

Really! Mad+Pure

Avex Inc.
Earnings Results for FY 2021 Q1
(Fiscal year ending March 31st, 2022)

August 5th, 2021



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Financial Highlights

Net sales and Operating income increased primarily due to increase in numbers of sales in Music Packages and numbers of Live Concerts/Events in Music Business

(billions of yen)

	FY 2020 Q1	FY 2021 Q1	YoY	rate
Net Sales	14.1	19.4	+5.3	+37.6%
Operating Income	-1.0	0.2	+1.3	—
Net Income Attributable to Owners of Parent	-1.7	0.0	+1.7	—

Net Sales increased by 5.3 billions yen (37.6%) primarily due to increase in number of sales in Music Packages and number of Live Concerts/Events for Music Business

Net Sales by Segment				
	FY 2020 Q1	FY 2021 Q1	YoY	(billions of yen) rate
Music	7.3	12.7	+5.3	+72.7%
Anime & Visual Content	1.8	2.4	+0.5	+31.8%
Digital Platform	5.5	5.3	-0.1	-3.1%
Others	1.3	1.8	+0.5	+39.6%
Adjustment	-1.9	-2.9	-0.9	—
Total	14.1	19.4	+5.3	+37.6%

Operating Income increased by 1.3 billion yen primarily due to increase in number of sales in Music Packages for Music Business

Operating Income by Segment				
	(billions of yen)			
	FY 2020 Q1	FY 2021 Q1	YoY	rate
Music	-0.7	0.7	+1.5	—
Anime & Visual Content	0.0	0.2	+0.2	—
Digital Platform	0.2	-0.2	-0.4	—
Others	-0.5	-0.5	-0.0	—
Adjustment	-0.0	0.0	+0.0	—
Total	-1.0	0.2	+1.3	—

Net Income Attributable to Owners of Parent increased primarily due to decrease extraordinary loss resulted from impact of COVID-19 in addition to increase in Operating Income

Net Income Attributable to Owners of Parent				(billions of yen)
	FY 2020 Q1	FY 2021 Q1	YoY	rate
Net Income Attributable to Owners of Parent	-1.7	0.0	+1.7	—

Consolidated Results



(millions of yen)

	FY 2020 Q1	FY 2021 Q1	YoY	rate
Net Sales	14,108	19,417	+5,308	+37.6%
Cost of Sales	8,795	12,537	+3,742	
Gross Profit	5,313	6,880	+1,566	+29.5%
Gross Profit Margin	37.7%	35.4%	-2.3pt	
Personnel Expenses	2,633	2,545	-87	
Sales promotion & Advertising Expenses	953	1,332	+378	
General Expenses	2,780	2,739	-41	
Total SG&A Expenses	6,367	6,617	+250	
Operating Income	-1,054	262	+1,316	—
Operating Margin	-	1.4%	—	
Non-operating Income	22	26	+4	
Non-operating Expenses	278	80	-197	
Ordinary Income	-1,309	208	+1,518	—
Extraordinary Income	128	64	-63	
Extraordinary Loss	564	77	-487	
Income before Income Taxes	-1,746	195	+1,942	—
Total Income and Other Taxes	-227	107	+335	
Net Income Attributable to Non-controlling Interest	185	76	-108	
Net Income Attributable to Owners of Parent	-1,704	11	+1,715	—

(millions of yen)

	March 31st, 2021	June 30th, 2021		March 31st, 2021	June 30th, 2021
Current Assets	84,716	73,900	Current Liabilities	45,138	33,813
Cash and Deposits	52,654	45,603	Notes & Accounts Payable-trade, etc.	1,457	1,522
Trade Accounts Receivable, etc.	14,120	12,017	Accounts Payable-Other	18,341	14,966
Inventories	6,318	5,751	Provision for Sales Return	2,892	2,636
Others	11,622	10,527	Others	22,446	14,688
Noncurrent Assets	20,389	20,963	Noncurrent Liabilities	1,626	1,614
Tangible & Intangible Assets	6,974	7,026			
Investment, etc.	13,414	13,936			
Investment Securities	7,143	7,116	Total Liabilities	46,765	35,428
Others	6,270	6,819	Total Net Assets	58,339	59,435
Total Assets	105,105	94,863	Total Liabilities & Net Assets	105,105	94,863

(millions of yen)

		FY 2020 Q1	FY 2021 Q1	YoY
	Net Cash provided by Operating Activities	-2,309	-6,382	-4,073
	Net Cash provided by Investing Activities	-1,174	-1,654	-479
	Net Cash provided by Financing Activities	3,632	974	-2,657
Consolidated Cash Flow		148	-7,062	-7,211
Effect of exchange rate change on cash and cash equivalents		3	11	+7
Net increase in cash and cash equivalents		152	-7,051	-7,203
Cash and cash equivalents at beginning of period		17,956	52,654	+34,698
Cash and cash equivalents at end of period		18,108	45,603	+27,494

