

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended December 31, 2025  
(Based on Japanese GAAP)**

February 10, 2026

Company name: SM ENTERTAINMENT JAPAN Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4772 URL <https://www.smej.co.jp>  
 Representative: President Kim Dong Woo  
 Inquiries: Financial Management Div. Director Kim Hyeong Joo TEL 03-6809-6118  
 Scheduled date of ordinary general meeting of shareholders: March 25, 2026  
 Scheduled date to file Securities Report: March 25, 2026  
 Scheduled date to commence dividend payments: March 26, 2026  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated operating results 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                         | %      |
| Year ended December 31, 2025 | 10,195          | 4.9 | 173              | (52.2) | 194             | (48.1) | 375                                     | (52.3) |
| Year ended December 31, 2024 | 9,716           | 9.0 | 364              | 100.1  | 374             | 96.1   | 787                                     | 200.8  |

|                              | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary profit/total assets | Operating profit/net sales |
|------------------------------|--------------------|----------------------------|--|------------------------------|----------------------------|
|                              | Yen                | Yen                        | %  | %                            | %                          |
| Year ended December 31, 2025 | 3.24               | –                          | 5.5  | 1.3                          | 1.7                        |
| Year ended December 31, 2024 | 6.80               | –                          | 11.8   | 2.8                          | 3.7                        |

(2) Consolidated financial position

|                         | Total assets    | Net assets      | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of yen | Millions of yen | %            | Yen                  |
| As of December 31, 2025 | 14,532          | 7,922           | 49.8         | 62.46                |
| As of December 31, 2024 | 14,405          | 7,783           | 48.0         | 59.64                |

(3) Consolidated cash flows

|                              | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                              | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                            |
| Year ended December 31, 2025 | 1,422                                | (54)                                 | (116)                                | 3,704                                      |
| Year ended December 31, 2024 | (562)                                | 598                                  | (1)                                  | 2,452                                      |

2. Cash dividends

|  | Annual dividends per share |                 |                 |                 |       | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|--|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|--------------------------------------|---|
|  | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |                              |                                      |   |
|  | Yen                        | Yen             | Yen             | Yen             | Yen   | Millions of yen              | %                                    | %   |
| Year ended December 31, 2024             | –                          | 0.00            | –               | 1.00            | 1.00  | 115                          | 14.7                                 | 1.7   |
| Year ended December 31, 2025             | –                          | 0.00            | –               | 2.00            | 2.00  | 231                          | 61.7                                 | 3.3   |
| Year ending December 31, 2026 (Forecast) | –                          | 0.00            | –               | 1.00            | 1.00  |                              | 45.7                                 |   |

3. Forecast of consolidated financial results for the year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

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 | 9,089           | (10.8) | 247              | 42.4 | 257             | 32.4 | 253                                     | (32.5) | 2.19               |

4. Notes

- (1) Significant changes in the scope of consolidation during the year ended December 31, 2025: No
- (2) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

|                         |                    |                         |                    |
|-------------------------|--------------------|-------------------------|--------------------|
| As of December 31, 2025 | 115,904,831 shares | As of December 31, 2024 | 115,904,831 shares |
|-------------------------|--------------------|-------------------------|--------------------|

Number of treasury shares at the end of the period

|                         |              |                         |              |
|-------------------------|--------------|-------------------------|--------------|
| As of December 31, 2025 | 9,930 shares | As of December 31, 2024 | 9,930 shares |
|-------------------------|--------------|-------------------------|--------------|

Average number of shares during the period

|                              |                    |                              |                    |
|------------------------------|--------------------|------------------------------|--------------------|
| Year ended December 31, 2025 | 115,894,901 shares | Year ended December 31, 2024 | 115,894,930 shares |
|------------------------------|--------------------|------------------------------|--------------------|

