

Unlocking LG Chem's Deep Discount

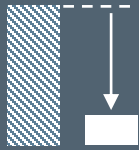
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LG Chem (051910 KS) – Unlocking Value and Leading the Charge to “Kospi 5,000”



A global leading EV and ESS battery supplier with petrochemical roots | \$17bn Mkt. Cap.

- Holds a 79% stake in EV and ESS battery leader LG Energy Solution (“LGES”) (373220 KS) worth over \$57bn
- Diversified portfolio of market-leading assets in the petrochemical, battery material, life sciences and agricultural product industries



Chronically undervalued and currently trading at a 74% discount to NAV

- LG Chem is valued like a struggling petrochemical business despite its best-in-class battery businesses forming the vast majority of its assets
- Management's recent initiatives fall short of what is needed to address LG chem's huge \$48bn discount to intrinsic value (the “LG Chem Value Gap”)
- President Lee's landmark “KOSPI 5,000” initiative increases the need for urgent improvement



Factors causing the LG Chem Value Gap are clear and resolvable

- A. Erosion of trust in LG Chem's corporate governance and continued lack of alignment with shareholders
- B. Absence of a return-oriented capital allocation framework
- C. Lack of action on the LGES stake



Solution – The LG Chem Value Enhancement Plan | Potential upside of **133-161%**⁽¹⁾

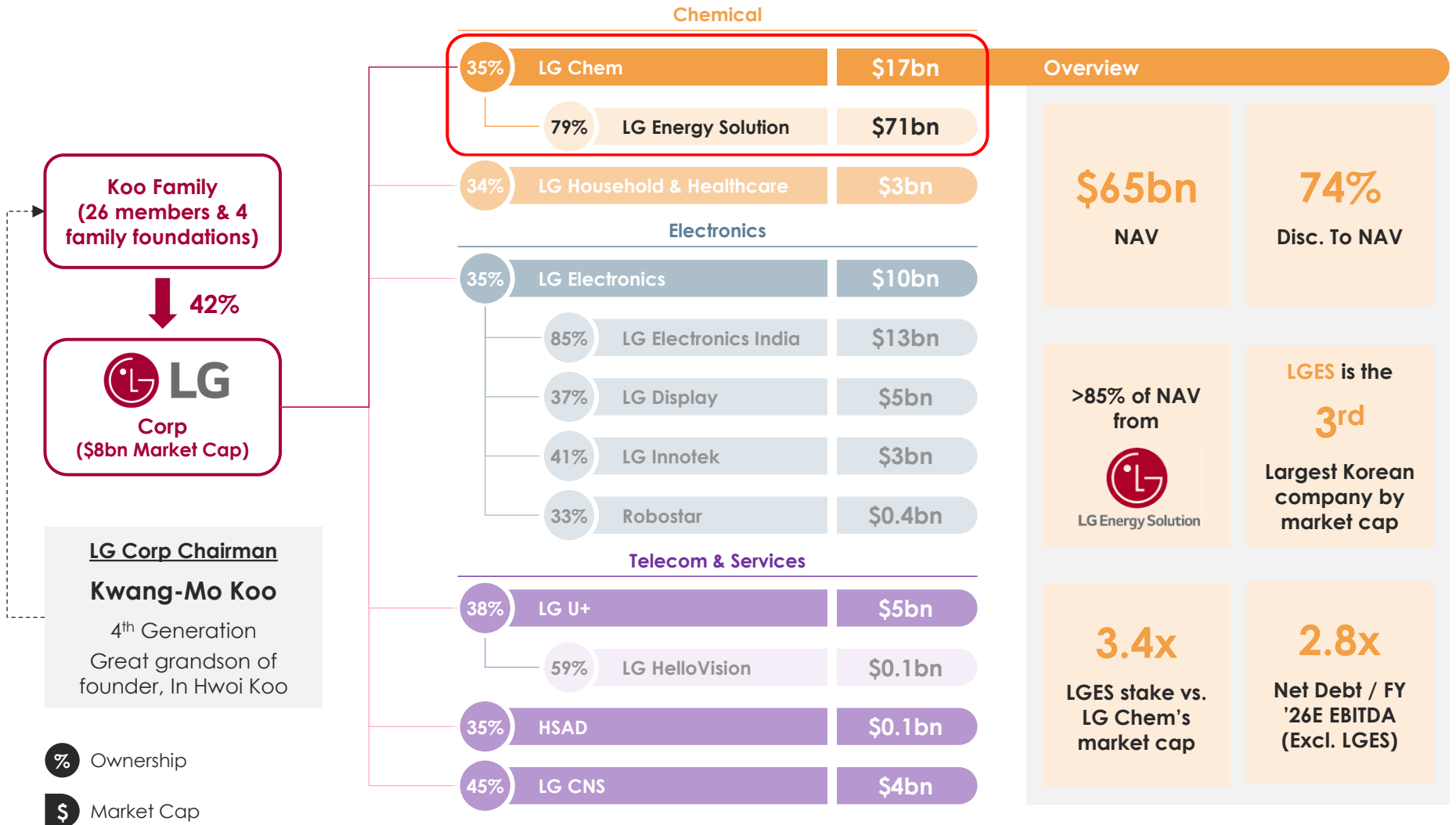
- Step 1: Enhance Board composition and better align management compensation with shareholder interests
- Step 2: Implement a robust and return-oriented capital allocation framework
- Step 3: Execute a win-win buyback-in-kind transaction utilizing part of the LGES stake as consideration
- Step 4: Implement an open-ended, long-term discount management programme

1 LG Chem | A Leading Force in Global Electrification

2 LG Chem Value Gap

3 LG Chem Value Enhancement Plan

LG Chem and LG Energy Solution are the jewel in the crown of LG Group



Source: Company Filings, Bloomberg, Sell-Side Research. Note: Ownership data as of 30 June 2025; LG Electronics India ownership based on corporate filings; LG Chem's ownership of LGES adjusted for latest PRS issuance; Market data as of 17 October 2025.

LG Chem has evolved into a key player in the global electrification drive

Founded in 1947, LG Chem began as a cosmetic manufacturer and **expanded to pioneer South Korea's chemical industry**, which helped **build the foundation for the country's post-war economic growth**

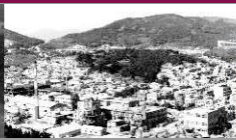
1947 | Domestic Cosmetic Manufacturer

1947

First Korean detergent and toothpaste Top 10 global chemical company

PVC resin factory in Yecheon

Top 10 global chemical company



Mass production of Li-ion batteries

Exclusive supplier for GM Volt

Ochang Technopark factory





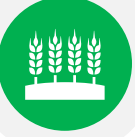
Michigan EV battery factory

Today

\$17bn Market Cap Global EV Battery Supplier

From its (petro)chemical roots, LG Chem has **diversified into a multi-disciplinary company** that, **at its core, is a leading force in the battery and battery material industry**

A diversified portfolio of market-leading assets...

	Segment	Description	'24 Revenue Mix ⁽¹⁾	'24 EBITDA Mix	Book Value Mix ⁽²⁾	Market Positioning
	LG Energy Solution	Leading global producer and supplier of batteries, focused on EV, ESS and small batteries	48%	65%	63%	c. 37% market share in global (ex-Chinese players) EV battery market
	Advanced Materials	Manufacturer of components for EV batteries, electronic devices and engineering materials	12%	13%	10%	Leading utilisation rates and margins; sole domestic battery material with excellent demand visibility through LGES
	Petrochemicals	Supplier of upstream and downstream petrochemical materials to a variety of end-markets	36%	15%	24%	51% and 48% share of domestic downstream PVC Resin and ABS markets, respectively
	Life Sciences	Manufacturer of drugs and pharma products for primary care, specialty care and aesthetic end-markets	3%	5%	4%	50% share of domestic growth hormone market
	Farm Hannong	Producer and distributor of agriculture chemical products for crop protection, fertilizers and more	1%	1%	1%	27% share of domestic crop protection market

Source: Company Filing, Sell-Side, Third Party Research. Note: Represents 2024 data; Mix data based on total figures including corporate segment not shown above. (1) Revenue figures based on gross revenue. (2) Balance sheet figures as of 30 June 2025.

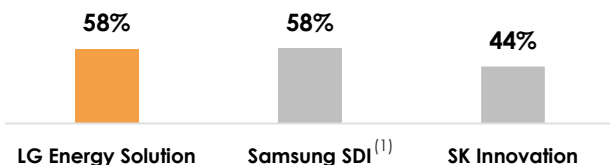
...with a best-in-class, vertically-integrated EV battery business at its core

LG Chem is the most crucial non-Chinese EV battery and component manufacturer globally with superior fundamentals relative to peers

LG Energy Solution

Battery Manufacturer

CY '24A Capacity Utilization Rate

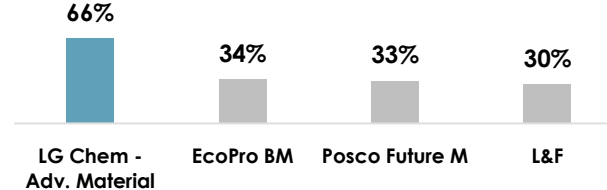


Highest capacity utilization rates amongst domestic peers...

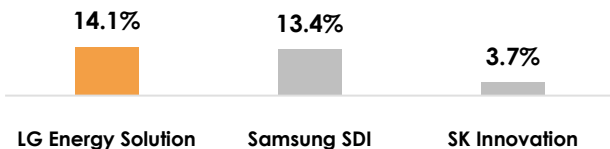
Advanced Materials

Component Manufacturer

CY '24A Capacity Utilization Rate

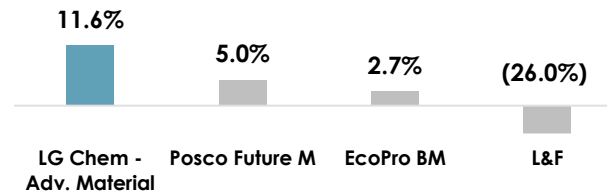


CY '24A EBITDA Margin

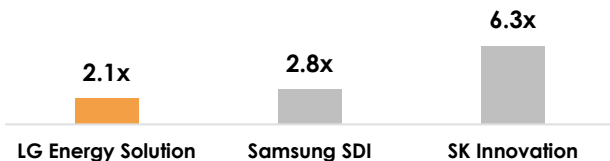


...translating into best-in-class EBITDA margins...

CY '24A EBITDA Margin



Net Debt / CY '26E EBITDA



...supported by the strongest balance sheet

Net Debt / CY '26E EBITDA

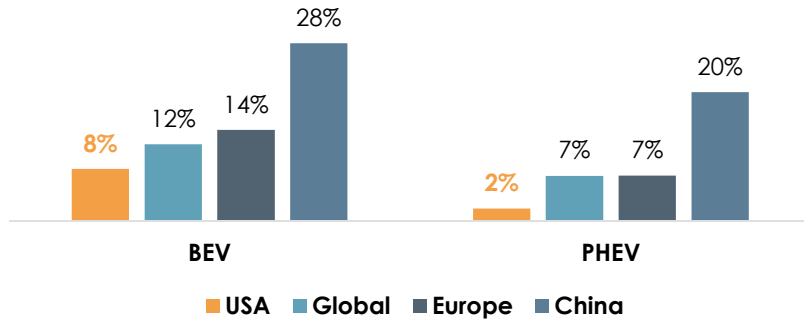


Source: Company Filings, Bloomberg, Industry Research, Sell-Side Research. (1) Includes other electronic battery production.

