



# **Q1 2025 Earnings Release**

April 28, 2025 Investor Relations



# Contents

## I. Financial Performance

- Business Performance
- Financial Position

## II. Business Highlights

- Cloud & AI
- Smart Engineering
- Digital Business Service

## III. Appendix

- Income Statement, Financial Position (Consolidated)



## Disclaimer

This information regarding business performance of LG CNS is provided for the convenience of investors of the Company prior to being reviewed by external auditors and the information contained herein are subject to change during the audit review process of the external auditors.

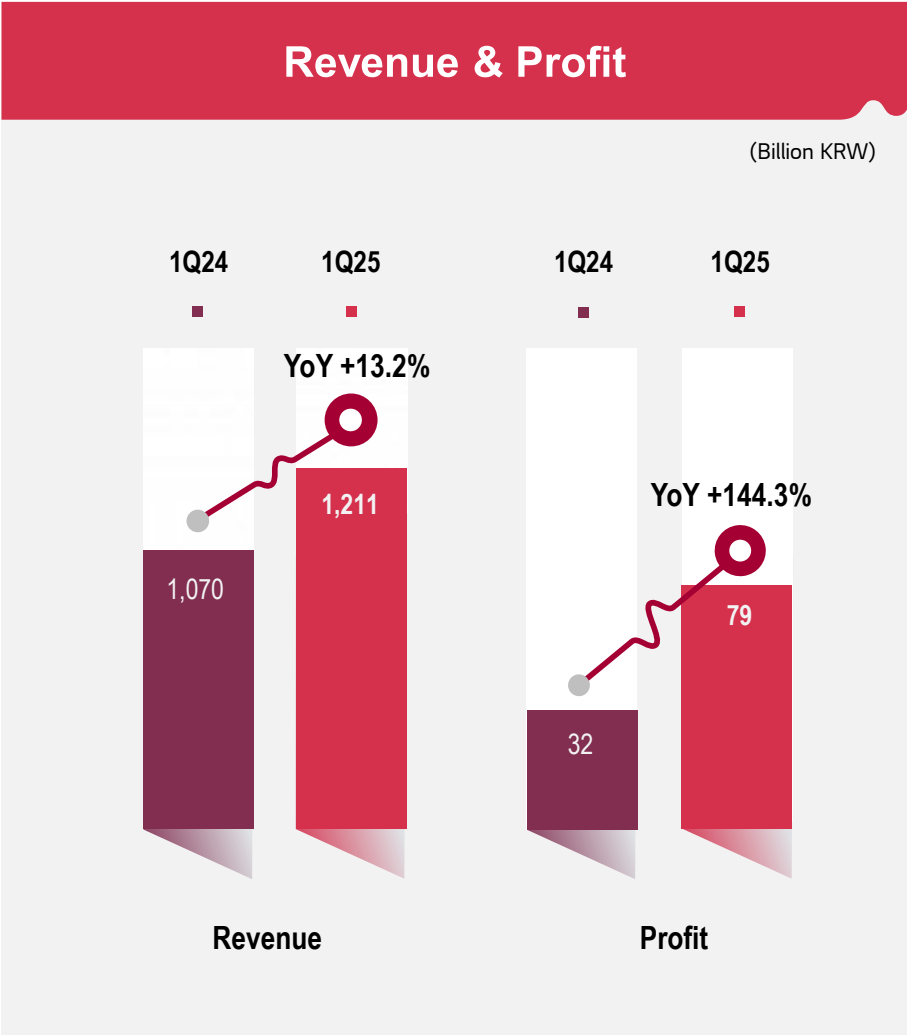
The financial information contained in this document has been prepared on a consolidated basis in accordance with K-IFRS or Korean International Financial Reporting Standards.

Some of the statements as contained herein can be forward-looking considering the current business environment and the Company's business strategies. Therefore, in accordance with the uncertainties inclusive of changes in the future business environment and corporate strategies, actual results may differ materially from those expressed in the aforementioned statements.

