

A large, stylized graphic of the letters 'SM' is positioned on the left side of the page. The letters are formed by overlapping, rounded, black-outlined shapes. The 'S' is on the left and the 'M' is on the right, with the two letters overlapping in the middle. The graphic is composed of several overlapping, rounded, black-outlined shapes that form the letters 'S' and 'M'.

SM ENTERTAINMENT EARNINGS RELEASE

4Q22Y

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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3 APPENDIX – Financial Statements Summary

1-1. Consolidated Earnings

- Revenue KRW 256.4bn YoY 18%
- Operating profit KRW 25.2bn YoY 70%, net income KRW 9.0bn
: Reverse base effect of one-time revenue in 4Q21(KRW 19.7bn from the sale of real estate)

(KRW bn)	4Q22	4Q21	YoY	3Q22	QoQ
Revenue	256.4	216.9	18.2%	238.1	7.7%
Gross Profit	85.1	71.9	18.4%	80.5	5.7%
Selling and Administrative Expenses	59.9	57.1	4.9%	50.7	18.2%
Operating Profit	25.2	14.8	70.3%	29.8	-15.5%
OP Margin	9.8%	6.8%	3.0%p	12.5%	-2.7%p
Income before Income Tax	13.5	46.9	-71.2%	39.6	-66.0%
Income tax	4.4	13.7	-67.9%	10.5	-58.6%
Net Income	9.0	33.2	-72.7%	29.2	-69.0%

1-2. Standalone Earnings

(KRW bn)	4Q22	4Q21	YoY	3Q22	QoQ
Revenue	151.1	120.2	25.8%	135.1	11.8%
Album/ Digital Music	76.8	75.3	2.0%	72.0	6.7%
Appearance (TV/Ad./Events)	25.1	19.7	27.4%	24.3	3.4%
Concerts	7.5	0.3	2,400.0%	10.9	-31.3%
MD/Licensing	39.8	23.2	71.6%	26.4	50.6%
Others	1.9	1.6	18.8%	1.5	27.7%
Gross Profit	56.3	46.4	21.3%	40.4	39.6%
Selling and Administrative Expenses	32.0	32.4	-1.2%	27.6	15.8%
Operating Profit	24.4	14.1	73.0%	27.1	-10.1%
OP Margin	16.1%	11.7%	4.4%p	20.1%	-3.9%p
Net Income	9.3	19.7	-52.8%	22.1	-57.9%

■ Revenue KRW 151.1bn YoY 26%

- Significant growth in revenue due to seamless growth across all business segments
- : Breaking their own record in album sales of NCT DREAM and Red Velvet
- Concerts/MD/Appearance large increase
- : 35 times of domestic and international concerts (NCT 127 8 times, NCT DREAM 5 times, Super Junior 8 times)

■ Operating Profit KRW 24.4bn YoY 73%

- Leverage effect due to increase in revenue
- Cost reduction effect due to one-time gain(loss) KRW 3.3bn in 4Q21(debt loss of KRW 2.6bn, cost reversal of KRW 0.7bn)
- Improved OP Margin ratio by 4.4%p

■ Net income KRW 9.3bn YoY decline

- Reverse base effect of one-time revenue
- : KRW 19.7bn from the sale of real estate in 4Q21
- KRW 7.5bn of foreign currency-related loss

1-3. Major Subsidiaries

(KRW bn)	4Q22	4Q21	YoY	3Q22	QoQ
Revenue ¹⁾	136.3	117.6	15.9%	136.9	-0.4%
SM C&C ³⁾	51.8	52.2	-0.8%	47.7	8.7%
KEYEAST	16.1	22.5	-28.6%	16.1	-0.4%
DREAM MAKER	26.7	8.7	207.0%	24.5	8.9%
SMC	15.1	13.1	15.4%	23.6	-35.8%
SMEJ Plus	4.6	3.1	48.0%	4.5	1.4%
Others ²⁾	22.1	18.0	22.3%	20.4	7.8%
Operating Profit ¹⁾	1.2	2.8	-56.9%	3.0	-60.3%
SM C&C ³⁾	3.0	4.2	-28.6%	1.2	149.9%
KEYEAST	-0.2	1.7	-	-0.9	-
DREAM MAKER	1.6	-0.4	-	2.8	-43.2%
SMC	-2.4	-1.9	-	0.5	-
SMEJ Plus	0.2	0.6	-66.7%	-0.4	-
Others ²⁾	-1.0	-1.4	-	-0.2	-
Net Income ¹⁾	-9.8	2.8	-	4.3	-
SM C&C ³⁾	2.5	-6.0	-	1.6	63.7%
KEYEAST	-1.9	1.7	-	0.8	-
DREAM MAKER	1.4	-0.7	-	2.6	-47.1%
SMC	-2.5	3.8	-	-0.3	-
SMEJ Plus	0.5	-2.0	-	0.1	499.4%
Others ²⁾	-9.8	6.0	-	-0.4	-

