 1987 and working there until 1999, he then moved to Samsung Asset Management, where from 1999 to 2018, he held various pivotal roles including team leader positions in Human Resources, Management, Planning, Evaluation, Investment Pool Management, and Risk Management. He ascended to higher executive roles such as Chief Investment Officer (CIO) for Equity Management, Executive Managing Director for Pension Funds and Fund Management, and Chief Marketing Officer (CMO) overseeing Marketing Solutions. From 2019 to 2021, Yang served as the CEO of Samsung Active Asset Management, demonstrating his leadership in the capital market sector. Since 2023, he has been contributing as an independent director at KB Securities.

Yang's candidacy brings over 30 years of capital market expertise, combining significant management experience as a large company's CEO with a deep understanding of the investor perspective. His extensive experience in investment institutions enables him to comprehend the expectations of investors towards investee companies thoroughly, promising to significantly contribute to enhancing the board's communication with investors and balancing the diverse expectations and demands of various stakeholders. Furthermore, his expertise in finance and risk management is anticipated to play a crucial role in long-term investment and financial decision-making processes, providing strategic risk management insights. Additionally, his experience as a CEO is expected to facilitate more substantive advice and supervision of the management team, while also improving communication between the management and independent directors.

The board believes Yang's blend of investor experience, CEO-level leadership, and balanced insights will provide valuable and differing perspectives to the board, supporting the decision to nominate him as an independent director and Audit Committee member.

Agenda Item. 8 Approval of the Director Remuneration Limit

Approval of the Director Remuneration Limit (Proposed)

Number of Directors (Independent Directors)	10 (7)
Remuneration Limit	KRW 6.5 billion

(Previous period)

Number of Directors (Independent Directors)	10 (7)
Amount Paid	KRW 2.2 billion
Remuneration Limit	KRW 6.5 billion

Appendix_ Summary of Board Activities

2023 Board Resolutions

Meeting Date	Agenda	Status	Attendance
2023.02.08	• Approval of the 46th fiscal year (2022) financial statements	Passed	10/10
	• Approval of the 46th fiscal year (2022) business report	Passed	
	• Approval of the revision of executive compensation regulations	Passed	
	• Report on the operation status of the internal accounting management system	Reported	
	• Report on the revision of the internal accounting management regulations	Reported	
	• Report on Committee resolutions	Reported	
2023.03.08	• Report on the evaluation of the internal accounting management system by the Audit Committee	Reported	10/10
	• Report on Committee resolutions	Reported	
	• Convocation of the 46th regular shareholders' meeting	Passed	
	- Agenda item 1: Approval of the 46th fiscal year (01.01.2022-12.31.2022) financial statements (including profit distribution statement)		
	- Agenda item 2: Approval of the limit on director compensation		
	• Reapproval of the 46th fiscal year business report	Passed	
	• Decision on the acquisition of treasury shares (conclusion of trust agreement)	Passed	
• Approval of the 2023 safety and health plan	Passed		
2023.05.23	• Report on the 1st quarter management performance of 2023	Reported	10/10
	• Report on the disposal (sale) of investment securities (Daewoo Construction)	Reported	
	• Report on Committee resolutions	Reported	
2023.06.21	• Report on Committee resolutions	Reported	10/10
	• Approval of the establishment of a joint venture for the carbon dioxide liquefaction project	Passed	
2023.08.21	• Appointment of executive officers	Passed	10/10
	• Report on the management performance for the first half of 2023	Reported	
	• Report on Committee resolutions	Reported	
2023.10.16	• Decision on the cancellation of treasury shares	Passed	10/10
2023.11.22	• Report on the establishment of director evaluation guidelines	Reported	10/10
	• Report on the 3rd quarter management performance of 2023	Reported	
	• Report on Committee resolutions	Reported	
2023.12.18	• Approval of the nomination guidelines for Independent directors	Passed	10/10
	• Approval of the annual borrowing and payment guarantee limit	Passed	
	• Report on the 2023 management performance and 2024 management plan	Reported	
	• Report on Committee resolutions	Reported	
	• Report on the schedule (draft) for the 47th regular shareholders' meeting	Reported	

2023 Audit Committee Resolutions

Meeting Date	Agenda	Status	Attendance
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2023.02.08	• Report on the operation status of the internal accounting management system	Reported	3/3
	• Submission of the 46th fiscal year (2022) financial statements	Reported	
	• Submission of the 46th fiscal year (2022) business report	Reported	
	• Report on the 2022 activities of the Audit Committee	Reported	
	• Report on the 2022 inspection results of the internal accounting management system by the Audit Committee	Reported	
	• Report on the revision of internal accounting management regulations and guidelines	Reported	
2023.03.07	• Communication with the auditor for the 1st quarter of 2023	Discussed	3/3
	• Report on changes to the 46th fiscal year (2022) financial statements	Reported	
	• Report on changes to the 46th fiscal year (2022) business report	Reported	
	• Approval of the internal accounting management system evaluation report	Passed	
	• Approval of the audit report by the Audit Committee	Passed	
	• Approval of the opinion on internal monitoring mechanisms by the Audit Committee	Passed	
2023.05.12	• Communication with the auditor for the 2nd quarter of 2023	Discussed	3/3
	• Report on the 2023 Audit Committee activity plan	Reported	
	• Report on the 2023 internal accounting management system evaluation plan	Reported	
	• Report on the 2023 internal audit activity plan	Reported	
	• 2022 Audit Activity Evaluation	Passed	
2023.08.21	• Communication with the Auditor for Q3 2023	Discussed	3/3
	• Audit Committee Related Systems and Operational Trends	Finished	
2023.12.18	• Report on Year-End Audit Matters for 2023	Reported	3/3
	• Status of Audit Committee Supervision on the Internal Accounting Management System for 2023	Reported	
	• Communication with the Auditor for Q4 2023	Discussed	