LGES has strategically and successfully positioned itself as the leading EV battery supplier in the US...

CY '24A Penetration of New Cars Sold

Given its under penetration, the US battery market is poised for further strong growth



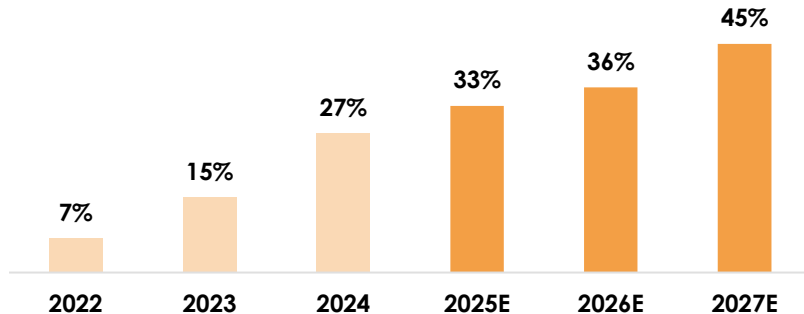
Key LGES US OEM Clients

LGES continues to win key supplier deals in the US and build its network of leading OEM manufacturers...



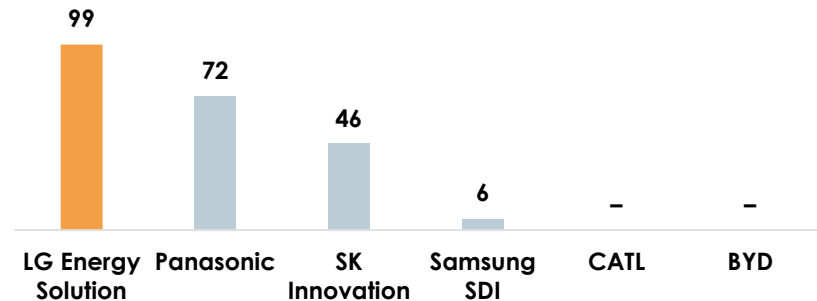
LGES US Market Share by Total GWh Sold

LGES has significantly increased its dominance in the US battery market and is expected to continue to take market share...



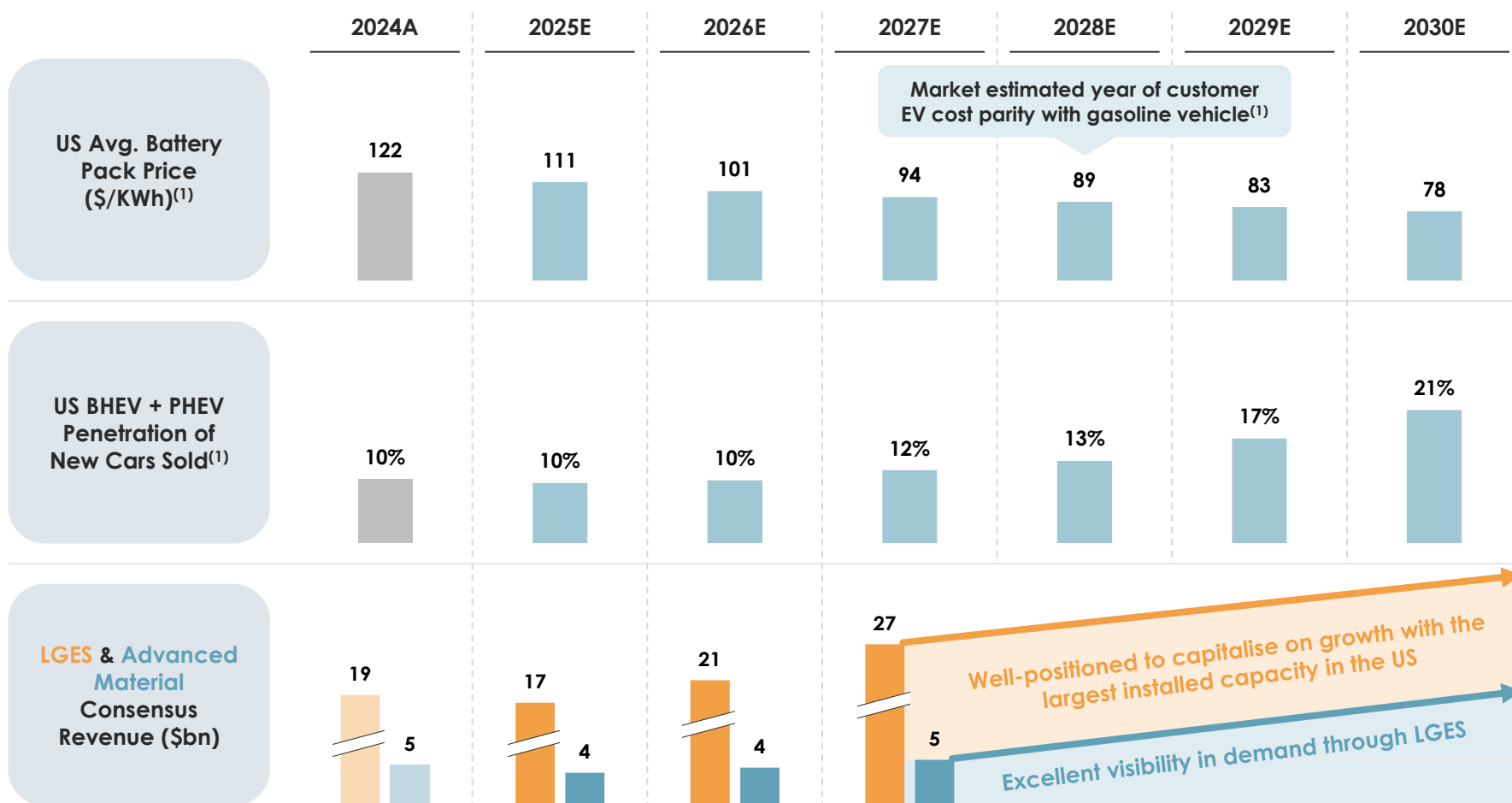
US Capacity by GWh (CY '26E)

...with the largest installed capacity among peers allowing it to fully capitalize on the long-term growth of the US market



...and is well-positioned to capitalise on the high US EV growth expected

Energy density improvements from ongoing innovation and normalisation of metal prices are expected to continue and will be the driver for EV reaching cost parity with ICE vehicles, accelerating penetration in the US



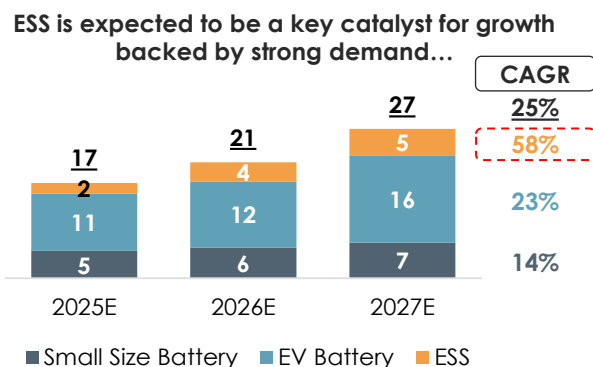
Source: Sell-Side Research, Bloomberg. (1) Based on Goldman Sachs research; Cost parity assumes \$60/bbl brent and no IRA credits; Cost parity defined as first year when purchasing a BEV will be more cost-efficient than ICE vehicles within its lifecycle (2028E = 7 years of ownership, 2029E = 5 years of ownership, 2030E = 4 years of ownership).

AI and data center demand offer promising opportunity for the ESS business

LGES is the only local supplier of LFP batteries for ESS in the US, which is expected to see strong demand growth as AI development increasingly pressures power grids

LGES ESS Business Highlights

FY '25E – '27E
Consensus
Revenue by
Product Type
(\$bn)



Key Drivers for Growing ESS Demand from Data Centers

Ensures
Continuous
Power
Supply

- Prevents disruption and downtime for AI training operations at data centers
- Offers faster response times and eliminates fossil fuel emissions vs. traditional diesel generators
- Manages unpredictable power surges from AI workloads by absorbing and supplying power as needed

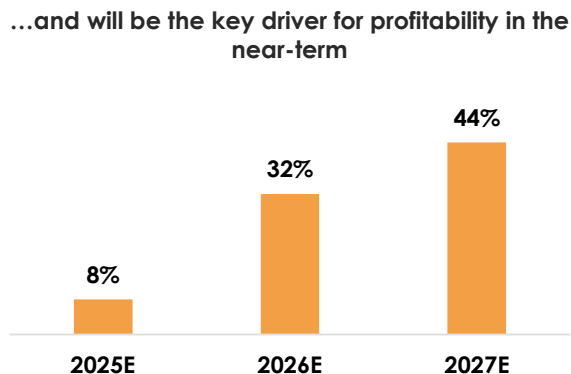
Supports
Shift to
Renewable
Energy

- Addresses intermittency from renewable energy sources by storing excess energy from peak times and discharging it when renewables are idle
- Reduces reliance on the grid and accelerates deployment of new, clean energy infrastructure
- Reduces carbon footprint for data centers and meet sustainability goals

Creates
Financial
and Grid-
Level
Benefits

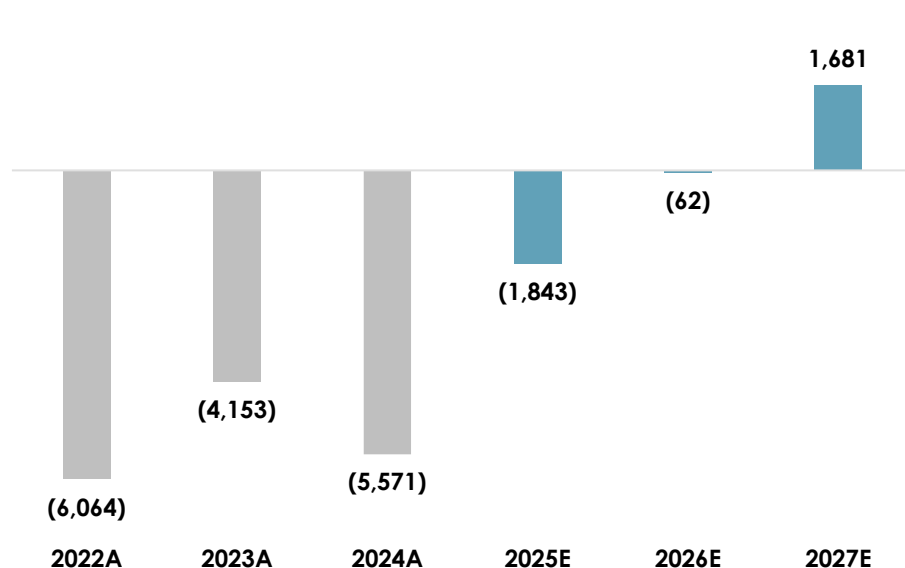
- Optimizes energy cost by charging during off-peak hours when electricity is cheap and discharging during high-demand periods
- Supports grid stability by reducing data centers' grid reliance and ability to participate in grid-balancing services when not used as backup power

ESS EBIT Mix
(Pre-AMPC)



Growth runway in EV / ESS, petrochemical restructuring and asset monetisation paves a clear path for FCF recovery

Consolidated FCF Consensus (\$m)



“[We] see a path toward 5%/12% ROE by 2026E/27E for LGC...and FCF...to turn positive in 2027E driven by: (1) end of ongoing c.3 years of consumer durables destocking..., (2) return of stronger battery demand in 2026/27 driven by improving EV economics (as battery prices continue to fall), and (3) decline in capex for both LGES and ex-LGES businesses.”

