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LG U+

2025.09

IR Key messages

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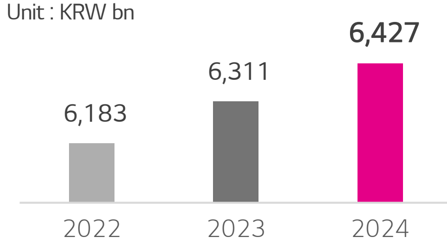
Business and Revenue

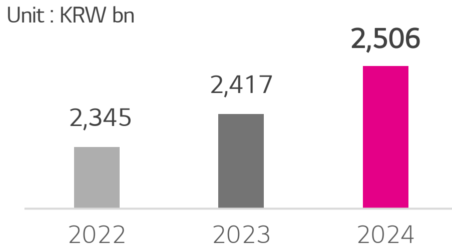
Mobile

5G, LTE (MNO/MVNO)



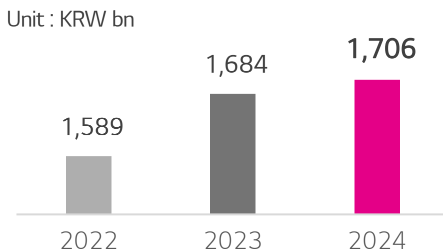
Smart Home

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

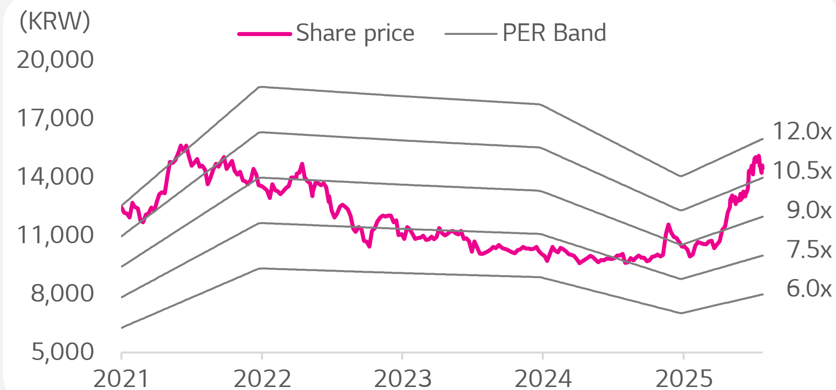


Enterprise Infrastructure

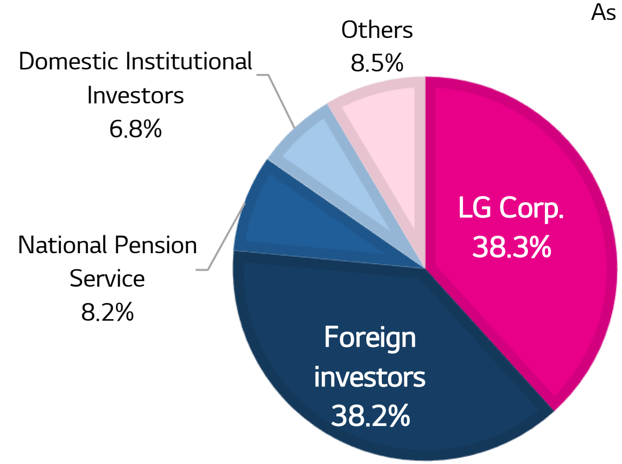
IDC, Enterprise Line, Enterprise Solution



Share Price and Shareholders



As of June 2025



Summary

Message #1

The primary objective for 2025 is a turnaround in operating profit

- Sluggish earnings in 2023-24 due to reinforcement of AX/DX workforce & higher depreciation from IT system upgrades. From 2025, AX-driven cost optimization and low-margin business restructuring is improving profitability

Message #2

Expanding into high-value AX domains, with our competitive edge in AI infrastructure

- As AI adoption accelerates, we are capitalizing on the high profitability and rapid growth of the IDC business to expand into AX services such as AICC, thereby securing sustainable growth engines