2023 Internal Transactions Committee Resolutions

Meeting Date	Agenda	Status	Attendance
2023.12.15	• Report on the Internal Transactions Committee Operation Plan	Reported	3/3
	• Report on the Status of Internal Transactions with Affiliated Companies (2023, 2024)	Reported	

2023 Compensation Committee Resolutions

Meeting Date	Agenda	Status	Attendance
2023.02.02	• Deliberation on the Revision of Executive Compensation Regulations	Passed	3/3
2023.03.07	• Approval of the Director Compensation Limit for 2023	Passed	3/3
	• Evaluation of the Appropriateness of Payment Standards and Methods for Individual Registered Directors' Compensation in 2023	Passed	
2023.12.19	• Compensation Committee Operation Plan	Reported	3/3
	• Report on the Current Status of Registered Director Compensation Payments for 2023	Reported	
	• Report on Benchmarking Results of the Executive Compensation System and Directions for Improvement	Reported	

2023 ESG Committee Resolutions

Meeting Date	Agenda	Status	Attendance
2023.03.08	• Approval of the Selection Results for Key ESG Issues in the 'Sustainability Management Report 2022'	Passed	6/6
	• Report on Climate Risk Analysis by Kumho Petrochemical	Reported	
	• Report on Safety and Environmental Accident Response and Establishment of an Emergency Plan	Reported	
	• Report on ISCC Certification Results	Reported	
	• Report on Expansion and Changes to Major Disclosure Indicators	Reported	
	• Report on the Status and Schedule of ESG Rating Agency Evaluations	Reported	
2023.06.21	• Approval for the Publication of the 'Sustainability Management Report 2022'	Passed	6/6
	• Approval of the Establishment and Revision of ESG Policies and Guidelines	Passed	
	• Completion Report on the Construction of an ESG Information System	Reported	
	• Report on ESG Issue Trends	Reported	
2023.12.04	• Report on the 2023 ESG Management Performance and 2024 Management Plan	Reported	6/6
	• Report on the ESG Committee's 2024 Operation Plan	Reported	
	• Progress Report on the Production of the 'Sustainability Management Report 2023'	Reported	
	• Report on Key ESG Issues	Reported	
	• Report on the Operation Status of the ESG Information System	Reported	

2023 Management Committee Resolutions

Meeting Date	Agenda	Status	Attendance
2023.02.16	• Approval of the Guarantee for China Joint Venture (Rizhao Kumho Jinma Chemical Co., Ltd.)	Passed	3/3
2023.03.20	• Approval for the Extension of the Offshore Foreign Currency Loan from Kookmin Bank	Passed	3/3
2023.06.08	• Approval for the Extension of the Import Financing Loan Revolving Limit Agreement with the Export-Import Bank of Korea	Passed	3/3
	• Approval for the Extension and Increase of the Limit Agreement with the National Federation of Fisheries Cooperatives (NFFC) Bank	Passed	
2023.07.21	• Approval for the New Agreement on Facility Funds Loan with Woori Bank	Passed	3/3
2023.09.12	• Approval for the Extension of the Credit Agreement with the Industrial Bank of Korea	Passed	3/3
2023.10.20	• Approval for the New Agreement on Operating Funds Loan with the Industrial Bank of Korea	Passed	3/3
2023.11.22	• Approval for the Re-Agreement of the Consolidated Credit Limit with Woori Bank	Passed	3/3

Board Attendance

Category	Name	2021	2022	2023	Total		
					# of Board Meetings	Meeting Attended	Attendance Rate
Executive Directors	Chan-Koo Park	6/6	-	-	6	6	100%
	Dong-Jun Moon	3/3	-	-	3	3	100%
	Woo-Sung Shin	6/6	-	-	6	6	100%
	Jong-Hoon Baek	8/8	10/10	8/8	26	26	100%
	Young-Hoon Ko	5/5	5/5	-	10	10	100%
	Young-Do Ko	5/5	10/10	8/8	23	23	100%
	Jun-Kyung Park	-	5/5	8/8	13	13	100%
Independent Directors	Jin-Ho Chung	11/11	2/2	-	13	13	100%
	Myung-Kee Jang	3/3	-	-	3	3	100%
	Ok-Rial Song	3/3	-	-	3	3	100%
	Woon-Oh Jung	3/3	-	-	3	3	100%
	Hwi-Sung Lee	3/3	-	-	3	3	100%
	Yong-Sun Jung	11/11	2/2	-	13	13	100%
	Jae-Kyung Lee	11/11	5/5	-	16	16	100%
	Do-Soung Choi	8/8	10/10	8/8	26	26	100%
	Lee-Seok Hwang	8/8	10/10	8/8	26	26	100%
	Jung-Mi Lee	8/8	10/10	8/8	26	26	100%
	Soon-Ae Park	8/8	4/4	-	12	12	100%
	Sang-Soo Park	-	8/8	8/8	16	16	100%
	Young-Woo Park	-	8/8	8/8	16	16	100%
	Tae-Kyun Kwon	-	5/5	8/8	13	13	100%
	Jee-Yoon Lee	-	5/5	8/8	13	13	100%

