

**Avex Inc.**  
**Earnings Results for FY 2022 Q1**  
**(Fiscal year ending March 31th, 2023)**

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**August 4th, 2022**



avex

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# Financial Highlights

Net Sales and Operating Income both increased primarily due to an increase in sales of Music Business

Consolidated financial results				(billion yen)
	FY 2021 Q1	FY 2022 Q1	YoY	rate
Net Sales	19.4	28.4	+9.0	+46.6%
Operating Income	0.2	2.2	+2.0	+772.1%
Net Income Attributable to Owners of Parent	0.0	1.6	+1.6	—

Net Sales increased by 9 billion yen (+46.6%) YoY primarily due to increase in numbers of Live Concerts, number of sales in Music Packages for Music Business and a Major International Event

Net Sales by Segment				
	(billion yen)			
	FY 2021 Q1	FY 2022 Q1	YoY	rate
Music	12.7	18.1	+5.4	+42.7%
Anime & Visual Content	2.4	3.4	+1.0	+40.8%
Digital Platform	5.3	6.5	+1.1	+21.9%
Others	1.8	3.6	+1.8	+102.3%
Adjustment	-2.9	-3.3	-0.4	—
<b>Total</b>	<b>19.4</b>	<b>28.4</b>	<b>+9.0</b>	<b>+46.6%</b>

Operating Income increased primarily due to increase in the number of Live Concerts and Music Packages for Music Business

Operating Income by Segment				(billion yen)
	FY 2021 Q1	FY 2022 Q1	YoY	rate
Music	0.7	2.1	+1.4	+189.3%
Anime & Visual Content	0.4	0.3	-0.0	-20.2%
Digital Platform	-0.2	-0.1	+0.1	—
Others	-0.6	-0.1	+0.5	—
Adjustment	0.0	0.0	+0.0	+8.4%
Total	0.2	2.2	+2.0	+772.1%

# Consolidated Results

(million yen)

	FY 2021 Q1	FY 2022 Q1	YoY	rate
<b>Net Sales</b>	<b>19,417</b>	<b>28,473</b>	<b>+9,056</b>	<b>+46.6%</b>
Cost of Sales	12,537	17,947	+5,409	
<b>Gross Profit</b>	<b>6,880</b>	<b>10,526</b>	<b>+3,646</b>	<b>+53.0%</b>
<b>Gross Profit Margin</b>	<b>35.4%</b>	<b>37.0%</b>	<b>+1.6pt</b>	
Personnel Expenses	2,545	3,241	+695	
Sales promotion & Advertising Expenses	1,332	1,745	+412	
General Expenses	2,739	3,251	+511	
Total SG&A Expenses	6,617	8,237	+1,620	
<b>Operating Income</b>	<b>262</b>	<b>2,288</b>	<b>+2,026</b>	<b>+772.1%</b>
<b>Operating Margin</b>	<b>1.4%</b>	<b>8.0%</b>	<b>+6.7pt</b>	
Non-operating Income	26	49	+23	
Non-operating Expenses	80	88	+8	
<b>Ordinary Income</b>	<b>208</b>	<b>2,250</b>	<b>+2,041</b>	<b>+977.1%</b>
Extraordinary Income	64	50	-14	
Extraordinary Loss	77	—	-77	
<b>Income before Income Taxes</b>	<b>195</b>	<b>2,300</b>	<b>+2,104</b>	<b>—</b>
Total Income and Other Taxes	107	535	+428	
Net Income Attributable to Non-controlling Interest	76	88	+11	
<b>Net Income Attributable to Owners of Parent</b>	<b>11</b>	<b>1,675</b>	<b>+1,664</b>	<b>—</b>



(million yen)