Message #3

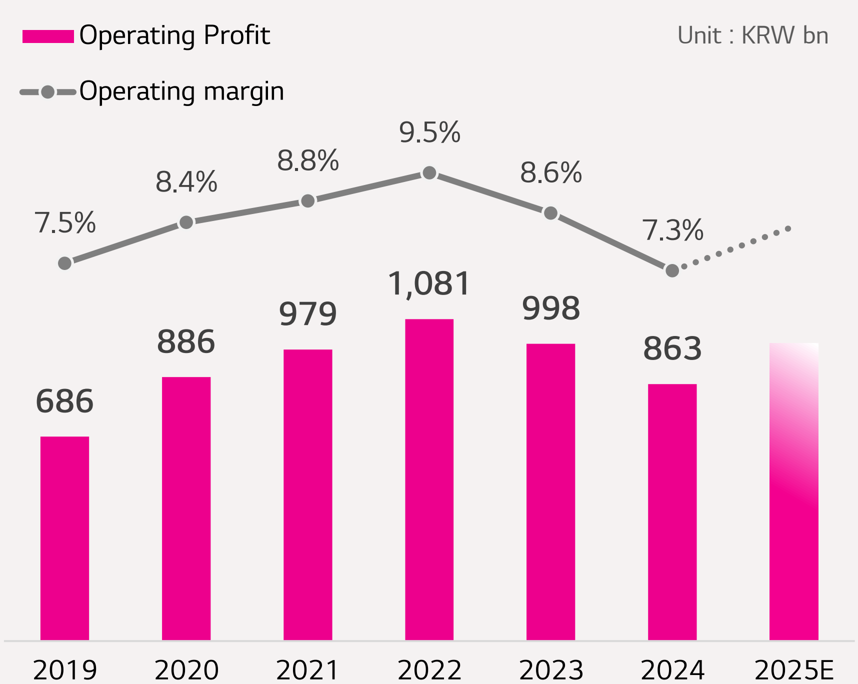
Shareholder returns will be strengthened in line with the 2024 Corporate Value-up Plan

- **[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

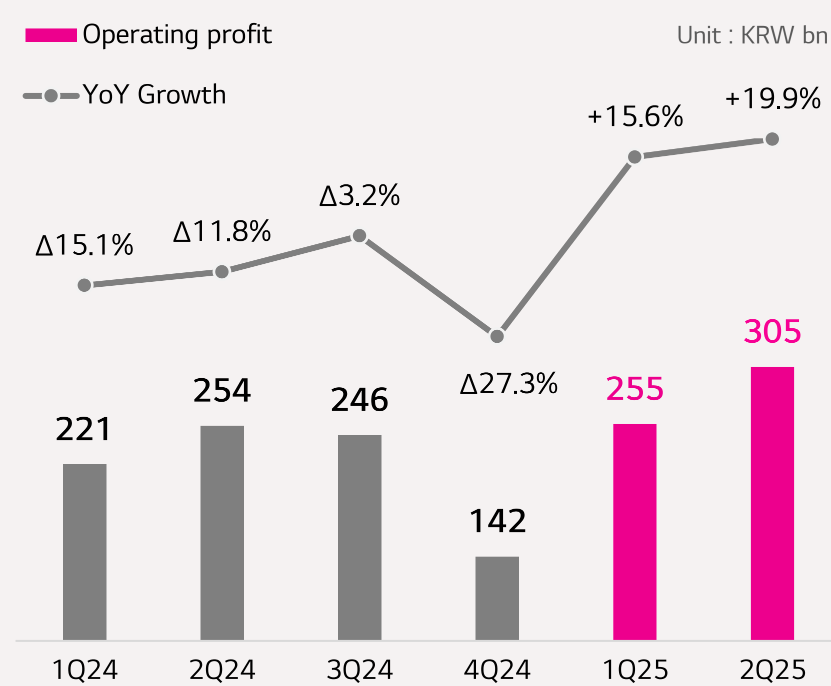
Message ❶ From 2025, we are on track for a profit turnaround, backed by structural cost competitiveness and mobile subscriber expansions

- Profitability temporarily declined in 2023~24, due to the reinforcement of AX/DX workforce to strengthen AX business competitiveness, as well as increased depreciation expenses stemming from IT system upgrades
- Since the new CEO assumed office at the end of 2024, profit improvement has become evident driven by the restructuring of low-profit businesses and sustained cost optimization efforts led by AX initiatives

Operating Profit & Margin Trend



Quarterly Operating Profit & YoY Growth

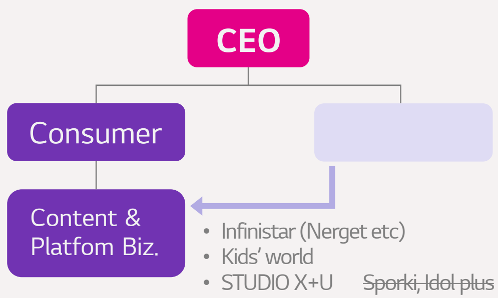


Streamlining low-margin biz.

