Korea Zinc 2026 EGM

Consortium's Response to the Company's Position (Including New Evidence of Capital Misuse)

August 2026

https://koreazincvalueup.com

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Executive Summary (1/2)

As Korea Zinc's largest shareholder, the MBKP–Young Poong Consortium (the "Consortium") responds to the positions and claims advanced by Korea Zinc against the Consortium ahead of the EGM scheduled for 9 September 2026.

We're Here Because of Korea Zinc, Not Consortium	-	▪ Shareholders are voting at this EGM **because of Korea Zinc**, not the Consortium.
		  ▪ Separate Audit Committee appointment is required after the process failed at the 2026 AGM. **Korea Zinc's nominee had overseen governance failures** during his tenure and could not have faithfully represented minority interests. Consortium, alongside other investors, voted against the nominee for those reasons at the 2026 AGM.
		  ▪ Four-member Board appointment required because the incumbent directors resigned shortly before the courts confirmed in July 2026 that the **voting restrictions used to secure their appointments at the 2025 EGM were unlawful**.
		▪ The Consortium seeks to hold the Board and management accountable for serious governance and internal-control failures by strengthening Board and Audit Committee oversight, improving governance and supporting sustainable long-term shareholder value. The Consortium believes that its position as Korea Zinc's largest shareholder carries a responsibility to act as a committed steward of its investment, contributing constructively to the Company's long-term success which benefits the interests of all shareholders.

Korea Zinc Continues to Argue It Can Evade Accountability…	*p.7*	▪ **Korea Zinc continues to misrepresent the Consortium's genuine call for accountability** while also misrepresenting its own status. It even seeks to misrepresent its failings by **ignoring clear evidence** of alleged capital misuse inaccessible to the market. *See below for more information.* ▪ If a Board can dismiss governance failures, obstruct shareholders' legitimate efforts to enforce accountability, and mislead shareholders in the process, it **effectively insulates itself from those to whom it is accountable.** ▪ **The Consortium is aligned with minority shareholders and focused on long-term value creation**.
...Including by Misrepresenting the Consortium and Its Own Failures…	*p.8*	▪ **Korea Zinc continues to evade accountability for past governance failures despite many of them being externally validated**, including voting-right restrictions, capital misappropriation and significant ownership dilution. ▪ **Korea Zinc deflects accountability by citing strong performance, "cosmetic" governance changes, and alleged Consortium issues**. None explains why shareholders should not hold accountable the same management and Board that oversaw these failures.

Executive Summary (2/2)

As Korea Zinc's largest shareholder, the Consortium responds to the positions and claims advanced by Korea Zinc against the Consortium ahead of the EGM scheduled for 9 September 2026.

NEW **...Now Extending to Objective Evidence of Capital Misuse** (One Asia Partners)	*p.10 -13*	▪ In its 2026 EGM presentation, Korea Zinc acknowledges sanctions for its accounting violations, characterizing them as a judgment error. However, it **does not address objective evidence from criminal case records, not accessible to minority shareholders**, that One Asia Partners (the obscure private equity fund funded largely by Korea Zinc) investments were misappropriated to personally benefit Director Choi. ▪ Records obtained by the Consortium via the related lawsuit reveal **Director Choi's personal investment was followed on by One Asia Partners**, despite Korea Zinc's claims of investment independence. This structuring enabled profitable exits (via follow-on demands) benefiting Director Choi personally, deploying Korea Zinc capital that should have served all shareholders and not Director Choi.
Ms. Yoo-Kyung Park's Separate Election to Protect ALL Shareholder's Interest	*p.15 - 16*	▪ It is unclear whether the Board or Audit Committee knew of the One Asia Partners evidence contained in the criminal records. What is clear is that **many current Board members and all Audit Committee members approved the investment despite clear concerns even absent the legal matters**, and served throughout the broader governance failures, from dilution to voting-rights restrictions and entrenchment. ▪ **They remained passive throughout**, including when the Consortium formally requested an independent investigation, **raising concerns about their effectiveness and whose interests they serve**. ▪ This is why the Audit Committee, and the wider Board, needs the **independent and capable profile that Ms. Yoo-Kyung Park brings**, selected through a nomination process led by an Independent Review Committee, with a clear mandate to serve minority shareholders and decades of experience holding management accountable on key decisions, including capital allocation. ▪ Her appointment, while standalone, complements the Consortium's other nominees, Mr. Jun-Bong Lee and Mr. Hye-Seop Shim in addressing material independence, skills, and experience gaps on Korea Zinc's Board.
Resources	-	▪ **Consortium:** EGM Agenda Analysis ENG (Aug 16), EGM Agenda Analysis KR (Aug 16) ▪ **Korea Zinc:** EGM Agenda Analysis ENG (Aug 15), EGM Agenda Analysis KR (Aug 14)

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Recommendations on Agenda Items

Item	Agenda	Proposer	Rec.
Item 1. Amendments to the Articles of Incorporation			
1-0	Amendment to the Articles of Incorporation to Increase the Number of Separately Elected Audit Committee Members	Board	For
Item 2. Election of Four Directors by Cumulative Voting			
2-1	Election of Independent Director Hyung-Kyu Lee	Board	Against
2-2	Election of Independent Director Eun-Sook Seo	Board	Against
2-3	Election of Independent Director Jun-Bong Lee	Consortium	For
2-4	Election of Independent Director Hye-Seop Shim	Consortium	For
Item 3. Election of Independent Directors to Serve as Audit Committee Members			
3-1	Election of Audit Committee Member In-Kyu Back	Board	Against
3-2	Election of Audit Committee Member Yoo-Kyung Park	Consortium	For

2. Korea Zinc's Intention to Evade Accountability at the 2026 EGM Through Misrepresentations

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2. Shareholders Should Be Concerned by **Korea Zinc's Attempts to Evade Accountability**

- Korea Zinc is attempting to justify its position by citing (i) strong financial and share price performance and (ii) largely "cosmetic" governance improvements, while (iii) diverting attention from the fundamental issues by raising baseless claims against the Consortium.
- **Korea Zinc should not evade accountability.** The fundamental issue at the upcoming EGM is **restoring Korea Zinc's internal control framework at the Board and Audit Committee**. Neither (i) strong performance, nor (ii) "cosmetic" governance improvements, nor (iii) the attack against the Consortium can justify or excuse these failures.(1)

