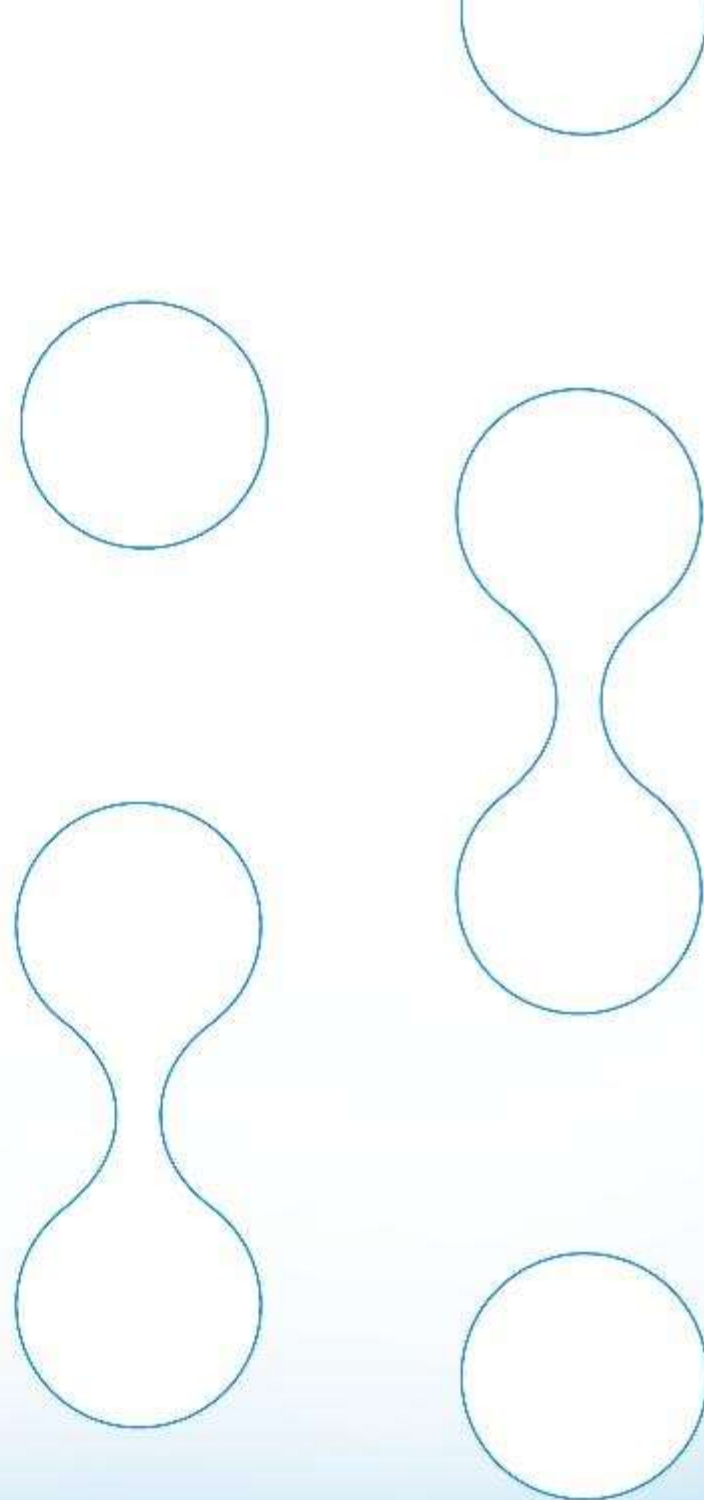


Korea Alcohol Industrial

1Q FY2026 Business Result

26.1Q Earnings Release | 2026.05.18

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Chapter 2. **Q&A**

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Disclaimer

The company makes no representations or warranties as to the accuracy or completeness of the management performance described in this document and assumes no obligation to update any information as of the date of its preparation. This document contains forward-looking statements, which are subject to various known and unknown risks, market conditions, and uncertainties.

Actual results may differ materially from those expressed or implied due to changes in market environments, strategic adjustments, or unforeseen circumstances.

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Chapter 1.

Earnings Release

Business Performance (1) Quarterly Performance Overview (Separate)

Business Performance (2) Performance Overview (Separate)

Business Performance (3) Performance Overview (Consolidated)

Business Performance (4) Consolidated Subsidiaries Performance Overview

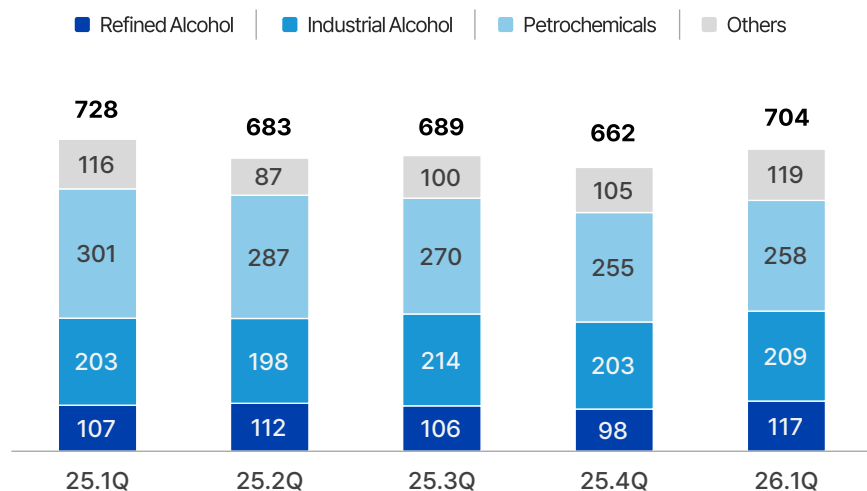


Business Performance (1) Quarterly Performance Overview (Separate)