Audit Committee Attendance

Name	2021	2022	2023	Total		
				# of Board Meetings	Meeting Attended	Attendance Rate
Jin-Ho Chung	7/7	2/2	-	9	9	100%
Woon-Oh Jung	2/2	-	-	2	2	100%
Hwi-Sung Lee	2/2	-	-	2	2	100%
Jae-Kyung Lee	7/7	3/3	-	10	10	100%
Do-Soung Choi	5/5	6/6	5/5	16	16	100%
Lee-Seok Hwang	5/5	6/6	5/5	16	16	100%
Sang-Soo Park	-	4/4	5/5	9	9	100%

Nomination Committee Attendance

Name	2021	2022	2023	Total		
				# of Board Meetings	# of Board Meetings	Attendance Rate
Jin-Ho Jung	1/1	-	-*	1	1	100%
Woon-Oh Jung	1/1	-	-*	1	1	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	-	-	-*	-	-	-

Note In 2023, there were no agenda items for appointing independent directors during the annual general meeting, so a separate meeting was not held. The resolution to approve the establishment of guidelines for recommending independent director candidates was passed by the Board of Directors.*

Internal Transactions Committee Attendance

Name	2021	2022	2023	Total		
				# of Board Meetings	# of Board Meetings	# of Board Meetings
Jung-Mi Lee	2/2	1/1	1/1	4	4	100%
Yong-Sun Jung	2/2	-	-	2	2	100%
Lee-Seok Hwang	2/2	1/1	1/1	4	4	100%
Young-Woo Park	-	1/1	1/1	2	2	100%

Compensation Committee Attendance

Name	2021	2022	2023	Total		
				# of Board Meetings	# of Board Meetings	# of Board Meetings
Jae-Kyung Lee	2/2	1/1	-	3	3	100%
Soon-Ae Park	2/2	1/1	-	3	3	100%
Yong-Sun Jung	2/2	1/1	-	3	3	100%
Sang-Soo Park	-	2/2	3/3	5	5	100%
Tae-Kyun Kwon	-	2/2	3/3	5	5	100%
Jee-Yoon Lee	-	2/2	3/3	5	5	100%

ESG Committee Attendance

Name	2021	2022	2023	Total		
				# of Board Meetings	# of Board Meetings	# of Board Meetings
Soon-Ae Park	3/3	1/1	-	4	4	100%
Jong-Hoon Baek	3/3	4/4	3/3	10	10	100%
Jun-Kyung Park	-	2/2	3/3	5	5	100%
Jung-Mi Lee	3/3	4/4	3/3	10	10	100%
Do-Soung Choi	3/3	4/4	3/3	10	10	100%
Young-Woo Park	-	3/3	3/3	6	6	100%
Jee-Yoon Lee	-	2/2	3/3	5	5	100%

Management Committee Attendance

Name	2021	2022	2023	Total		
				# of Board Meetings	# of Board Meetings	# of Board Meetings
Jong-Hoon Baek	4/4	5/5	7/7	16	16	100%
Young-Do Ko	4/4	5/5	7/7	16	16	100%
Jun-Kyung Park	-	1/1	7/7	8	8	100%

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2023, 2022 and 2021

(In Korean won)	2023	2022	2021
Assets			
Non-current assets	5,408,287,071,170	4,978,368,933,414	4,692,938,986,034
Property, plant and equipment	3,964,986,682,250	3,636,330,972,318	3,416,203,923,887
Right-of-use asset	74,196,168,558	80,184,156,045	92,660,269,063
Investment property	83,989,918,474	81,810,037,646	82,613,075,239
Intangible assets	37,087,481,005	40,703,414,772	48,027,280,600
Investments in associates and joint ventures	887,689,856,083	819,781,102,687	705,707,737,839
Financial assets at fair value through other comprehensive income	180,249,930,713	198,879,772,783	277,085,580,791
Financial assets at fair value through profit or loss	55,613,254,347	6,276,972,745	5,823,433,911
Derivative financial assets	-	2,366,635,201	89,513,638
Net defined benefit assets	49,991,745,834	64,636,640,366	4,781,278,623
Loans and other receivables	15,929,934,148	18,470,794,107	27,310,896,940
Deferred tax assets	55,966,942,478	26,566,135,485	31,054,481,819
Other non-current assets	2,585,157,280	2,362,299,259	1,581,513,684
Current assets	2,571,407,562,515	2,739,034,139,046	3,441,039,743,990
Inventories	745,609,380,745	821,862,029,874	776,148,286,980
Derivative financial assets	2,855,310,104	4,011,410,118	54,272,219
Trade receivables	741,633,868,654	684,158,634,150	832,138,739,284
Loans and other receivables	575,142,629,571	617,596,274,976	1,172,046,864,718
Cash and cash equivalents	452,439,485,955	567,301,480,378	622,937,474,397
Other current assets	49,683,667,956	43,498,387,202	37,610,642,695
Current tax assets	4,043,219,530	605,922,348	103,463,697
Total assets	7,979,694,633,685	7,717,403,072,460	8,133,978,730,024

