

Earnings Results for FY2023 Q1

(Fiscal year ending March 31st, 2024)

(April 1, 2023 to June 30, 2023)

Avex Inc.

August 10, 2023



1

Consolidated Results

Financial Highlights

Topics

Da-iCE
"Da-iCE ARENA TOUR 2023 -SCENE-"



Net sales increased 12.3% YoY to 31.9 billion yen, driven by the growth of the Music Business.

Operating profit decreased 17.8% YoY to 1.8 billion yen due to a drop in gross profit.

Profit attributable to owners of parent increased 61.4% YoY to 2.7 billion yen.

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales	28,473	31,973	+3,499	+12.3%
Operating profit	2,288	1,881	-406	-17.8%
Profit attributable to owners of parent	1,675	2,704	+1,028	+61.4%

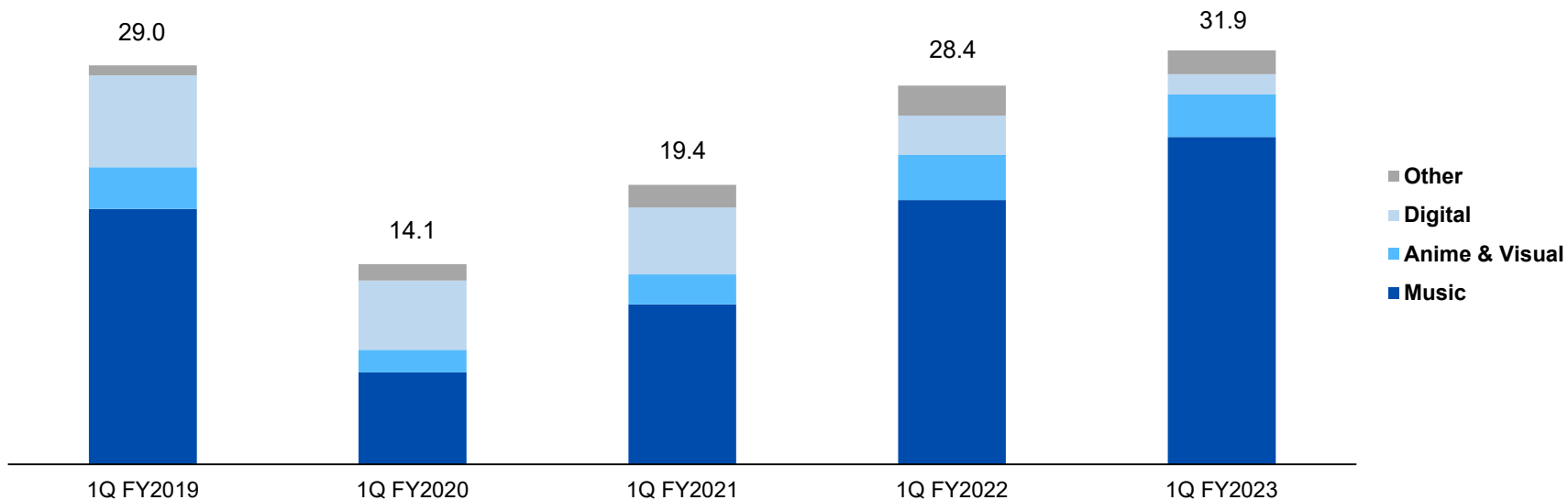
Overview of Business Results

- ✓ **Net sales increased, mainly from Live Concerts in the Music Business**
- ✓ **The company-wide gross profit margin declined due to changes in the sales mix of each business segment with different profit ratios.**
- ✓ **Operating profit decreased due to the continuation of investment in IP aimed at achieving the medium-term management plan.**
- ✓ **Profit increased for reasons such as the sale of investment securities.**

Recovered to the pre-COVID 19 levels, mainly in the Music Business.

Trends in Consolidated Net Sales

(billion yen)



Note: The net sales breakdown in FY2020 and earlier are reference values that have been reclassified to conform to the current segment standards, without retroactively adjusting for the impact of changes in the accounting standard, etc.

