



SM
ENTERTAINMENT
JAPAN

FY2026 Q1 Financial Results

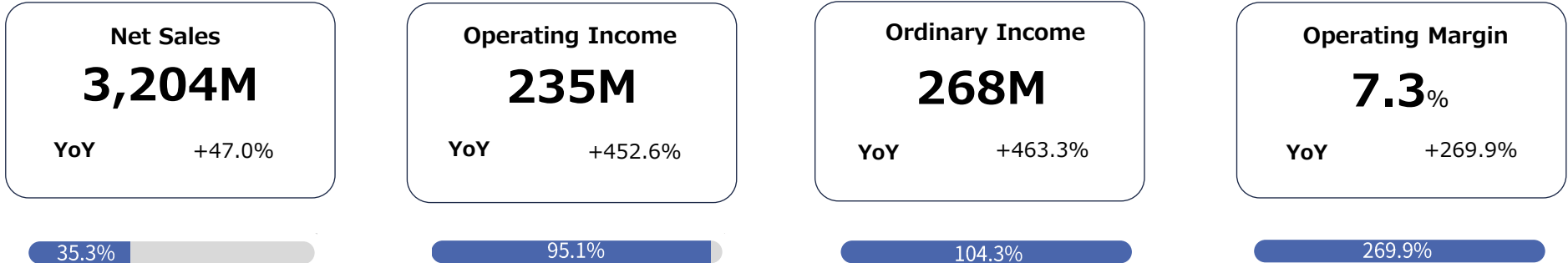
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FY2026 Q1 Business Results

FY2026 Q1 Business Results

Operating margin reached 7.3%, significantly exceeding the medium-term plan target, driven by concentrated large-scale events led by core IP and related monetization through MD and streaming. Strong Q1 cash flow will support the accelerated build-out of in-house capabilities from the next period onward.

(Million Yen)



Performance Overview and Key Drivers

Strong Contribution to Operating Income from Concentrated Large-Scale Events

Major events such as “SMTOWN LIVE 2025-26 in FUKUOKA” were concentrated in Q1. Dome-scale shows improved venue and operating efficiency, lifting operating income.

Realizing a Multi-Layered Revenue Model Centered on Events

MD/POP-UP initiatives and exclusive Lemino distribution were linked to major events, confirming a model that multiplies earnings across digital and physical touchpoints.

Cost Optimization Through Concentrated Scheduling

Concentrating major events in Q1 enabled more efficient use of shared operating infrastructure, reducing fixed costs per show and maximizing profit during the event cycle.

Converting Fan Demand into High-Margin Adjacent Revenue

Fan enthusiasm was channeled into adjacent businesses with low incremental costs, converting revenue potential into profit and funding deeper structural reform.

FY2026 Q1 Topics by Segment

Entertainment Segment

The Entertainment segment achieved substantial revenue and profit growth by capturing opportunities from large-scale concerts and diversifying adjacent revenue streams. This clearly demonstrated the effectiveness of the shift from quantity to quality, with a focus on enhancing value per fan beyond attendance alone.

(Million Yen)

