

## SK Telecom Announces 3Q 2023 Earnings Results

- *On a consolidated basis, SKT posts revenue of KRW 4.403 trillion, operating income of KRW 498.0 billion, and net income of KRW 308.2 billion.*
- *SKT promotes growth centered around three key areas, **AI Infrastructure**, **AI Transformation (AIX)** and **AI Service** by strengthening its own capabilities and cooperating with diverse partners.*
  - ***[AI Infrastructure]** Data center revenue grew over 30% YoY and AI chip 'X330' is scheduled to be released at the end of the year.*
  - ***[AIX]** The fixed and mobile telecommunications business strengthens its competitiveness with AI, and the cloud business revenue increased by around 40% YoY.*
  - ***[AI Service]** 'A.' saw explosive market response and half of the 'ifland' service users are overseas.*

**Seoul, Korea, November 8, 2023** – SK Telecom (NYSE:SKM, "SKT") today announced its earnings for the third quarter of 2023 on a K-IFRS consolidated basis: revenue of KRW 4.403 trillion, operating income of KRW 498.0 billion, and net income of KRW 308.2 billion.

Compared to the same period last year, SKT's consolidated revenue and operating income increased by 1.4% and 7.0%, respectively, backed by the company's sustained growth in key business areas. SKT maintained a solid competitiveness in the telecommunications market and the enterprise business continued to drive growth. In particular, data center and cloud business revenues continued to grow rapidly, up 32.5% and 38.7% year-on-year (YoY), respectively.

On a non-consolidated basis, SKT posted revenue of KRW 3.148 trillion, operating income of KRW 407.1 billion, and net income of KRW 250.4 billion. SK Broadband's revenue increased by 2.4% YoY to KRW 1.069 trillion and its operating income grew by 4.4% YoY to KRW 83.2 billion.

### ■ Strengthening its own competitiveness and cooperating with partners across the globe to innovate all areas of industry and life

In September 2023, SKT announced its vision to become a global AI company and unveiled the AI Pyramid Strategy, under which it will strengthen its own competitiveness to deepen

customer relationships while working together with partners throughout the world. The AI Pyramid Strategy focuses on innovating industry, society, and life centered around three key areas including **AI Infrastructure**, **AI Transformation (AIX)** and **AI Service**.

In the area of **AI Infrastructure**, SKT plans to secure and enhance infrastructure capabilities that serve as the foundation of an AI company, such as AI data centers, AI semiconductors, and multi-large language models (LLMs). **AIX** aims to innovate existing fixed and mobile telecommunications, media, and enterprise businesses through AI, and expand the application of AI to UAM and healthcare. Lastly, in the area of **AI Service**, SKT plans to forge closer relationships with customers through a highly competent personal AI assistant and expand its scale by collaborating with global telecommunications companies (telcos).

### ■ Promoting growth centered on three areas: AI Infrastructure, AIX, and AI Service

In **AI Infrastructure**, the data center business continued to grow rapidly, posting a 32.5% YoY growth in its revenue. Higher utilization rates of new data centers and increased order for cloud services are driving quantitative growth of the business.

SAPEON, an AI semiconductor company founded by SKT, plans to release its next-generation inference AI chip 'X330' by the end of this year. 'X330' boasts about twice the computing power of the latest inference models on the market, while being 1.3 times more power efficient.

SKT will also continue to advance 'A.X', its AI technology brand developed under its multi-LLM strategy. Next year, Global AI Platform Corporation, newly established in the U.S., is planning to release an LLM customized for telcos and launch an AI platform to support effective utilization of the multi-LLM.

In **AIX**, the fixed and mobile telecommunications business is pursuing AI-powered innovation by leveraging its solid customer base. As of the end of September 2023, SKT had a total of 15.15 million 5G subscribers, and SK Broadband secured a total of 9.52 million pay TV subscribers and 6.87 million broadband subscribers. Going forward, SKT will further solidify its competitiveness by using AI to conduct marketing, build networks and enhance network operational efficiency.

The cloud business revenue continued to grow rapidly, increasing 38.7% YoY. It has positioned itself as a stable business model with its recurring revenue standing at over 90%



for six consecutive quarters.

SKT plans to increase the value of its enterprise business by applying diverse AI solutions. The company will promote AI Contact Center (AICC) and platform-type generative AI business. It will also innovate profitability by combining multi-LLM with AI solutions like vision AI and big data AI.

SKT will continue to drive AI-powered innovations by expanding into business areas such as mobility and healthcare.

The company signed a collaboration agreement with Joby Aviation in September to jointly participate in the K-UAM Grand Challenge, which marks a concrete step to secure a stable supply of UAM aircrafts for the first commercialization of UAM service in Korea by 2025.

'X Caliber', an AI-based veterinary X-ray analysis solution launched a year ago, is being actively used by around 300 veterinary clinics nationwide. By establishing a partnership with Anicom Holdings, the largest provider of pet insurance in Japan, in October 2023, it is now making moves to go global.

In the **AI Service** area, since its official launch in September, 'A.' is evolving into a personal AI assistant service that brings innovative value to customers' everyday lives. Its recently released features like call recording, call summary and sleep management have been well received by customers. SKT also plans to add real-time call interpretation service to A.

Going forward, based on its knowhow in operating various AI services, SKT plans to expand its presence in the AI service market by simultaneously entering overseas markets in cooperation with members of the Global AI Telco Alliance.

SKT's metaverse service 'ifland' has attracted nearly 50% of monthly active users (MAU) from overseas, and the company is working together with global partners like Deutsche Telekom and T-Mobile US. With the economic system introduced in October 2023, SKT plans to further expand the metaverse platform by creating a virtuous cycle of the ecosystem and achieving monetization.

'T Universe' has surpassed 2.2 million MAU and its partnership will expand to Netflix next year, following YouTube Premium. 'T Deal' continued to grow, with its Gross Merchandise



Value (GMV) surpassing KRW 100 billion in the first half of 2023. SKT is preparing for next generation commerce through advanced personalized services based on big data and AI.

The company expects that eventually, the personal AI assistant service will be combined with the metaverse service, and the next generation commerce services will also enter the realm of AI services.

For the third quarter of 2023, SKT's board of directors confirmed a dividend of KRW 830 per share, which is the same as last quarter. The KRW 300 billion share buyback announced last July is well underway, and the company plans to retire KRW 200 billion worth of treasury shares after the buyback is completed.

"With our AI Pyramid Strategy, we will strive to ensure that SKT's growth as a global AI company leads to the maximization of corporate and shareholder value," said Kim Jin-won, CFO of SKT.

※ The conference call in regard to SK Telecom's 3Q 2023 earnings results can be heard via SK Telecom's webpage on Wednesday, November 8, from 15:00 Seoul Time.  
Link: [https://irsvc.teletogether.com/skt/skt2023Q3\\_eng.php](https://irsvc.teletogether.com/skt/skt2023Q3_eng.php)

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

Type	23.3Q	22.3Q	YoY	23.2Q	QoQ
Revenue	4,402.6	4,343.4	1.4%	4,306.4	2.2%
Operating Income	498.0	465.6	7.0%	463.4	7.5%
Net Income	308.2	245.6	25.5%	347.8	-11.4%

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

Type	23.3Q	22.3Q	YoY	23.2Q	QoQ
Revenue	3,148.4	3,122.6	0.8%	3,119.2	0.9%
Operating Income	407.1	388.7	4.7%	379.1	7.4%
Net Income	250.4	305.1	-17.9%	272.8	-8.2%

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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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