

[Press Release]

SM Reports Surprise Earnings with 70% Increase in 4Q YoY Operating Profit

- **Sustained growth in all business units due to increased album sales and concerts**
- **18% increase in sales of KRW 256. billion, and 70% increase in operating profit of KRW 25.2 billion**
- **Record breaking album sales of NCT Dream and Red Velvet / 35 concerts held for NCT and Super Junior**
- **“Continued improvement trend in the first half of this year” continued success with album releases and concerts of aespa and SHINee**

(Seoul, February 20, 2023) SM continued its sustained growth in all business units in the fourth quarter of last year with increased album sales and concerts.

On the 20th, SM announced that it recorded KRW 256.4 billion in consolidated sales in the fourth quarter of last year, an 18% increase year-on-year, and KRW 25.2 billion in operating profit, a 70% increase year-on-year.

However, net income recorded a decrease of KRW 9 billion due to the negative base effect of the one-time revenue in the previous year.

On a standalone basis, sales increased by 26% to KRW 151.1 billion year-on-year as artists resumed their activities. Operating profit also increased by 73% year-on-year, recording KRW 24.4 billion, due to the operating leverage effect caused by the top-line growth.

Album sales of NCT DREAM and Red Velvet set new records, and concert sales increased significantly with 35 concerts for NCT 127, NCT Dream and Super Junior, in Korea and overseas.

Net income decreased by 53% to KRW 93 billion due to the negative base effect caused by a one-time income of KRW 19.7 billion from asset sales in the fourth quarter of 2021.

Major subsidiaries related to concerts and fan meetings also showed steady growth in performance due to the endemic.

Dream Maker’s revenue increased by 207%, and major subsidiaries such as the Japanese subsidiary and SM Life design recorded 16% increase in sales year-on-year to KRW 136.3 billion.

Improvement in SM’s profit from albums, music and concerts is expected to continue in the first half of this year. Super Junior and Yesung’s full-length albums, GOT the beat’s mini album, and NCT 127 and Key’s repackage albums were released in the first quarter, and aespa and SHINee’s albums and NCT’s unit mini album are scheduled to release in the second quarter.

In addition, 50 concerts for TVXQ! and NCT Dream, 10 Japan concerts for aespa, and other concerts for NCT, BoA, Key, Red Velvet, Taeyeon, and others are planned one after another.