

2Q25
CEO Message

Script

6th August, 2025

SM ENTERTAINMENT CO., Ltd.

Hello, this is Cheol-hyuk Jang, CEO of SM Entertainment.

Before I begin the CEO Message, I would like to briefly highlight some of our artists' recent activities and achievements.

- **RIIZE** successfully launched their first solo concert tour, 'RIIZING LOUD', drawing approximately 30,000 attendees. Their recent performance at Saitama Super Arena in Japan also sold out entirely through fan club pre-sales alone, attracting a total of 54,000 fans and demonstrating strong momentum beyond Korea. Despite this being their first world tour, additional North American stops have been added, with upcoming shows scheduled in eight cities during 4Q, including New York, Seattle, San Francisco, Los Angeles, etc.
- **NCT DREAM** released their 5th full album, 'Go Back To The Future' in July, topping major domestic digital and physical music charts, while also entering the UK Official Chart for two consecutive weeks. Their solo concert held at Gocheok Sky Dome in Seoul also concluded successfully. Promotional activities led by the double title tracks 'BTTF' and 'CHILLER' have significantly expanded engagement with global fans.
- **aespa** surpassed 1.01 million in pre-orders for their latest single 'Dirty Work', achieving their sixth consecutive million-seller. In addition, on Tencent Music Entertainment Group's '2025 Mid-Year Summary Chart,' aespa topped the Korean chart in both the number of entries and number of No. 1 rankings, further solidifying their status as a global artist.
- **WayV** made their comeback with their 7th mini-album 'BIG BANDS,' wrapping up fan showcases and local pop-up events across 3 major cities in China with strong fan response.

These achievements across our artist lineup continue to deepen our IP portfolio and enrich global fan experiences with even greater diversity.

Let me now begin the CEO message.

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The first topic I would like to address is **our strategic partnership with Tencent Music Entertainment(TME).**

TME is China's leading music platform company, with over 550 million MAUs across its major platforms, including QQ Music, Kugou, and Kuwo. Leveraging this dominant distribution network and strong fanbase engagement, TME holds a powerful position in the Chinese music market. Through this alliance, we have established a practical and wide-ranging partnership that extends beyond music distribution to include content planning, fan data analysis, and concert execution in the China market. In the long term, we aim to create a comprehensive idol success model that combines SM Entertainment's global production capabilities with Tencent Music Entertainment's local marketing and distribution power — bridging global and local strengths.

In more detail, the collaboration includes the following components;

- Content Creation: SM's global production leadership will be integrated with TME's in-house studios, enabling the co-creation of China-tailored content.
- Distribution: Based on the high traffic within TME's platform ecosystem, the partnership expands monetization opportunities beyond music into various forms of digital content.
- Fan Data & Marketing: TME's extensive user data is expected to enhance our ability to assess IP potential and optimize marketing strategies through data-driven insights.

Through this partnership, SM has taken a preemptive step in securing a robust infrastructure for content production, marketing, and distribution within China. This is expected to accelerate the localization of our new IPs and open up tangible monetization opportunities based on China's fandom ecosystem. While still in its early stages, this alliance lays a critical foundation for a full-cycle idol success model, covering production, distribution, concerts, and fan data. We are committed to working closely with TME to ensure this strategy takes root and flourishes in the mid to long term.

Next, I'd like to highlight **the achievements of Super Junior's 20th anniversary project.**

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Marking their 20th debut anniversary this year, Super Junior carried out a wide range of activities across exhibitions, albums, and concerts while effectively proving the sustainability and scalability of our legacy IP. Their 12th full album, 'Super Junior25,' recorded over 300K initial sales and topped two categories on the Circle Chart, reaffirming their strong album-selling power and the unwavering support of their global fandom.

In the exhibition segment, a special 20th anniversary exhibition 'Super Records' was held to reinterpret Super Junior's history from music to visuals and concept through various forms of content, further strengthening the emotional bond with fans. In the live performance segment, 'SUPER SHOW 10' concert, a part of their long-running 'SUPER SHOW' series, sold out entirely during the fan club pre-sale. This confirmed that, even as a long-running IP, Super Junior continues to command strong concert demand.

This 20th anniversary project went beyond mere celebration. It clearly demonstrated how an IP-centered, multi-format content strategy encompassing albums, exhibitions, and concerts can translate into real business performance. It underscored that even our legacy IPs, with the right strategic planning and execution, can be revitalized and continue to drive performance-based growth. This project has provided important insights and will serve as a valuable reference point for our future IP management strategy.

Moving forward, SM Entertainment remains committed to sustainable growth, not by focusing solely on short-term earnings, but by leveraging the structural competitiveness of our IP and building sustainable revenue models. We will continue to strengthen our IP portfolio across generations by establishing a virtuous cycle in which long-standing IPs generate stable profits while newer IPs realize their growth potential through performance-based results. Thank you.