Results by Segment: Music Business

Net Sales and Operating Income both increased due to increase in number of sales of Music Package and number of Live Concerts/Events

(millions of yen)

	FY 2020 Q1	FY 2021 Q1	YoY	rate
Net Sales	7,371	12,728	+5,356	+72.7%
Cost of Sales	4,665	8,187	+3,522	
Gross Profit	2,706	4,540	+1,834	+67.8%
Gross Profit Margin	36.7%	35.7%	-1.0pt	
Personnel Expenses	1,105	1,111	+6	
Sales Promotion & Advertising Expenses	640	642	+1	
General Expenses	742	941	+199	
GMF*	982	1,089	+106	
Total SG&A Expenses	3,471	3,784	+313	
Operating Income	-764	756	+1,520	—
Operating Margin	—	5.9%	—	

Net Sales by Sub-Segment				
	FY 2020 Q1	FY 2021 Q1	YoY	(millions of yen) rate
Live	44	2,514	+2,470	—
Merchandising	350	397	+47	+13.4%
Management	1,176	1,437	+261	+22.2%
Music Package	1,651	4,206	+2,555	+154.7%
Digital Music Distribution	2,737	2,937	+199	+7.3%
Music Publishing	778	671	-106	-13.6%
Others	672	836	+164	+24.5%

Results by Segment: Anime & Visual Content Business

Net Sales and Operating Income both increased due to increase in sales of Visual Content Streaming and Live Concerts/Events

(millions of yen)

	FY 2020 Q1	FY 2021 Q1	YoY	rate
Net Sales	1,864	2,458	+593	+31.8%
Cost of Sales	1,184	1,448	+263	
Gross Profit	679	1,010	+330	+48.5%
Gross Profit Margin	36.5%	41.1%	+4.6pt	
Personnel Expenses	211	214	+3	
Sales Promotion & Advertising Expenses	129	122	-7	
General Expenses	104	117	+13	
GMF*	211	255	+44	
Total SG&A Expenses	656	710	+53	
Operating Income	23	299	+276	—
Operating Margin	1.2%	12.2%	+11.0pt	

Results by Segment: Digital Platform Business

Operating Income decreased due to increase
in Sales Promotion & Advertising Expenses for Digital Streaming

(millions of yen)

	FY 2020 Q1	FY 2021 Q1	YoY	rate
Net Sales	5,539	5,368	-171	-3.1%
Cost of Sales	3,913	4,026	+113	
Gross Profit	1,626	1,341	-284	-17.5%
Gross Profit Margin	29.4%	25.0%	-4.4pt	
Personnel Expenses	355	297	-58	
Sales Promotion & Advertising Expenses	159	525	+365	
General Expenses	401	391	-9	
GMF*	501	373	-128	
Total SG&A Expenses	1,417	1,586	+169	
Operating Income	209	-245	-454	—
Operating Margin	3.8%	—	—	

*GMF=Group Management Fee

Net Sales by Sub-Segment

(millions of yen)

	FY 2020 Q1	FY 2021 Q1	YoY	rate
Digital Streaming	3,191	2,868	-322	-10.1%
E-Commerce	1,158	1,675	+516	+44.6%
Fan Club	1,002	510	-492	-49.1%
Others	235	398	+162	+69.3%

Results by Segment: Other Businesses

Net Sales increased primarily due to increase in sales related to sales from Oversea Business and Live-Streamers Management

(millions of yen)

	FY 2020 Q1	FY 2021 Q1	YoY	rate
Net Sales	1,304	1,820	+516	+39.6%
Cost of Sales	755	1,390	+634	
Gross Profit	548	430	-118	-21.5%
Gross Profit Margin	42.1%	23.6%	-18.5pt	
Personnel Expenses	406	436	+29	
Sales Promotion & Advertising Expenses	32	109	+76	
General Expenses	348	149	-198	
GMF*	270	288	+18	
Total SG&A Expenses	1,057	983	-74	
Operating Income	-509	-553	-43	—
Operating Margin	—	—	—	

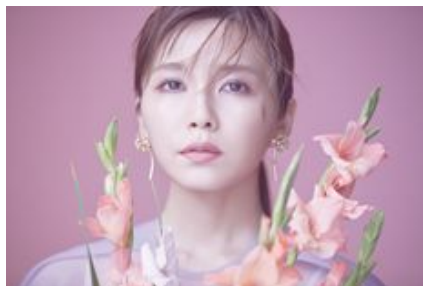
【Reference】 Highlights of FY 2021 Q1 and from FY 2021 Q2