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
Metaverse	Repositioning to an AI virtual campus platform
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 → 91 in 1H25), 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 agent intervention
- ✓ Reduce call duration

Mobile subscriber growth

Net additions have surged, fueled by pull-marketing strategies centered on enhanced customer value services

- Launched 'ixi-O,' an AI-powered AX product addressing unmet needs like iPhone call recording to maximize customer value
- Subscriber inflows rose in 2Q (+2.0% QoQ MNO handset subscribers), supported by differentiated service competitiveness amid market turmoil

AI-powered Call Solution

ixi O

Summarize Call Recordings & Suggest Tasks via AI
- ✓ Downloads call scripts for sharing

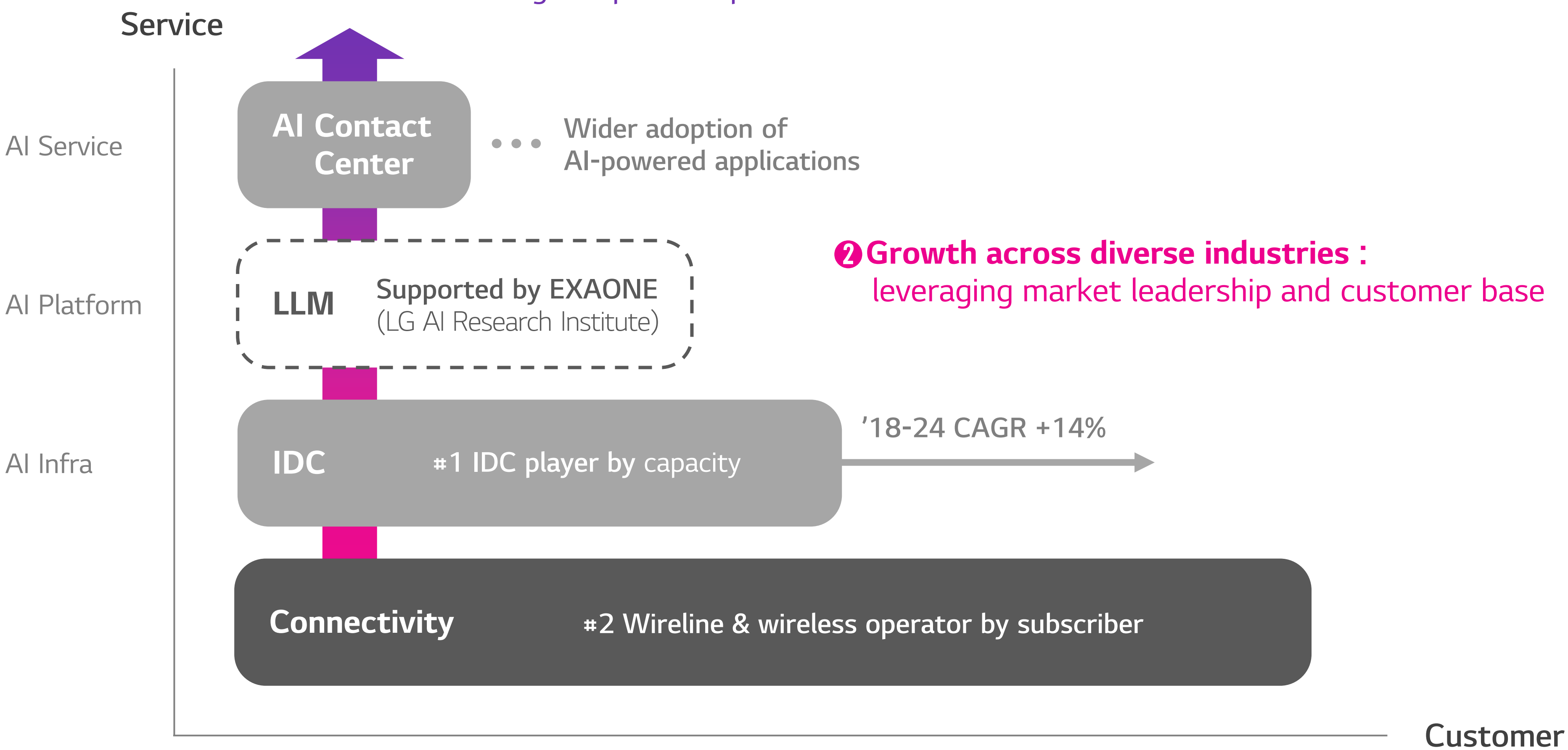
Detect Voice Phishing in Real Time
- ✓ Alerts user via voice and pop-up message