Korea Zinc Argues That…		… However, the Consortium Asserts That…
1 **Strong Performance** Should Shield It From Accountability	*"Over the past decade, [KZ] has consistently outperformed YP…"*	Strong performance is welcome but **should not serve as a shield**. Management actions that have violated shareholder rights, as well as misappropriated capital, **should be held accountable**. In addition, Korea Zinc's performance should not be viewed in isolation of favorable macro conditions (see P.25 of Appendix).
2 **Governance Improvements** Should Shield It From Accountability	*"[KZ] continuously enhances its board structure, operations, and frameworks"*	Improved governance is welcome, but Korea Zinc's governance improvement attempts are **more form than substance based on its actions**.(2) The Board and Audit Committee still comprise individuals who oversaw the governance failures. The current Board **cannot be the guarantor of genuine reform.**
3 **Shareholders' Track Record** Disqualifies Them From Seeking Accountability	*"Managerial concerns regarding MBKP·YP"*	The attack targets the messenger while ignoring the substance of the message. **This is Korea Zinc's meeting, and it is Korea Zinc's own conduct that warrants scrutiny**. Unfounded attacks do nothing to address—and cannot obscure—the **urgent need for meaningful governance reform at Korea Zinc.**

1 A Management That Violates Shareholder Rights

	Responsible for…
 Mr. Choi Director	Restriction of voting rights* Capital misappropriation*
 Mr. Park CEO	Dilution to friendly investors **…yet continues to steward shareholders' capital**

2 A Board That Remains Silent to These Violations

	Responsible for…
 Mr. Suh Audit Co. Chair	Overseeing management and internal controls
Board 8 of 14	**…majority of Board (8 of 14 directors, incl. Audit Committee Chair) and key Committees composed of those who stayed passive to failures, or nominated by them**

GLASS LEWIS
Korea Policy

*"Shareholders are best served by boards with a **proven record of protecting shareholders** […] over the medium- and long-term. […] A **director's past conduct is often indicative of future conduct** and performance."*

*Sanctioned by regulators or deemed unlawful by courts

(1) Even the attacks are unsubstantiated claims. Please see Appendix for the details on our rebuttal.
(2) For instance, Korea Zinc's public director nomination process was presented as an open process, but effectively, it was limited to major shareholders.

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2. Shareholders Should Be Concerned by **Korea Zinc's Misrepresentations**

- Beyond attacking the Consortium's track record, Korea Zinc seeks to **misrepresent the Consortium's genuine call for accountability** with unsubstantiated claims against the Consortium, as well as **misrepresenting matters unfavorable to itself** – from the processes it followed to the legal sanctions against Korea Zinc. We respond to the key claims below and in Section 3, with further details in the Appendix.
- If a Board looks the other way when management commits wrongdoing, rejects a major shareholder's legitimate efforts to hold it accountable, and misleads shareholders while doing so, the **Board becomes effectively insulated from the shareholders to whom it is accountable.**
- The Consortium's efforts to restore Korea Zinc's internal controls **align with institutional investors' stewardship responsibilities.**

Korea Zinc Misrepresents By…		… However, the Consortium Asserts That…
Consortium Opposes Regulatory Reform and Other Minority Shareholder Measures	*"[Consortium] opposed the expansion of separately elected Audit Committee"*	The Consortium never opposed regulatory reform. It **opposes Korea Zinc's attempt to use those reforms to shield itself from accountability**—including by using the separate-election mechanism to appoint an Audit Committee member who oversaw the very governance failures at issue. Notably, Young Poong adopted the expansion of separate Audit Committee election and other measures improving minority shareholder rights.
Consortium is Incentivized for Short-Term Profit Over Long-Term Value	*"[MBKP] focused on short-term investment recovery rather than long-term value"*	As a legal entity accountable to shareholders and stakeholders(1), **Consortium's interests are more structurally aligned with minority investors than Korea Zinc management** (Choi family). Framing a private market investor as inherently short-term misrepresents how major investors (e.g. BlackRock, CPP) operate.
Consortium is Seeking to Take Control From Management at This EGM	*"Hostile M&A attempt by YP and MBKP Partners"*	The Consortium seeks to **hold management and Board members accountable.** Even if all Consortium nominees are appointed, the Consortium would continue to hold below-majority representation broadly in line with current levels, while retaining the existing Board and executive team.
Recent Sanctions at Korea Zinc Are **Not Indicative of Intentional Misconduct**	*"Review findings are best understood as matters of accounting judgment"*	**Korea Zinc's sanctions are not mere accounting reporting issues. The root cause of the sanctions**, i.e., the misuse of corporate assets for personal benefits, entrenchment, and more**, clearly have potential criminal implications.**

See Appendix

See Section 3

Any shareholder should be entitled to seek accountability. It is deeply concerning when a Board sidesteps the substance of those concerns and instead seeks to mischaracterize them and discredit the shareholders raising them.

Norges Bank Investment Management

Public Position

Companies should be *"**cooperating in good faith with investors**, particularly in the engagement process, and more generally in respecting shareholder rights. **Transparent and comprehensive public communication by companies** is a necessary aspect to constructive stewardship."*

(1) Young Poong Corporation is structurally accountable to its shareholders through a majority-independent Board, MBKP is structurally accountable to its limited partners. To the contrary, Korea Zinc's management, under the current board composition, is largely accountable to itself (CEO Director Choi is also a controlling shareholder of Korea Zinc), not its overall shareholder base.

3. Misuse of Shareholder Funds for Personal Gain, Beyond an Accounting Issue

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3. Shareholders Should Be Concerned about **Misuse of Shareholder Funds (1/3)**

NEW Information
Not Covered in Initial Deck

- In its 2026 EGM presentation, Korea Zinc did acknowledge the sanctions relating to its accounting violations, including investments in areas such as One Asia Partners, and characterizes the findings as a matter of judgment error. What it **did not address is evidence revealed in criminal case records, not otherwise accessible to minority shareholders.**
- This evidence, obtained by the Consortium, points objectively to serious internal control failures and to the fact that these investments disproportionately benefited Director Choi. More importantly, it highlights **Korea Zinc's continued attempt to mislead shareholders (particularly minority shareholders) about its failings and evade accountability**.