	March 31st, 2022	June 30th, 2022		March 31st, 2022	June 30th, 2022
Current Assets	75,326	77,027	Current Liabilities	35,451	36,603
Cash and Deposits	44,671	44,941	Notes & Accounts Payable-trade, etc.	2,556	2,111
Trade Accounts Receivable, etc.	13,855	14,562	Accounts Payable-Other	16,052	15,911
Inventories	6,536	6,357	Refund Liabilities	2,446	2,278
Others	10,263	11,166	Others	14,396	16,301
Noncurrent Assets	22,475	21,903	Noncurrent Liabilities	1,655	1,615
Tangible & Intangible Assets	8,511	8,531	Total Liabilities	37,106	38,218
Investment, etc.	13,964	13,372			
Investment Securities	8,564	7,877			
Others	5,399	5,495	Total Net Assets	60,694	60,712
<b>Total Assets</b>	<b>97,801</b>	<b>98,931</b>	<b>Total Liabilities &amp; Net Assets</b>	<b>97,801</b>	<b>98,931</b>

(million yen)

		FY 2021 Q1	FY 2022 Q1	YoY
	Net Cash provided by Operating Activities	-6,382	<b>3,255</b>	+9,638
	Net Cash provided by Investing Activities	-1,654	<b>-1,671</b>	-16
	Net Cash provided by Financing Activities	974	<b>-1,224</b>	-2,199
Consolidated Cash Flow		-7,062	<b>360</b>	+7,422
Effect of exchange rate change on cash and cash equivalents		11	<b>-90</b>	-101
Net increase in cash and cash equivalents		-7,051	<b>269</b>	+7,320
Cash and cash equivalents at beginning of period		52,654	<b>44,671</b>	-7,983
Cash and cash equivalents at end of period		45,603	<b>44,941</b>	-662

# Results by Segment: Music Business

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

(million yen)

	FY 2021 Q1	FY 2022 Q1	YoY	rate
<b>Net Sales</b>	<b>12,728</b>	<b>18,163</b>	<b>+5,435</b>	<b>+42.7%</b>
Cost of Sales	8,187	11,119	+2,931	
<b>Gross Profit</b>	<b>4,540</b>	<b>7,044</b>	<b>+2,504</b>	<b>+55.2%</b>
<b>Gross Profit Margin</b>	<b>35.7%</b>	<b>38.8%</b>	<b>+3.1pt</b>	
Personnel Expenses	1,111	1,449	+338	
Sales Promotion & Advertising Expenses	642	1,218	+576	
General Expenses	941	994	+53	
GMF*	1,089	1,194	+104	
Total SG&A Expenses	3,784	4,857	+1,073	
<b>Operating Income</b>	<b>756</b>	<b>2,187</b>	<b>+1,431</b>	<b>+189.3%</b>
<b>Operating Margin</b>	<b>5.9%</b>	<b>12.0%</b>	<b>+6.1pt</b>	

(million yen)

## Net Sales by Sub-Segment

	<b>FY 2021 Q1</b>	<b>FY 2022 Q1</b>	<b>YoY</b>	<b>rate</b>
Live Concerts	2,514	<b>5,508</b>	+2,994	+119.1%
Merchandising	397	<b>662</b>	+265	+66.6%
Management	1,437	<b>1,900</b>	+463	+32.3%
Music Package	4,206	<b>5,131</b>	+925	+22.0%
Digital Music Distribution	2,937	<b>3,502</b>	+564	+19.2%
Music Publishing	671	<b>735</b>	+63	+9.4%
Others	836	<b>974</b>	+137	+16.4%

Both Audience Attendance and Concert Ticket Average Price increased due to increase of Live Concerts in large venues

Venue Size	FY 2021 Q1	FY 2022 Q1	YoY
Stadium class	0	<b>5</b>	+5
Arena class	0	<b>57</b>	+57
Hall & Live House class	154	<b>240</b>	+86
Total	154	<b>302</b>	+148

Audience (millions of people)	0.09	<b>0.67</b>	+0.58
Concert Ticket Average Price	¥7,037	<b>¥8,640</b>	+¥1,603