— Goldman Sachs | Aug 2025

“We believe LGES’s capex peaked in 2024 and we forecast a 20% CAGR [capex] decline through 2027 with the company turning FCF positive by 2027E.”

— JP Morgan | Aug 2025

Key Drivers of Cash Flow Recovery

Petrochem Restructuring

- Petrochemical industry downcycle nearing trough levels driven by ongoing capacity cuts and capex normalisation
- Industry-wide restructuring initiated with government support to reduce excess capacity and shift to higher-value products
- LG Chem in discussion to sell its low-margin NCC plant to realign portfolio to higher-margin products
- Improved CapEx discipline versus post-COVID peak
- Well-positioned to weather the downcycle with healthy balance sheet

EV and ESS Business Growth Runway

- Expected improvement in EV customer economics driving continued penetration in the US
- Recent AI and data center development driving increasing ESS demand
- Downward capex adjustment driven by industry supply and demand dynamics

Asset Sales

- Estimated post-tax proceeds of KRW 2.8tn (\$2.0bn) from sale of water solutions, aesthetics businesses and PRS issuance, net of Toray JV stake acquisition cash outflow of KRW 285bn (\$200m)
- Potential sale of its NCC plant to bring additional cash inflow in the future

1 LG Chem | A Leading Force in Global Electrification

2 LG Chem Value Gap

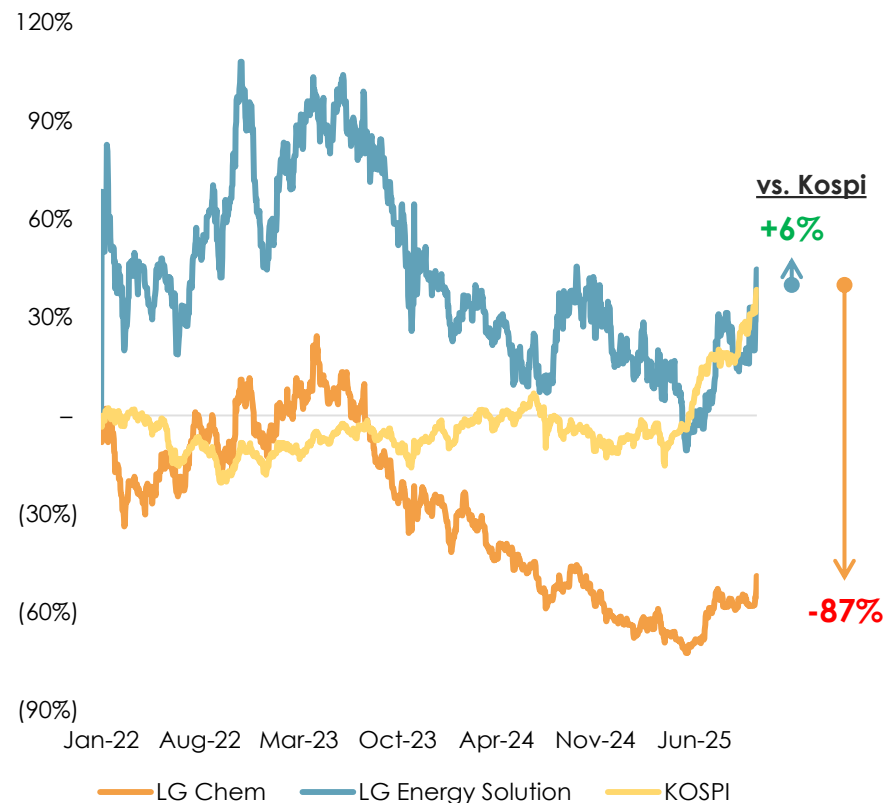
3 LG Chem Value Enhancement Plan

Despite its strengths, LG Chem's shares have persistently underperformed over the past decade ...

Historical TSR Performance⁽¹⁾

	Period Ending 17-Oct-25				
	1-Year	3-Year	Since LGES Listing	5-Year	10-Year
LG Chem	3%	(39%)	(48%)	(42%)	33%
<i>LG Chem Relative Performance vs.:</i>					
LG Energy Solution	(7%)	(28%)	(33%)	n.a.	n.a.
Battery Peer Avg.	8%	(32%)	(56%)	(147%)	(314%)
KOSPI Index	(44%)	(119%)	(96%)	(119%)	(94%)
Petrochemical Peer Avg.	5%	(22%)	(17%)	(12%)	19%

Relative Share Price Performance Since LGES Listing



Despite incubating Korea's leading EV battery manufacturer, LG Chem has underperformed its battery peers and KOSPI over the last 10 years

LG Chem's underperformance has worsened significantly since the LGES IPO

...with no credit given for its world-class battery business

Despite accounting for >95% of LG Chem's intrinsic value, the LGES stake and advanced material unit are valued at 26 cents on the dollar

LG Chem NAV Build-Up

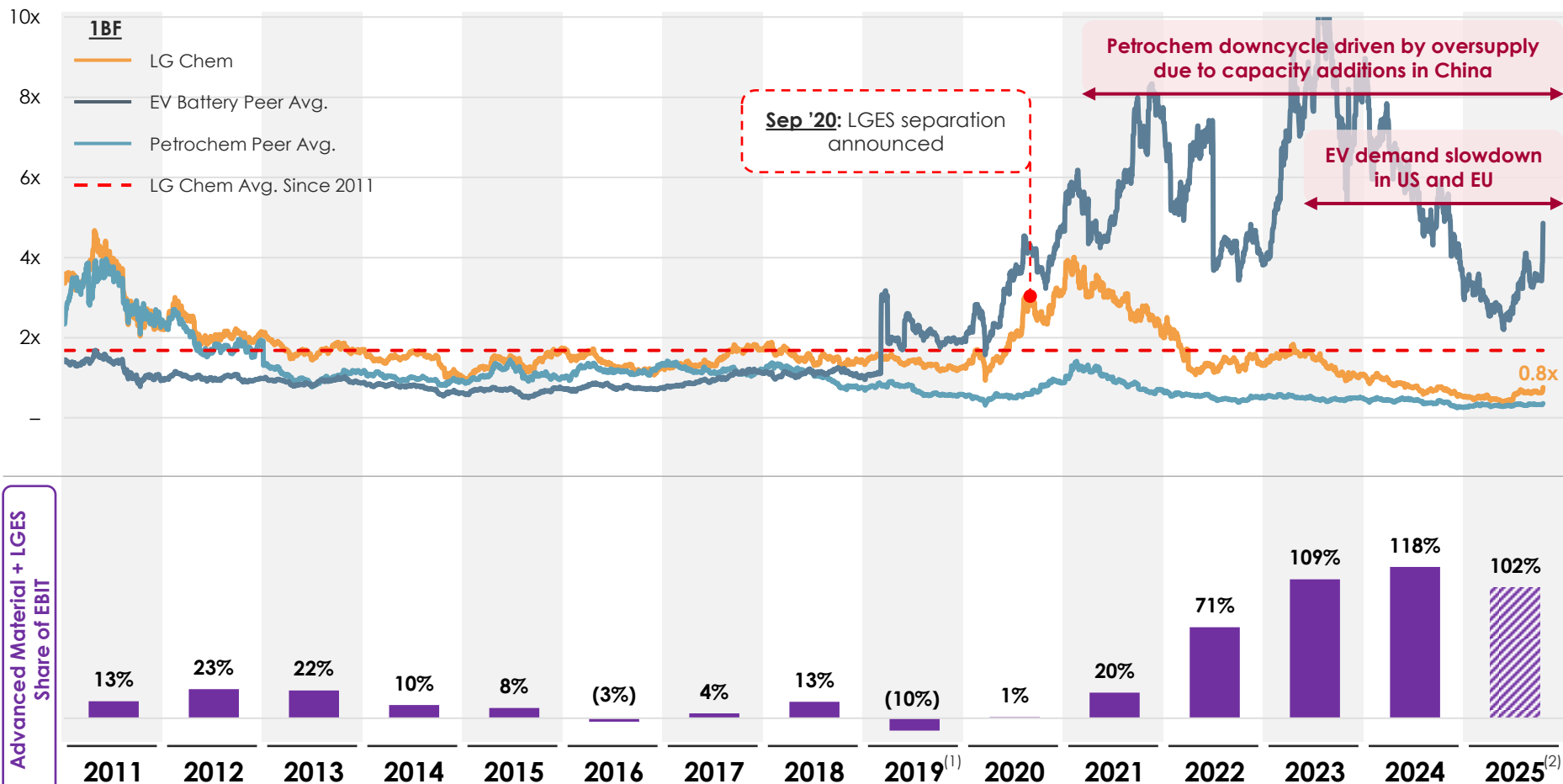


Method:	Market Value	Peer Multiple ⁽²⁾	Peer Multiple / BV ⁽³⁾	Company Disclosure	BV	SOTP	Market Value
% NAV:	87%	12%	7%	3%	(9%)	100%	26%
% MCap:	337%	48%	26%	12%	(36%)	387%	100%

Source: Company Filings, Bloomberg, Palliser Analysis. Note: Market data as of 17 October 2025. (1) Includes estimated post-tax proceed from its water solution business sale of KRW 1tn (\$725m), aesthetics business sale of KRW 0.2tn (\$104m) and PRS issuance of KRW 1.6tn (\$1.1bn). (2) Advanced Materials: 50% discount to average of Posco Future M and L&F 2BF EBITDA multiples. (3) Petrochemical: In-line with average of Lotte Chemical, Kumho Petrochemical and Korea Petrochemical LTM P/B multiples; Life Sciences: 50% discount to average of Daewoong Pharma and Hugel 2BF EBITDA multiples; Farm Hannong: Book value.