Segment Net Sales

2,616M

YoY +61.2%

Segment Profit

309M

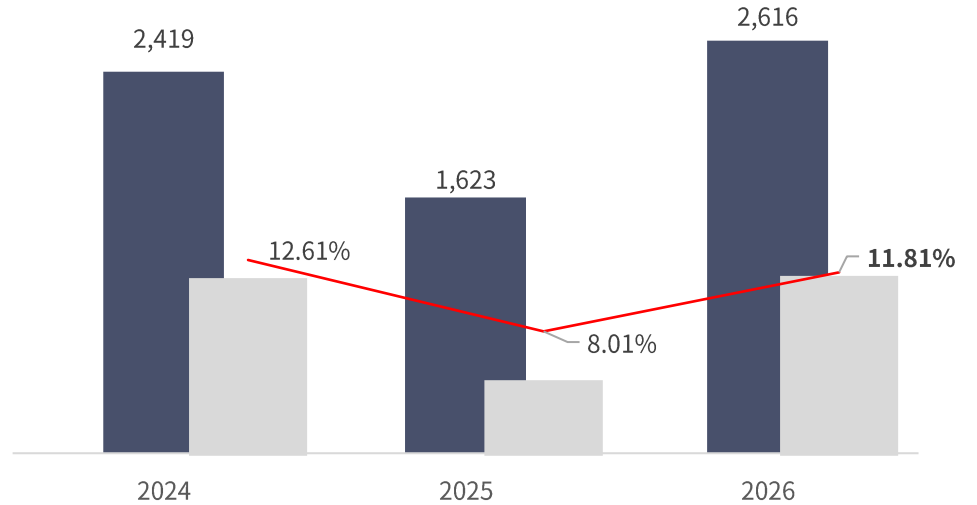
YoY +136.7%

Operating Margin

11.81%

Validation of Efficiency Model

Q1 Net Sales Trend

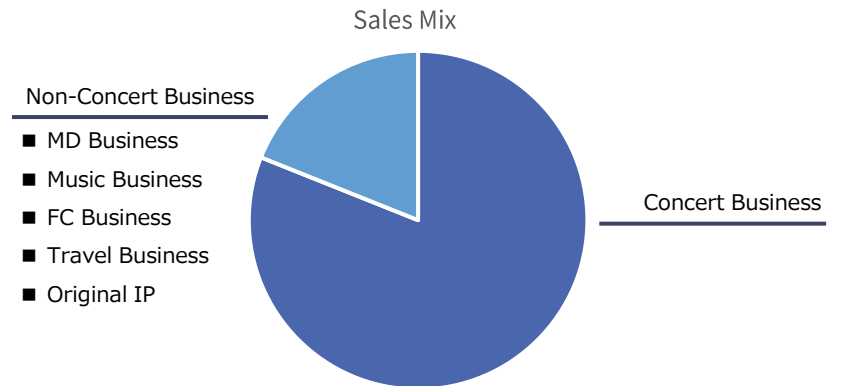


(Million Yen)

Budget Progress (vs. Full-Year Forecast)

Profit Progress (Target: 535M) **57.8%**

Sales Progress (Target: 6,801M) **38.5%**



Rights & Media Segment

The segment secured minimum guarantees (MGs) from the start of the fiscal period by shifting to OTT simultaneous distribution aligned with Korean broadcasts. Despite temporary cost increases from an expanded variety lineup, cost reductions through joint commercialization of existing titles are supporting revenue-structure optimization.

Segment Net Sales (Million Yen)

588M

YoY +5.7%

Segment Profit

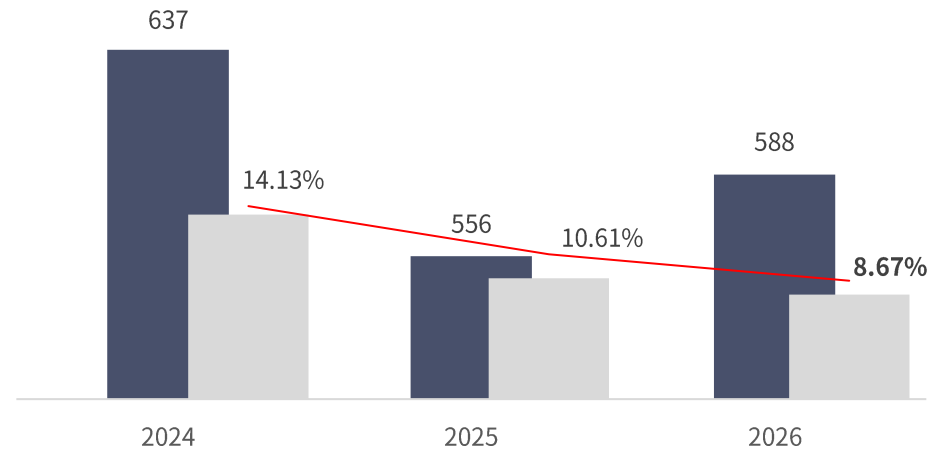
51M

YoY ▲13.8%

Operating Margin

8.67%

Q1 Net Sales Trend



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

Profit Progress (Target: 175M) **29.1%**

Sales Progress (Target: 2,308M) **25.5%**

Number of Rights Acquired in Q1

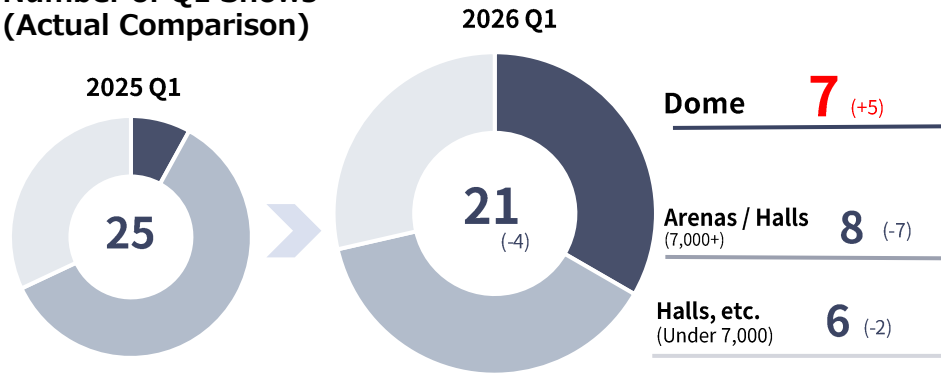
- Korean dramas: 1 title
- Korean variety programs: 2 titles
Prioritizing MG acquisition through OTT simultaneous distribution
- Korean music festivals: 1 title
Layering revenue through exclusive acquisition of high-demand genres

Although total acquisitions declined from 6 titles in the prior-year period, revenue efficiency and asset value per title improved, supported by the acquisition of secondary-use rights.