Earnings Improvement Driven by Resilient Raw Material Sourcing amid Geopolitical Risks

Revenue Trend

Unit : KRW 100 million



Note : K-IFRS (Separated)

Revenue Increased by 6.5% QoQ

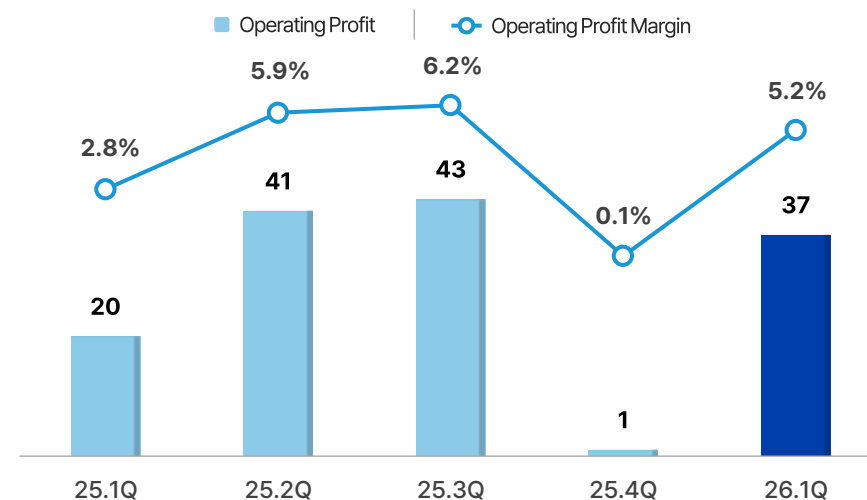
Driven by Price Increases amid Geopolitical Risks in the Middle East

- Rising product prices driven by higher ocean freight costs and raw material prices amid Middle East tensions
- Revenue growth supported by stable production and supply, enabled by secure raw material sourcing

Source : Company data

Operating Profit (Margin) Trend

Unit : KRW 100 million



Note : K-IFRS (Separated)

Significant QoQ Improvement in OP

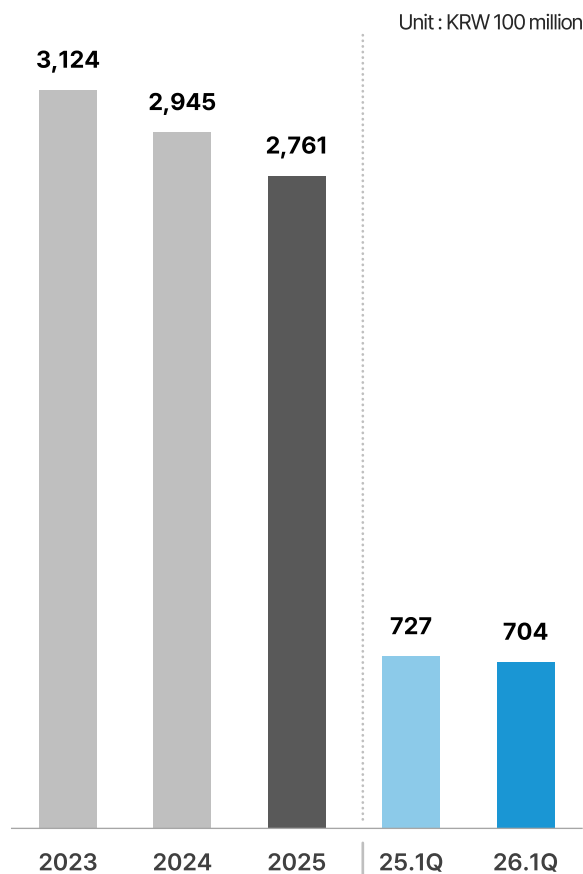
Driven by the Absence of One-off Costs in the Previous Quarter and Product Price Increases

- Earnings rebounded following the resolution of prior-quarter one-off expenses, including expanded wage-related costs and inventory valuation losses
- Partial pass-through of higher raw material costs through price adjustments contributed to improved operating profit

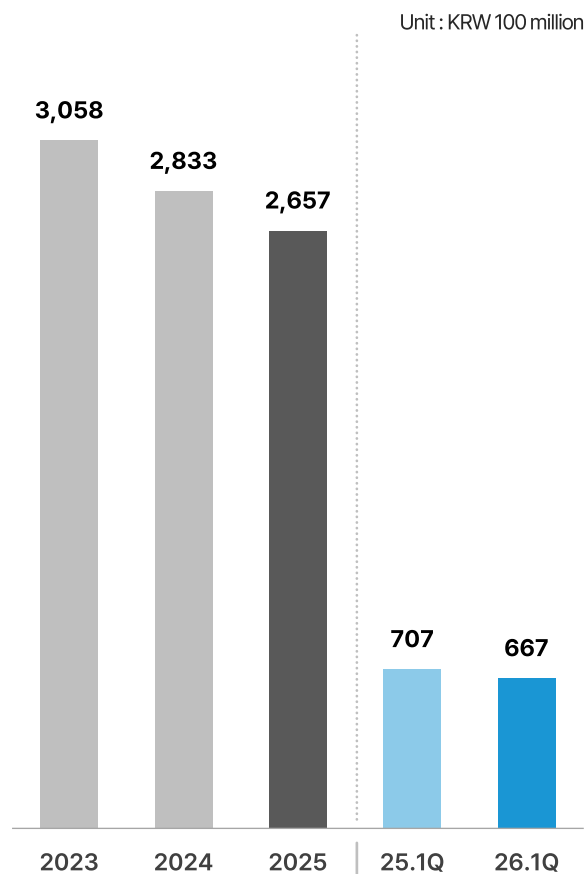
Business Performance (2) Performance Overview (Separate)

