

**Avex Inc.**  
**Earnings Results for FY 2022 Q2**  
**(Fiscal year ending March 31st, 2023)**

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**November 10th, 2022**

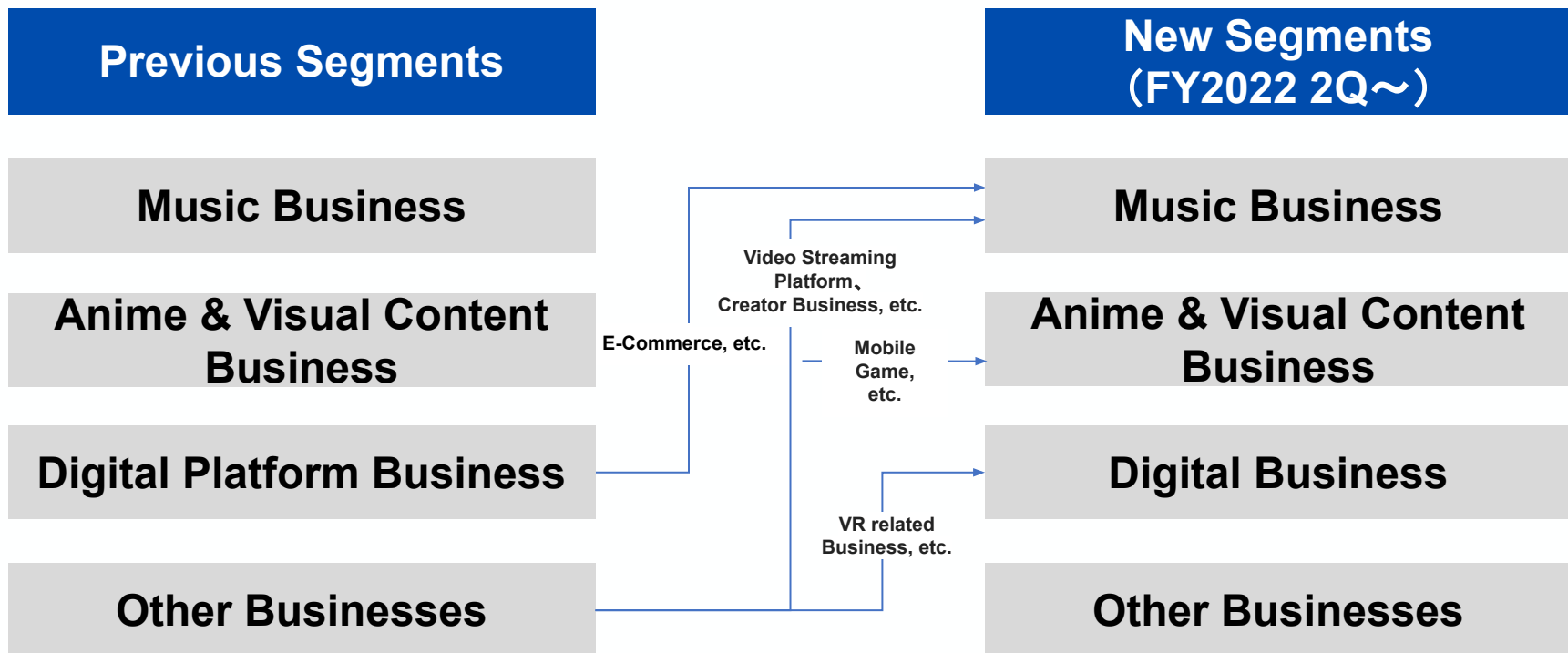


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# Regarding Change of Business Segments in FY 2022 Q2

With the business reorganization on July 1st, 2022, the business segments are partially revised and disclosed accordingly from FY 2022 Q2



# Financial Highlights

Net Sales and Operating Profit both increased primarily due to increase in Sales of Music Business

Consolidated Financial Results				(billion yen)
	FY 2021 Q2	FY 2022 Q2	YoY	rate
<b>Net Sales</b>	46.3	<b>54.0</b>	+7.7	+16.7%
<b>Operating Profit</b>	2.6	<b>3.6</b>	+0.9	+37.4%
<b>Net Income Attributable to Owners of Parent</b>	1.6	<b>3.2</b>	+1.5	+99.0%

