

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2025 (Based on Japanese GAAP)

August 4, 2025

Company name: SM ENTERTAINMENT JAPAN Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4772 URL <http://smej.co.jp>
 Representative: President Kim Dong Woo
 Director,
 Inquiries: Head of Corporate Planning Division Yamada Masahiko TEL 03-6809-6118
 Scheduled date to file Semi-annual Securities Report: August 8, 2025
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2025	4,867	(6.3)	138	(56.4)	142	(56.6)	365	28.4
Six months ended June 30, 2024	5,193	6.8	318	15.4	328	15.8	284	16.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2025	3.15	—
Six months ended June 30, 2024	2.46	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	15,538	8,442	48.5
As of December 31, 2024	14,405	7,783	48.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2024	—	0.00	—	1.00	1.00
Year ending December 31, 2025	—	0.00			
Year ending December 31, 2025 (Forecast)			—	2.00	2.00

3. Forecast of consolidated financial results for the year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,866	1.5	405	11.5	409	9.2	405	(48.5)	3.50

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended June 30, 2025: No

(2) Application of special accounting methods for preparing semi-annual consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	115,904,831 shares	As of December 31, 2024	115,904,831 shares
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Number of treasury shares at the end of the period

As of June 30, 2025	9,930 shares	As of December 31, 2024	9,930 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2025	115,894,901 shares	Six months ended June 30, 2024	115,894,957 shares
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Semi-annual consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	2,452,621	4,382,525
Accounts receivable - trade	6,118,211	4,551,866
Merchandise	11,535	62,583
Broadcasting rights	321,562	294,492
Contents business rights	2,267,798	2,367,811
Advance payments to suppliers	305,251	414,106
Advances paid	896,243	400,105
Other	405,305	404,222
Total current assets	12,778,529	12,877,713
Non-current assets		
Property, plant and equipment	20,070	18,847
Intangible assets	7,647	6,418
Investments and other assets		
Investment securities	1,385,827	2,357,877
Long-term loans receivable	93,577	90,577
Deferred tax assets	156,244	156,244
Other	66,696	149,269
Allowance for doubtful accounts	(102,851)	(118,123)
Total investments and other assets	1,599,495	2,635,844
Total non-current assets	1,627,213	2,661,110
Total assets	14,405,742	15,538,824
Liabilities		
Current liabilities		
Accounts payable - trade	5,106,702	5,503,345
Contract liabilities	293,305	511,655
Provision for bonuses	55,436	—
Other	734,332	295,144
Total current liabilities	6,189,777	6,310,145
Non-current liabilities		
Deferred tax liabilities	417,158	771,685
Other	15,348	14,709
Total non-current liabilities	432,506	786,394
Total liabilities	6,622,284	7,096,540
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	5,988,803	5,988,803
Retained earnings	330,170	579,551
Treasury shares	(33,136)	(33,136)
Total shareholders' equity	6,335,837	6,585,218
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	576,643	944,250
Total accumulated other comprehensive income	576,643	944,250
Share acquisition rights	466,104	255,724
Non-controlling interests	404,872	657,090
Total net assets	7,783,457	8,442,283
Total liabilities and net assets	14,405,742	15,538,824

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Net sales	5,193,581	4,867,487
Cost of sales	4,037,400	3,819,754
Gross profit	1,156,180	1,047,732
Selling, general and administrative expenses	837,338	908,757
Operating profit	318,842	138,975
Non-operating income		
Interest income	901	2,070
Foreign exchange gains	7,719	—
Dividend income	—	8,019
Outsourcing service income	706	549
Other	21	192
Total non-operating income	9,348	10,831
Non-operating expenses		
Interest expenses	33	25
Foreign exchange losses	—	7,326
Total non-operating expenses	33	7,352
Ordinary profit	328,157	142,454
Extraordinary income		
Gain on sale of non-current assets	18,666	—
Gain on reversal of share acquisition rights	—	230,654
Total extraordinary income	18,666	230,654
Extraordinary losses		
Impairment losses	—	157
Total extraordinary losses	—	157
Profit before income taxes	346,823	372,951
Income taxes - current	64,591	5,372
Total income taxes	64,591	5,372
Profit	282,232	367,578
Profit (loss) attributable to non-controlling interests	(2,350)	2,303
Profit attributable to owners of parent	284,582	365,275

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit	282,232	367,578
Other comprehensive income		
Valuation difference on available-for-sale securities	(215,659)	617,522
Total other comprehensive income	(215,659)	617,522
Comprehensive income	66,573	985,101
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	156,202	732,883
Comprehensive income attributable to non-controlling interests	(89,629)	252,217

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	346,823	372,951
Depreciation	5,693	5,283
Impairment losses	—	157
Share-based payment expenses	43,848	20,274
Increase (decrease) in allowance for doubtful accounts	—	15,272
Increase (decrease) in provision for bonuses	(35,817)	(55,436)
Interest and dividend income	(901)	(10,089)
Interest expenses	33	25
Loss (gain) on sale of non-current assets	(18,666)	—
Foreign exchange losses (gains)	(7,378)	7,130
Decrease (increase) in trade receivables	306,424	1,482,344
Decrease (increase) in inventories	(806,859)	(123,991)
Decrease (increase) in advance payments to suppliers	(25,640)	(108,855)
Decrease (increase) in other current assets	(35,063)	463,210
Increase (decrease) in trade payables	1,372,203	396,642
Increase (decrease) in contract liabilities	220,369	218,349
Increase (decrease) in other current liabilities	175,968	(358,061)
Gain on reversal of share acquisition rights	—	(230,654)
Other, net	4,422	524
Subtotal	1,545,461	2,095,079
Interest and dividends received	1,081	10,248
Interest paid	(33)	(25)
Income taxes refund (paid)	(5,214)	(53,089)
Net cash provided by (used in) operating activities	1,541,294	2,052,211
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,952)	(2,674)
Purchase of intangible assets	—	(313)
Proceeds from collection of loans receivable	3,000	3,000
Proceeds from refund of guarantee deposits	—	5,000
Payments of leasehold and guarantee deposits	(3,537)	(4,071)
Other, net	(795)	(1,380)
Net cash provided by (used in) investing activities	(3,284)	(439)
Cash flows from financing activities		
Repayments of lease liabilities	(624)	(631)
Dividends paid	—	(115,460)
Purchase of treasury shares	(10)	—
Net cash provided by (used in) financing activities	(634)	(116,091)
Effect of exchange rate change on cash and cash equivalents	5,429	(5,776)
Net increase (decrease) in cash and cash equivalents	1,542,805	1,929,904
Cash and cash equivalents at beginning of period	2,413,639	2,452,621
Cash and cash equivalents at end of period	3,956,444	4,382,525