Entertainment | Concerts

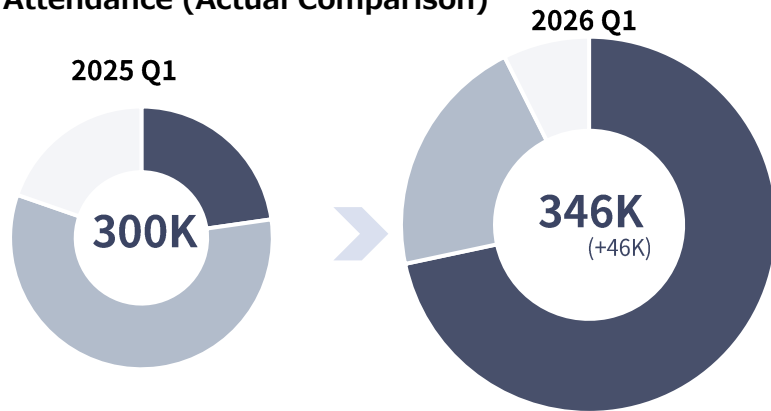
Despite fewer shows YoY, concentrated dome concerts lifted the attendance baseline by 15%. RIIZE's record-fast dome debut and legacy IP's stable drawing power reaffirmed the strength of the multi-layered portfolio.

Number of Q1 Shows (Actual Comparison)



Total show count declined, while the share of dome shows increased significantly.

Q1 Attendance (Actual Comparison)



Efficient audience acquisition raised the attendance baseline.

Dome Shows: Approx. 248K Attendees



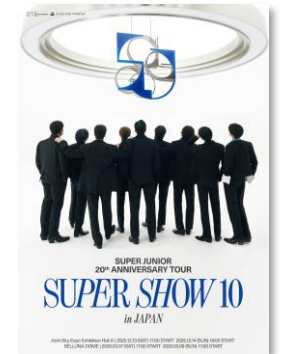
RIIZE: Fastest K-Pop Male Act to Reach Dome Scale
 『2026 RIIZE CONCERT TOUR [RIIZING LOUD] Special Edition in TOKYO DOME』

Held a three-day Tokyo Dome show in the shortest period since debut, demonstrating the overwhelming momentum of next-generation IP. Rapid expansion of the new fan base established RIIZE as a future core revenue driver.



SMTOWN LIVE
 『SMTOWN LIVE 2025-26 in FUKUOKA』

At Mizuho PayPay Dome Fukuoka, the event attracted 70K attendees over two days, reaffirming SM artists' popularity and drawing power even in regional cities.



SUPER JUNIOR
 『SUPER JUNIOR 20th Anniversary TOUR <SUPER SHOW 10> in JAPAN』

The drawing power of this legendary IP, marking its 20th debut anniversary, remains strong.

Entertainment Segment (Adjacent Businesses)

Merchandise sales tied to major concerts and release-linked POP-UP events performed strongly, driving non-concert revenue. Adjacent businesses, led by the Music Business, have also entered a phase of full-scale expansion.

MD Business (POP-UP Events)

Numerous POP-UP events were held in line with concerts and releases, increasing sales of random merchandise and artist character goods outside concert venues as well.



Held in conjunction with the release of RIIZE's second Japan single, All of You, and their Tokyo Dome concert
RIIZE x MIYASHITA PARK special collaboration, 「RIIZE POP-UP STORE "All of You"」



Produced by YUTA
『Yu uta 1st POP-UP -WE ARE ROCK STARS-』



『SUPER JUNIOR 20TH ANNIVERSARY POP-UP
『GRAND OPENING! SJ MARKET』 in JAPAN』

Music Business

Launched NCT YUTA's official YouTube channel "YuTube" to diversify artist IP development and create company-led digital fan touchpoints.



- ✓ Channel operations began in Q1, contributing to acquisition of new fans and higher satisfaction among existing fans.
- ✓ Through original content such as each artist's lifestyle and backstage footage, fan engagement was deepened.