**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

|  | As of December 31, 2024 | As of December 31, 2025 |
|--|-------------------------|-------------------------|
| <b>Assets</b>                              |                         |                         |
| <b>Current assets</b>                      |                         |                         |
| Cash and deposits                          | 2,452,621               | 3,704,305               |
| Accounts receivable - trade                | 6,118,211               | 5,512,671               |
| Merchandise                                | 11,535                  | -                       |
| Broadcasting rights                        | 321,562                 | 270,826                 |
| Contents business rights                   | 2,267,798               | 1,753,506               |
| Advance payments to suppliers              | 305,251                 | 558,313                 |
| Advances paid                              | 896,243                 | 527,542                 |
| Other                                      | 405,305                 | 348,278                 |
| Allowance for doubtful accounts            | -                       | (5,142)                 |
| <b>Total current assets</b>                | <b>12,778,529</b>       | <b>12,670,302</b>       |
| <b>Non-current assets</b>                  |                         |                         |
| <b>Property, plant and equipment</b>       |                         |                         |
| Tools, furniture and fixtures, net         | 11,063                  | 12,211                  |
| Other, net                                 | 9,007                   | 6,784                   |
| <b>Total property, plant and equipment</b> | <b>20,070</b>           | <b>18,995</b>           |
| <b>Intangible assets</b>                   |                         |                         |
| Software                                   | 6,765                   | 4,209                   |
| Other                                      | 882                     | 711                     |
| <b>Total intangible assets</b>             | <b>7,647</b>            | <b>4,921</b>            |
| <b>Investments and other assets</b>        |                         |                         |
| Investment securities                      | 1,385,827               | 1,573,183               |
| Long-term loans receivable                 | 93,577                  | 90,577                  |
| Deferred tax assets                        | 156,244                 | 94,038                  |
| Other                                      | 66,696                  | 199,077                 |
| Allowance for doubtful accounts            | (102,851)               | (118,133)               |
| <b>Total investments and other assets</b>  | <b>1,599,495</b>        | <b>1,838,742</b>        |
| <b>Total non-current assets</b>            | <b>1,627,213</b>        | <b>1,862,659</b>        |
| <b>Total assets</b>                        | <b>14,405,742</b>       | <b>14,532,961</b>       |
| <b>Liabilities</b>                         |                         |                         |
| <b>Current liabilities</b>                 |                         |                         |
| Accounts payable - trade                   | 5,106,702               | 5,160,215               |
| Contract liabilities                       | 293,305                 | 342,917                 |
| Provision for bonuses                      | 55,436                  | 46,029                  |
| Other                                      | 734,332                 | 554,001                 |
| <b>Total current liabilities</b>           | <b>6,189,777</b>        | <b>6,103,163</b>        |
| <b>Non-current liabilities</b>             |                         |                         |
| Deferred tax liabilities                   | 417,158                 | 493,668                 |
| Other                                      | 15,348                  | 14,065                  |
| <b>Total non-current liabilities</b>       | <b>432,506</b>          | <b>507,733</b>          |
| <b>Total liabilities</b>                   | <b>6,622,284</b>        | <b>6,610,897</b>        |

(Thousands of yen)

|   | As of December 31, 2024 | As of December 31, 2025 |
|---|-------------------------|-------------------------|
| Net assets  |                         |                         |
| Shareholders' equity                                  |                         |                         |
| Share capital   | 50,000                  | 50,000                  |
| Capital surplus                                       | 5,988,803               | 5,988,803               |
| Retained earnings                                     | 330,170                 | 590,116                 |
| Treasury shares                                       | (33,136)                | (33,136)                |
| Total shareholders' equity                            | 6,335,837               | 6,595,783               |
| Accumulated other comprehensive income                |                         |                         |
| Valuation difference on available-for-sale securities | 576,643                 | 642,628                 |
| Total accumulated other comprehensive income          | 576,643                 | 642,628                 |
| Share acquisition rights                              | 466,104                 | 231,962                 |
| Non-controlling interests                             | 404,872                 | 451,689                 |
| Total net assets                                      | 7,783,457               | 7,922,064               |
| Total liabilities and net assets                      | 14,405,742              | 14,532,961              |

