



SK Square  
2<sup>nd</sup> Annual General Meeting  
**Letter to Shareholders**



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## Dear Shareholders,

It has already been a year since SK Square was launched as an ICT investment company. Despite the difficult macro environment in our first year, we achieved our first milestone of completing the Full Cycle of "Investment - Value Up - Harvest", and we are now in a position to start meaningful shareholder returns. So we can now showcase our identity as an investment company.

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## Despite the macroeconomic challenges, we laid the foundation for the future in 2022.

Last year, SK Square could not completely escape the harsh macroeconomic circumstances. Capital market crunch led to a series of setbacks in planned IPOs, economic downturn hampered the growth of the semiconductor & platform portfolio, and the stock price of SK Square remained sluggish. However, we have continued our efforts to overcome these difficulties, which are beginning to bear fruit. For instance, through continued discussions with EQT, which has proven experience and capabilities in the security business, SK Shieldus achieved great valuation and successfully raised its capital. T Map Mobility also secured funds by attracting investment of KRW 200 billion amid the difficult capital market and continued its efforts for growth such as the acquisition of two airport bus companies, more than doubling its corporate value and revenue in just two years since its launch in 2021.

In addition, SK Square has put in place safeguards against interest rate hikes by building a debt free balance sheet and is laying the foundation for raising up to KRW 3 trillion of funds through harvest & leverage by 2025 for investments. Furthermore, we received the highest ratings in terms of ESG. Through these efforts, we are creating a management infrastructure that is appropriate for an investment company.

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## We will continue to invest for the future in the rapidly changing ICT environment.

In 2023, geopolitical issues are prolonged, and the macroenvironment remains unstable, with a large bank with USD 200 billion in assets going bankrupt in the U.S.

Nevertheless, significant changes are taking place in the ICT industry. A prime example is the emergence and spread of Chat GPT, which is changing our lives and gaining users faster than any other platforms in history. These ICT innovations are affecting SK Square and its portfolio companies. Building mega-infrastructure for AI implementation will create demand for semiconductors, and AI-driven search and recommendation technologies will completely change the competitive landscape of traditional platforms.

It is an important time to preempt technologies and platforms that can become future killer applications so that the opportunities created by ICT technology innovation do not become exclusive to big tech companies.

The current situation of inflection points in the ICT industry and market downturns may be the right time to invest in competitive innovative companies at a good price.

At this critical time, SK Square will not shrink back but make bold investment to secure semiconductor value-chain assets that can have an impact on the market and to discover future technology investment opportunities.

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## We will increase the value of our portfolio by continuing the virtuous cycle of “Investment - Value Up - Harvest”.

As an investment company, SK Square’s business model is to complete the full cycle of investment. SK Square will create a virtuous cycle of “Investment - Value Up - Harvest” and increase shareholder value through continuous growth of the portfolio value.

The sale of SK Shieldus’ stake and investment attraction is a representative case in which SK Square completed the full cycle. After acquiring ADT Caps in 2018, we launched new businesses such as smart home & unmanned parking services through cooperation with SK ICT affiliates. We expanded the physical security business model to converged security through a merger with SK Infosec. As a result, the enterprise value nearly doubled from KRW 3 trillion to KRW 5 trillion in five years. SK Shieldus will continue to strengthen synergies with SK ICT affiliates and invest in global security companies with funds secured through investment attraction to leap forward as a global security company.

In addition, we are pursuing various growth strategies for other portfolio companies such as T Map Mobility and ONE store to increase their corporate value through bolt-on investment, materialization of global growth stories, and cooperation with strategic partners.

We will also create new growth stories for unlisted portfolio assets with high potential, so that we can create positive news for our shareholders.



**In 2023, we will increase shareholder value  
by implementing shareholder returns policy that  
match global standards.**

For the past one year, one of the things that I wanted to share the most with our shareholders was SK Square's shareholder return policy. We will announce the details at the upcoming Annual General Meeting, but I can assure you that we have prepared a shareholder return policy that matches or exceeds global standards. As a portfolio management company, we will continue to increase shareholder value by producing substantial results and sharing them with the shareholders.

As SK Square takes full-fledged steps in 2023, I would like to ask for your continued support and encouragement.



March 2023

Jung Ho Park | CEO & Vice chairman, SK Square