Revenue Decreased by 3.2% YoY, while Operating Profit Increased by 81.9% YoY

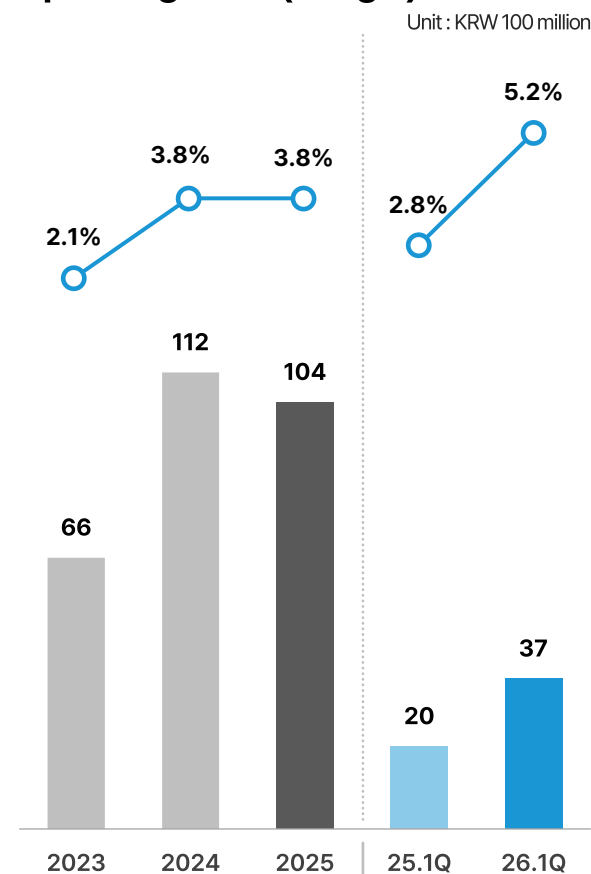
Revenue Trend



COGS & SG&A Trend



Operating Profit (Margin) Trend

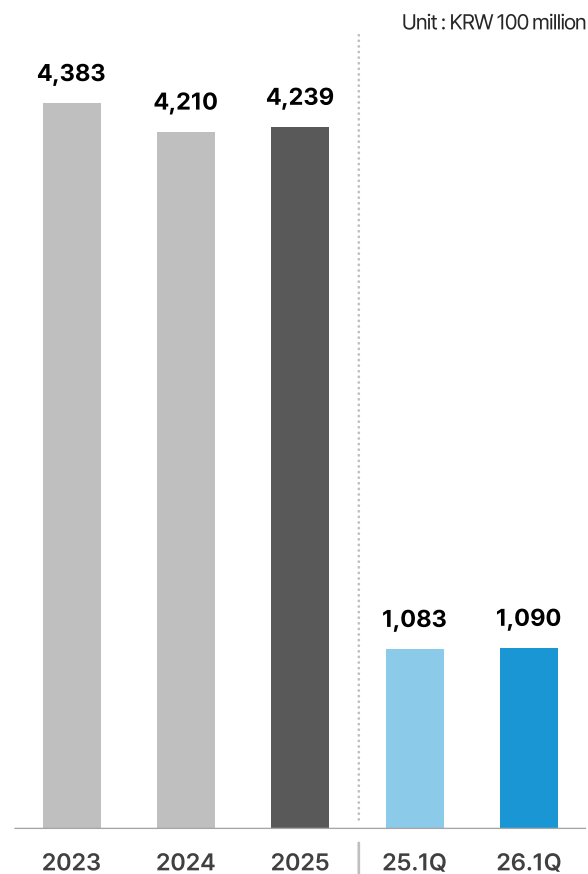


Note : K-IFRS (Separate)

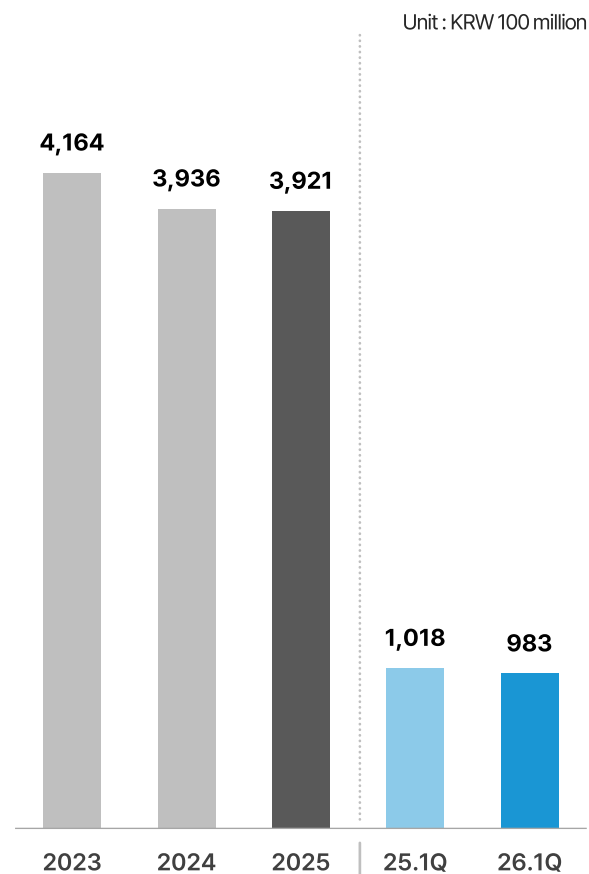
Business Performance (3) Performance Overview (Consolidated)

