

# **2Q26 Earnings Release Script**

**August 5<sup>th</sup>, 2026**

**SM ENTERTAINMENT CO., Ltd.**

Good afternoon, I am Jeongmin Jang, CIO of SM Entertainment.

Thank you all for joining us today for our second quarter 2026 earnings conference call. I will begin by outlining our financial performance for the quarter.

**Please refer to Page 4.**

On a consolidated basis, SM Entertainment reported revenue of KRW 349.6bn, representing a 15.4% year-over-year increase, while operating profit reached KRW 52.9bn, up 11.0% year-over-year.

Second-quarter consolidated revenue increased by KRW 46.7bn year-over-year, driven by continued strong growth of our 'Concert' and 'MD/Licensing' businesses at the parent company, along with improved performance across our major subsidiaries.

Consolidated operating profit increased by KRW 5.3bn year-over-year, reflecting revenue growth at both parent company and its subsidiaries, as well as lower operating costs.

Consolidated net income for the quarter was KRW 29.2bn, a decrease of KRW 1.7 bn year-over-year, primarily due to valuation losses on equity investments, impairment losses on investment assets, and higher income tax expenses.

We will now move onto our standalone results and the performance of our major subsidiaries.

**Please refer to Page 5.**

For the second quarter of 2026, standalone revenue reached KRW 240.6bn, representing a 9.2% year-over-year increase, driven by strong growth in 'Appearance', 'Concert', and 'MD/Licensing' business.

First and foremost, the aggregate revenue from 'Physical album/Digital music' declined 8.2% year-over-year to KRW 90.9 bn, primarily reflecting lower sales volumes from new album releases.

Among the new album releases in the second quarter, total sales volume reached 5.67mn copies, including 1.06mn copies of aespa's 2nd full-album '*LEMONADE*', 1.4mn copies of RIIZE's 2nd mini-album '*///*', 1.92mn copies of NCT WISH's 1st full-album '*Ode to Love*', and 620k copies of Hearts2Hearts' 2nd mini-album '*Lemon Tang*'.

Released nearly two years after their previous full-album, aespa's 2nd full-album '*LEMONADE*' entered Billboard 200 Top 10, marking another significant achievement in the global market. RIIZE's 2nd mini-album became the group's 4th consecutive million-seller, topping major charts in Korea, China, and Japan immediately upon release. NCT WISH reached another career high with their 1st full-album, while Hearts2Hearts, continuing the global success of '*RUDE!*', achieved its first half-million selling album with their new mini-album, maintaining rapid momentum as a rookie artist.

Moving on to the concert revenue, it grew by 23.6% year-over-year to KRW 41.6bn, driven by the expansion of tours by our legacy IPs.

SUPER JUNIOR successfully concluded its 20th anniversary concert tour, '*SUPER SHOW 10*', which began last year, with 3 encore performances in Seoul during the second quarter.

aespa held a total of 5 performances across Jakarta and Japan for their '*SYNK : aeXIS LINE*' tour, while TVXQ! performed 2 shows at Nissan Stadium in Japan.

Furthermore, EXO continued their 6th solo concert tour with a streak of sold-out shows, once again demonstrating their unwavering global ticket power, and held a

total of 19 concerts across 10 Asian cities during the second quarter. In addition, NCT WISH's first concert tour, 'INTO THE WISH : Our WISH', which began last year, also held a total of 5 shows in the Asian region.

In addition, a diverse lineup of performances by various artists—including 5 concerts by SHINee in Japan and Seoul, 5 solo concerts by IRENE, 5 concerts by YESUNG in Japan, and 1 solo concert by TAEYONG—drove the growth of our concert business in the second quarter.

Lastly, I will discuss our MD/Licensing revenue.

During the second quarter, our major artists' comeback and concert activities were effectively integrated with various pop-up events, expanding fan engagement. Driven by ongoing IP-based monetization, MD/Licensing revenue increased 22.0% year-over-year to KRW 77.9bn, maintaining solid growth momentum.

To celebrate NCT's 10th anniversary, the immersive pop-up event '*NEO GROUND*' sold out all sessions over its 9-day run, demonstrating strong fan demand. In conjunction with the release of aespa's second full-album, the '*MAKE IT LEMONADE*' pop-up was successfully held across 7 cities worldwide, including Seoul, Los Angeles, and New York, attracting strong engagement from global fans. Celebrating the release of RIIZE's second mini-album, the '*ARCHIVE2*' pop-up operated for 13 days and sold out immediately upon reservation openings. To commemorate the release of NCT WISH's first full-album, the '*ODE TO LOVE*' pop-up operated in Seoul for 13 days, while pop-up events held across 8 cities in China attracted approximately 310k visitors, highlighting the group's growing global fanbase.

Moreover, concert merchandise sales associated with our artists' tours remained strong during the quarter, contributing to the growth of our MD/Licensing revenue.

I will now move onto our standalone operating profit.

Standalone operating profit for the second quarter declined 4.6% year-over-year to KRW 43.8bn, primarily due to changes in the revenue mix driven by 'Concert' and 'Appearance'.

Standalone net income declined 18.1% year-over-year to KRW 24.1bn, primarily reflecting higher non-operating expenses and increased income tax expenses.

I will now provide an overview of the performance of our major subsidiaries

**Please refer to Page 6.**

Please note that the financial results presented for our major subsidiaries are prepared on a consolidated basis for those with their own subsidiaries, and on a standalone basis for those without. Furthermore, the aggregate subsidiary results represent a simple sum basis before the elimination of intercompany transactions.

On this basis, aggregate revenue from our subsidiaries increased 25.5% year-over-year to KRW 177.7bn.