LG Chem is essentially being valued at a distressed petrochemical multiple despite virtually all of its NAV and profit driven by its battery businesses

P/B Multiple and Advanced Material + LGES Share of EBIT Over Time

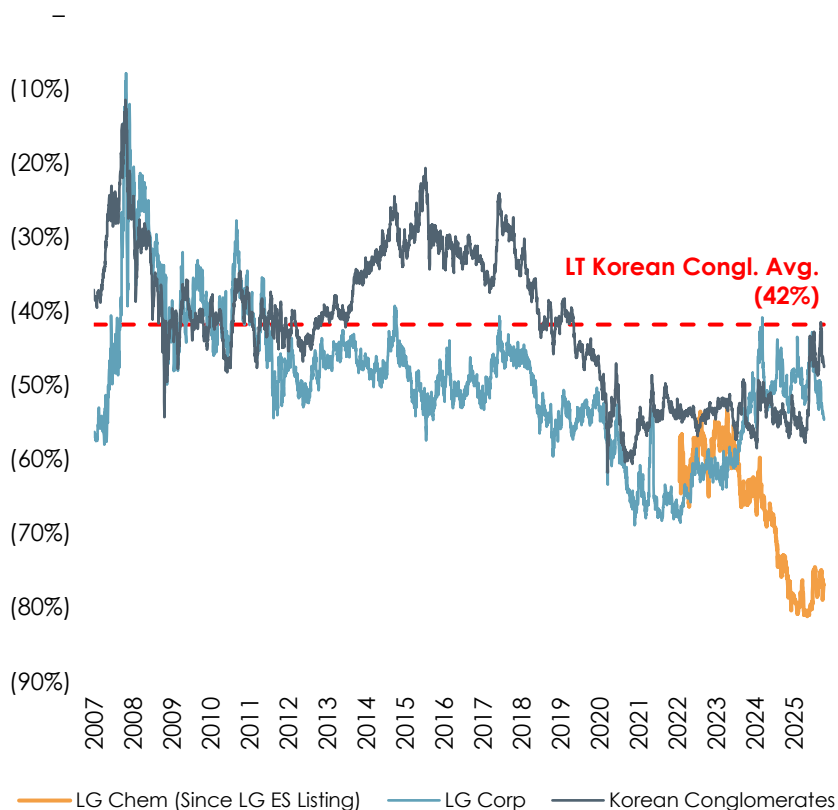


Source: Company Filings, Bloomberg. Note: Market data as of 17 October 2025; BF represents 12 months blended forward consensus estimates basis; Battery Peers: Samsung SDI, SK Innovation, Posco Future M, L&F, EcoPro BM; Petrochem Peers: Lotte Chemical, Kumho Petrochemical, Korea Petro Chemical. (1) EBIT mix excludes non-recurring loss from ESS fire-related provision. (2) Represents broker consensus EBIT mix.

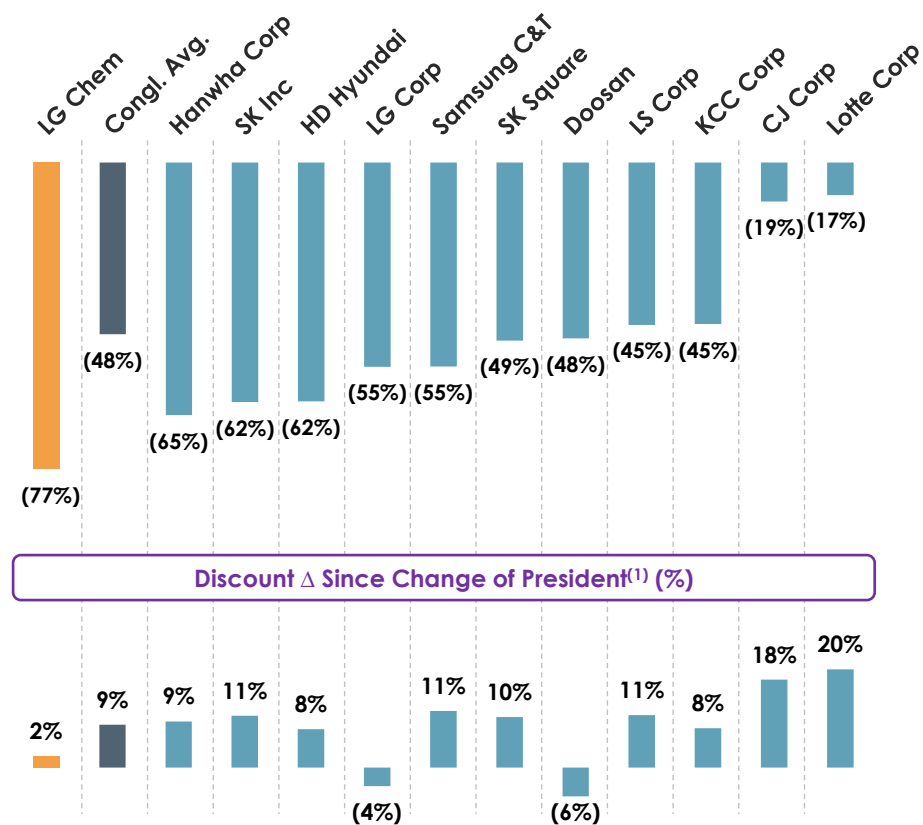
If valued as a conglomerate, LG Chem's holding company discount is widest versus peers

Recently, conglomerate holding company discounts have tightened as efforts to address the “Korea Discount” have gained momentum. However, LG Chem's discount – already by far the largest – has barely moved and continues to be a severe outlier

Historical Discount to NAV (CLSA⁽²⁾)



Current Discount to NAV and Recent Changes (CLSA⁽²⁾)



Source: CLSA. Note: Market data as of 14 October 2025. Note: Korean conglomerates peers include SK Inc, Hanwha Corp, HD Hyundai, Samsung C&T, SK Square, LG Corp, LS Corp, Doosan, KCC Corp, CJ Corp and Lotte Corp. (1) As of National Election Commission opening of preliminary candidate registration on 4 April 2025. (2) Difference in Palliser's value gap discount vs. CLSA driven different assumptions on valuation of core business excluding LG Energy Solution stake and inclusion of preferred equity adjustment.

Three key factors have contributed to the widening of the LG Chem Value Gap



Erosion of trust in LG Chem's corporate governance and continued lack of alignment with shareholders



Absence of a return-oriented capital allocation framework to address the significant LG Chem Value Gap



Lack of action on the LGES stake



Best-in-class battery assets trading at a bottom-of-the-cycle petrochemical valuation

The 2020-22 separation and IPO of LGES resulted in a steep governance discount

Transaction Overview

- **Sep 2020:** LG Chem announced the separation of its battery segment as a standalone entity (LGES) and a review of potential financing options for LGES, including an IPO
 - Many **shareholders**, including NPS, **expressed strong concerns that a subsequent IPO or stake sale of LGES would be value dilutive** given the ownership reduction in the "golden asset" and create a holding company structure that **would likely bring a valuation discount in LG Chem's stake**

"Though we understand the cause and purpose behind the split-off, we have concluded that the move might undermine shareholder value and dilute equity value."

— NPS | Oct 2020

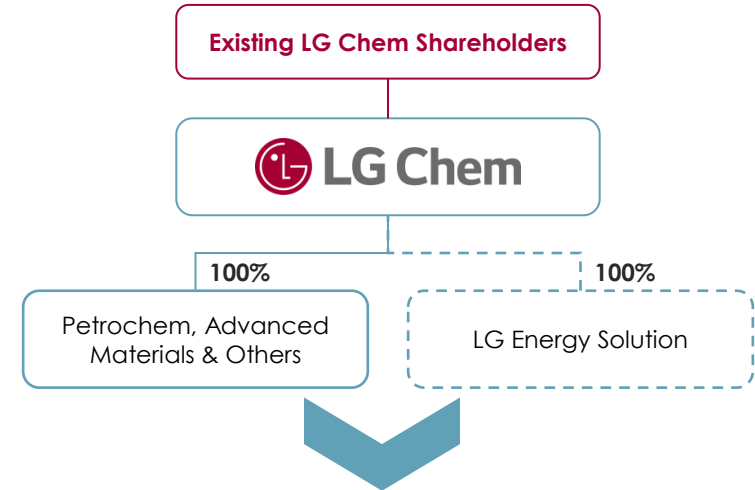
"Investors in LG Chem who had bought into the company in the belief that its battery unit was the next big thing were justifiably disappointed when it decided in October 2020 to split off the very same unit and IPO it separately."

— Asian Corporate Governance Association | Feb 2023

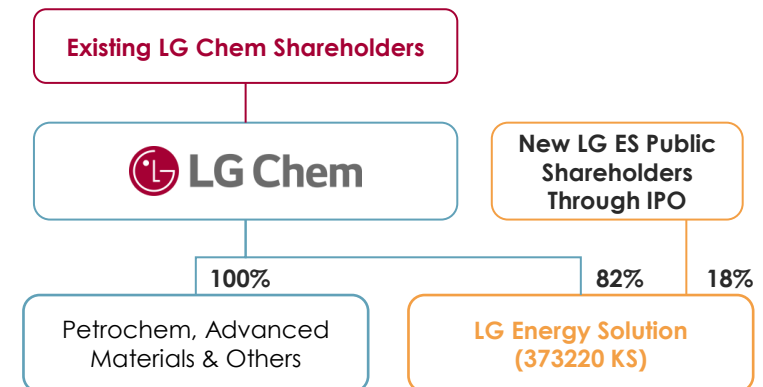
- **Oct 2020:** A shareholder vote to approve the separation passed, but with **c. 32% of participating minority shareholders⁽¹⁾ voting against, including NPS** (Korea's national pension fund and largest manager of Korean equities)
- **Dec 2021:** Following a year-long speculation and uncertainty from the market, LGES ultimately **announced its plans to IPO** through the issuance of new shares to outside investors **without any preferential offering to existing LG Chem shareholders thereby ratifying investors' earlier concerns**
- **Jan 2022:** LGES made its debut on the public markets at an implied valuation of \$59bn, the largest IPO in Korean history. LGES's share price jumped 46% vs. a decline of 21% for LG Chem two months following the IPO⁽²⁾ and LG Chem shares immediately traded to a c.50% discount to NAV on the IPO date

Structure Overview

Before IPO



After IPO



Recent initiatives to address the LG Chem Value Gap are a step in the right direction, but falls well short of what is required

Although management's recent actions to address LG Chem's enormous undervaluation are a constructive first step, they fail to address the fundamental issues behind the ever-widening LG Chem Value Gap

Portfolio Rationalisation

- Jul '23: Process commences to sell naphtha cracking operations and increase focus on downstream operations
- Sep '23: Sale of polarizer businesses to Chinese buyers
- Jun '25: Sale of non-core water filter business to Glenwood for KRW 1.4tn (\$1bn)
- Aug '25: Sale announced of aesthetic business for KRW 200bn (\$147m)

× Sale of operating assets, rather than selling its LGES shares

LGES Stake Utilisation

- Jul '23: \$2bn issuance of exchangeable bonds (EB) backed by LGES shares
- Jun '25: Additional \$1bn issuance of EBs backed by LGES shares
- Oct '25: Announced PRS issuance of KRW 2tn (\$1.4bn) utilising around 2.5% of LGES shares