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- I. Financial Performance
  - Business Performance
  - Financial Position
- II. Business Highlights
- III. Appendix

Achieved Q1 revenue of KRW 1.2 trillion (+13.2% YoY) and operating profit of KRW 78.9 billion (+144.3% YoY), driven by strong growth in Cloud & AI business



Income Statement

| Billion KRW             | 2024  |       |       |       |       | 2025  |         |
|-------------------------|-------|-------|-------|-------|-------|-------|---------|
|                         | 1Q    | 2Q    | 3Q    | 4Q    | FY    | 1Q    | YoY     |
| Revenue                 | 1,070 | 1,450 | 1,438 | 2,024 | 5,983 | 1,211 | +13.2%  |
| COGS                    | 939   | 1,202 | 1,197 | 1,713 | 5,051 | 1,053 | +12.1%  |
| Gross Profit            | 131   | 247   | 242   | 311   | 931   | 158   | +20.7%  |
| SG&A                    | 99    | 110   | 99    | 111   | 418   | 79    | -19.8%  |
| Operating Profit (Loss) | 32    | 138   | 143   | 200   | 513   | 79    | +144.3% |
| %                       | 3.0%  | 9.5%  | 9.9%  | 9.9%  | 8.6%  | 6.5%  | +3.5%p  |
| Net Income before Tax   | 20    | 132   | 151   | 182   | 486   | 88    | +335.3% |
| Net Income (Loss)       | 13    | 102   | 118   | 132   | 365   | 57    | +350.8% |

I. Financial Performance

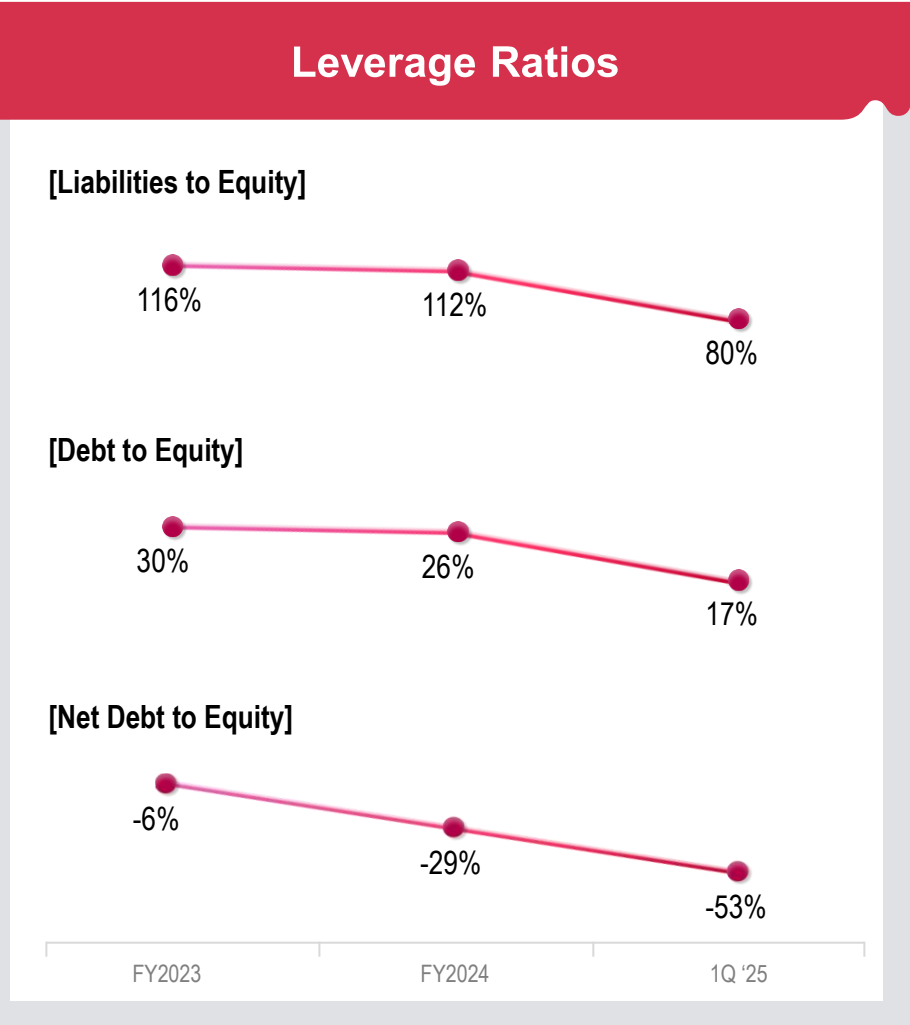
- Business Performance
- Financial Position