Background to Consortium's Concern

Issue #1 — Investment Timing
- One Asia Partners was an obscure private equity fund with **no track record.**
- Korea Zinc began committing its capital shortly after **Director Choi became CEO.**

Issue #2 — Investment Significance
- The cumulative capital deployed by Korea Zinc reached **approx. KRW560 billion (approx. USD400 mm).**
- Korea Zinc became **effectively sole LP in 6 of 8 funds** managed by One Asia Partners.
- Despite its significance, the investment had **limited strategic value** to Korea Zinc.

Issue #3 — Potential Conflict of Interest
- One Asia Partners' founder **Chang-Bae Ji and Director Choi are long-standing acquaintances, raising potential concerns around cronyism.**
- However, there is **no Board oversight** related to the investment by Korea Zinc.

Issue #4 — Extensive Loss
- **Significant losses recorded on the investment**, which regulators recently found had been understated, in **breach of accounting standards**.

These factors led the Consortium to believe there was a real risk the investment disproportionately benefited Director Choi, a concern for which **extensive, objective evidence has now emerged**.

Timeline for Obtaining Criminal Case Records

- **Since 2024:** Consortium argued that losses from Director Choi's **One Asia Partners investments went beyond business judgment** and revealed deficiencies in Korea Zinc's Board-level internal controls.
- **Jan 9, 2025:** Consortium filed shareholder derivative lawsuit against Director Choi and CEO Park.
- **Oct 21, 2025:** Court sentenced **One Asia Partners founder Chang-Bae Ji for embezzlement** in a case separate from the Consortium's derivative lawsuit.
- **Aug 6, 2026:** Consortium received **court-certified copies of Chang-Bae Ji's criminal case records**, ordered via the derivative suit.

Findings: The records reveal Director Choi personally investing in companies just before One Asia Partners, funded by Korea Zinc, followed him in (see next slides).

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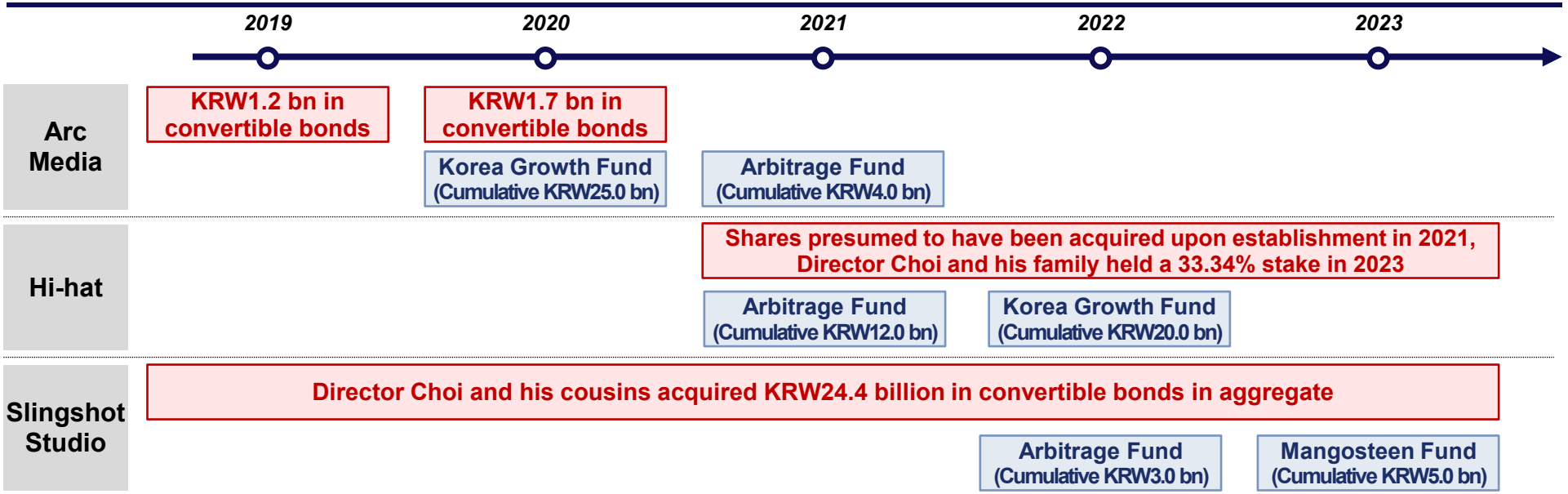
3. Shareholders Should Be Concerned about **Misuse of Shareholder Funds (2/3)**

NEW Information
Not Covered in Initial Deck

- According to the criminal records, investment vehicles funded by Director Choi or members of his family pre-dated direct follow-on investments One Asia Partners made in multiple companies. To date, six follow-on investments by One Asia Partners in three companies have been identified, totaling KRW69.0 billion (approx. USD50 mm) – with these companies operating in sectors unrelated to Korea Zinc's core business, including media and entertainment.
- The arrangement raises concern that Director Choi's investments and One Asia Partners' follow-on investments were **linked in a way that could have supported his personal gains,** particularly as follow-on investments in private companies can materially affect valuation and exit opportunities for existing investors.

