

### **[Official Statement] SM's Position on HYBE's Official Statement**

CTP, the 'foreign version of Like Planning', signed direct contracts with foreign labels, not with SM, to hide its identity. CTP has no business relationship with SM, so this issue is not one that HYBE can resolve by terminating a contract. In the video uploaded by CEO Sung-su Lee, he mentioned a direct contract between former Executive Producer Soo-man Lee and foreign labels, not a contract between CTP and SM.

Therefore, HYBE's statement distorts the real issue of CTP, its alleged offshore tax evasion.

If HYBE knew that CTP was a "foreign version of Like Planning" and signed the stock purchase agreement anyway, it has acquiesced to Soo-man Lee's alleged offshore tax evasion. If HYBE signed the stock purchase agreement unaware of the reality of CTP, HYBE has admitted that it has been deceived by Soo-man Lee. This is something HYBE's management, which has rushed through a hostile M&A that cost over KRW 1 trillion without any due diligence, will have to explain to its shareholders, authorities, and other stakeholders.

In the official statement announcing the signing of the stock purchase agreement with former Executive Producer Soo-man Lee, it was mentioned that <HYBE Chairman Si-hyuk Bang expressed his deep empathy with the 'Humanity and Sustainability' campaign declared by Soo-man Lee earlier this year and expressed his desire to work with Lee, who was living a secluded life due to a series of issues, to utilize the influence of K-POP in a sustainable way> and <Bang stated "HYBE fully agrees with the strategic directions that Mr. Lee has been promoting, such as the implementation of the metaverse, the establishment of a multi-label system, and the visionary campaign to save the planet">. We find it hard to believe that Chairman Bang was not informed of the details of a campaign that he so deeply empathized with.