

Investor Briefing

AI to Everywhere

CEO's message at MWC 2023

2023. 2. 27

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Overview

Innovation strategy focused on five areas



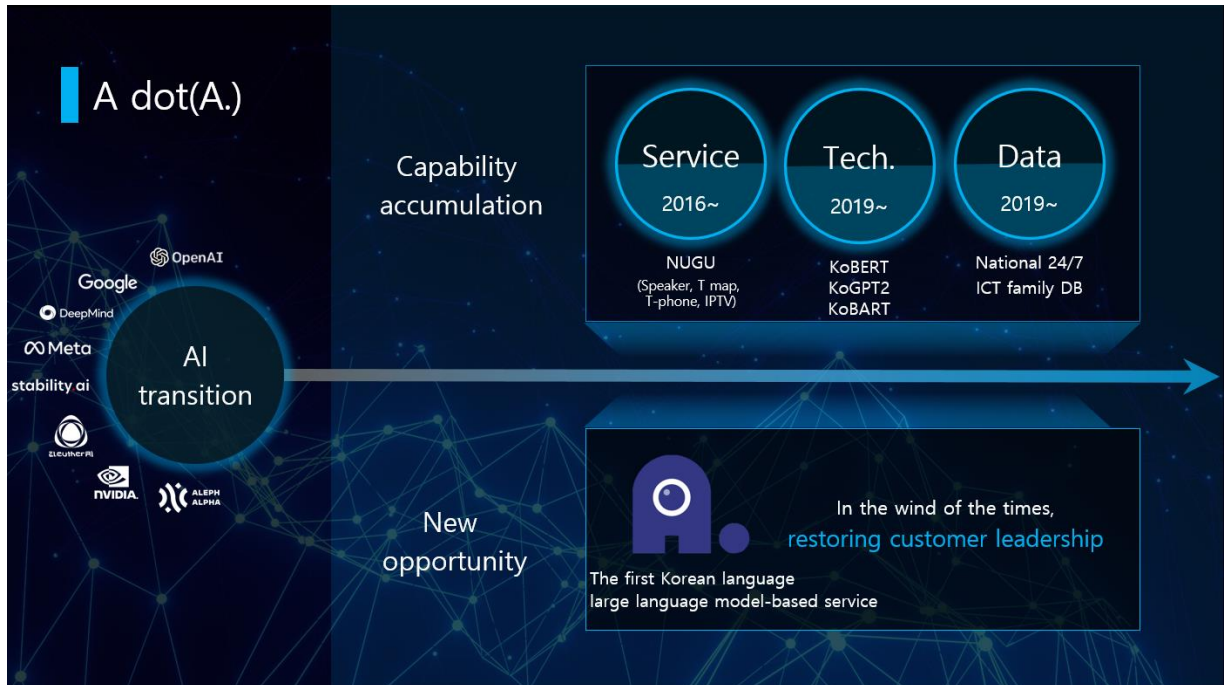
● AI to Everywhere

- It means to lead transformation in the new era by connecting AI to everywhere in the world, just as SKT led the development of the era by connecting the world through telecommunications
- Present more concrete AI strategies by specifying the 'Vision of AI Company that applies AI to connection technologies', which was announced in Nov. 2022

● Innovation strategies focused on five areas

- Drive innovation in five areas of Customer & Technology, Time & Space, Industry (AIX), Core BM, and ESG by utilizing our own AI services and technologies
 1. (Customer & Technology) Innovate customer engagement with AI services
 2. (Time & Space) Create new time and space with AI
 3. (AIX) Pursue AI transformation with partners across industries
 4. (Core BM) Use AI to innovate core BMs, including MNO, Media, and T universe
 5. (ESG) Make the world a better place by adding AI

Direction of A dot development



● SKT's development of AI ahead of the change in global landscape

- Major changes are expected in the ICT environment, including search UI, with numerous companies announcing plans for development and services on the back of AI boom triggered by ChatGPT
- Amid these environmental changes, AI services that can fulfill customers' needs completely and deepen learning are expected to take the lead