Revenue Increased by 0.6% YoY, while Operating Profit Rose by 62.7% YoY

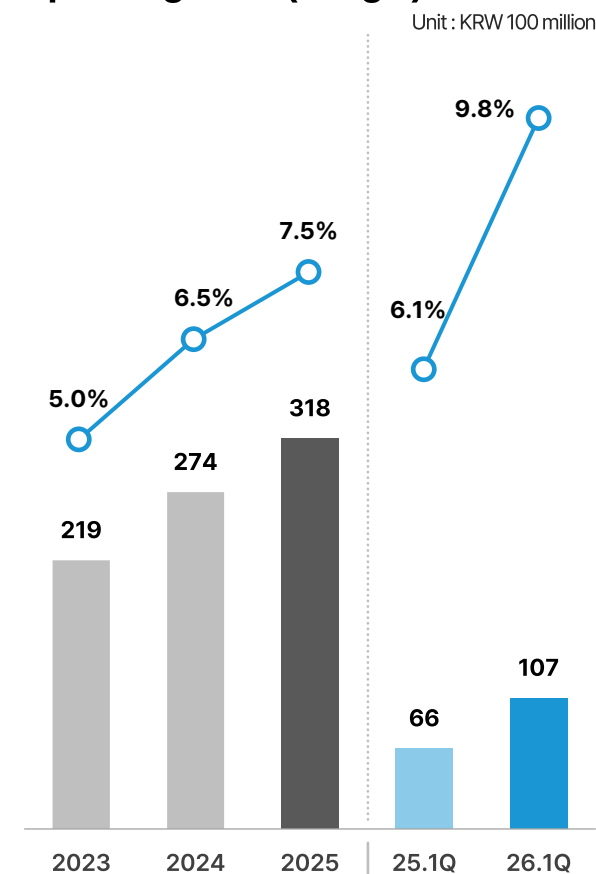
Revenue Trend



COGS & SG&A Trend



Operating Profit (Margin) Trend



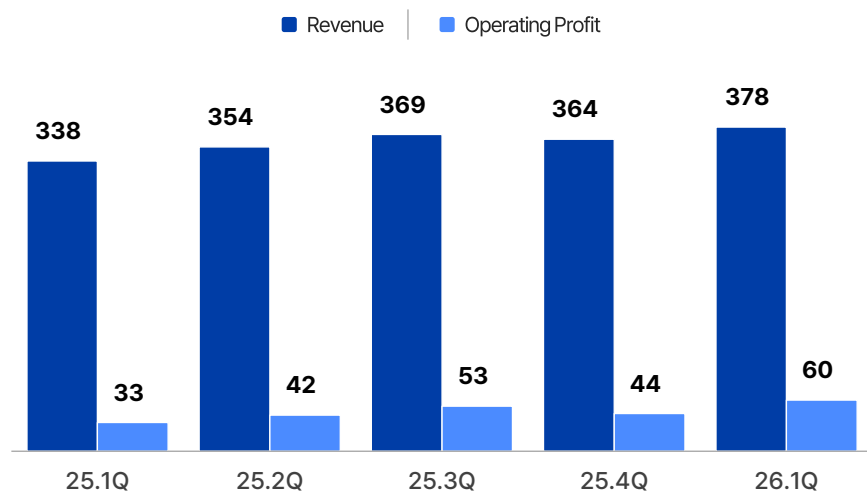
Note : K-IFRS (Consolidated)

Business Performance (4) Consolidated Subsidiaries Performance Overview

**Solid Contribution to Consolidated Performance from Subsidiaries,
Backed by Favorable Industry Conditions and Stable Earnings**

Purit Performance Trend

Unit : KRW 100 million



Note : K-IFRS (Separate)

OP Increased by 35.2% QoQ

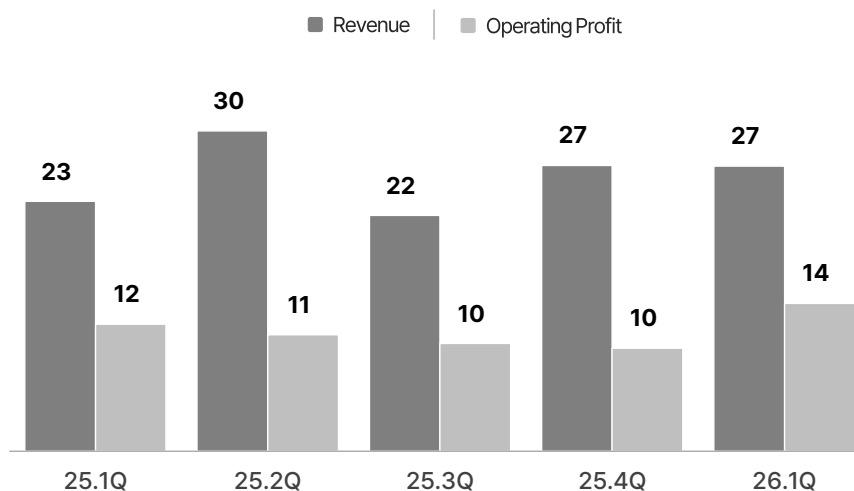
**Earnings Growth Driven by Increasing Demand
for Memory Semiconductors**

- Thinner demand increased as customer utilization rates rose, supported by growing semiconductor demand driven by AI industry expansion
- Sustained revenue growth achieved through expansion of not only domestic sales but also overseas export volumes

Source : Company data

Soosan corp. Performance Trend

Unit : KRW 100 million



Note : K-IFRS (Separate)

OP Increased by 43.4% QoQ

**Earnings Improvement Driven by Tenant Portfolio Enhancement
and Favorable FX Movements**

- Rental income improved through tenant mix optimization, including new tenant acquisition following property maintenance and refurbishment
- Higher KRW-denominated profitability supported by sustained high exchange rates, contributing to stable earnings generation

Chapter 2.