Identified Follow-on Investments by One Asia Partners(1)

By Choi and his family | By One Asia Partners



One Asia Partners' structure **could have enabled Director Choi and related parties to benefit from their earlier investments**, as follow-on capital may have supported potential exits. This raises concerns that Korea Zinc's capital was deployed in a way that **could have benefited Director Choi rather than all shareholders.**

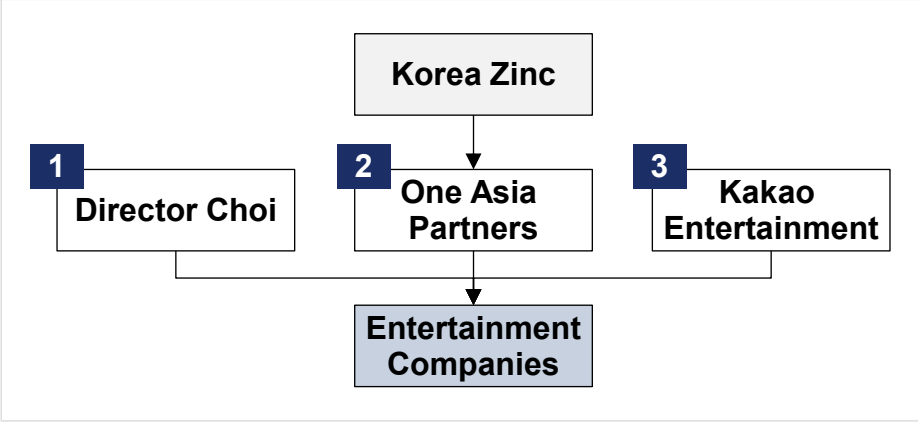
(1) The square box indicates the date of the initial investment, while cumulative investment amounts are shown as of June 2023.

3. Shareholders Should Be Concerned about Misuse of Shareholder Funds (3/3)

NEW Information
Not Covered in Initial Deck

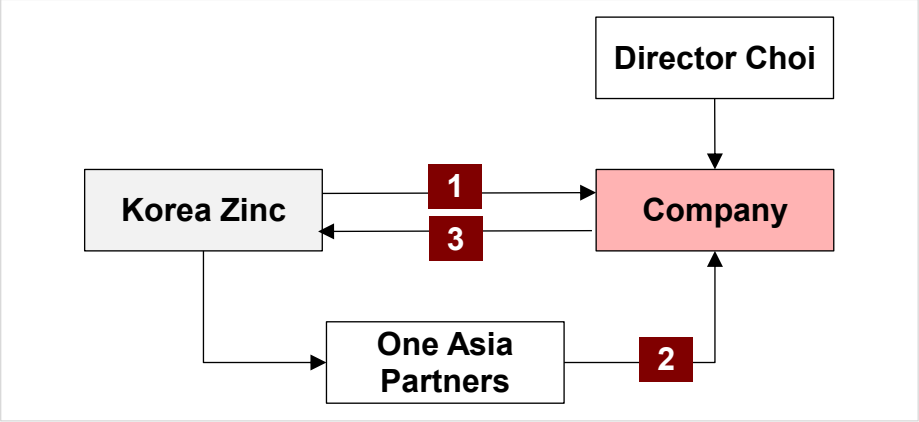
- The follow-on investments **supported the companies' enterprise value by providing capital for their operations and growth,** which increased the value of Director Choi's ownership. This structure **allowed Director Choi to realize substantial gains on his earlier investments.**
- Beyond the follow-on investments, the Consortium also flags that Korea Zinc acquired bonds issued by companies controlled by One Asia Partners' founder Chang-Bae Ji. These bonds were subsequently repaid using funds from One Asia Partners that ultimately originated from Korea Zinc.

Follow-on Investments after Director Choi's Personal Investments



1. Director Choi and his family members invested in the entertainment companies at a relatively low valuation.
2. One Asia Partners funds financed by Korea Zinc subsequently made follow-on investments.
3. These investments increased the companies' values and were followed by additional external investment, including Kakao Entertainment, providing reference points to potentially increase its valuation and enabling Director Choi to realize gains.

Repayment of Korea Zinc-Held Bonds Using Korea Zinc-Funded Capital



1. Korea Zinc provided financing through promissory notes or bonds to companies facing financial difficulties.
2. One Asia Partners, funded by Korea Zinc, subsequently invested in the same company, in some cases following prior investments by Director Choi.
3. The investment proceeds were then used to repay the financing provided by Korea Zinc.

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NEW Information
Not Covered in Initial Deck

3. Shareholders Should Be Concerned by **Passivity of Korea Zinc's Board and Audit Committee**

- Taken together, these circumstances suggest that Korea Zinc cannot simply disclaim responsibility as a passive LP in One Asia Partners and appears to have been actively involved in the relevant conduct, raising the question of whether Korea Zinc's capital was deployed in the interests of all shareholders.
- It is unclear whether the Board or the Audit Committee was aware of these arrangements. What is clear is that the **Consortium called on both the Board and the Audit Committee to investigate, yet they both chose to ignore these matters despite the gravity of the claims.** The lack of action raises serious questions not only about their effectiveness, but about whose interests they are serving.

Korea Zinc's Unjustifiable Position

Korea Zinc insists that, as an LP, it bears no responsibility for One Asia Partners' investments

1. *"**Korea Zinc is just an LP** that makes investments with confidence in the expertise of GP" – Statement from Korea Zinc Regarding One Asia Partners (2025 EGM Presentation)*

2. *"This case does not involve intentional accounting fraud, illegal investment decisions, **embezzlement, or misuse of corporate funds**. The main issues are the **timing of impairment loss recognition**…" – Statement from Korea Zinc Regarding SFC's Accounting Review (2026 EGM Presentation)*

However, multiple evidence suggest that Director Choi and Korea Zinc were deeply involved

- This recurring pattern of earlier and follow-on investments makes it **difficult to characterize** Korea Zinc's investments **solely as blind fund investments** based on the GP's independent decisions, as **Director Choi was CEO of Korea Zinc at the time.**
- Through the transactions, Director Choi as well as Chang-Bae Ji gained personal economic benefit**, which can only be interpreted as using Company resources for their own private interests.**
- As set out in our 2026 EGM presentation, **the Consortium wrote to the Board and Audit Committee on multiple occasions requesting an investigation into these matters**, given the extent of the conflicts of interest present in the investment and irrespective of the emerging evidence, but they chose not to act.

