

To all HYBE shareholders,

Since its IPO in October 2020, HYBE has expanded its business globally over the past four years by developing and applying a fandom business model that includes Label, Solution, and Platform businesses, and a multi-label system. As a result, HYBE achieved explosive growth in business, with sales growing at an average annual rate of 40%. In 2023, it became the first entertainment company in Korea to surpass 2 trillion KRW in sales. Additionally, HYBE has been at the forefront of innovation in the global music industry by expanding its fandom business model in the U.S., the world's largest music market. Many industry players have actively adopted this model as a business strategy for further growth in the music industry.

While HYBE has experienced rapid growth over the past few years, the management team has continuously contemplated its future growth trajectory. In addition to expanding HYBE's fandom business model into major global markets, maintaining a leading position in the industry is equally crucial. This requires proactive innovation to anticipate and respond to the rapidly changing market environment from a medium- to long-term perspective. Based on these considerations, we would like to share details about HYBE 2.0, our strategic direction, and our business plan to secure unrivaled leadership in the future entertainment industry.

With HYBE 2.0, we aim to strengthen our focus on the core essence of music, realize mid-term growth momentum, and implement structural changes to prepare for the future. Accordingly, HYBE's three core business areas—previously Label, Solution, and Platform—will be reorganized into Music, Platform, and tech-driven future growth initiatives. Regarding Music, HYBE will enhance its content quality and fan experience, the core of its business, while accelerating the expansion of its business in Korea, the U.S., Japan, and Latin America, and fostering synergies among these regions. As for Platform, Weverse has established itself as the leading K-pop fandom platform over the past three years and has secured a significant position within the J-pop fandom. Now, to become the top crossover-genre-platform, Weverse plans to enhance its genre diversity and service models, thereby boosting artist activities and enriching fan experiences. In the tech-driven future growth business area, we will focus on the full-scale expansion of our currently incubating gaming business and the advanced R&D into the entertainment of the future.

At the core of all these business endeavors lies the essential innovation of content and fan experience that “HYBE, the IP company” aims to achieve. To ensure the competitiveness of our business portfolio in the medium- to long-term, we have decided to implement HYBE 2.0, a strategy that includes both business structure and governance transformation. Below is a more detailed explanation.

1. Essence of HYBE: Value and Enhancement of Multi-label System

In 2019, HYBE had a revenue dependency of over 95% on a single artist's business. Even during our IPO in 2020, there were significant concerns about this reliance. However, with the multi-label system, HYBE now operates a total of 12 labels that house numerous teams. Through diversifying our business model, we have established a stable revenue base that does not heavily depend on the activities of any single artist.

In the entertainment business, it is inherently difficult to gauge success and failure, as even the most talented creators can experience setbacks. Our multi-label system, developed over time, provides a stable foundation for talented creators, allowing them to focus solely on their creative work without being bogged down by short-term successes or failures. We believe this structure is essential for sustainable growth.

Nevertheless, recent events have led us to revisit the multi-label system that has driven HYBE's growth to identify any areas that need improvement and to consider the factors that need to be addressed to scale globally.

As part of HYBE 2.0, HYBE MUSIC GROUP APAC will launch with the aim of strengthening the essence of the music business through the multi-label system and expanding our global operations. HYBE MUSIC GROUP APAC will oversee the multi-label operations in Korea and Japan, strengthening the strategies and processes needed for the growth and innovation of labels, while advancing music service functionalities and accelerating investment of resources. Furthermore, as a music division with enhanced expertise in fandom, HYBE MUSIC GROUP APAC will endeavor to ensure that our music business is driven by a deeper understanding of our artists and fans.

2. Global Music Business: Concretization of “Multi-home, Multi-genre” Strategy

HYBE is currently implementing the “Multi-home, Multi-genre” strategy in the U.S., Japan, and Latin America by developing businesses that embody the local culture and characteristics. The “Multi-home, Multi-genre” strategy involves strengthening the development of local IPs, aiming to establish a leading position in each market. At the same time, it seeks to expand our genre offerings to attract music fans who previously did not engage with K-pop into the HYBE ecosystem. We would like to provide a detailed explanation of our global business based on this approach.