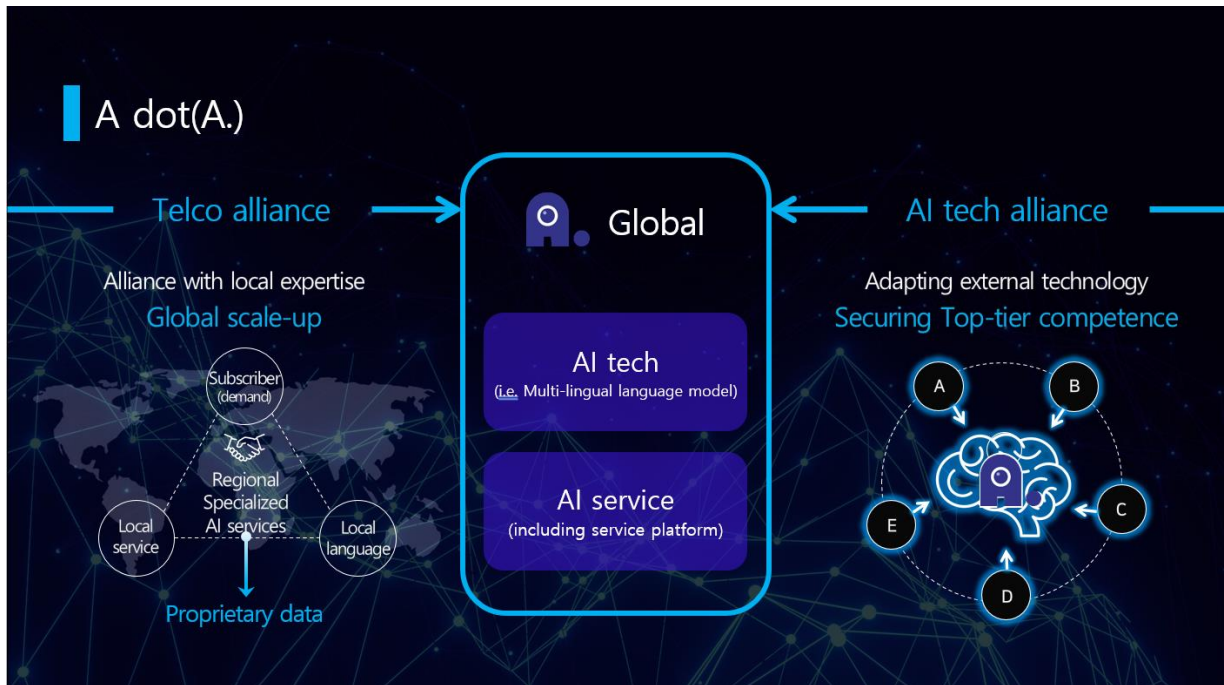
● Commercialization of A dot based on accumulated AI capabilities

- Accumulated AI service capabilities, including NUGU service launched in 2016, SKT's own large language model-based technology, and 12 petabyte of user data
- A dot is the world's first commercial B2C services based on Korean large language model that started in May 2022, utilizing these capabilities
- Reached 1 million subscribers in just 9 months thanks to strong features such as personalized characters and dialogues, and linked services

※ Updates in Q1, 2023

- Apply long-term memory and multi-modal approach to upgrade the dialogue service
- Add characters with persona of popular characters such as Pengsoo, Pororo, and Loopy
- Offer AI-based personalized English service and content for games and sports