Travel Business



CONCONTOWN

- ✓ Leveraging the agility of in-house operations, user feedback and requests were quickly reflected in app specifications, enabling flexible feature improvements.
- ✓ Internal business travel arrangements were consolidated in-house, reducing outsourcing fees paid to external agencies while accumulating operational know-how through actual practice.

Entertainment Segment (Adjacent Businesses)

Royalty revenue remained solid as links between concerts and adjacent businesses strengthened. Rising IP recognition drove steady growth in advertising contracts and other deals, supporting the build-out of a revenue base less dependent on live events.

Release Details

CD



NCT WISH
Japan 1st Mini Album『WISHLIST』
2026.01.14 Release



RIIZE
The 2nd Japan Single 『All of You』
2026.02.18 Release

Advertising / Appearances

Advertising



aespa
Appointed image models for new color contact lens brand 『ØTHER』



NCT WISH
Appointed visual models for WEGO - 『WEGO 2026 SPRING』

Digital

MINHO
Japan Digital Single 『Sunkissed』
2026.02.25 Release

TVXQ!
Japan Digital Single “IDENTITY”
2026.02.12 Release

MINHO
Japan Digital Single 『Flawless』
2026.02.25 Release

aespa
Japan Digital Single 『ATTITUDE』
2026.03.06 Release

NCT WISH
Japan Digital Single 『Same Sky』
2026.02.27 Release

Hearts2Hearts
Japan Digital Single 『RUDE!(Japanese Ver.)』
2026.03.18 Release

Film Appearances



TVXQ!
TVXQ 20th Anniversary Film 『IDENTITY』
Theatrical release from Feb 20, 2026 (Fri.)



YUTA
Film 『Specials』
Theatrical release from Mar 6, 2026 (Fri.)

Entertainment Segment (Original IP)

GPP, the company's first proprietary IP, officially debuted and expanded market visibility through terrestrial TV music programs and major events. Development of proprietary IP as a medium to long-term revenue base is progressing as planned, marking the full-scale start of the company's shift toward becoming an IP holder.

GPP



1st Single 「Bring it Back」 released on Jan 14, 2026 (Wed.)

The debut song 「Bring it Back」, which began digital distribution in Dec 2025, was released, with release events held nationwide and commemorative panel exhibitions staged at CD shops.

Opening Act at 「SMTOWN LIVE 2025-26 in FUKUOKA」

GPP performed as the opening act at 「SMTOWN LIVE 2025-26 in FUKUOKA」, held at Mizuho PayPay Dome Fukuoka on Jan 31 and Feb 1, 2026, making its first performance in front of 70K SM fans.

Key Appearance Information (selected)

Nippon TV 「Buzz Rhythm 02」, TV Tokyo 「Cho Cho Onpa」, TV Tokyo 「Tane kara Ueru TV」, and 「Beauty Taste Tokyo 2026」



MV Views
1.65M

YouTube Subscribers
96K

2026.1.14 Release
Debut Single - 「Bring it Back」
CD Tracks: 「Bring it Back」,
「Motivation」, 「Buzz Down」

Kiepi Solo Tracks Released on Feb 3, 2026

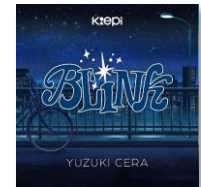


CERA

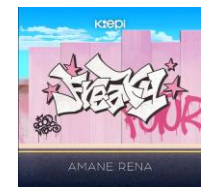
Real Name: Yuzuki Cera
Birthday: Dec 22
Age: 19

RENA

Real Name: Amane RENA
Birthday: Jun 21
Age: 18



CERA
2026.2.3 Release
「BLINK」



RENA
2026.2.3 Release
「FREAKY」

- ✓ Solo songs by Kiepi members CERA and RENA were released.
- ✓ A 16-part series on Korean information site "PIVIM," themed around touring Seoul's trend cafés, is currently being published to strong interest.

Rights & Media

Amid intensifying rights competition and rising procurement costs driven by global OTT growth, the segment is leveraging group synergies and optimizing revenue lifecycles through multi-window deployment to diversify risk and maintain profitability.

Rights Business

- ✓ Co-investment structures for risk diversification and secure secondary-use rights
 - ✓ Same-day OTT distribution for MG acquisition and early cash-flow stabilization
 - ✓ All-rights ownership for broadcast, VOD, DVD, and sub-licensing expansion
- Group Synergy Effects

 - ✓ RIIZE Tokyo Dome broadcasting rights revenue contributing to performance

Media Business



2026 RIIZE CONCERT TOUR [RIIZING LOUD] FINALE IN SEOUL
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2026 TAEYONG CONCERT <TY TRACK - REMASTERED>
©2026 SM ENTERTAINMENT CO., Ltd. ALL RIGHTS RESERVED.



