

# **KOREA ZINC ANNUAL GENERAL MEETING OF SHAREHOLDERS (MARCH 24, 2026)**

**REBUTTAL TO KOREA ZINC'S CLAIMS**

March 2026



**MBK**  
PARTNERS

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# 1. Rebuttal to Groundless Allegations Against the MBKP–Young Poong Consortium

# Rebuttal to Groundless Allegations Against the MBKP–Young Poong Consortium (1/2)

## Allegations

## Response from the MBKP–Young Poong Consortium

- | Allegations   | Response from the MBKP–Young Poong Consortium  |
|---|--|
| <b>1</b> MBKP Lacks Experience and Understanding of the Smelting Business           | <ul style="list-style-type: none"><li>▪ MBKP is not a specialist in a particular industry. Rather, it <b>creates value by building strong boards and management teams that drive execution and corporate performance</b>. In Korea, MBKP invested in companies such as Doosan Machine Tools, Coway, and Daesung Industrial Gases, creating value by enhancing growth and profitability.</li><li>▪ The Consortium’s role is to <b>enable industry-experienced management to lead and boards to function properly by providing effective oversight</b>. Over the past year, the Consortium has worked to strengthen shareholder representation, expertise, and independence on the board to support better decision-making and maximize Korea Zinc’s corporate value.</li></ul>  |
| <b>2,3</b> Distortion of MBKP’s Portfolio Performance and Selective Use of Examples | <ul style="list-style-type: none"><li>▪ <b>MBKP prioritizes enhancing the corporate value of its portfolio companies</b>. Contrary to Chairman Choi’s claims, there have been <b>no excessive asset disposals or excessive dividend payments</b>. Instead, MBKP focused on <b>strengthening core businesses, supporting long-term growth and maintaining job security</b>.</li><li>▪ In fact, at the past two general meetings and the shareholder proposal for the upcoming annual meeting, <b>the Consortium presented clear principles to enhance value for all Korea Zinc shareholders: (i) a predictable and transparent shareholder return policy; (ii) recovery of non-core investments; and (iii) reinvestment into new growth areas</b>.</li><li>▪ Nevertheless, Chairman Choi has ignored MBKP’s many successful investments over the past 20 years (77 transactions) and instead <b>purported factually unsupported claims or selectively cited a few cases affected by external factors</b>, distorting MBKP’s track record.</li></ul> |

# Rebuttal to Groundless Allegations Against the MBKP–Young Poong Consortium (2/2)

## Allegations

## Response from the MBKP–Young Poong Consortium

- |  |  |
|--|--|
| <p><b>4 Ongoing Environmental Pollution and Safety Incidents at Young Poong</b></p>        | <ul style="list-style-type: none"><li>▪ The non-ferrous smelting industry <b>inherently carries environmental and safety risks</b>, and Korea Zinc is no different. Korea Zinc is not exempt from such industry-wide challenges.</li><li>▪ Recognizing these risks, <b>Young Poong has invested significantly over the past five years to reduce environmental impact and prevent major accidents</b>. In 2021, Young Poong introduced the world’s first Zero Liquid Discharge (“ZLD”) system at a smelter.</li><li>▪ Young Poong plans to <b>continue making substantial investments to further mitigate related risks in a structural and sustainable manner</b>.</li></ul>  |
| <p><b>5 Change in Control Could Jeopardize Project Crucible and the Korea–Alliance</b></p> | <ul style="list-style-type: none"><li>▪ The MBKP–Young Poong Consortium <b>consistently expressed support for Korea Zinc’s efforts to build a critical minerals supply chain in the through Project Crucible</b>.</li><li>▪ The Consortium’s concern is not over the project itself, but over the <b>lack of sufficient board deliberation and the disregard for shareholder interests in the decision-making process</b>.</li><li>▪ Chairman Choi has <b>mischaracterized these governance concerns as opposition to Project Crucible</b>, thereby misleading the market.</li><li>▪ The Consortium <b>remains committed to strengthening corporate governance and enhancing board oversight</b> to prevent similar issues from recurring.</li></ul> |

# 1 MBKP Creates Value by Building Strong Boards and Management

- MBKP is not a specialist in any particular industry. Rather, MBKP creates value by building strong boards and management teams that drive execution and corporate performance.
- The Consortium's role is to enable industry-experienced management to lead and a properly functioning board to provide effective oversight.

## MBKP's Roles

- MBKP does not directly operate its portfolio companies; rather, it enhances corporate value by appointing capable management teams and supporting their decision-making in an efficient and effective manner.

### Build Sound Governance

- MBKP does not directly running specific businesses.
- MBKP establishes a sound and effective decision-making structure, rather than replacing industry expertise within the company.

### Appoint and Support Capable Management

- Appoints CEOs and key executives with strong industry expertise.
- Creates an environment for focused strategy execution and performance maximization through performance-based compensation, clear KPIs, and accountability framework.

### Normalize Board Functions

- Separates the roles of the board and management.
- Restores management oversight through enhanced pre-investment review and strengthened financial and legal risk supervision.

## MBKP's Value Creation Examples

Company	Key Improvements	Key Achievements
 Doosan Machine Tools	<ul style="list-style-type: none"> <li>■ Strengthened product lineup and increased production capacity.</li> <li>■ Expanded dealer network and global sales coverage.</li> </ul>	<ul style="list-style-type: none"> <li>■ Revenues grew by 54% (KRW1.2 tn → KRW1.9 tn).</li> <li>■ Solidified No. 1 in Korea<sup>(1)</sup> and advanced to No. 3 globally<sup>(2)</sup>.</li> </ul>
 COWAY	<ul style="list-style-type: none"> <li>■ Enhanced sales productivity of "Codi" and operational efficiency.</li> <li>■ Expanded retail and online channels.</li> <li>■ Drove overseas expansion and growth.</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthened industry leadership (3.7x rental accounts<sup>(3)</sup> vs. competitors).</li> <li>■ Revenues +36% and share price +93% (vs. KOSPI -0.2%).</li> </ul>
 대성산업가스주식회사 DAESUNG INDUSTRIAL GASES CO. LTD.	<ul style="list-style-type: none"> <li>■ Improved profitability through pricing and utilization optimization.</li> <li>■ Invested in growth initiatives and capacity expansion.</li> </ul>	<ul style="list-style-type: none"> <li>■ Revenue increased by 12%.</li> <li>■ Solidified No. 1 in Korea in both production capacity and revenues<sup>(4)</sup>.</li> </ul>

(1) Korea Machine Tool Manufacturers' Association, Company data; (2) Infiniti Research, Company data; (3) Domestic subscribers only. Competitors' figures based on media reports as they are not publicly disclosed; (4) Production capacity as of Dec. 31, 2018. Sales for 2018, including Green Air.

# 2 MBKP Prioritizes Shareholder Value Maximization

## Fact-Checking Homeplus(1/2)

Allegations Raised by Chairman Choi	Correction of Facts																																
<p><b>Excessive Leveraged Buyout (LBO)</b></p>	<ul style="list-style-type: none"> <li>At the time of acquisition in 2015, acquisition financing (KRW2.9 trillion) represented <b>approximately 50%</b> of total consideration for 100% equity acquisition (KRW6 trillion). Interest expense from acquisition financing accounted for <b>21% of EBITDA</b>, reflecting a <b>prudent level of leverage relative to earnings</b>.</li> <li>The proportion of debt in acquisition financing was <b>below FSS<sup>(1)</sup> guidance at the time of acquisition</b>.</li> </ul> <div style="display: flex; justify-content: space-around;"> <div data-bbox="559 464 1232 735"> <p style="text-align: center;"><b>Acquisition Financing vs. Total Consideration for 100% Equity Acquisition</b></p> <p>(KRW tn)</p> <table border="1"> <tr> <th>Category</th> <th>Value (KRW tn)</th> </tr> <tr> <td>Total Consideration</td> <td>6.0</td> </tr> <tr> <td>Acquisition Financing</td> <td>2.9</td> </tr> </table> </div> <div data-bbox="1243 464 1958 735"> <p style="text-align: center;"><b>EBITDA vs. Interest Expense</b></p> <p>(KRW bn)</p> <table border="1"> <tr> <th>Category</th> <th>Value (KRW bn)</th> </tr> <tr> <td>EBITDA at Acquisition</td> <td>684.4</td> </tr> <tr> <td>Interest Expense (Acquisition Financing)</td> <td>142.2</td> </tr> </table> </div> </div>	Category	Value (KRW tn)	Total Consideration	6.0	Acquisition Financing	2.9	Category	Value (KRW bn)	EBITDA at Acquisition	684.4	Interest Expense (Acquisition Financing)	142.2																				
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<p><b>Amid Earnings Decline, Focused on Repayment of Acquisition Financing and Fund Returns Through Asset Sales</b></p>	<ul style="list-style-type: none"> <li>After acquisition, MBKP invested <b>approximately KRW1 trillion of CapEx</b> to drive growth. Homeplus (i) grew online business to the highest level among hypermarket operators and (ii) converted <b>offline stores into Mega Food Markets</b>, the next generation hypermarket model, <b>delivering industry-leading growth</b>.</li> <li>During the 2022- 24, three years prior to 2025, <b>Homeplus recorded the highest same-store sales growth<sup>(2)</sup> among the three major hypermarket operators</b>.</li> <li>Asset monetization is a <b>financing and asset optimization strategy commonly adopted by major hypermarket operators</b> such as Company E<sup>(3)</sup> and Company L. <b>Proceeds from asset monetization were not distributed to MBKP</b>.</li> </ul> <div style="display: flex; justify-content: space-around;"> <div data-bbox="559 1063 1232 1316"> <p style="text-align: center;"><b>Same-store Sales Growth Comparison<sup>(2)</sup></b></p> <table border="1"> <tr> <th>Year</th> <th>Homeplus</th> <th>Company E</th> <th>Company L</th> </tr> <tr> <td>2022년</td> <td>3.9%</td> <td>5.1%</td> <td>3.2%</td> </tr> <tr> <td>2023년</td> <td>5.7%</td> <td>-0.6%</td> <td>0.8%</td> </tr> <tr> <td>2024년</td> <td>3.9%</td> <td>-2.2%</td> <td>-0.7%</td> </tr> </table> </div> <div data-bbox="1243 1063 1958 1316"> <p style="text-align: center;"><b>Number of Hypermarket Stores in Operation</b></p> <table border="1"> <tr> <th>Company</th> <th>2016</th> <th>2024</th> <th>Change</th> </tr> <tr> <td>Homeplus</td> <td>142</td> <td>126</td> <td>-16 stores</td> </tr> <tr> <td>Company E</td> <td>147</td> <td>132</td> <td>-15 stores</td> </tr> <tr> <td>Company L<sup>(4)</sup></td> <td>125</td> <td>110</td> <td>-15 stores</td> </tr> </table> </div> </div>	Year	Homeplus	Company E	Company L	2022년	3.9%	5.1%	3.2%	2023년	5.7%	-0.6%	0.8%	2024년	3.9%	-2.2%	-0.7%	Company	2016	2024	Change	Homeplus	142	126	-16 stores	Company E	147	132	-15 stores	Company L <sup>(4)</sup>	125	110	-15 stores
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(1) Financial Supervisory Service; (2) Combined online and offline revenue growth, adjusted for changes in operating store count by year. Competitors' same-store sales growth was based on disclosed data and Homeplus internal analysis; (3) Company E also pursued asset efficiency initiatives, including sale of headquarters building for approx. KRW1.2 trillion; (4) For Company L, which expanded store count during 2016–19, store count in operation was compared with 2016 levels.