II. Business Highlights

III. Appendix

Financial position improved significantly, with cash and cash equivalents increasing to KRW 1.8 trillion, while the debt ratio declined from 112% to 80%

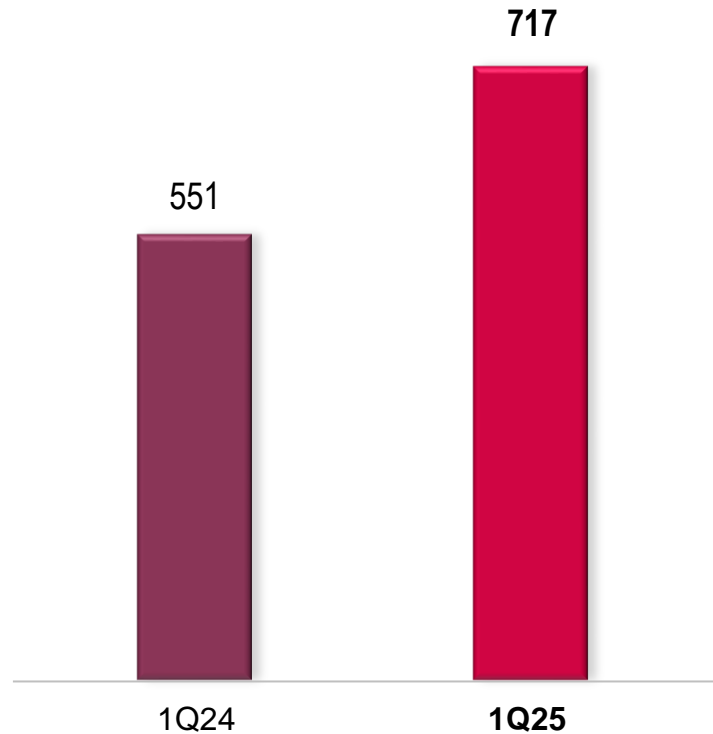
| Financial Position                         |             |               |               |
|--|-------------|---------------|---------------|
| Billion KRW                                | FY2023      | FY2024        | 1Q '25        |
| Total Assets                               | 4,041       | 4,505         | 4,718         |
| Current Assets                             | 3,037       | 3,435         | 3,608         |
| Cash and cash equivalents *                | 666         | 1,163         | 1,834         |
| Non-current assets                         | 1,003       | 1,069         | 1,114         |
| Total Liabilities                          | 2,172       | 2,382         | 2,092         |
| Current Liabilities                        | 1,543       | 1,852         | 1,742         |
| Non-current liabilities                    | 629         | 529           | 349           |
| Total Equity                               | 1,868       | 2,123         | 2,626         |
| Borrowing**                                | 551         | 556           | 444           |
| Net Borrowing                              | Δ115        | Δ607          | Δ1,390        |
| Credit Rate                                | AA-(Stable) | AA-(Positive) | AA-(Positive) |
| * Financial institution deposits inclusive |             |               |               |
| **Lease liabilities exclusive              |             |               |               |



- I. Financial Performance
- II. Business Highlights
  - Cloud & AI
  - Smart Engineering
  - Digital Business Service
- III. Appendix

## Cloud & AI Revenue

(Billion KRW)



