SM ENTERTAINMENT JAPAN

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SM ENTERTAINMENT JAPAN Co., Ltd.
(Securities Code: 4772)

FY2026 Q2 Financial Results

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SM ENTERTAINMENT JAPAN

FY2026 Q2 Business Results

FY2026 Q2 Business Results

Company-wide operating margin for H1 reached 3.76%, achieving the full-year target ahead of schedule. Structural reforms across all businesses and the shift toward high-gross-margin revenue models are steadily validating a lean earnings structure resilient to scheduling fluctuations.

Net Sales	Operating Income	Ordinary Income	Operating Margin
6,170M	232M	271M	3.76%
YoY +26.8%	YoY +67.5%	YoY +90.4%	YoY +132.1%
67.9%	93.9%	105.4%	138.4%

Performance Overview and Key Drivers

Strong H1 performance has established a solid foundation for achieving the full-year target. However, the full-year forecast remains unchanged at this time, as growth investment in next-generation IP planned for H2 and uncertainties in the macro environment must be assessed carefully.

Concentrated Large-Scale Events Drive Operating Income
By maximizing concentrated operating schedules around mega-scale shows, including TVXQ! at Nissan Stadium and aespa's dome tour, the Company reduced shared fixed costs for stage setup and equipment transport, improving earnings efficiency per show.

Maximizing IP Brand Value
As artist recognition and brand value rose, ambassador agreements and advertising contract renewals were concluded in succession. The framework for layering high-margin appearance fees and royalty income independent of event schedules became stronger.

Maximizing Adjacent Revenue Linked to Events
Related events, advance EC reservations, and same-day venue merchandise sales maintained exceptionally strong momentum alongside major shows. The multi-layered revenue model centered on events also worked through live broadcast-rights sales.

Launching New Revenue Streams Through New Businesses
CONCONTOWN began accepting arrangements for Japan concert ticket packages involving third-party IP. By using the proprietary platform, the Company launched high-margin B2B operations and began building a new business model.

SM ENTERTAINMENT JAPAN

FY2026 Q2 Topics by Segment

Entertainment Segment

The segment captured H1’s favorable operating period, with stadium and dome-tour shows concentrated, lifting operating margin to 9.54%.
A multi-layered monetization model for live-event-related businesses was established, maximizing earnings.

Segment Net Sales (Million Yen)

4,895M

YoY +33.3%

Segment Profit

467M

YoY +71.2%

Operating Margin

9.54%

Validation of Efficiency Model

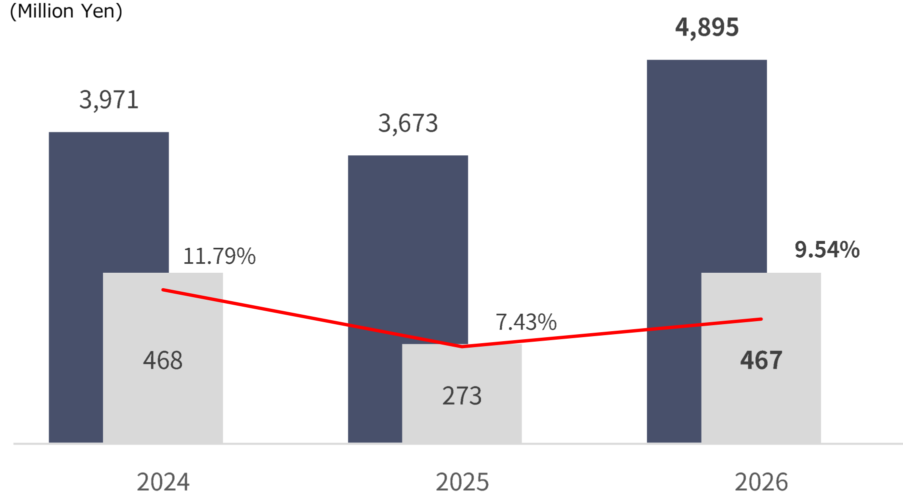
Budget Progress (vs. Full-Year Forecast) (Million Yen)

Profit Progress (Target: 535M) **87.29%**

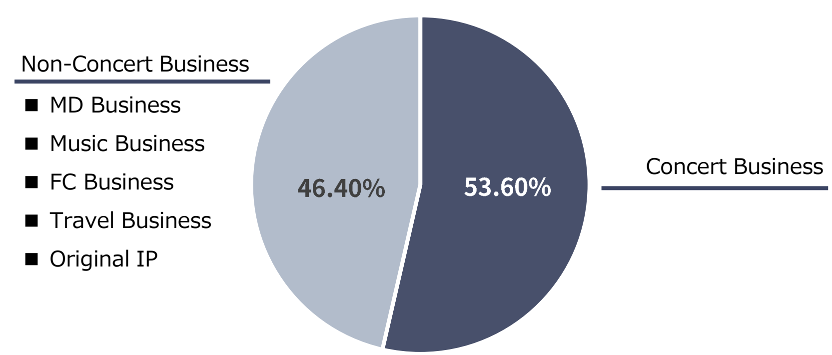
Sales Progress (Target: 6,801M) **71.97%**

Q2 Net Sales Trend

(Million Yen)



Sales Mix



FY2026 Q2 Business Results by Segment
Rights & Media

Operating margin temporarily declined YoY as the segment diversified risk through co-investment in anticipation of market changes and renewed its content portfolio.

