

JYP Entertainment

2023 Investor Relations

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#4Q22 FINANCE RESULT

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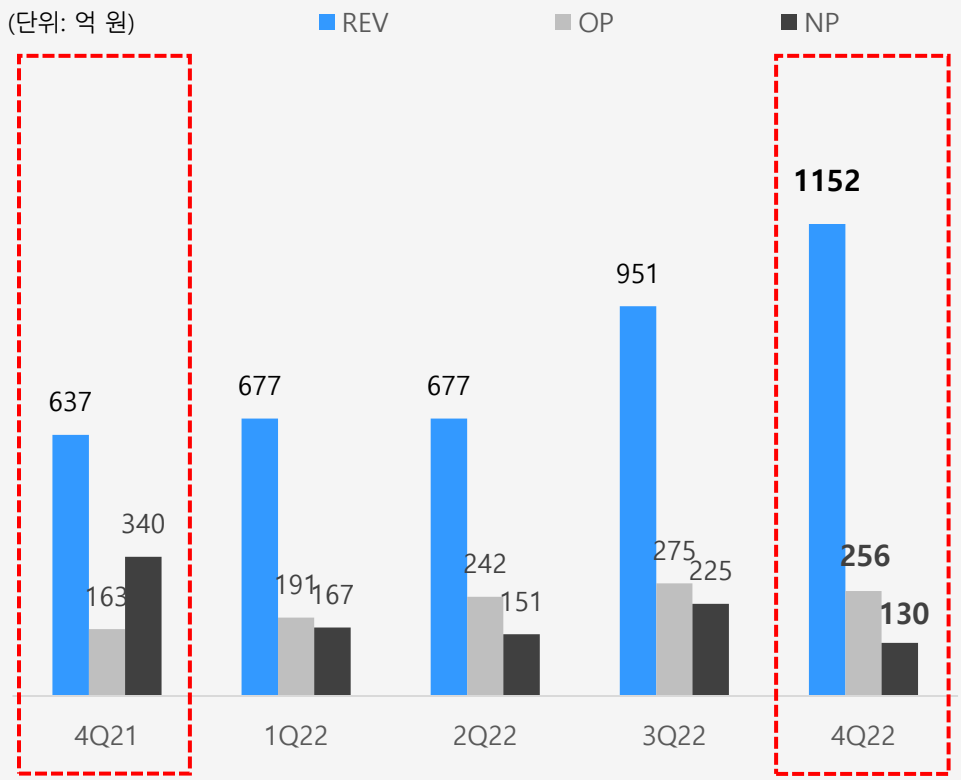
Q4 Result – Overview

"Main artists' contribution expands amid K-POP penetration accelerates in global music industry / One-offs and temporarily increasing costs slows quarterly margin"

OVERVIEW



▶ **2022 Q4 / Yearly** Unit: KRW Bn

- **REV: 115.2 (yoy+80.7%) / 345.8 (yoy+78.4%)**
- **OP: 25.6 (yoy+57.5%) / 96.6 (yoy+50.3%)**
- **NP: 13.0 (yoy-61.8%) / 67.5 (-%)**

▶ **Recorded highest physical album sales driven by N.A region**

1) SKZ / ITZY drives Q4 physical sales & overseas streaming revenue expands
   - Physical sales rose **yoy+93%** (Republic Records quarterly revenue: 8.3bn)
   - Global streaming **yoy+107%** (vs. Streaming, **yoy+40%**)
2) Merchandise / Ads & others (IP licensing)revenues continue to expand
   - MD (17) **yoy+277%** / Ads (6.2) **yoy+75%** quarterly highest record
   - Others revenue reached 20bn (IP licensing incl. DEARU revenue **yoy+126%**)
4) Revenue increased across all region (Others **yoy+96%/ Annual yoy+95%**)