Consolidated Income Statement

Operating profit dropped to 1.8 billion yen for reasons such as increases in personnel expenses and general expenses resulting from a recovery in sales activities.

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales	28,473	31,973	+3,499	+12.3%
Cost of sales	17,947	20,881	+2,934	
Gross profit	10,526	11,092	+565	+5.4%
Gross profit margin	37.0%	34.7%	-2.3pt	
Personnel expenses	3,241	3,606	+365	
Sales promotion and advertising expenses	1,745	1,625	-119	
General expenses	3,251	3,978	+726	
Total SG&A expenses	8,237	9,210	+972	
Operating profit	2,288	1,881	-406	-17.8%
Operating margin	8.0%	5.9%	-2.2pt	

Results by Segment

Net sales of Music Business increased due to an increase in the number of Live Concerts at large venues.

Net Sales by Segment

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Music	21,075	26,013	+4,937	+23.4%
Anime & Visual Content	3,614	3,429	-185	-5.1%
Digital	3,169	1,688	-1,481	-46.7%
Others	2,414	1,922	-491	-20.4%
Company-wide Adjustment	-1,800	-1,080	+719	—
Total	28,473	31,973	+3,499	+12.3%

Operating Profit by Segment

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Music	1,838	1,013	-825	-44.9%
Anime & Visual Content	200	54	-145	-72.7%
Digital	-250	718	+968	—
Others	493	94	-399	-80.8%
Company-wide Adjustment	5	0	-5	—
Total	2,288	1,881	-406	-17.8%

Note: Business segments have been partially revised since FY2022 Q2, and the YoY figures have been restated in accordance with the new segment classification.

Net sales increased mainly from Live Concerts and Merchandising.

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales in the Music Business	21,075	26,013	+4,937	+23.4%
Live	6,188	11,127	+4,939	+79.8%
Merchandising	662	2,139	+1,476	+222.7%
Management	2,315	1,911	-404	-17.5%
Music packages	5,805	4,974	-831	-14.3%
Digital music distribution	3,502	3,183	-318	-9.1%
Music publishing	735	783	+48	+6.6%
E-Commerce	2,790	2,787	-3	-0.1%
Other	995	1,227	+231	+23.3%
Operating profit	1,838	1,013	-825	-44.9%
Operating margin	8.7%	3.9%	-4.8pt	—

Note 1: The business segments have been partially revised since FY2022 Q2, and the YoY figures have been restated in accordance with the new segment classification.

Note 2: In the net sales in each sub-segment, transactions within the subsegment have not been eliminated.

		1Q FY2022	1Q FY2023	YoY	
Overview of Live Concerts	Total number of performances	321	350	+29	
	Stadium	5	10	+5	
	Arena	57	27	-30	
	Hall & Live House class	259	313	+54	
	Audience (ten thousand people)	70	79	+9	
	Average ticket price (yen)	8,636	11,446	+2,810	
Overview of Music Package	Albums	Unit price (yen)	3,380	2,875	-505
		Units (thousands)	407	1,587	+1,180
	Singles	Unit price (yen)	1,883	1,324	-559
		Units (thousands)	336	733	+397
	DVD/Blu-ray	Unit price (yen)	5,323	5,431	+108
		Units (thousands)	901	114	-787

Note 3: Due to the revision of the criteria for listing the number of live concerts since the consolidated financial results for FY2022, the figures do not match those disclosed in the previous year's financial results presentation materials.