Segment Net Sales (Million Yen)

1,275M

YoY +6.8%

Segment Profit

4M

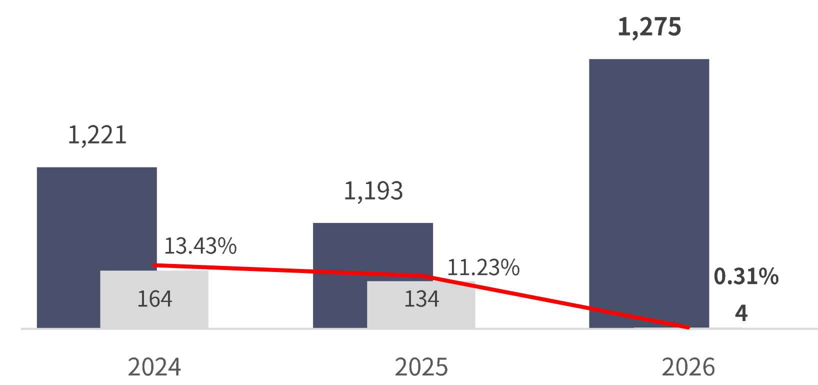
YoY ▲96.5%

Operating Margin

0.31%

Q2 Net Sales Trend

(Million Yen)



Budget Progress (vs. Full-Year Forecast) (Million Yen)

Profit Progress (Target: 175M) **2.29%**

Sales Progress (Target: 2,308M) **55.24%**

Rights Acquired in Q2: 18 titles (Prior-year period: 8 / +10)

Chinese dramas (6 titles)
Strengthened procurement for advance sales and supply to major OTT operators

Live footage (5 titles)
Expanded the lineup for streaming platforms such as Lemino

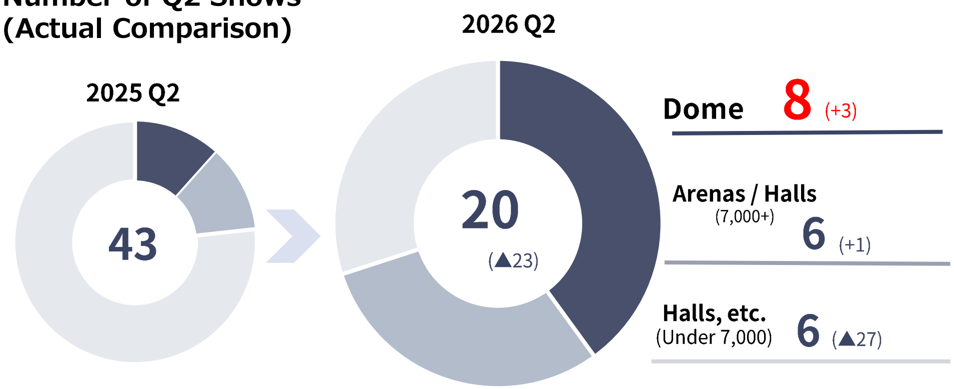
Korean content (7 titles)
Secured 4 dramas, 2 variety programs, and 1 documentary

***Efficient procurement was carried out using co-business schemes and other measures to lower the average acquisition cost per title.**

FY2026 Q2 Topics by Segment
Entertainment | Concerts

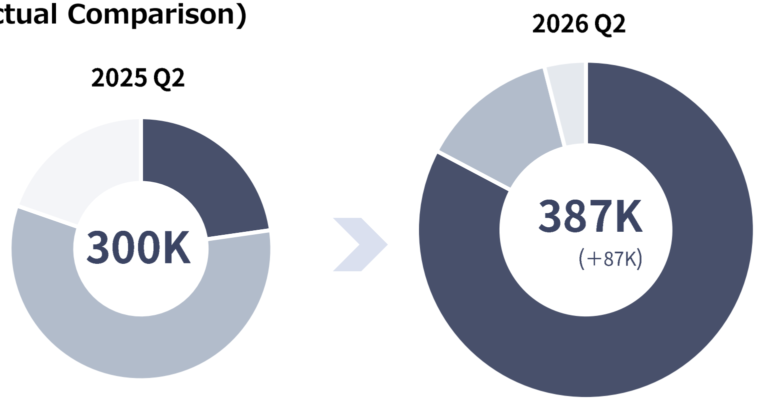
A multi-layered IP portfolio spanning generations demonstrated outstanding drawing power. Right-sizing smaller events and concentrating on large-scale venues significantly reduced the fixed-cost burden, sharply improving per-show earnings efficiency and margins.

