



**SM ENTERTAINMENT
EARNINGS RELEASE**

1Q23

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.

Table of Contents

1 Earnings Results

1. Consolidated	-----	4
2. Standalone	-----	5
3. Major Subsidiaries	-----	6

2 LINE-UP Preview

1. Music	-----	7
2. Concert	-----	8
3. Contents	-----	9
4. Advertisement	-----	10

3 APPENDIX – Financial Statements Summary

1-1. Consolidated Earnings

- Revenue KRW 203.9bn YoY +20%

: External growth of head office and subsidiaries in charge of concert business due to the resumption of offline concerts

- Operating profit KRW 18.3bn YoY -5%, net income KRW 23.0bn

(KRW bn)	1Q23	1Q22	YoY	4Q22	QoQ
Revenue	203.9	169.4	20.3%	258.8	-21.2%
Gross Profit	72.2	68.8	4.9%	82.7	-12.7%
Selling and Administrative Expenses	53.9	49.6	8.8%	60.0	-10.2%
Operating Profit	18.3	19.2	-5.0%	22.7	-19.4%
OP Margin	9.0%	11.3%	-2.4%p	8.8%	0.2%p
Income before Income Tax	29.2	35.4	-17.3%	5.1	474.4%
Income tax	6.2	9.8	-36.3%	3.2	97.5%
Net Income	23.0	25.6	-10.0%	1.9	1,088.3%

1-2. Standalone Earnings

(KRW bn)	1Q23	1Q22	YoY	4Q22	QoQ
Revenue	128.2	114.9	11.6%	152.7	-16.1%
Album/ Digital Music	59.6	63.5	-6.1%	77.1	-22.7%
Appearance (TV/Ad./Events)	18.0	15.5	16.1%	25.1	-28.3%
Concerts	19.2	0.7	2,642.9%	7.5	155.9%
MD/Licensing	29.3	17.5	67.4%	41.1	-28.8%
Others	2.0	17.6	-88.6%	1.9	6.9%
Gross Profit	49.6	53.5	-7.4%	55.9	-11.3%
Selling and Administrative Expenses	30.1	28.8	4.4%	31.9	-5.8%
Operating Profit	19.5	24.7	-21.2%	23.9	-18.6%
OP Margin	15.2%	21.5%	-6.3%p	15.7%	-0.5%p
Net Income	18.7	20.8	-9.7%	8.0	134.3%

- **Revenue KRW 123.2bn YoY +12%**
 - Revenue of Concerts and MD/Licensing increased significantly due to resumption of offline concerts : 55 concerts in Korea and abroad (zero in 1Q22) NCT DREAM 13, NCT 127 9, TVXQ! 8 times, etc.
 - Appearance revenue YoY +16% due to increase of advertisement appearance
 - c.f) one-time revenue in Others (KRW 15.0bn) in 1Q22
- **Operating Profit KRW 19.5bn YoY -21%**
 - OP Margin -6.3%p due to the reverse base effect of royalty revenue reflection (KRW 15bn) in 1Q22 and reduction in Album/Digital music revenue
 - Reflection of cost related the management issue (KRW 4.9bn)
- **Net Income KRW 18.7bn YoY -10%**
 - Reverse base effect of one-time income in 1Q22 : KRW 5.5bn, profit of sale real estate (SMT LOUNGE)