In the U.S., our goal is to drive market innovation by integrating the K-pop system and expertise into the mainstream U.S. music industry, building on our experience in the U.S. market over the past few years. By consistently debuting new artists through the K-pop system, we aim to offer a comprehensive service that brings K-pop know-how to existing U.S. artists—thereby enhancing HYBE’s inclusion of a wider variety of music genres.

The detailed strategies to secure our competitive edge in the U.S. market are outlined below.

1) Label Competitiveness Reinforcement

The performance of HYBE America Inc.’s label divisions, BMLG and QC Music, has been steadily growing. BMLG, a long-established country music label, continues to actively feature artists like Dolly Parton and Thomas Rhett, while QC Music, a hip-hop label, boasts top artists like Lil Baby and Lil Yachty. Both labels have solid catalogs, with BMLG and QC Music’s streaming revenue accounting for approximately 50% of HYBE’s total streaming revenue in 2023. In terms of operating profits, BMLG grew from 20.6 billion KRW in 2022 to 37.3 billion KRW in 2023, and QC Music achieved a strong performance of 28.5 billion KRW in 2023 since its acquisition. As such, we expect the U.S. label business to continue its solid growth through the ongoing expansion of activities by existing artists and the recruitment and development of new artists.

2) Launch of the Label Service

With HYBE 2.0, a new label service will launch under HYBE AMERICA. This new service will combine traditional management practices in the U.S. with HYBE’s 360 business model, providing comprehensive services for labels and artists from distribution, marketing, to promotion, while designing the growth curve of artists’ careers and offering appropriate business models at each stage. We have identified a growing demand for change in the traditional business structure in the U.S. market due to its fragmentation, complex contractual relationships, and simplified care for individual artists at larger labels. Additionally, the increasing need for change is driven by the segmentation of consumer preferences and the enhanced efficiency brought about by technological advancements. In response to these changes, we plan to develop a business model that leverages HYBE’s strength in supporting artist growth. The label service will go beyond simple recording or management contracts with local artists, offering comprehensive services to innovate the market. Synergies with existing artist labels are also anticipated. Additionally, the U.S. entry of HYBE’s artists from Korea, Japan, and Latin America is expected to become more efficient with HYBE’s in-house label service.

3) Localized Artist Production

To introduce K-pop methodologies into the U.S. pop music industry, HYBE collaborated with Geffen Records under Universal Music Group to debut KATSEYE, a project we've been dedicated to over many years. After a two-year preparation period, KATSEYE finally debuted through a global audition last year. They officially launched their career with their first single, Debut, in June, and followed up with their second single, Touch, in July. Both singles have received positive responses worldwide,

including in the U.S., Asia, and Europe. In August, KATSEYE will release their first mini-album alongside a Netflix documentary, bringing richer content to fans around the globe. KATSEYE is HYBE's first localized U.S. group, and we have invested significant effort in building infrastructure for Training & Development, Marketing & Promotion, and A&R in the U.S.. We anticipate that this established infrastructure will enable us to continue producing localized new talent in the future.

4) Network Expansion

Expanding our network to strengthen our position in the U.S. market is another key component of our strategy. HYBE's position in the U.S. music and content market is unparalleled among entertainment companies based in Asia. We are already seeing significant network effects from leveraging top-tier global producer networks, as well as from brand partnerships and DSP partnerships for our artists. Additionally, our strategy has yielded positive results through the global entry of artists into Weverse, securing long-term advantageous partnerships with Universal Music Group, and strengthening partnerships with leading global video content providers. We are dedicating our efforts to developing innovative business models that can lead new advancements by effectively utilizing this expanded network.

HYBE America's key businesses such as BMLG and QC Music are generating high and stable profits. This performance is annually beholden to amortization of intangible assets related to acquisition costs and one-off non-operating costs. The HYBE America management and label business has been continuously exploring ways to strategize around minimizing expenses related to local artist debuts and future business network investments. And we expect that the implementation of the HYBE 2.0 strategy including the label service in the U.S. market will only lead to vast financial improvements in the future.