## 2 MBKP Prioritizes Shareholder Value Maximization

### Fact-Checking Homeplus(2/2)

Allegations Raised by Chairman Choi		Correction of Facts
<p><b>Reason for Filing for Rehabilitation Proceedings</b> (Claim that higher leverage following asset sales and earnings decline, and a shift to net loss, were the primary reasons for filing)</p>		<ul style="list-style-type: none"> <li>The court-appointed investigator concluded that Homeplus filed for rehabilitation proceedings due to (i) <b>continued increases in fixed costs, such as rent and labor cost, (ii) impact from COVID-19 and structural industry shift toward online channels and (iii) potential liquidity pressure following credit rating downgrade</b>, not <b>management failure</b> by the <b>management of Homeplus or MBKP</b>.</li> <li>The debt ratio reflected <b>classification of preferred shares as debt</b> and <b>recognition of lease liabilities under K-IFRS 1116</b>. Adjusted to reflect economic substance, debt ratio was <b>271%</b>, and <b>560%</b> including lease liabilities.</li> <li>Revenue and earnings improved as Homeplus' growth strategy gained traction. However, an unexpected credit rating downgrade tightened liquidity. Homeplus filed for rehabilitation proceedings to maintain its operation.</li> </ul>
<p><b>Prosecutorial Investigation</b> (Allegation that Homeplus issued short-term notes despite awareness of credit rating downgrade, resulting in investor losses)</p>		<ul style="list-style-type: none"> <li>In April 2025, prosecutors initiated search and seizure and a compulsory investigation. After a 10-month investigation, prosecutors sought an arrest warrant, but <b>the court rejected the request and did not accept the claims</b>.</li> <li>The notes were <b>not issued by MBKP or Homeplus</b>. <b>Securities Company S independently issued the notes</b> based on Homeplus' trade payables.</li> </ul>
<p><b>Other Allegations about Criminal Complaints</b></p>	<p>Criminal Complaint Alleging Infringement of LP Interests, Including NPS</p>	<ul style="list-style-type: none"> <li><b>No criminal complaint has been filed</b> regarding alleged infringement of LP interests, including NPS.</li> <li>Homeplus' board amended the terms of preferred shares issued by Homeplus and held by SPC established for the investment in Homeplus to classify the preferred shares as equity.</li> <li>The FSS is reviewing whether the amendment involved any conflict of interest. Under Korean Capital Markets Act, <b>authority to amend the terms rests with GP (MBKP)</b>, and <b>the amendment was necessary to prevent downgrade of Homeplus' credit rating</b>.</li> <li>NPS invested in preferred shares separately issued by the special purpose vehicle, and <b>the terms of those shares were not amended</b>.</li> </ul>
	<p>Criminal Complaint for Alleged Perjury</p>	<ul style="list-style-type: none"> <li><b>The National Assembly Political Affairs Committee did not file a complaint</b> against Michael Kim or Kwang-il Kim. The complaint was filed by certain members of the National Assembly in their personal capacity.</li> <li><b>No MBKP executive or employee committed perjury before the National Assembly</b>.</li> </ul>

***“MBKP committed KRW500 billion in personal contributions and financial support using its own capital and is executing the commitment to fulfill its social responsibility”***

# 3 MBKP's Top Priority: Creating Value at Its Portfolio Companies

## Fact-Checking Accusations on MBKP Portfolio Companies Other than Homeplus

### Fact-Checking Accusations on MBKP Portfolio Companies



**MBKP is committed to growing together with franchisees and the local community.**

- Disputes with certain franchisees started under the former CEO.
- The CEO who caused the dispute was dismissed by the board of directors led by MBKP.



**The early-retirement plan implemented in 2014 was contemplated before MBKP's acquisition.**

- MBKP negotiated with the labor union after investment and executed the plan under terms more favorable than the industry average.



**Financial performance improved significantly for 5 years after investment, but deteriorated afterwards due to unavoidable external circumstances. Cannot be considered as MBKP's failure in value creation.**

- Choi, Yun Birm's claim that the acquisition was 100% debt-financed is false. Approximately KRW1 trillion of equity was invested by MBKP and its co-investors, including Macquarie, with MBKP and Macquarie jointly managing the company.
- Revenues and EBITDA significantly improved from 2008 till 2013.
- The underperformance after 2014 was due to regulatory changes that intensified competition with IPTV service providers.



**Unavoidable external circumstances. Cannot be considered as MBKP's failure.**

- The slowing outdoor apparel market adversely affected NEPA's performance.
- Returned to profitability in 2022 after initiating an overall renewal of the company's fundamentals to address the evolving outdoor/athleisure market post-COVID.



**Unavoidable external circumstances. Cannot be considered as MBKP's failure.**

- Major construction companies incurred huge losses after most construction projects were terminated in the Middle East due to the European debt crisis and plunging oil prices.
- Young Hwa Engineering, a supplier to these major construction companies, was inevitably faced with financial underperformance.



**The voluntary delisting was driven by rapid e-commerce market changes, not business deterioration.**

- As the 54.2%<sup>(1)</sup> largest shareholder, MBKP determined that greater agility in decision-making was needed and acquired 100% of Connect Wave through a tender offer, making it a wholly owned subsidiary.
- With no remaining public float following the tender offer, Connect Wave proceeded with a voluntary delisting, which is fundamentally different from a delisting driven by financial distress.

(1) Based on the fully diluted shares outstanding, assuming conversion or exercise of all potential securities into common shares.

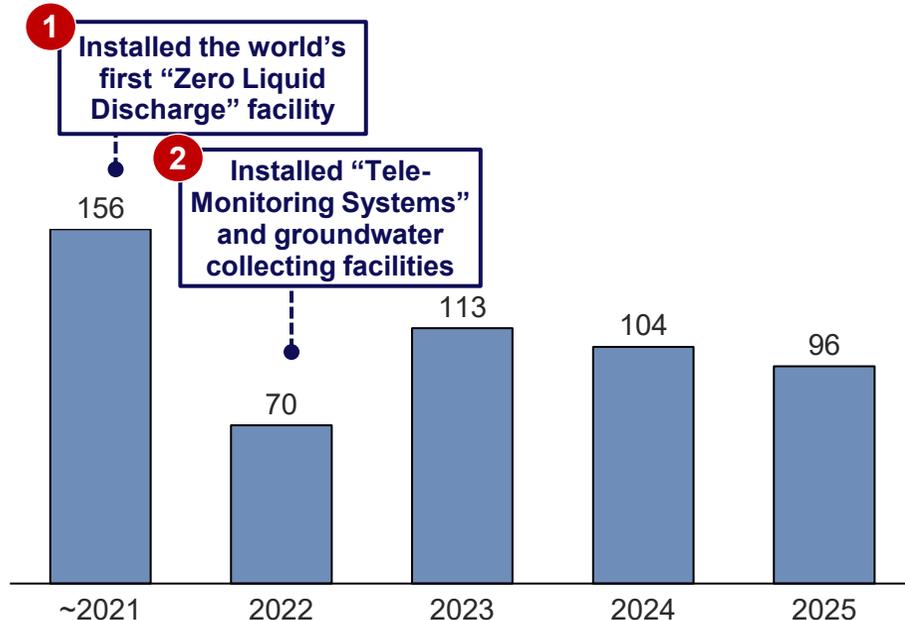
# 4 Young Poong Continues Its Commitment to Preventing Environmental and Safety Issues

- Located at the upper reaches of the Nakdong River, the Seokpo smelter began to have environmental issues as tighter environmental restrictions were introduced over time. Young Poong continues to deploy CapEx to improve its environmental issues and is seeing tangible results
- Young Poong significantly expanded its environmental investment, committing a cumulative KRW540 billion through 2025, and plans to continue additional investments across air quality, water management, and occupational health and safety.
- The smelting industry inevitably has higher safety risks compared to other industries and Korea Zinc is no different. Young Poong is enhancing its safety procedures and renovating old facilities to establish a safe work environment and prevent accidents.

## Young Poong's Environmental Investment

(KRW in billions)

**KRW540 billion cumulative investment for environmental compliance and improvements**



## Environmental Investment Achievements

- ### Zero Liquid Discharge Facility ("ZLD")

  - An eco-friendly water treatment facility that fully recycles wastewater with no external discharge, contributing to Nakdong River protection.
  - Water quality monitoring data around the Seokpo Smelter are publicly disclosed<sup>(1)</sup>.
  - Since installation of the ZLD system, heavy metals such as cadmium and nickel have not been detected downstream of the smelter.
- ### Tele-Monitoring Systems

  - Expanded oxygen production and ozone facilities to reduce nitrogen oxides and established a real-time emissions monitoring system.
  - Emissions data are transmitted to the regional environmental authority every 10 seconds and disclosed in real time via a public display board in Seokpo and on the Young Poong's website.
  - As a result, ambient air pollutant levels in Seokpo are below statutory limits and have improved to levels comparable to leading air-quality regions.

# 5 The Consortium's Participation as Majority Shareholder Will Strengthen the Execution of Project Crucible

- Chairman Choi claims that a change of control could terminate Project Crucible and undermine the ROK–alliance. This argument distracts shareholders' attention away from the core governance issues.
- As Korea Zinc's largest shareholder, the MBKP–Young Poong Consortium has consistently supported the strategic objective of building a US-based critical minerals supply chain through Project Crucible. The Consortium's concern is not over the project itself, but over the lack of adequate information sharing, board oversight, and proper deliberation in major investment decisions.
- By reinforcing governance standards and strengthening board oversight, the Consortium seeks to enhance decision-making transparency and accountability—thereby improving the project's execution stability and credibility with external stakeholders.

## Allegations

*“Continued obstruction by Young Poong and MBKP poses a material risk to the sustainability of the business”*

*“A change in control could trigger the government's authority to terminate contracts or suspend the project”*

## Facts

### **The MBKP–Young Poong Consortium, as the largest shareholder, fully supports the successful execution of Project Crucible.**

- The project's success depends on execution, capital discipline, regulatory compliance, and transparent governance—not who controls management.
- Stronger board oversight supported by the largest shareholder reduces policy and execution risk and promotes more stable progress. Such governance improvements would also be welcomed by the government as a shareholder, given the added transparency and predictability.
- Claims that governance reform equals opposition to the project or a threat to the alliance are misleading and aimed at deflecting legitimate concerns over process and shareholder protection.