## Highlights

### ● Strong Growth driven by AI Cloud

- Sustained revenue growth driven by rising demand for cloud-based AI services
- Expansion of global manufacturing/public infrastructure projects
- Accelerated revenue contribution from domestic and global AI data center projects
- Expansion of enterprise data platform business
- Increasing adoption of GenAI in next-generation financial systems

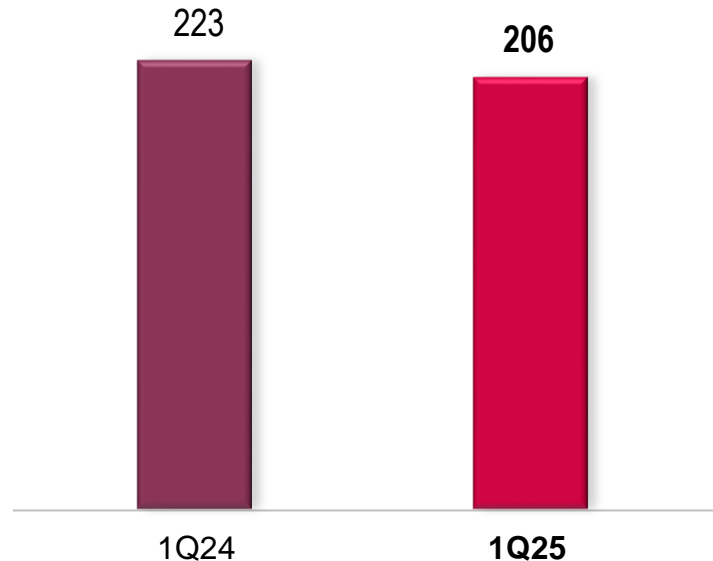
### ➤ Expand domestic & global AX business by strengthening E2E\* IT business capabilities and partnership with global big-tech companies

\* E2E (End to End) : The entire process of IT service including analysis, design, operation, and maintenance

- I. Financial Performance
- II. Business Highlights
  - Cloud & AI
  - Smart Engineering
  - Digital Business Service
- III. Appendix

## Smart Engineering Revenue

(Billion KRW)



## Highlights

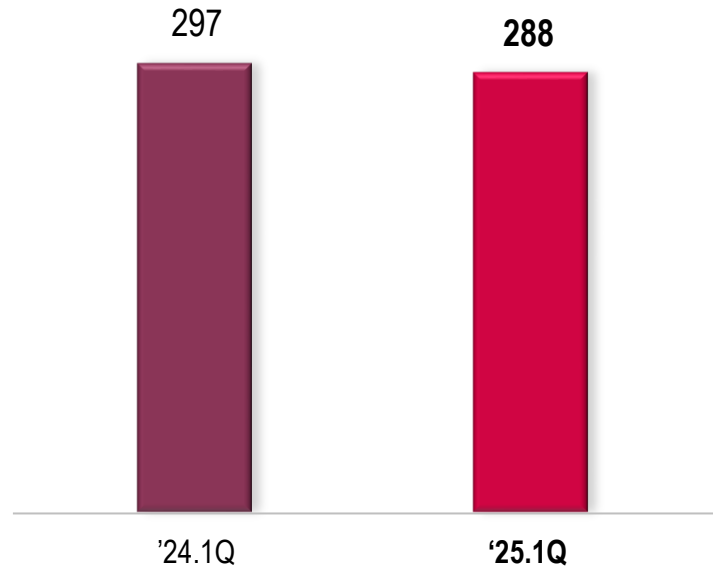
- **Investment delayed, gradual restart ahead**
  - Temporary decrease from strategic delay of customer investment considering changes in the market environment
  - **[Non-Captive]** Expanding the base of Smart Factory business by securing customers in the new industries (Shipbuilding, Defense)
  - **[Captive]** Response to the diversified business demand of LG Energy Solution (expanding the ESS lines) and applying the new solutions (Logistics robots, etc.)
  - Securing stable revenue from key projects such as smart cities, domestic/ overseas transportation system operation and Kenya ITS\*
- **Growth recovery fueled by affiliate expansions, new robotics business, non-captive customers (Shipbuilding and defense), and global expansion**