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position, Continued

As of December 31, 2023, 2022 and 2021

(In Korean won)	2023	2022	2021
Equity			
Equity attributable to owners of the Group	5,829,496,939,923	5,677,879,584,544	5,131,967,424,405
Capital	167,455,885,000	167,455,885,000	167,455,885,000
Capital surplus	403,535,295,157	403,535,295,157	403,516,894,057
Capital adjustment	(38,186,300,246)	(38,186,300,246)	(38,071,203,846)
Accumulated other comprehensive income(loss)	(94,969,478,818)	(90,188,906,403)	(21,033,544,988)
Retained earnings	5,391,661,538,830	5,235,263,611,036	4,620,099,394,182
Non-controlling interests	4,522,602,381	1,381,454,941	1,123,576,170
Total equity	5,834,019,542,304	5,679,261,039,485	5,133,091,000,575
Liabilities			
Non-current liabilities	615,741,698,820	584,649,220,055	647,686,886,386
Other payables	111,127,985,607	107,465,366,831	100,866,076,098
Long-term accrued expenses	11,582,636,703	9,434,630,159	10,137,035,659
Borrowings	294,814,786,610	245,050,741,273	243,472,391,390
Lease liability	51,402,376,187	58,812,759,996	70,305,916,626
Net defined benefit liabilities	9,918,728,879	12,223,977,279	17,464,510,547
Deferred tax liabilities	96,057,355,163	109,755,928,090	164,163,855,353
Derivative financial liabilities	-	2,656,511,014	907,563,373
Provision	3,971,087,417	1,360,175,727	448,409,985
Other non-current liabilities	36,866,742,254	37,889,129,686	39,921,127,355
Current liabilities	1,529,933,392,561	1,453,492,812,920	2,353,200,843,063
Trade payables	493,975,747,614	349,002,309,264	443,426,404,023
Other payables	404,373,733,750	426,689,507,470	457,717,049,653
Borrowings	527,038,252,732	483,707,864,622	714,274,825,130
Lease liability	9,627,766,527	9,194,431,982	5,362,411,689
Derivative financial Liabilities	2,784,764,636	-	532,872,000
Current tax liabilities	8,973,585,308	100,830,213,226	571,507,305,487
Provisions	463,316,854	4,943,202,837	14,424,795,006
Other current liabilities	82,641,034,609	79,108,146,595	145,932,207,172
Financial guarantee liabilities	55,190,531	17,136,924	22,972,903
Total liabilities	2,145,675,091,381	2,038,142,032,975	3,000,887,729,449
Total equity and liabilities	7,979,694,633,685	7,717,403,072,460	8,133,978,730,024

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Profit or Loss

For the years ended December 31, 2023 and 2022

(In Korean won)	2023	2022
Sales	6,322,528,187,782	7,975,625,981,021
Cost of sales	5,676,662,262,889	6,549,231,666,570
Gross profit	645,865,924,893	1,426,394,314,451
Selling, general and administrative expenses	286,904,042,933	279,082,257,952
Operating income	358,961,881,960	1,147,312,056,499
Other income	92,157,309,455	131,185,998,512
Other expenses	91,415,499,680	139,989,610,144
Financial income	74,602,457,347	93,150,503,127
Financial expenses	60,355,470,349	102,296,753,530
Share of profit of equity accounted investees	111,132,065,526	125,009,070,762
Profit before income tax	485,082,744,259	1,254,371,265,226
Income tax expense	38,039,208,143	234,251,372,649
Profit for the year	447,043,536,116	1,020,119,892,577
Profit attributable to:		
Owners of the Group	446,820,153,023	1,019,861,901,806
Non-controlling interests	223,383,093	257,990,771
Earnings per share (In Korean won) :		
Basic and diluted earnings per share (common stock)	16,727	37,087
Basic and diluted earnings per share (preferred stock)	17,019	37,693

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

<i>(In Korean won)</i>	2023	2022
Profit for the year	447,043,536,116	1,020,119,892,577
Other comprehensive income (loss) for the year, net of income tax	(48,723,173,559)	(42,924,343,625)
1. Items that will not be reclassified subsequently to profit or loss :	(43,847,107,376)	(34,323,358,348)
Remeasurement of net defined benefit liabilities/assets	(34,412,384,849)	25,834,134,507
Valuation gain (or loss) from financial assets at fair value through OCI	(7,187,195,123)	(60,554,376,138)
Net change in retained earnings of investments in associates	(2,247,527,404)	396,883,283
2. Items that will be reclassified subsequently to profit or loss :	(4,876,066,183)	(8,600,985,277)
Foreign currency translation differences for foreign operations	(891,996,248)	(3,738,190,058)
Valuation gain (or loss) from derivative financial instruments	(1,780,174,366)	1,249,192,603
Net change in gain (or loss) on valuation of investments in associates	(2,203,895,569)	(6,111,987,822)
Total comprehensive income for the year	398,320,362,557	977,195,548,952
Total comprehensive income attributable to:		
Owners of the Group	398,096,979,464	976,937,558,181
Non-controlling interests	223,383,093	257,990,771