Number of Q2 Shows (Actual Comparison)



Shift from Quantity to Quality: Dispersed Small Shows to Large Venues

Q2 Attendance (Actual Comparison)



Despite 53.5% fewer shows, total attendance rose 29.0%.
Average attendance per show surged 2.8x, boosting operating efficiency.

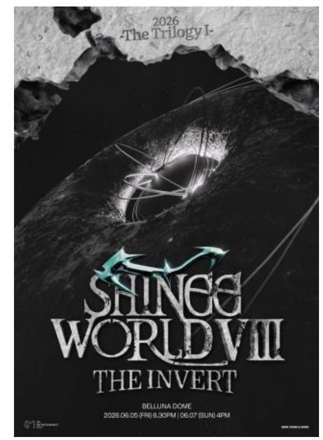
Major-Venue Performance by Core IP (Stadiums / Domes)

TVXQ!

**TVXQ! 20th Anniversary LIVE IN NISSAN STADIUM –RED OCEAN–
@ Nissan Stadium**

Legendary IP TVXQ!, celebrating its 20th debut anniversary, held two solo shows at Nissan Stadium for a record third time among overseas artists.

aespa
**2026 aespa LIVE TOUR
– SYNK : aeXIS LINE – in JAPAN
[SPECIAL EDITION DOME TOUR]
@ Kyocera Dome Osaka / Tokyo Dome**



SHINee
**The Trilogy I - 2026 SHINee WORLD VIII : [THE INVERT]
@ Belluna Dome, Saitama**

Entertainment Segment (Adjacent Businesses)

Event-linked merchandise and EC sales performed strongly, keeping MD Business customer spending high. CONCONTOWN also began external deployment, launching third-party platform sales.

MD Business

Live Event-Linked MD Drives Sales and Spending Growth

The synergy between a highly convenient digital pickup initiative and event-linked products that stimulate fan enthusiasm maximized purchase opportunities both before and during events.
Average customer spending rose substantially, led by advance users, resulting in major improvement in MD Business sales and margins.

Digital Pickup Initiative

Digital Pickup Improves Spending and Purchase Experience

In addition to advance EC reservations, the Company strengthened operation of its venue pre-pickup system. Beyond easing venue congestion, the system encouraged planned and add-on purchases, substantially increasing average spending among advance users.

Event-Linked Hit Products

Live Essentials and Random Merch Drive Sales Growth

Must-have concert items such as light sticks and fans, related customization parts, and low-priced random goods that appeal to collectors—including trading cards and pin badges—generated steady hits.
Closely linking the lineup to major live shows and events maximized fan purchase enthusiasm, directly and substantially lifting MD Business sales and margins.

Travel Business

B2C Business

Travel Scheme Dedicated to Global Touring Fans

A dedicated design for fans traveling beyond the host country—both inbound and outbound—reliably captured cross-border travel demand from highly engaged core fans. Sales of high-value packages continued, creating cross-border travel demand.

Japan Concert

Overseas Fans → Japan

(For Overseas Visitors to Japan)

Korea Concert

Japanese Fans → Korea

(For Japan FC Members)

B2B Business

Tour Packages for Third-Party IP

Beyond the Company's own SM artists, the Company accepted and arranged a tour package for (G)I-DLE, a leading third-party IP.

CONCONTOWN ✖ **Third-Party Agency**

The Company's system also functioned effectively on tours by third-party artists, not only its own IP.
OEM deployment for third-party IP validated the feasibility and earnings scalability of external platform sales.

FY2026 Q2 Topics by Segment

Entertainment Segment (Adjacent Businesses)

Japan-focused localized production that maximizes artist appeal, together with buzz-generating marketing, expanded the fan base and increased recognition of the works.

Music Business

Japan Master Production and Label Operations

YESUNG (SUPER JUNIOR)
JAPAN 2nd FULL ALBUM
『Waiting for the Time to Bloom』
2026.05.27 Release

Creating Hits Through Marketing

NCT WISH
Japan Double A-Side Single
『YO-I-DON! / BOY MEETS GIRL』

Advance distribution of BOY MEETS GIRL began on June 22, 2026, matching its original release date of June 22, 1994.

YouTube Views
※**6.13M**

Localization That Respects the Artist's Worldview
In-house label production enabled the Company to preserve the artist's own concept while creating songs and works that resonate with Japanese fans.

SNS-Based Promotion
Continuous posting of short Instagram videos communicated the works' appeal to broad audiences beyond existing fans.