Q&A

Q1. Raw Material Price Trends and Company Response Strategy

Q2. Treasury Share Cancellation Plan

Q3. Raw Material Procurement through KC&A



Raw Material Price Trends and Company Response Strategy



1. Sharp Rise in Raw Material Prices amid Middle East Tensions

- Supply disruptions and price increases in methanol-based feedstocks driven by the Iran conflict
- Significant increases in acetic acid and ethanol prices, along with heightened global supply volatility

2. Stable Supply Response Based on a Resilient Procurement Network

- Maintained production and supply stability through secure raw material sourcing despite cost pressures

3. Contribution to Stabilization of the Domestic Market

- Ensured consistent product supply under volatile market conditions
- Contributed to stabilizing domestic supply-demand balance and overall industry operations

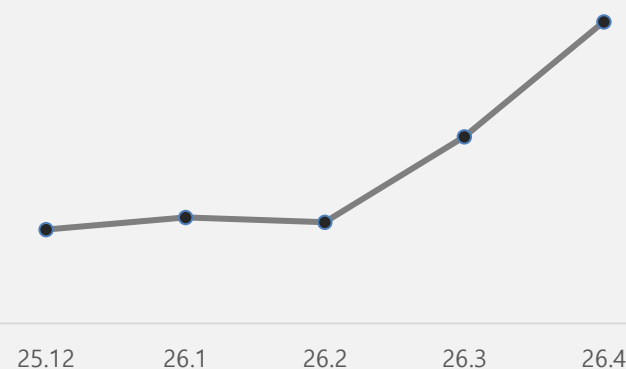
4. Profitability Defense through Price Adjustments

- Partially passed through higher raw material costs to product prices to mitigate margin pressure
- Continued operations with a balanced approach between market stability and customer burden

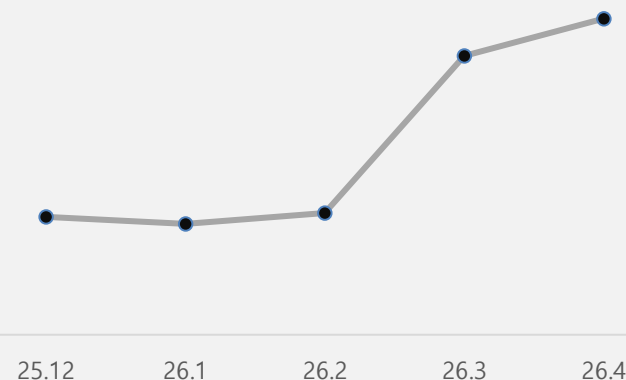
5. Solid Performance Outlook and Ongoing Market Monitoring

- Expect solid performance in 1H, with continued monitoring of raw material trends in 2H

Asia Acetic Acid Price Trend



Asia Ethanol Price Trend



Treasury Share Cancellation Plan

[FY26 – FY28] New Dividend Policy
(Announced on Dec 10, 2025)

Consolidated Basis

Target Shareholder Return Ratio 20% +



* Shareholder return ratio
: (Total dividends + Share buybacks & cancellation) ÷ Consolidated operating profit

[Illustrative Comparison of Dividend Policies]

- **Previous Dividend Policy (Separate OP, 20%)**
Applied to FY2025 Results
 - Separate operating profit (FY2025) : KRW 10.43bn
 - Cash dividends : KRW 10.43bn x 20% = KRW 2.09bn
(Actual dividends paid : KRW 2.23bn)
- **New Dividend Policy (Consolidated OP, 10%)**
Applied to FY2025 Results
 - Consolidated operating profit (FY2025) : KRW 31.82bn
 - Cash dividends : KRW 31.82bn x 10% = KRW 3.18bn
 - Buyback & cancellation : KRW 31.82bn x 10% = KRW 3.18bn