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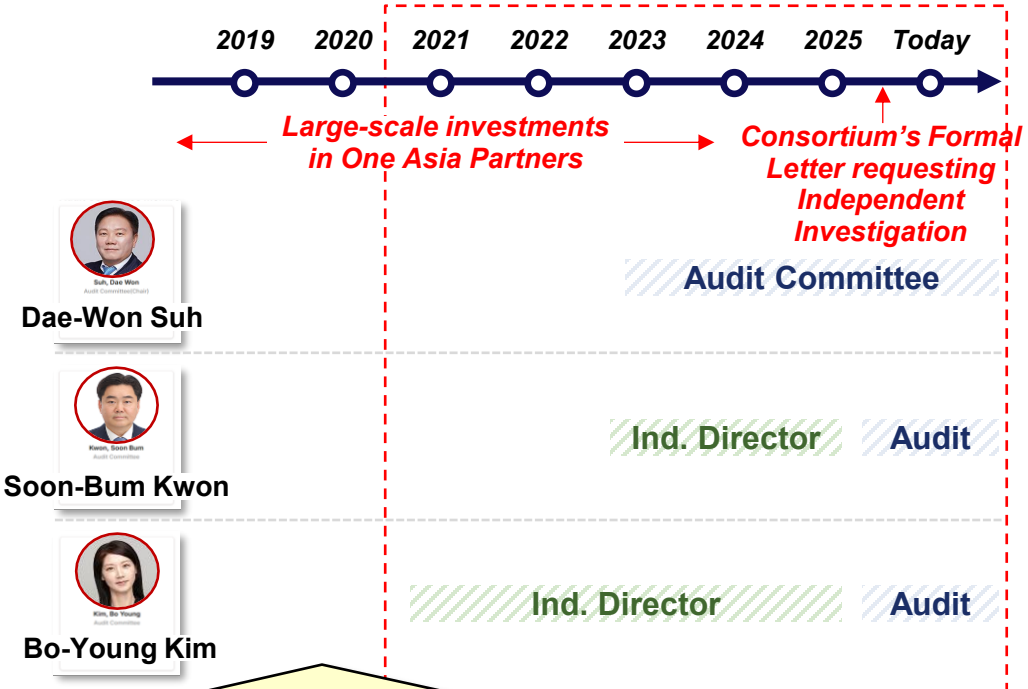
4. Audit Committee Appointment

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4. Why **Independence Matters** for Separately Elected Audit Committee Members

- The current Audit Committee members served on the Board when Korea Zinc made the problematic investment in One Asia Partners, and **throughout the broader governance failures ranging from dilution to voting-rights restrictions and entrenchment**. They remained passive throughout, including when the Consortium formally requested an independent investigation (into e.g., One Asia Partners). **That passivity raises concerns about their effectiveness and whose interests they are serving.**
- This is why the Audit Committee, and the wider Board, need an independent, capable profile such as Ms. Yoo-Kyung Park, selected through a **nomination process led by an Independent Review Committee, with a clear mandate to serve minority shareholders** and decades of experience holding management accountable on key decisions, including capital allocation.

Failure of Current Audit Committee Members



All three Audit Committee members **served as Audit Committee members or Independent Directors when Korea Zinc made its investments in One Asia Partners**, and throughout the broader governance failures spanning dilution, voting-rights restrictions and entrenchment. Even when these concerns were flagged and investigations requested by a major shareholder, **they chose to remain passive**.

Ms. Park Independence and Profile Is Needed



Interview The Korea Times

Independent from All Major Shareholders

If her judgment conflicts with that of the shareholders who nominated her, she is *"prepared to oppose them, whoever they are,"* if that is what she believes is in the interests of all shareholders. - Source

Yoo-Kyung Park: A Candidate Who Meets Shareholder Expectations on GENUINE Independence and the Profile to Hold Management Accountable

1. Unquestionably independent from all major shareholders, **nominated by an Independent Review Committee** to act in minority's interests, currently questionable in KZ's nominee.
2. Brings the expertise and prior experience as an Audit Committee Chair and objective institutional investor, providing **independent oversight across capital allocation, currently lacking in the Committee** (See the next slide).

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4. Yoo-Kyung Park's Well-qualified Expertise

- An Audit Committee member's role is not limited to accounting qualifications; it also **requires challenging management on why investments are made and whether they serve all shareholders.** Decisions may be accounting-compliant yet still fail to protect minority shareholder interests. This is especially relevant at Korea Zinc, where concerns extend beyond capital misallocation to the restriction of voting rights, significant dilution, and responsiveness to shareholder concerns.
- The statutory requirement is already met. Korea Zinc's Audit Committee includes Dae-Won Suh, the accounting and finance expert required under the Commercial Act, while Korea Zinc's Board Skill Matrix lists six directors with Finance/M&A expertise. **More accounting expertise does not necessarily translate into more effective oversight**—as demonstrated by the One Asia Partners investments, which went unchecked despite the accounting expertise already present on the board. **What is truly lacking is the independent, institutional-investor perspective that Ms. Park brings** – attributes that also align with the regulatory intent behind the separately elected Audit Committee position.
- Audit Committees at major Korean companies often include investors, industry experts, and other professionals who bring broader oversight perspectives, while Korea Zinc's current level of accounting expertise on the Committee is already in line with the market.

Ms. Park's Core Qualifications

1 30+ Years of Global Capital Market Experience

- She has 30+ years of experience in global capital markets, with extensive expertise across financial analysis, governance, and risk management.

2 Audit Committee Experience

- She is currently an Independent Director and Audit Committee Chair at the Tara Climate Foundation, bringing direct board-level oversight and governance experience.

3 Genuine Commitment to Protecting Shareholder Interests

- With 17 years as a senior investment professional at APG, she has developed a deep understanding of governance issues, enabling her to identify key concerns and contribute to more effective problem-solving in Board discussions.

Audit Co. Composition at Major Korean Companies

Company	Audit Committee Composition	Audit / Accounting
SAMSUNG	▪ **Audit background** ▪ Engineering background ▪ Robotics background	1/3
HYUNDAI	▪ Tax background ▪ Aerospace background ▪ Legal background ▪ P/E background ▪ Semiconductor background	0/5
LG Energy Solution	▪ Legal background ▪ **Accounting background** ▪ Science/government background ▪ Science background	1/4

It is not unusual among the audit committees of major Korean companies, where few members hold a formal auditing background or qualification.