Release Development Linked to Live Shows
Expanded limited-edition formats and tour-linked benefit events contributed to higher sales and fan satisfaction.

Reaching Broad Fan Segments Through a Classic Cover
A cover of the major Heisei-era hit "BOY MEETS GIRL" attracted not only younger audiences but also fans from their parents' generation.

Building Buzz Through Advance Digital Distribution
Ahead of the July CD release, advance digital distribution began on June 22, accelerating streaming plays and buzz.

Strong Results Linked to Media Exposure
Accessible pricing and active television and radio exposure successfully expanded awareness across broad audience segments.

*View count as of early July

Entertainment Segment (Adjacent Businesses)

Stable royalty income and rising IP brand value drove successive advertising and appearance agreements, further strengthening the non-event revenue base established in the prior quarter. Recurring, high-yield licensing income also supported performance.

Release Details

YUTA (NCT)
Japan Single『PLAY BACK』
2026.05.13 Release

RIIZE
Blu-ray & DVD
『2026 RIIZE CONCERT TOUR [RIIZING LOUD] Special Edition in TOKYO DOME』
2026.05.27 Release

TVXQ!
Japan Digital Single『Share The World -RED OCEAN Ver.-』
2026.04.15 Release

RIIZE
Japan Original Track『KILL SHOT』
Digital Release: 2026.04.19

Advertising / Appearance

TVXQ!
Appointed Brand Ambassadors for Fragrance Brand "Le Fairy"

YUNHO (TVXQ!)
Film『TOKYO BURST – Crime City』
Theatrical Release: 2026.05.29

GISELLE (aespa)
Global Ambassador for Skincare Brand "SENKA"
New Visuals Released

KARINA (aespa)
Appointed Ambassador for Luxury Golf Brand "MARK & LONA"

TVXQ!
Appeared at『Gobu Gobu Festival 2026』@ Expo '70 Commemorative Park, East Plaza, Osaka

YUTA
Appeared at『JJ 50th Anniversary Fest 2026』@ Pia Arena MM, Kanagawa
Appeared at『OSAKA METROPOLITAN ROCK FESTIVAL 2026』@ Umi to no Fureai Hiroba, Osaka

RIIZE / NCT WISH / Hearts2Hearts
Appeared at TV Asahi's『The Performance』@ K Arena Yokohama, Kanagawa

Entertainment Segment (Original IP)

With initial development investment completed, the business entered the production investment and market-awareness expansion phase. The Company is steadily establishing a foundation to retain the acquired fan base, reach breakeven in FY2027, and begin full-scale earnings contribution from FY2028 onward.

GPP

Received the Asian Rising Group Award (Female Category) at『ASIA CULTURE FESTIVAL 2026』, providing a steady opportunity to expand recognition.

2026.05.20 Release
2nd Digital Single「ATE!」

TikTok Followers
85K
As of Jun 25

Follower Progress
1.22x
Since『ATE!』Distribution Began

Results from『ATE!』Distribution and TikTok Promotion
A strong TikTok campaign accompanied the release of『ATE!』. Followers increased to 850K, expanding recognition.

Collaborations with Artists from Other Agencies (DANCE Challenges)
Active DANCE Challenge collaborations with artists from other agencies successfully brought in new fan segments through short videos.

Continued Media Exposure and Higher Engagement
Ongoing media exposure, including regular media appearances, strengthened fan engagement through SNS initiatives.

Kiepi

Debuted on Apr 1 with 1st single「ROCKET SCIENCE」
The high-quality MV and SNS challenge videos were well received, driving substantial growth in YouTube subscribers.

YouTube Subscribers
+100K
Achieved Within 1 Month

Subscriber Growth
4.14x

(Effect Following『ROCKE T SCIENCE』 Distribution)

Rapid Growth Following the Release of『ROCKET SCIENCE』
Awareness expanded rapidly after distribution began on Apr 1, with YouTube subscribers increasing by 100K in one month—a 4.14x increase.

Retaining Fans Through Regular Video Streaming
Weekly scheduled streams were delivered without interruption, creating real-time familiarity. Continuous content is supporting community retention.

Establishing IP Awareness and a Brand Foundation
The successful initial acceleration, combined with regular operations, built a solid fan base during Q2 for future business expansion.

Rights & Media

In the Media Business (KNTV), premium content leveraging the Group's strong IP was supplied to curb cancellations and maintain the subscriber base. In the Rights Business, active rights acquisition and multi-window deployment through advance OTT distribution and CS broadcasting will drive margin recovery.

Rights Business

✓ **Fundamental Renewal of the Content Portfolio**
The legacy lineup was intensively reviewed and replaced in response to changing viewer needs, completing a cleanup and rebuilding of the future business base.