▶ **Artist fee & JYP360 related costs slows quarterly margin**

1) Annual: GPM 45% (**yoy-8%pt**) / OPM 28% (**yoy-2%pt**)
2) Quarterly one-offs (approx. 6bn)and artists fee increased
3) JYP360 related costs increased
   - Merchandise production costs (3.5)/ PG & agency commission (2.3)

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Q4 Result – P/L Summary

(Unit: KRW Bn)

	2022 Q4 (a)	2021 Q4 (b)	증감 (yoy)	차이 (a-b)	비 고
Revenue	115.2	63.7	80.7%	51.4	**Physical Sales & Merchandise/Others drove revenue growth** - [Physical] SKZ / ITZY / TWICE physical sales increased - [Concert] ITZY (US) / SKZ tour (Jakarta/Japan) / NiziU ARENA&DOME tour - [Ads] Quarterly highest record based on allowance of artist individual ads (6.2) - [Merchandise] Quarterly highest record (JYP360, quarterly revenue 10) - [Others] Quarterly highest 20bn (IP licensing incl. DEARU 14.8, **yoy+126%**) - [N.A region] Quarterly highest record: 28.5bn incl. Republic Records REV (**yoy+96%**)
COGS	69.2	29.1	137.9%	40.1	**GPM 39.9% (Annual GPM 45.3% yoy-8.5%pt)** 1) Artist fee & JYP360 merchandise production costs (COGS-Other expense) - TWICE/NiziU related one-offs 6.0 & JYP360 MD production costs 3.5 - Artists' fee increased due to SKZ revenue growth & TWICE contract renewal
Gross Profit	45.9	34.6	32.6%	11.2	
L SG&A	20.2	18.3	10.4%	1.9	**SG&A-commission** - JYP360 PG & Agency commission 2.3 - A2K production cost 1.0
Operating Profit	25.6	16.3	57.5%	9.3	**OPM 22.3% / Annual OPM 27.9% (yoy-1.9%pt)**
L Financial P/L	-1.4	15.5	-124.6%	-16.9	- NAVERZ fair value valuation P/L (-11.4)/4by4 valuation (-1.0)/ - Foreign exchange loss (-3.6)
Net Profit	13.0	34.0	-61.8%	-21.0	Corporate tax 10.4

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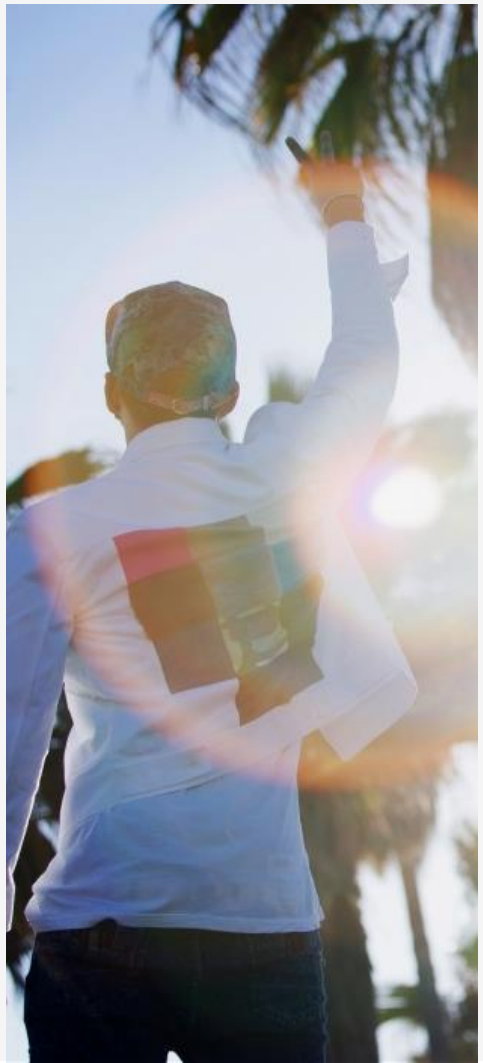
"Contents & concert demand continue to expand amid K-POP global penetration / Artists' line-up expansion through localization / JYP360 & JYP Partners to boost synergy"



