SM ENTERTAINMENT

EARNINGS RELEASE

3Q26

SM ENTERTAINMENT GROUP

DISCLAIMER

The information herein is intended solely to provide guidance for our investors. The financial information included in this presentation is preliminary, unaudited and subject to revision upon completion of the Company's closing and audit processes.

The Company undertakes no obligation to update or revise any forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate financial results.

The Company undertakes no obligation to provide promises or hold responsibilities with respect to forward-looking statements attributable to the Company. All investors should exercise their own independent and professional judgment in making any investment decisions.

The financial information is prepared in accordance with IFRS and includes both standalone and consolidated financial statements.

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1-1. Consolidated Business Results

- **Revenue decreased 9.5% YoY to KRW 291.1bn**
  - Declines in 'Physical Album/Digital Music' & 'Concert' revenue at the parent company
- **Operating Profit decreased 26.4% YoY to KRW 35.5bn**
  - Reflecting lower revenue at the parent company & reduced operating profit at certain major subsidiaries
- **Net Income turned to a loss**
  - Due to foreign exchange losses stemming from the appreciation of the Korean won

(Unit: KRW bn)	3Q26	3Q25	YoY	2Q26	QoQ
Revenue	**291.1**	**321.6**	**-9.5%**	**349.6**	**-16.7%**
Gross Profit	93.1	119.0	-21.7%	115.8	-19.6%
SG&A	57.6	70.8	-18.5%	62.9	-8.4%
Operating Profit	**35.5**	**48.2**	**-26.4%**	**52.9**	**-32.9%**
OP Margin	12.2%	15.0%	-2.8%p	15.1%	-2.9%p
Income before Income Tax	3.2	56.9	-94.3%	42.0	-92.3%
Income Tax	4.4	12.2	-64.4%	12.8	-66.0%
Net Income	**-1.1**	**44.7**	**TR**	**29.2**	**TR**

1-2. SM ENTERTAINMENT Business Results (Parent)

(Unit: KRW bn)	3Q26	3Q25	YoY	2Q26	QoQ
Revenue	**173.4**	**224.5**	**-22.8%**	**240.6**	**-27.9%**
Physical Album/ Digital Music	47.1	96.7	-51.3%	90.9	-48.2%
Appearance (TV/Advertising/Event)	29.2	24.1	21.3%	29.7	-1.8%
Concert	34.5	52.5	-34.2%	41.6	-16.9%
MD/Licensing	62.1	50.3	23.5%	77.9	-20.3%
Other	0.5	1.1	-49.3%	0.6	-3.9%
Gross Profit	49.5	74.6	-33.7%	74.9	-33.9%
SG&A	21.0	34.4	-38.9%	31.0	-32.3%
Operating Profit	**28.4**	**40.2**	**-29.2%**	**43.8**	**-35.1%**
OP Margin	16.4%	17.9%	-1.5%p	18.2%	-1.8%p
Net Income	**11.1**	**32.3**	**-65.7%**	**24.1**	**-54.1%**

- **Revenue decreased YoY 22.8% to KRW 173.4bn**

  - 'Physical Album/Digital Music' revenue declined due to lower sales of new releases

  · New-release sales: 3Q25 5.50m → 3Q26 1.67m
  (3Q26 NCT 127 'BLINGY' 0.97m, WayV 'Vision Wings' 0.24m copies etc.)

  - 'Appearance' revenue continued to grow, supported by increased artist advertising & event activities

  - 'Concert' revenue impacted by the expansion of artists' global reach & locally tailored performances

  · U-KNOW, 'U-KNOW PROJECT 26 : SCENE#1 in *CITY*' Tour (10 shows)
  · EXO, 'EXO PLANET #6 - EXhOrizon in *CITY*' Tour (8 shows)
  · NCT 127, 'NEO CITY : *CITY* – THE REDLINE' Tour (3 shows)
  · aespa, '2026-27 aespa LIVE TOUR – SYNK : COMPLæXITY' Tour (13 shows)

  - 'MD/Licensing' revenue grew on strong sales of Event MD & Concert MD, along with various IP collaborations

  · 'NCT 127 The 7th Album [BLINGY] POP-UP NEO LOST&FOUND CENTER
  · Official EXO character merchandise, 'EXO-MUNGCHIZ'
  · aespa & NCT 127 Concert-MD
  · SUPER JUNIOR-83z, Red Velvet, NCT DREAM, RIIZE fan concert & meeting-MD
  · Licensing growth driven by collaborations, including aespa X PUBG

- **Operating Profit decreased 29.2% YoY to KRW 28.4bn**
- **Net Income decreased 65.7% YoY to 11.1bn**

