

LGU⁺ | 2025.02

Non-Deal Roadshow Key messages

■ Disclaimer

The aforementioned forward-looking statements are influenced by changes in the management environment and relative events, and by their nature, these statements refer to uncertain circumstances.

Consequently, due to these uncertainties, the Company's actual future results may differ materially from those expressed or implied by such statements.

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In addition, the information contained herein has been prepared in advance, prior to being audited by external auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final auditing by external auditors.

Summary

Message #1

With the appointment of a new CEO, a new business direction will be introduced

- Shifting away from the previous focus on B2C platform services, the new business strategy is now aimed at driving B2B-focused growth.

Message #2

The primary objective for 2025 is a turnaround in operating profit

- Sluggish earnings in 2023-24 due to higher depreciation from the additional 5G network rollout and IT system upgrades. From 2025, AX-driven cost optimization and low-margin business restructuring will improve profitability.

Message #3

Shareholder returns will be strengthened in line with the 2024 Corporate Value-up Plan

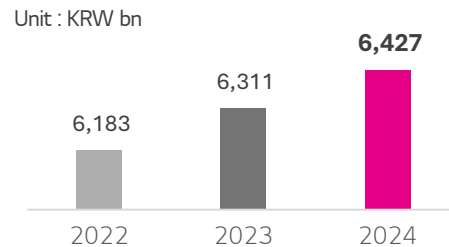
- **[Dividend policy]** A payout ratio of over 40% of separate-basis net profit, with a minimum DPS maintained at the 2024 level (KRW 650) until 2026
- **[+ Share buyback]** Flexible share buyback of up to 20% of separate-basis net profit

Business and Revenue



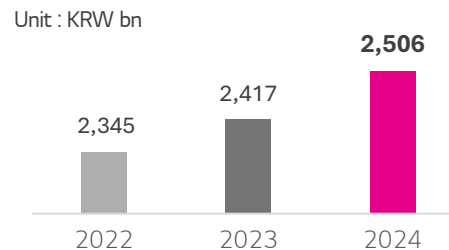
Mobile

5G, LTE (MNO/MVNO)



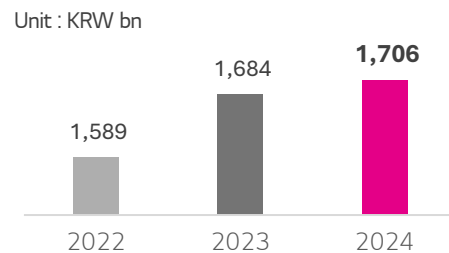
Smart Home

U+tv (IPTV), U+Internet,
U+Smart Home (AI/IoT)

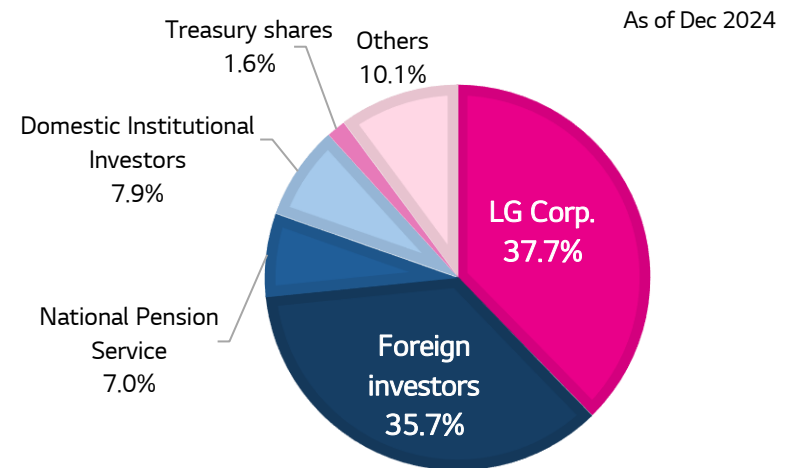
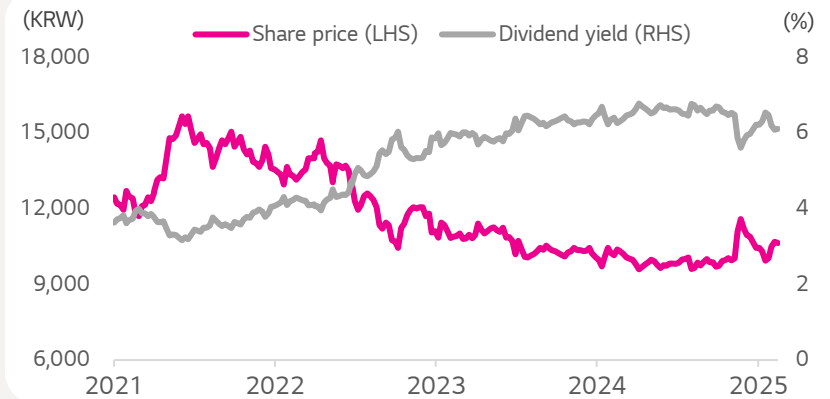