Global strategies of A dot



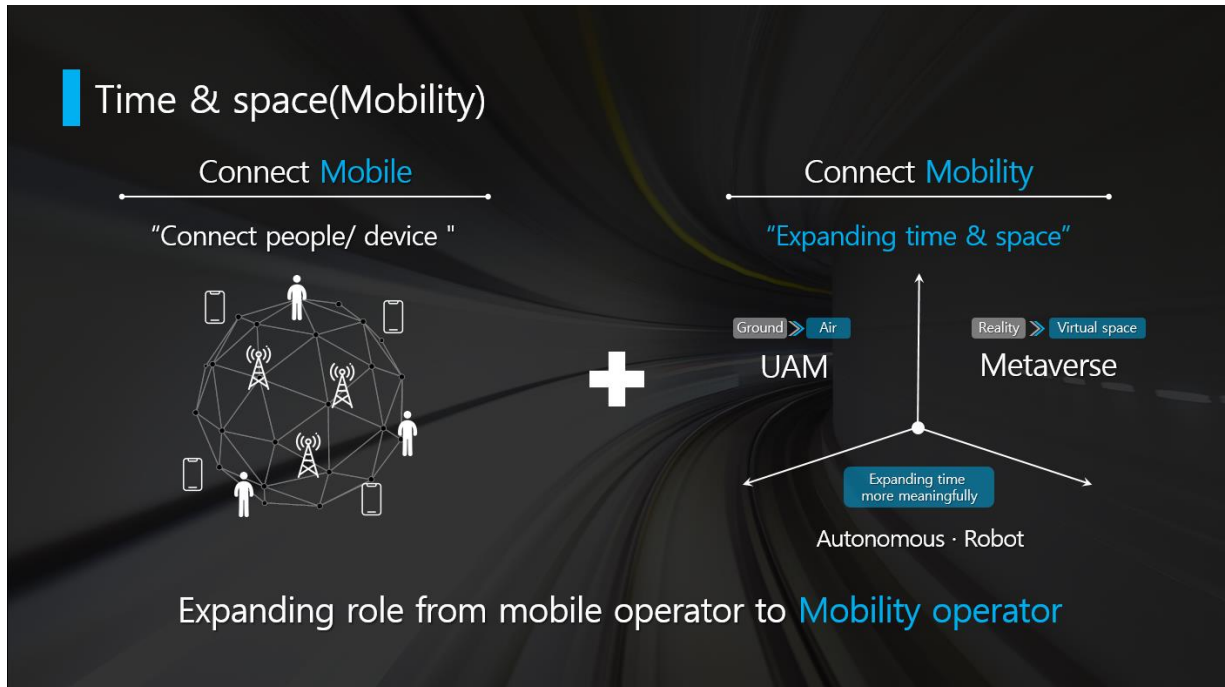
● Advancement of A dot through knowledge dialogue, emotional dialogue, and strengthening of service linkage

- Aim to grow into a super-giant AI service in daily life by improving user experience and advancing super-giant AI
- (Knowledge dialogue) Promote advancement to the level of ChatGPT through data-based learning and evaluation
- (Emotional dialogue) Strengthen friendly customer relations by talking to them first or sharing experiences
- (Service linkage) Expand the range of seamless service integration without app movement or search; expand to more than 100 service domains

● A dot global strategy based on Telco alliance and AI technology alliance

- Build AI services differentiated from those of big tech players by consolidating service and technology capabilities through global alliance
- (Telco alliance) Build region-specific AI services by combining localization achievements of partners in each country
- (AI technology alliance) Technology advancement through partnerships with AI technology companies

Expansion of role by expanding time and space



● Expand the role from 'connecting people and device ^{mobile}' to 'expanding time and space ^{mobility}'

- Expand customer's space from ground to air, from reality to virtual space
- Expand customer's time more meaningfully through autonomous driving and robots

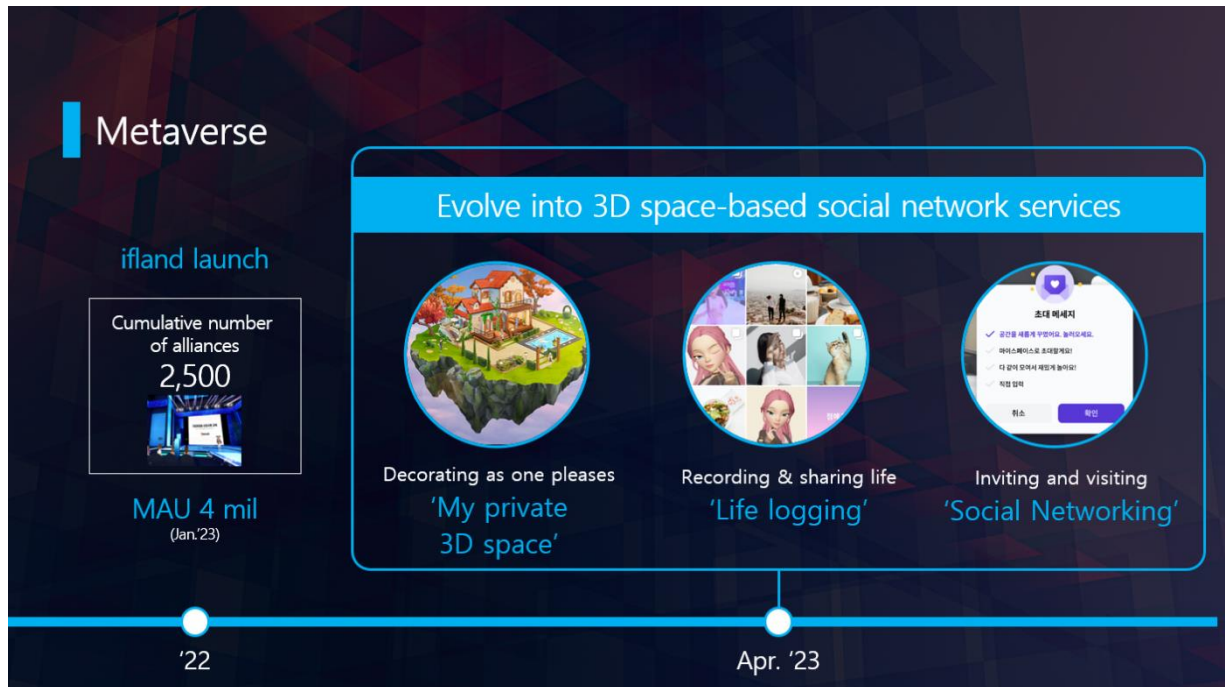
● UAM (Expansion from the ground to the air)