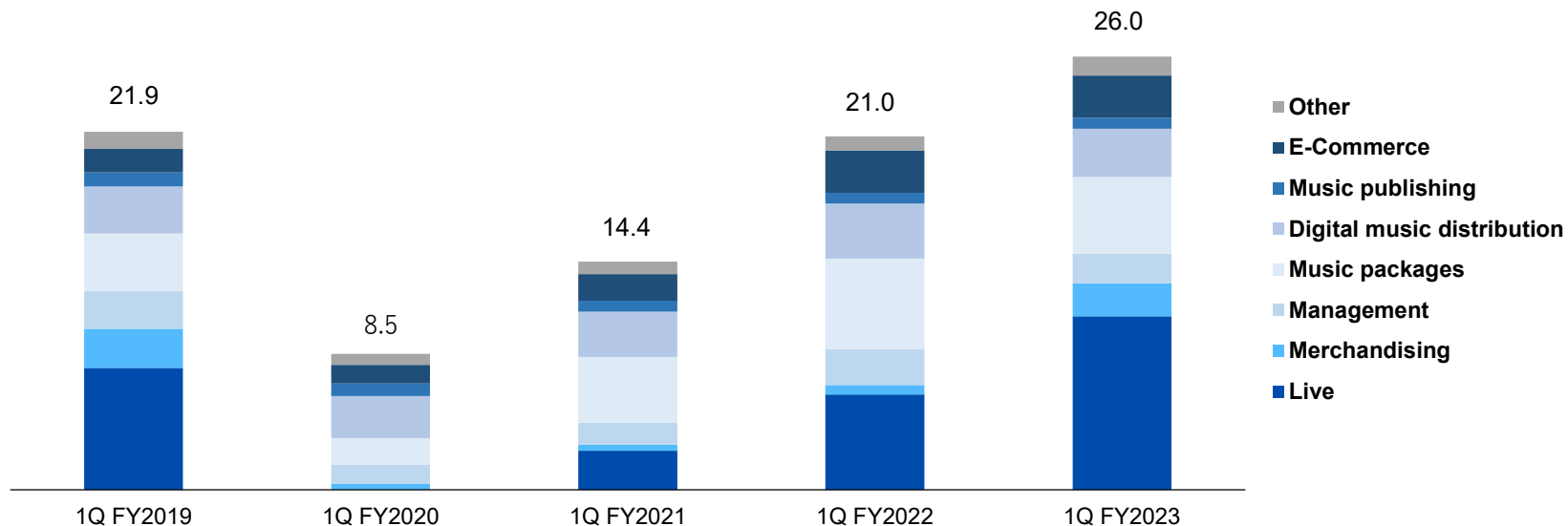
Note 4: Number of performances, audience, and average price for the overview of Live Concerts include our commissioned live concerts and exclude online live concerts, stage performances, events, etc.

Note 5: Average price and units for the overview of Music Package are for new releases only (including sales on consignment).

Net Sales have exceeded the Pre-COVID 19 levels, mainly in Live Concerts and Merchandising.

Net Sales Trends in the Music Business

(billion yen)



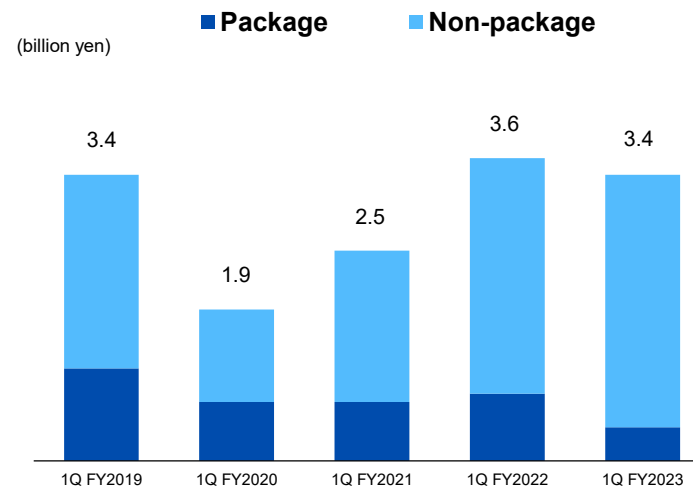
Note: The net sales breakdown for each fiscal year is for reference only and does not reflect the impact of changes in the accounting standards, etc., or restatements or adjustments within the segment.

Anime & Visual Content Business

Net sales and profit decreased due to a drop in Package net sales despite higher Non-Package net sales, including box office revenue from film titles.