4. Appendix

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Rebuttal to the Company's Agenda Analysis Material (1/4)

Company's Claims	Response from the MBKP–Young Poong Consortium

Yoo-Kyung Park's prior experience at APG and on the NPS ESG Committee may raise concerns regarding her independence, while her background also does not demonstrate meaningful expertise in audit or risk management.	▪ The claim that Ms. Yoo-Kyung Park is non-independent by reason of her prior roles at institutional investors holding Korea Zinc stock is fundamentally wrong. It finds no support in the independence frameworks that investors and proxy advisors apply, nor elsewhere in the Korean market.
	  ▪ **ISS Korea:** A director is non-independent if they are *"an employee or executive of a significant shareholder of the company"* with that threshold being 5% of the company's stock.
	  ▪ **Glass Lewis Korea:** A director is non independent if they *"own or control 10% or more of the company's voting stock, or who has a special relationship with the largest shareholder."*
	▪ **APG Asset Management:** APG's stake sits well below both the 5% and 10% thresholds, and as an investor holding positions across hundreds of companies it has neither a material stake in Korea Zinc nor a special relationship with it of the kind that would bear on independence.
	▪ **NPS:** Ms. Yoo-Kyung Park held an advisory position only, with no decision-making authority. She was neither an employee nor an executive of NPS, and held no special relationship of the kind the frameworks contemplate, particularly as NPS is far from being the largest shareholder. The classification therefore does not apply.

Rebuttal to the Company's Agenda Analysis Material (2/4)

Company's Claims	Response from the MBKP–Young Poong Consortium
Its nominees are sufficiently independent and qualified to serve all shareholders' interests.	▪ The Consortium believes that nominees produced by a Board and a Nomination Committee, the majority of whom either oversaw the governance failures and remained passive or were appointed by those who did, cannot be relied upon to nominate candidates who will act for all shareholders' interests, particularly on the Audit Committee, whose expanded role is to represent minority shareholders. ▪ Besides the Board, two of the three members of the Nomination Committee oversaw failures such as the voting-rights restriction, dilution, capital misappropriation and entrenchment, while remaining passive to legitimate shareholder concerns. ▪ Further, there is already evidence of concerns with Korea Zinc's nominees, including: ○ **[Audit Committee] In-Kyu Back:** Potential independence concerns, as the nominee served as a senior Deloitte executive while Deloitte maintained material business relationships with Korea Zinc, creating a self-review risk even absent his direct involvement. ○ **[Board] Hyung-Kyu Lee:** Recommending the return of a director whose duties had been suspended by court injunction, reappointing him only two months after his resignation, at odds with the court's decision and efforts to restore Board legitimacy. His track record at prior appointments indicates inability to challenge management for problematic practices. ○ **[Board] Eun-Sook Seo:** Track record of limited regard for independence, such as moving between affiliated companies within the same group while accepting independent director roles, with little public record of challenging management.

Rebuttal to the Company's Agenda Analysis Material (3/4)

Company's Claims	Response from the MBKP–Young Poong Consortium
It followed an open shareholder-nomination process for its Audit Committee candidate.	▪ Korea Zinc claims it ran a shareholder-nomination process to source independent candidates for the separately elected Audit Committee seat. However**, it set the eligibility requirements so restrictively that most shareholders could not realistically nominate anyone, and it has not disclosed whether its nominee, In-Kyu Back, in fact emerged from that process. The process therefore appears to have been a formality.** ▪ It also does not alleviate the concern that the body reviewing nominations itself, the Nomination Committee, may be compromised, as set out in the previous slide.
Consortium Opposes Separate Audit Committee Election, Evidenced by Its Vote Against the Proposal Before the Candidate Was Officially Disclosed at the 2026 AGM.	• The Consortium was concerned that the Board and the Nomination Committee, a majority of whom had either overseen the governance failures on record or were appointed by those who did, would put forward a candidate who did not meet the standard of independence and oversight the role requires, particularly given that a separately-elected Audit Committee member is intended to reflect the interests of minority shareholders. • Because the article amendment for separate election of Audit Committee members was a prerequisite to electing such a member, **the Consortium could not support the amendment without first having assurance that the resulting nomination would be a suitable one; it therefore opposed the amendment at that stage.** • This concern was validated when the Company nominated Mr. Lee Min Ho, who had already served as an outside director and Audit Committee member for the preceding four years, a period during which the Company was exposed to the legal and regulatory risks now on record – ranging from voting rights restriction, significant dilution, and capital misallocations.

Rebuttal to the Company's Agenda Analysis Material (4/4)

Company's Claims	Response from the MBKP–Young Poong Consortium
Mr. Hye-Seop Shim's Shareholder Activism and Advocacy for Minority Shareholder Rights Prevent Him From Serving All Shareholders.	• At companies like Korea Zinc, where the major shareholders also serve as management (Director Choi) and where concerns over shareholder rights and capital misallocation are already on record, serving all shareholders means counterbalancing the incumbents and ensuring sufficient independence to represent minority shareholders, whose interests are vulnerable by reason of their minority status. • His background in advocating for minority shareholder rights arises from comparable situations (e.g., Namyang Dairy), where serving all shareholders meant protecting minority interests against the major shareholder in precisely the circumstances where problematic conduct had arisen. • Mr. Shim's record of challenging management and holding it accountable is the very capacity this Board has lacked. **It is a qualification for the role, not a disqualification from it.**
Mr. Jun-Bong Lee lacks expertise in Audit, Risk Management and Public Affairs.	• Mr. Lee holds doctorates in accounting and tax law and has extensive academic and practical experience, including service on the National Tax Service's tax review committee. **His combined expertise in accounting, taxation and public-sector affairs supports his qualifications across Audit, Risk Management and Public Affairs.** • He also satisfies the statutory accounting/finance expert requirements under Article 37(2)(2) of the Enforcement Decree of the Korean Commercial Act, based on his advanced degree and more than five years of academic experience in accounting or finance-related fields.
After opposing and litigating the 2025 stock split, MBKP·YP proposed the same item in 2026, causing confusion in the market and shareholders.	▪ The Consortium opposed the agenda item at the January 2025 extraordinary general meeting to protest the unlawful restriction of Young Poong's voting rights, not because we opposed the proposal itself or measures aimed at strengthening minority shareholder rights. ▪ The court found the restriction unlawful and suspended the duties of the directors (including four directors who have resigned in May) elected at the meeting, a finding later reaffirmed in related damages proceedings. The Consortium therefore proposed the same agenda item at the 2026 AGM so that it could be approved through a lawful process.