- Accelerate efforts for commercialization through commercial technology development, use case specification, and test flights, utilizing core competencies superior to competitors based on the well-established ecosystem
 - 1st phase gov't demo prjt. (~'23) → 2nd phase ('24) → pilot prjt. ('25, commercialization)
- Plan to lead the business across customer services, including operation, traffic management, telecom system, and MaaS connection, with MNO service skill

* The aircraft by Joby Aviation, our domestic-exclusive partner, has the best performance
 - First to be approved by the U.S. Airforce and in agreement with U.S. FAA on certification criteria (Dec. 2020), and expected to be the first to be certified by the FAA (in 2024)

Manufacturer	Joby	Company A	Company B	Company C
Max. speed (km/h)	330	325	280	241
Max. flight distance (km)	249	161	249	96

Ifland, evolving into a 3D space-based social network service



● Metaverse (expansion from reality to virtual space)

- Ifland has reached more than 2,500 partners and 4 million MAU (Jan. 2023), growing as a service optimized for virtual gatherings
- Promote the evolution into a 3D space based social network service this year
 - Function of recording and sharing daily life in your own space will be added in April 2023

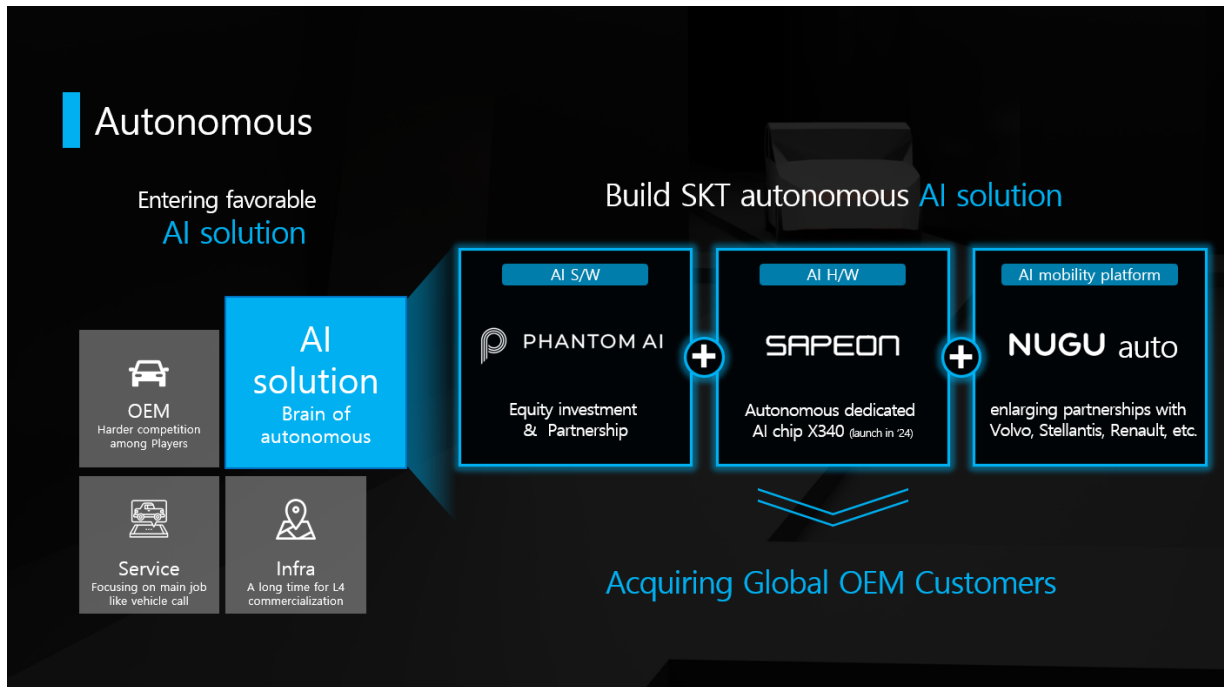
● Strengthen metaverse economic system in 2023