Net Sales increased by 7.7 billion yen (+16.7%) YoY primarily due to increase in numbers of Live Concerts in large venues and Sales of Films in Anime & Visual Content Business

Net Sales by Segment				
	(billion yen)			
	FY 2021 Q2	FY 2022 Q2	YoY	rate
Music	35.2	41.4	+6.1	+17.4%
Anime & Visual Content	5.1	6.5	+1.4	+27.5%
Digital	6.9	6.2	-0.7	-10.3%
Others	2.1	3.2	+1.1	+53.2%
Adjustment	-3.2	-3.5	-0.2	—
Total	46.3	54.0	+7.7	+16.7%

Operating Profit increased primarily due to increase in the number of Live Concerts in large venues and a Major International Event

Operating Profit by Segment					(billion yen)
	FY 2021 Q2	FY 2022 Q2	YoY	rate	
Music	3.2	3.3	+0.1	+4.4%	
Anime & Visual Content	0.2	0.2	-0.0	-1.7%	
Digital	-0.7	-0.5	+0.1	—	
Others	-0.1	0.5	+0.6	—	
Adjustment	0.0	0.0	-0.0	-55.0%	
<b>Total</b>	<b>2.6</b>	<b>3.6</b>	<b>+0.9</b>	<b>+37.4%</b>	



Net Profit Attributable to Owners of Parent increased by 1.5 billion yen YoY primarily due to increase in Operating Profit and Gain on Sale of Investment Securities

Net Profit Attributable to Owners of Parent				(billion yen)	
	FY 2021 Q2	FY 2022 Q2	YoY	rate	
Net Profit Attributable to Owners of Parent	1.6	3.2	+1.5	+99.0%	

# Consolidated Results

(million yen)

	FY 2021 Q2	FY 2022 Q2	YoY	rate
<b>Net Sales</b>	<b>46,304</b>	<b>54,060</b>	<b>+7,755</b>	<b>+16.7%</b>
Cost of Sales	28,797	33,704	+4,906	
<b>Gross Profit</b>	<b>17,507</b>	<b>20,356</b>	<b>+2,848</b>	<b>+16.3%</b>
<b>Gross Profit Margin</b>	<b>37.8%</b>	<b>37.7%</b>	<b>-0.1pt</b>	
Personnel Expenses	5,646	6,539	+893	
Sales promotion & Advertising Expenses	2,989	3,429	+439	
General Expenses	6,236	6,767	+531	
Total SG&A Expenses	14,872	16,736	+1,864	
<b>Operating Profit</b>	<b>2,634</b>	<b>3,619</b>	<b>+984</b>	<b>+37.4%</b>
<b>Operating Margin</b>	<b>5.7%</b>	<b>6.7%</b>	<b>+1.0pt</b>	
Non-operating Profit	93	259	+166	
Non-operating Expenses	105	107	+2	
<b>Ordinary Profit</b>	<b>2,623</b>	<b>3,771</b>	<b>+1,148</b>	<b>+43.8%</b>
Extraordinary Profit	145	1,243	+1,097	
Extraordinary Loss	231	392	+160	
<b>Profit before Income Taxes</b>	<b>2,536</b>	<b>4,622</b>	<b>+2,085</b>	<b>+82.2%</b>
Income Taxes	815	1,243	+427	
Net Profit Attributable to Non-controlling Interest	108	171	+62	
<b>Net Profit Attributable to Owners of Parent</b>	<b>1,612</b>	<b>3,207</b>	<b>+1,595</b>	<b>+99.0%</b>

(million yen)