Rebuttal to Allegations Against MBKP's Portfolio Companies (1/2)

Port. Co.	Allegations	Our Rebuttal
Company H	▪ Despite deteriorating performance, MBKP prioritized debt repayment over business stabilization, undermining financial soundness and corporate value.	▪ The examiner's report in Company H's rehabilitation proceedings confirmed that the **key causes were structural increases in fixed costs, the COVID-19 pandemic, the rapid shift to online retail, and a credit rating downgrade—not the repayment of acquisition financing or S&LB transactions.** ▪ In addition, no final decision has been made in the government agency involving MBKP or our executives. Nevertheless, Korea Zinc's material is written in a way that could misleadingly suggest that sanctions or penalties have already been imposed. ▪ MBKP and our management have committed approximately KRW400 billion to support Homeplus since the rehabilitation proceedings began, or approximately KRW600 billion including support provided beforehand.
Company L	▪ Two employees colluded with a vendor to execute a flawed contract in 2023. ▪ In 2026, Korean regulators imposed a 4.5-month business suspension and a KRW5 billion fine after a cyber incident. ▪ Company L's KRW79.3 billion exposure to Company H has been classified entirely as "estimated loss," reflecting long-overdue purchase-card and corporate card receivables.	▪ The 2023 breach-of-trust incident was **personal misconduct by certain employees, not an internal-control failure,** and was detected through the Company's whistleblowing and internal audit systems. ▪ While we acknowledged and apologized for the hacking incident, the Company responded promptly, with no customer losses identified to date, and plans to make approximately KRW120 billion in security investment over the next five years. **In recognition of our proactive follow-up response, the sanction was also reduced from a 4.5-month business suspension to 1.5 months.** ▪ Although KRW79.3 billion of Company H-related receivables were classified as an "estimated loss," **recovery remains possible, and the Company has secured an equivalent amount of loss-absorption capacity.**
Company O	▪ Operating profit reportedly declined sharply, and against this financial backdrop, Company O has launched large-scale organizational changes.	▪ Sales have grown substantially, and while operating profit temporarily slowed in 2025, operating profit in 1H 2026 increased approximately 110% year-on-year, **undermining claims that profitability deterioration requires cost cutting.** ▪ Employment increased by more than 20% during the MBKP Consortium's joint management, **with no large-scale workforce or organizational restructuring undertaken.** ▪ The Company **continues to expand personnel in core businesses and R&D,** supporting mid- to long-term growth rather than short-term cost cutting.

Rebuttal to Allegations Against MBKP's Portfolio Companies (2/2)

Port. Co.	Allegations	Our Rebuttal
Company Y	▪ Performance decline is largely attributed to prioritizing short-term investment recovery over long-term competitiveness.	▪ The decline in performance was driven by the **sharp fall in international oil prices, which led to widespread delays and cancellations of Middle East projects**. The subsequent recovery likewise reflected the rebound in oil prices. Korea Zinc disregards these market factors and portrays the decline as a failure of MBKP.
Company B	▪ Raised sunflower oil supply prices by 61% in July 2022, leading to conflicts with franchisees.	▪ The increase in sunflower oil supply prices **reflected higher supplier prices following the surge in global commodity prices after the Russia-Ukraine war, and prices were reduced once the market stabilized.** Korea Zinc selectively highlights only the price increase, omitting both its cause and the subsequent reduction.
Company N	▪ Following the merger with the SPC established for the 2015 acquisition, Company N took on acquisition-related debt, causing a sharp rise in its debt ratio and further deterioration in performance. ▪ MBKP continued to pay preferred shareholders an average dividend of KRW47,000 per share.	▪ Company N's reported debt increased following its 2015 merger with the SPC holding the acquisition financing. However, **net debt at year-end 2015 was approximately 3.8x EBITDA, which was not excessive,** with leverage appearing higher only as earnings later declined. The performance decline was primarily driven by the slowdown and intensifying competition in the outdoor apparel market, changing consumer behavior after COVID-19, and weaker winter apparel demand amid warmer winters. More recently, **recovering outdoor activity and product diversification have contributed to a rapid recovery in performance since 2025.** ▪ The claim that average dividends of KRW47,000 per share were continuously paid **does not reflect the company's actual cash outflow. Annual cash dividends on the preferred shares were only approximately KRW1.6 billion.** MBKP also acquired and converted the preferred shares into common shares to reduce Company N's financial burden.
Company D	▪ The total acquisition cost of KRW2.2 trillion was fully financed with debt, and in 2008, a 93.8% stake in Company D was acquired through an LBO.	▪ It is **inaccurate to claim that the investment was entirely financed by debt. Nearly KRW1 trillion of equity committed by MBKP and its co-investors** (domestic private equity funds and Chairman Lee Min-joo) was injected to fund the acquisition.
Company C	▪ Acquired in 2022 and delisted in 2024.	▪ **Delisting was a management decision carried out through the necessary procedures, including a tender offer**. Korea Zinc omits the rationale for the delisting and portrays the outcome itself as a failure of MBKP's management.

