



## LG Corp.

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16 March 2021

Dear Esteemed Shareholders,

### **2020 Annual General Shareholders' Meeting – 26 March 2021 – The Board Recommends Voting in favour of the Spin-off.**

I would like to sincerely thank you for contributions to the success of LG Corp. ("LG Corp." or the "Company") through your invested equity capital by granting us the confidence to develop the business in the international markets under the leadership of the Company's Board and executive members.

This year, the agenda includes, aside from the customary governance resolutions for shareholders' approval, a special operational motion to approve the formation of a new entity that is an integral part of LG Corp's long-term vision on sustaining business growth. In this letter, we hope to assist investors seeking to make an informed decision by providing additional context on LG Corp's operating environment and long-term strategic positioning to strengthen the growth development of the group.

On November 26<sup>th</sup>, 2020, LG Corp's Board of Directors approved the resolution to spin-off a total of five subsidiaries (International, Pantos, Hausys, Silicon Works, and MMA) under a new HoldCo (LX Holdings Corp.) after careful analysis of the group's structure to become more competitive in core business segments. Through the spin-off, the Company intends to diversify its investment risk, advance portfolio, promote business-specific expertise, and strengthen competitiveness by restructuring its business portfolio and the holding structure. This will ultimately help to alleviate the Company's valuation discount issue and enhance corporate value.

The Company is currently waiting for the final approval from shareholders at the General Meeting of Shareholders to implement the spin-off and restructuring of its holding structure after your votes are counted on March 26<sup>th</sup>, 2021. We want to ensure that our interests are collectively aligned with our investors regardless of their shareholdings; therefore, we are developing better communication channels to become more transparent on commercially driven decisions to foster a closer relationship with our international shareholders. To that end, we would like to highlight the following two main rationale for the spin-off:

- **Investment perspective:** The spin-off will diversify investment risk and provide an opportunity for both LG Corp and the new HoldCo, through independent and responsible management, to be re-evaluated in the market, which is expected to alleviate LG Corp's NAV (Net Asset Value) discount issue in the long-term, which investors would like to see resolved as a top priority. By having both companies focus on and specialize in their flagship businesses, we expect to obtain unattained value and reach full growth potential.
- **Governance perspective:** The main goal for the restructuring is to efficiently manage two independent holding companies, increasing both corporate and shareholder value in the long-term. By dividing subsidiaries according to their business characteristics, both companies will be able to better adapt to market change by implementing a streamlined decision making process under independent management.

Our shareholders and your rights are and always have been a top priority of ours. Our board is going to review various measures including an implementation of capital allocation plan to enhance corporate and shareholder value going forward. We will communicate with our shareholders when decisions are made accordingly.

The company is also actively considering the establishment of additional committees from an ESG reinforcement perspective and will make meaningful changes starting this year.

The company and the board are always open to our shareholders' opinions and providing transparent information to actively engage with our shareholders. Moreover, we will continuously communicate with our investors to create and enhance corporate value across many business lines.

Thank you.

A handwritten signature in black ink, consisting of stylized Korean characters, positioned above a horizontal line.

Beom Jong Ha

Executive Vice President & Chief Financial Officer,

LG Corp.