Our strategy in Japan, the world's second-largest music market, is also becoming increasingly important. Since establishing HYBE JAPAN in 2019, we have continuously worked to expand K-pop's market share in Japan over the past five years. As a result, the status of K-pop in the Japanese market has been steadily rising. In the first half of 2024, four out of the nine K-pop groups that accounted for 44% of the top positions on Oricon's top 25 albums chart were HYBE artists. Notably, SEVENTEEN became the best-selling K-pop artist in Japan in 2023, as well as in Korea. Our goal is to maintain K-pop's growth momentum in Japan while also increasing our presence in the J-pop genre, aiming to establish HYBE as a leading player in Japan, comparable to our standing in Korea. To achieve this, we are implementing the following strategies.

1) Localized New Artist Development

HYBE aims to introduce K-pop methodologies in the Japanese market with the goal of producing top localized artists. Our first localized Japanese group, &TEAM debuted in December 2022 and has been steadily building a fan base in Japan by following local promotional methods, such as small-

town concerts. &TEAM has shown rapid growth as a result, securing an arena tour just one year and seven months after their debut. Their album Samidare, released in May 2024, set a new record for the group with total sales of 440,000 copies in the first week alone. HYBE JAPAN is preparing new localized Japanese talent and aims to continuously produce top artists in Japan through localizing strategies, including public broadcast appearances and offline events.

2) Expansion of Solutions Business in the J-pop Market

Recently, the Japanese music market has been undergoing structural changes, leading to various transformations in the business models of existing J-pop artists. With a major industry player splitting into multiple companies and resulting in changes to artist contracts, HYBE has the opportunity to invite J-pop artists as business partners and expand its music solutions business. HYBE is solidifying these opportunities in a data-driven and pragmatic manner, investing in local networks and human resources to bring these plans to fruition.

In November 2023, HYBE announced the establishment of HYBE LATIN AMERICA, marking the official expansion of its operations into the Latin American region. We see the Latin music market as an opportunity-rich environment with high growth potential and a unique media landscape that enables fast-paced experimentation. Notably, Latin music is one of the fastest-growing genres in the U.S., with Luminate reporting a 15.1% increase in streaming in the first half of 2024 compared to the previous year. HYBE's Latin American business aims to start at the heart of Latin music and ultimately secure leadership in the global music market for Latin genres including in the U.S.. HYBE LATIN AMERICA is in the process of building its foundational infrastructure, including constructing a dedicated studio in Mexico City, and is actively recruiting and developing producers and artists. Additionally, we plan to rapidly advance various music-based business models and new, technology-driven ventures through partnerships with strong local representatives. By 2025, we anticipate results, including the debut of HYBE LATIN AMERICA's first artist produced using the K-pop system.

3. Weverse Takes the Leap: New Milestone for Fandom Services

There is growing interest in superfans as a new growth engine in the global music market, including in the U.S., the home of pop music. Major global music tech companies and large entertainment firms are rapidly introducing new business models targeting superfans. This shift represents both a challenge and an opportunity for Weverse, which has successfully grown into a global superfan platform and redefined the paradigm of the music business through an all-in-one fandom platform system.

Since its launch in 2019, Weverse has focused on growth and expansion, establishing itself as a leading player in the K-pop market. The platform has continued to grow steadily, with major

international artists such as Ariana Grande, YOASOBI, Lauv, and Conan Gray joining the service. As a result, Weverse has achieved significant traffic KPIs, including reaching 10 million MAUs, opening 147 both domestic and international artist communities, and maintaining over 90% monthly overseas user access.

Weverse is now poised to leverage its established growth foundation and business expertise to introduce new services to the market, aiming for next-level growth. From the fourth quarter of this year, a new chapter for Weverse, based on its fandom service model expansion strategy, will begin. First, Weverse will launch a subscription-based membership in the fourth quarter. The new membership model will be a separate service from existing artist fanclub membership, offering enhanced features for fans to enjoy Weverse in a more convenient environment, along with the integration of certain fanclub features. The service will include features such as a digital membership card, bonus jelly (digital currency) credits, ad-free video viewing, and VOD offline storage. Additionally, optional features may include access to membership-exclusive content and priority participation in events. Artists on Weverse will have the flexibility to utilize the subscription-based membership service at their preferred time.