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 136.3bn YoY 16%

- Increased in revenue of concert/fan meeting-related subsidiaries due to the endemic
- : DREAM MAKER YoY 207%, subsidiaries in Japan YoY 22%
- Other subsidiaries YoY 22%
- : Increased in revenue of F&B/album printing business of SM Life Design

■ Operating Profit KRW 1.2bn

- Decreased in OP due to expansion of major subsidiaries' deficits
- : Turnaround of SM Life Design due to prosperity in F&B/printing business
- : Deficit of KEYEAST due to absence of aring drama
- : Expanded deficit of SMC due to increasing fixed cost

■ Net Income KRW -9.8bn

- Loss of SM Japan, KRW 8.1bn, due to stock selling(SMC, listed in Japan)

2-1. Music LINE-UP Preview

Release Date	Artist	Title of Album	Category of Album
1/6	Super Junior	The Road	Album (11 th)
1/16	GOT the beat	Stamp On It	Mini (1 st)
1/25	YESUNG	Seonsory Flows	Album (1 st)
1/30	NCT 127	Ay-Yo	Repackage (4 th)
2/13	KEY	Killer	Repackage (2 nd)
2/27	YESUNG	Floral Sense	Special (1 st)
in March*	ONEW	-	Album (1 st)
	KAI	-	Mini (3 rd)
	TAEYEON	-	Mini (5 th)
in April*	Unit of NCT	-	Mini (1 st)
	aespa	-	Album (1 st)
in May*	SHINee	-	Album (8 th)
	Solo of NCT	-	Mini (1 st)

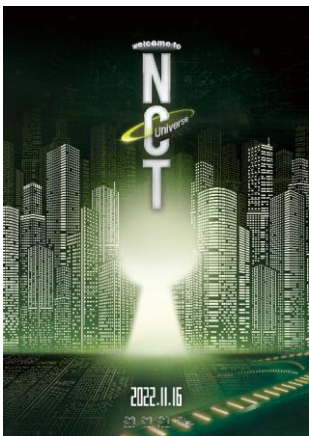
* The above is the main line-up as of February 20th, 2023, and may change later.

2-2. Concert LINE-UP Preview

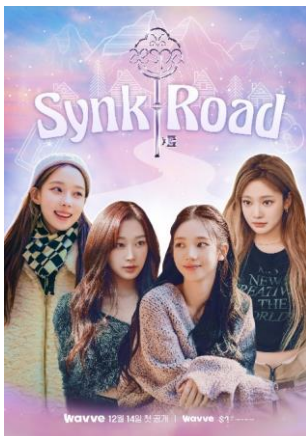
Date	Region	Artist	Title of Concert	Times
1/9~28	USA, BRAZIL, CHILE, COLOMBIA, MEXICO	NCT 127	NCT 127 2ND TOUR 'NEO CITY - THE LINK'	9
1/28~2/11	JAPAN	KAI	KAI Japan Special Live 2023	4
2/9~15	BRAZIL, PERU, MEXICO	Super Junior	SUPER JUNIOR WORLD TOUR - SUPER SHOW 9 : ROAD	3
2/11~6/25	JAPAN	TVXQ!	TOHOSHINKI LIVE TOUR 2023 -CLASSYC-	20
2/17~	JAPAN, INDONESIA, THAILAND, EUROPE, NORTH AMERICA, etc.	NCT DREAM	THE DREAM SHOW 2 : In A DREAM	30
2/25~26	KOREA	aespa	2023 aespa 1st Concert 'SYNK : HYPER LINE'	2
3/3~15	KOREA, JAPAN	ONEW	ONEW CONCERT 'O-NEW-NOTE'	5
3/11~12	KOREA	BoA	BoA 20th Anniversary Live - THE BoA : Musicality	2
3/11~12	JAPAN	KEY	KEY CONCERT - G.O.A.T. (Greatest Of All Time) IN THE KEYLAND JAPAN	2
3/15~4/30	JAPAN	aespa	aespa LIVE TOUR 2023 in JAPAN (仮)	10
in 2Q*	-	Red Velvet	-	-
	-	TAEYEON	-	-