### **The Consortium's concern is not over the project itself, but over the lack of a proper decision-making process, inadequate board deliberation and insufficient shareholder protection.**

- This concern reflects a pattern seen in cases such as One Asia Partners and Igneo Holdings; for both investments, the board was not provided with sufficient information or an opportunity for meaningful review.
- Nevertheless, Chairman Choi is distorting the Consortium's position as an opposition to the project itself—an attempt to distract shareholders' attention away from the core issues and deflect legitimate criticism.

***Active participation by the MBKP–Young Poong Consortium will not destabilize Project Crucible; to the contrary, it will strengthen execution stability and external credibility. Portraying this as a threat to the security alliance is an unfounded and divisive claim.***

## 2. Additional Information on the Director Nominees

# Correction of Facts and Rebuttal Regarding Consortium-Recommended Candidates

Nominee	Company's Claim	The Consortium's Rebuttal
<p><b>Park, Byung Wook</b></p>	<ul style="list-style-type: none"> <li>▪ While serving as independent director and chair of audit committee at Young Poong, Young Poong was subject to regulatory review for accounting standards violations.</li> <li>▪ Board oversight and follow-up response were insufficient regarding violations of Water Environment Conservation Act, including wastewater discharge into Nakdong River and multiple environmental regulatory breaches.</li> </ul>	<ul style="list-style-type: none"> <li>▪ While serving at Young Poong, the candidate fulfilled supervisory responsibilities as chair of audit committee, overseeing financial soundness and monitoring compliance. <b>At Korea Zinc, the candidate is expected to perform a role equivalent to an independent director.</b></li> <li>▪ Safety and environmental issues occurred during the candidate's tenure at Young Poong. <b>Over the past five years, Young Poong pursued improvement initiatives to reduce environmental impact and prevent serious accidents</b> and plans additional investments to structurally mitigate related risks. <b>The candidate served on the board during this process.</b> Accordingly, the candidate is expected to provide <b>substantive oversight on similar issues at Korea Zinc, which operates in the same smelting industry.</b></li> <li>▪ The nominee has expertise in risk management, organizational efficiency, financial discipline and <b>enhancement of internal controls.</b></li> </ul>
<p><b>Choi, Yon Sog</b></p>	<ul style="list-style-type: none"> <li>▪ Concern over ability to fulfill fiduciary duties, given multiple executive roles, including serving as director of seven companies and internal auditor of one Company</li> <li>▪ Concern over structural conflicts of interest and potential impairment of independence, as the majority of these companies are MBKP portfolio companies</li> <li>▪ Prior risk management failures in matters related to consumer safety, ethics and ESG principles, raising concerns over board integrity and suitability for responsible management</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>All positions are non-executive</b> and do not involve day-to-day management. <b>The candidate will prioritize and actively participate in Korea Zinc board activities.</b></li> <li>▪ MBKP seeks to <b>maximize the value of portfolio company and enhance shareholder value, aligning with the interests of all shareholders.</b> As a candidate independent from current management, <b>the candidate can provide effective oversight of the existing board under Chairman Choi.</b></li> <li>▪ During Coway's crisis, the candidate worked closely with management on customer compensation, product replacement, cooperation with investigation by the Korean Agency for Technology and Standards and post-incident process improvements, helping to resolve the issue. <b>The candidate has demonstrated strong crisis response and risk management expertise.</b></li> </ul>

# Correction of Facts and Rebuttal Regarding Consortium-Recommended Candidates

Nominee	Company's Claim	The Consortium's Rebuttal
<p><b>Choi, Byung-il</b></p>	<ul style="list-style-type: none"> <li>▪ Currently serves as senior advisor to Bae, Kim &amp; Lee LLC, legal counsel to MBKP and Young Poong, raising concerns over potential conflicts of interest and board independence.</li> <li>▪ Has no prior experience serving as director of a listed company, which may limit ability to perform substantive oversight. Contribution to board deliberations on investment and policy matters related to construction of integrated smelter may therefore be limited.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Candidate Choi, Byung-il serves as a <b>senior advisor</b> to Bae, Kim &amp; Lee LLC and is neither a controlling shareholder nor a registered executive. The advisory role involves limited organizational authority and economic interest, and <b>does not give rise to material conflicts</b>.</li> <li>▪ The candidate <b>previously served as an independent director of a private company</b>. At Lotte Global Logistics, the candidate addressed tariff measures and logistics disruptions and <b>is positioned to contribute on similar matters at Korea Zinc</b>.</li> <li>▪ <b>The candidate has both academic and practical expertise in international trade</b>. The candidate has reviewed tariff, foreign investment regulation and subsidy policy risks and provided strategic guidance and <b>is expected to contribute to successful execution of Project Crucible</b>.</li> <li>▪ The candidate holds a Ph.D. in economics from Yale University and has expertise in corporate governance. As former president of Korea Economic Research Institute, the candidate participated in policy discussions and is <b>expected to contribute to advancement of Korea Zinc's governance framework</b>.</li> </ul>
<p><b>Lee, Sun Sook</b></p>	<ul style="list-style-type: none"> <li>▪ Prior employment at Bae, Kim &amp; Lee LLC, legal counsel to MBKP and Young Poong, raises concerns over potential conflicts of interest and board independence.</li> <li>▪ Has no prior experience serving as director of a listed company, which may limit ability to perform substantive oversight. Contribution to board deliberations on investment and policy matters related to construction of integrated smelter may therefore be limited.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The candidate's tenure at Bae, Kim &amp; Lee LLC was <b>during the 1990s and 2000s</b> and <b>does not affect current independence</b>.</li> <li>▪ The candidate is a <b>legal professional with experience in corporate law, administrative and public sectors and IB and finance</b>. Based on this experience, the candidate can manage and respond to legal risks across private and public sectors at Korea Zinc.</li> </ul>

# Assessment of Director Candidates Nominated by the Company and Other Shareholders

Candidate	The Consortium's Recommendation	
<b>Director Candidates Nominated by the Company and Other Shareholders</b>		
<b>Choi, Yun Birm</b> (Inside Director)	<b>Against</b>	<p><b>Accountable for Governance Failure, including Misappropriation of Corporate Assets and Destruction of Shareholder Value</b></p> <ul style="list-style-type: none"> <li>Leveraging his influence at the Company, the candidate allegedly misappropriated the Company's assets and committed multiple unlawful acts for the sole purpose of management entrenchment, which led to investigations by the Prosecutors' Office and the Fair Trade Commission, and accounting inspection by FSS.</li> <li>Through a series of actions, including (i) unjustifiable investments (e.g., One Asia Partners and Igneo Holdings) and (ii) the execution of a self-tender offer and general public offering right after the self-tender offer and (iii) unlawful establishment of circular cross-holding structure during last year's EGM and AGM, Choi, Yun Birm has undermined shareholder value.</li> <li>While he is a managerial agent holding 1.5% of issued shares<sup>(1)</sup>, Chairman Choi effectively privatized control of the Company, raising a significant agency problem.</li> </ul>
<b>Walter Field McLallen</b> (Non-Executive Director)	<b>For</b>	
<b>Hwang, Deog Nam</b> (Independent Director)	N/A	
<b>Audit Committee Member Candidate Recommended by the Company</b>		
<b>Kim, Bo Young</b>	<b>Against</b>	<p><b>Failure to Fulfill Oversight Duties as an Outside Director</b></p> <ul style="list-style-type: none"> <li>Multiple illegal acts occurred at the Company during his tenure as an outside director. He did not exercise oversight or control over these matters and is therefore unsuitable to serve as an Audit Committee member.</li> </ul>
<b>Independent Director Candidate to Serve as Separately Elected Audit Committee Member</b>		
<b>Lee, Min Ho</b>	<b>Against</b>	<p><b>Failure to Fulfill Oversight Duties as an Outside Director and Audit Committee Member</b></p> <ul style="list-style-type: none"> <li>We recommend voting against Lee, Min Ho, due to his inadequate oversight of management during his tenure as an Independent Director and a member of the Audit Committee. In particular, concerns have been raised regarding (i) alleged accounting irregularities related to the investment in the One Asia Partners / Igneo Holdings and (ii) alleged violations of the Capital Markets Act with the self-tender offer and public offering. His reappointment as a member of the Audit Committee materially undermines shareholder value.</li> </ul>

### 3. The Consortium's Rebuttal to Key Contested Agenda Items

# [Agenda 2-8] Amendment to the Articles of Incorporation Increase the Number of Separately Elected Audit Committee Members

Against

## Company's Claim

- This agenda reflects the change of the title from outside director to independent director pursuant to the amended Commercial Act.
- It will strengthen the composition of independent directors on the board of directors to include the majority of directors, reinforcing the independence of the board of directors and governance transparency.

## Consortium's Rebuttal

- The Consortium **agrees in principle that, in line with the amended Commercial Act, the number of separately elected audit committee members should be increased to enhance independence and strengthen board oversight.**
- However, we **oppose adoption of the proposal at this AGM,** as it presupposes the appointment of Lee, Min Ho as an audit committee member, despite **his failure to act independently as an outside director and his record of undermining shareholder value.**
- The Company has nominated Lee, Min Ho, an incumbent audit committee member, as a separately elected Audit Committee seat. During his tenure as an independent director, he failed to address governance issues, tolerated unlawful circular shareholding structures, and remained silent on unreasonable investments, **thereby neglecting his oversight responsibilities.** Moreover, **his independence is in question** because he currently leads an ESG research center at Yulchon LLC, a key adviser to Korea Zinc.
- Expanding the number of audit committee members is **meaningful only if qualified and independent individuals are appointed.** Increasing the number of separately elected members to facilitate the appointment of an unqualified candidate runs counter to the purpose of strengthening independence under the amended Commercial Act and effectively uses that objective to secure a specific appointment.

# [Agenda 2-8] Amendment to the Articles of Incorporation Stock Split and Amendment to Articles of Incorporation for Stock Split

For

## Company's Claim

- This agenda was already presented and approved at the January 2025 EGM.
- Its effect is currently suspended pursuant to a provisional injunction filed by the Consortium; pending litigation would likely continue to restrict substantive implementation, including listing procedures, even if reapproved.
- Substantive implementation of the stock split requires withdrawal of the existing injunction and underlying litigation.