FY2026 Shareholder Return Simulation

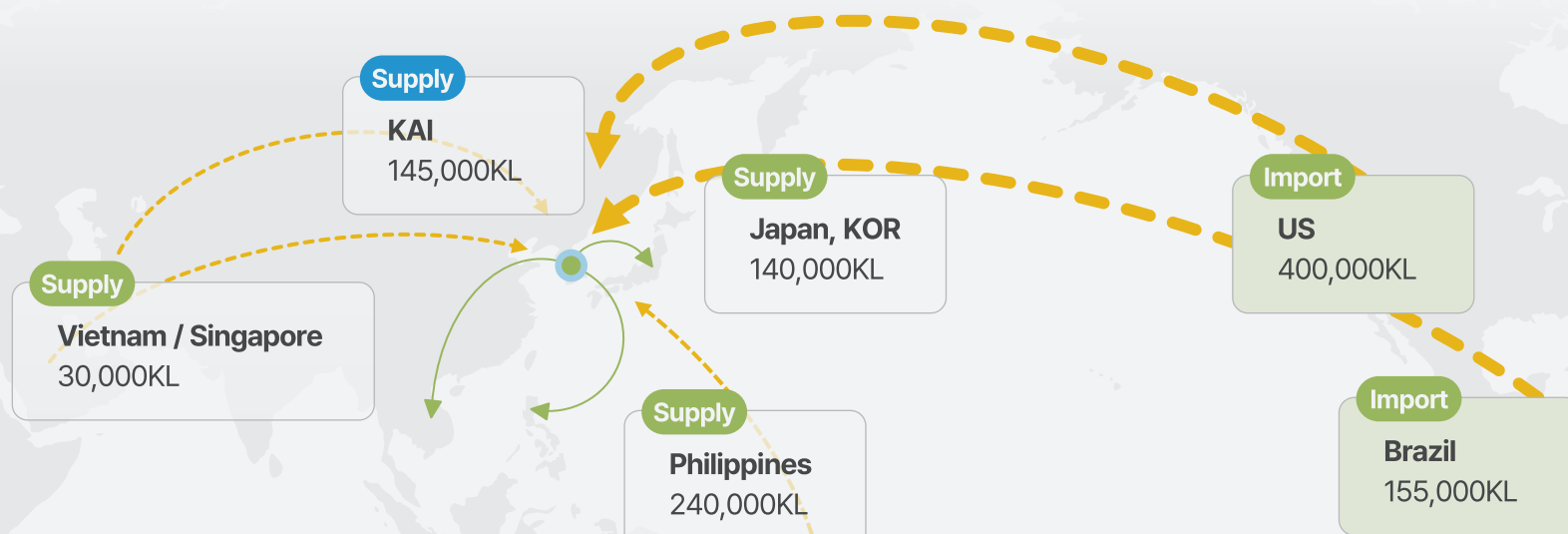
- Assuming 1Q performance is sustained :
Estimated FY2026 consolidated operating profit
= KRW 10.67bn X 4 = KRW 42.66bn
- **Cash Dividends** : KRW 42.66bn X 10% = KRW 4.26bn
- **Share buyback & cancellation** : KRW 42.66bn X 10% = KRW 4.26bn

Full Cancellation of 1,025,167 Shares
by 2027

Ongoing Share Buybacks & Cancellation
under the New Shareholder Return Policy

Raw Material Procurement through KC&A

Synergies Achieved through Bulk Purchasing via Specialized Ethanol Trading Company



OP Margin : Major Japanese Trading Companies ('25)

Company M	9.1%	Company M	7.7%
Company I	7.8%	Company M	7.5%

KC&A OP Margin (Last 4 Years)

2022	1.3%	2024	2.8%
2023	-0.4%	2025	1.6%

Appendix

- 01. Company Overview
- 02. Business Segments
- 03. Core Business Competencies
- 04. Advanced Materials Technology & Know-how
- 05. Key Production Infrastructure
- 06. Summary Financials (Consolidated & Separate)



Company Overview



Company Overview

Name	Korea Alcohol Industrial Co., Ltd.
CEO	Chi Yong-seok, Kim Jeong-soo, Bae Jae-beom
Foundation	1984.07.27
Capital	KRW 10.8 billion
Total Number of Employees	190
Business Area	Ethanol and petrochemical product manufacturing
Headquarters	14, Tapsil-ro 35beon-gil, Giheung-gu, Yongin-si, Gyeonggi-do
Homepage	www.ka.co.kr

Source : Company data

Consolidated Subsidiaries Overview

As of Dec.31, 2025

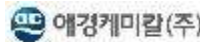
Name	Purit
Foundation	2010.01.04
Business Area	Refinement and manufacture of organic solvents
Capital	KRW 8.6 billion
Ownership Stakes of KAI	48.85%
Name	Soosan Corp.
Foundation	1997.09.25
Business Area	Property Leasing Business
Capital	KRW 32.1 billion
Ownership Stakes of KAI	100.00%



Business Segments

Strong Technical Expertise in Alcohol and Chemical Manufacturing,
Supporting a Broad and Diversified Customer Base

Products by End-Use Industry, Applications, and Key Customers

Application Industry	Product & Description		Applications	Customers & End Users
Customer Products (Hand Sanitizers, Cosmetics, Secondary Batteries, and Display	Hydrous Ethanol	Industrial-grade ethanol with moisture content below 5%, produced by refining grain-fermented alcohol	Hand Sanitizer, Washer Fluids	SAMSUNG        
	Anhydrous Ethanol	Industrial ethanol with moisture content below 1%, produced by refining fermented grain-based alcohol	Cosmetics, Chemical Reagents, Electrolytes for Secondary Batteries	
	Electronic-Grade Anhydrous Ethanol	Industrial-grade ethanol with enhanced purity, produced by further processing anhydrous alcohol	Cleaning Solutions for Display Manufacturing	
Customer Products (Paints, Coatings, Inks), and Semiconductors	Ethyl Acetate	Chemical products produced by synthesizing industrial ethanol and glacial acetic acid	Paints, Coatings, Inks, Spot Adhesives	
	Butyl Acetate	Chemical products produced by synthesizing butanol and glacial acetic acid		
	Electronic-Grade Butyl Acetate	Butyl acetate with enhanced purity, produced through additional processing	Semiconductor-Grade Thinners	
Alcoholic Beverages and Food & Beverages	Refined Ethanol	Edible ethanol produced by refining crude alcohol obtained from fermented sugarcane	Alcoholic Beverages (Soju), Food Seasonings	

Source: Company data

Core Business Competencies

Resilient Earnings Underpinned by Dominant Market Position and Stable Industry Structure