## Number of Sales for Album and DVD/Blu-ray increased

Music Package*		FY 2021 Q1	FY 2022 Q1	YoY
Album	Average Price ( ¥ )	5,541	<b>3,380</b>	-2,161
	Units (thousands)	95	<b>407</b>	+312
Single	Average Price ( ¥ )	1,175	<b>1,883</b>	+708
	Units (thousands)	1,900	<b>336</b>	-1,564
DVD / Blu-ray	Average Price ( ¥ )	4,955	<b>5,323</b>	+368
	Units (thousands)	526	<b>901</b>	+375

\*Music Package indicators consist of new releases and do not include back catalogs.

# Results by Segment: Anime & Visual Content Business



## Net Sales increased due to increase in sales related to Anime Events and Films

(million yen)

	FY 2021 Q1	FY 2022 Q1	YoY	rate
<b>Net Sales</b>	<b>2,458</b>	<b>3,461</b>	<b>+1,003</b>	<b>+40.8%</b>
Cost of Sales	1,448	2,395	+947	
<b>Gross Profit</b>	<b>1,010</b>	<b>1,065</b>	<b>+55</b>	<b>+5.5%</b>
<b>Gross Profit Margin</b>	<b>41.1%</b>	<b>30.8%</b>	<b>-10.3pt</b>	
Personnel Expenses	214	271	+56	
Sales Promotion & Advertising Expenses	122	108	-13	
General Expenses	117	127	+9	
GMF*	136	223	+86	
Total SG&A Expenses	590	730	+139	
<b>Operating Income</b>	<b>419</b>	<b>334</b>	<b>-84</b>	<b>-20.2%</b>
<b>Operating Margin</b>	<b>17.0%</b>	<b>9.7%</b>	<b>-7.3pt</b>	

※GMF of FY2021 Q1 has been adjusted.

\*GMF=Group Management Fee

(million yen)

Net Sales by Sub-Segment				
	FY 2021 Q1	FY 2022 Q1	YoY	rate
Anime Non-Package	1,799	2,685	+886	+49.3%
Anime Package	658	775	+116	+17.7%

# Results by Segment: Digital Platform Business

Net Sales and Operating Income both increased  
due to an increase in sales of Music Package from E-Commerce  
(million yen)

	FY 2021 Q1	FY 2022 Q1	YoY	rate
<b>Net Sales</b>	<b>5,368</b>	<b>6,545</b>	<b>+1,177</b>	<b>+21.9%</b>
Cost of Sales	4,026	5,204	+1,177	
<b>Gross Profit</b>	<b>1,341</b>	<b>1,341</b>	<b>-0</b>	<b>-0.0%</b>
<b>Gross Profit Margin</b>	<b>25.0%</b>	<b>20.5%</b>	<b>-4.5pt</b>	
Personnel Expenses	297	325	+27	
Sales Promotion & Advertising Expenses	525	339	-185	
General Expenses	391	444	+53	
GMF*	373	348	-24	
Total SG&A Expenses	1,586	1,457	-129	
<b>Operating Income</b>	<b>-245</b>	<b>-116</b>	<b>+129</b>	<b>—</b>
<b>Operating Margin</b>	<b>—</b>	<b>—</b>	<b>—</b>	

\*GMF=Group Management Fee

(million yen)

Net Sales by Sub-Segment				
	FY 2021 Q1	FY 2022 Q1	YoY	rate
Digital Streaming	2,868	2,614	-254	-8.9%
E-Commerce	1,675	2,790	+1,114	+66.6%
Fan Club	510	413	-96	-18.9%
Others	398	809	+411	+103.4%

# Results by Segment: Other Businesses

Net Sales and Operating Income both increased primarily due to increase in sales related to a Major International Event, Virtual Artist and Online Streamers

(million yen)