## Consortium's Rebuttal

- The suspension of the 2025 Extraordinary Shareholders' Meeting resulted from the Company's formation of an unlawful circular shareholding structure in violation of the Fair Trade Act and its subsequent restriction of the controlling shareholder's voting rights, which the court found to be illegal.
- As the Company maintains that the voting restriction was lawful, withdrawal of the Consortium's injunction prior to a final court ruling could be misconstrued as conceding the Company's position. Accordingly, **independent of the injunction proceedings, it is necessary to confirm shareholders' genuine and valid intent at this meeting through lawful and fair procedures.**
- The implementation of the stock split does not require prior resolution of the injunction or litigation; if approved at this AGM, there would be no legal limit to its execution.
- Moreover, the Company previously resubmitted and passed at the 2025 AGM an agenda item<sup>(2)</sup> from the 2025 EGM the effect of which had been suspended, and even argued on appeal<sup>(3)</sup> that the injunction should be dismissed because the relevant agenda item had been validly reapproved. It is **therefore inconsistent to contend that only the stock split cannot be resubmitted due to the existing injunction.**

(1) Seoul Central District Court 2025KaHap20144; (2) Includes 'Amendment of Articles of Incorporation regarding the Maximum Limit on the Number of Directors to Prevent Inefficiencies in Management Caused by an Oversized Board of Directors,' 'Amendment of Articles of Incorporation to Appoint an Outside Director as the Chairperson of the Board of Directors,' 'Amendment of Articles of Incorporation to Change the Record Date for Dividends'; (3) Seoul High Court 2025Ra2350.

# [Agenda 2-10] Amendments to the Articles of Incorporation

## Introduce Directors' Duty of Loyalty in Issuance of New Shares

For

### Company's Claim

- The third-party allotment permits limited exceptions to preemptive rights to new shares for financing and strategic purposes, based on reasonable and differentiated treatment.
- Introducing a declaratory duty to “fairly treat all shareholders” is inconsistent with the original purpose and may create interpretative confusion.
- As directors are already bound by statutory duties of loyalty and due diligence, imposing an additional duty specific to new share issuances is largely redundant.

### Consortium's Rebuttal

- The third-party allotment of new shares is intended to permit limited exceptions to existing shareholders' preemptive rights when justified by managerial necessity; it is **not a mechanism to authorize issuances that sacrifice the interests of all shareholders for the benefit of a particular controlling shareholder.**
- “Fair treatment of all shareholders” does not mean pro rata allocation in a mechanical sense, but rather **substantive fairness prohibiting the use of new share issuances to advance private interests, such as entrenching control, at the expense of overall shareholder value.** Accordingly, codifying directors' duty of loyalty in connection with new share issuances is a safeguard against abuse of the third-party allotment mechanism and entails no logical inconsistency.
- Given the Company's repeated use of third-party allotments in ways that have impaired shareholder rights, expressly incorporating a duty of loyalty provision into the Articles is not redundant or merely declaratory; to the contrary, it **operationalizes Article 382-3 of the Commercial Act in the context of share issuances and introduces an enhanced internal control mechanism.**

# [Agenda 2-11] Amendment to the Articles of Incorporation

## Introduce Executive Officer System

For

### Company's Claim

- This agenda item was rejected at the January 2025 EGM due to the Consortium's opposition; reintroducing it without material change or justification raises concerns as to its appropriateness.
- The proposal prohibits concurrent service of executive officers and directors; absent a clear need, this shift may undermine management continuity and accountability.
- In global new business projects such as the Project Crucible, alignment between strategy and execution is critical, and forced separation may disrupt decision-making and create operational confusion.

### Consortium's Rebuttal

- The **Consortium's opposition to this agenda at the January 2025 EGM was an inevitable measure to protest the unlawful restriction of the controlling shareholder's voting rights** arising from the formation of cross-shareholdings. Accordingly, there is no procedural impediment under applicable law or practice to resubmitting the proposal to introduce the executive officer system.
- Prohibiting concurrent service of executive officers and directors, thereby **separating oversight and execution functions, directly addresses the issue of "self-supervision" by the board** and is fully aligned with the purpose and necessity of the executive officer system.
- Introduced into the Commercial Act in 2011 to strengthen board oversight and prevent abuse of authority by separating management and supervisory functions, the **executive officer system enhances transparency, accountability and long-term shareholder value through functional checks and balances**.
- Since the Board already approved the Crucible Project and the MBKP–Young Poong Consortium supports and is committed to its success, the Company's concerns are unfounded.

# [Agenda 2-12] Amendment to the Articles of Incorporation

## Change Chairperson of Shareholders' Meeting

For

### Company's Claim

- The current Articles designate the representative director as chair of shareholders' meetings to ensure prompt and accountable responses to shareholder questions.
- Appointing the board chair instead would separate meeting proceedings from management responsibility, potentially causing confusion over shareholders' questioning rights and the company's duty to respond.
- Given the need for prompt responses on management, financial, and strategic matters, such separation may hinder the smooth conduct of shareholders' meetings.

### Consortium's Rebuttal

- In light of CEO Park Ki-deok's conduct as chair at both the 2025 EGM and AGM—where **he advanced only the Company's position and conducted proceedings in an unfair manner—the neutrality of the chair cannot be considered assured, necessitating a change in the chairmanship.**
  - At the 2025 EGM, following the Company's last-minute formation of a cross-shareholding structure through its Australian subsidiary Sun Metals Corporation, Park Ki-deok improperly restricted the voting rights of the controlling shareholder, Young Poong, and unilaterally proceeded with the meeting; the court later found the voting restriction to constitute grounds for invalidation.
  - At the 2025 AGM, the Company again formed an unlawful cross-shareholding structure and restricted Young Poong's voting rights, with the chair abusing procedural authority to advance the Company's position while infringing shareholders' voting rights.
- As the chair of a shareholders' meeting exercises critical procedural authority, any conflict of interest raises serious concerns over fairness. Given the divergent interests among major shareholders, **appointing an independent and neutral chair is necessary to ensure procedural legitimacy and restore confidence.**
- Moreover, the chair's role is to ensure fair and orderly proceedings and does not require responding to all company-specific matters; explanations may be delegated to management or advisors, as was done at the 2025 AGM.

# [Agenda 6] Approval of Director Remuneration Limit

## Company's Claim

- Given management's contribution to delivering the Company's highest-ever performance in 2025, an increase in compensation is justified.
- It is also necessary to take into account the potential gradual expansion of performance-based pay following the recent restructuring of the incentive program.

## Consortium's Rebuttal

- Although framed as an increase to the overall remuneration cap, the proposal **effectively raises the compensation for certain executive directors (Choi, Yun Birm and Park, Ki-deok) who have a continuously undermined shareholder value.**
- From 2023 to 1H2025, 84%-90% of total director remuneration was concentrated on inside directors. In 2024, **nearly 90% was paid to three standing directors (Choi, Yun Birm, Park, Ki-deok, Jung, Tae-woong) who have been central to actions that have undermined shareholder value.** Among the three, approximately 60% was paid to Chairman Choi, a key figure of shareholder value infringement.
- Now that Jung, Tae-woong is stepping down following the AGM, **the reduction in inside directors would further increase per-director compensation.** Given their already substantial base salaries, the current cap cannot be considered insufficient.
  - The 2025 per-inside director remuneration cap<sup>(1)</sup> stands at KRW2.87 billion; the 2026 cap would rise to KRW5.34 billion, approximately 1.8 times higher.
- At the 2025 AGM, both the NPS and KCGS opposed the approval of the KRW10 billion remuneration cap, **citing the lack of a clear linkage to management performance and its excessive level relative to industry peers.**
  - The median 2025 per-inside director remuneration cap among comparable companies<sup>(2)</sup> is KRW1.87 billion, implying that the Company's proposed 2026 cap would be approximately 2.8 times higher than that of its peers.

(1) Calculated as (Total compensation limit – payments to independent directors and Audit Committee members) / number of inside directors. Estimated payments in 2025 is based on data through 1H 2025; (2) Non-ferrometals and steel companies including Young Poong, Poongsan, POSCO, Hyundai Steel and SeAh Besteel.

# [Agenda 7] Approval of Amendment to Executive Severance Payment Policy

For

## Company's Claim

- The current executive retirement benefit policy was approved at the 2023 annual general meeting.
- Amending it now, as proposed by the Consortium, is unreasonable, since it effectively undermines the substantive roles and contributions of the Honorary Chairmen.

## Consortium's Rebuttal

- The fact that the current provision was approved with a high level of shareholder support at the 2023 annual general meeting **does not preclude raising concerns regarding its validity.**
- Honorary Chairmen Choi, Chang-Young and Choi, Chang-Keun are **non-registered executives who do not bear the same legal responsibilities as registered directors. Both concurrently holds positions as representative director or inside director at other subsidiaries,** raising questions about their full-time commitment to Korea Zinc.
  - Honorary Chairman Choi Chang-Keun serves as a representative director at Seorin Information Technology and inside director at Yumi Development and KZ Trading (formerly Seorin Corporation), while Honorary Chairman Choi Chang-Young serves as an inside director at Yumi Development.
- Applying the same highest severance payment rate as that of the Chairman—despite already receiving one of the highest levels of compensation (second only to the Chairman) without being subject to the shareholder-approved remuneration cap—**undermines the reasonable proportionality between duties performed and compensation.**

## Appendix: Case Studies of MBKP's Successful Value Creation

# Doosan Machine Tools: Investment & Exit Overview

## Investment Summary

- MBK Partners acquired the machine tools business of Doosan Infracore Co. The new company was established as Doosan Machine Tools Co., Ltd. (“DMT,” or the “Company”).
- MBKP’s purchase price of KRW929 billion (US\$810 million) represented a valuation of 6.0x 2015 normalized EV/EBITDA
- On August 13, 2021, MBKP signed definitive documents to sell its 100% stake to DTR Automotive and its affiliates (“DTR”) for KRW2.4 trillion (US\$2.0 billion)<sup>(2)</sup>, representing a valuation of 9.8x EV/EBITDA for the last twelve months ended September 30, 2021 and 8.9x EV/EBITDA<sup>(3)</sup> in 2021.

## Business Overview

- MBK Partners acquired the machine tools business of Doosan Infracore Co. The new company was established as Doosan Machine Tools Co., Ltd. (“DMT,” or the “Company”).
- DMT is a leading manufacturer of turning centers (“TC”) and machining centers (“MC”) with #1 market share in Korea. The Company is also the third largest TC/MC manufacturer globally.
- The Company operates 3 factories (two in Korea and one in China), 45 technical service centers, 32 parts depots, 226 sales posts and 155 dealerships in 63 countries. In 2021, the Company recorded new orders of KRW2,408.6 billion(US\$1,997.7 million<sup>(2)</sup>), revenues of KRW1,913.2 billion (US\$1,586.8 million<sup>(2)</sup>) and EBITDA of KRW268.3 billion<sup>(3)</sup> (US\$222.5 million<sup>(2)</sup>)

(1) KRW1,147.4/US\$ at entry.

(2) KRW1,205.7/US\$ used throughout the document unless otherwise noted.

(3) Normalized for one-off exit consolation payment.