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales in the Anime & Visual Content Business	3,614	3,429	-185	-5.1%
Package	776	420	-356	-45.9%
Non-package	2,837	3,009	+171	+6.0%
Operating profit	200	54	-145	-72.7%
Operating margin	5.6%	1.6%	-4.0pt	—

Net Sales Trends in the Anime & Visual Content Business



Note 1: Non-package net sales include distributed profit from production committee, film distribution, events, live concerts, etc.

Note 2: In the net sales in each sub-segment, transactions within the subsegment have not been eliminated.

Note 3: Sales figures for FY2020 and earlier are for reference only and do not reflect changes in accounting standards, etc.

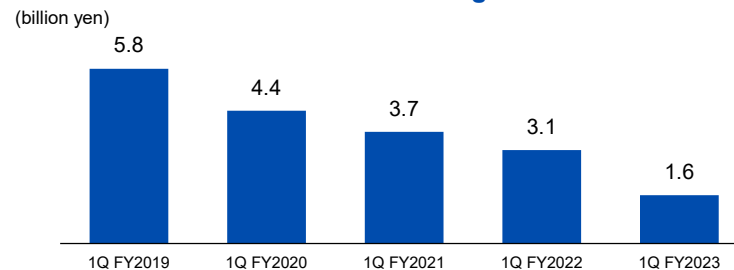
Digital and Other Businesses

Profit from the Digital Business increased due to sales from the outsourcing of the digital video distribution service were recorded, offsetting a decrease in the business's net sales after the dissolution of a joint venture company for the service.

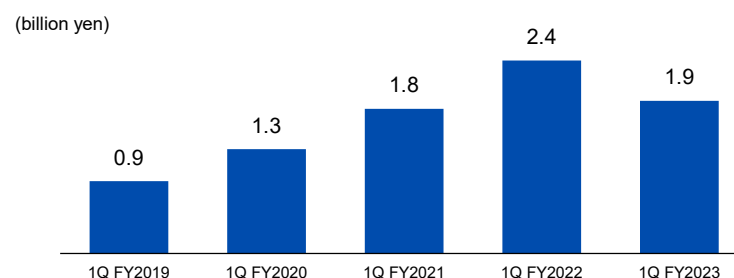
Net sales and profit decreased in other businesses.

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales in the Digital Business	3,169	1,688	-1,481	-46.7%
Digital video distribution*	2,614	—	-2,614	—
Fan clubs	413	341	-72	-17.4%
Other	141	1,346	+1,204	+851.7%
Operating profit	-250	718	+968	—
Operating margin	—	42.6%	—	—
Net sales in Other Businesses	2,414	1,922	-491	-20.4%
Operating profit	493	94	-399	-80.8%
Operating margin	20.5%	4.9%	-15.5pt	—

Net Sales Trends in the Digital Business



Net Sales Trends in Other Businesses



*: On January 31, 2023, all shares of Avex Broadcasting & Communications Inc., a specified subsidiary (sub-subsidiary) engaged in the Digital Streaming Business, were transferred and excluded from the scope of consolidation.

Note 1: Other sales from the Digital Business include those from the outsourced operations of Avex Broadcasting & Communications Inc. (which continued until the end of June)

Note 2: In net sales in each sub-segment, transactions within the subsegment have not been eliminated. Net sales for each business segment in FY2020 and earlier are reference values that have been reclassified to conform to the current segment standards, without retroactively adjusting for changes in the accounting standards, etc.

Results Forecast for FY2023

The forecast published on May 25, 2023 remained unchanged.

(million yen)	FY2022 (Results)	FY2023 (Forecasts)	YoY	rate
Net sales (Reference)	121,561	—	—	—
Operating profit	3,385	2,000	-1,385	-40.9%
Profit attributable to owners of parent	2,742	2,200	-542	-19.8%
Annual dividends per share (yen)	50	50	± 0	

Appendix.