Major Press Releases	Apr. 16	Avex Technologies Inc. formally enters the NFT business market in business protecting IP holder's copyrights and digital content
	May. 21	Avex's implementation of special holiday "Vaccine Holiday" in which all employees are able to receive vaccine against COVID-19 during working hours
	May. 27	Announcement of disposal of treasury stock by allotment to a third-party and the change in the principal stockholder
	Jun. 1	Avex Artist Academy aims to be the school in producing elite talents and creating the next-generation stars and hit contents
	Jun. 11	Avex Becomes World's First Company to Sign a License Agreement for a Digital Album with Internationally Renowned Music Producer/Artist Marshmello
	Jun. 14	Announcement of finalization of payment in disposal of treasury stock by allotment to a third-party
	Jun. 17	Avex begins work place vaccination against COVID-19 from June 21st. All employees and managed artists/talents/creators are eligible.
	Jun. 25	Announcement of Headquarters Relocation

Music Business		
Live / Event	Apr.~	SHINJIRO ATAE "ATAE SHINJIRO TALK SHOW 2021" *Live
	Apr.~	SKE48 "Watashi no kizashi, Minna no kizashi ~Akanemachuri da" *Live/Online
		"Sotsugyou dayo! Zeninshugo! ~Let's sing!~" *Live/Online
		"Matsui Jurina Sotsugyou Concert @ Nihon Gaishi Hall ~Jurina sotsugyou de nanikaga okoru!?~" *Live/Online
	Apr.~	MISAKO UNO "UNO MISAKO Live Tour 2021 'Sweet Hug'" *Live
	Jun.	Theater "Kuso kagaku geki 'Kappa' ~ Akutagawa Ryunosuke 'Kappa'~" *Live
	Jun.~	Theater "Musical 'SUPERHEROISM'" *Live
Jun.~	Da-iCE "Da-iCE ARENA TOUR 2021 -SiX-" *Live/Online	



SHINJIRO ATAE



MISAKO UNO



Da-iCE

Music Business

Package	Single	V6	“Bokura wa Mada/MAGIC CARPET RIDE” <June>
		J SOUL BROTHERS III from EXILE TRIBE	“100 SEASONS/TONIGHT” <June>
	Album	GENERATIONS, THE RAMPAGE, FANTASTICS, BALLISTIK BOYZ from EXILE TRIBE	“BATTLE OF TOKYO TIME 4 Jr.EXILE” <June>
	DVD/Blu-ray	Starring Snow Man	“Takizawa Kabuki ZERO 2020 The Movie” <April>

Anime & Visual Content Business

DVD/Blu-ray	“Zombieland Saga LIVE ~Franchouchou LIVE OF THE DEAD ‘R’~” <May>
	“Zombieland Saga Revenge SAGA.1” <June>



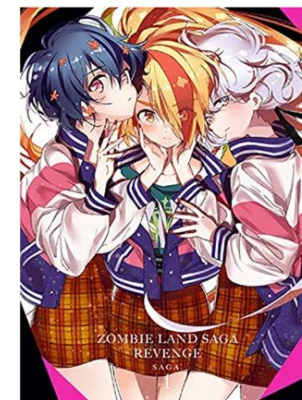
V6



GENERATIONS, THE RAMPAGE, FANTASTICS, BALLISTIK BOYZ from EXILE TRIBE



“Takizawa Kabuki ZERO 2020 The Movie”starring Snow Man



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Zombieland Saga
Revenge

Major Press Releases

- Jul. 2 “avex ROYALBRATS”, Avex managed dance group is crowned the first champion in the Japanese Dance Professional Dance League “D.LEAGUE”
- Jul. 2 AAA Dome Tour’s postponed dates announced (from Nov., 2021)

Live / Event

Music Business

- Jul.~ (planned) EXO “EXO FILMLIVE JAPAN TOUR - EXO PLANET 2021 -” *Live Viewing Event
- Aug.~ (planned) Da-iCE “Da-iCE a-i contact TOUR 2021 -revenge-” *Live
- Sept.~ (planned) SHINJIRO ATAE “SHINJIRO ATAE ARENA TOUR -THIS IS WHERE WE PROMISE-” *Live

※In accordance to prevention measures against COVID-19, live concerts and events may be canceled or postponed.



Package

Music Business

Single	Snow Man	“HELLO HELLO” Single <July>
	SKE48	“Ano koro no kimi wo mitsuketa” <September>
Album	BiSH	“GOING TO DESTRUCTION” <August>
	Kis-My-Ft2	“BEST of Kis-My-Ft2” <August>
	V6	“STEP” <September>

Anime & Visual Content Business

DVD/Blu-ray	“Zombieland Saga Revenge SAGA.2” <July>	
	“Zombieland Saga Revenge SAGA.3” <August>	
	“Paradox Live Dope Show-2021.3.20 LINE CUBE SHIBUYA-” <August>	



Snow Man



Kis-My-Ft2



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Zombieland Saga Revenge

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Inquiries

Avex Inc.

Business Administration Group
<https://avex.com/jp/ja/contact/ir/>
or E-mail: stock@av.avex.co.jp



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