Make Visual Phone Calls
- ✓ Displays call content as text to support multitasking during calls

Answer Calls with AI
- ✓ (Especially for unknown numbers) Answers call on behalf of the user

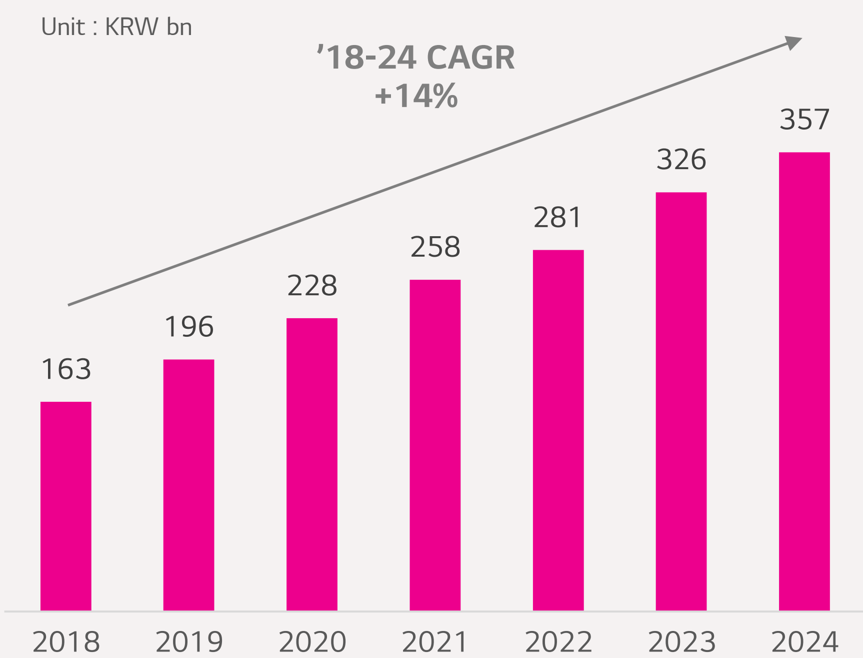
Message ❷ [Growth Strategy] Expanding into high-value AX domains, while solidifying our competitive edge in AI infrastructure

❶ Expansion along the AI value chain :
enhancing the product portfolio centered on AX



Highlight : IDC Revenue Growth & Strategic Differentiation

Robust IDC revenue growth,
driven by strong cloud and AI-driven demand



Accounting for 3% of service revenue, achieving an operating margin nearly double the company average

❶ IDC Competitiveness

- ✓ Owns hyperscale IDCs (Pyeongchon 1, 2 and Paju 1-1)
- ✓ Strong preferences from customers thanks to strategic locations in the Seoul Metropolitan area
- ✓ High energy efficiency : PUE 1.38 at Pyeongchon 1

❷ Market leadership and stability

- ✓ Longest operating track record in Korea with no major outages, positioning us as the #1 IDC operator
- ✓ Differentiated tenant acquisition capabilities focusing on global CSPs
- ✓ Synergies with telecom services through leased-line sales and AX service expansion

❸ Mid-to-long term roadmap

- ✓ Secured IDC pipeline until 2035 by utilizing the Paju site
- ✓ Plan to apply liquid cooling technology from 2027, further advancing infrastructure capabilities