× Lacks clear disclosure and commitment on use of proceeds to address the discount through value accretive actions such as buybacks

Value-Up Initiative

- Nov '24: Value-up initiative announced; Key focus include:
 - Future growth drivers composed of sustainability, battery materials and new drug businesses
 - Path towards profitability and ROE improvements
 - Future expansion of shareholder returns to a potential dividend payout ratio of 30%

× Overly vague with no certainty on timing for when the initiatives will be realised whilst not addressing the key drivers of the value gap

The government and market are calling for change

*“Despite LG Chem's controversial split-off and listing of LG Energy Solutions, [LG Chem] has **yet to reflect on its mistake and did not receive any penalty for its actions** ... **Management has a duty and responsibility**, but no ownership / voting rights.”*

– APG Asset Management | 12 Sep 2024

*“Currently, **LG Chem's NAV discount stands much higher-than-average Korean conгло's NAV discount**...Understandably, this **implies that LG Chem's holding of majority stake in LG Energy Solution is deemed almost worthless by the market**. Yet, if the **company makes a move realistic enough to persuade the market of its willingness to actually utilize this asset** and bring down its stake holding from current 82% to 50%, **we see a likelihood that the NAV discount could fall...**”*

– CLSA | 8 Jan 2025

*“The **current downward pressure in the Korean capital markets is due to the accumulation of numerous incidents that have damaged shareholder value, such as the Samsung C&T merger and the LG Chem / LG Energy Solution separation.**”*

– Gi Hyung Oh (Member of Parliament and Chair of Kospi 5000 Task Force Committee) | 15 Jul 2025

*“We **believe LGC has many levers it can potentially utilize for value release** - the **company is heavily discounted due to investor perception that dividends/buybacks are not a priority**, and the **company will spend cash on “growth” projects that may or may not eventually result in improved ROE.**”*

– JP Morgan | 7 Aug 2025

The government and market are calling for change (Cont'd)

“Rather than selling its non-core LG Energy Solution shares, LG Chem has divested its water solution and aesthetic core operating assets, which have mid- to long-term growth potential. Investors are questioning this strategy to sell its growing operating assets and keeping its non-operating asset. We believe utilizing its LG Energy Solutions shares will be the starting point for overcoming the current difficult situation.”

– Hana Financial | 8 Aug 2025

*“We argue **management should consider non-core divestitures and structural fixes** instead. LG Chem shareholder has already suffered significant damage due to the simultaneous parent-subsidary listings ... **If LG Chem used over 20% of its LGES stake for ... [a buyback-in-kind] ... the NAV discount would shrink dramatically, boosting both stock price and market cap.** With higher equity valuation, the company could comfortably raise equity capital (if needed) on favorable terms. Wouldn't it be a clear win-win?”*

– Korean Corporate Governance Forum | 19 Aug 2025

*“... given management's view of its LGES stake as a strategic asset, **we continue to see an outright stake sale of LGES with a sizable portion being returned to shareholders as a more attractive option**, which would likely also **support the case for further narrowing of a holdco discount ...**”*

– Morgan Stanley | 8 Sep 2025

*“Overall, **we view the PRS deal as LGC's first step towards greater efforts at 'value up' measures** and reducing its holdco discount. Investor focus will likely be on how much of the funds raised will go towards dividends/buybacks versus capex/deleveraging.”*

– JP Morgan | 1 Oct 2025

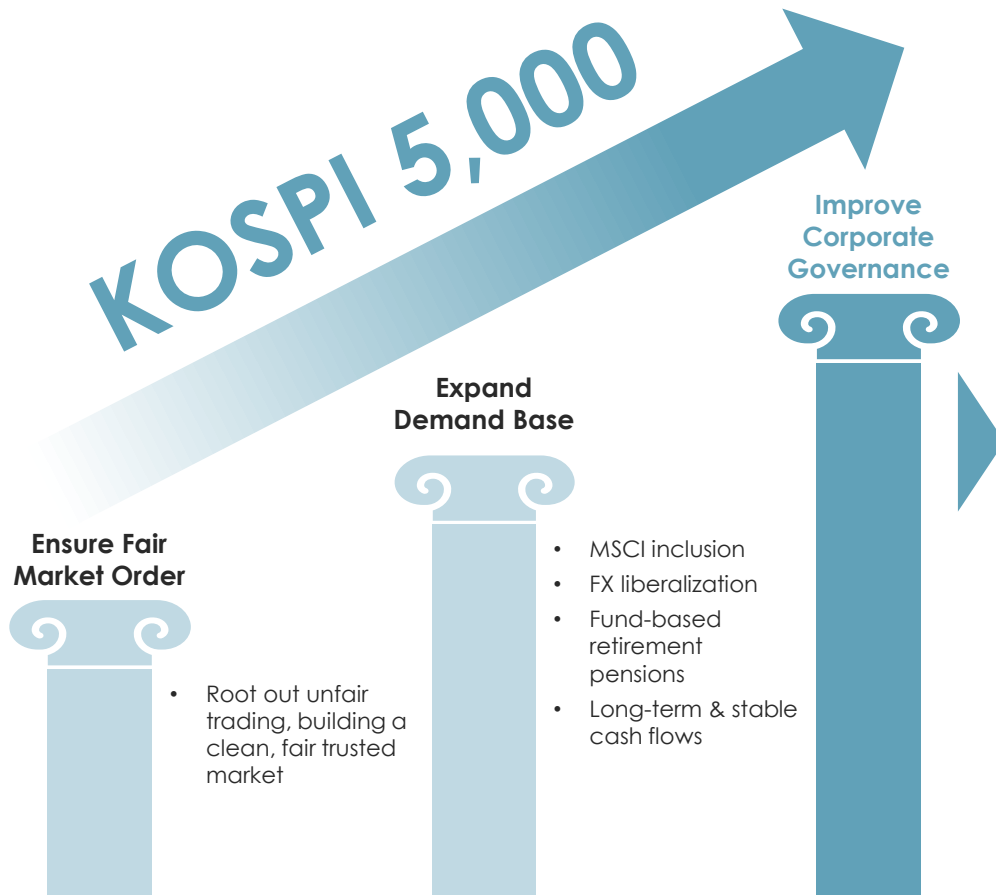
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KOSPI 5,000 - A call to action for LG Chem

As a national champion with its own discount at unprecedented levels, we believe LG Chem has a special responsibility to support the equity capital market reform in Korea and KOSPI 5,000 vision



The Korean government has been pushing for reform to ultimately address the “Korea Discount” and enhance value for minority shareholders. Key areas of focus for the KOSPI 5,000 Special Committee include:

Commercial Code

- Expansion of board fiduciary duty to shareholders
- Mandatory cumulative voting for large companies
- 3% voting cap when voting for audit committee board members

Strengthening Stewardship Code

- Expand scope and fiduciary duties of institutional investors
- Promote active voting and stronger governance

Ending Tunneling by Controlling Shareholders

- Ensure fair M&A valuation
- Require new shares to be distributed to existing shareholders for spin-off / IPO (Controversial LG Chem – LGES separation served as reference)

Time for Bold Action – The LG Chem Value Enhancement Plan

Key Causes

- A** Loss of Trust in Governance
- B** Absence of Return-Oriented Capital Allocation Framework
- C** Lack of Action on LG Energy Solution Stake

Solution: LG Chem Value Enhancement Plan

- Step 1**
Enhance Board composition and improve alignment of Management compensation with shareholders
- Step 2**
Implement a return-oriented capital allocation framework
- Step 3**
Execute a buyback-in-kind of LG Chem shares utilizing LGES stake
- Step 4**
Implement an open-ended, long-term discount management programme

These clear and actionable steps address each of the key causes of the LG Chem Value Gap providing a clear path to a better performing and high value LG Chem

Independent Directors

**WhaSun
Jho**Professor, Political
Science &
International Studies**Term**
Mar '25 -
Mar '28**Hyunjoo
Lee**Professor, Chemical
and Biomolecular
Engineering**Term**
Mar '25 -
Mar '28**Kyung-Hoon
Chun**

Professor, Law

**Term**
Mar '23 -
Mar '26**Young-Han
Lee**

Professor, Taxation

**Term**
Mar '24 -
Mar '27

Executive Directors

**Hak-Cheol
Shin**Chairman & CEO, LG
Chem**Term**
Mar '25 -
Mar '27**Bong Seok
Kwon**

COO, LG Corp

**Term**
Mar '25 -
Mar '28**Dong Seok
Cha**

CFO, LG Chem

**Term**
Mar '24 -
Mar '27

- ✗ Fully composed of directors in academia who lack appropriate business management expertise
- ✗ Insufficient relevant experience in relation to LG Chem's key growth verticals (i.e. Life Science, EV and Advanced Materials)
- ✗ Limited proven portfolio management and capital allocation experience
- ✗ Lack of international expertise
- ✗ Staggered Board
- ✗ Lack of shareholder advocate on the Board

The Board of a global company of such size requires independent directors with diverse skills and experience to challenge, advise and support Management while looking out for minority shareholder interests, in-line with recent revision to Board fiduciary duty

LG Chem's current compensation plan is at odds with shareholders' interests. Valuation-, market- and return-linked KPIs are required to maximize corporate value and ensure alignment with shareholders

Current Compensation Incentive

Financial Statement KPI-Linked

- Key financial statement KPIs / targets, including revenue and operating profit

Non-Financial Statement KPI-Linked

- Executive specific non-financial statement-related KPIs, including new growth initiatives, R&D pipeline and HR strategy

Proposed Adjustment (Illustrative)

NEW

Market-Based

- Discount-linked incentive vesting at different target levels
- 2-year clawback for sustainability
- Share price-linked (TSR vs. relevant benchmark peer group)
- Weighting can be adjusted down once valuation normalizes

30-40%

Financial Statement KPI-Linked

- Financial statement KPIs / targets, **explicitly inclusive of ROE and ROIC targets**

40-50%

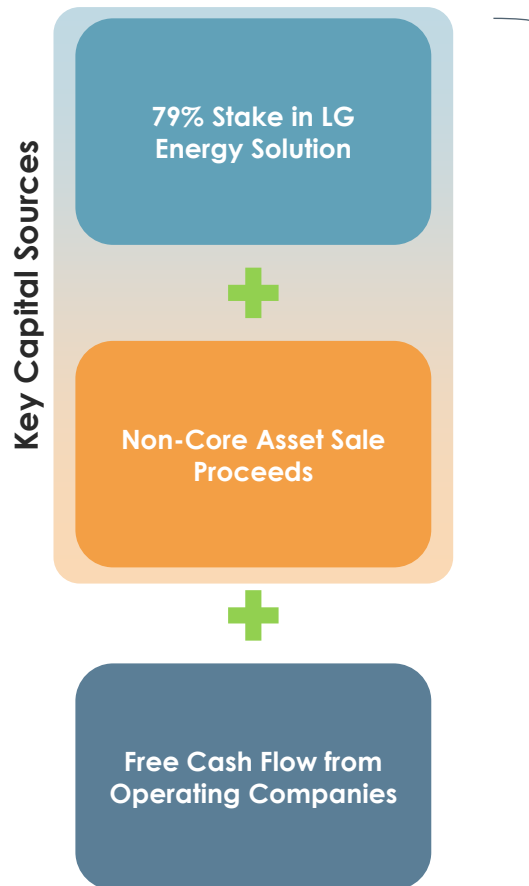
Non-Financial Statement KPI-Linked

- Executive specific non-financial statement related KPIs

10-30%

Management has indicated that it plans to form a compensation committee. This should be an independent and transparent process, with assistance from external advisors, that delivers a plan in-line with global best practices of fair pay-for-performance, alignment with shareholders and appropriate clawback mechanisms to ensure long-term value creation