## Value Creation

- Dealer network and sales capabilities enhancement
- Product line-up & capacity expansion
- Enhancement of pricing & promotion policies and strategy
- Implementation of operational improvements initiatives

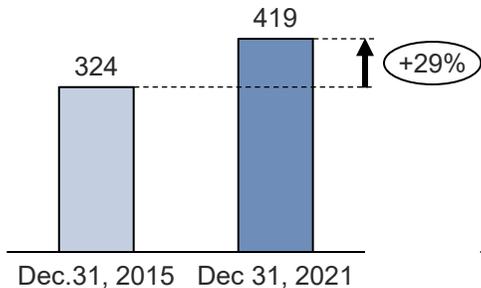
## Transaction Highlights

- Largest global machine tools manufacturer M&A transaction in history, and the largest industrials M&A transaction in Korea since 2006<sup>(3)</sup>

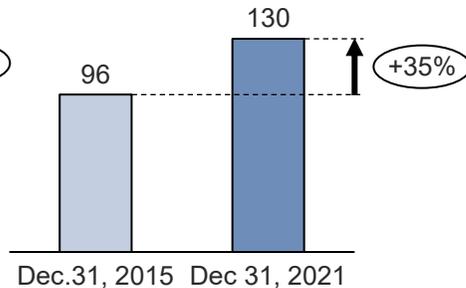
# Key Value Creation Initiatives

## Product Competitiveness Reinforcement

# of Total Products

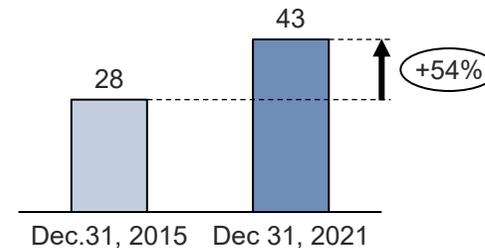


# of High-end Products

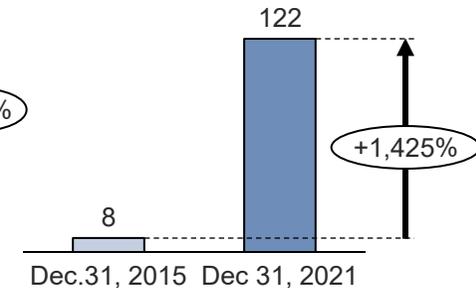


## Sales Capabilities Enhancement

# of Dealers with Over US\$10 mm in Sales

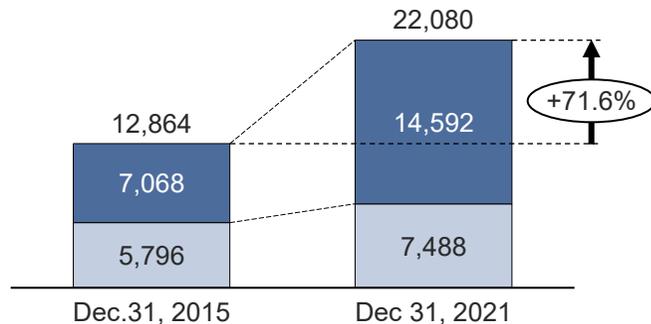


# of Customers Directly Managed by HQ Via KAM<sup>(1)</sup>



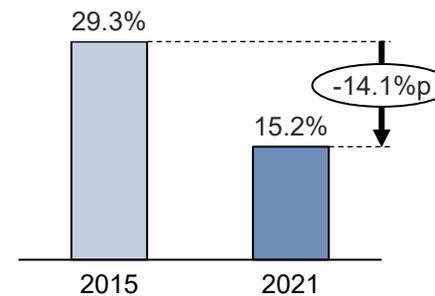
## Production Capacity Expansion

(Annual Capacity, # of Units) ■ OEM ■ Own plants

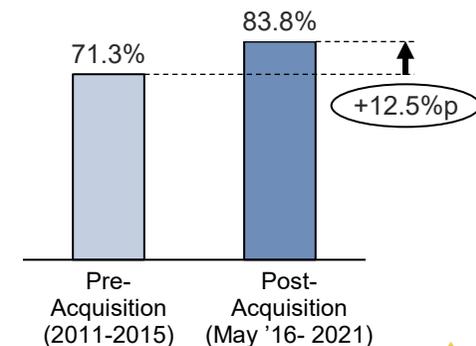


## Operational Efficiency and FCF Generation Improvement

Fixed Costs as % of Revenue



% EBITDA to FCF<sup>(2)</sup> Conversion



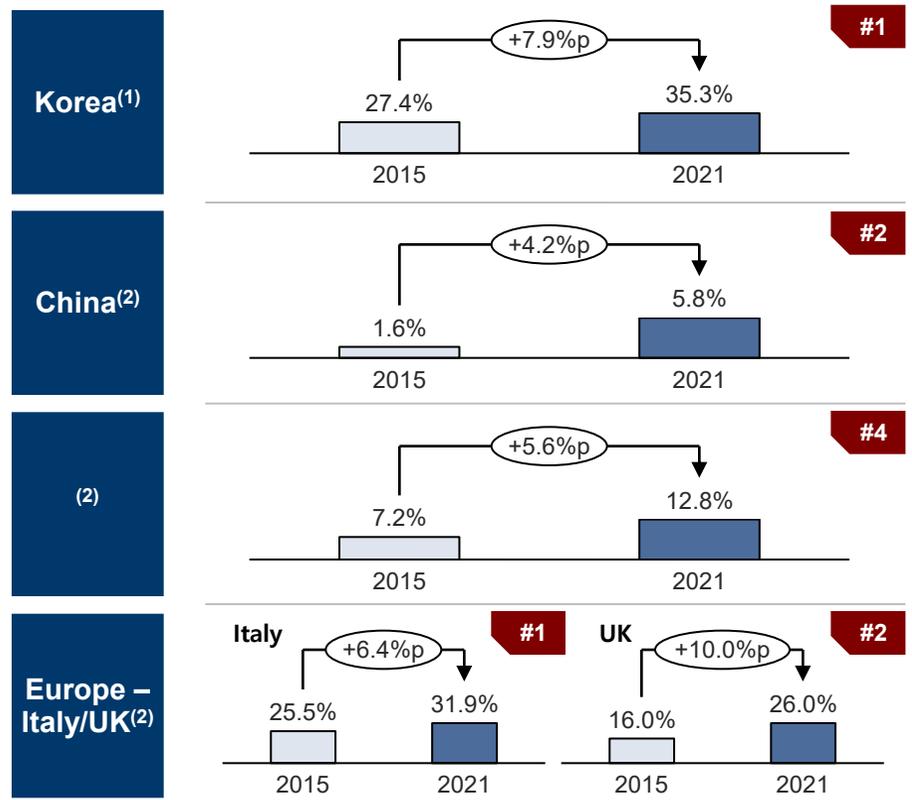
(1) Key Account Management; KAM team at HQ directly manages sales, marketing and services for key global customers.

(2) FCF = EBITDA – capex – change in working capital – tax paid.

# Strengthened Industry Leadership

- As a result of MBKP's value creation initiatives, DMT's market share has meaningfully increased across all major regions. In 4Q 2020, DMT emerged as the global #3 player.

## DMT's Market Share



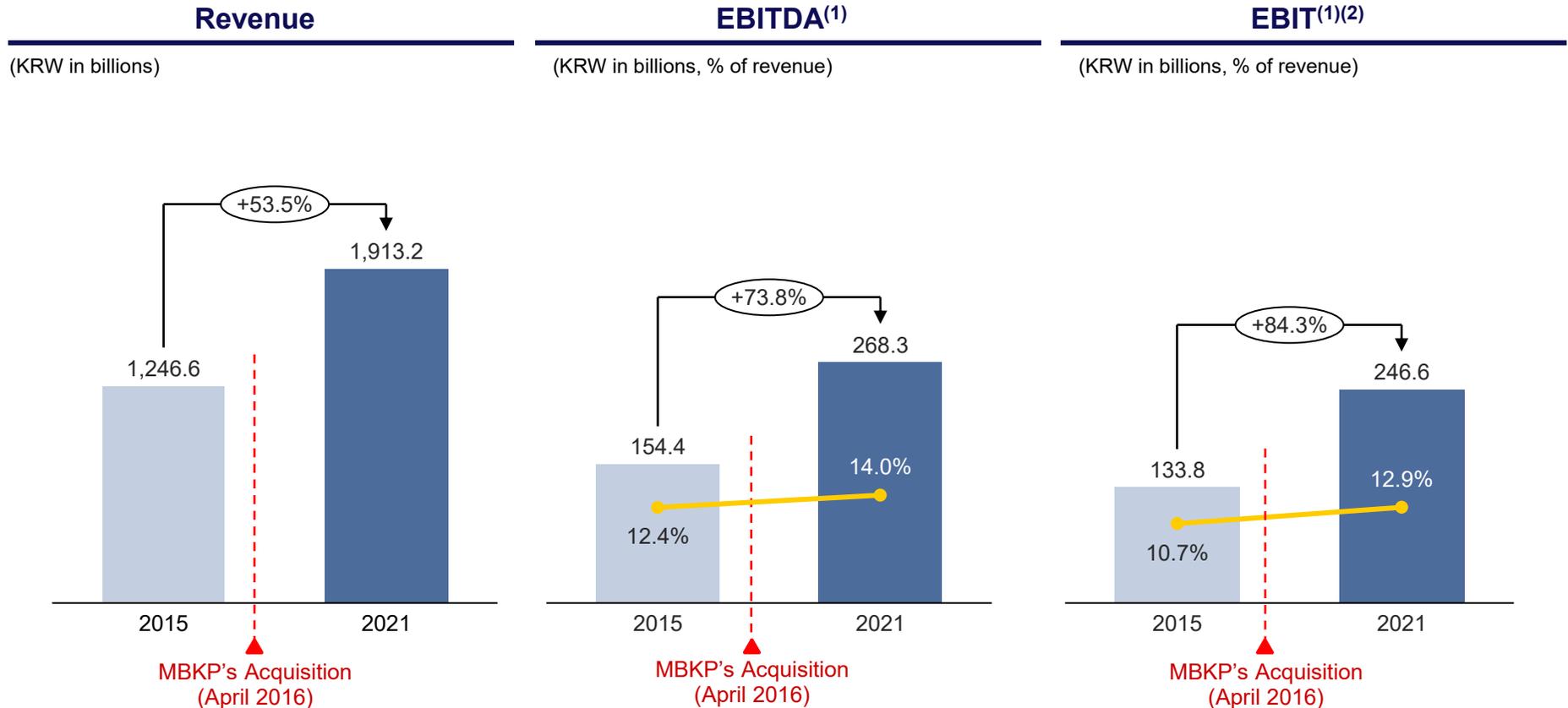
## DMT's Global Ranking<sup>(2)</sup>

Rank	2015	2016	2017	2018	2019	4Q20	1Q21	2Q21	3Q21	4Q21
1	DMG Mori									
2	Mazak									
3	Okuma	Okuma	Okuma	Makino	Okuma					
4	Makino	Makino	Makino	Okuma	Makino	Okuma	Okuma	Okuma	Okuma	Okuma
5						Makino	Makino	Makino	Makino	Makino

(1) Company data.  
 (2) Infiniti Research, Company data.