Topics

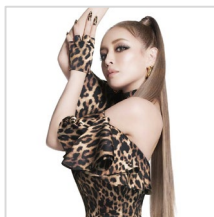
"FASHION FREAK SHOW" by Jean Paul Gaultier

Highlights as of Q1 FY2023

Major news releases	April 26	Notice	Kuroiwa, Representative Director, CEO, Named as One of Billboard's 2023 International Power Players
	May 17	Press release	Avex Pictures Inc. Concludes Strategic Partnership Agreement with STUDIO Dragon, One of the Largest Drama Studios in Asia Production of the World's First Musical Version of Megahit Drama Vincenzo to Be the First Collaboration
	May 25	IR	Announcement Regarding Posting of Extraordinary Profit and Revision to Business Results
	June 23	IR	Notice of the Establishment of a New Company (Second-Tier Subsidiary) by a Subsidiary of the Company in Saudi Arabia
	June 23	IR	Notice of Reorganization of Avex Inc. and Group Companies and Changes to Business Execution System
	June 23	IR	Notice Regarding Issuance of New Shares as Restricted Stock Compensation

Live/Event

Month(s)	Artist	Title
April	Ayumi Hamasaki	“ayumi hamasaki 25th Anniversary LIVE”
April–June	BLACKPINK	“BLACKPINK WORLD TOUR [BORN PINK] JAPAN”
April–January 2024	Harami-chan	“Harami-chan 47-Prefecture Piano Tour: The Harami Express Is Departing”
May	Red Velvet	“Red Velvet 4th Concert : R to V in JAPAN”
May–June		“FASHION FREAK SHOW” by Jean Paul Gaultier
May–June	SKY-HI	“SKY-HI ARENA TOUR 2023 -BOSSDOM-”
June	Da-iCE	“Da-iCE ARENA TOUR 2023 -SCENE-”
June	SUPER JUNIOR-YESUNG	“Cherry Blossom Petals Called You Have Landed on My Heart”



Ayumi Hamasaki



Da-iCE

Package

Format	Release Date	Artist	Title
Singles	April	BE:FIRST	"Smile Again"
	April	FANTASTICS from EXILE TRIBE	"PANORAMA JET"
	May	THE RAMPAGE from EXILE TRIBE	"16BOOSTERZ"
	May	BALLISTIK BOYZ from EXILE TRIBE	"Ding Ding Dong"
Albums	May	Snow Man	"i DO ME"
	June	20th Century	"Nijisseiki FOR THE PEOPLE"
	June	BiSH	"BiSH THE BEST"
DVD/Blu-ray	June	BE:FIRST	"BE:FIRST 1st One Man Tour "BE:1" 2022-2023"



BE:FIRST



Snow Man

	Genre	Month(s)	Title
Live/Event	Live	May	“Paradox Live Dope Show 2023”
	Film	May	“SEVENTEEN 2023 JAPAN FANMEETING ‘LOVE’ Live Viewing”
	Film	June	“SUGA Agust D TOUR 'D-DAY' in JAPAN : LIVE VIEWING”

	Format	Release Date	Title
Package	DVD/Blu-ray	June	“ONE PIECE FILM RED: special version linked to the movie”
		June	“Boku no Kokoro no Yabai Yatsu Blu-ray Vol. 1”



©Paradox Live2023
“Paradox Live Dope Show 2023”



© Eiichiro Oda/2022 ONE PIECE Production Committee
© Eiichiro Oda/Shueisha, Fuji Television and Toei Animation
“ONE PIECE FILM RED:
special version linked with the movie”

Content highlights from Q2 FY2023

Music

	Month(s)	Artist	Title
Live/Event	July – March 2024	Ayumi Hamasaki	“ayumi hamasaki 25th Anniversary Live Tour”
	August – September	EXO CHEN	“CHEN JAPAN TOUR 2023 - Polaris -”
	September – October	TREASURE	“2023 TREASURE FAN MEETING~HELLO AGAIN~”
	September	NCT	“NCT STADIUM LIVE ‘NCT NATION : To The World-in JAPAN’”
	September		“ULTRA JAPAN 2023”
	November	TREASURE	“2023 TREASURE FAN MEETING~HELLO AGAIN~ TOKYO DOME SPECIAL”
	February 2024	TAYLOR SWIFT	“TAYLOR SWIFT THE ERAS TOUR”



NCT



“ULTRA JAPAN 2023”