✓ **Active Rights Procurement**
Rights to 18 titles—above normal-period levels, including six Chinese dramas—were actively acquired, substantially expanding the pipeline of future revenue sources.

✓ **Advance OTT Distribution × CS and Secondary Licensing**
Advance release on major OTT platforms is combined with CS broadcasting and secondary licensing to pursue diversified recovery efficiency.

✓ **Procurement-Risk Diversification Through Co-Investment**
Co-investment schemes with partner companies remain in use to limit rising content acquisition prices and foreign-exchange risk.

「The Nine-Tailed Fox Can't Hide」

「Budding Romance」

「Mire's Future」

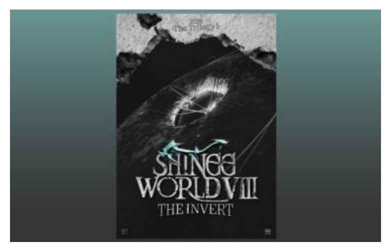
Media Business

Subscriber Retention Through Live Broadcasts
Live broadcasts of the latest SM artist concerts and special programming strongly supported churn prevention as the multichannel market contracted.

Cost-Structure Optimization and Operating Efficiency
In response to changing viewing conditions, operating costs were fundamentally reviewed and efficient operations using Group synergies were rigorously implemented.

4 Premium Content Titles Broadcast in FY2026 Q2

- SUPER JUNIOR 20th Anniversary TOUR <SUPER SHOW 10> SJ-CORE in SEOUL
- 2026 aespa LIVE TOUR – SYNK : aeXIS LINE – in JAPAN [SPECIAL EDITION DOME TOUR]
- The Trilogy I - 2026 SHINee WORLD VIII : [THE INVERT]
- 2026 NCT JNJM FANMEETING TOUR [DUALITY] # SEOUL



- The Trilogy I - 2026 SHINee WORLD VIII : [THE INVERT]
-

2026 NCT JNJM FANMEETINGTOUR [DUALITY] # SEOUL

SM ENTERTAINMENT JAPAN

Medium-Term Management Plan Progress

Medium-Term Management Plan Progress: Overall Picture and Current-Year Positioning

The Medium-Term Management Plan's shift from quantity to quality delivered strong, measurable results from the outset. An H1 operating margin above target established a solid foundation for next-generation growth investment from H2 onward.

1 Music First

2026: New Operating Structure & Strategic Investment

High-quality master production & hit creation

Strengthen and internalize A&R functions

Music production optimized for Japan

Expansion through SNS marketing

GOAL

Establish a Winning Formula in Music Production and Gain Market Recognition for New IP

2026 (Target: 2.7%): Foundation Building

Implement fundamental cost-structure reform and optimize fixed costs to rebuild a robust earnings base for future growth.

2 Experience

2027: Validate Profitability Improvement & Accelerate Growth

Optimal concerts matched to fan enthusiasm

Strict implementation of right-sized events

Lower fixed-cost ratio (efficiency)

Higher value-added offerings such as VIP seats

GOAL

Improve Breakeven Point by Optimizing Attendance Scale and Begin Monetization of Proprietary Original IP

2027 (Target: 4.5%): Results Realization

Business portfolio optimization and earnings contribution from company-owned IP will begin in earnest, driving significant margin improvement.

3 Ecosystem

2028: Maximize Earnings & Achieve Sustainable Growth

In-house and vertical integration model

Internalization of travel and mobility arrangements

Provision of 360-degree hospitality

Maximize LTV (Customer Lifetime Value)

GOAL

Achieve 5.0% Operating Margin and Create Sustainable Entertainment Culture Originating in Japan

2028 (Target: 5.0%+): Establish High Profitability

Growth in core businesses and completion of the vertical integration model will firmly establish a high-margin structure above the 5% target.

Q2 achieved an operating margin of 3.76%, with performance progressing smoothly toward the first-year full-year target of the new three-year plan.

Medium-Term Plan Progress: Q2 Summary

Concentration on large-scale events and vertical integration of adjacent businesses achieved the first-year full-year target ahead of schedule.
Entertainment profit progress reached 87.3%, strongly validating the new model for maximizing earnings potential.

Progress Toward Sustainable Growth Under the Medium-Term Management Plan

In Q2, the following strategies delivered as planned.
High event and production profitability, validated marketing, stronger company-owned IP recognition, and new-business expansion advanced sustainable growth.

Operating Margin:
2.7%
(FY2026 Full-Year Target)

Validating High Profitability Through the Qualitative Transformation of Events

Events for core IP with strong drawing power were concentrated in mega-scale stadiums and domes, while smaller shows were reduced overall. Precise demand forecasting substantially lowered shared fixed costs for setup and transport, enabling H1 operating margin to reach 3.73% ahead of schedule.