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(In Korean won)	Capital	Capital surplus	Capital adjustment	Accumulated OCI	Retained earnings	Non-controlling interests	Total equity
Balance at January 1, 2022 (Before corrections)	167,455,885,000	378,260,981,655	(37,950,156,424)	8,957,411,156	4,565,066,445,854	1,117,818,113	5,082,908,385,354
Adjustments of misstatements	-	25,255,912,402	(121,047,422)	(29,990,956,144)	55,032,948,328	5,758,057	50,182,615,221
Balance at January 1, 2022 (After corrections)	167,455,885,000	403,516,894,057	(38,071,203,846)	(21,033,544,988)	4,620,099,394,182	1,123,576,170	5,133,091,000,575
Total comprehensive income for the year							
Profit for the year	-	-	-	-	1,019,861,901,806	257,990,771	1,020,119,892,577
Valuation gain (or loss) from financial assets at fair value through OCI	-	-	-	(60,554,376,138)	-	-	(60,554,376,138)
Foreign currency translation differences for foreign operations	-	-	-	(3,738,190,058)	-	-	(3,738,190,058)
Valuation gain (or loss) from derivative financial instruments	-	-	-	1,249,192,603	-	-	1,249,192,603
Net change in unrealized gain on valuation of investments in associates	-	-	-	(6,111,987,822)	-	-	(6,111,987,822)
Net change in retained earnings of investments in associates	-	-	-	-	396,883,283	-	396,883,283
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	25,834,134,507	-	25,834,134,507
Transactions with owners of the Group, directly attributable to equity							
Changes in a parent's ownership interest in subsidiaries	-	-	(115,096,400)	-	-	-	(115,096,400)
Other capital adjustments	-	18,401,100	-	-	-	-	18,401,100
Acquisition of treasury stock	-	-	(150,072,568,442)	-	-	-	(150,072,568,442)
Retirement of treasury stock	-	-	150,072,568,442	-	(150,072,568,442)	-	-
Dividends	-	-	-	-	(280,856,134,300)	(112,000)	(280,856,246,300)
Balance at December 31, 2022	167,455,885,000	403,535,295,157	(38,186,300,246)	(90,188,906,403)	5,235,263,611,036	1,381,454,941	5,679,261,039,485
Balance at January 1, 2023	167,455,885,000	403,535,295,157	(38,186,300,246)	(90,188,906,403)	5,235,263,611,036	1,381,454,941	5,679,261,039,485
Total comprehensive income for the year							
Profit for the year	-	-	-	-	446,820,153,023	223,383,093	447,043,536,116
Substitution from financial assets at fair value through OCI	-	-	-	7,282,688,891	(7,282,688,891)	-	-
Valuation gain (or loss) from financial assets at fair value through OCI	-	-	-	(7,187,195,123)	-	-	(7,187,195,123)
Foreign currency translation differences for foreign operations	-	-	-	(891,996,248)	-	-	(891,996,248)
Valuation gain (or loss) from derivative financial instruments	-	-	-	(1,780,174,366)	-	-	(1,780,174,366)
Net change in unrealized gain on valuation of investments in associates	-	-	-	(2,203,895,569)	-	-	(2,203,895,569)
Net change in retained earnings of investments in associates	-	-	-	-	(2,247,527,404)	-	(2,247,527,404)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	(34,412,384,849)	-	(34,412,384,849)
Transactions with owners of the Group, directly attributable to equity							
New acquisition of shares of subsidiaries	-	-	-	-	-	3,199,968,000	3,199,968,000
Acquisition of treasury stock	-	-	(100,048,044,185)	-	-	-	(100,048,044,185)
Retirement of treasury stock	-	-	100,048,044,185	-	(100,048,044,185)	-	-
Dividends	-	-	-	-	(146,431,579,900)	(282,203,653)	(146,713,783,553)
Balance at December 31, 2023	167,455,885,000	403,535,295,157	(38,186,300,246)	(94,969,478,818)	5,391,661,538,830	4,522,602,381	5,834,019,542,304