- Start to support item purchase and land transaction by introducing in-app payment and marketplace
- Expand into the Web3 ecosystem based on the wallet created with our own Web3 technology and over 10,000 NFT contents

● Metaverse global strategy (Launched in 49 countries in Nov. 2022)

- Expand partnerships by adding specialized contents tailored to each country, including K-pop concerts, in 2023
- Secure popular TV and film content in each country and expand influencer-linked marketing
- Secure a global beachhead by signing MOU with Deutsche Telekom (Europe), T Mobile (North America), Axiata (Asia), and CelcomDigi (Asia)

SKT's AI solution for autonomous driving



● Autonomous driving (Time expansion)

- Enter the field of autonomous driving with AI solution that combines internal and external capabilities
- (H/W) X340, SAPEON's chip for self driving to be released next year
- (S/W) Self-driving solution by Phantom AI into which SKT recently decided to make equity investment
- (Platform) NUGU auto that has been commercialized for automobiles

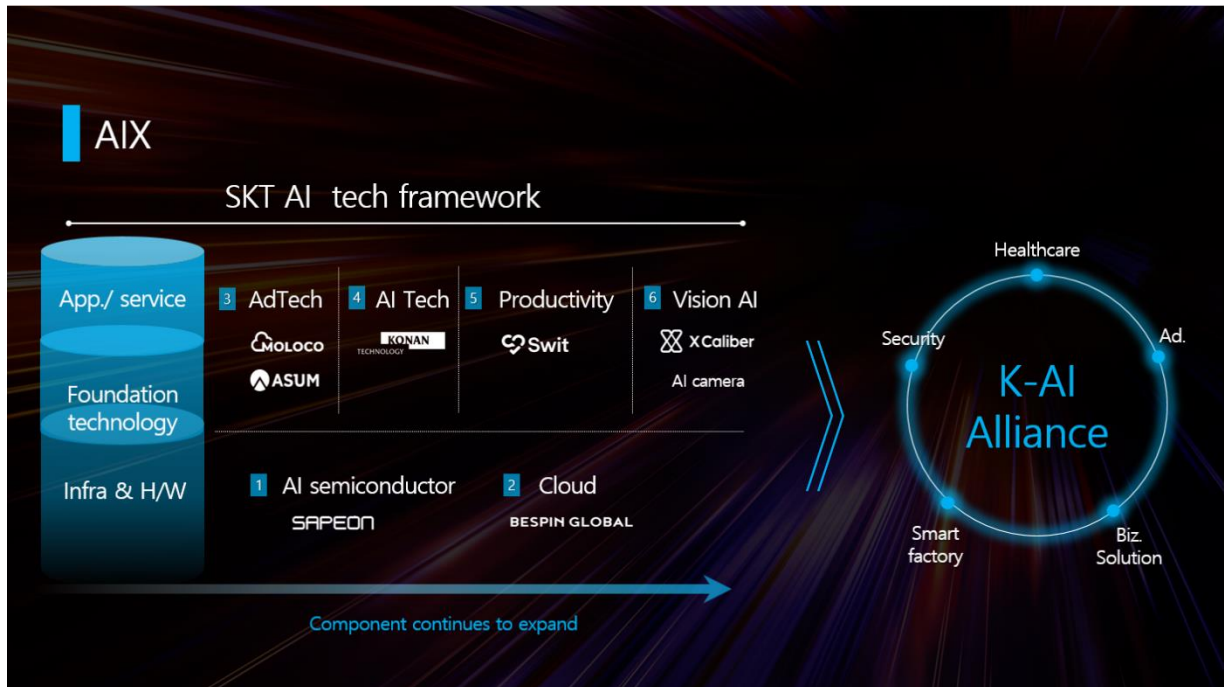
※ Phantom AI

- A global leader in self-driving solutions with employees who used to work for Tesla, Hyundai Motors, Intel, and Mobileye
- Developed a full stack solution covering the entire process of perception, decision, and control