	March 31st, 2022	Sept. 30th, 2022		March 31st, 2022	Sept. 30th, 2022
Current Assets	75,326	82,976	Current Liabilities	35,451	40,716
Cash and Deposits	44,671	48,454	Notes & Accounts Payable-trade, etc.	2,556	4,181
Trade Accounts Receivable, etc.	13,855	16,184	Accounts Payable-Other	16,052	15,984
Inventories	6,536	6,618	Refund Liabilities	264	1,183
Others	10,263	11,720	Income taxes payable	2,446	2,235
			Others	14,131	17,130
Noncurrent Assets	22,475	21,648	Noncurrent Liabilities	1,655	1,551
Tangible & Intangible Assets	8,511	8,109	Total Liabilities	37,106	42,268
Investment, etc.	13,964	13,538			
Investment Securities	8,564	8,039			
Others	5,399	5,499	Total Net Assets	60,694	62,357
<b>Total Assets</b>	<b>97,801</b>	<b>104,625</b>	<b>Total Liabilities &amp; Net Assets</b>	<b>97,801</b>	<b>104,625</b>

(million yen)

		FY 2021 Q2	FY 2022 Q2	YoY
	Net Cash provided by Operating Activities	-8,333	<b>6,469</b>	+14,803
	Net Cash provided by Investing Activities	-2,218	<b>-1,255</b>	+963
	Net Cash provided by Financing Activities	837	<b>-1,299</b>	-2,136
Consolidated Cash Flow		-9,715	<b>3,915</b>	+13,630
Effect of exchange rate change on cash and cash equivalents		28	<b>-132</b>	-160
Net increase in cash and cash equivalents		-9,687	<b>3,782</b>	+13,469
Cash and cash equivalents at beginning of period		52,654	<b>44,671</b>	-7,983
Cash and cash equivalents at end of period		42,967	<b>48,454</b>	+5,486

# Results by Segment: Music Business

Net Sales and Operating Profit both increased  
due to increase of Live Concerts in large venues

(million yen)

	FY 2021 Q2	FY 2022 Q2	YoY	rate
<b>Net Sales</b>	<b>35,293</b>	<b>41,441</b>	<b>+6,148</b>	<b>+17.4%</b>
Cost of Sales	21,654	25,644	+3,990	
<b>Gross Profit</b>	<b>13,639</b>	<b>15,796</b>	<b>+2,157</b>	<b>+15.8%</b>
<b>Gross Profit Margin</b>	<b>38.6%</b>	<b>38.1%</b>	<b>-0.5pt</b>	
Personnel Expenses	3,122	3,759	+636	
Sales Promotion & Advertising Expenses	1,737	2,554	+817	
General Expenses	2,934	3,131	+196	
GMF*	2,591	2,954	+363	
Total SG&A Expenses	10,386	12,399	+2,013	
<b>Operating Profit</b>	<b>3,253</b>	<b>3,397</b>	<b>+144</b>	<b>+4.4%</b>
<b>Operating Margin</b>	<b>9.2%</b>	<b>8.2%</b>	<b>-1.0pt</b>	

(million yen)

Net Sales by Sub-Segment				
	FY 2021 Q2	FY 2022 Q2	YoY	rate
Live Concerts	5,379	11,975	+6,596	+122.6%
Merchandising	892	1,188	+295	+33.1%
Management	3,778	4,786	+1,007	+26.7%
Music Package	13,399	11,648	-1,751	-13.1%
Digital Music Distribution	5,927	6,670	+742	+12.5%
Music Publishing	1,947	1,385	-561	-28.8%
E-Commerce	4,403	5,518	+1,115	+25.3%
Others	2,839	2,089	-749	-26.4%

※From FY 2021, “Accounting Standard for Revenue Recognition” is implemented and net amount of commission from sales on consignment is recorded in revenue.



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

Venue Size	FY 2021 Q2	FY 2022 Q2	YoY
Stadium class	0	5	+5
Arena class	15	87	+72
Hall & Live House class	444	412	-32
Total	459	504	+45

Audience (millions of people)	0.30	1.07	+0.77
Concert Ticket Average Price	¥7,221	¥8,931	+¥1,710

\*Include commissioned live event/concerts

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

Music Package*		FY 2021 Q2	FY 2022 Q2	YoY
Album	Average Price ( ¥ )	3,269	<b>2,785</b>	-484
	Units (thousands)	1,891	<b>2,061</b>	+170
Single	Average Price ( ¥ )	1,175	<b>1,336</b>	+161
	Units (thousands)	1,900	<b>1,922</b>	+22
DVD / Blu-ray	Average Price ( ¥ )	4,955	<b>5,480</b>	+525
	Units (thousands)	526	<b>1,048</b>	+522