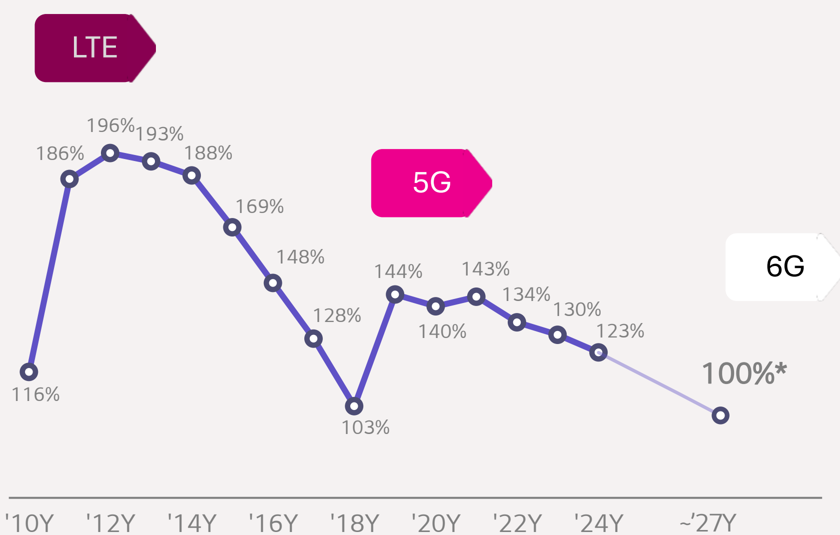
Message ③ Shareholder returns will be strengthened through a flexible share buyback program

- 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

☞ As announced on July 21st, a full cancellation of treasury shares held has been resolved along with a share repurchase plan amounting to KRW 80 billion for 2025