Enterprise Infrastructure

IDC, Enterprise Line,
Enterprise Solution

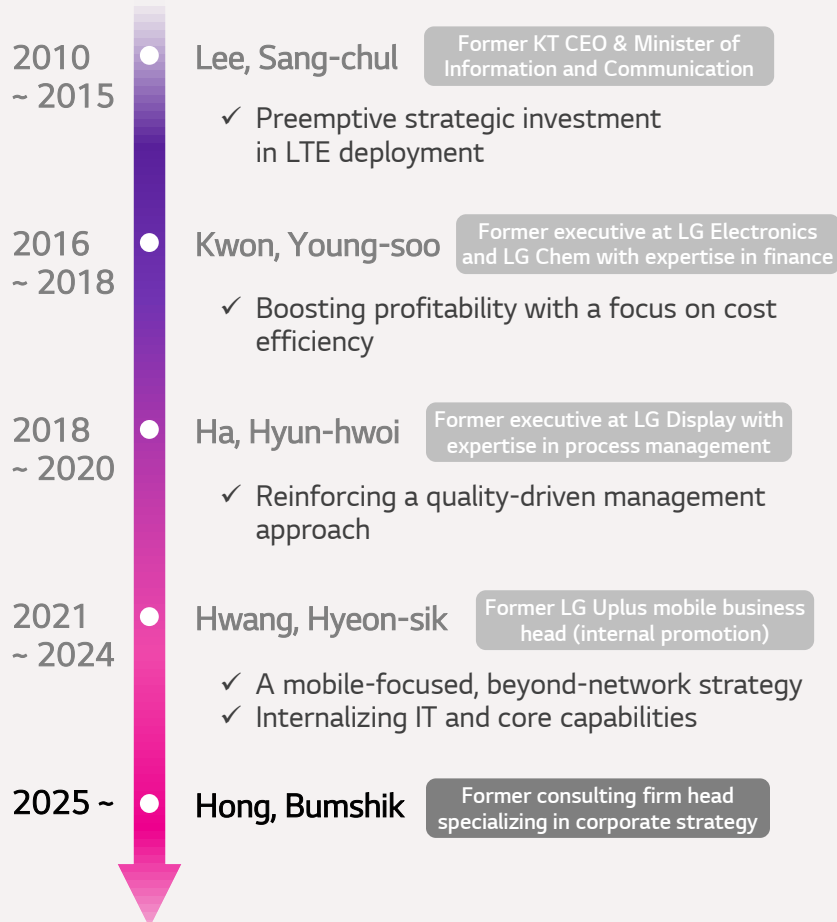


Share Price and Shareholders



Message ① A new CEO is steering the business strategy toward B2B-driven growth grounded in core operations