Content highlights from Q2 FY2023

Music

Package

Format	Release Date	Artist	Title
Singles	August	THE RAMPAGE from EXILE TRIBE	“Summer Riot — Nettareya — /Everest”
	August	Kis-My-Ft2	“Tomoni”
	August	Bokuga Mitakatta Aozora	“Aozorani Tsuite Kangaeru”
	September	Snow Man	“Dangerholic”
Albums	July	TREASURE	“REBOOT”
DVD/Blu-ray	July	Snow Man	“Snow Man LIVE TOUR 2022 Labo.”
	September	NCT DREAM	“NCT DREAM TOUR ‘THE DREAM SHOW2 : In A DREAM’ - in JAPAN”
	September	J SOUL BROTHERS III from EXILE TRIBE	“THREE GENERATION J SOUL BROTHERS LIVE TOUR 2023 ‘STARS’ Land of Promise”



Bokuga Mitakatta Aozora



TREASURE

Content highlights from Q2 FY2023

	Genre	Month(s)	Title
Live/Event	Film	July	“Osomatsu-san: Tamashii no Takoyaki Party to Densetsu no Otomari-kai”
	Events	August	Musical “Vincenzo”
	Film	August	Film “BE:the ONE”
	Events	September	“BLACK CLOVER the stage”

	Format	Release Date	Title
Package		July	“Boku no Kokoro no Yabai Yatsu Vol. 2”
	DVD/Blu-ray	August	“NCT DREAM THE MOVIE : In A DREAM -PREMIUM EDITION- / -STANDARD EDITION- Blu-ray”
		September	“Paradox Live Dope Show 2023 Blu-ray”



©B-ME & CJ 4DPLEX All Rights Reserved.
Film “BE:the ONE”



©Norio Sakurai (Akita Publishing) / Boku Yaba Production Committee
“Boku no Kokoro no Yabai Yatsu Blu-ray Vol. 2”

Consolidated Income Statement

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales	28,473	31,973	+3,499	+12.3%
Cost of sales	17,947	20,881	+2,934	
Gross profit	10,526	11,092	+565	+5.4%
Gross profit margin	37.0%	34.7%	-2.3%	
Personnel expenses	3,241	3,606	+365	
Sales promotion and advertising expenses	1,745	1,625	-119	
General expenses	3,251	3,978	+726	
Total SG&A expenses	8,237	9,210	+972	
Operating profit	2,288	1,881	-406	-17.8%
Operating margin	8.0%	5.9%	-2.2%	
Non-operating income	49	130	+81	
Non-operating expenses	88	27	-60	
Ordinary profit	2,250	1,985	-264	-11.8%
Extraordinary income	50	1,688	+1,638	
Extraordinary loss	—	34	+34	
Profit before income taxes	2,300	3,639	+1,339	+58.2%
Income taxes	535	903	+368	
Profit attributable to non-controlling interest	88	31	-57	
Profit attributable to owners of parent	1,675	2,704	+1,028	+61.4%

Consolidated Balance Sheet and Cash Flow Statement

(million yen)	End of Mar. 2023	End of Jun. 2023
Assets		
Current assets	86,217	83,478
Cash and deposits	48,143	45,962
Trade accounts receivable, etc.	22,206	20,063
Inventories	4,196	4,531
Other	11,670	12,921
Non-current assets	22,697	21,937
Property, plant and equipment & intangible assets	8,057	9,227
Investment securities	9,228	7,238
Other	5,411	5,470
Total assets	108,915	105,415
Liabilities		
Current liabilities	48,104	44,577
Notes & accounts payable-trade, etc.	3,434	2,903
Accounts payable - other	25,679	22,351
Income taxes payable	1,482	1,051
Refund liabilities	2,168	1,908
Other	15,338	16,363
Non-current liabilities	1,972	1,782
Total liabilities	50,076	46,360
Net assets		
Total net assets	58,838	59,055
Total liabilities & net assets	108,915	105,415