Target Debt Ratio

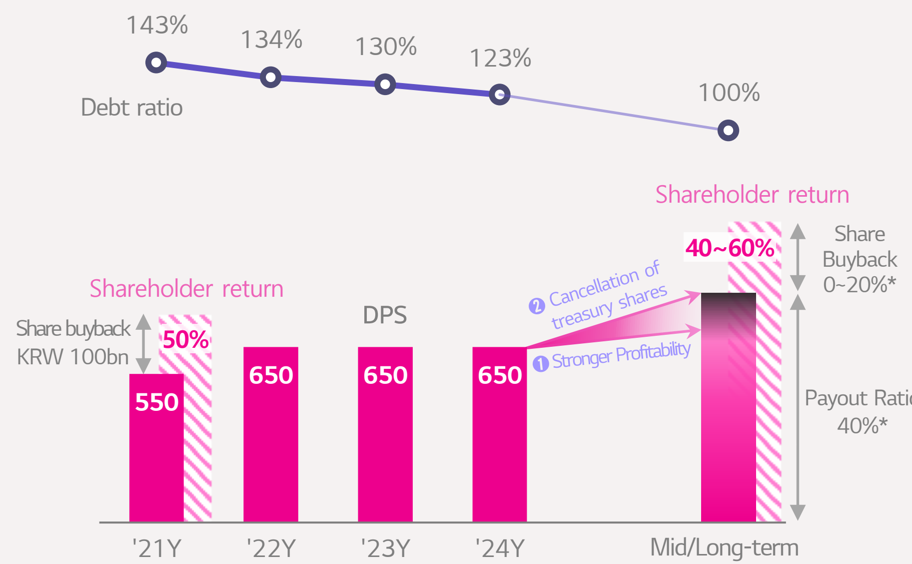
Debt Ratio = Debt / Equity



* Consolidated basis

Shareholder Return Plan

Shareholder Return = (Dividend + Buyback) / Net Profit



* Separate basis

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Consolidated BSPL

Unit : KRW bn

	2Q24	1Q25	2Q25	YoY	QoQ	24.1H	25.1H	YoY
Operating Revenue	**3,493.7**	**3,748.1**	**3,844.4**	**+10.0%**	**+2.6%**	**7,070.7**	**7,592.5**	**+7.4%**
Service Revenue	2,943.9	2,938.9	3,016.4	+2.5%	+2.6%	5,837.8	5,955.3	+2.0%
Other Revenue	3.9	4.0	4.4	+12.3%	+10.5%	7.7	8.4	+8.3%
Handset Revenue	549.8	809.2	828.0	+50.6%	+2.3%	1,232.9	1,637.1	+32.8%
Operating Expense	**3,239.7**	**3,492.7**	**3,539.9**	**+9.3%**	**+1.4%**	**6,595.7**	**7,032.5**	**+6.6%**
Wages	493.9	490.7	486.7	△1.4%	△0.8%	980.9	977.4	△0.4%
Depreciation	547.0	542.0	550.7	+0.7%	+1.6%	1,090.5	1,092.7	+0.2%
Amortization	119.2	123.9	121.9	+2.3%	△1.6%	242.1	245.9	+1.6%
Fees & Charges	429.3	420.2	443.2	+3.2%	+5.5%	840.1	863.4	+2.8%
Sales Commission	509.0	529.8	540.9	+6.3%	+2.1%	1,017.4	1,070.8	+5.2%
Advertising	50.5	50.3	45.5	△10.0%	△9.6%	92.8	95.8	+3.2%
Cost of Handsets sold	562.8	824.3	815.8	+44.9%	△1.0%	1,286.4	1,640.0	+27.5%
Handset Purchase	526.2	795.1	786.6	+49.5%	△1.1%	1,220.4	1,581.7	+29.6%
Etc	36.6	29.2	29.1	△20.5%	△0.2%	66.0	58.3	△11.6%
Other expenses	527.9	511.4	535.1	+1.4%	+4.6%	1,045.5	1,046.5	+0.1%
Operating Income	**254.0**	**255.4**	**304.5**	**+19.9%**	**+19.2%**	**474.9**	**559.9**	**+17.9%**
Non-operating Income	**46.8**	**37.3**	**48.2**	**+2.9%**	**+29.1%**	**89.1**	**85.5**	△4.1%
Interest Income	17.3	17.5	14.0	△19.1%	△19.9%	31.5	31.5	+0.2%
Non-operating Expense	**96.3**	**92.2**	**80.4**	**△16.5%**	**△12.8%**	**193.8**	**172.6**	△10.9%
Interest Expense	71.3	68.4	65.2	△8.5%	△4.8%	141.6	133.6	△5.6%
Income before Tax	**204.5**	**200.5**	**272.3**	**+33.1%**	**+35.8%**	370.3	472.8	+27.7%
Income Tax	39.9	38.1	55.2	+38.4%	+45.1%	75.3	93.3	+23.9%
Net Income	**164.6**	**162.5**	**217.1**	**+31.9%**	**+33.6%**	**295.0**	**379.6**	**+28.6%**

	2024.12	2025.06	Vs. 2024
Current Assets	**5,263.9**	**5,417.8**	**+2.9%**
Cash and Cash Equivalents	965.3	954.6	△1.1%
Accounts Receivables	1,979.1	2,009.7	+1.5%
Inventories	252.3	211.5	△16.2%
Non-Current Assets	**14,443.8**	**14,049.0**	**△2.7%**
Property, Plant and Equipment	10,709.0	10,396.8	△2.9%
Intangible assets	1,804.6	1,610.3	△10.8%
Long-term Accounts Receivable	501.8	486.2	△3.1%
Total Assets	**19,707.7**	**19,466.8**	**△1.2%**
Current Liabilities	**5,116.3**	**4,989.1**	**△2.5%**
Accounts Payable & Other Payables	2,284.4	2,441.2	+6.9%
Short-term debt & etc	1,805.2	1,559.2	△13.6%
Non-Current Liabilities	**5,823.1**	**5,463.7**	**△6.2%**
Bond Payables, Long-term debt	4,489.4	4,311.8	△4.0%
Total Liabilities	**10,939.4**	10,452.8	△4.4%
Shareholder's Equity	**8,556.0**	**8,807.3**	**+2.9%**
Capital Stock	2,574.0	2,574.0	-
Treasury Stock	(100.0)	(100.0)	-
Capital Surplus	871.5	871.5	-
Retained Earnings	5,204.0	5,466.1	+5.0%
Accumulated other comprehensive income	6.6	(4.2)	△163.5%
Non-controlling Interest	212.4	206.7	△2.7%
Total Shareholders' Equity	**8,768.4**	**9,014.0**	**+2.8%**
Total Liabilities and Shareholders' Equity	**19,707.7**	**19,466.8**	**△1.2%**