「Honor」
©2026 KT StudioGenie Co., Ltd



「A Graceful Liar」
Licensed by KBS Media Ltd. © 2025
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「TXT's Childcare Diary」
©2026MBC All rights reserved.

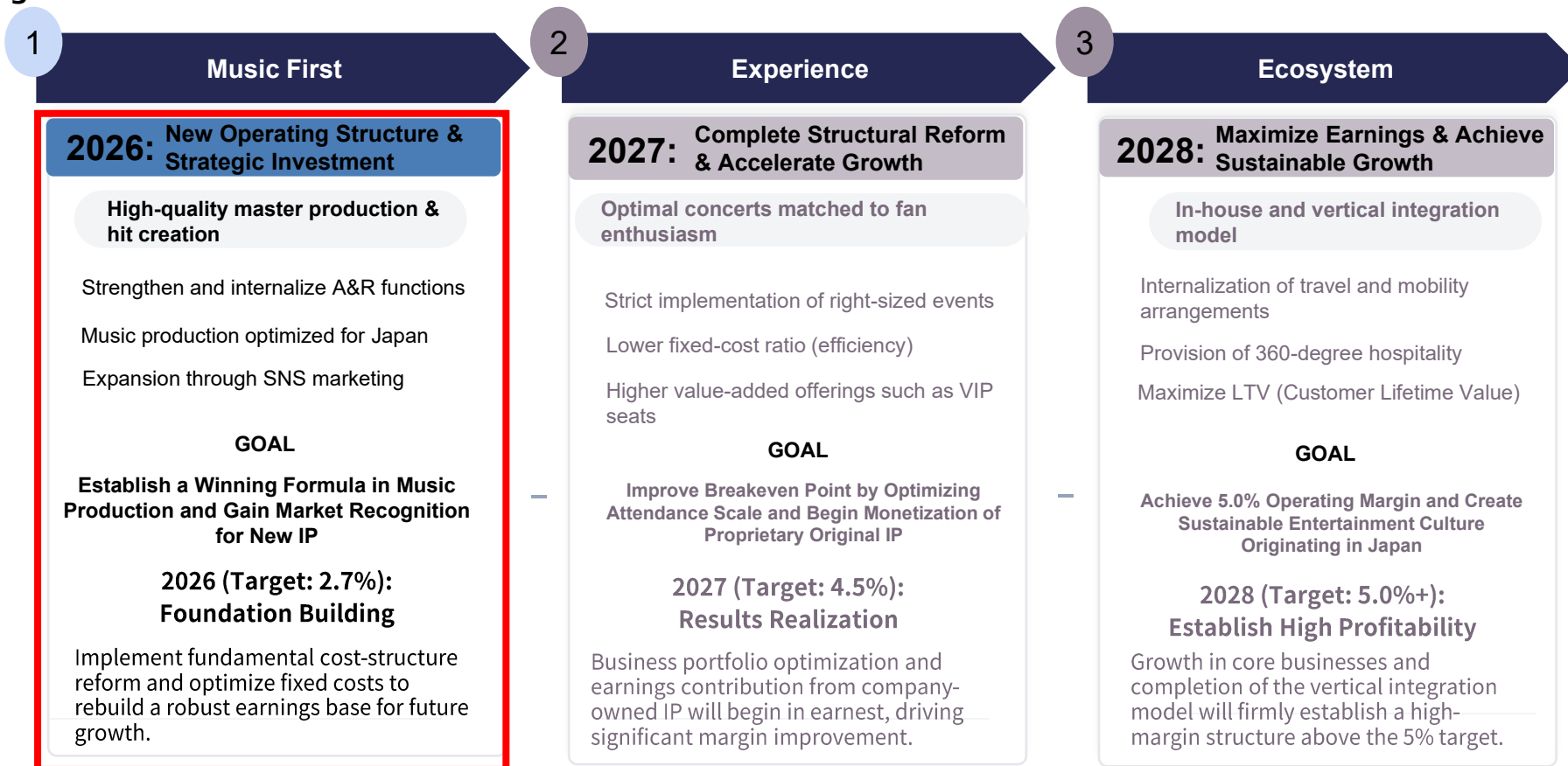
9 Premium Content Titles Broadcast in FY2026 Q1

- 2025: SBSEntertainment Awards
- 2025: SBS Drama Awards
- NCT WISH 1st CONCERT TOUR INTO THE WISH : Our WISH in JAPAN
- 2026: TAEYONG CONCERT <TY TRACK - REMASTERED>
SMTOWN LIVE 2025-26 in FUKUOKA
- 2026: RIIZE CONCERT TOUR [RIIZING LOUD] FINALE IN SEOUL
- 2026: NCT DREAM TOUR <THE DREAM SHOW 4 : FUTURE THE DREAM>
FINALE
- 2026: U-KNOW B-day PARTY [AGENDA 26]
- 2026: MAX CHANGMIN B-day PARTY [A Sip of Song]

Medium-Term Management Plan Progress

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

In the foundation-building phase of the three-year roadmap, large-scale events and adjacent businesses generated strong synergies, delivering a start well ahead of plan. Strong Q1 results will serve as a funding base to accelerate in-house capability development from the next period onward and establish a sustainable growth foundation.