(*) OCI : Other Comprehensive Income

KUMHO PETROCHEMICAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(In Korean won)	2023	2022
Cash flows from operating activities:	630,703,779,509	513,532,762,319
Cash generated from operating activities	743,615,990,580	1,200,126,439,656
Interest received	40,976,458,434	28,800,736,551
Interest paid	(37,148,216,318)	(24,584,073,582)
Dividends received	44,362,463,356	56,072,119,052
Income tax paid	(161,102,916,543)	(746,882,459,358)
Cash flows from investing activities:	(591,980,008,888)	94,084,326,568
Increase in short-term financial instruments	(808,364,849,807)	(1,191,623,935,134)
Decrease in short-term financial instruments	855,146,998,183	1,750,500,000,000
Increase in long-term financial instruments	-	(1,289,273,230)
Decrease in long-term financial instruments	2,500,000	9,252,958,274
Acquisition of financial assets at fair value through P/L	(51,492,203,833)	(600,000,000)
Disposal of financial assets at fair value through P/L	2,900,000,000	624,382,187
Disposal of financial assets at fair value through OCI	6,632,121,293	-
Collection of short-term loans	248,533,166	265,242,449
Increase in long-term loans	(379,065,509)	(409,000,000)
Collection of long-term loans	2,048,252,018	152,937,584
Acquisition of investments in associates and joint ventures	(10,000,000,000)	(50,199,945,269)
Acquisition of property, plant and equipment	(589,818,134,462)	(427,688,850,315)
Disposal of property, plant and equipment	1,738,836,888	4,869,201,870
Acquisition of intangible assets	(402,696,825)	(386,458,363)
Acquisition of other investments	(240,300,000)	-
Disposal of other investments	-	617,066,515
Cash flows from financing activities:	(153,284,582,227)	(661,044,100,301)
Net changes in short-term borrowings	44,097,649,193	(75,995,508,837)
Proceeds from long-term borrowings	199,820,000,000	178,400,000,000
Repayments of current portion of long-term borrowings	(143,798,876,838)	(295,611,747,160)
Repayments of long-term borrowings	-	(32,749,000,000)
Payments of lease liability	(11,936,461,924)	(8,294,255,732)
Cash inflows from settlement of derivatives	2,091,000,000	4,240,000,000
Dividends paid	(146,709,816,473)	(280,845,923,730)
Acquisition of treasury stock	(100,048,044,185)	(150,072,568,442)
Cash inflows from consolidated capital transactions	3,199,968,000	-
Payment for subsidiary's share issuance costs	-	(115,096,400)
Effects of exchange rate changes on cash and cash equivalents	(301,182,817)	(2,208,982,605)
Net increase(decrease) in cash and cash equivalents	(114,861,994,423)	(55,635,994,019)
Cash and cash equivalents at the beginning of year	567,301,480,378	622,937,474,397
Cash and cash equivalents at the end of year	452,439,485,955	567,301,480,378

KUMHO PETROCHEMICAL CO., LTD.

Separate Statements of Financial Position

As of December 31, 2023, 2022 and 2021

<i>(In Korean won)</i>	2023	2022	2021
Assets			
Non-current assets	3,092,061,261,882	2,886,203,688,609	2,759,729,989,872
Property, plant and equipment	1,846,958,469,663	1,679,149,240,323	1,515,967,916,774
Right-of-use asset	22,358,577,622	24,732,251,974	27,453,332,614
Investment property	66,926,054,236	65,254,368,290	66,453,776,054
Intangible assets	17,225,331,616	15,292,493,598	16,129,059,081
Investments in subsidiaries, associates and joint ventures	809,916,778,814	814,490,768,784	810,174,768,784
Financial assets at fair value through other comprehensive income	179,836,156,338	198,440,272,313	276,651,153,207
Financial assets at fair value through profit or loss	53,640,774,347	5,588,012,745	5,048,913,459
Net defined benefit assets	43,244,551,898	47,500,656,037	4,781,278,623
Loans and other receivables	8,209,803,628	10,364,684,666	11,960,773,619
Deferred tax assets	42,605,633,234	24,605,218,839	24,323,296,617
Other non-current assets	1,139,130,486	785,721,040	785,721,040
Current assets	1,341,696,565,366	1,366,112,161,288	1,883,967,583,474
Inventories	444,635,599,137	447,128,370,246	458,400,661,041
Derivative financial assets	-	1,702,563,866	-
Trade receivables	469,985,328,796	420,815,112,021	479,554,028,804
Loans and other receivables	94,131,727,277	147,211,072,277	447,505,524,444
Cash and cash equivalents	308,548,478,389	324,558,131,976	478,079,531,680
Other current assets	24,395,431,767	24,696,910,902	20,427,837,505
Total assets	4,433,757,827,248	4,252,315,849,897	4,643,697,573,346

KUMHO PETROCHEMICAL CO., LTD
Separate Statements of Financial Position, Continued
As of December 31, 2023, 2022 and 2021