※ Non-controlling interest : LGHV effect

Separate BSPL

Unit : KRW bn

	2Q24	1Q25	2Q25	YoY	QoQ	24.1H	25.1H	YoY
Operating Revenue	**3,228.2**	**3,442.6**	**3,496.4**	**+8.3%**	**+1.6%**	**6,551.0**	**6,939.0**	**+5.9%**
Service Revenue	2,730.3	2,728.7	2,798.0	+2.5%	+2.5%	5,412.5	5,526.7	+2.1%
Other Revenue	8.1	8.0	7.9	△2.7%	△1.5%	16.2	15.9	△1.7%
Handset Revenue	497.9	713.9	698.4	+40.3%	△2.2%	1,138.6	1,412.3	+24.0%
Operating Expense	**2,975.8**	**3,181.9**	**3,185.8**	**+7.1%**	**+0.1%**	**6,077.5**	**6,367.6**	**+4.8%**
Wages	371.6	367.1	358.7	△3.5%	△2.3%	733.0	725.9	△1.0%
Depreciation	520.1	519.3	527.8	+1.5%	+1.6%	1,037.1	1,047.0	+1.0%
Amortization	109.0	115.7	113.7	+4.3%	△1.7%	221.8	229.4	+3.4%
Fees & Charges	371.3	362.0	385.2	+3.7%	+6.4%	725.6	747.2	+3.0%
Sales Commission	493.8	504.7	517.5	+4.8%	+2.5%	986.8	1,022.1	+3.6%
Advertising	43.1	42.5	37.0	△14.3%	△12.9%	79.2	79.5	+0.3%
Cost of Handsets sold	522.8	745.8	705.0	+34.9%	△5.5%	1,212.9	1,450.8	+19.6%
Handset Purchase	486.2	716.6	675.9	+39.0%	△5.7%	1,146.9	1,392.5	+21.4%
Etc	36.6	29.2	29.1	△20.5%	△0.2%	66.0	58.3	△11.6%
Other expenses	544.0	524.9	540.9	-0.6%	3.0%	1,081.0	1,065.8	△1.4%
Operating Income	**252.4**	**260.7**	**310.7**	**+23.1%**	**+19.2%**	**473.6**	**571.4**	**+20.7%**
Non-operating Income	**39.7**	**35.8**	**42.1**	**+5.8%**	**+17.5%**	**82.7**	**77.8**	**△5.9%**
Interest Income	12.7	13.0	9.2	△27.7%	△29.2%	22.7	22.1	△2.5%
Non-operating Expense	**90.6**	**85.1**	**74.4**	**△17.9%**	**△12.5%**	**182.0**	**159.5**	**△12.4%**
Interest Expense	66.8	63.3	59.9	△10.3%	△5.3%	133.0	123.2	△7.4%
Income before Tax	**201.5**	**211.5**	**278.3**	**+38.1%**	**+31.6%**	**374.3**	**489.8**	**+30.9%**
Income Tax	38.3	37.6	55.2	+44.0%	+46.7%	75.8	92.8	+22.5%
Net Income	**163.2**	**173.8**	**223.1**	**+36.7%**	**+28.3%**	**298.5**	**396.9**	**+33.0%**

	2024.12	2025.06	vs.2024
Current Assets	**4,656.4**	**4,807.5**	**+3.2%**
Cash and Cash Equivalents	735.5	668.1	△9.2%
Accounts Receivables	1,760.8	1,797.0	+2.1%
Inventories	194.0	193.5	△0.3%
Non-Current Assets	**14,076.9**	**13,698.6**	**△2.7%**
Property, Plant and Equipment	10,185.7	9,905.6	△2.7%
Intangible assets	1,358.4	1,171.7	△13.7%
Long-term Accounts Receivable	322.4	291.5	△9.6%
Total Assets	**18,733.3**	**18,506.1**	**△1.2%**
Current Liabilities	**4,725.0**	**4,554.4**	**△3.6%**
Accounts Payable & Other Payables	2,080.4	2,228.0	+7.1%
Short-term debt & etc	1,685.2	1,369.4	△18.7%
Non-Current Liabilities	**5,380.0**	**5,048.7**	**△6.2%**
Bond Payables, Long-term debt	4,150.0	4,002.5	△3.6%
Total Liabilities	**10,105.0**	**9,603.1**	**△5.0%**
Capital Stock	2,574.0	2,574.0	-
Treasury Stock	(100.0)	(100.0)	-
Capital Surplus	823.9	823.9	-
Retained Earnings	5,338.8	5,613.4	+5.1%
Accumulated other comprehensive income	(8.4)	(8.3)	△0.2%
Total Shareholders' Equity	8,628.4	8,903.0	+3.2%
Total Liabilities and Shareholders' Equity	18,733.3	18,506.1	△1.2%