	FY 2021 Q1	FY 2022 Q1	YoY	rate
<b>Net Sales</b>	<b>1,820</b>	<b>3,683</b>	<b>+1,862</b>	<b>+102.3%</b>
Cost of Sales	1,390	2,485	+1,095	
<b>Gross Profit</b>	<b>430</b>	<b>1,197</b>	<b>+766</b>	<b>+178.2%</b>
<b>Gross Profit Margin</b>	<b>23.6%</b>	<b>32.5%</b>	<b>+8.9pt</b>	
Personnel Expenses	436	542	+106	
Sales Promotion & Advertising Expenses	109	114	+5	
General Expenses	329	322	-6	
GMF*	228	340	+112	
Total SG&A Expenses	1,103	1,319	+216	
<b>Operating Income</b>	<b>-672</b>	<b>-122</b>	<b>+550</b>	<b>—</b>
<b>Operating Margin</b>	<b>—</b>	<b>—</b>	<b>—</b>	

※General Expenses and GMF of FY2021 Q1 have been adjusted.

\*GMF=Group Management Fee

# Regarding the FY 2022 Consolidated Earnings Guidance



The Operating Income and Net Income Attributable to Owners of Parents in FY 2022 Q1 have surpassed the previous announced Consolidated Earnings Guidance for FY2022. However, we will not adjust the Guidance due to plans in IP investment to achieve the Medium term Management Plan and uncertainty still posed by impact from COVID-19

	<b>Operating Income</b>	<b>Net Income Attributable to Owners of Parent</b>	<b>Net Asset per Share</b>
	million yen	million yen	yen
<b>FY 2022 Consolidated Earnings Guidance</b> *Announced on May 12th, 2022	<b>1,000</b>	<b>400</b>	<b>9.03</b>
<b>&lt;Reference&gt; FY 2022 Q1 Consolidated Earnings Results</b>	<b>2,288</b>	<b>1,675</b>	<b>37.21</b>

# 【Reference】 Highlights of FY 2022 Q1 and from FY 2022 Q2

Major  
Press  
Release

- April 20th “Osomatsu-san the Movie” Records One Million Theater Attendance and Box Office Over 1.3 billion Yen.
- May 12th Announcement of Medium Term Management Plan “avex vision 2027”
- May 26th Notice of Newly Created Operating Feature of Corporate Venture Capital in the Company’s US Subsidiary
- May 26th Notice of Company Split of Group Companies and Avex Group
- June 23rd Avex Organizes World Tour of "FASHION FREAK SHOW" Musical with Involvement of World-Renowned Fashion Designer Jean Paul Gaultier
- June 24th Notice of Absorption-Type Merger and Company Split of Avex Group Companies

## Music Business

	Month(s)	Genre	Title
Live/ Event	April	SUPER JUNIOR	“SUPER JUNIOR Japan Special Event 2022 ~Return of the KING~”
	April	Ayumi Hamasaki	“ayumi hamasaki ASIA TOUR ~24th Anniversary special @PIA ARENA MM~”
	April~June	Shinjiro Atae	“SHINJIRO ATAE TALK SHOW 2022”
	April~July	Harami-chan	“Harami-chan Harami Teishoku 2 Japan Tour 2022 ~ Shin Menu Otodokesurunu!~”
	April~July	Da-iCE	“Da-iCE TWO MAN LIVE TOUR 2022 -REVERSi-”
	April~June, October	Misako Uno	“UNO MISAKO Live Tour -All AppreciAte-”
	May~June	TOHOSHINKI	“Bigeast FANCLUB EVENT 2022 TOHOSHINKI The GARDEN ~TOURS~”
	May~June	NCT 127	“NCT 127 2ND TOUR ‘NEO CITY: JAPAN - THE LINK’”

## Anime & Visual Content

	Month(s)	Genre	Title
Live Event/ Film etc.	April	Film	“SEVENTEEN POWER OF LOVE:THE MOVIE”
	May	LIVE	“Paradox Live Dope Show-2022.5.28 PACIFICO Yokohama National Convention Hall-”