# Strong Financial Performance

- DMT's financial performance improved significantly: Revenue and EBITDA grew from KRW1.25 trillion and KRW154.4 billion in 2015 to KRW1.91 trillion and KRW268.3 billion in 2021, respectively.



(1) 2015 figures are normalized for one-off expenses; 2021 figures are normalized for one-off exit consolation payment.  
 (2) Normalized for intangible asset amortization in relation to MBKP's acquisition in 2016.

# Value Creation

(KRW in billions)		At Time of Investment December 31, 2015	At Time of Full Exit December 31, 2021	Change
<b>Key Performance Indicators (KPI)</b>	Full Year New Orders	1,160.6	2,408.6	107.5%
	New Orders Balance	173.3	841.1	385.2%
	# of High-end Products	96	130	35.4%
	# of Dealers <sup>(1)</sup>	52	87	67.3%
	Annual Production Capacity (# of Units)	12,864	22,080	71.6%
<b>Financial Improvements</b>	Revenue	1,246.6	1,913.2	53.5%
	EBITDA <sup>(2)</sup>	154.4	268.3	73.8%
	EBITDA-Capex <sup>(2)</sup>	143.3	251.6	75.6%
	EBIT <sup>(2)(3)</sup>	133.8	246.6	84.3%

(1) Number of dealers with more than US\$5 million in sales.

(2) 2015 figures are normalized for one-off expenses; 2021 figures are normalized for one-off exit consolation payment.

(3) Normalized for intangible asset amortization in relation to MBKP's acquisition in 2016.

## Investment Summary

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- In November 2012, MBKP, in partnership with LP co-investors, acquired a controlling 30.9% stake in Coway from Woongjin Group for \$1.1 billion, representing entry valuation of 8.3x EV/EBITDA
- On March 22, 2019, MBKP completed the sale of its remaining 22.2% stake in Coway back to Woongjin Group for a total consideration of KRW1.7 billion (\$1.5 billion)<sup>(1)</sup>, representing a valuation of 10.5x EV/EBITDA

## Business Overview

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- Korea's dominant #1 consumer health appliance rental and service company, with 7.1 million accounts worldwide<sup>(2)</sup>
- Distributes water purifiers, air purifiers, digital bidets and mattresses through a global network of 30,000 sales and maintenance staff called "CODY"s, who visit customer residences regularly
- Subscription-based rental business model enables high recurring revenue and stable margins

## Value Creation

---

- Augmented the management team with top-notch senior executives from Samsung, LG and CJ
- Solidified leadership in the Korean market by enhancing the productivity of the CODY direct sales network, expanding into retail and online channels and launching innovative premium products (e.g., IoT-based air purifiers and clothing care system)
- Drove explosive growth in foreign markets including Malaysia (#1 in water purifiers), China (#1 in air purifiers through an ODM alliance with Philips) and (through a partnership with Amazon)
- Improved operational efficiency, including realization of over W110 billion annual cost and capex savings through procurement optimization, SKU rationalization and component standardization

## Transaction Highlights

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- Largest Korean consumer health appliance buyout in history

(1) Exchange rate: KRW1093.4/US\$ at entry; KRW1,130.0/US\$ for full exit.

(2) Includes rental and membership accounts.

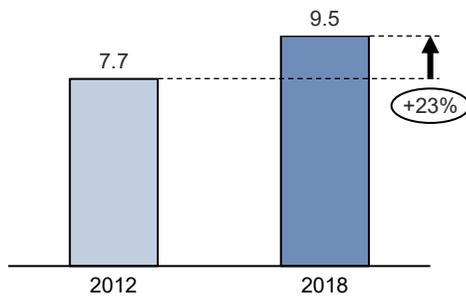
# Key Value Creation Initiatives



## Solidifying Leadership in Korea

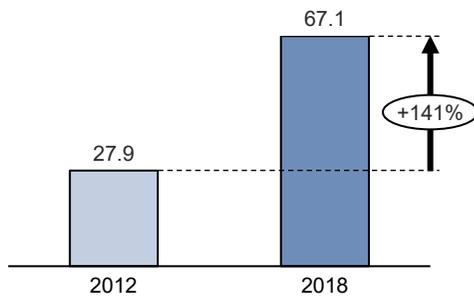
### Enhancing CODY Sales Productivity

(Monthly unit sales per CODY)



### Expanding into Retail & Online Channels

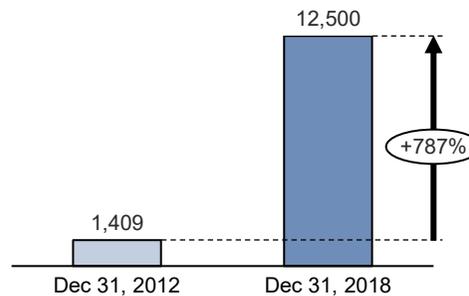
(Annual rental unit sales in retail & online channels,)



## Driving Overseas Expansion

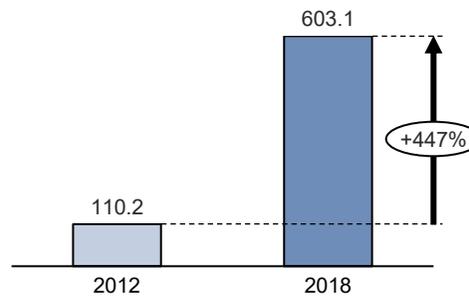
### Expanding Foreign Sales Network

(# of CODYs at foreign subs)



### Increasing Sales in Foreign Markets

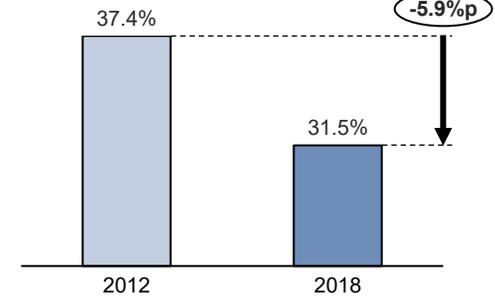
(Units sold by foreign subs, thousand units)



## Improving Operational Efficiency

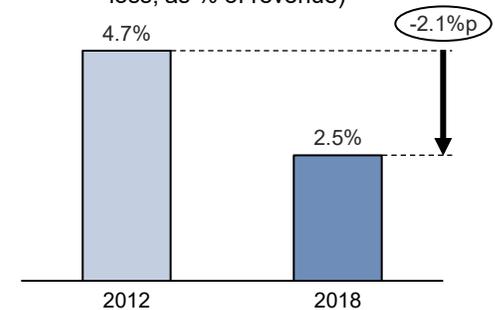
### Decreasing Rental Asset Disposal Loss

(Rental asset disposal loss, as % of rental revenue)



### Managing Fixed Cost

(SG&A less sales commission and rental disposal loss, as % of revenue)



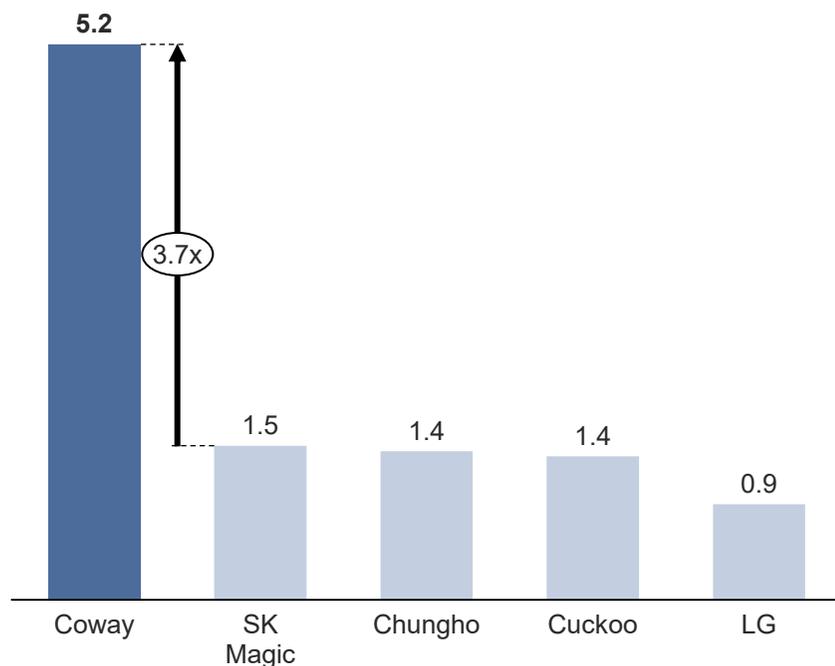
# Industry Leadership



- As a result of MBKP's value creation initiatives, Coway solidified its dominant position in Korea's fast-growing consumer health appliance market, with more than 3.7x rental subscribers than No. 2 competitor
- Coway also stands out from its peers in terms of profitability, with operating margins of 21.9% compared to the peer group median of 7.3%

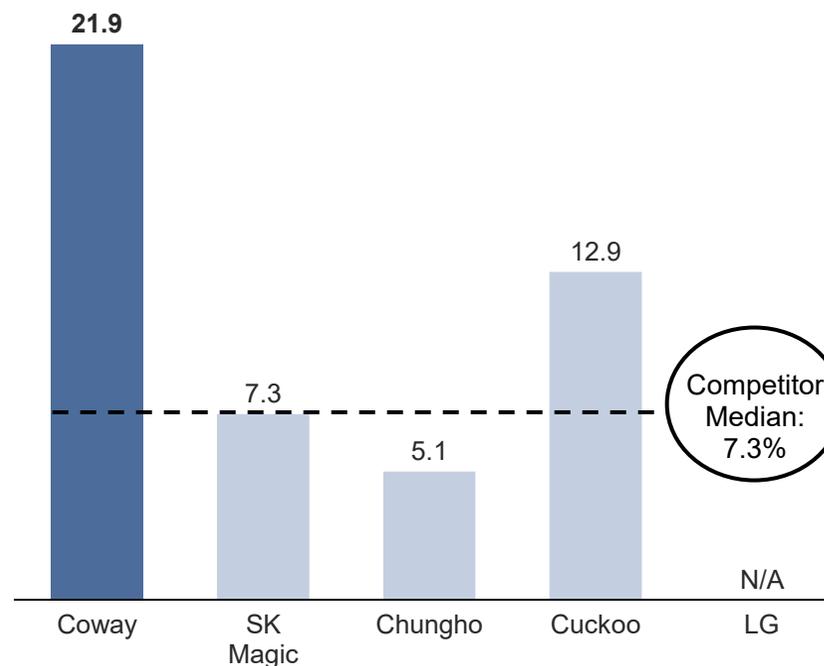
## Unrivaled Rental Subscriber Base<sup>(1)</sup>

(# of rental accounts, millions)



## Superior Profitability

(2018 EBIT %<sup>(2)</sup>)



(1) Domestic subscribers only; competitors' figures based on media reports as they are not publicly disclosed.