1-3. Major Subsidiaries

(Unit: KRW bn)	3Q26	3Q25	YoY	2Q26	QoQ
Revenue [1]	164.6	146.8	12.1%	177.7	-7.4%
SM C&C [2]	27.6	25.4	8.8%	27.2	1.4%
SM ENT JAPAN(former SMC)	23.0	24.4	-5.8%	28.8	-20.2%
DEARU [2]	22.8	22.3	2.4%	23.4	-2.2%
SM BM [2]	14.0	18.9	-25.8%	11.2	25.1%
SM LDG [2]	7.6	18.5	-58.7%	14.3	-46.8%
DREAM MAKER	27.4	8.5	223.2%	41.6	-34.2%
KEYEAST	15.8	3.6	336.3%	10.7	47.6%
Others [3]	26.3	25.3	4.0%	20.4	28.7%
Operating Profit [1]	12.2	13.5	-9.9%	13.0	-6.4%
SM C&C [2]	-1.7	-0.2	RL	-1.6	RL
SM ENT JAPAN(former SMC)	0.3	2.6	-89.4%	1.5	-81.2%
DEARU [2]	9.2	8.7	5.6%	9.4	-2.1%
SM BM [2]	0.2	0.7	-75.2%	-0.2	TB
SM LDG [2]	0.3	2.3	-87.2%	2.2	-86.3%
DREAM MAKER	1.0	-.01	TB	4.5	-77.4%
KEYEAST	0.5	-1.0	TB	-1.0	TB
Others [3]	1.4	.05	192.0%	-1.7	TB
Net Income [1]	-6.0	15.3	TR	3.3	TR
SM C&C [2]	-1.6	0.3	TR	-4.4	RL
SM ENT JAPAN(former SMC)	0.3	2.7	-88.5%	1.5	-79.6%
DEARU [2]	-7.4	9.6	TR	4.5	TR
SM BM [2]	0.2	0.6	-69.3%	-0.2	TB
SM LDG [2]	0.4	2.3	-81.4%	2.4	-81.7%
DREAM MAKER	-1.6	0.1	TR	2.8	TR
KEYEAST	0.2	-1.1	TB	-1.7	TB
Others [3]	1.1	0.8	33.8%	-1.6	TB

- **Revenue increased 12.1% YoY to KRW 164.6bn**
  - SM C&C, increase in advertising and management revenue
  - SM ENT JAPAN, impact of the weaker Japanese yen
  - DEARU, growth driven by new artist additions and an increase in Chinese subscribers
  - SM BM, internalization of MD planning capabilities
  - SM LDG, decrease in album printing revenue
  - DREAM MAKER, increase in both domestic & overseas concert productions
  - KEYEAST, revenue growth driven by new TV series production
- **Operation Profit decreased YoY 9.9% to KRW 12.2bn**
  - SM C&C, higher costs from expanding music-related content production
  - SM ENT JAPAN, increase in artist fan meetings & smaller-scale concerts
  - DEARU, increase in subscribers & more efficient server operations
  - SM BM, decrease in profit due to revenue decline
  - SM LDG, decrease in album printing revenue & impacts from its subsidiaries
  - DREAM MAKER, TP driven by increased collaboration with the parent company
  - KEYEAST, TP driven by revenue growth
- **Net Income turned to a loss**

[1] Simple aggregate of financial results of consolidated subsidiaries

[2] Consolidated basis

[3] Aggregate figures for consolidated subsidiaries, excluding 7 separately disclosed entities; intercompany balance and transactions eliminated

2-1. Music LINE-UP Preview

Release	Artist	Album Type
10/2	CHANYEOL	Mini(JPN)
10/5	Hearts2Hearts	Single
10/6	YESUNG	Full Album
10/11	Hearts2Hearts	Collaboration Single(JPN)
10/12	NCT WISH	Mini
10/16	Hearts2Hearts	Collaboration Single
10/19	MAX CHANGMIN	Mini
10/26	XIAOJUN	Mini
10/26	RIIZE	Single
11/4	IRENE & SEULGI	Mini(JPN)
11/9	NCT DREAM	Full Album
4Q26	TAEYEON	Full Album
	EXO Unit	Mini
	U-KNOW	Single(JPN)
	RIIZE	Collaboration Single

Release	Artist	Album Type
1Q27	SEULGI	Full Album
	JAEHYUN	Full Album
	RIIZE	Full Album
	Hearts2Hearts	Mini
	SUPER JUNIOR-83z	Single
	NCT JNJM	Single CD(JPN)
	CHENLE	Single(CHN)

※ All information is current as of November 4th, 2026, and is subject to change.