Launched in April 2023, Weverse DM has been well-received, offering a new communication experience for both artists and fans. The DM service has already been rolled out sequentially for HYBE artists such as &TEAM and ILLIT, and its use is set to expand to include more domestic and international artists. Additionally, we plan to fully implement advertising across certain areas of Weverse by the end of the year. This initiative was initially introduced on a limited basis earlier this year.

The expansion of the fandom service model marks a turning point for Weverse as a global superfan platform. It represents an important milestone towards exploring the next phase of the music industry and advancing as a sustainable business in collaboration with artists from around the world.

We are also preparing additional service models to further solidify the status of our superfan platform in the medium- to long-term, which we will share with you as soon as we have more details.

4. Tech-driven Future Growth Initiatives

The tech-driven business for future growth under HYBE 2.0 aims to strategically explore and seize new growth areas arising from changes in the entertainment industry environment. With advancements in AI enabling the near-infinite creation of digital IPs and inviting content consumers

to participate in the content creation process with ease, or even create their own content, HYBE will actively integrate content and technology while anticipating and leading shifts in customer experience. Ultimately, this effort is focused on securing drivers for HYBE's medium- to long-term growth. To achieve this, the strategic alignment and integration of various new business initiatives that HYBE has been preparing internally will be accelerated. Business model validation has been carried out for areas including the gaming business, audio/voice technology, generative AI, Original Story Business, and integrated online/offline experience design. Moving forward, these validated models will be actively commercialized. While this is clearly a necessary direction for the company's future, investments will be made cautiously, considering financial impacts and profitability, to ensure stable growth.

Gaming represents a pivotal domain within the IP-based business model, embodying the technology-intensive aspect of the entertainment industry. It is poised to play a crucial role in the future of HYBE's entertainment ventures. Although gaming fans and music fans may have different characteristics and pursuits, both realms are united by their vital connection to intellectual property and the communities that cherish and enjoy it. HYBE has listened attentively to the voices of fans and has strived to maximize the value of the experiences we offer. We believe that the expertise HYBE has developed in the music fandom business can be effectively adapted to the gaming industry as well.

Since its establishment in 2022, HYBE IM has developed and launched games utilizing artist IPs, earning significant affection from fans. Starting from the second quarter of this year, we began successfully operating the publishing of games developed by external studios. Our immediate focus is on the stable take-off of our game publishing business, followed by an expansion of our operations. Starting next year, we plan to launch and service a variety of games, including those based on IPs developed in-house. HYBE aims to secure and internalize the digital content implementation technology required to manage the entire process from planning to execution of fusion-type content, which will be a key competitive advantage in our future business endeavors.

Moving Forward: HYBE 2.0

HYBE has decided that it is time for a new leadership to lead the era of HYBE 2.0, which aims for further advancement of our business and next-level global growth. Under the new leadership, HYBE will leverage creativity and technology to drive the HYBE 2.0 strategy and play a leading role in the global entertainment market. Built on the core elements of music, platform, and tech-driven future growth initiatives, HYBE 2.0 aims to continuously develop our domestic and global music businesses, solidify our position in the evolving superfan market through our platform business, and secure long-term growth drivers through tech-driven future growth initiatives. Additionally, we will remain

committed to our fundamental role as an entertainment content company that brings joy to fans and the public, ensuring that we always think from the perspective of the fans rather than as a provider.

To further solidify HYBE's identity as a leading IP-based content company, we are focusing on enhancing our content production capabilities and uncovering new fan desires to proactively enter emerging markets. This approach is not a departure from our core direction but rather a return to basics—strengthening our fundamental capabilities and designing the future IP and fan engagement business models that consider the evolving market environment. We ask for your continued support as we navigate these efforts under HYBE 2.0.

HYBE deeply appreciates the trust and support of all our shareholders. We are committed to achieving continuous growth and success, working with you to build a brighter future. Your valuable feedback and engagement will always be a great source of strength as we work toward realizing HYBE's new vision.

Representative Director Jiwon Park

CEO Jason Jaesang Lee