Establishing a Winning Formula in Music Production and Marketing

A company-led A&R structure enabled localization that respected each artist's worldview, alongside SNS and live-linked initiatives. Song-led acquisition of new and casual fans, combined with advance digital distribution, established a successful hit-creation model.

Steady Recognition and Value Creation for Company-Owned Original IP (GPP / Kiepi)

GPP: Through 2nd single『ATE!』, surpassed 100K YouTube subscribers and received the Asian Rising Group Award at『ASIA CULTURE FESTIVAL 2026』.
Kiepi: Officially debuted as a virtual artist in April and recorded a rapid start, adding 100K YouTube subscribers within one month of distribution—a 4.14x increase.

Vertical Integration and External Sales in Adjacent Businesses (MD / Travel)

MD Business: Digital pre-pickup improved convenience, while layered live-event essentials and random/custom merchandise substantially increased customer spending.

Travel Business: CONCONTOWN accepted and arranged tours for leading third-party IP, launching external platform sales.

Medium-Term Plan Progress: Outlook

Using the solid earnings base built in H1, Q3 will be a strategic exposure and awareness-building period for future growth. External events and releases by younger IP will broaden the fan base for H2 and the next fiscal year, supported by reinvestment.

Gain Market Recognition for New IP and Execute Strategic Investment

From Q3 onward, major external events and festivals will expand exposure, awareness, and fan touchpoints while limiting event risk and fixed costs. During non-event periods, concentrated fan meetings, internalization, and external sales will smooth earnings and strengthen margins.

Reinvesting H1 Earnings in the Growth Foundation and Driving Q3 Exposure and Awareness

Using the gains accumulated through strong H1 performance, younger and new IP—including NCT WISH, Hearts2Hearts, and GPP—will actively participate in major events and festivals in Q3, with an initial focus on helping as many people as possible recognize their faces and names.
Touchpoints with new fan segments will be maximized, leading to future recovery through solo tours and releases.

Maintaining Fan Engagement and Smoothing Earnings

In Q3, a period between major shows, the Company will concentrate FC-member fan meetings for RIIZE, aespa, and others, as well as highly anticipated solo and unit shows by SUPER JUNIOR 83z, RYEOWOOK, and IRENE & SEULGI.
Actively scheduling FC events and unit/solo shows will build anticipation for activities from the next fiscal year onward and sustain fan enthusiasm.

Expanding Recognition and Building Communities for Company-Owned Original IP (GPP / Kiepi)

Company-owned IP will solidify awareness through two channels: free events and TV/radio appearances, and regular YouTube live streams and short-form SNS videos. The rapid increase in digital fans during Q2 will be converted into a stable base for maximizing earnings in FY2028, the final year of the Medium-Term Management Plan.

Strengthening Earning Power Through Internalization and Platform Expansion

The Company will further internalize company-led A&R for original Japan master recordings.
CONCONTOWN will expand to domestic Japanese touring fans and broaden assignments from third-party IP, establishing a high-margin recurring revenue base independent of live-event schedules.

FY2026 Q3 Topics by Segment

FY2026 Q3 Topics by Segment

Entertainment Segment: Key Schedules

During Q3, between major shows, fan meetings for core groups and solo/unit performances will be concentrated. This will maintain fan engagement and secure stable returns through ancillary revenue streams.

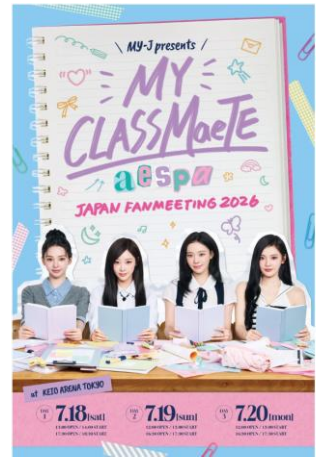
Concentrated FC-Member Fan Meetings by Core IP

RIIZE JAPAN FANMEETING 2026 RPG - RIIZE PLAYING GAME - (Fukuoka / Tokyo / Hyogo)

Six interactive, game-concept fan meetings will be held across three cities.

NCTzen WISH-JAPAN FANMEETING 2026 ～Nobody Told Me Six Princes Would Propose～ (Keio Arena TOKYO)

Responding to fandom growth since debut, the event will enable close communication with fans.



aespa JAPAN FANMEETING "MY CLASSMaeTE" (Keio Arena TOKYO)

aespa's second school-concept fan meeting in Japan will be held over three days.

Limited Solo / Unit Live Shows and FAN-CONs

2026 SUPER JUNIOR 83z FAN-CON TOUR [1983] IN JAPAN (Toyosu PIT)

A unit FAN-CON by LEETEUK and HEECHUL of legendary IP SUPER JUNIOR.