(million yen)	1Q FY2022	1Q FY2023
Cash flow statement		
Net cash provided by operating activities	3,255	-883
Net cash provided by investing activities	-1,671	-54
Net cash provided by financing activities	-1,224	-1,137
Consolidated cash flow	360	-2,074
Effect of exchange rate change on cash and cash equivalents	-90	-106
Net increase in cash and cash equivalents	269	-2,181
Cash and cash equivalents at beginning of period	44,671	48,143
Cash and cash equivalents at end of period	44,941	45,962
Free cash flows	1,584	-937

Music Business Results

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales	21,075	26,013	+4,937	+23.4%
Live	6,188	11,127	+4,939	
Merchandising	662	2,139	+1,476	
Management	2,315	1,911	-404	
Music packages	5,805	4,974	-831	
Digital music distribution	3,502	3,183	-318	
Music publishing	735	783	+48	
E-Commerce	2,790	2,787	-3	
Other	995	1,227	+231	
Cost of sales	13,093	17,628	+4,535	
Gross profit	7,982	8,385	+402	+5.0%
Gross profit margin	37.9%	32.2%	-5.6pt	
Personnel expenses	1,813	2,017	+203	
Sales promotion and advertising expenses	1,367	1,428	+61	
General expenses	1,472	1,995	+523	
GMF (Group management fee)	1,490	1,929	+439	
Total SG&A expenses	6,143	7,372	+1,228	
Operating profit	1,838	1,013	-825	-44.9%
Operating margin	8.7%	3.9%	-4.8pt	

Note: In net sales of each sub-segment, transactions within the subsegment have not been eliminated.

Anime & Visual Content Business Results

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales	3,614	3,429	-185	-5.1%
Package	776	420	-356	
Non-package	2,837	3,009	+171	
Cost of sales	2,636	2,482	-154	
Gross profit	977	947	-30	-3.1%
Gross profit margin	27.1%	27.6%	+0.6pt	
Personnel expenses	281	304	+22	
Sales promotion and advertising expenses	124	171	+47	
General expenses	138	155	+16	
GMF (Group management fee)	232	261	+28	
Total SG&A expenses	777	892	+115	
Operating profit	200	54	-145	-72.7%
Operating margin	5.6%	1.6%	-4.0pt	

Note: In net sales of each sub-segment, transactions within the subsegment have not been eliminated.

Digital Business Results

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales	3,169	1,688	-1,481	-46.7%
Video distribution	2,614	—	-2,614	
Fan clubs	413	341	-72	
Other	141	1,346	+1,204	
Cost of sales	2,453	411	-2,041	
Gross profit	716	1,276	+560	+78.2%
Gross profit margin	22.6%	75.6%	+53.0pt	
Personnel expenses	297	277	-20	
Sales promotion and advertising expenses	271	5	-266	
General expenses	172	88	-83	
GMF (Group management fee)	224	185	-38	
Total SG&A expenses	966	557	-408	
Operating profit	-250	718	+968	—
Operating margin	—	42.6%	—	

Note: In net sales of each sub-segment, transactions within the subsegment have not been eliminated.

Other Businesses Results

(million yen)	1Q FY2022	1Q FY2023	YoY	rate
Net sales	2,414	1,922	-491	-20.4%
Cost of sales	1,418	1,280	-137	
Gross profit	995	641	-353	-35.5%
Gross profit margin	41.2%	33.4%	-7.9pt	
Personnel expenses	197	221	+24	
Sales promotion and advertising expenses	13	16	+3	
General expenses	132	139	+7	
GMF (Group management fee)	158	169	+10	
Total SG&A expenses	501	547	+45	
Operating profit	493	94	-399	-80.8%
Operating margin	20.5%	4.9%	-15.5pt	

Disclaimer

The guidance for operating results and other information contained in this release were prepared by management based on currently available data and information. Therefore, the document includes potential risks and uncertain elements.

In particular, in Avex Inc.'s business domain, there are factors other than general economic conditions that may affect its performance. Please note that actual results may greatly differ from guidance.

Inquiries

Avex Inc.

Business Administration Group

<https://avex.com/jp/ja/contact/ir/>