1-3. Major Subsidiaries

(KRW bn)	1Q23	1Q22	YoY	4Q22	QoQ
Revenue ¹⁾	116.1	70.9	63.9%	136.3	-14.8%
SM C&C ³⁾	21.4	22.0	-2.6%	51.8	-58.6%
KEYEAST	19.3	13.7	40.7%	16.1	20.0%
DREAM MAKER	22.3	4.2	431.4%	26.7	-16.4%
SMC	26.7	11.6	130.2%	15.1	76.8%
SMEJ Plus	5.3	3.4	53.6%	4.6	14.9%
Others ²⁾	21.1	15.9	32.4%	22.1	-4.4%
Operating Profit ¹⁾	-0.2	-6.0	-	-0.8	-
SM C&C ³⁾	-3.4	-3.1	-	3.0	-
KEYEAST	-0.4	-0.3	-	-0.2	-
DREAM MAKER	2.6	-0.6	-	0.7	247.6%
SMC	2.3	-1.0	-	-3.9	-
SMEJ Plus	-0.2	-0.4	-	0.6	-
Others ²⁾	-1.1	-0.7	-	-1.1	-
Net Income ¹⁾	3.8	-4.9	-	-18.6	-
SM C&C ³⁾	-1.9	-2.4	-	2.6	-
KEYEAST	0.3	0.3	-5.1%	-1.9	-
DREAM MAKER	4.5	-0.6	-	0.1	3,397.0%
SMC	2.2	-1.0	-	-5.9	-
SMEJ Plus	-0.2	-0.4	-	0.8	-
Others ²⁾	-1.0	-0.8	-	-14.4	-

¹⁾ Sum of consolidated subsidiary earnings

²⁾ Sum of earnings of subsidiaries other than 5 companies stated above and processing some accounts that can be offset each other

³⁾ Consolidated

- **Revenue KRW 116.1bn YoY +64%**
 - Strong performance of subsidiaries in charge of concert business due to the resumption of offline concerts
 - : DREAM MAKER YoY +431%, SMC YoY +130%, SMEJ Plus YoY +54%
 - Other Subsidiaries YoY +32%
 - : DREAM MAKER USA, large increase due to performance of NCT 127 tour in USA (9 times)
 - : China subsidiary, reflection of WayV album sales (released on December 28th, 2022)
- **Operating Profit BEP, reduction in the deficit**
 - External growth and leverage effect of DREAM MAKER and SMC due to the concerts resumption
- **Net Income KRW 3.8bn, achieved turnaround**
 - Due to revenue growth and operating profit improvement of major subsidiaries

2-1. Music LINE-UP Preview

Release Date	Artist	Category of Album	Release Date	Artist	Category of Album
4/17	NCT DOJAEJUNG	Mini (1 st) - Perfume		WENDY	Mini (2 nd)
5/8	aespa	Mini (3 rd) - MY WORLD		ONEW	Repackage
in 2Q*	TAEYONG	Mini (1 st)	in 3Q*	KEY	Mini (2 nd)
	SHINee	Album (8 th)		TAEYEON	Mini (5 th)
in 3Q*	U-KNOW	Mini (3 rd)		NCT	Album (4 th)
	EXO	Album (7 th)		D.O.	Mini (2 nd)
	NCT DREAM	Album (3 rd)		2 New Artists	-

* The above is the main line-up as of May 11th, 2023, and may change later.

2-2. Concert LINE-UP Preview

Date	Region	Artist	Title of Concert	Times
4/1	KOREA	BoA	BoA 20th Anniversary Live - THE BoA : Musicality	1
4/1~	KOREA, THAILAND, FRANCE, etc.	Red Velvet	Red Velvet 4th Concert : R to V	13+
4/1-6/24	JAPAN, INDONESIA	aespa	aespa LIVE TOUR 2023 'SYNK : HYPER LINE'	7
4/1-6/25	JAPAN	TVXQ!	TOHOSHINKI LIVE TOUR 2023 ~CLASSYC~	12
4/3~5/20	GERMANY, USA, SINGAPORE, etc.	NCT DREAM	THE DREAM SHOW 2 : In A DREAM	14
4/15~16	KOREA	Super Junior	SUPER JUNIOR WORLD TOUR - SUPER SHOW 9 : ROAD_SHOW	2
6/2~3	KOREA	NCT DREAM	THE DREAM SHOW 2 : In YOUR DREAM	2
6/3~4	KOREA	TAEYEON	TAEYEON CONCERT - The ODD Of LOVE	2
6/3-18	JAPAN	YESUNG	SUPER JUNIOR-YESUNG LIVE TOUR 『君という桜の花びらが僕の心に舞い降りた。』	4
8/5~6	JAPAN	aespa	aespa LIVE TOUR 2023 'SYNK : HYPER LINE' in JAPAN -Special Edition-	2

* The above is the main line-up as of May 11th, 2023, and may change later.