* The above is the main line-up as of February 20th, 2023, and may change later.

2-3. Contents LINE-UP Preview



welcometoNCT Universe



aespa's Synk Road



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



'(title undetermined)' Main characters,
Kyungpyo Ko and Hanna Kang

Production	Title	Channel	Broadcasting Period	Cast
SM C&C (Variety Show)	welcome to NCT Universe	TVING, Nihon TV, Hulu	22/11/16~ 23/2/21	SHOTARO, SUNGCHAN, EUNSEOK, SEUNGHAN, SHOHEI, etc.
	aespa's Synk Road	wavve, TrueID, KOCOWA	22/12/28~ 23/2/21	aespa
KEYEAST* (Drama)	When the Stars Gossip	-	-	Minho Lee, Hyojin Kong
	(title undetermined)	JTBC	-	Kyungpyo Ko, Hanna Kang
	Illumination	be released on OTT	-	-
	Trigger	-	-	-

2-4. Advertisement LINE-UP Preview



SKT 'T deal'



Coway 'BEREX'



WOONGJIN THINKBIG 'smartAll'



2023 Korea Grand Sale



VISIT BUSAN PASS



PICO 4

- Commercial campaign is on air such as SKT, SK Broadband, and FLO, SK-affiliated, as well as such as Coway and Woongjin Thinkbig, non-affiliated.
- Promotion is running such as '2023 Korea Grand Sale', 'VISIT BUSAN PASS' pilot operation, and 'PICO 4', etc.

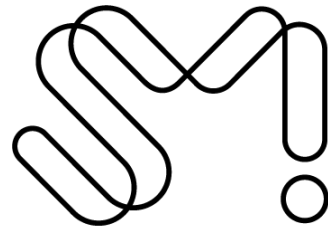
APPENDIX – Financial Statements Summary

Consolidated P/L

(KRW bn)	4Q21	1Q22	2Q22	3Q22	4Q22
Revenue	216.9	169.4	184.4	238.1	256.4
Cost of Revenues	145.1	100.7	121.3	157.7	171.3
Gross profit	71.9	68.8	63.1	80.5	85.1
Selling and Administrative Expenses	57.1	49.6	43.7	50.7	59.9
Operating Profit	14.8	19.2	19.4	29.8	25.2
Other Non-Operating Income	22.5	13.1	2.3	2.0	2.3
Other Non-Operating Expenses	14.1	0.8	1.7	1.8	5.0
Financial Income	25.6	5.8	4.2	8.2	-2.3
Financial Expenses	16.1	1.2	1.3	1.1	2.8
Share of Profit(Loss) of Associates and JVs	22.1	2.8	13.9	2.6	-3.9
Income Before Income tax	46.9	35.4	36.8	39.6	13.5
Income Tax	13.7	9.8	11.5	10.5	2.4
Net Income	33.2	25.6	25.4	29.2	9.0

Consolidated B/S

(KRW bn)	2020	2021	2022
Tangible Assets	646.5	769.5	836.5
Intangible Assets	422.4	545.5	634.4
Total Assets	1,068.9	1,314.9	1,470.9
Current Liabilities	433.8	400.7	459.8
Non-current liabilities	18.9	125.8	113.8
Total Liabilities	452.7	526.5	573.6
Controlling Interest Equity	431.8	616.2	706.6
Capital Stock	11.7	11.9	11.9
Minority Interest	184.3	172.2	190.6
Total Shareholder's Equity	616.1	788.4	897.3
Total Liabilities and Shareholder's Equity	1,068.9	1,314.9	1,470.9



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