

# **2Q25 Earnings Release Script**

**6<sup>th</sup> August 5, 2025**

**SM ENTERTAINMENT CO., Ltd.**

Hello, this is Jeongmin Jang, CFO of SM Entertainment.

Thank you to everyone participating in today's conference call for the announcement of 2025 Q2 business results. Now, let me go over 2<sup>nd</sup> quarter performance of SM Entertainment.

**Please refer to Slide 4.**

SM Entertainment's consolidated revenue recorded KRW 302.9 billion, up 19.3% YoY, and operating profit of KRW 47.6 billion, up 92.4% from the same period last year.

2<sup>nd</sup> quarter consolidated revenue increased by KRW 49.0 billion YoY, driven by revenue growth at the parent company and major subsidiaries, as well as the consolidation of DearU.

2<sup>nd</sup> quarter consolidated operating profit showed significant improvement, rising by KRW 22.9 billion YoY, mainly due to revenue growth at the parent company and a turnaround to profitability at major subsidiaries.

Consolidated net profit rose by KRW 22.5 billion YoY to KRW 30.9 billion, supported by the increase in operating profit and a decrease in corporate tax expenses.

From the next page, I will provide a breakdown of the parent company's standalone results and the performance of key subsidiaries.

**Please refer to Slide 5.**

Let me explain the separate financial results.

In the 2<sup>nd</sup> quarter of 2025, SM Entertainment's standalone revenue reached KRW 220.3 billion, up 26.5% YoY. This growth was mainly driven by increased revenue from album/digital music and MD/licensing businesses, which I will now explain in more detail.

First, album and digital music revenue recorded KRW 99.0 billion, up 37.9% YoY, as new album sales volume increased by over 1.9 million copies YoY. 2<sup>nd</sup> quarter released albums are following. RIIZE's 1<sup>st</sup> full album "ODYSSEY": 1.93 million copies, NCT WISH's 2<sup>nd</sup> mini album "poppop": 1.34 million copies, aespa's single "Dirty Work": 0.9 million copies. Additionally, Mark's 1<sup>st</sup> full album sold 0.5 million copies, and Doyoung's 2<sup>nd</sup> mini album sold 0.4 million copies, bringing the total new release sales to 5.79 million copies.

Next, concert revenue remained at a similar level YoY, recording KRW 33.6 billion.

TVXQ! held three concerts at Tokyo Dome in celebration of their 20th anniversary in Japan. NCT 127 performed six concerts across Japan and Macau. Taeyeon held eight concerts across various Asian cities, while the SMTOWN 30th Anniversary concerts were held in London, LA, and Mexico City (three concerts). Other performances included Ten (15 concerts), NCT WISH (10 concerts), and SHINee (3 concerts).

MD/licensing revenue rose 39.6% YoY to KRW 63.9 billion, driven by strong sales of both planning MDs and concert MDs. Particularly strong results were seen from NCT WISH's exhibition pop-up and RIIZE's character pop-up events, which led MD sales growth.

Now, moving on to operating profit.

Operating profit reached KRW 46.0 billion, up 56.9% YoY, as the double-digit

revenue growth from albums/digital music and MD/licensing improved the overall sales mix and significantly boosted profitability.

Net profit came in at KRW 29.5 billion, up 118.2% YoY.

Next, I will explain the performance of our key subsidiaries.

**Please refer to Slide 6.**

The data shown in this report includes consolidated results for subsidiaries that are part of the group's consolidated financials and standalone results for others. Please note that the total figures represent a simple sum before eliminating internal transactions.

On a simple aggregated basis, revenue from subsidiaries in the second quarter reached KRW 141.5 billion, up 25.4% YoY.

SM C&C recorded KRW 21.1 billion, down 24.2 YoY due to the continued decline in advertising revenue.

SM ENTERTAINMENT JAPAN (formerly SMC) saw revenue increase 38.6% YoY to KRW 26.0 billion, driven by the expanded scale of our artists' concerts in Japan.

KEYEAST posted KRW 3.0 billion, an 81.7% decline compared to the same period last year, due to a decrease in the number of drama broadcasts.

SM Brand Marketing (SM BM) recorded KRW 19.5 billion, up 38.2%, thanks to increased album and MD sales from our artists.

SM Life Design Group (SM LDG) posted KRW 16.9 billion, a 94% YoY increase,

driven by higher album printing revenue.

DREAM MAKER achieved KRW 14.9 billion, up 99% YoY, backed by concerts from SHINee and NCT 127.

In addition, DEARU was newly consolidated in Q2, contributing KRW 20.2 billion in revenue.

Now moving on to operating profit of the subsidiaries.

Operating profit from subsidiaries turned to black, recording KRW 8.1 billion, a significant improvement from the same period last year. While SM C&C and KEYEAST fell into operating loss due to continued revenue decline, the turnaround was driven by strong revenue growth at core subsidiaries including SM ENTERTAINMENT JAPAN, SM BM, SM LDG, and DREAM MAKER. Additionally, the consolidation of DEARU in the second quarter also contributed positively to the subsidiaries' return to profitability.

Next, I will discuss SM Entertainment's major album release schedule and concert lineup for the third and fourth quarters of 2025.

**Please refer to Slide 7.**

Let me share the new album releases and plans for the third quarter.

On July 8, SUPER JUNIOR released their 12th full album in celebration of their 20th debut anniversary. On July 14, NCT DREAM released their 5th full-length album, Go Back To The Future. Following these, new mini albums from aespa and NCT WISH are scheduled to be released during the third quarter.

We also have a robust lineup of comebacks planned for the fourth quarter. These include Taeyeon's full album, NCT DREAM's mini album, WayV's mini album, a mini album by Hearts2Hearts, and a single album by RIIZE. Through our diverse artist portfolio, we aim to deliver a wide range of music to the market.

We kindly ask for your continued support and interest in our artists' album and digital music releases.

Next is the concert lineup.

**Please refer to Slide 8.**

RIIZE kicked off their first solo concert tour, RIIZING LOUD, on July 4. Beginning with their Seoul concerts from July 4 to 6, the global tour will continue across Japan, Malaysia, Taiwan, Thailand, and more, with a total of 20 shows scheduled for the third quarter.

NCT DREAM launched their fourth concert tour, THE DREAM SHOW 4: DREAM THE FUTURE, on July 10. WayV is also scheduled to begin their tour on August 2 in Seoul, Korea, with a total of 13 shows planned.

In addition, the third quarter will feature SMTOWN concerts in Japan, SUPER JUNIOR's 20th debut anniversary concert, and aespa's third concert tour, 2025 SYNK: aeXIS LINE.

In the fourth quarter, the concert lineup will continue with RIIZE's North American tour, SUPER JUNIOR's 20th anniversary Asia tour, NCT WISH's first concert tour, WayV's Asia tour, and ongoing concerts from NCT DREAM and aespa that began in Q3.

Please note that the aforementioned album release and concert plans are based on the information available as of the earnings release date, August 6, and are subject to change.

Now, I will hand over to CEOs Jang Cheol-hyuk for the Q2 2025 CEO message.