<i>(In Korean won)</i>	2023	2022	2021
Equity			
Capital	167,455,885,000	167,455,885,000	167,455,885,000
Capital surplus	298,065,365,852	298,065,365,852	298,065,365,852
Capital adjustment	(37,603,933,823)	(37,603,933,823)	(37,603,933,823)
Accumulated other comprehensive income(loss)	(97,618,415,398)	(97,595,324,766)	(37,064,304,771)
Retained earnings	2,885,306,700,582	2,854,177,790,225	2,690,692,417,877
Total equity	3,215,605,602,213	3,184,499,782,488	3,081,545,430,135
Liabilities			
Non-current liabilities	282,203,448,563	205,851,583,348	156,421,801,183
Other payables	19,628,279	19,448,767	19,298,870
Borrowings	256,000,000,000	176,293,447,913	125,471,608,557
Lease liability	16,547,183,581	20,413,700,251	23,258,398,415
Long-term accrued expenses	8,173,129,193	6,468,475,403	6,764,931,968
Derivative financial liabilities	-	2,656,511,014	907,563,373
Provisions	1,463,507,510	-	-
Current liabilities	935,948,776,472	861,964,484,061	1,405,730,342,028
Trade payables	372,021,223,269	230,119,422,500	266,641,989,739
Other payables	163,247,766,470	194,911,028,873	185,252,208,447
Borrowings	348,668,597,357	339,282,716,973	545,585,922,788
Lease liability	5,362,853,688	5,157,869,086	2,614,870,858
Derivative financial liabilities	2,784,764,636	-	187,518,577
Income tax payables	5,471,833,899	53,118,575,127	311,041,874,011
Provisions	450,484,033	3,022,985,630	3,727,888,542
Short-term financial guarantee liabilities	-	8,074,424	13,910,403
Other current liabilities	37,941,253,120	36,343,811,448	90,664,158,663
Total liabilities	1,218,152,225,035	1,067,816,067,409	1,562,152,143,211
Total equity and liabilities	4,433,757,827,248	4,252,315,849,897	4,643,697,573,346

KUMHO PETROCHEMICAL CO., LTD.

Separate Statements of Profit or Loss

For the years ended December 31, 2023 and 2022

<i>(In Korean won)</i>	2023	2022
Sales	4,196,148,138,989	5,086,855,585,805
Cost of sales	3,768,541,355,633	4,240,192,911,060
Gross profit	427,606,783,356	846,662,674,745
Selling, general and administrative expenses	195,038,874,794	190,457,171,316
Operating income	232,567,908,562	656,205,503,429
Other income	158,476,198,957	185,628,707,577
Other expenses	55,313,988,163	83,428,555,731
Financial income	35,046,973,586	53,806,283,381
Financial expenses	35,091,725,125	64,893,267,917
Profit before income tax	335,685,367,817	747,318,670,739
Income tax expense	32,713,259,256	167,117,069,690
Profit for the year	302,972,108,561	580,201,601,049
Earnings per share:		
Basic and Diluted earnings per share(common stock)	11,340	21,097
Basic and Diluted earnings per share(preferred stock)	11,554	21,463

KUMHO PETROCHEMICAL CO., LTD.
Separate Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022

<i>(In Korean won)</i>	2023	2022
Profit for the year	302,972,108,561	580,201,601,049
Other comprehensive income (loss) for the year, net of income tax	(25,386,664,751)	(46,318,545,954)
1. Items that will not be reclassified subsequently to profit or loss:	(25,247,616,161)	(46,343,956,662)
Remeasurement of net defined benefit liabilities/assets	(18,080,885,228)	14,212,474,041
Valuation gain (or loss) from financial assets at fair value through OCI	(7,166,730,933)	(60,556,430,703)
2. Items that will be reclassified subsequently to profit or loss:	(139,048,590)	25,410,708
Valuation gain (or loss) from derivative financial instruments	(139,048,590)	25,410,708
Total comprehensive income for the year	277,585,443,810	533,883,055,095

KUMHO PETROCHEMICAL CO., LTD.
Separate Statements of Changes in Equity
For the years ended December 31, 2023 and 2022

<i>(In Korean won)</i>	Capital	Capital surplus	Capital adjustment	Accumulated OCI	Retained earnings	Total equity
Balance at January 1, 2022 (Before corrections)	167,455,885,000	298,065,365,852	(37,603,933,823)	(2,148,263,414)	2,652,597,702,518	3,078,366,756,133
Adjustments of misstatements	-	-	-	(34,916,041,357)	38,094,715,359	3,178,674,002
Balance at January 1, 2022 (After corrections)	167,455,885,000	298,065,365,852	(37,603,933,823)	(37,064,304,771)	2,690,692,417,877	3,081,545,430,135
Total comprehensive income for the year						
Profit for the year	-	-	-	-	580,201,601,049	580,201,601,049
Valuation gain (or loss) from financial assets at fair value through OCI	-	-	-	(60,556,430,703)	-	(60,556,430,703)
Valuation gain (or loss) from derivative financial instruments	-	-	-	25,410,708	-	25,410,708
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	14,212,474,041	14,212,474,041
Transactions with owners of the Company, directly attributable to equity						
Dividends	-	-	-	-	(280,856,134,300)	(280,856,134,300)
Acquisition of treasury stock	-	-	(150,072,568,442)	-	-	(150,072,568,442)
Retirement of treasury stock	-	-	150,072,568,442	-	(150,072,568,442)	-
Balance at December 31, 2022	167,455,885,000	298,065,365,852	(37,603,933,823)	(97,595,324,766)	2,854,177,790,225	3,184,499,782,488
Balance at January 1, 2023	167,455,885,000	298,065,365,852	(37,603,933,823)	(97,595,324,766)	2,854,177,790,225	3,184,499,782,488
Total comprehensive income for the year						
Profit for the year	-	-	-	-	302,972,108,561	302,972,108,561
Valuation gain (or loss) from financial assets at fair value through OCI	-	-	-	(7,166,730,933)	-	(7,166,730,933)
Substitution from financial assets at fair value through OCI	-	-	-	7,282,688,891	(7,282,688,891)	-
Valuation gain (or loss) from derivative financial instruments	-	-	-	(139,048,590)	-	(139,048,590)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	(18,080,885,228)	(18,080,885,228)
Transactions with owners of the Company, directly attributable to equity						
Dividends	-	-	-	-	(146,431,579,900)	(146,431,579,900)
Acquisition of treasury stock	-	-	(100,048,044,185)	-	-	(100,048,044,185)
Retirement of treasury stock	-	-	100,048,044,185	-	(100,048,044,185)	-
Balance at December 31, 2023	167,455,885,000	298,065,365,852	(37,603,933,823)	(97,618,415,398)	2,885,306,700,582	3,215,605,602,213