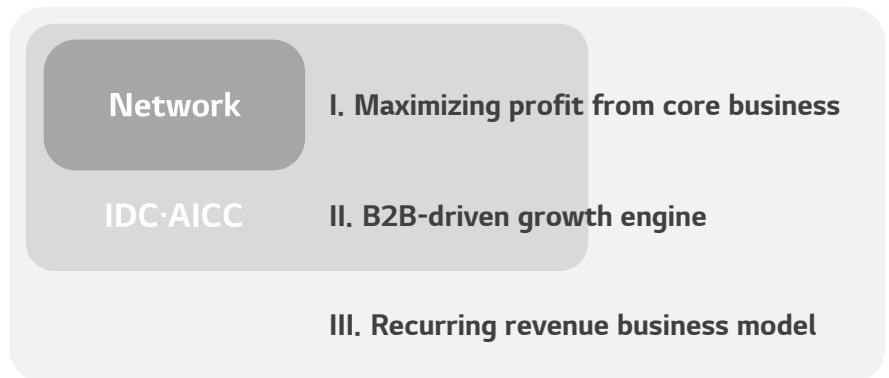
CEO History & Management Focus



New CEO Profile

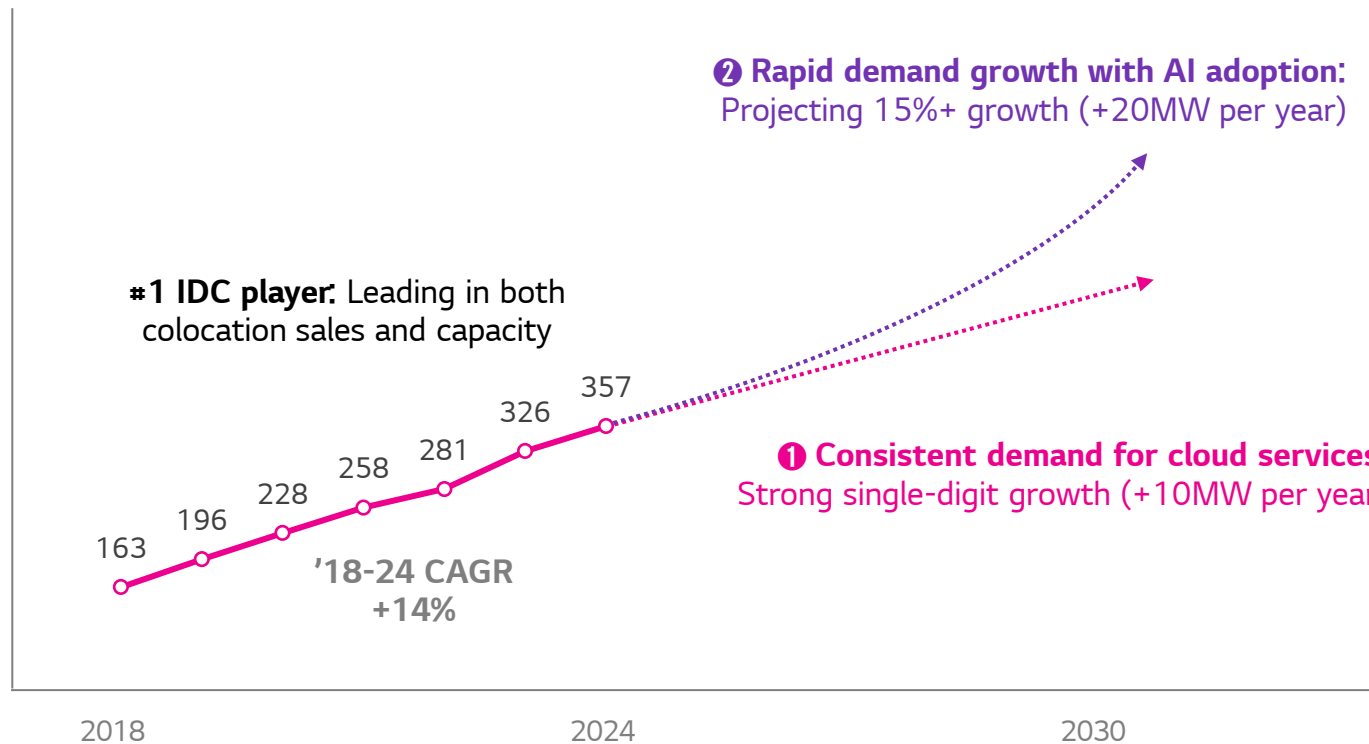
2005 ~ 2010	SK Telecom Head of Innovation
2011 ~ 2018	Bain & Company Director at Seoul office and Co-head of TMT Practice in Asia
2019 ~ 2024	LG Corp. President Chief Strategy & Investment Officer
2024.12 ~	LG Uplus, CEO