Sole Domestic Producer of EA & BA with a Leading M/S

EA/BA Supply Structure



Acetic Acid + Industrial Alcohol
= **EA Manufacturing & Supply**

Acetic Acid + Butanol
= **EA Manufacturing & Supply**

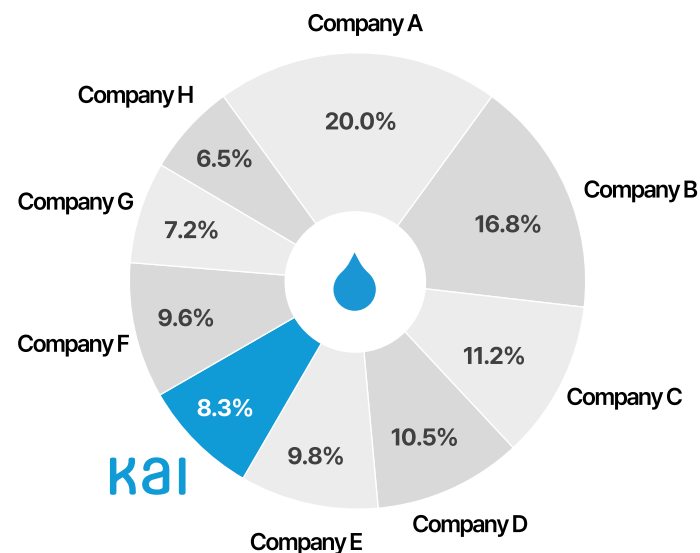
Applications across diverse industries, including coatings, (pressure-sensitive) adhesives, and semiconductors (Accounting for over 50% share in the domestic market)

Profit generation driven by economies of scale through diversification of industrial alcohol product portfolio

Source : Company data

Stable Operations under a Controlled Market Structure

Licensing-Based Regulated Market (Domestic Alcohol Industry)



Stable earnings generation supported by strict market controls inherent to the alcohol industry

Source : Korea Alcohol Distribution Co., Korea IR Association Corporate Research Center

04 Appendix

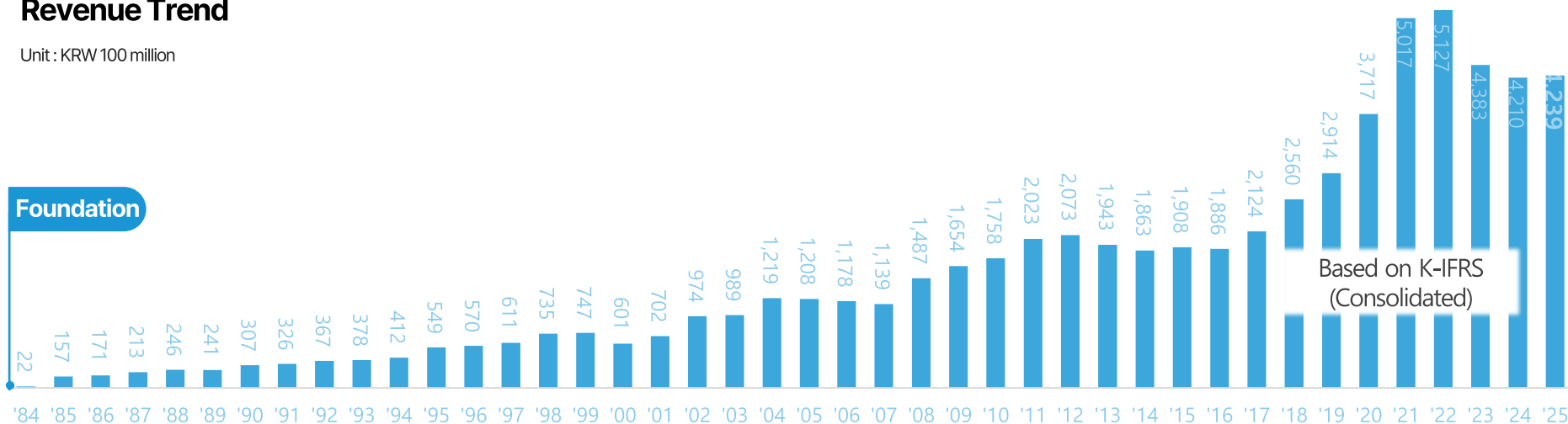
Advanced Materials Technology & Know-how