Q1 achieved an operating margin of 7.3%, marking a strong start to the first year of the new three-year plan.

Medium-Term Plan Progress: Q1 Summary

The medium-term plan’s “shift from quantity to quality” was demonstrated from the outset, delivering record profitability. Concentrated large-scale events and strategically linked adjacent revenue streams validated the model for maximizing live-event earnings potential.

New Operating Structure and Strategic Investment

The “shift from quantity to quality” set out in the medium-term plan generated stronger-than-expected results from the initial phase. Concentration into large-scale shows proved that margins can be dramatically lifted, and fundamental improvement of the management structure has begun, supported by the stable popularity of existing IP.

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

Improving Profitability Through the Qualitative Transformation of Events

Concentration on large-scale shows and rigorous right-sizing based on precise demand forecasting reaffirmed the strong drawing power of existing IP while dramatically lifting operating margin through higher unit economics.

Steady Launch of the Company-Owned IP Strategy

In Jan 2026, “GPP,” the first company-owned IP girl group, made its CD debut and expanded market recognition through terrestrial media exposure and event appearances. Preparations for the April debut of virtual artist “Kiepi” were also completed as planned, marking the start of the transition toward becoming a company-owned IP holder.

Initiating In-House Music Business Operations

Organizational changes and external talent recruitment accelerated the internalization of A&R and marketing. By strengthening digital touchpoints, including the early launch of individual YouTube channels, the foundation for full-scale operations from the next period onward has been completed.

Medium-Term Plan Progress: Outlook

Reinvestment of Q1 profits into the growth foundation, with sustained margin improvement through company-owned label operations and vertical integration while smoothing full-year earnings.

Strategic Investment in Growth Foundation and Stronger Risk Resilience

Q1 profits will be strategically reinvested in company-owned IP development and in-house capability building. From the next period onward, groundwork for the transition to a vertical integration model will be accelerated.

Stable Revenue During Non-Event Periods

POP-UP events and strategic media exposure will be deployed during periods without concerts. This will reduce dependence on live-event revenue, limit full-year performance volatility, and sustain fan engagement.

Company-Owned Original IP

Targets will be redefined based on Q1 analysis, alongside fundamental creative enhancement and a major increase in exposure. Viral marketing aimed at digital-native audiences will steadily strengthen the IP's presence as a next-generation revenue pillar.

In-House Model to Lift Earning Power

In-house label production and CONCONTOWN travel operations are progressing steadily, supporting a shift to a high-margin structure from next fiscal year. External deployment of the travel app platform will further accelerate business model diversification.

Macro-Risk Resilience

To address continued yen depreciation and worsening global conditions, risk diversification through co-investment and supply-chain diversification will be reinforced, with priority placed on securing healthy operating profit.

FY2026 Q2 Topics by Segment

Entertainment Segment: Key Schedules

From April onward, dome-scale projects will remain concentrated, sustaining the high-margin model validated in Q1 and maximizing spillover effects into adjacent revenue streams to support full-year target achievement.



TVXQ!

TVXQ! 20th Anniversary LIVE IN NISSAN STADIUM -RED OCEAN-
 📍 Kanagawa: Nissan Stadium

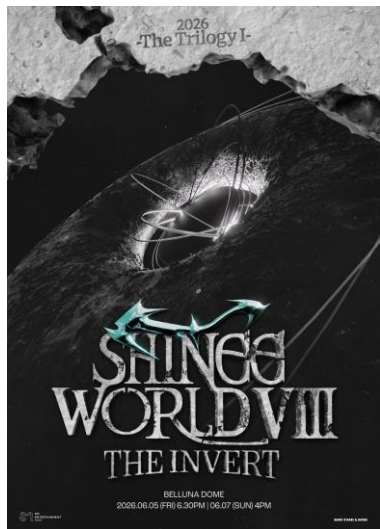
Legendary artist TVXQ!, celebrating its 20th debut anniversary, will become the first artist ever to hold three consecutive solo shows at Nissan Stadium.



aespa

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

Aespa, firmly established as a top fourth-generation IP, will hold its first dome tour.