Summary of Investment Highlight

- **Main Artist's Growth Accelerates & Overseas Concert Demand Expands**
  - [JYP><Republic Records] Strengthening the Strategic Partnership with Republic Records
  - [Stray Kids] Ranked No.1 on <Billboard 200>2nd time in a row in 2022 (Latest physical sales volume reached 3.0mil. copies) / Officially announced additional 20time concert tour worldwide until Q1 2023
  - [TWICE] Latest physical album pre-order reached 1.7mil. / Planning for additional unit & solo activities / Officially announced 16time World Stadium Tour including the SoFi Stadium concert. / Planning an additional major tour in H2
  - [ITZY] Latest release sold more than 1million copies & Planning 20time ARENA Tour in H1
  - [NMIXX] Accumulated physical sales vol. reached 1million copies since debut in Feb 2022 / Preparing for 3 albums in 2023
  - [NiziU] 19time concert tour all sold out incl. 4time DOME in 2022 H2 / Preparing for a new comeback in H1 2023
- **Line-up Expansion & Global Localization**
  - [NiziU BOY: Japan] [LOUD: Global] [Project. C: China] [A2K Project: USA] 4more groups to make debut in 2023 as planned
- **Inorganic Growth Plan: Strategic Investment & MD Commerce to Expand**
  - 24년 상반기 내 [JYP PARTNERS] 출범 예정. 유관 산업 내 VC 전략적 투자 확대 및 시너지 강화
  - JYP360 established in June 2022. Setting up e-commerce mall to enhance MD sales and to facilitate IP related business
- **Digital Sales & High-margin Overseas Business to Expand**
  - YouTube subscribers increased yoy+3.0MN (JYP Official Subs. 26.6MN)[1]
  - High-margin overseas (US/Japan)management revenue to expand further

1) As of 2023 March

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#APPENDIX

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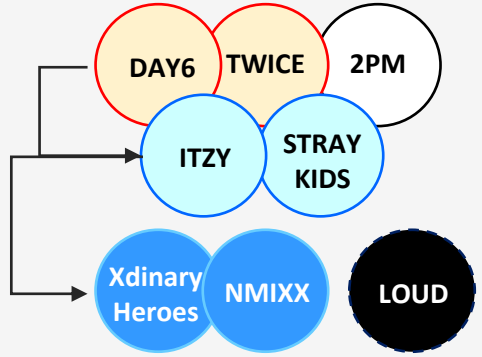
Growth – Strategic Direction

"Focusing on three strategic direction: A Strengthening the Core Biz, B Global Expansion by Localization and C New Business Expansion"

A Strengthening the Core Biz

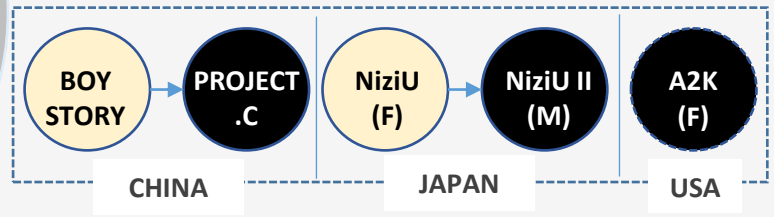
Developing additional artist line-up to target various market & audience



B Global Expansion (Localizing Core Biz)

Localize our core system to target local music market by forming a strategic partnership

Partnership w/ Strategic Partners | SONY/ Republic Records/ TENCENT | Entering NEW MARKET



Greater Market Dominance

A Maximizing Efficiency

Achieve greater efficiency through process innovation and focusing on the core biz

C New Business Opportunity

Seeking out potential strategic partners / IP licensing businesses / future contents

