

LG CEO OUTLINES 2025 STRATEGY FOR STRUCTURAL COMPETITIVENESS AND QUALITATIVE GROWTH

Company Strengthens Long-term Strategy With Agile Adaptability in Rapidly Changing Business Environments

LAS VEGAS, Jan. 9, 2025 — LG Electronics’ (LG) CEO William Cho and key company executives outlined the company’s 2025 business strategy during a press conference held today for Korean media in Las Vegas, Nevada, U.S.A. The CEO emphasized the need to build structural competitiveness and accelerate qualitative growth by refining execution strategies adapted to rapidly changing global market environments.

Cho highlighted positive progress achieved through innovative business models, such as subscription service business and webOS-based advertising and content business, which demonstrate LG’s agile responsiveness to evolving market demands. “Amidst unprecedented market uncertainties and a shifting competitive landscape, we require a fundamentally different level of strategies and precise execution,” he stressed.

Compared to two years ago when LG first presented its Future Vision 2030, the global market recovery is experiencing prolonged delays, while geopolitical risks, such as shifts in trade policies in major nations, are becoming more pronounced. The competitive paradigm with Chinese companies is also shifting from price-based competition to a more sophisticated focus on technology.

As a part of the Future Vision 2030, LG aims to expand its existing device-centric business into mobility and commercial spaces. By leveraging decades of customer understanding, know-how and technological expertise, the company seeks to transform into a smart life solutions company that connects and enhances customer experiences.

“Despite the challenging environment, significant opportunities remain,” Cho added. “By focusing on delivering differentiated customer value, we will create continuous growth.”

Shifting Business Paradigms to Meet Market Demands

LG is increasing its market presence through new business models like subscription based-services and the online brand shop. Capitalizing on the company’s strengths, the subscription business combines devices and services to provide greater convenience and flexibility, moving beyond price-driven competition. Customers can use products for a duration that best suits their needs and receive optimized care services, allowing LG to maintain closer customer relationships and generate recurring revenue.

LG is also strengthening its competitive edge by enhancing on-site care services and diversifying sales channels. This year, the company is expanding the service to India, Singapore and Hong Kong, following successful launches in Malaysia, Thailand and Taiwan.

In 2024, LG’s revenue from subscription services rose more than 75 percent year-over-year (YoY), surpassing the company’s original target (KRW 1.8 trillion) to reach a total nearing KRW 2 trillion. LG aims to more than triple this figure by 2030, establishing its subscription services as a key driver of growth.

The company’s data-driven online brand shop is also growing at a rapid pace, with sales surging over 80 percent YoY during last November’s Black Friday period.

Expanding Platform-based Services Business Through webOS

The platform-based service business, which is contributing to the transformation of the company’s business structure into a high-profit model, aims to increase its revenue by more than five times by 2030 – ultimately accounting for 20 percent of LG’s total

operating profit. This business model leverages hundreds of millions of LG products sold worldwide as a platform to generate revenue by providing customers with content, tailored advertising and services.

A prime example of LG's current success in this area is the advertising and content business based on the company's webOS smart TV operating system. Last year, the webOS-based advertising and content business exceeded its revenue target of KRW 1 trillion.

Starting this year, webOS will become a comprehensive content platform for various devices and solutions, including IT products and vehicle infotainment systems. It will also broaden its scope to encompass AI-powered Digital Out of Home (DOOH) solutions to advertisers, evolving into an "integrated media advertising platform" that delivers differentiated content experiences across diverse indoor and outdoor spaces.

To this end, LG initiated the integration of its display-based businesses – including TVs, signage, monitors and laptops – through an organizational realignment at the end of last year. The company is also exploring various opportunities to secure additional capabilities through mergers and acquisitions (M&A) and partnerships.