SHINee

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

SHINee, celebrating the 15th anniversary of its Japan debut, will hold its first Japan concerts in approximately two years.

Nationwide arena and hall tours will also continue.



SUPER JUNIOR-YESUNG LIVE TOUR - 『Waiting for the Time to Bloom』



EXO EXO PLANET #6 - EXhOrizon in JAPAN

Entertainment Segment (Adjacent Businesses)

In Q2, broad IP development will continue through music releases, film appearances, and festival participation, strengthening fan touchpoints beyond concerts. Activities outside live events will also expand steadily, with a structure designed to maximize artist appeal.

Release Details



YUTA (NCT)
2026.05.13
Japan Single 『PLAY BACK』

Maximize individual artist brand value and develop new solo fan segments.



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

The concert tour held this year will be released as a video product soon after the event.

Advertising / Appearances

Film



YUNHO (TVXQ!)
2026.05.29 theatrical release
Film: 『TOKYO BURST-Crime City』

Expected to expand awareness and fan segments through tie-ups and exposure.

Major Event Appearances

- **2026.04.10~12: 『The Performance』** (hosted by TV Asahi)
 Appearing: NCT WISH / RIIZE / Hearts2Hearts
- **2026.04.19: 『JJ 50th Anniversary Fest 2026』**
 Appearing: YUTA, GPP
- **2026.05.31: 『OSAKA METROPOLITAN ROCK FESTIVAL 2026』**
 Appearing: YUTA

Awareness expansion will be steadily promoted through strategic exposure.

Entertainment Segment (Adjacent Businesses)

Centralized production and management to expand IP value and external travel-platform deployment.
Ecosystem strategy execution through deeper company-owned IP and diversified external sales.

Music Business

Launch of Unified IP Management Structure

Centralized management of SNS posts, advertising contracts, live production, and other fan touchpoints to enable faster decision-making and consistent brand strategy execution.

In-House Production for Quality and Cost Control

Acceleration of company-led music production for Japan master recordings.
Improvement of both hit reproducibility and profit margins through reduced outsourcing costs and rigorous quality control.

Scheduled Release



2026.05.27 Release
YESUNG JAPAN 2nd FULL ALBUM
“Waiting for the Time to Bloom”

Travel Business

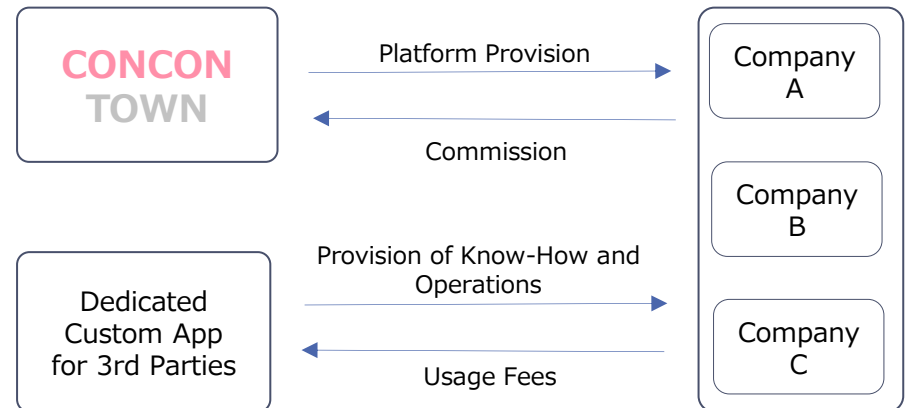
Launch of External Deployment for Proprietary App 「CONCONTOWN」

External platform deployment of 「CONCONTOWN」 for 3rd party IPs, with the first rollout accepting entries for I-DLE’s Japan concert package.

BtoB Business Expansion through External System Provision

Expansion underway toward a general-purpose platform, with customization for third-party needs and operational know-how provided to build a foundation for new revenue streams.

Returns from Platform and Know-How



Entertainment Segment (Original IP)

Awareness expansion through agile in-house creative renewal and viral initiatives.
From Q2 onward, stronger digital touchpoints will help validate hit reproducibility for company-owned IP.



Visual renewal by globally active photographer Nikolai Ahn

Digital single 「ATE!」 confirmed for release on May 20!!

Media Appearance Information (selected)

Behind-the-scenes documentary program “GPP Fly: Takeoff of a Paper Airplane on the Edge” is airing on BS Fuji, with streaming on TVer and FOD after broadcast.