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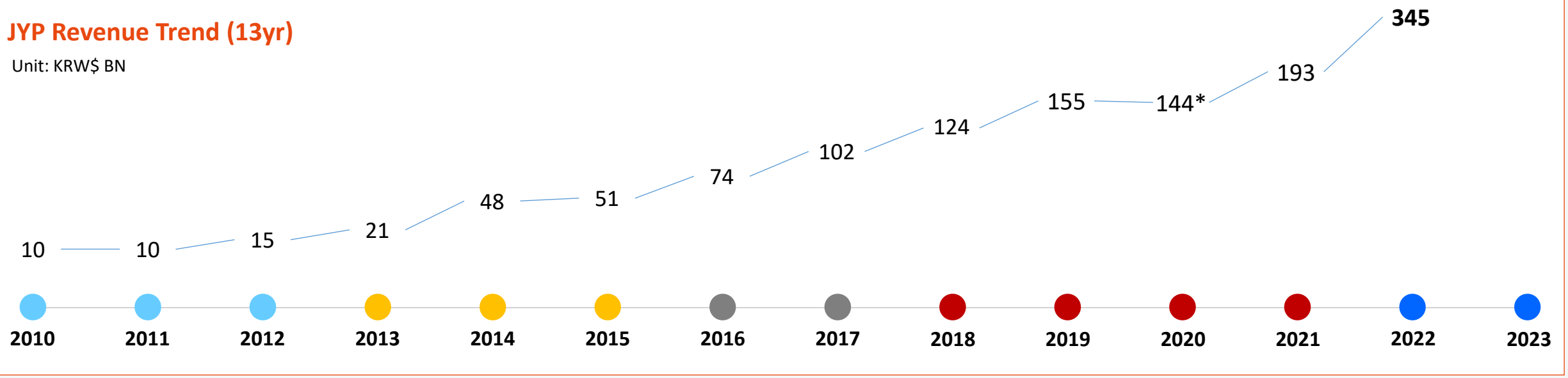
Key Milestones

"JYP has proved sustainability and continued its fast growth by optimizing the production system/process & its multi-label structure

JYP Revenue Trend (13yr)

Unit: KRW$ BN



K-Pop Expansion into Asia

- 2PM Debut (2008)
- Established China Office (2008)
- Established Japan Office (2010)
- Established Thailand Office (2011)

Merger & Artist Expansion

- Merged J.TUNE through RTO (2013)
- Voting Committee (2014)
- GOT7 Debut (2014)
- TWICE Debut (2015)
- DAY6 Debut (2015)

Setting Up Multi-label System

- Changed Group Structure into 4 Labels (2016)
- TWICE Debut in Japan (2017)
- Established HK Office (2017)

Global Expansion – Digital era.

- Stray Kids Debut (2018)
- New JYP Center Open - JYP 2.0 (2018)
- Boy Story Debut - Localization (2018)
- ITZY Debut (2019)
- JPN Nizi Project - Localization (2020)
- Established JYP360 (2021)
- Xdinary Heroes Debut (2021)

Glocalization & Advanceme

- NMIXX Debut (2022)
- LOUD Project (2023)
- Project C - China (2023)
- A2K Project - US (2023)
- NiziU2 - Japan (2024E)
- Setting up CVC (2024E)

* COVID19 outbreak : achieved highest earnings

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Main Artists



2PM

Debut in 2008

Attracted More than 2.2 Million Audience through ‘World Tour’.

Solid Fan-base in Japan



TWICE

Debut in 2015

Top Female Group Artists.

YouTube Views over 17billion with 15.6million subscribers &

Albums Sold over 14million since 2016.

With release of “Set Me Free”, ranked No.2 on <Billboard 200> in

2023 and sold out their 5th World Tour in 14 global cities



DAY6

Debut in 2015

Hosted World Tour in 26 global cities in 2020.