Value-optimising capital allocation calls for utilisation of capital sources in a return-oriented manner that is clearly communicated to the market



Buybacks **NEW**

- Strategic use of buybacks, capitalising on LG Chem's massive discount to NAV to achieve unparalleled accretion and best-in-class returns at zero incremental risk

Growth Investments

- Ensure return-oriented assessment: investment at an expected ROI superior to a hurdle rate equivalent to the higher of i) cost of capital; and ii) increase in NAV per share available from share buybacks

Deleveraging

- Continue to monitor and maintain appropriate levels of net debt

Dividends

- Maintain current commitment to review implementation of payout target once cash flow positive and ROE of 10%+
- Dividends require a consistent and unwavering commitment and should be paid out of steady operating cash flow rather than one-time gains
- Buybacks will accelerate progress towards the ROE 10%+ target for payout policy consideration

Step 2

Buybacks are a highly accretive and low-risk capital allocation option at current deep discount levels

Illustrative - For Each KRW 1tn Deployed

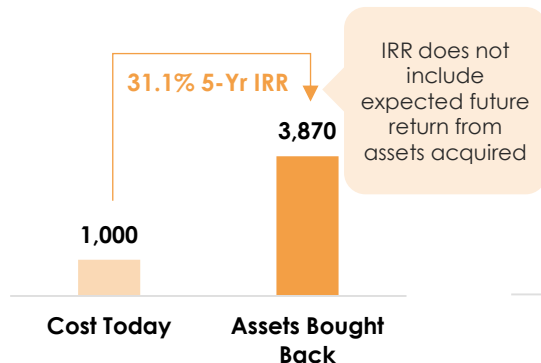
Values in KRWbn, except per share data

Share Buybacks @ Current NAV Discount⁽¹⁾

Investment in Growth Assets @ 5-year 25% IRR

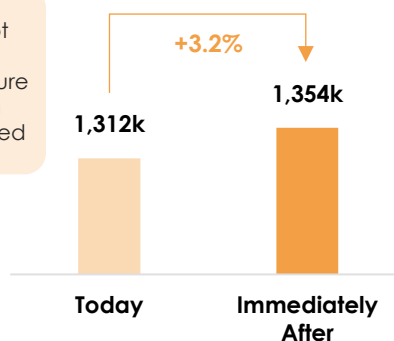
Investment Return

Significant discount allows LG Chem to buyback its assets at 26 cents on the dollar **immediately**



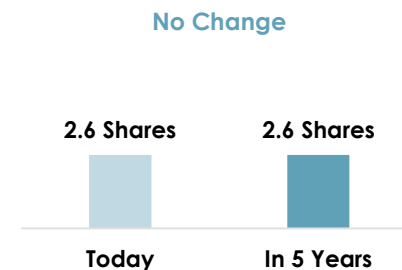
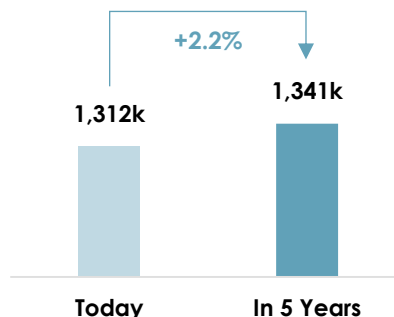
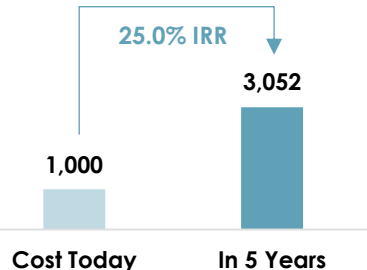
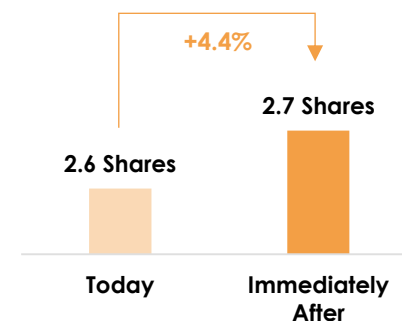
Impact on NAV Per Share

Highly accretive to NAV per share due to the outsized reduction of shares relative to the cash/assets used



See-Through LGES Shares Owned Per Share of LG Chem

Essentially an investment in LGES as the see-through **ownership of LGES per LG Chem share increases**



Currently, the discount to NAV is as wide as it has ever been, providing an opportunity for LG Chem shareholders to effectively increase their see-through stake in LGES at 26 cents on the dollar, positioning shareholders to benefit even more from future value-upside at LGES

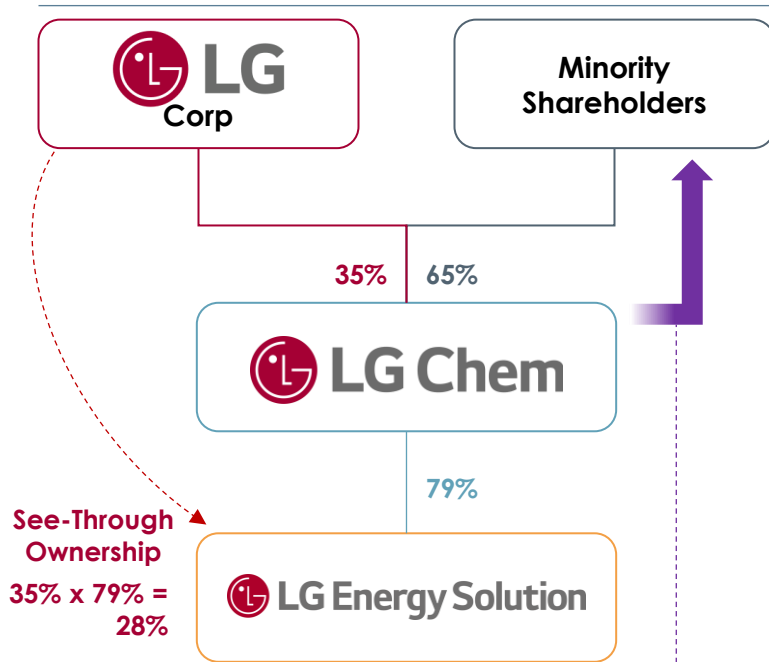
Growth investment IRRs should be benchmarked against buyback IRRs, which in essence is risk-free

Buyback at Various Discounts

		(80%)	<u>Current</u> (74%)	(70%)	(60%)	(50%)	(40%)	(30%)
Annualised Period	1-Yr	400%	287%	233%	150%	100%	67%	43%
	2-Yr	124%	97%	83%	58%	41%	29%	20%
	3-Yr	71%	57%	49%	36%	26%	19%	13%
	4-Yr	49%	40%	35%	26%	19%	14%	9%
	5-Yr	38%	31%	27%	20%	15%	11%	7%

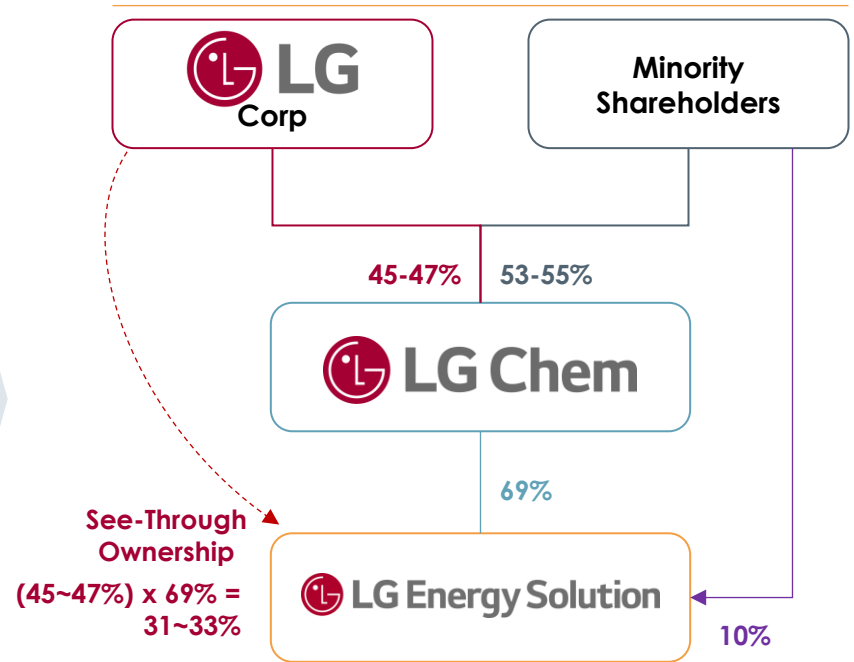
A major value and narrative reset via a large buyback-in-kind utilising LGES shares to capitalise on the deep discount

Buyback-in-Kind Transaction



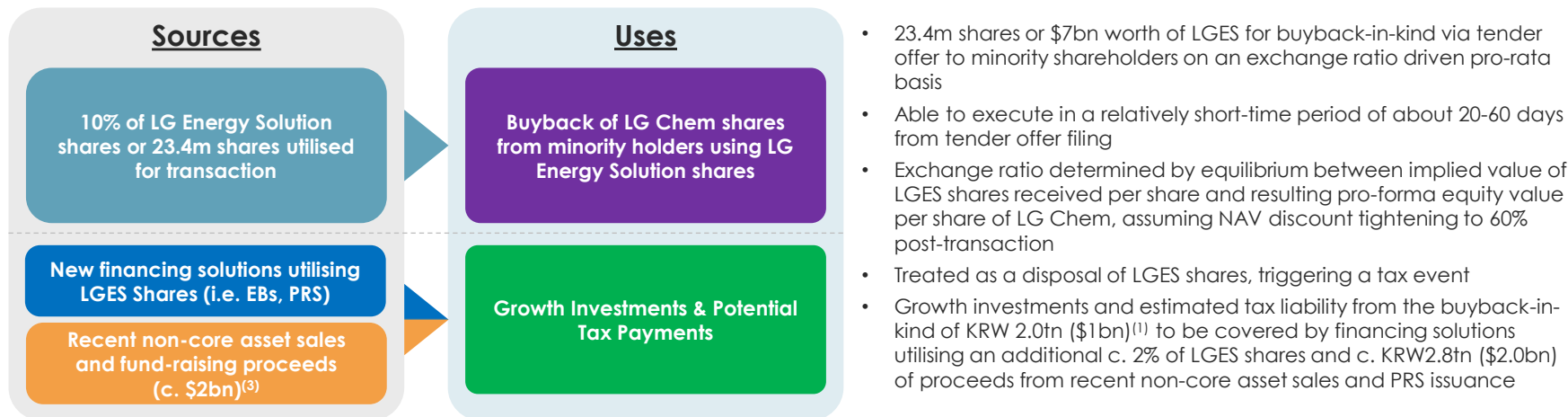
LG Chem to buyback minority shares with 10% of LG Energy Solution as consideration via tender offer