(2) Coway's EBIT % indicates EBIT % of its domestic health appliance segment; 2017 EBIT % for Chungho; Cuckoo's EBIT adjusted to include rental disposal loss; LG's domestic health appliance EBIT not publicly available.

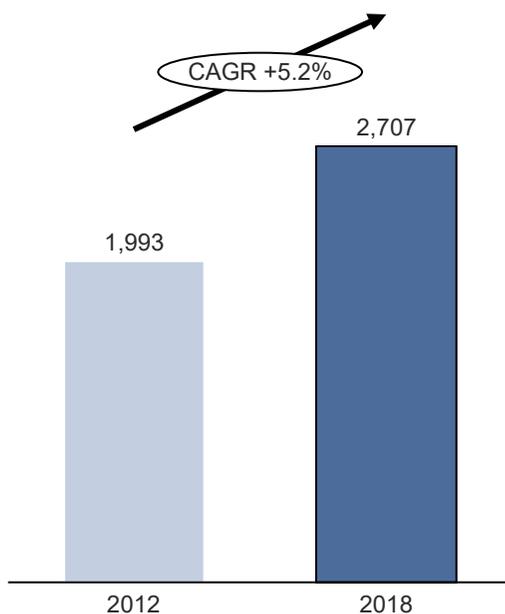
# Strong Financial Performance



- Since MBKP's acquisition, Coway's financial performance improved significantly. Revenue, EBITDA and net income grew at a CAGR of 5.2%, 10.3%, 22.2%, respectively
- Driven by strong financial performance, Coway's stock price also increased by 92.9%<sup>(1)</sup> during MBKP's holding period, while the KOSPI index decreased by 0.2% during the same period

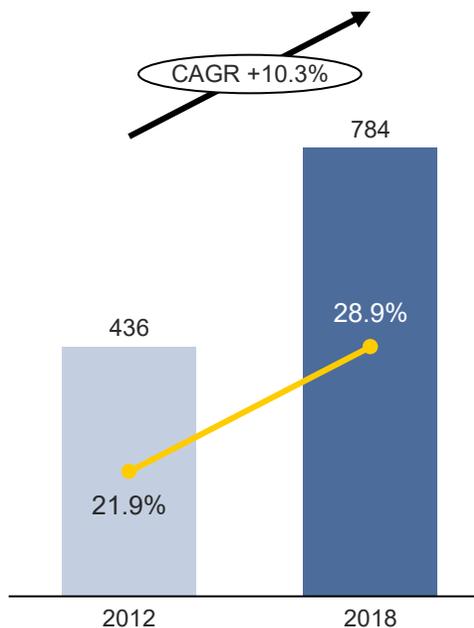
## Revenue

(KRW in billions)



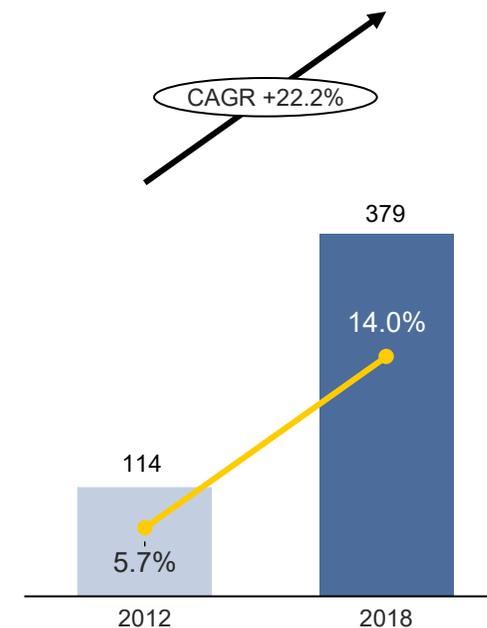
## EBITDA<sup>(2)</sup>

(KRW in billions, % of Revenue)



## Net Income<sup>(2)</sup>

(KRW in billions, % of Revenue)



(1) Based on the closing price as of October 26, 2018, the last trading day preceding the SPA signing date.

(2) Normalized for one-off expenses.

(KRW in billions)		At Time of Investment June 30, 2012	At Time of Full Exit December 31, 2018	Change
<b>Key Performance Indicators (KPI)</b>	No. of Rental Subscribers	4,453,457	6,238,282	40.1%
	No. of CODYs	18,974	29,261	54.2%
	CODY Productivity (monthly) <sup>(1)</sup>	7.7	9.5	22.9%
<b>Financial Improvements</b>	LTM Revenues	1,992.8	2,707.3	35.9%
	LTM EBITDA <sup>(2)</sup>	435.9	783.6	79.8%
	LTM Net Income <sup>(2)</sup>	113.8	378.5	232.5%

(1) Korea only.

(2) Normalized for one-off expenses.

# Daesung Industrial Gases: Investment & Exit Overview

## Investment Summary

- In March 2017, MBKP, in partnership with LP co-investors, acquired 100% of Daesung Industrial Gases (“Daesung,” or the “Company”) from Daesung Group and other shareholders
- Entry enterprise value of \$1,629 million (₩1,864 billion) represented 11.6x 2016 EBITDA of \$140 million (₩160 billion)<sup>(1)</sup>
- On February 6, 2020, MBKP sold 100% of Daesung to Macquarie Asia Infrastructure Fund for a total consideration of \$2,112 million (₩2,454 billion), representing valuation of 14.4x EV/EBITDA for LTM ended Sep. 30, 2019

## Business Overview

- Korea’s largest industrial gas supplier, with 34.5% market share and extensive manufacturing facilities and sales network across Korea
- Significant presence in China, with plants in Guangzhou, Hefei and Luoyang
- Diversified customer base from a wide range of industries, including local blue-chip companies
- Recorded revenues of \$582 million (₩672 billion) and EBITDA of \$173 million (₩200 billion) in 2019

## Value Creation

- Increase utilization to drive margins
  - Optimize plant operations to better respond to growing demand from key customers
  - Introduce state-of-the-art technologies, including automated production control (APC) and energy storage system (ESS)
- Optimize price and minimum take-or-pay (MTOP) volume
  - Increase price for pipeline and bulk sales contracts based on customer segmentation and willingness-to-pay analysis
  - Increase MTOP volume to strengthen downside protection
- Invest in strategic projects for future growth
  - Selected capex to secure highly profitable pipeline and onsite contracts from key customers
  - Expand production capacity in China
- Augment management team and incentivize on performance
  - Augment management around the CEO – new CFO, CHRO
  - Implement performance-based compensation and stock option plans

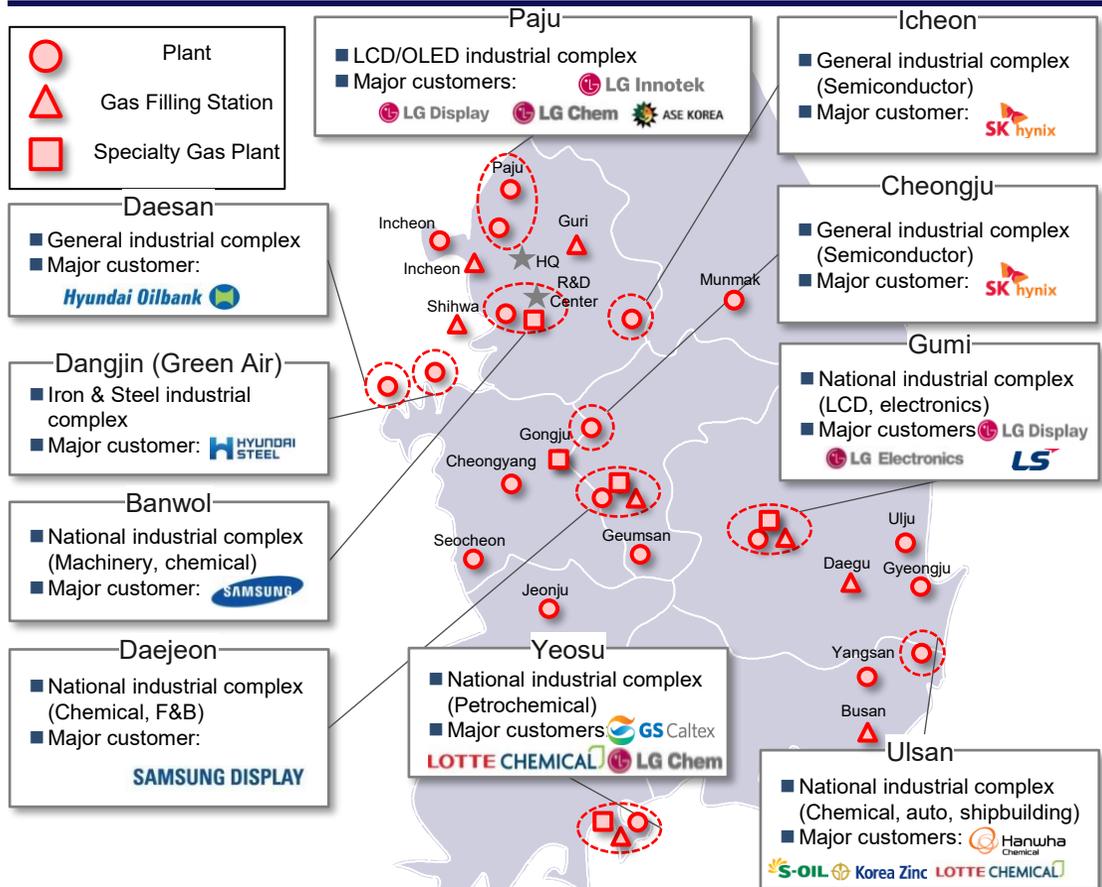
## Transaction Highlights

- First-ever buyout of an industrial gas supplier in Korea

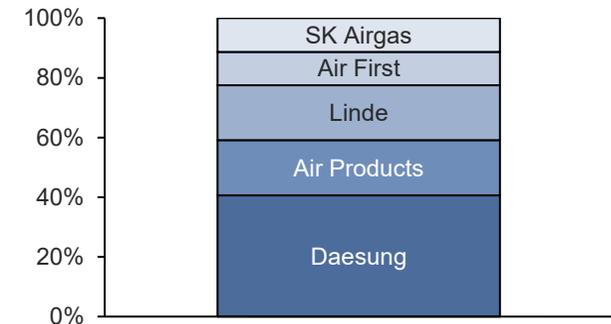
# Largest Industrial Gas Supplier in Korea

- #1 in production capacity and sales<sup>(1)</sup>, with extensive manufacturing facilities and sales network across Korea
- Diversified customer base in a wide range of industries, including blue-chip companies such as LG Display, SK Hynix, Samsung Electronics, GS Caltex and Lotte Chemical
- Steady margins based on long-term offtake contracts with cost pass-thru and MTOP arrangements