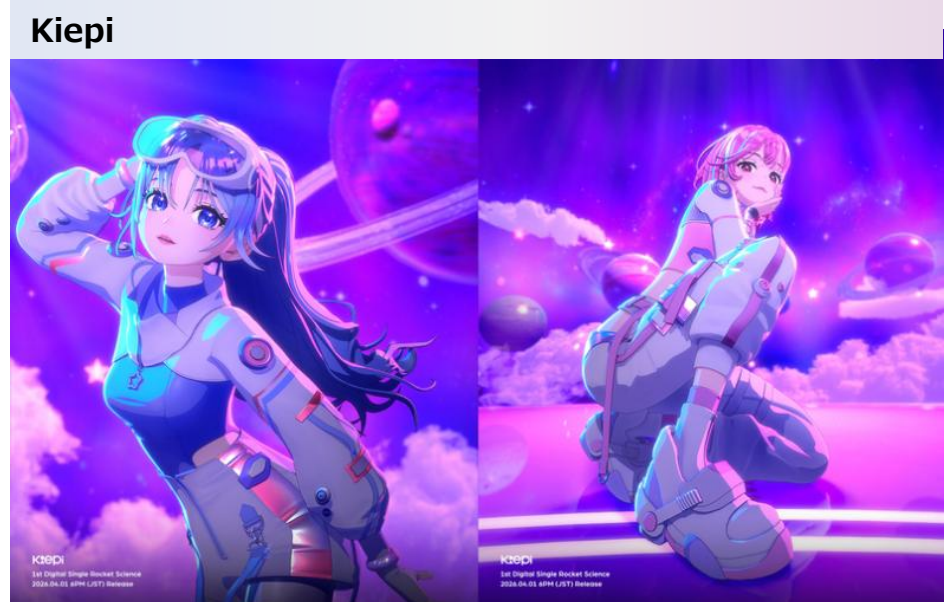
First regular radio program confirmed from April 15, airing on the third Wednesday of every month
FM Yokohama: MIDNIGHT TERMINAL GPP 「RADIO FLIGHT」

2026.04: Appeared on TV Tokyo “Tane kara Ueru TV” (broadcast April 19, Sun.)

2026.04: Featured in “CD Data 2026 First Half” (released April 21, Tue.)

2026.04: Appeared at Rakuten GirlsAward 2026 SPRING/SUMMER

2026.04: Appeared at JJ 50th Anniversary Fest 2026



Debuted on Apr 1 with 1st single 「ROCKET SCIENCE」
Full-size MV is being shown on Round1 screens nationwide!

Song Concept

A futuristic electric dance track announcing Kiepi’s debut. House-style piano, punchy bass and synth riffs create a retro yet refined feel. The lyrics express a positive, energetic message.

2026.04: “Kiepi On Air: DEBUT LIVE” streamed on Kiepi Official YouTube Channel

Diverse concepts and collaborations will continue to be developed with high-quality content.

FY2026 Q2 Topics by Segment

Rights & Media Business

Amid changing market conditions, the Rights and Media businesses will continue disciplined operations. Procurement-risk reduction through co-investment, operating-cost optimization, and group synergies will support the maintenance of a stable revenue base.

Rights Business

Continue controlling procurement costs and risks through joint investment, while expanding multi-channel deployment of archived titles. Secure a stable content pipeline and supply titles to OTT operators and broadcasters.

Rights-Held Titles (selected)



「Adieu Solo」
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「EXO's Travel the World on a Ladder Season 5: Jeju」
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「Reply High School」
© 2026 SM ENTERTAINMENT & eggiscoming CO., Ltd. ALL RIGHTS RESERVED.



「Korea-Khitan War」 (original title)
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「Budding Romance」
© (C) Danal Entertainment Co., Ltd. / YOGURT STUDIO / CONTACT MEDIA



「As Beautiful As You」
© 2024 China Huace Global Media Co., Ltd.

Media Business

KNTV will continue providing proprietary content, including SM artist live broadcasts, variety programs, and dramas, while reducing viewer churn and controlling operating costs amid structural market changes.

Live Broadcast



-The TrilogY I - 2026 SHINee WORLD VIII : [THE INVERT]
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2026 aespa LIVE TOUR – SYNK : aeXIS LINE – in JAPAN [SPECIAL EDITION DOME TOUR]
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Japan Premiere



「The First Man」 (original title)
©2025-2026 MBC



「Whenever Possible Season 4」
©SBS

Appendix

Appendix

By increasing the in-house ratio and improving efficiency through DX, we will build resilience and shift to a lean structure capable of securing profit even in uncertainty.

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 putting downward pressure on operating income.

Historic Yen Depreciation

The largest concern. 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 domestic in-house ratio.
Artists	Activity suspensions and higher invitation costs.	Low	Expand Japan original IP and diversify 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 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 burden.	High	Use joint structures and adjust payment timing.

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