New Growth Strategy Focus



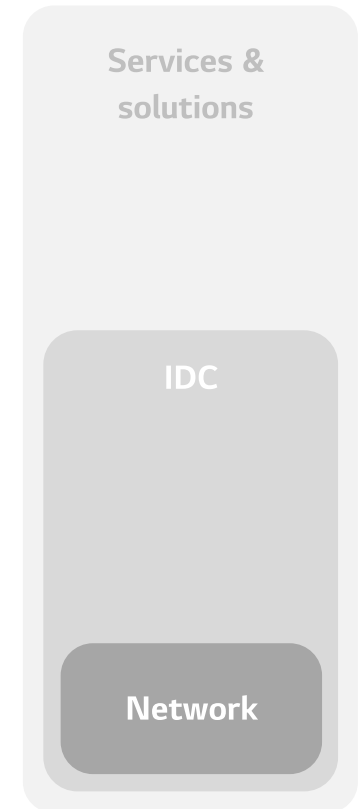
■ Highlight: Driving B2B Growth through IDC Expansion

IDC Revenue
(KRWb)



3% of service revenue &
6% of operating profit

(+) Opportunities for new business models

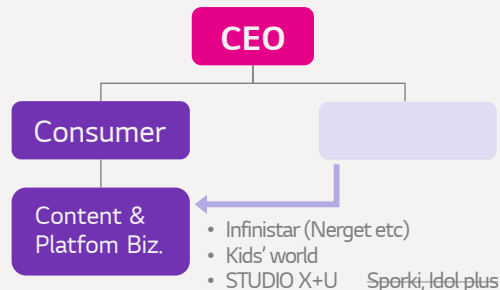


(+) Synergy through joint sales of network lines

Message ② Targeting an earnings turnaround from 2025 by improving structural cost efficiency

Streamlining low-margin biz.

- Strategic selection and concentration
 - Scale down low-margin and less competitive platform businesses
 - Aim to optimize the business structure through resource reallocation
- [B2C] Organization restructuring



- [B2B] Portfolio optimization

Biz. unit	Restructuring Plan
Logistics platform	Downsizing to a solution for fleet management service customers
Robot	Phase-out
Smart Factory	Phase-out

AX Integration

- Operational efficiency through digital transformation and AI Utilization
 - Expanding digital channels is expected to reduce offline stores (284 in 2018 → 108 in 2024), leading to lower operating costs.
 - Enhanced workforce productivity through AI-driven automation in customer service and network management.

- In-house AI Use

Work Agent

- ✓ Work-related Q&A
- ✓ Eliminate non-critical communications

ixi | EXAONE

Network

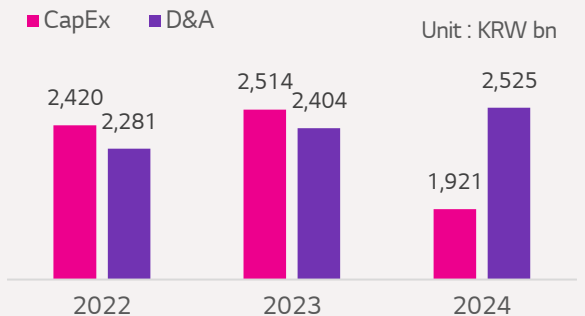
- ✓ Support operational tasks
- ✓ Prevent failures and set up preemptive measures

Customer Service

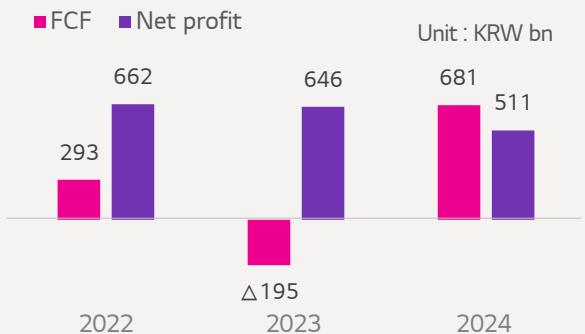
- ✓ Minimize operator connections
- ✓ Reduce call duration

CapEx Stabilization

- Timing of cash flow strengthening
 - Profitability declined due to an increased depreciation costs from investments in the 5G network and IT systems
 - However, with CapEx reductions beginning in 2024, free cash flow has improved, and this trend is expected to continue