2-2. Concert LINE-UP Preview

Date	Country & Region	Artist	Title	No. of Concerts
10/3~12/12	Jakarta, Hong Kong, Singapore, Saitama, Bangkok, Manila	NCT 127	NCT 127 5TH TOUR 'NEO CITY : *CITY* – THE REDLINE'	9
10/5~within Dec.	Hangzhou, Chengdu, Changsha, Xiamen, Guangzhou, Beijing, Shanghai	WayV	2026 WayV CONCERT TOUR [BORN THIS Way]	8
10/14~11/11	Yokohama, Nagoya, Osaka, Tokyo	CHANYEOL	CHANYEOL JAPAN TOUR 2026 -The Route- in *CITY*	5
10/3~10/11	L.A., Oakland, Seattle, Vancouver	aespa	2026-27 aespa LIVE TOUR – SYNK : COMPLæXITY in *CITY*	4
10/3~12/23	Kaohsiung, Singapore, Taipei, Osaka	SUPER JUNIOR-83z	2026 SUPER JUNIOR-83z FANCON TOUR [1983] in *CITY*	6
10/16~12/26	Seoul, Kuala Lumpur, Macau,Kaohsiung, Singapore, Hong Kong, Taipei	YESUNG	2026 YESUNG 10th Anniversary Tour – About the Things We Called Ordinary in *CITY*	13
10/18~11/5	Hiroshima, Nagoya, Yokohama	IRENE & SEULGI	IRENE & SEULGI JAPAN TOUR 2026 -blank-	4
10/31~12/13	Yokohama, Osaka, Nagoya, Tokyo	U-KNOW	U-KNOW PROJECT 26 : SCENE#1 – EDIT	8
11/6~11/8	Seoul	MAX CHANGMIN	MAX CHANGMIN LIVE SESSION : RESONANCE	3
11/6~11/8	Seoul	EXO	EXO PLANET #6 – EXhOrizon [dot] –	3
11/15	Seoul	KANGTA	2026 KANGTA FAN MEETING 'WHAT'S WRONG WITH DIRECTOR KANG!?'	1
11/22~11/23	Tokyo	Hearts2Hearts	Hearts2Hearts JAPAN 1st Fan Event "READY! S2U"	2
11/27~11/29	Seoul	RYEOWOOK	RYEOWOOK'S AGIT CONCERT : 2026 Rucky draW	3
11/28~11/29	Seoul	MINHO	MINHO CONCERT〈MEAN : of feral>	2
11/28~11/29	Seoul	aespa	2026 aespa FAN MEETING "MY 보고싶다 ae가"	2
1Q27	Taipei, Kuala Lumpur, Macau	NCT 127	NCT 127 5TH TOUR 'NEO CITY : *CITY*– THE REDLINE'	3
	Seoul, Kaohsiung, Bangkok, Manila, Tokyo, Hyogo, Fukuoka, Aichi, Macau	NCT WISH	NCT WISH 2nd CONCERT TOUR 'INTO THE WISH : Face Our WISH' IN *CITY*	17
	Manchester, London, Amsterdam, Stockholm, Copenhagen, Berlin, Milan, Barcelona, Paris	aespa	2026-27 aespa LIVE TOUR – SYNK : COMPLæXITY in *CITY*	9
	Yokohama	YESUNG	2026 YESUNG 10th Anniversary Tour – About the Things We Called Ordinary in *CITY*	2
	Yokohama	WayV	2026 WayV CONCERT TOUR [BORN THIS Way]	2
	Macau, Taipei	MAX CHANGMIN	MAX CHANGMIN LIVE SESSION : RESONANCE in *CITY*	2
	Yokohama, Fukuoka, Osaka, Nagoya	MAX CHANGMIN	CHANGMIN from 東方神起 CONCERT TOUR ～The Second Dining～	11
	Taipei, Hong Kong, Tokyo	MINHO	MINHO CONCERT 〈MEAN : of feral>	4

※ All information is current as of November 4th, 2026, and is subject to change.

3. APPENDIX – Financial Statements Summary

Consolidated P/L

(Unit: KRW bn)	3Q25	4Q25	1Q26	2Q26	3Q26
Revenue	**321.6**	**319.0**	**279.1**	**349.6**	**291.1**
COGS	202.6	203.4	178.7	233.9	198.0
Gross Profit	**119.0**	**115.6**	**100.4**	**115.8**	**93.1**
SG&A	70.8	61.0	61.8	62.9	57.6
Operating Profit	**48.2**	**54.6**	**38.6**	**52.9**	**35.5**
Other Non-operating Income	3.0	10.7	6.1	4.5	-0.8
Other Non-operating Expenses	1.1	44.5	3.7	12.1	13.4
Financial Income	4.6	9.4	11.9	7.3	0.2
Financial Expenses	-0.5	5.3	3.2	9.6	17.7
Share of Profit(Loss) of Associates & JVs	1.8	-15.2	7.4	-0.9	-0.5
Income Before Income Tax	**56.9**	**9.7**	**57.4**	**42.0**	**3.2**
Income Tax	12.2	-21.4	20.7	12.8	4.4
Net Income	**44.7**	**31.1**	**36.7**	**29.2**	**-1.1**

Consolidated B/S

(Unit: KRW bn)	2024	2025	3Q26
Current Assets	814.0	980.5	950.8
Non-current Assets	605.1	1,027.2	998.5
Total Assets	**1,419.1**	**2,007.7**	**1,949.3**
Current Liabilities	484.6	497.2	430.7
Non-current Liabilities	105.5	151.7	149.0
Total Liabilities	**590.0**	**649.0**	**579.6**
Controlling Interest Equity	664.8	1,002.6	1,027.6
Capital Stock	11.9	11.9	11.9
Minority Interest	164.3	356.1	342.1
Total Shareholder's Equity	**829.1**	**1,358.7**	**1,369.7**
Total Liabilities and Shareholder's Equity	**1,419.1**	**2,007.7**	**1,949.3**


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