

**2Q24 Earnings Release
Script**

7th August, 2024

SM ENTERTAINMENT CO., Ltd.

Good afternoon. I am Jeongmin Jang, CFO of SM ENTERTAINMENT.

Thank you all for attending our conference call for the business performance of the second quarter of 2024. Let me explain our second quarter performance from now on.

Please refer to page 4.

SM ENTERTAINMENT's consolidated sales increased by 5.9% year-on-year to 253.9 billion Korean Won and the consolidated operating profit decreased by 30.7% year-on-year to 24.7 billion Korean Won.

The increase in album and concert sales led our consolidated sales increase in the second quarter.

Due to a decrease in the number of performances and events held by subsidiaries, the consolidated operating profit decreased and therefore turned to a deficit year-on-year.

On the following pages, I'll show you our company's performance on separate basis and the performances of each subsidiary.

Please turn to page 5.

Let me explain the performance on separate basis.

SM Entertainment's separate sales in the second quarter of 2024 increased by 25.4%

year-on-year to 174.1 billion Korean Won. It was led mainly by an increase in the sales of new albums and sales related to the concerts. Let me go into detail of sales by category.

First, the sales of our physical album and digital recording have increased by approximately 32% year-on-year to 71.7 billion Korean Won. The sales volume of new album increased by approximately 8% from the previous year to 3.86 million. As a result, the sales of physical album and digital recording increased by about 17 billion Korean Won compared to the previous year.

The increase in new album sales in the second quarter was led mainly by aespa's 'Armageddon', which was sold by 1.17 million, RIIZE's 'RIZING', which was sold by 1.27 million and NCT WISH's 'SongBird', which was sold by 630,000.

Let's move on to the concert sales. Our sales related to concert have increased by 86% year-on-year to 37.2 billion Korean Won, and such increase in sales from the previous year because of an expansion in the scale of the concerts and internalization of operating tasks of the concerts.

For the increase in concert sales, the main cause was NCT DREAM's concert, which was held in a large scale 15 times across the Great China Regions such as well as Korea, Japan, Thailand, Hong Kong and Singapore.

In addition, RIIZE's FAN-CON 'RIIZING DAY', which was held eight times, SHINee's SHINee World Perfect Illumination, which was held three times, and NCT WISH's fan meetup, which was held seven times, led to the increase in concert sales.

aespa's concert was also held twice in Seoul at the end of the second quarter, marking the beginning of aespa's global tour.

As for the sales of MD and licensing, it was increased following the renewal of Fanlight for NCT 127, NCT DREAM and WayV. Also, the Fanlight for NCT WISH and RIIZE were newly launched and led the increases of sales.

Let's move on to the operating profit on separate basis.

Our separate operating profit increased by 4.6% year-on-year to 29.3 billion Korean Won.

Despite the increase in sales, the operating profit increased slightly by 4.6% because of a change in the sales mix and the annual incentives. Accordingly, the operating profit margin decreased by 3.3% year-on-year to 16.8%.

Our net profit decreased by 8.4% year-on-year to 16 billion Korean Won owing to an increase in the income tax.

Next is the performances of our key subsidiaries.

Please turn to page 6.

The performances of key subsidiaries on this page are on consolidation basis for the subsidiaries that are subject to consolidation and separate basis for those that are not. Also, please note that the combined performance of the subsidiaries is a simple aggregation before the internal transactions are eliminated.

Based on the simple aggregation, the sales of subsidiaries decreased by 18.5% year-on-year to 112.8 billion Korean Won.

By each key subsidiary, SM C&C recorded 27.9 billion Korean Won in sales which decreased by 5% year-on-year owing to a decrease in sales of the management and content, and SMC's sales related to concert and MD decreased by approximately 6% year-on-year to 18.7 billion Korean Won.

KEYEAST recorded 16.1 billion Korean Won in sales which increased by 22% year-on-year with its TV show production sales increased in the second quarter.

DREAM MAKER's sales decreased by 78% year-on-year due to SM ENTERTAINMENT's internalization of concert operating tasks.

Let's have a look at the operating profit.

Despite the sales decrease, SM C&C turned to operating surplus as a result of an increase in its travel business sales and cost efficiency improvement.

SMC turned to operating deficit due to the impact of the album production cost, and

KEYEAST turned to surplus in comparison to the previous year as a result of an increase in sales and cost efficiency improvement.

DREAM MAKER and other subsidiaries turned into deficit owing to SM ENTERTAINMENT's internalization of concert operating tasks, the operation cost of new subsidiary and a decrease in the number of concerts the U.S.

Let me move on to the lineup of SM Entertainment's new albums and concerts in the third and fourth quarters of 2024.

Please refer to page 7.

First is the plan for new album releases in the third quarter.

aespa's 'Hot Mess' was released as a single for Japan on July 3rd, and TAEYEON's digital single 'Heaven' was released on July 8th.

NCT127's sixth album 'WALK' was released on July 15th.

In addition, WayV's mini album for Japan and NCT WISH's mini album are scheduled for release in the third quarter. NCT DREAM's English single for the global market is also on the lineup.

RIIZE will continue its performance in Korea and abroad with a single album for the Japanese market scheduled for release.

Further, naevis, a virtual IP, is also expecting to release a digital single in the third quarter.

New album release by SM Entertainment's artists will continue in the fourth quarter.

NCT DREAM's fourth album is scheduled for release and aespa's new mini album will also be released in the fourth quarter.

In addition, NCT WISH's full album for Japan will be released and mini albums of WayV and TAEYEON are scheduled for release.

And a new girl group will debut and release their album in the fourth quarter.

We would like to ask for your continued support as SM Entertainment's artists will continue releasing physical and digital albums in the third and fourth quarters.

Next is the concert lineup.

Please refer to page 8.

Following the previous concerts in the second quarter, our concert lineup will be continued in the third and fourth quarters.

Through its global tour that started at the end of June, aespa will have a total of 25 concerts in Japan, Singapore, Australia, Macao, etc. until this September.

As for RIIZE's Fan Concert, which began in July, a total of 23 concerts will be held until September in the Great China region as well as Japan and Indonesia.

In August, NCT DREAM's world tour, 'THE DREAM SHOW 3: DREAM()SCAPE' is scheduled to take place in North America and South America. This world tour will continue in Europe in the fourth quarter and NCT DREAM will have a total of 19 concerts.

SM Entertainment's other artists such as KEY of SHINee, SUPER JUNIOR, SUHO of EXO and WayV will also continue with their concerts very actively.

I hope you to support and cheer for our artists and their concerts to continue in

the future.

Please note that the plan for album releases and concerts are as of today, August 7, and may be changed in the future.

Thank you for your listening so far and from now on, CEO Cheol Hyuk Jang will present current SM IP Portfolio update.