Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2026 (Based on Japanese GAAP)

August 5, 2026

Company name: SM ENTERTAINMENT JAPAN Co.,Ltd.
Stock exchange listing: Tokyo
Stock code: 4772 URL http://smej.co.jp
Representative: President Kim Dong Woo
Inquiries: Director and Head of Management Kim Hyeong Joo TEL 03-6809-6118
Scheduled date to file Semi-annual Securities Report: August 7, 2026
Scheduled date to commence dividend payments: –
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 six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(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, 2026	6,170	26.8	232	67.5	271	90.4	263	(27.8)
Six months ended June 30, 2025	4,867	(6.3)	138	(56.4)	142	(56.6)	365	28.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2026	2.28	–
Six months ended June 30, 2025	3.15	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2026	14,906	7,459	46.8
As of December 31, 2025	14,532	7,922	49.8

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, 2025	–	0.00	–	2.00	2.00
Year ending December 31, 2026	–	0.00			
Year ending December 31, 2026 (Forecast)			–	1.00	1.00

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 six months ended June 30, 2026: 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, 2026	115,904,831 shares	As of December 31, 2025	115,904,831 shares

Number of treasury shares at the end of the period

As of June 30, 2026	9,960 shares	As of December 31, 2025	9,930 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2026	115,894,897 shares	Six months ended June 30, 2025	115,894,901 shares

Semi-annual consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	3,704,305	3,259,652
Accounts receivable - trade	5,512,671	7,019,283
Merchandise	–	81,547
Broadcasting rights	270,826	208,597
Contents business rights	1,753,506	1,670,626
Advance payments to suppliers	558,313	254,530
Advances paid	527,542	975,624
Other	348,278	345,995
Allowance for doubtful accounts	(5,142)	(6,635)
Total current assets	12,670,302	13,809,223
Non-current assets		
Property, plant and equipment	18,995	26,112
Intangible assets	4,921	11,065
Investments and other assets		
Investment securities	1,573,183	799,806
Long-term loans receivable	90,577	87,577
Deferred tax assets	94,038	94,038
Other	199,077	197,130
Allowance for doubtful accounts	(118,133)	(118,131)
Total investments and other assets	1,838,742	1,060,421
Total non-current assets	1,862,659	1,097,600
Total assets	14,532,961	14,906,823
Liabilities		
Current liabilities		
Accounts payable - trade	5,160,215	6,224,662
Contract liabilities	342,917	444,840
Provision for bonuses	46,029	–
Other	554,001	557,205
Total current liabilities	6,103,163	7,226,707
Non-current liabilities		
Deferred tax liabilities	493,668	219,661
Other	14,065	1,197
Total non-current liabilities	507,733	220,859
Total liabilities	6,610,897	7,447,566
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	5,988,803	5,988,803
Retained earnings	590,116	622,040
Treasury shares	(33,136)	(33,139)
Total shareholders' equity	6,595,783	6,627,705
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	642,628	345,357
Total accumulated other comprehensive income	642,628	345,357
Share acquisition rights	231,962	231,962
Non-controlling interests	451,689	254,231
Total net assets	7,922,064	7,459,257
Total liabilities and net assets	14,532,961	14,906,823

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, 2025	Six months ended June 30, 2026
Net sales	4,867,487	6,170,823
Cost of sales	3,819,754	5,024,861
Gross profit	1,047,732	1,145,961
Selling, general and administrative expenses	908,757	913,124
Operating profit	138,975	232,836
Non-operating income		
Interest income	2,070	5,219
Foreign exchange gains	–	4,324
Dividend income	8,019	12,166
Outsourcing service income	549	3,642
Gain on adjustment of accounts payable	–	12,220
Other	192	884
Total non-operating income	10,831	38,457
Non-operating expenses		
Interest expenses	25	17
Foreign exchange losses	7,326	–
Total non-operating expenses	7,352	17
Ordinary profit	142,454	271,276
Extraordinary income		
Gain on reversal of share acquisition rights	230,654	–
Total extraordinary income	230,654	–
Extraordinary losses		
Impairment losses	157	–
Total extraordinary losses	157	–
Profit before income taxes	372,951	271,276
Income taxes - current	5,372	2,923
Total income taxes	5,372	2,923
Profit	367,578	268,353
Profit attributable to non-controlling interests	2,303	4,639
Profit attributable to owners of parent	365,275	263,713

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Profit	367,578	268,353
Other comprehensive income		
Valuation difference on available-for-sale securities	617,522	(499,369)
Total other comprehensive income	617,522	(499,369)
Comprehensive income	985,101	(231,015)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	732,883	(33,557)
Comprehensive income attributable to non-controlling interests	252,217	(197,457)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	372,951	271,276
Depreciation	5,283	8,748
Impairment losses	157	–
Share-based payment expenses	20,274	–
Increase (decrease) in allowance for doubtful accounts	15,272	1,490
Increase (decrease) in provision for bonuses	(55,436)	(46,029)
Interest and dividend income	(10,089)	(17,386)
Interest expenses	25	17
Foreign exchange losses (gains)	7,130	(3,731)
Gain from debt restructuring	–	(12,220)
Decrease (increase) in trade receivables	1,482,344	(1,506,612)
Decrease (increase) in inventories	(123,991)	63,561
Decrease (increase) in advance payments to suppliers	(108,855)	303,783
Decrease (increase) in other current assets	463,210	(441,891)
Increase (decrease) in trade payables	396,642	1,064,446
Increase (decrease) in contract liabilities	218,349	101,923
Increase (decrease) in other current liabilities	(358,061)	2,292
Gain on reversal of share acquisition rights	(230,654)	–
Other, net	524	900
Subtotal	2,095,079	(209,430)
Interest and dividends received	10,248	17,519
Interest paid	(25)	(17)
Income taxes refund (paid)	(53,089)	(6,777)
Net cash provided by (used in) operating activities	2,052,211	(198,706)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,674)	(13,197)
Purchase of intangible assets	(313)	(8,812)
Proceeds from collection of loans receivable	3,000	3,000
Proceeds from refund of guarantee deposits	5,000	4,071
Payments of leasehold and guarantee deposits	(4,071)	(1,097)
Other, net	(1,380)	(1,170)
Net cash provided by (used in) investing activities	(439)	(17,205)
Cash flows from financing activities		
Repayments of lease liabilities	(631)	(639)
Dividends paid	(115,460)	(231,073)
Purchase of treasury shares	–	(2)
Net cash provided by (used in) financing activities	(116,091)	(231,715)
Effect of exchange rate change on cash and cash equivalents	(5,776)	2,973
Net increase (decrease) in cash and cash equivalents	1,929,904	(444,653)
Cash and cash equivalents at beginning of period	2,452,621	3,704,305
Cash and cash equivalents at end of period	4,382,525	3,259,652