* Separate basis



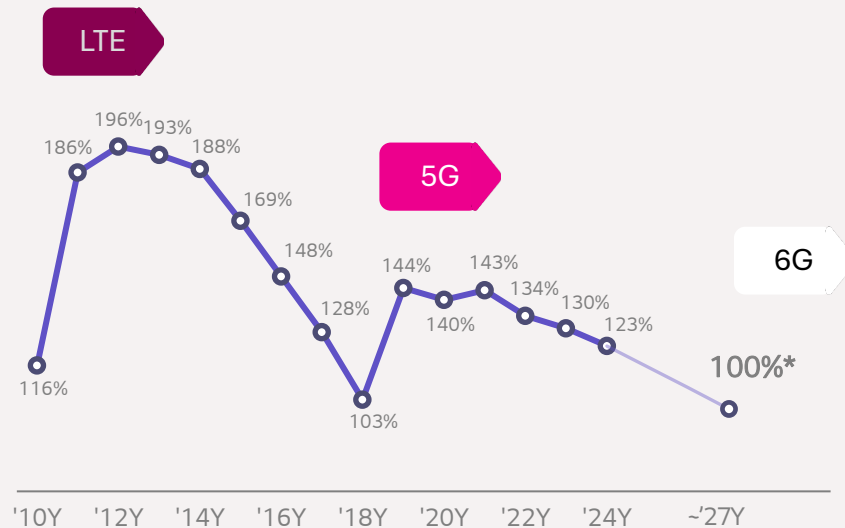
* Separate basis

Message ③ Shareholder returns will be strengthened through a flexible share buyback program

- The **target debt ratio is set at 100%** until 6G adoption to enhance financial soundness, with FCF (Free Cash Flow) allocated to shareholder returns after debt repayment
- Taking into consideration of FCF each year, share buyback can amount **up to 20% of separate-basis net profit**, while dividend per share is targeted to increase through the ongoing cancellation of treasury shares
- 👉 The amount of treasury share cancellation will be determined after Q1, and the share buyback amount will be decided after Q2