\* ITS : Intelligent Transport System

- I. Financial Performance
- II. Business Highlights
  - Cloud & AI
  - Smart Engineering
  - Digital Business Service
- III. Appendix

## Digital Business Service Revenue

(Billion KRW)



## Highlights

### ● Temporary decline in DBS revenue

- Temporary decline due to the completion of major next-generation projects in banking sectors.
- Awarded Next-generation SI & ITO contracts
  - Targets Securities & Insurance industries
  - Securing stable revenue through the renewal of large-scale public ITO contracts.
- Growth in AX demand
  - Demand for related system improvement continues to increase in all industries in accordance with the spread of AI
- Driving additional revenue through the expansion of service offerings including ITO, EduTech, and Modern Workplace Platforms.

➤ **Turnaround expected through stable revenue based on new large-scale project wins from Financial/ Public sectors**



I. Financial Performance

- II. Business Highlights
- Cloud & AI
  - Smart Engineering
  - Digital Business Service

- III. Appendix (Consolidated)
- Income Statement
  - Financial Position

Income Statement (Consolidated)

| KRW Billion              | 2023 | 2024 |     |     |     |     | 2025 |
|--------------------------|------|------|-----|-----|-----|-----|------|
|                          | FY   | 1Q   | 2Q  | 3Q  | 4Q  | FY  | 1Q   |
| Revenue                  | 561  | 107  | 145 | 144 | 202 | 598 | 121  |
| Cloud & AI               | 289  | 55   | 81  | 79  | 120 | 335 | 72   |
| Smart Engineering        | 119  | 22   | 30  | 28  | 44  | 124 | 21   |
| Digital Business Service | 152  | 30   | 34  | 37  | 39  | 139 | 29   |
| COGS                     | 477  | 94   | 120 | 120 | 171 | 505 | 105  |
| Gross Profit             | 83   | 13   | 25  | 24  | 31  | 93  | 16   |
| SG&A                     | 37   | 10   | 11  | 10  | 11  | 42  | 8    |
| Operating Profit (Loss)  | 46   | 3    | 14  | 14  | 20  | 51  | 8    |
| Net income before Tax    | 44   | 2    | 13  | 15  | 18  | 49  | 9    |
| Income tax provision     | 11   | 1    | 3   | 3   | 5   | 12  | 3    |
| Net Income               | 33   | 1    | 10  | 12  | 13  | 36  | 6    |

I. Financial Performance

- II. Business Highlights
- Cloud & AI
  - Smart Engineering
  - Digital Business Service

- III. Appendix (Consolidated)
- Income Statement
  - Financial Position

Financial Position (Consolidated)

| KRW Billion                             | FY 2022 | FY 2023 | FY 2024 | 1Q '25 |
|---|---------|---------|---------|--------|
| Total Assets                            | 387     | 404     | 450     | 472    |
| Current Assets                          | 285     | 304     | 344     | 361    |
| Cash and cash equivalents               | 73      | 50      | 108     | 169    |
| Financial institution deposits          | 11      | 16      | 9       | 14     |
| Trade receivables, net                  | 139     | 153     | 166     | 100    |
| Other current assets                    | 62      | 84      | 61      | 77     |
| Non-current assets                      | 102     | 100     | 107     | 111    |
| Property, plant and equipment, net      | 56      | 55      | 55      | 54     |
| Intangible assets                       | 10      | 9       | 6       | 6      |
| Other non-current assets                | 35      | 37      | 46      | 51     |
| Total Liabilities                       | 223     | 217     | 238     | 209    |
| Trade payables                          | 74      | 77      | 79      | 53     |
| Short-term borrowings                   | 28      | 0       | 1       | 0      |
| Current portion of long-term borrowings | 26      | 0       | 16      | 28     |
| Long-term borrowings                    | 15      | 55      | 39      | 16     |
| Other current liabilities               | 81      | 85      | 103     | 112    |
| Total Equity                            | 163     | 187     | 212     | 263    |