(*) OCI : Other Comprehensive Income

KUMHO PETROCHEMICAL CO., LTD.

Separate Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(In Korean won)	2023	2022
Cash flows from operating activities	436,108,120,561	374,808,994,719
Cash generated from operation activities	434,053,247,389	691,187,600,251
Interest received	16,500,107,471	12,641,197,645
Interest paid	(24,408,714,375)	(15,772,920,994)
Dividends received	97,694,961,103	99,050,926,552
Income tax paid	(87,731,481,027)	(412,297,808,735)
Cash flows from investing activities	(296,461,522,254)	56,380,723,355
Collection of short-term loans	152,329,401	175,788,734
Collection of long-term loans	2,029,500,000	-
Increase in long-term loans	(130,000,000)	(95,000,000)
Decrease in long-term financial instruments	2,500,000	-
Increase in short-term financial instruments	(60,000,000,000)	(300,000,000,000)
Decrease in short-term financial instruments	110,000,000,000	611,500,000,000
Acquisition of property, plant and equipment	(313,695,725,487)	(255,503,578,076)
Disposal of property, plant and equipment	1,729,409,091	4,803,000,000
Acquisition of intangible assets	(363,442,689)	(183,487,303)
Acquisition of investments in subsidiaries, associates and joint ventures	(3,547,440,030)	(23,000,000,000)
Disposal of investments in subsidiaries, associates and joint ventures	8,121,430,000	18,684,000,000
Acquisition of financial assets at fair value through profit or loss	(50,292,203,833)	-
Disposal of financial assets at fair value through profit or loss	2,900,000,000	-
Disposal of financial assets at fair value through OCI	6,632,121,293	-
Cash flows from financing activities	(155,306,730,932)	(582,172,552,928)
Net proceeds(repaysments) of short-term borrowings	(2,420,239,424)	(55,860,500,001)
Proceeds from long-term borrowings	183,000,000,000	135,900,000,000
Repayments of current portion of long-term borrowings	(85,121,662,558)	(231,710,000,000)
Cash inflows from settlement of derivatives	2,091,000,000	4,240,000,000
Payments of lease liability	(6,380,171,945)	(3,823,672,755)
Dividends paid	(146,427,612,820)	(280,845,811,730)
Acquisition of treasury stock	(100,048,044,185)	(150,072,568,442)
Effects of exchange rate changes on cash and cash equivalents	(349,520,962)	(2,538,564,850)
Net increase(decrease) in cash and cash equivalents	(16,009,653,587)	(153,521,399,704)
Cash and cash equivalents at the beginning of year	324,558,131,976	478,079,531,680
Cash and cash equivalents at the end of year	308,548,478,389	324,558,131,976

KUMHO PETROCHEMICAL CO., LTD.
Proposed Statements of Retained Earnings Disposal
For the years ended December 31, 2023 and 2022

(In Korean won)	Current year (Disposal Scheduled Date: 2024.3.22)		Previous year (Disposal Confirmation Date: 2023.3.24)	
I . Undistributed Retained Earnings		324,606,700,582		493,177,790,225
Brought-forward Undistributed Retained Earnings	147,046,210,325		10,741,568,218	
Adjustments of misstatements	-		38,094,715,359	
Profit for the year	302,972,108,561		580,201,601,049	
Remeasurement of net defined benefit liabilities	(18,080,885,228)		14,212,474,041	
Transfers from Other Comprehensive Income to Undistributed Retained Earnings	(7,282,688,891)		-	
Retirement of treasury stock	(100,048,044,185)		(150,072,568,442)	
II . Disposal of Retained Earnings		274,485,934,200		346,131,579,900
Legal Reserve	-		14,700,000,000	
Voluntary Reserves	198,000,000,000		185,000,000,000	
Cash Dividends				
Dividend Per Share (Dividend Payout Ratio):				
Common stock:				
Current year - KRW 2,900(58%)	76,485,934,200		146,431,579,900	
Previous year - KRW 5,400(108%)				
Preferred stock:				
Current year: KRW 2,950(59%)				
Previous year: KRW 5,450(109%)				
III . Carried-forward Undistributed Retained Earnings		50,120,766,382		147,046,210,325