Target Debt Ratio

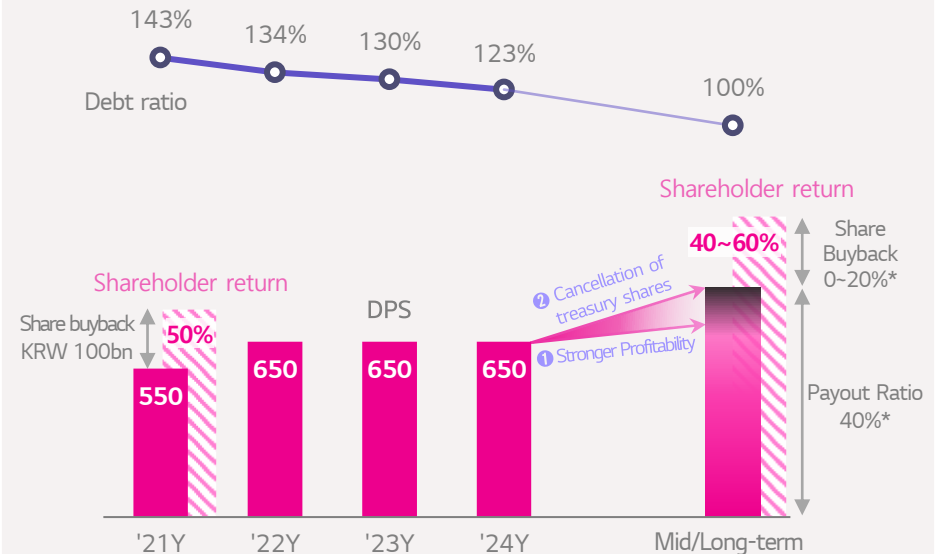
Debt Ratio = Debt / Equity



* Consolidated basis

Shareholder Return Plan

Shareholder Return = (Dividend + Buyback) / Net Profit



* Separate basis

Consolidated Financial Statements

Unit : KRW bn

	4Q23	3Q24	4Q24	YoY	QoQ	2023	2024	YoY
Operating Revenue	3,820.9	3,801.3	3,753.2	Δ1.8%	Δ1.3%	14,372.6	14,625.2	+1.8%
Service Revenue	3,009.8	2,990.4	3,015.2	+0.2%	+0.8%	11,636.4	11,843.4	+1.8%
Other Revenue	4.1	3.8	3.9	Δ2.6%	+3.6%	16.5	15.5	Δ6.2%
Handset Revenue	811.1	810.9	738.0	Δ9.0%	Δ9.0%	2,736.2	2,781.8	+1.7%
Operating Expense	3,625.4	3,555.3	3,611.0	Δ0.4%	+1.6%	13,374.6	13,762.1	+2.9%
Wages	472.3	481.9	516.3	+9.3%	+7.1%	1,823.6	1,979.2	+8.5%
Depreciation	549.5	551.9	537.7	Δ2.1%	Δ2.6%	2,134.1	2,180.1	+2.2%
Amortization	129.2	122.7	118.9	Δ8.0%	Δ3.1%	437.2	483.6	+10.6%
Fees & Charges	442.9	457.5	471.7	+6.5%	+3.1%	1,712.6	1,769.2	+3.3%
Sales Commission	517.8	526.5	524.5	+1.3%	Δ0.4%	2,058.7	2,068.3	+0.5%
Advertising	64.6	59.9	58.2	Δ9.8%	Δ2.9%	220.7	210.9	Δ4.4%
Cost of Handsets sold	913.6	833.5	806.3	Δ11.8%	Δ3.3%	2,872.3	2,926.2	+1.9%
Handset Purchase	779.4	789.2	747.2	Δ4.1%	Δ5.3%	2,683.0	2,756.8	+2.8%
Etc	134.3	44.3	59.0	Δ56.0%	+33.4%	189.2	169.3	Δ10.5%
Other expenses	535.4	521.5	577.5	+7.9%	+10.7%	2,115.5	2,144.5	+1.4%
Operating Income	195.5	246.0	142.2	Δ27.3%	Δ42.2%	998.0	863.1	Δ13.5%
Non-operating Income	33.2	35.9	48.1	+44.8%	+33.8%	154.3	173.1	+12.2%
Interest Income	13.4	21.9	20.9	+56.3%	Δ4.5%	57.5	74.2	+29.2%
Non-operating Expense	109.9	86.0	267.6	+143.5%	+211.1%	381.4	547.3	+43.5%
Interest Expense	60.7	67.8	66.1	+9.0%	Δ2.4%	242.6	275.5	+13.6%
Income before Tax	118.8	196.0	(77.3)	TR*	TR*	770.9	488.9	Δ36.6%
Income Tax	13.7	61.1	(0.3)	-	-	140.7	136.0	Δ3.3%
Net Income	105.2	134.9	(77.0)	TR*	TR*	630.2	352.9	Δ44.0%

* TR: Turned to Red (shifted to a loss)

	2023.12	2024.12	vs. 2023
Current Assets	4,964.2	5,263.9	+6.0%
Cash and Cash Equivalents	625.7	965.3	+54.3%
Accounts Receivables	1,996.7	1,979.1	Δ0.9%
Inventories	354.4	252.3	Δ28.8%
Non-Current Assets	15,136.4	14,443.8	Δ4.6%
Property, Plant and Equipment	11,066.3	10,709.0	Δ3.2%
Intangible assets	2,165.9	1,804.6	Δ16.7%
Long-term Accounts Receivable	529.7	501.8	Δ5.3%
Total Assets	20,100.6	19,707.7	Δ2.0%
Current Liabilities	5,606.9	5,078.0	Δ9.4%
Accounts Payable & Other Payables	2,299.1	2,246.0	Δ2.3%
Short-term debt & etc	2,302.1	1,805.2	Δ21.6%
Non-Current Liabilities	5,737.0	5,823.1	+1.5%
Bond Payables, Long-term debt	4,045.6	4,489.4	+11.0%
Total Liabilities	11,343.8	10,901.0	Δ3.9%
Shareholder's Equity	8,472.2	8,594.4	+1.4%
Capital Stock	2,574.0	2,574.0	-
Treasury Stock	(100.0)	(100.0)	-
Capital Surplus	836.9	871.5	+4.1%
Retained Earnings	5,167.6	5,242.3	+1.4%
Accumulated other comprehensive income	(6.3)	6.6	-
Non-controlling Interests	284.6	212.4	Δ25.4%
Total Shareholders' Equity	8,756.8	8,806.7	+0.6%
Total Liabilities and Shareholders' Equity	20,100.6	19,707.7	Δ2.0%

※ Non-controlling interests : LGHV and Volt-up effect

End of Documents

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