

SK Telecom Announces 1Q 2023 Earnings Results

- **On a consolidated basis, SKT posts revenue of KRW 4.372 trillion, operating income of KRW 494.8 billion, and net income of KRW 302.5 billion.**
- **SKT accelerates its transformation into an AI company and plans to strengthen cooperation with global AI companies.**
- **SKT continues to achieve growth in new business areas: Revenue of the Media and Enterprise businesses increased by 10.2% and 5.8%, respectively.**
- **'T Universe' solidifies its position as a leading subscription service in Korea and 'ifland' generates tangible results in the global market.**

Seoul, Korea, May 10, 2023 – SK Telecom (NYSE:SKM, hereinafter referred to as “SKT”) today announced its earnings for the first quarter of 2023 on a K-IFRS consolidated basis: revenue of KRW 4.372 trillion, operating income of KRW 494.8 billion, and net income of KRW 302.5 billion.

Compared to the same period last year, SKT’s consolidated revenue and operating income increased by 2.2% and 14.4%, respectively, backed by continued growth of its key business areas. The revenue of new business areas such as Media and Enterprise grew by 10.2% and 5.8%, respectively. Net income grew by 37.3% year-on-year (YoY) due to factors including increase in dividend income from the invested companies.

On a non-consolidated basis, SKT’s revenue rose by 1.3% YoY to stand at KRW 3.117 trillion, and its operating income expanded by 16.5% YoY to KRW 415.7 billion.

SK Broadband’s revenue increased by 3.5% YoY to KRW 1.062 trillion on the back of higher utilization rate of data centers. Its operating income edged up by 0.1% YoY to KRW 76.1 billion.

This year, SKT will be making aggressive efforts to shape into an AI company. By leveraging its capabilities in AI service and technology accumulated over many years, the company is driving innovations in five different areas – Customer & Technology, Time & Space, AI Transformation (AIX) for Industries, Core Business Model, and ESG – with the strategy of ‘AI to Everywhere.’



In April 2023, the company made a KRW 15 billion equity investment in Scatter Lab, a start-up known for its Lee Lu-da chatbot, and entered into strategic partnership with the firm. SKT and Scatter Lab will cooperate in diverse AI-related areas, including efforts to evolve 'A.' into a service that can help relieve a person's loneliness and concerns through close and friendly conversations, and to develop a large language model (LLM) that combines both emotion and knowledge domains.

In addition, SKT plans to accelerate its leap forward as an AI company by continuously strengthening cooperation with global AI companies in areas including LLM and AI technology and service.

The Media business grew significantly, with its revenue increasing by more than 10% YoY to KRW 393.2 billion. The overall Media business, including content, advertising, and commerce, achieved quantitative growth based on SKT's strength in the fixed and mobile telecommunications market. SKT plans to continue strengthen its competitiveness in the media business by utilizing AI technologies.

The revenue of the Enterprise business centered on data center and cloud services increased by 5.8% YoY to KRW 386.2 billion. The revenue of data centers and cloud services continued to grow rapidly, up 28.2% and 22.3% YoY, respectively. In particular, in the first quarter of this year, SKT achieved the largest number of orders in its AI Contact Center (AICC) business launched last year. Going forward, the company plans to achieve further growth by leading the AI transformation of industries based on AI technologies and solutions.

SKT's subscription service 'T Universe' has solidified its status as a leading subscription service in Korea, surpassing 1.8 million monthly active users (MAU) in the first quarter. The company's metaverse platform 'ifland,' which launched in 49 countries last year, also achieved tangible results by attracting more than 10% of MAU from overseas in the first quarter. To further boost the growth of 'ifland,' SKT introduced 'if home,' a service that enables users to create a personalized 3D space, in May 3, 2023, and plans to introduce an economic system such as the in-app payment-based content marketplace in the second half of this year.

The Fixed and Mobile Telecommunications business also continued its growth. As of the end of the first quarter, the number of SKT's 5G subscribers stood at 14.15 million, accounting for more than 60% of its total subscribers.

In March 2023, SKT took the lead in expanding customers' options by announcing plans to

revamp its 5G price plans considering customer's diverse usage patterns and age groups. The company introduced '5G Senior Plan' at the end of March and 'Customized 5G Plan' in early May. In June, SKT also plans to launch '0 Youth Plan,' which offers increased data and special benefits for customers aged between 19 and 34.

In the fixed-line market, SK Broadband continued its subscriber growth, achieving the highest net additions of IPTV and broadband subscribers in the market. As of the end of the first quarter, SK Broadband's pay TV subscribers and broadband subscribers stood at 9.4 million and 6.76 million, respectively.

"We will do our best to ensure that transformation into an AI company will lead to maximization of corporate value and shareholder value," said Kim Jin-won, CFO of SKT.

※ Attachment 1. Summary of Consolidated Income Statement (Unit: KRW billion)

| Type | 23.1Q | 22.1Q | YoY | 22.4Q | QoQ |
|------------------|---------|---------|-------|---------|-------|
| Revenue | 4,372.2 | 4,277.2 | 2.2% | 4,394.5 | -0.5% |
| Operating Income | 494.8 | 432.4 | 14.4% | 254.5 | 94.4% |
| Net Income | 302.5 | 220.3 | 37.3% | 223.7 | 35.2% |

※ Attachment 2. Summary of Non-Consolidated Income Statement (Unit: KRW billion)

| Type | 23.1Q | 22.1Q | YoY | 22.4Q | QoQ |
|------------------|---------|---------|-------|---------|--------|
| Revenue | 3,117.3 | 3,077.4 | 1.3% | 3,096.3 | 0.7% |
| Operating Income | 415.7 | 356.9 | 16.5% | 194.6 | 113.6% |
| Net Income | 422.2 | 252.0 | 67.5% | 87.9 | 380.4% |



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About SK Telecom

SK Telecom has been leading the growth of the mobile industry since 1984. Now, it is taking customer experience to new heights by extending beyond connectivity. By placing AI at the core of its business, SK Telecom is rapidly transforming into an AI company. It is focusing on driving innovations in areas of telecommunications, media, AI, metaverse, cloud and connected intelligence to deliver greater value for both individuals and enterprises.

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