2-3. Contents LINE-UP Preview



Your Fault Your Favor Sutreamer



Far and Wide with Kang Ho-dong



'When the Stars Gossip' Main characters, Minho Lee and Hyojin Kong



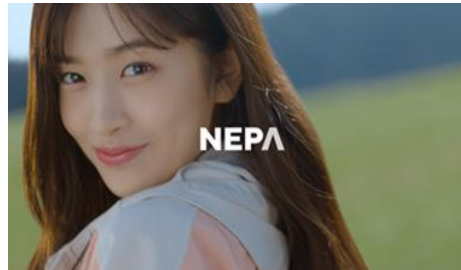
'No Secret (working title)' Main characters, Kyungpyo Ko and Hanna Kang

Production	Title	Channel	Broadcasting Period	Cast
SM C&C (Variety Show)	Your Fault Your Favor Sutreamer	YouTube	4/4~	LEETEUK, SHINDONG
	Far and Wide with Kang Ho-dong	YouTube	4/14, 17	Ho-dong Kang
	Super Trip 5 IN Mountain	YouTube	4/25~	LEETEUK, DONGHAE
KEYEAST* (Drama)	When the Stars Gossip	-	-	Minho Lee, Hyojin Kong
	No Secret (working title)	JTBC	-	Kyungpyo Ko, Hanna Kang
	Illumination	Be released on OTT	-	-
	Trigger	-	-	-

2-4. Advertisement LINE-UP Preview



SKT 'A.dot'



NEPA 'HIFLOW CUSH'



K Car 'K-Class'



The 2023 FAI World Drone Racing Championship in Namwon



VISIT BUSAN PASS



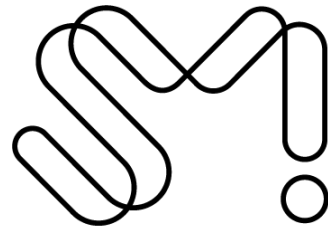
PICO 4

- Commercial campaign is on air SK Affiliates such as SKT, as well as NEPA, K-Car, non-affiliated.
- Promotion is running such as 'The 2023 FAI World Drone Racing Championship in Namwon', 'VISIT BUSAN PASS', 'PICO 4', etc.

APPENDIX – Financial Statements Summary

Consolidated P/L					
(KRW bn)	1Q22	2Q22	3Q22	4Q22	1Q23
Revenue	169.4	184.4	238.1	258.8	203.9
Cost of Revenues	100.7	121.3	157.7	176.1	131.7
Gross profit	68.8	63.1	80.5	82.7	72.2
Selling and Administrative Expenses	49.6	43.7	50.7	60.0	53.9
Operating Profit	19.2	19.4	29.8	22.7	18.3
Other Non-Operating Income	13.1	2.3	2.0	2.3	3.3
Other Non-Operating Expenses	0.8	1.7	1.8	7.6	1.5
Financial Income	5.8	4.2	8.2	-5.5	7.1
Financial Expenses	1.2	1.3	1.1	2.4	1.5
Share of Profit(Loss) of Associates and JVs	2.8	13.9	2.6	-7.9	3.5
Income Before Income tax	35.4	36.8	39.6	5.1	29.2
Income Tax	9.8	11.5	10.5	3.2	6.2
Net Income	25.6	25.4	29.2	1.9	23.0

Consolidated B/S			
(KRW bn)	2021	2022	1Q23
Tangible Assets	769.5	841.4	779.5
Intangible Assets	545.5	621.6	632.3
Total Assets	1,314.9	1,463.0	1,411.9
Current Liabilities	400.7	467.4	431.3
Non-current liabilities	125.8	109.4	111.7
Total Liabilities	526.5	576.9	543.0
Controlling Interest Equity	616.2	696.7	673.7
Capital Stock	11.9	11.9	11.9
Minority Interest	172.2	189.4	195.2
Total Shareholder's Equity	788.4	886.1	868.9
Total Liabilities and Shareholder's Equity	1,314.9	1,463.0	1,411.9



SM
ENTERTAINMENT