41 Years of Proven Expertise in Alcohol and Chemical Materials Technologies



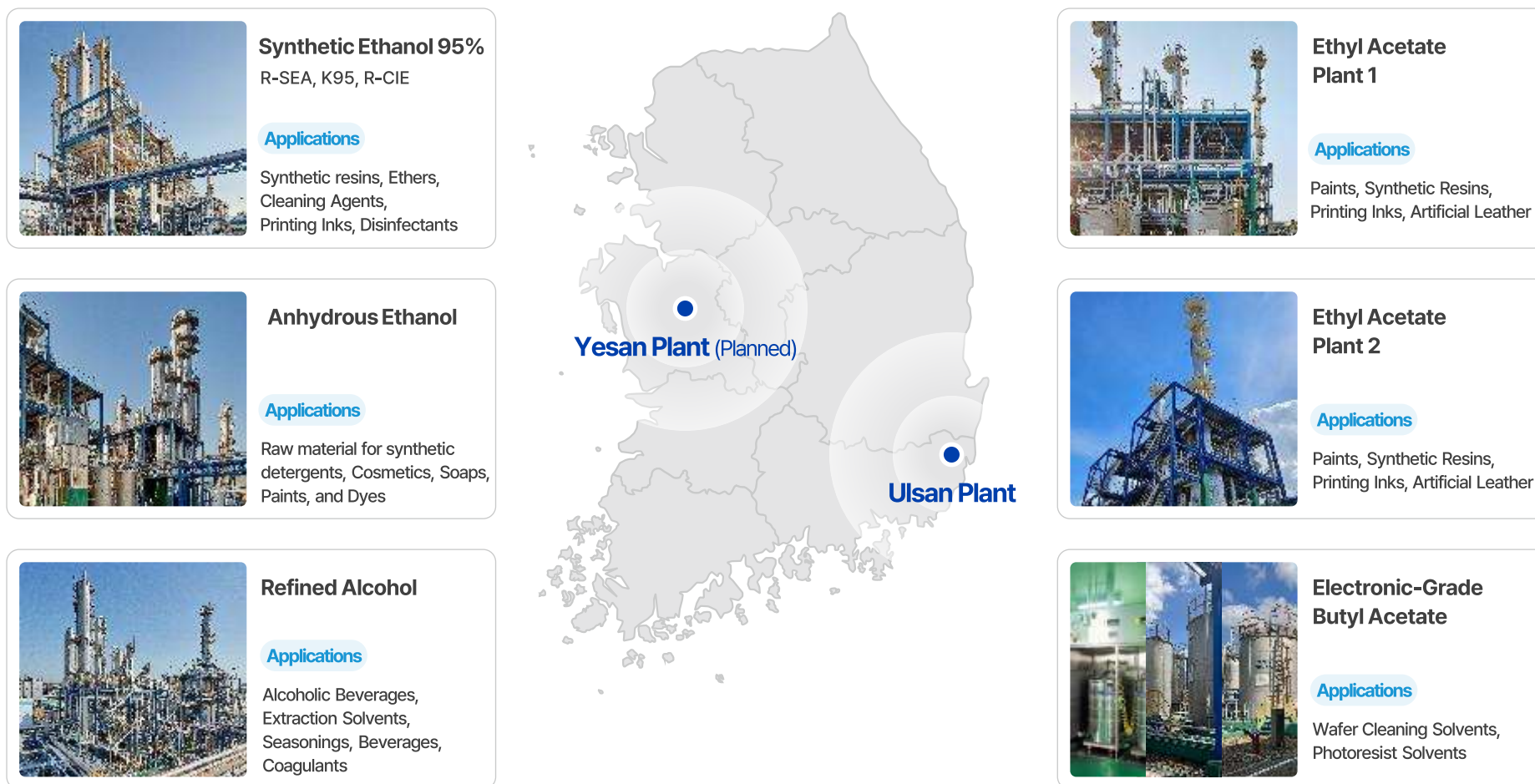
Revenue Trend

Unit : KRW 100 million



Key Production Infrastructure

Extensive Product Lineup Supported by Strong Domestic Production Capacity



Source: Company data

06 Appendix

Summary Financial Statements (Consolidated)



Statement of Financial Position

Unit : KRW 1 million

Item	2023	2024	2025	1Q 2026 (YTD)
Current Asset	242,630	199,984	217,223	223,758
Non-Current Asset	410,540	454,940	486,359	496,458
Total Asset	653,170	654,924	703,582	720,217
Current Liabilities	100,789	39,248	45,162	44,586
Non-Current Liabilities	26,368	53,720	63,667	67,163
Total Liabilities	127,157	92,968	108,829	111,749
Capital	10,803	10,803	10,803	10,803
Capital Surplus	26,538	26,538	25,833	25,833
Retained Earnings	429,042	449,834	474,033	482,604
Other Components of Equity	13,212	23,604	24,768	28,542
Non-Controlling Interest	46,418	51,177	59,316	60,686
Total Equity	526,013	561,956	594,753	608,467

Note: Based on K-IFRS consolidated financial statements

Income Statement

Unit : KRW 1 million

Item	2023	2024	2025	1Q 2026 (YTD)
Revenue	438,274	421,014	423,883	108,977
Cost of Goods Sold	387,468	361,516	357,687	89,810
Gross Profit	50,806	59,498	66,197	19,167
SG&A Expenses	28,924	32,063	34,380	8,501
Operating Profit	21,882	27,435	31,817	10,666
Other Profit & Loss	676	-371	1,139	-31
Financial Profit & Loss	599	1,884	1,167	610
Profit & Loss on Investment in Associate	(4,986)	9,177	15,185	5,790
Earnings Before Income Tax	18,171	38,124	49,309	17,034
Income Tax Expenses	3,837	7,753	11,485	3,723
Net Income	14,334	30,371	37,824	13,281

Note: Based on K-IFRS consolidated financial statements

Summary Financial Statements (Separate)



Statement of Financial Position

Unit : KRW 1 million

Item	2023	2024	2025	2026.1Q (누적)
Current Asset	179,514	138,329	141,617	141,580
Non-Current Asset	259,832	275,944	289,627	288,019
Total Asset	439,346	414,273	431,244	429,599
Current Liabilities	58,640	23,485	31,622	28,343
Non-Current Liabilities	1,300	1,674	2,829	3,174
Total Liabilities	59,940	25,159	34,451	31,518
Capital	10,803	10,803	10,803	10,803
Capital Surplus	8,923	8,923	8,923	8,923
Other Components of Equity	637	2,074	372,684	4,382
Retained Earnings	359,043	367,314	4,382	373,973
Total Equity	379,406	389,114	396,793	398,081

Note: Based on K-IFRS separate financial statements

Income Statement

Unit : KRW 1 million

Item	2023	2024	2025	2026.1Q (누적)
Revenue	312,440	294,491	276,114	70,410
Cost of Goods Sold	290,937	267,679	249,211	62,418
Gross Profit	21,503	26,813	26,903	7,991
SG&A Expenses	14,873	15,654	16,471	4,320
Operating Profit	6,630	11,158	10,432	3,672
Other Profit & Loss	8,916	4,826	(88)	(22)
Financial Profit & Loss	2,395	1,165	3,671	825
Earnings Before Income Tax	17,941	14,819	14,014	4,476
Income Tax Expenses	3,698	3,115	2,260	929
Net Income	14,243	11,704	11,754	3,547

Note: Based on K-IFRS separate financial statements

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IR Officer · 070-4492-1915