● Robot (Time expansion)

- CMES, invested by SKT, is supplying robots to a major domestic logistics company and launched an AI barista in January this year
- Plan to develop an open robotics platform by combining SKT's speech recognition and vision AI, Qualcomm's chip for robot, and Integrit's robot kit packaging tech

SKT AI tech framework



● Lead AI transformation by building K-AI Alliance

- Build an alliance with leading Korean companies in diverse areas, including AI semiconductor, Cloud, and AdTech
- Plan to use the alliance to expand into new business areas such as security, healthcare, advertising, smart factory, and business solutions
- K-AI Alliance is already implementing AIX successfully in diverse industries, and corporate value of partners and equity value of SKT have more than tripled after SKT's investments

● Ongoing collaboration in six areas under SKT's AI tech framework

- (AI chip) Enter market for AI chip, core hardware for AI, together with SAPEON
- (Cloud) Pursue cloud business expansion based on AI jointly with Bepin Global
- (AdTech) Promote monetization by combining SKT's customer data with Moloco's AI & DT technology
- (AI tech) Accelerate AIX by combining Konan's AI tech and SKT's AI enterprise capability
- (Productivity) Leverage Swit's business solution capability to link with SKT's services and pursue joint marketing
- (Vision AI) Enter various areas such as healthcare and security control by utilizing SKT's world class vision AI
 ex) X Caliber, Korea's first AI based pet diagnosis service; security AI camera

● Key K-AI Alliance partners

1) SAPEON (AI semiconductor)

- Expanding references including NHN Cloud, SKT NPU farm, and SK Hynix smart factory
- To be launched this year, X330's performance is four times better than X220
 - The MLPerf benchmark test in Sept. 2022 showed X220 processing 2.4 times faster than GPU
- Through recent investment, corporate value has grown more than sixfold from KRW 80bn to KRW 500bn since it was established in December 2021

2) Bepin Global (Cloud)

- Joint development and sales of an AI based cloud management platform for telcos by collaborating with OpsNow, a cloud management automation platform
- Plan to develop AICC by linking conversational AI chatbot service and SKT's NUGU
- SKT's cloud sales more than doubled in 2022 based on its own capabilities and plans to continue to grow through joint sales of MSP and cloud solutions with Bepin

3) Moloco (AdTech)

- ASUM is an integrated ad platform, by applying AI and machine learning technology to SKT's massive customer data
- It is a rare case of successful monetization of telco data through AI technology, and SKT plans to expand its business scope through additional collaboration

4) Konan Technology (AI software)

- Expanding into various AI technologies, including search, text language, vision AI, and digital twin
- Ongoing initiative to broaden its business, including airport security solution advancement and smart factory digital twin, through technology collaboration with SKT

5) Swit (Business solutions)

- Strong in business solutions such as team chat, task management, office programs, electronic approval, and target management
- Integrate with internal and external services, including MeetUs, MobiCall, and TokTok

MNO digital transformation

MNO DT

The boundary of biz blurred,
digital customer experience to be a priority

Digital natives

BM expansion regardless of area

Totally new MNO DT

Category	Jan. '22	Jan. '23
Legacy	Low	High
Digital	Low	High
MAU	Low	High (+21%)
Profitability	Low	High (+4%)