‘Sing a Song Writer and Composer’

Main Artists







STRAY KIDs

Debut in 2018 (Mar)

Ranked No.1 on <Billboard 200> 2nd time in a row in 2022 and currently hosting 19time Stadium World Tour in 17 countries until H1 2023

Latest release "MAXIDENT" sold 3.0mil. copies worldwide

YouTube subscribers over 12.1million since debut in 2018

ITZY

Debut in 2019 (Feb)

Reached 34million YouTube views within 48 hours of their first M/V release on YouTube, "DallaDalla" & the latest album release "CHECKMATE" ranked no.8 on <Billboard 200> in 2022

YouTube subscribers over 8.1MN and reached over 4bn YouTube views since debut in 2019

Xdinary Heroes

Debut in 2021 (Dec)

JYP Entertainment's 2nd Boy Band debut following DAY6 success – all members specialized in musical instrument

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Hot Prospects



NMIXX

Debut in 2022 (Feb)

Reached more than 30million YouTube views within 48 hours of their first M/V release and sold over 500K physical album copies upon their first debut (marked as the highest debut album sales record among K-Pop female groups in history)

Sold over 1mil. physical copies since their debut in 2022 Feb.

ARTISTs (Localization)

Local Artists



BOY STORY (JV)

Debut in 2018 (Sep)

Ranked No.1 in ‘QQ Music Video Chart’ and ‘Weibo Asia Music Chart’ upon the debut.

JYP’s First Local Artist under JV with TENCENT



NiziU

Debut in 2020 (Dec)

Ranked No.1 in ORICON Chart in Japan with pre-release digital songs and topped all 64 local chart incl. Line Music.

NiziU jointly produced between JYP Ent. & SONY Music Japan and made first debut in Dec 2020 (The first physical album sold 500K)

Sold out their first major tour in Japan including 15time ARENA & 4time DOME TOUR in 2H 2022

Artist Line-up Expansion (by year)

Artists	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E
2PM	*CR*			*CR*						
DAY6	*Debut*							*CR*		
TWICE	*Debut*							*CR*		
Stray Kids				*Debut*						
ITZY					*Debut*					
NiziU (Japan)						*Debut*				
Xdinary Heroes							*Debut*			
NMIXX								*Debut*		
LOUD Project									*Debut (H2)*	
Project C (China)									*Debut (H2)*	
A2K (USA)									*Debut (H2)*	
Nizi Project 2 (Japan)										*Debut (H2)*

CR: Contract Renewed
Orange font: Global localization project

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Company Overview

COMPANY OVERVIEW

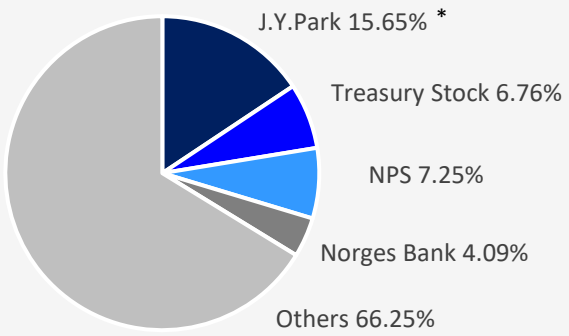
- COMPANY: JYP ENTERTAINMENT Co. Ltd
- Establishment: 25 APR. 1996
- Equity: KRW 17.9 bn.
- Market Cap.: KRW2.4tn (As of 23rd Mar. 2023)
- CEO: WOOK JEONG
- IPO: 30 AUG. 2001
- No. of Employees: 317 (As of 23rd Mar. 2023)
- Business Field: Music Production & Recording, Artist Management (Agency), Contents Production

SHAREHOLDERS

(As of 23rd Mar. 2023)