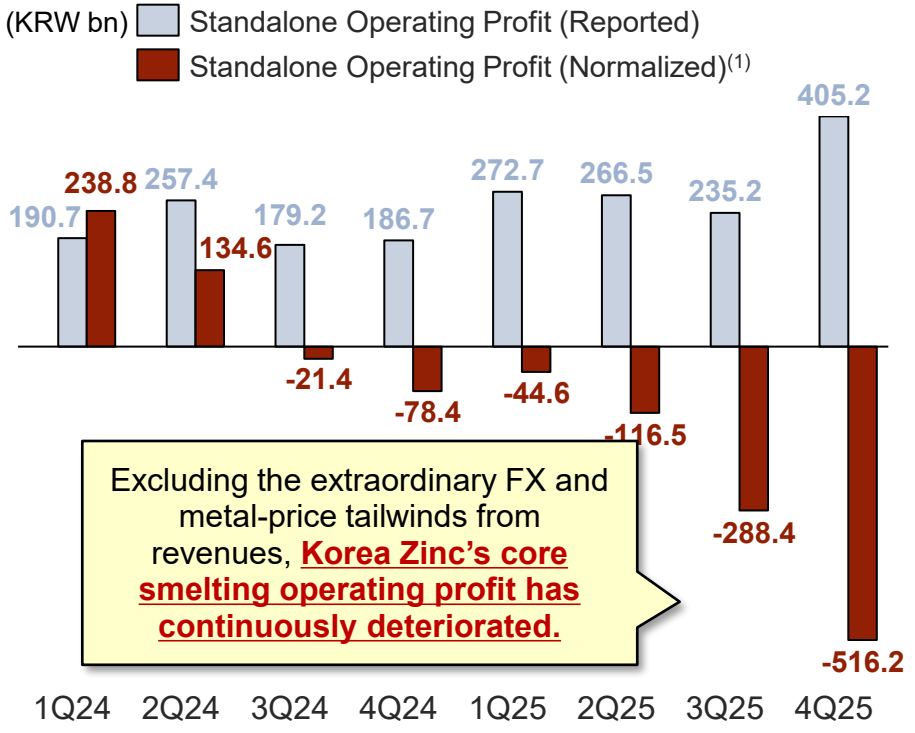
Rebuttal to Groundless Allegations Against Young Poong

Company's Claims	Response from the MBKP–Young Poong Consortium
Young Poong's Seokpo Smelter faces persistent business suspension risks due to repeated environmental law violations, posing a direct threat to corporate value.	▪ Located in the upper reaches of the Nakdong River, the Seokpo Smelter has inherently faced elevated environmental risks due to its location and surrounding geography—an issue inherited from Young Poong's early operations rather than created by the current Board. **Nevertheless, Young Poong has continued to invest in mitigation measures and is seeing tangible improvements.** ▪ Young Poong significantly expanded its environmental investment, committing a cumulative KRW540 billion through 2025, and plans to continue additional investments in air quality, water management, and occupational health and safety. ▪ The smelting industry inherently carries higher safety risks than other industries. Young Poong continues to strengthen safety procedures and upgrade aging facilities to improve workplace safety and prevent accidents.
Young Poong lacks management oversight in decision-making and disregards ordinary shareholders' interests.	▪ In response to feedback from minority shareholders, including Must Asset Management, Young Poong has strengthened its governance, **retiring its treasury shares, undertaking a stock split, amending its articles to increase the number of separately elected Audit Committee members, and electing a minority-shareholder-nominated independent director to serve on the Audit Committee.** ▪ Currently, Young Poong operates with a majority-independent Board, a majority-independent Independent Director Nomination Committee, and a fully independent Audit Committee responsible for directly supervising management and approving key decisions.

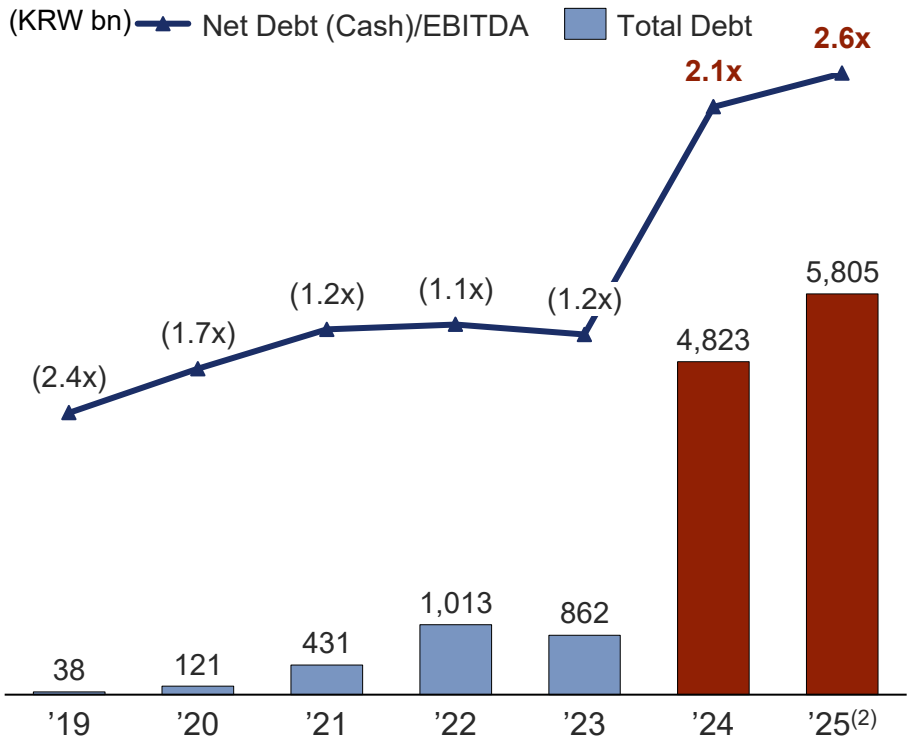
Deteriorating Core Performance: The Reality Behind "Record-High Results"

- While the Company's reported standalone financials appear strong, excluding unprecedented tailwinds from the strong U.S. dollar appreciation and surging gold and silver prices, its underlying operating profit has in fact been in deficit. In addition, costs incurred to defend Director Choi's control have been improperly borne by the Company, driving a sharp increase in SG&A commission expenses and further burdening earnings.
- The Company's debt increased since 2024 due to the self-tender and poorly disciplined investments. If gold and silver prices and foreign exchange rates, key tailwinds behind recent performance, reverse, earnings may decline and put additional pressure on the debt burden.

Normalized Performance Excluding Macro Effects



Rising Debt and Deteriorating Leverage



(1) Revenue adjusted to the 2023 average USD/KRW exchange rate of KRW1,305.0 and 2023 metal-price levels for zinc, lead, gold, silver and copper, before the sharp increases in metal prices and exchange rates; (2) Calculated excluding the KRW2.8 tn of rights offering proceeds received at year-end.

MBK PARTNERS