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Factsheet

Unit : Thousands, KRW

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	YoY	QoQ
Wireless Subscribers[1)]	**26,265**	**27,223**	**27,873**	**28,515**	**29,075**	**29,917**	**+9.9%**	**+2.9%**
Net adds	1,169	957	651	641	561	842	△12.1%	+50.1%
Activations	2,195	1,977	1,682	1,701	1,678	2,165	+9.5%	+29.0%
Deactivations	1,026	1,019	1,032	1,059	1,117	1,323	+29.8%	+18.4%
MNO	**19,231**	**19,837**	**20,120**	**20,368**	**20,513**	**20,930**	**+5.5%**	**+2.0%**
Handset	10,949	10,945	10,946	10,940	10,957	11,180	+2.1%	+2.0%
5G(Handset, device)[2)]	7,187	7,413	7,686	7,952	8,532	8,930	+20.5%	+4.7%
MNO Churn rate (%)	1.18%	1.12%	1.07%	1.05%	1.09%	1.06%	△0.07%p	△0.03%p
MVNO	**7,034**	**7,386**	**7,753**	**8,147**	**8,562**	**8,987**	**+21.7%**	**+5.0%**
IoT[3)]	**11,185**	**12,071**	**12,571**	**13,086**	**13,425**	**13,645**	**+13.0%**	**+1.6%**
MNO Service ARPU(excluded IoT)	35,278	35,089	35,341	35,356	35,523	35,688	+1.7%	+0.5%
MNO Service ARPU(included IoT)[4)]	24,420	23,871	23,526	23,855	23,085	23,253	△2.6%	+0.7%
Wireless Service ARPU(MNO+MVNO)	19,675	19,152	18,915	18,730	18,078	18,110	△5.4%	+0.2%

1) Subscribers : MSIT's new subscriber disclosure basis
2) Change in Ministry of Science and ICT statistics criteria: From 1Q25, 5G subscriptions are based on active USIMs on the 5G network, instead of confirmed 5G device upgrades.
3) Included Home IoT subscribers
4) Service ARPU (incl. CDMA,LTE,5G IoT) : Including telephony and data(excl. Interconnection, sign-up fee) + VAS + revenue discount(contract and combined discount) / Excluding MVNO related revenue
Wireless subscribers (inc. CDMA,LTE,5G and IoT) : MSIT's average subscriber of quarter basis

Unit : Thousands

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	YoY	QoQ
IPTV(STB)[1)]	5,479	5,518	5,554	5,576	5,611	5,699	+3.3%	+1.6%
Net Addition	34	39	36	22	35	89	+125.9%	+155.3%
VoIP[2)]	3,266	3,209	3,175	3,108	3,098	3,087	△3.8%	△0.3%
Net Addition	-41	-57	-34	-67	-10	-10	-	-
Broadband[3)]	5,218	5,269	5,313	5,353	5,396	5,479	+4.0%	+1.6%
Net Addition	57	51	44	40	42	84	+64.0%	+97.7%
PSTN[4)]	456	453	445	445	442	439	△3.1%	△0.7%
Net Addition	-3	-3	-9	0	-3	-3	-	-

1) IPTV subscribers : Set-top box subscribers(Adjusted from 1Q15) 2) VoIP subscribers : Retail and Corporate subscribers
3) Broadband : Including corporate subscribers from 3Q15 / changed broadband calculation standard and retroactively applied it from 1Q22
4) PSTN subscribers : Retail(Retail VoIP call forwarding) and Corporate subscribers

End of Documents