SUPER JUNIOR-RYEOWOOK Special Live 2026 ～Konpeki～ (LINE CUBE SHIBUYA)

RYEOWOOK's first special live show in Japan in four years.

IRENE & SEULGI JAPAN TOUR 2026 -blank- (Fukuoka / Hyogo / Osaka / Miyagi)

IRENE & SEULGI of Red Velvet will hold their first original Japan unit tour nationwide.

FY2026 Q3 Topics by Segment
Entertainment Segment (Adjacent Businesses)

New releases by core IP will deepen connections with fans, while appearances by high-profile IP at major festivals and events will maximize brand value and attract new listener segments.

Release Details

NCT WISH
Japan Double A-Side Single
『YO-I-DON! / BOY MEETS GIRL』
2026.07.15 Release

aespa
1st Japan Mini Album
『KISS N TELL』
2026.07.24 Release

Hearts2Hearts
Japan Debut Single『ICONIC HEART』
2026.08.12 Release

RIIZE
3rd Japan Single『Sunburst』
2026.08.26 Release

- RYEOWOOK Japan 3rd Single『Boku no Hoshi』2026.08.05 Release
- TVXQ! LIVE DVD & Blu-ray『TVXQ! 20th Anniversary LIVE IN NISSAN STADIUM ~RED OCEAN~』2026.09.19 Release

Advertising / Appearances

Major Event Appearances

<RIIZE>

『Mezamashi WANGAN Fest – The Ultimate Summer Collaboration with Popular Variety Shows』
<STAR × Mezamashi Live> Collaboration Stage (Aug 13, 2026, Thu.)
『FEST. INAZUMA 2026』(Sep 20, 2026, Sun.)

<NCT WISH>

『Mezamashi WANGAN Fest – The Ultimate Summer Collaboration with Popular Variety Shows』
<Atarashii Kagi × Mezamashi Live> Collaboration Stage (Aug 13, 2026, Thu.)
『Rakuten GirlsAward 2026 AUTUMN/WINTER』(Sep 26, 2026, Sat.)

<Hearts2Hearts>

『NAMICS presents TGC Niigata 2026』(Jul 18, 2026, Sat.)
『Mezamashi WANGAN Fest – The Ultimate Summer Collaboration with Popular Variety Shows』
<Atarashii Kagi × Mezamashi Live> Collaboration Stage (Aug 13, 2026, Thu.)
『SBI SECURITIES presents TGC Matsuyama 2026』(Aug 16, 2026, Sun.)
『SAISON presents Special Night Game』(Aug 18, 2026, Tue.)
『Mynavi TGC 2026 A/W』(Sep 19, 2026, Sat.)
『FEST. INAZUMA 2026』(Sep 20, 2026, Sun.)

Major Advertising Appearance

<Hearts2Hearts>
Second collaboration with women's brand "LILY BROWN," following February; items go on sale July 15, 2026 (Wed.).

FY2026 Q3 Topics by Segment
Entertainment Segment (Adjacent Businesses)

Experiential initiatives tailored to each artist's activity phase will sustain fan enthusiasm. Combining the MD Business earnings eco-cycle with new Travel Business initiatives will broaden adjacent-business domains and deliver steady earnings contribution.

MD Business

Two POP-UP Approaches with Different Objectives
Beyond merchandise sales, POP-UP stores that let fans experience each artist's worldview will be deployed according to the relevant activity phase.

aespa

New-Release-Linked
Embodies the eco-cycle strategy in the Medium-Term Management Plan, beginning with a master recording release

An event commemorating the release of 1st Japan Mini Album『KISS N TELL』.
In addition to original merchandise using visual cuts and characters from the work, member-worn costumes will be displayed.

「aespa POP-UP STORE "KISS N TELL"」
@MIYASHITA PARK North 2F POP-UP Area
Jul 23 (Thu.)–Aug 2 (Sun.), 2026

NCT WISH

Non-Event-Period Touchpoint
Provides an experiential venue when fans cannot meet the artists, maintaining continuous engagement

「NCT WISH [Wishberry Bakery] POP-UP」
@Shinjuku Marui Main Building, 2F Event Space
Aug 11 (Tue., Holiday)–Aug 23 (Sun.), 2026

Travel Business

Capturing Domestic Demand and Building Recurring Revenue
New domestic packages and OEM system provision to third parties will establish a new earnings base for the Travel Business.

B2C Business — Launching New Packages for Domestic Touring Demand

Using expertise established for overseas customers, the service will expand to Japan's largest market: domestic fans traveling long distances.
Priority reservations linked to FC advance ticket lotteries will provide convenient room access for tours and reliably capture domestic travel demand.

Securing Tickets and Accommodation Together
Accommodation is secured in conjunction with the ticket lottery, eliminating concerns over separate booking before results, last-minute hotel availability, and price surges.