Pro-Forma Ownership

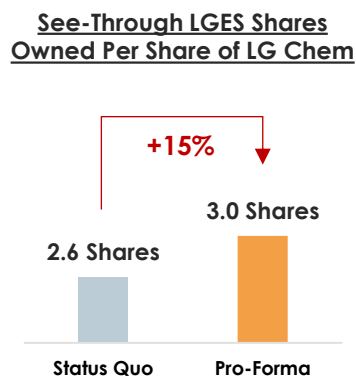
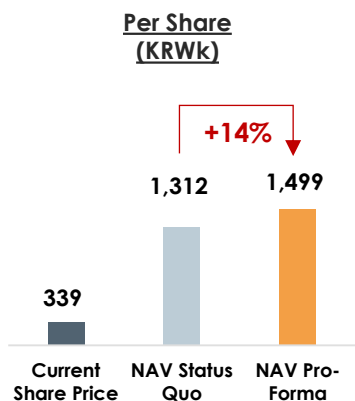


- LG Corp does not participate in buyback to comply with Korean holding company law
- LG Chem's direct stake in LGES falls, however see-through ownership per share increases
- Figures above assume buyback at c. 60% discount to NAV
- LG Corp's increased stake in LG Chem leaves greater flexibility for LG Chem to raise capital at a future date via convertible bonds or share sales

Detailed Transaction Structure Overview



Pro-Forma Comparisons



Key Considerations

- Balance Sheet**
 - Achievable transaction while maintaining net debt to EBITDA levels from FY '25-'26 at c. 3.5x⁽²⁾
 - Healthy liquidity position considering LG Chem's cash and stake in LGES relative to its debt balance
 - Ongoing ability to raise debt at attractive rates using its LGES shares as collateral
- Messaging**
 - Clearly communicated, will be a signal of confidence in LGES's long-term potential as it ultimately increases exposure to LGES on a per share basis
 - Commitment on a plan for the remaining ownership (e.g. lock-up, no block sale etc.) and cancellation of resulting treasury shares will improve investor confidence in management's alignment to address the value gap

Source: Company Filings, Bloomberg, Palliser Analysis. Note: Market data as of 17 October 2025. (1) Assumption based on total LGES stake cost basis of KRW 6.7tn. (2) Represents net leverage excluding LGES division; Based on consensus estimates; Assumes estimated post-tax proceeds from water solution / aesthetic sales and PRS issuance of KRW 2.8tn and payment of KRW 0.3tn for Toray JV acquisition in FY '25E; Assumes tax payment for buyback-in-kind of KRW 1.8tn in FY '26E. (3) Includes estimated post-tax proceed from its water solution business sale of KRW 1tn, aesthetics business sale of KRW 0.2tn and PRS issuance of KRW 1.6tn.

Open-Ended Discount Management Programme

Sell LGES shares in small portions on a continuous basis and use the proceeds to mandatorily buy back LG Chem shares

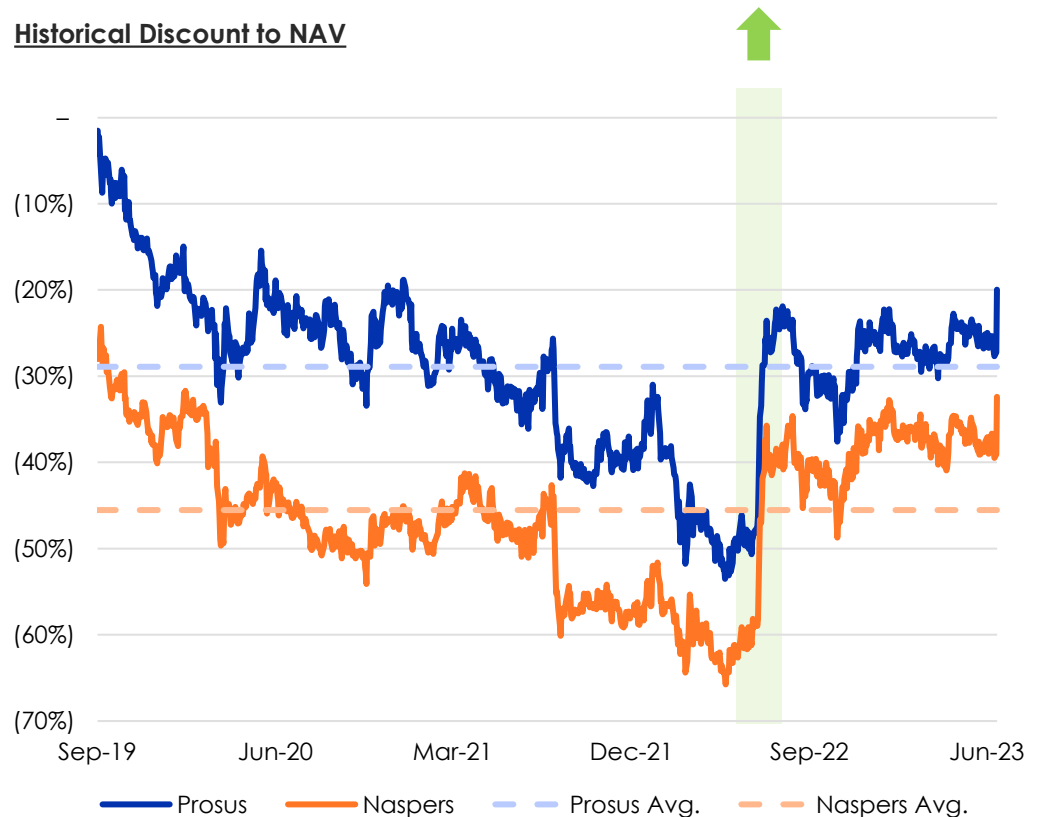
- An effective discount management solution that has a successful global precedent
- **Set internal discount to NAV targets** to guide open-ended buyback programme (i.e., when to switch on and off)
- **Provide clear messaging** to the market on management's **confidence in LGES** and the **transaction essentially being an investment in LGES as exposure to LGES on a per share basis increases**
- **Manage volume to be within 5-10% of ADV** to minimize share price impact
- **Improved float at LGES** thereby creating ongoing **index flow forward tailwinds**

Executed properly, an open-ended buyback programme will restore shareholder trust, narrow the value gap and avoid share price pressure to LGES

Case Study: Prosus & Naspers

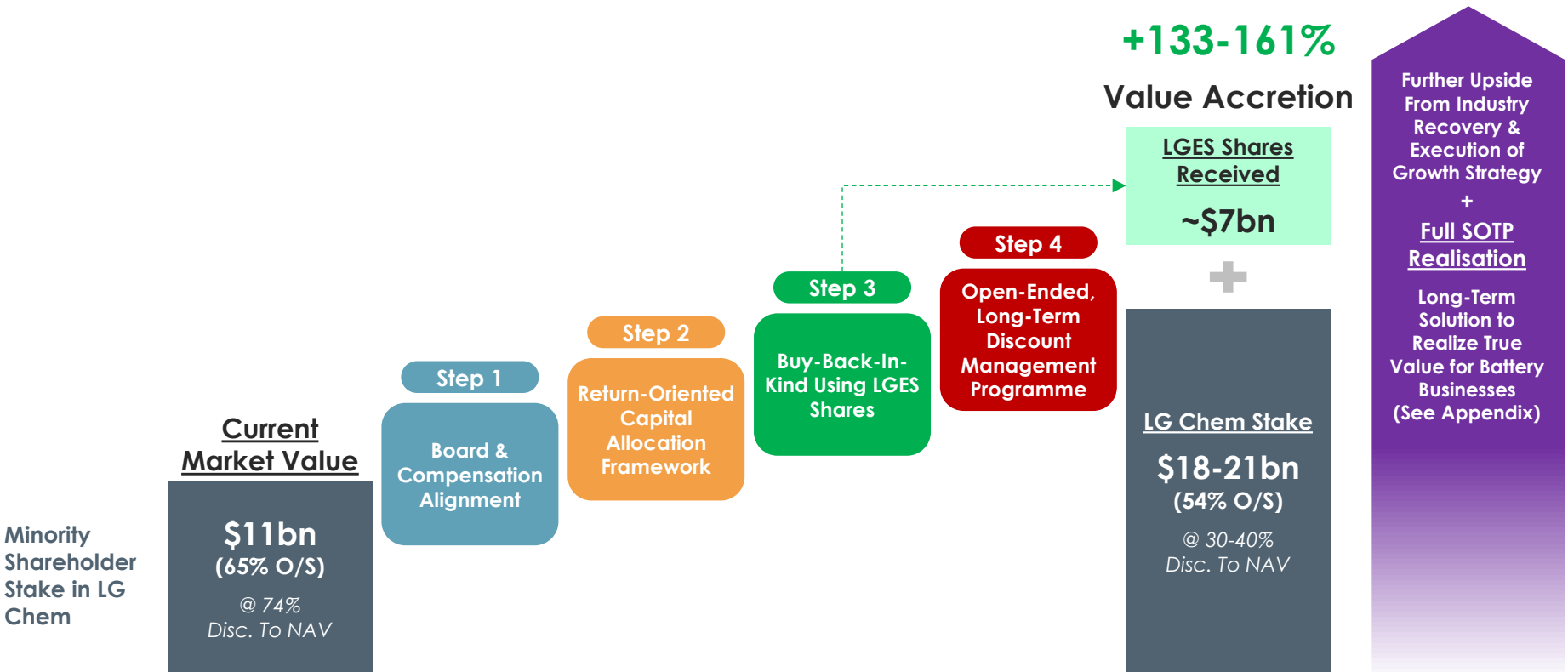
Prosus's and Naspers's long-term buyback programme announced in June 2022 to **sell its stake in Tencent daily at a level no more than 5% of ADV** and **use the proceeds to fund buybacks** was welcomed by investors and **tightened the NAV discount by c.20-25% within a month of announcement**

Historical Discount to NAV



A clear roadmap to unlock substantial value for all shareholders

The LG Chem Value Enhancement Plan creates a realistic and manageable path to close the LG Chem Value Gap and optimally position LG Chem for cyclical recovery in its core markets



From our discussions with management and IR, we are encouraged to hear that the LG Chem Value Gap is an area of focus and that the LG Chem Value Enhancement Plan that we have proposed is under review. We ask LG Chem to be publicly transparent about this review initiative and urge the Board to establish an independent committee to commence a formal review of the LG Chem Value Enhancement Plan

A proposal that is highly complementary to the “LG Way”...