## Nationwide Production Footprint and Customer Base



## #1 in Tonnage<sup>(1)</sup>

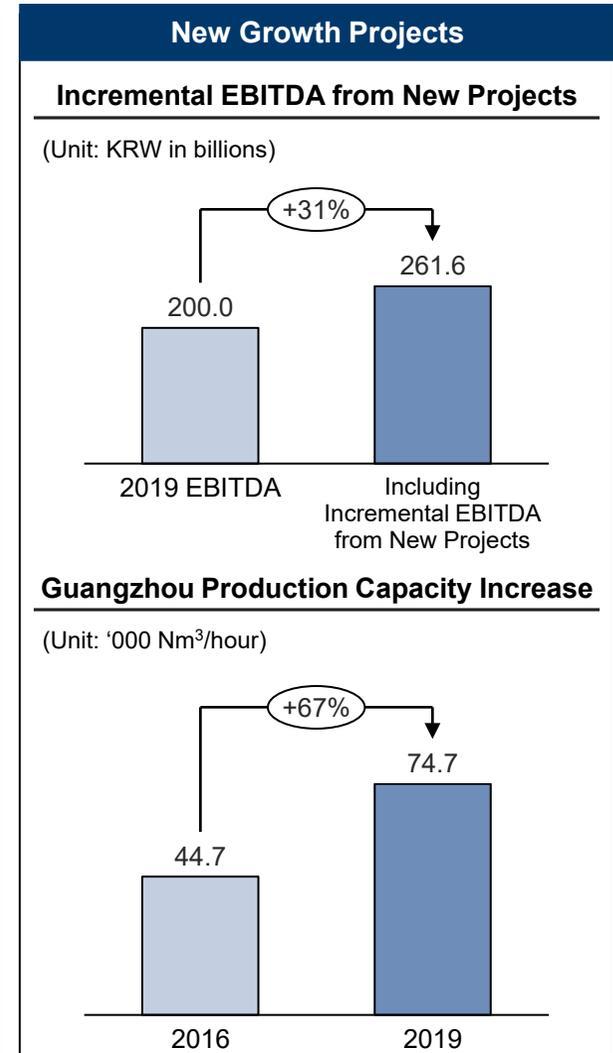
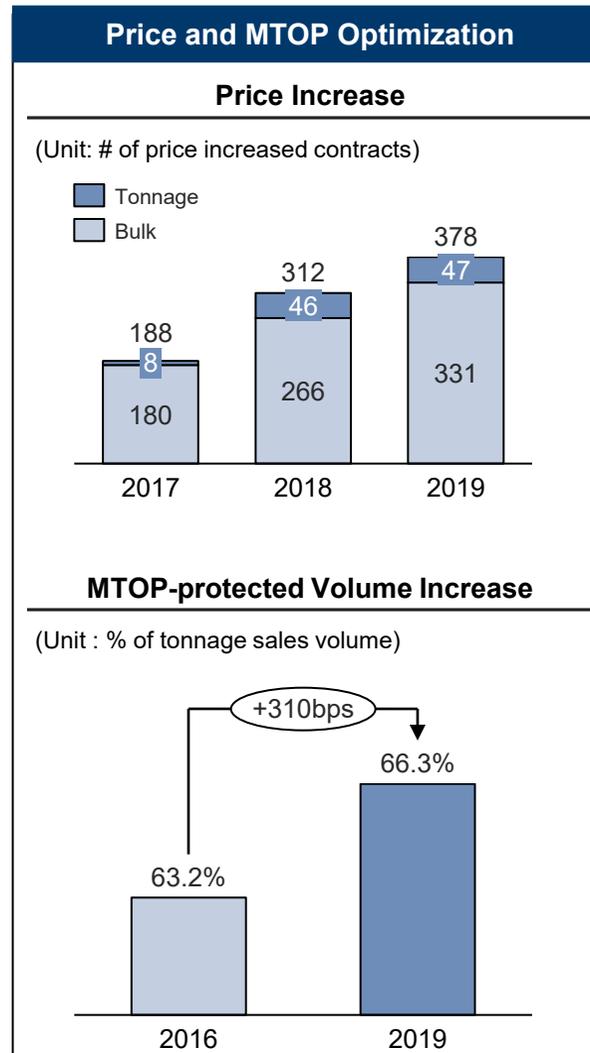
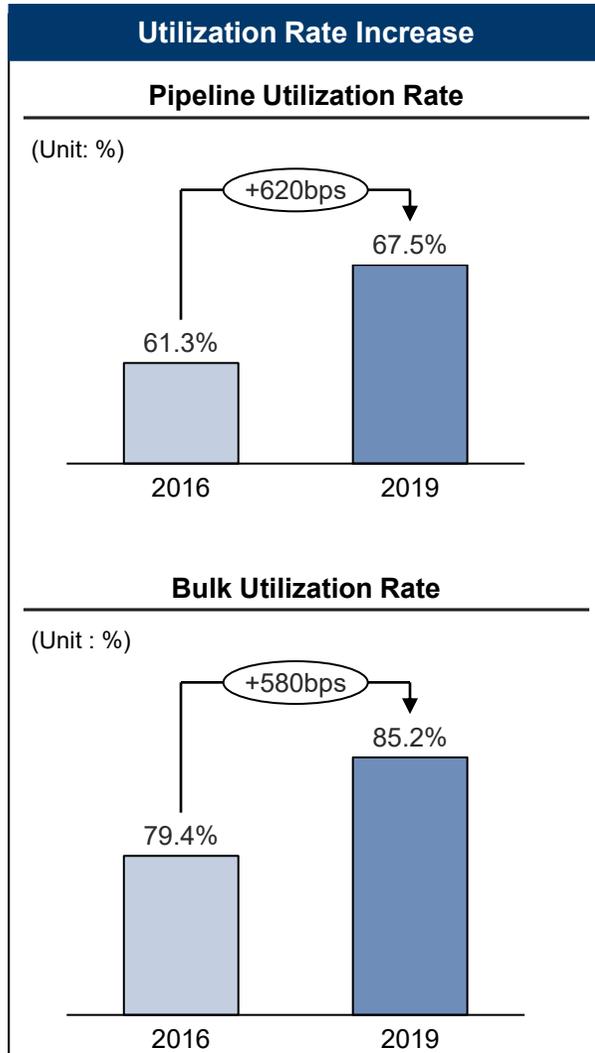


## #1 in Bulk<sup>(1)</sup>



(1) Production capacity as of Dec. 31, 2018; sales for 2018; includes Green Air.  
Source: Company; Bain

# Key Value Creation Initiatives

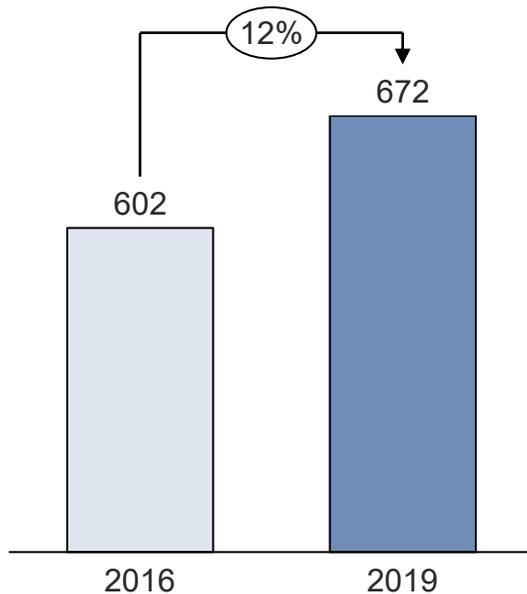


# Strong Financial Performance

- Driven by MBKP's value creation initiatives, Daesung's revenue and EBITDA grew by 12% and 25%, respectively, during MBKP's holding period of less than three years.
- Fundamental improvements and strong growth momentum resulted in a significant multiple expansion, from 11.6x at entry to 14.4x at exit.

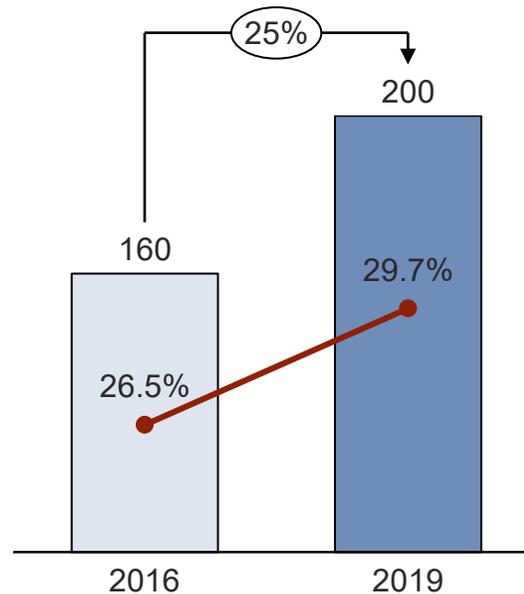
## Revenue

(KRW in billions)



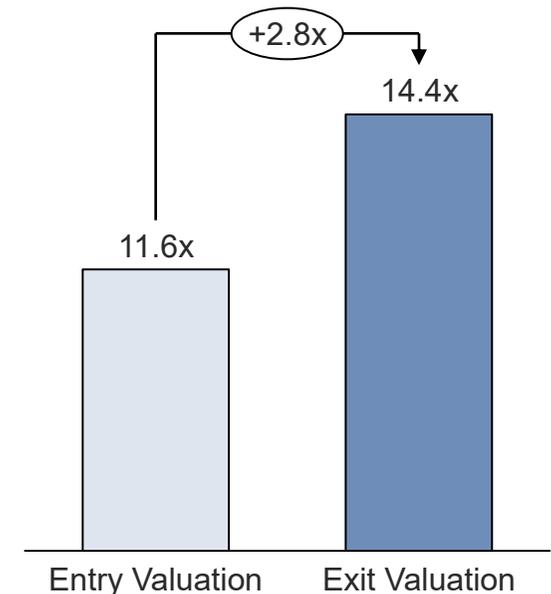
## EBITDA

(KRW in billions, % of Revenue)



## Valuation Multiple

(EV/EBITDA multiple)



# Value Creation

(KRW in billions)		At Time of Investment December 31, 2016	At Time of Full Exit December 31, 2019	Change
<b>Key Performance Indicators (KPI)</b>	Sales Volume – Tonnage (tons)	4,530,782	5,008,221	11%
	Utilization Rate – Tonnage (%)	61.3%	67.5%	620bps
	Utilization Rate – Bulk (%)	79.4%	85.2%	580bps
<b>Financial Improvements</b>	LTM Revenues	602.3	672.3	12%
	LTM EBITDA	160.2	200.0	25%
	LTM Net Income	24.3	58.3	140%