To break this down further,

**SM C&C** recorded revenue of KRW 27.2bn, up 29.0% year over year, driven by growth in its advertising and management businesses.

**SM ENTERTAINMENT JAPAN** recorded KRW 28.8bn, an increase of 10.9% year-over-year, supported by an increased number of our artists' performances in Japan.

**DEARU** recorded revenue of KRW 23.4bn, representing 15.7% year-over-year growth, driven by subscription fee increase.

Meanwhile, **SM BM** recorded revenue of KRW 11.2bn, down 42.5% year-over-year, following the internalization of MD planning capabilities into the parent company.

**SM LDG** reported revenue of KRW 14.3bn, a 15.0% year-over-year decline, due to a decrease in album printing revenue.

**DREAM MAKER** recorded revenue of KRW 41.6bn, increasing 178.5% year-over-year, due to an increase in the number of domestic concert productions. **KEYEAST** recorded revenue of KRW 10.7bn, up 263.3% year-over-year, due to a new TV series production.

I will now discuss the operating profit of our major subsidiaries.

Aggregate subsidiary operating profit reached KRW 13.0bn, representing 61.2% year-over-year growth compared with KRW 8.1bn in the same period last year.

Breaking this down by each major subsidiary,

**SM C&C** continued to record an operating loss due to weaker margins in advertising business, while operating profit from **SM ENTERTAINMENT JAPAN** declined 49.2% year-over-year, primarily reflecting a higher proportion of artist fan meetings and smaller-scale concerts during the quarter.

**DEARU** delivered 26.4% year-over-year growth in operating profit, benefiting from improved profitability following the transition to web-based payment. **SM BM** swung to loss due to revenue decline.

Despite lower revenue, **SM LDG** maintained operating profit at a level comparable to the prior year, supported by enhanced cost efficiency. **DREAM MAKER** delivered significant profit growth, driven by expanded collaboration with the parent company, while **KEYEAST** reduced its operating loss on the back of higher revenue.

I would now like to present our major new album release schedule and concert lineups for the third and fourth quarters of 2026.

**Please refer to Page 7.**

First, I will review our album release schedule for the third quarter and our plans

for the remainder of the year.

During the third quarter, we continue to see a steady lineup of artist comebacks in both Korea and overseas, along with new Japanese releases.

In July, we released JAEHYUN's single album, followed by the debut mini-album from SUPER JUNIOR's new unit, SUPER JUNIOR-83z. This was followed by NCT WISH's 3rd Japanese single, U-KNOW's 1st single-album, and aespa's 1st Japanese mini-album. In early August, Red Velvet also returned with a new mini-album.

Looking ahead, we plan to release Hearts2Hearts' 1st Japanese single, RIIZE's 3rd Japanese single, and NCT 127's new full-album. Additional releases are scheduled, including MINHO's mini-album, Japanese mini-albums by CHANYEOL and IRENE& SEULGI, as well as Girls' Generation-HRS's digital single, among other projects.

The fourth quarter will feature another strong lineup of artist releases.

We plan to release full-albums from YESUNG, TAEYEON, JAEHYUN, and NCT DREAM, while MAX CHANGMIN will return with a mini-album. In addition, a new EXO unit is scheduled to make its new mini-album, while XIAOJUN, NCT WISH, Hearts2Hearts, and RIIZE are also preparing new album releases.

Through this diverse release pipeline, we expect our artists to maintain strong activities including new album releases throughout the second half of the year. We appreciate your continued interest and support for our artists' upcoming releases.

Let me turn to our concert lineup.

**Please refer to Page 8.**

Our third-quarter concert schedule continues to be led by EXO's Asia tour, alongside a broad range of performances from our artists.

Following its launch in the second quarter, EXO's Asia tour continued with 8 performances across 4 cities in Asia during the third quarter. U-KNOW also began his concert tour in Seoul and is scheduled to perform 10 concerts across 8 locations in Asia.

Furthermore, NCT JNJM held 8 stops on its Asia fan meeting tour, JAEHYUN hosted 2 fan concerts, RENJUN & CHENLE's held 5 fan meetings, and aespa held 3 fan meetings in Japan. SUPER JUNIOR-83z also launched its fan concert tour in Seoul and will continue with 9 performances across 6 cities. Red Velvet held 3 fan concerts in Seoul, while RIIZE conducted 6 fan meetings across 3 cities in Japan.

Looking ahead, additional concert tours and performances are scheduled throughout the remainder of the quarter. aespa will launch its new world tour, *'SYNK : COMPLaexity'* beginning with performances in Seoul on August 7. To celebrate the group's 10th anniversary, NCT DREAM will hold 2 commemorative fan meetings. NCT WISH will continue its fan meeting tour with 4 additional performances, following activities in the first quarter, while RIIZE will hold 2 fan meetings to celebrate its 3rd anniversary.

To continue, NCT 127 will kick off its 5th concert tour, *'NEO CITY : SEOUL – THE REDLINE'* beginning in Seoul on September 18. Additional performances include WayV's Seoul concert, and RYEOWOOK's Asia concert tour.

Our concert momentum is expected to continue into the 4th quarter. Tours by NCT 127, aespa, and SUPER JUNIOR-83z will continue, while YESUNG will commemorate the 10th anniversary of his solo debut with a 7-show Asia tour across 6 locations.

Please note that the concert schedule presented today reflects plans as of August 5, 2026, and remains subject to change depending on artists' schedules and local operating conditions.



In closing, we will continue to balance the global expansion of our legacy artists with the stable growth of our rookie artists, while further strengthening our diversified IP portfolio to enable sustained value creation across our artist roster.

Thank you.