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

|  | Fiscal year ended<br>December 31, 2024 | Fiscal year ended<br>December 31, 2025 |
|--|--|--|
| Net sales  | 9,716,004                              | 10,195,588                             |
| Cost of sales                                    | 7,654,337                              | 8,175,664                              |
| Gross profit                                     | 2,061,667                              | 2,019,924                              |
| Selling, general and administrative expenses     | 1,697,618                              | 1,846,058                              |
| Operating profit                                 | 364,048                                | 173,865                                |
| Non-operating income                             |  |  |
| Interest income                                  | 2,126                                  | 6,777                                  |
| Dividend income                                  | –                                      | 8,019                                  |
| Foreign exchange gains                           | 7,042                                  | 1,416                                  |
| Outsourcing service income                       | 1,291                                  | 4,197                                  |
| Other  | 135                                    | 199                                    |
| Total non-operating income                       | 10,595                                 | 20,610                                 |
| Non-operating expenses                           |  |  |
| Interest expenses                                | 62                                     | 47                                     |
| Total non-operating expenses                     | 62                                     | 47                                     |
| Ordinary profit                                  | 374,581                                | 194,428                                |
| Extraordinary income                             |  |  |
| Gain on sale of non-current assets               | 18,666                                 | –                                      |
| Gain on reversal of share acquisition rights     | 706                                    | 254,416                                |
| Gain on sale of investment securities            | 631,287                                | –                                      |
| Total extraordinary income                       | 650,660                                | 254,416                                |
| Extraordinary losses                             |  |  |
| Impairment losses                                | 35,433                                 | 157                                    |
| Loss on valuation of investment securities       | 5,000                                  | –                                      |
| Total extraordinary losses                       | 40,433                                 | 157                                    |
| Profit before income taxes                       | 984,809                                | 448,687                                |
| Income taxes - current                           | 85,088                                 | 8,682                                  |
| Income taxes - deferred                          | (107,786)                              | 62,206                                 |
| Total income taxes                               | (22,697)                               | 70,889                                 |
| Profit   | 1,007,506                              | 377,798                                |
| Profit attributable to non-controlling interests | 219,849                                | 1,957                                  |
| Profit attributable to owners of parent          | 787,656                                | 375,841                                |

## Consolidated statements of comprehensive income

(Thousands of yen)

|  | Fiscal year ended<br>December 31, 2024 | Fiscal year ended<br>December 31, 2025 |
|--|--|--|
| Profit   | 1,007,506                              | 377,798                                |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | (515,353)                              | 110,844                                |
| Other comprehensive income                                     | (515,353)                              | 110,844                                |
| Comprehensive income   | 492,152                                | 488,643                                |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 480,869                                | 441,826                                |
| Comprehensive income attributable to non-controlling interests | 11,282                                 | 46,817                                 |

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2024

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 6,042,188            | 3,439,214       | (3,900,086)       | (33,123)        | 5,548,193                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Profit (loss) attributable to owners of parent       |                      |                 | 787,656           |                 | 787,656                    |
| Purchase of treasury shares                          |                      |                 |                   | (13)            | (13)                       |
| Capital reduction                                    | (5,992,188)          | 2,549,588       | 3,442,600         |                 | –                          |
| Dividends of surplus                                 |                      |                 |                   |                 |                            |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | (5,992,188)          | 2,549,588       | 4,230,256         | (13)            | 787,643                    |
| Balance at end of period                             | 50,000               | 5,988,803       | 330,170           | (33,136)        | 6,335,837                  |

|  | Accumulated other comprehensive income                |  | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|--|--------------------------|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income |                          |                           |                  |
| Balance at beginning of period                       | 883,430   | 883,430                                      | 385,752                  | 393,589                   | 7,210,966        |
| Changes during period                                |   |  |                          |                           |                  |
| Profit (loss) attributable to owners of parent       |   |  |                          |                           | 787,656          |
| Purchase of treasury shares                          |   |  |                          |                           | (13)             |
| Capital reduction                                    |   |  |                          |                           | –                |
| Dividends of surplus                                 |   |  |                          |                           |                  |
| Net changes in items other than shareholders' equity | (306,786)   | (306,786)                                    | 80,351                   | 11,282                    | (215,152)        |
| Total changes during period                          | (306,786)   | (306,786)                                    | 80,351                   | 11,282                    | 572,490          |
| Balance at end of period                             | 576,643   | 576,643                                      | 466,104                  | 404,872                   | 7,783,457        |

Fiscal year ended December 31, 2025

(Thousands of yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 50,000               | 5,988,803       | 330,170           | (33,136)        | 6,335,837                  |
| Changes during period                                |                      |                 |                   |                 |                            |
| Profit (loss) attributable to owners of parent       |                      |                 | 375,841           |                 | 375,841                    |
| Purchase of treasury shares                          |                      |                 |                   |                 |                            |
| Capital reduction                                    |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (115,894)         |                 | (115,894)                  |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          |                      |                 | 259,946           |                 | 259,946                    |
| Balance at end of period                             | 50,000               | 5,988,803       | 590,116           | (33,136)        | 6,595,783                  |

|  | Accumulated other comprehensive income                |  | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|--|--------------------------|---------------------------|------------------|
|  | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income |                          |                           |                  |
| Balance at beginning of period                       | 576,643   | 576,643                                      | 466,104                  | 404,872                   | 7,783,457        |
| Changes during period                                |   |  |                          |                           |                  |
| Profit (loss) attributable to owners of parent       |   |  |                          |                           | 375,841          |
| Purchase of treasury shares                          |   |  |                          |                           |                  |
| Capital reduction                                    |   |  |                          |                           |                  |
| Dividends of surplus                                 |   |  |                          |                           | (115,894)        |
| Net changes in items other than shareholders' equity | 65,985  | 65,985                                       | (234,141)                | 46,817                    | (121,339)        |
| Total changes during period                          | 65,985  | 65,985                                       | (234,141)                | 46,817                    | 138,606          |
| Balance at end of period                             | 642,628   | 642,628                                      | 231,962                  | 451,689                   | 7,922,064        |