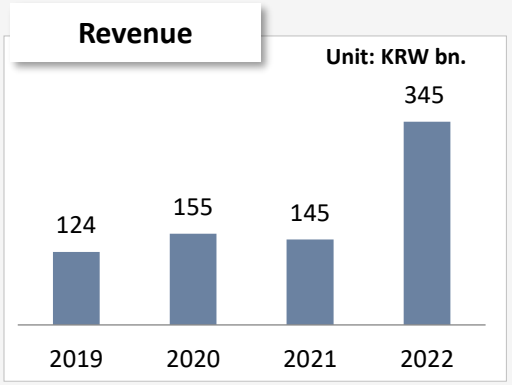
- Jin Young Park (Founder): 15.22%
- Treasury Stock: 6.76%
- National Pension Service: 7.25%
- NORGES BANK: 4.09%

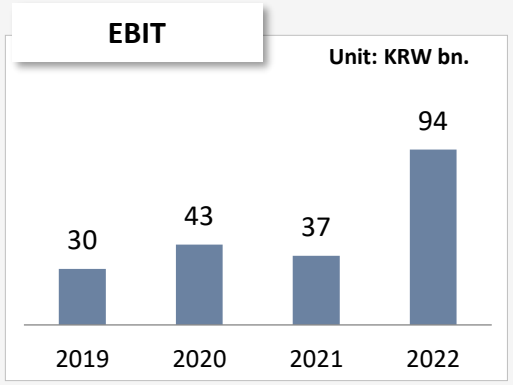
[Total Stock Issued: 35,497,492]

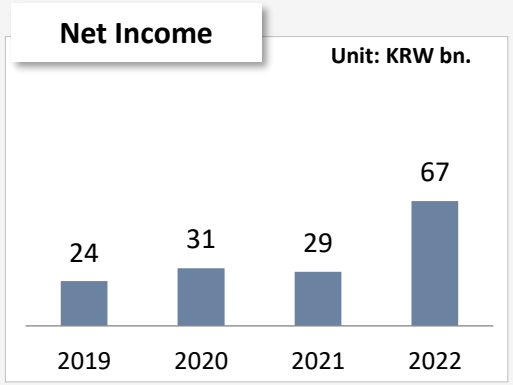


*Incl. key management

KEY FINANCIALS







* COVID19 breakout (2020, Feb)

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Company Overview

Subsidiary & Affiliated Companies



Roles/Business Field

GLOBAL (CORE)

- Build up local network and support JYP artists for global performance/expansion
- Develop local talents and carry out local artist management (agency)

CORE

- Produce music and develop young talents under JYP's unique integrated system

SYNERGY

- Managing actors/actresses
- Produce/publishing music
- Commerce/NFT/Metaverse

Financial Statements

Statement of Financial Position - Consolidated (B/S)

(Unit: KRW bn.)

	2022	2021	2020
Current Assets	237.1	159.1	126.9
Non-current Assets	174.0	158.2	97.2
Total Assets	411.1	317.4	224.1
Current Liabilities	101.3	58.3	33.3
Non-current Liabilities	5.2	8.4	4.6
Total Liabilities	106.6	66.7	37.9
Capital	17.9	17.9	17.9
Capital Surplus	76.9	76.9	76.9
Treasury Stock	-9.5	-11.0	-12.0
Retained Earnings	217.5	162.2	99.9
Equity attributable to the owners of the Parent Company	300.5	246.6	182.6
Total Equity	304.5	250.6	186.2

Statement of Comprehensive Income - Consolidated (P/L)

(Unit: KRW bn.)

	2022	2021	2020
Revenue	345.8	193.8	145.4
Cost of Sales	189.3	89.7	68.5
Gross Profit	156.5	104.1	76.8
Selling and Administrative Expenses	59.9	46.2	32.7
Operating Income (Loss)	96.6	57.9	44.1
Other Non-operating Income	0.3	0.6	0.0
Other Non-operating Expenses	2.1	3.1	2.0
Financial Income	5.8	18.4	2.8
Financial Expenses	7.3	2.6	6.9
Share of Profit(Loss) of Associates and JVs	0.6	14.6	0.0
Profit Before Income Tax	94.1	85.9	37.9
Income Tax Expense	26.6	18.4	8.3
Net Profit (Loss)	67.5	67.5	29.6

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