SUPER JUNIOR



MISAKO UNO



SHINJIRO ATAE



TOHOSHINKI



NCT 127

Music Business			
	Type	Artist	Title
Package	Single	BE:FIRST	“Bye-Good-Bye” <May>
	Album	Red Velvet	“Bloom” <April>
		NCT DREAM	“Beatbox” <May>
	DVD/Blu-ray	Takuro Yoshida	“ah-Omoshirokatta” <June>
		V6	“LIVE TOUR V6 groove” <April>
		Snow Man	“Snow Man LIVE TOUR 2021 Mania” <May>
		AAA	“AAA DOME TOUR 15th ANNIVERSARY-thanx AAA lot-” <June>
	THE FIRST -BMSG-	“THE FIRST FINAL” <June>	

Anime & Visual Content Business	
Package	Title
DVD/Blu-ray	“Fruits Basket -prelude-” <June>
	“Paripi Koumei” Blu-ray Vol. 1 <June>



BE:FIRST



NCT DREAM



Snow Man



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“Paripi Koumei” Blu-ray Vol.1

Release  
Major  
Press

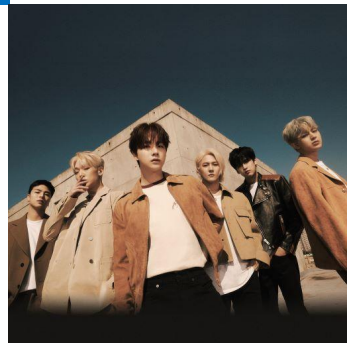
July 1st                      Announcement of Avex Corporate Mission  
August 4th                    Notice of Shareholders' Exclusive Live Event

## Music Business

Month(s)	Artist	Title
July~August	Da-iCE	“Da-iCE ARENA TOUR 2022 -REVERSi-”
July~September	SKY-HI	“SKY-HI HALL TOUR 2022 -Cho-Hachimen Rokutan-”
Live/ Event	July,October	iKON                      “iKON JAPAN TOUR 2022~FLASHBACK~”
	August	NCT 127                “NCTzen 127-JAPAN Meeting 2022 ‘School 127’”
October~ February, 2023	Nissy	“Nissy Entertainment 4th LIVE ~DOME TOUR~”
November	Justin Bieber	“Justice World Tour”
November~ January, 2023	TREASURE	“TREASURE JAPAN ARENA TOUR 2022-23”

## Anime & Visual Content Business

Month(s)	Genre	Title
July	Live	“Pretty Series Special Live ‘Pretty Live ! ~One for All !!!~”
July~	Film	“Osomatsu-san ~Hipipo-Zoku to Kagayaku Kajitsu~”



iKON



SKY-HI



Da-iCE

## Music Business

	Type	Artist	Title
Package	Single	Snow Man	“Orange Kiss” <July>
		Kis-My-Ft2	“Two as One” <August>
	Album	aespa	“Girls” <July>
		BE:FIRST	“BE:1” <August>
	DVD/Blu-ray	EXILE	“EXILE 20th ANNIVERSARY EXILE LIVE TOUR 2021 ‘RED PHOENIX’” <August>
		NCT 127	“NCT 127 2ND TOUR ‘NEO CITY : JAPAN - THE LINK’” <September>

## Anime & Visual Content Business

	Type	Title
Package	DVD/Blu-ray	Film “The Lie Eater” <July>
		“Osomatsu-san ~Hipipo-Zoku to Kagayaku Kajitsu” (Theater Exclusive) <July>
		“Paripi Koumei” Blu-ray Vol. 2, 3 <July~August>



Kis-My-Ft2



EXILE



NCT 127



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“Osomatsu-san

~Hipipo-Zoku to Kagayaku Kajitsu” 30

## Disclaimers

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/>

or E-mail: [stock@av.avex.co.jp](mailto:stock@av.avex.co.jp)





Really! Mad+Pure