## Consolidated statements of cash flows

(Thousands of yen)

|   | Fiscal year ended<br>December 31, 2024 | Fiscal year ended<br>December 31, 2025 |
|---|--|--|
| Cash flows from operating activities                                      |  |  |
| Profit before income taxes  | 984,809                                | 448,687                                |
| Depreciation  | 14,724                                 | 11,477                                 |
| Impairment losses   | 35,433                                 | 157                                    |
| Share-based payment expenses  | 81,057                                 | 20,274                                 |
| Increase (decrease) in allowance for doubtful accounts                    | –                                      | 20,425                                 |
| Increase (decrease) in provision for bonuses                              | 19,618                                 | (9,407)                                |
| Interest and dividend income  | (2,126)                                | (14,797)                               |
| Interest expenses   | 62                                     | 47                                     |
| Gain on reversal of share acquisition rights                              | (706)                                  | (254,416)                              |
| Foreign exchange losses (gains)   | (5,278)                                | (1,273)                                |
| Loss (gain) on sale of non-current assets                                 | (18,666)                               | –                                      |
| Loss (gain) on sale of investment securities                              | (631,287)                              | –                                      |
| Loss (gain) on valuation of investment securities                         | 5,000                                  | –                                      |
| Decrease (increase) in trade receivables                                  | (1,040,530)                            | 521,540                                |
| Decrease (increase) in inventories  | (664,195)                              | 576,562                                |
| Decrease (increase) in advance payments to suppliers                      | (235,008)                              | (253,062)                              |
| Decrease (increase) in other current assets                               | (339,696)                              | 391,838                                |
| Increase (decrease) in trade payables                                     | 1,033,109                              | 53,512                                 |
| Increase (decrease) in contract liabilities                               | 189,973                                | 49,611                                 |
| Increase (decrease) in other current liabilities                          | 81,513                                 | (101,028)                              |
| Other, net  | (66,644)                               | 2,216                                  |
| Subtotal  | (558,838)                              | 1,462,365                              |
| Interest and dividends received   | 2,161                                  | 14,834                                 |
| Interest paid   | (62)                                   | (47)                                   |
| Income Taxes paid and return  | (5,562)                                | (54,499)                               |
| Net cash provided by (used in) operating activities                       | (562,302)                              | 1,422,653                              |
| Cash flows from investing activities                                      |  |  |
| Purchase of property, plant and equipment                                 | (28,203)                               | (7,520)                                |
| Purchase of intangible assets   | (4,019)                                | (313)                                  |
| Proceeds from collection of loans receivable                              | 3,000                                  | 3,000                                  |
| Proceeds from sale of investment securities                               | 631,287                                | –                                      |
| Proceeds from sale of property, plant and equipment and intangible assets | 23,220                                 | –                                      |
| Payments of leasehold and guarantee deposits                              | (25,433)                               | (5,741)                                |
| Proceeds from refund of leasehold and guarantee deposits                  | –                                      | 5,033                                  |
| Purchase of membership  | –                                      | (46,000)                               |
| Other, net  | (924)                                  | (2,565)                                |
| Net cash provided by (used in) investing activities                       | 598,927                                | (54,106)                               |
| Cash flows from financing activities                                      |  |  |
| Repayments of lease liabilities   | (1,252)                                | (1,267)                                |
| Purchase of treasury shares   | (13)                                   | –                                      |
| Dividends paid  | –                                      | (115,542)                              |
| Net cash provided by (used in) financing activities                       | (1,265)                                | (116,810)                              |
| Effect of exchange rate change on cash and cash equivalents               | 3,621                                  | (51)                                   |
| Net increase (decrease) in cash and cash equivalents                      | 38,981                                 | 1,251,684                              |
| Cash and cash equivalents at beginning of period                          | 2,413,639                              | 2,452,621                              |
| Cash and cash equivalents at end of period                                | 2,452,621                              | 3,704,305                              |