Advance Access to Official MD (Merchandise)
Tour-exclusive advance purchase rights free fans from sellout concerns and long merchandise lines on the day.

B2B Business — Beginning External System Provision

OEM deployment of dedicated custom apps for third parties—whose foundation has been developed since Q1—will begin. Through system provision to third parties, the Company will gradually establish recurring fee-based revenue and seek steady medium- to long-term earnings contribution.

CONCONTOWN System / Operating Know-How → (Provision) → Third-Party Custom App (Third-Party IP App) → Securing Earnings Through Fees

FY2026 Q3 Topics by Segment

Entertainment Segment (Original IP)

From Q3 onward, the business will enter the growth-investment phase.
GPP will actively join TV, radio, media, and events to build awareness and fan engagement, while Kiepi will focus on SNS awareness through regular live streams.

GPP

Held Aug 1

Introducing the Group to New Audiences Through Summer Festivals
At 『Shibuhara FES in SHIBUYA SUMMER PARK 2026』, the live stage strongly communicated the members' faces and names to attract new fan segments.

Continued Media Exposure
Appearances included TV Tokyo's 『Tane kara Ueru TV』 (Jul 5) and radio program 『Gogoborake Radio』 (Jul 14), building familiarity with individual members.

Radio-Linked Event
『GPP Online Lottery Vol. 2』, linked to FM Yokohama's MIDNIGHT TERMINAL GPP「RADIO FLIGHT」, strengthened fan support.

Kiepi

Maintaining Engagement Among Fans Acquired in Q2
Weekly YouTube streams will continue through Q3, preventing content gaps and maintaining a high active-user rate.

Preparing Content for the Next Growth Stage
Based on Q2 results and response, new large-scale and additional content for the next period will be produced and prepared steadily.

Pursuing Sustainable IP Value Growth
Q3 will focus on content expansion and quality improvement to build long-term IP brand value, rather than a short-lived surge.

Rights & Media Business

Procurement using co-investment and Group strengths will control costs and risk. Diversified rights sales and proprietary media programming will work together to secure stable earnings.

Rights Business

Procurement and Sales Leveraging SM Strengths
Leveraging the strengths of SM's Japan operations, the Company will continue to reliably procure and sequentially sell competitive SM content, securing stable sales.

Continued Co-Business and OTT Sales
The Company will continue supplying content to major OTT platforms while controlling costs through existing co-business frameworks.

Steady Reduction of Amortization Expense
In light of content-cost amortization recorded in Q2, operations and titles will be reviewed from Q3 onward to limit similar large-scale amortization and improve cost smoothing and reduction.

「EXO's Travel the World on a Ladder Season 5: Jeju」

「Reply High School」

「Reverse」

Media Business

Differentiation Through Proprietary Content
KNTV will continue to provide a stable, compelling lineup unique to the channel, including SM artist live broadcasts, variety programs, and dramas.

Live Broadcast

NCT DREAM 10TH ANNIVERSARY PARTY <THE SWEET DREAM HOTEL>

2026 SUPER JUNIOR-83z FANCON TOUR [1983]

Japan Premiere

「Villain's Country」

「Crazy Tour」

Appendix

Appendix

To address yen depreciation and rising material and personnel costs, the Company will lower breakeven points through larger-scale events and internalized A&R and Travel operations, building a lean, high-margin structure resilient to external conditions.

Key Business Risks and Countermeasures

Rising Personnel Costs

Wage levels are rising due to staff shortages.
Higher operating, production, and personnel costs are pressuring earnings.

Rising Prices & Energy Costs

Rising venue utilities, setup materials, and transportation costs.
Rising variable costs across all areas are putting downward pressure on operating income.

Historic Yen Depreciation

The largest concern.
Continued yen depreciation against KRW and USD sharply increases invitation costs and royalties.

Item	Key Risks	Impact	Countermeasures
Concerts	Higher production costs reduce profit.	**High**	Scale up shows and raise the domestic in-house ratio.
Artists	Activity suspensions and higher invitation costs.	Low	Expand Japan original IP and diversify the lineup.
Content	OTT competition and FX lift rights costs.	**Medium**	Diversify genres and use Group productions.
Talent Acquisition	Labor shortages raise wages and fixed costs.	**Medium**	Improve the workplace; drive DX and labor-saving.
Legal	IP infringement and complex rights clearance.	Low	Join committees, train staff, and strengthen management.
FX Rates	**Weak yen raises invitation, production, and royalty burdens.**	**High**	Use joint structures and adjust payment timing.

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The opinions and forecasts contained in these materials represent the views of the Company at the time of creation. We make no guarantees or promises regarding the accuracy or completeness of the information presented, as it involves various risks and uncertainties.

Thank you for your time.
We look forward to your continued support and patronage.