Accelerate DT to defense market

Customer experience digitalized

Hyper personalized offering

Digital specialized offer set

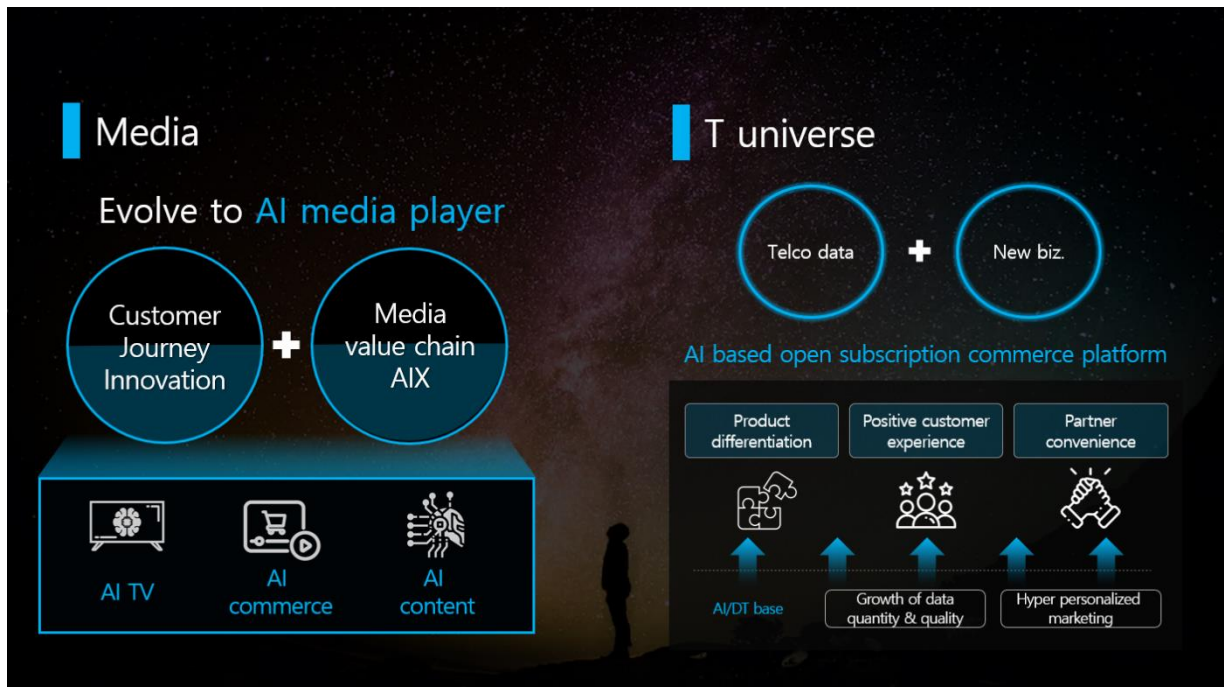
● Enhance SKT's core business competitiveness through AI technology

- Digital companies are leveraging customers' digital experiences to expand their businesses across sectors, such as Toss (financial -> telecommunications) and Coupang (commerce -> media)
- In line with this trend, innovative digital transformation is necessary, such as the provision of hyper-personalization services
- SKT aims to pursue growth and improve profitability by transforming its core businesses, including MNO, Media, and subscription, through AI

● MNO

- Digitalization of customer experiences based on AI
- Hyper-personalized offerings through data analysis
- Expansion of online distribution by providing digital-specific benefits

AI transformation of Media and Subscription



● Media

- Massive changes are underway with AI being applied throughout the value chain
 - (Production) AI supports story, filming, editing, and subtitle creation.
 - (Customer) Personalized content and expand to personalized ad and commerce
- SKT is also pursuing AI transformation across the customer experience and media value chain, and is preparing for items such as AI TV, AI commerce, and AI content

● Subscription

- T universe saw all its indicators more than double last year, including subscribers, partners, and GMV
- This year, T universe plans to improve volume and margin through unprecedented partnerships with global top brands, introduction of various new products such as finance, insurance and rental, as well as T deals and synergies with Btv
- Plan to launch 'AI-based open subscription commerce platform' that utilizes not only telco data but also data from partners
 - Establish a system that recommends what customers want through hyper-personalized marketing based on lifecycle data and allows partners to manage and supply products needed by customers

5. ESG

Increase social value through AI

ESG
Spreading good influence combining AI tech of SKT and AI ESG startups

SKT ESG

- AI Care
- Crime text blocking
- Care for the disabled

Language AI

Vision AI

With partners

- TUAT**: Visual assistance for the blind
- CO-ACTUS**: Driving assistance for the deaf
- SENSEE**: Automatic subscriber check
- LISMA**: AI based senior care
- H2K**: Support for children with poor Korean
- Rivo**: Utilities for the blind
- REVERSE LAB**: Safety platform for academy vehicle
- LS**: Walking navigation for the visually impaired
- dæp visions**: Image based Micro-dust checking
- e2on**: Social security solution
- LabSD**: Low-cost smartphone eye examination
- NUVILAB**: Food scanning based leftovers minimization
- MARVRUS**: Metaverse education platform

● Solve social challenges using AI to create a better world

- SKT makes positive contribution to society and environment through its language AI and vision AI technologies
- 'AI Care/Carecall' provided emergency rescue to 400 people from 50,000 households
- Crime SMS blocking service blocked more than 4 million smishing messages last year alone
- Ongoing partnerships with AI ESG startups, including TUAT that launched Sullivan Plus, an AI-based visual assistant service for the visually impaired

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