Accelerating Growth in B2B exemplified with HVAC

To accelerate growth in the B2B sector, the company is focusing on its heating, ventilation, and air conditioning (HVAC) business, which is projected to expand rapidly in the AI era. LG has established a dedicated business division, the LG Eco Solution (ES) Company, to take its existing HVAC business to new heights. The HVAC business, alongside LG's automotive component and smart factory business, will play a significant role in driving the company's B2B business to greater success.

LG HVAC boasts a comprehensive portfolio of high-efficiency, high-performance solutions employing the company's industry-leading core technologies. Its state-of-the-art products range from residential air conditioners to commercial air conditioners for buildings, schools and public institutions; heating solutions designed to replace fossil fuel boilers; and advanced chiller technology, which are now being applied to optimize energy efficiency in data centers – a pivotal backbone of AI infrastructure. Additionally, in key markets, LG is hastening the establishment of a localized, end-to-end business structure that encompasses R&D, production, sales and maintenance, and has the ability to develop region-specific solutions.

By 2030, LG expects its B2B business to account for around 45 percent of all revenue generated by the company. B2B revenue made up approximately 27 percent of total revenue in 2021 – a figure that rose to 35 percent by the end of last year.

Taking on Bold R&D Initiatives to Tackle Future Megatrends

The company is also revamping its future technology R&D portfolio to align with key strategic directions: maximizing business potential, expanding platform-based service businesses, accelerating B2B businesses and rapidly commercializing new growth engines. Over 75 percent of LG's advanced R&D efforts will focus on technologies for businesses aligned with the company's mid- to long-term strategies, and on securing pivotal technologies in promising future fields.

LG will continue to concentrate on strengthening core technologies across eight core technologies: software, system on chip, AI, robotics, materials and parts, standards, next-generation computing and cloud/data. Specifically, the company will apply CEO Cho's "3B" strategy – Build, Borrow and Buy – by fostering internal capabilities, leveraging external expertise and acquiring technologies. This approach includes forming partnerships with global tech giants as well as promising startups and academia in order to solidify technological leadership. Additionally, LG will further bolster its

R&D efforts in high-potential future fields, such as quantum computing and space technology.

CEO-led Task Force System to Enhance Structural Competitiveness

In addition to transforming its business portfolio, LG is focusing on strengthening its structural competitiveness – represented by Quality, Cost and Delivery – to address intensifying global competition.

This year, LG is establishing a new CEO-led review system to drive these efforts. Each business division and headquarters organization will set up a task force to secure leadership in products and technology, manufacturing efficiency, R&D and operations, with CEO Cho personally overseeing their progress. Key objectives for each task force include securing product and technology innovations, enhancing manufacturing capabilities and improving R&D capabilities.

LG is also carrying out meticulous preparations to improve its ability to respond strategically to external uncertainties. Working with internal and external experts, the company is crafting predictive scenarios for key issues and developing a “playbook” to identify optimal responses. This forward-looking approach is expected to minimize the impact of outside factors on the business and uncover new opportunities.

Sustained Investment in Future Growth

While it anticipates that the business environment will continue to face considerable uncertainties in the years ahead, LG is committed to maintaining its strategic investments. Aimed at securing fundamental business competitiveness and sustaining future growth, these investments will be ‘maximized’ based on strategic priorities.

In addition to investing in facilities and R&D, LG is actively exploring the strategic allocation of investment resources for equity investments and M&As to further

accelerate the company's growth. Previously, LG announced its plan to inject over KRW 50 trillion by 2030 to drive portfolio transformation and qualitative growth.

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About LG Electronics USA

LG Electronics USA, Inc., based in Englewood Cliffs, N.J., is the North American subsidiary of LG Electronics, Inc., a \$68 billion global innovator in technology and manufacturing. In the United States, LG sells a wide range of innovative home appliances, home entertainment products, commercial displays, air conditioning systems, and vehicle components. LG is an 11-time ENERGY STAR® Partner of the Year. The company's commitment to environmental sustainability and its "Life's Good" marketing theme encompass how LG is dedicated to people's happiness by exceeding expectations today and tomorrow. For more information, visit www.LG.com.

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