LG differentiates itself from peers through discipline and integrity stemming from its management philosophy and has been a key value driver since founding



“LG Way”

Vision

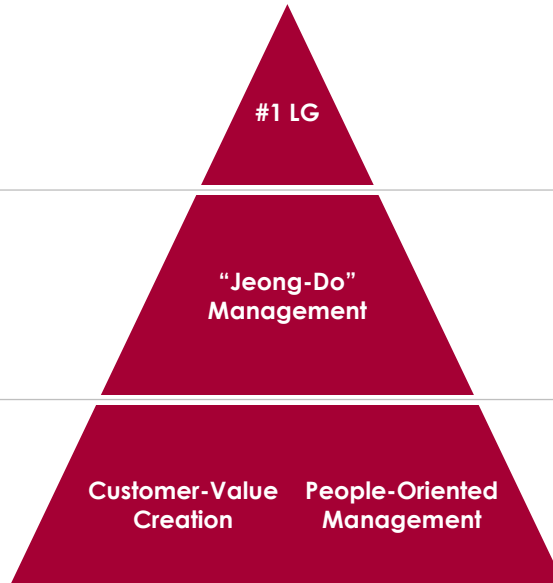
Ultimate goal to be recognized as the market leader in business performance as well as in management practices

Code of Conduct

Ethical management and code of conduct to enable capability development and fair competition

Management Principles

Fundamental principle guiding LG since the beginning



LG Chem Value Enhancement Plan

Progressive initiative that puts LG Chem at the forefront of best-in-class management practices in alignment with the national effort to address the “Korea Discount”

Improves transparency and accountability to recover sentiment towards ethical treatment of shareholders through a long-term commitment to create shareholder value

Improves alignment with shareholders who are one of the most important body of “people” supportive of LG’s future

Not only is the LG Chem Value Enhancement Plan highly complementary to the “LG Way,” it is an opportunity for LG to be a leader at the forefront of South Korea’s efforts towards extinguishing the “Korea Discount” for the benefit of the Korean people

Our proposal for LG Chem ultimately strives to achieve the same objective as the Government's Kospi 5,000 initiative: restore confidence in Korea's equity capital markets and to crush the “Korea Discount”



Current Initiatives to Address the “Korea Discount”

- Expand board fiduciary duty to shareholders
- Strengthen independent directorship not affected by controlling shareholders
- Mandatory introduction of electronic voting power for listed companies
- Progress towards separate elections for directors who are audit committee members
- Strengthen enforcement of cumulative voting implementation

Key Objective

Address current steep discount and unlock full value

Ensure alignment with minority shareholders

Improve shareholder sentiment

Palliser

LG Chem Value Enhancement Plan

- Value-accretive outcome for all shareholders
- Improved Management alignment with minority shareholder interests
- Recover trust in Management and the Board by improving minority shareholder treatment
- Address the prolonged and unprecedented LG Chem Value Gap

Palliser

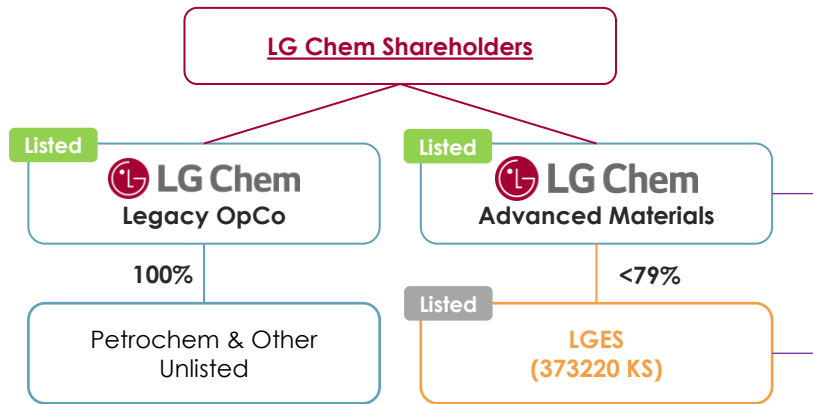


Appendix

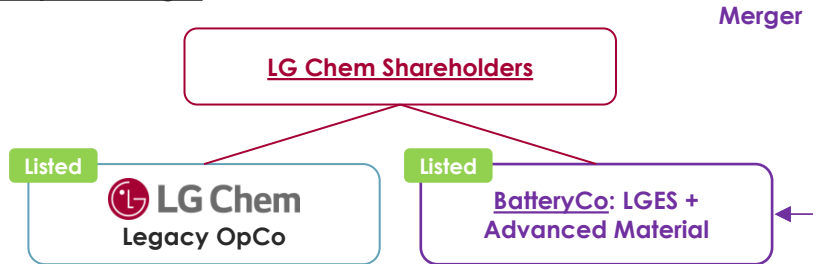
A tax-free separation of the Advanced Materials division including the LGES stake and subsequent merger with LGES provides a path to unlock LG Chem's full SOTP value and is highly value accretive to shareholders

Transaction Structure

Tax-Free Separation

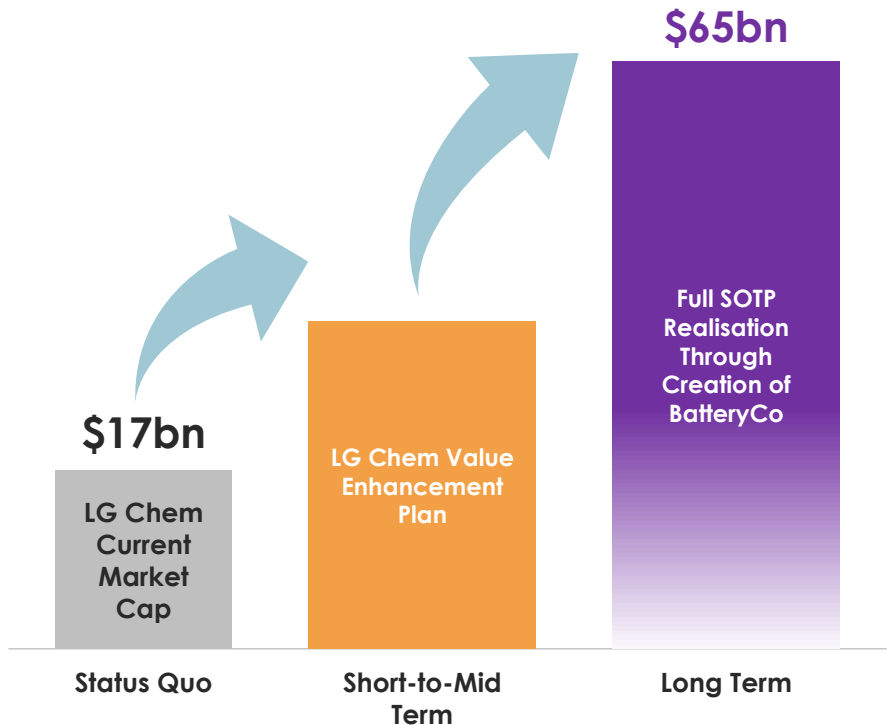


Subsequent Merger



Significant Value Upside Opportunity

Separation of the Advanced Material Division with the LGES stake and subsequent merger with LGES will allow the market to realize full value of LG Chem's battery assets in comparison to the current holding structure



Source: Based on Korea Corporate Governance Forum's proposal as of 19 August 2025; Market data as of 17 October 2025.

Q&A: Key focus points for the LG Chem Value Enhancement Plan

Through engagement with LG Chem management, domestic and foreign investors, corporate governance organizations, lawyers and accountants, our proposal is comprehensive and value accretive for shareholders

Points of Focus

LG Chem Value Enhancement Plan

Does the proposal comprehensively address the opinion of all investors?

Institutional and retail investors alike have all been voicing the need to address the LG Chem Value Gap. This proposal addresses the consensus issue in a manner that is relatively leverage-friendly, leaves room for growth investments, aligned with Korea's capital markets reform and is essentially an investment in LGES, the engine of LG Chem's future growth.

Is the buyback-in-kind and open-ended discount management programme feasible?

To ensure feasibility, our proposal has been formulated following extensive engagement with leading domestic legal and accounting experts and incorporates feedback from our conversations with LG Chem management.

Would this proposal put a strain on LG Chem's balance sheet?

Our buyback-in-kind proposal requires a low amount of cash relative to the scale of the buyback and capitalises on LG Chem's healthy liquidity position driven by its LGES ownership / incoming proceeds from non-core asset sales and its ability to raise debt at attractive rates backed by its LGES stake. Additionally, the proposal can serve as a substantial positive catalyst for LG Chem's share price resulting in an improved debt to equity ratio.

Given recent industry downcycles and weak profitability, will this bring further pressure to near-term cash flow and hinder growth prospects?

Our proposal accommodates the current capex plan and dividend requirements, while also maintaining net debt to EBITDA levels at c. 3.5x (the lowest among LG Chem's peer group). We are supportive of growth investments for LG Chem; however, it is critical for LG Chem to benchmark return potential for new capex investments against returns from buybacks on a risk-adjusted basis.

Q&A: Key focus points for the LG Chem Value Enhancement Plan (Cont'd)

Points of Focus

LG Chem Value Enhancement Plan

Is share-based compensation feasible given some Korean companies' concerns that share-based compensation may be difficult due to the perception risk from management selling shares?

Companies should recognize that Korea's equity capital market has matured and no longer advocate that share-based compensation is a "taboo," but rather seek to embrace greater alignment of interests between management and shareholders as envisaged by President Lee's KOSPI 5,000 initiative. Boards should consider this with weight as they now have a fiduciary duty to shareholders.

Will this proposal bring selling pressure on LGES shares?

The buyback-in-kind proposal places the shares in the hands of LG Chem investors who are aligned with LGES's long-term value. With management's commitment to clearly communicate that the transaction is a vote of confidence in LGES's long-term potential, we see no concerns regarding LGES's share price. In addition, by increasing LGES's free float, LGES will enjoy strong "flow forward" tailwinds from index-based buying

Are dividends a better shareholder return method than buybacks?

Buybacks are significantly more value accretive than dividends given the extreme discount to NAV of LG Chem's share price. Currently, LG Chem is not generating steady cash flow to pay a dividend but has committed to review a 30% payout ratio in the future once cash flow positive and ROE of 10%+. Accordingly, the associated reduction of shares will position shareholders to receive an increased DPS.

Is the LG Chem Value Gap more a function of the petrochemical downcycle rather than corporate governance issues, LGES stake utilization and shareholder returns?

It is clear that the market is valuing LG Chem as a petrochemical company. From extensive discussions with investors and sell-side analysts, this is because shareholders currently attribute almost no value to LG Chem's LGES stake as investors have lost confidence that management will realize that value for the benefit of shareholders. Petrochemical comprises a minor portion of LG Chem's value, and it is crucial for LG Chem to take action to change this perception by regaining shareholders' trust and convincing the market that excess capital will be released for the benefit of LG Chem's shareholders. In-addition, given the associated increase in ownership of LGES on a per LG Chem share basis, buybacks provide a clear and powerful demonstration of management's confidence in both LG Chem and LGES at their current share prices.

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