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

\*Include sales on consignment

# Results by Segment: Anime & Visual Content Business

## Net Sales increased due to increase in Sales of Film titles

(million yen)

	FY 2021 Q2	FY 2022 Q2	YoY	rate
<b>Net Sales</b>	<b>5,163</b>	<b>6,583</b>	<b>+1,420</b>	<b>+27.5%</b>
Cost of Sales	3,407	4,737	+1,329	
<b>Gross Profit</b>	<b>1,755</b>	<b>1,846</b>	<b>+90</b>	<b>+5.2%</b>
<b>Gross Profit Margin</b>	<b>34.0%</b>	<b>28.0%</b>	<b>-6.0pt</b>	
Personnel Expenses	526	551	+25	
Sales Promotion & Advertising Expenses	330	318	-12	
General Expenses	256	284	+28	
GMF*	411	464	+52	
Total SG&A Expenses	1,524	1,618	+94	
<b>Operating Profit</b>	<b>231</b>	<b>227</b>	<b>-3</b>	<b>-1.7%</b>
<b>Operating Margin</b>	<b>4.5%</b>	<b>3.5%</b>	<b>-1.0pt</b>	

\*GMF=Group Management Fee

(million yen)

Net Sales by Sub-Segment				
	FY 2021 Q2	FY 2022 Q2	YoY	rate
Anime Non-Package*	3,489	5,104	+1,615	+46.3%
Anime Package	1,674	1,478	-195	-11.7%

\*Distributed profit from production committee, film distribution, and event/live concert, etc.

# Results by Segment: Digital Business

## Net Sales decreased due to decrease in Sales of Digital Streaming and Fan Club

(million yen)

	FY 2021 Q2	FY 2022 Q2	YoY	rate
<b>Net Sales</b>	<b>6,984</b>	<b>6,261</b>	<b>-722</b>	<b>-10.3%</b>
Cost of Sales	5,262	4,905	-356	
<b>Gross Profit</b>	<b>1,721</b>	<b>1,356</b>	<b>-365</b>	<b>-21.2%</b>
<b>Gross Profit Margin</b>	<b>24.7%</b>	<b>21.7%</b>	<b>-3.0pt</b>	
Personnel Expenses	586	534	-52	
Sales Promotion & Advertising Expenses	977	574	-402	
General Expenses	352	326	-26	
GMF*	505	446	-59	
Total SG&A Expenses	2,422	1,881	-540	
<b>Operating Profit</b>	<b>-700</b>	<b>-525</b>	<b>+175</b>	<b>—</b>
<b>Operating Margin</b>	<b>—</b>	<b>—</b>	<b>—</b>	

\*GMF=Group Management Fee

(million yen)

## Net Sales by Sub-Segment

	<b>FY 2021 Q2</b>	<b>FY 2022 Q2</b>	<b>YoY</b>	<b>rate</b>
Digital Streaming	5,713	<b>5,184</b>	-529	-9.3%
Fan Club	981	<b>813</b>	-168	-17.1%
Others	293	<b>296</b>	+2	+1.0%



# Results by Segment: Other Businesses

Net Sales increased primarily  
due to increase in Sales related to a Major International Event

(million yen)

	FY 2021 Q2	FY 2022 Q2	YoY	rate
<b>Net Sales</b>	<b>2,144</b>	<b>3,285</b>	<b>+1,141</b>	<b>+53.2%</b>
Cost of Sales	1,487	1,715	+227	
<b>Gross Profit</b>	<b>656</b>	<b>1,569</b>	<b>+913</b>	<b>+139.2%</b>
<b>Gross Profit Margin</b>	<b>30.6%</b>	<b>47.8%</b>	<b>+17.2pt</b>	
Personnel Expenses	337	431	+93	
Sales Promotion & Advertising Expenses	21	26	+4	
General Expenses	234	302	+67	
GMF*	219	294	+74	
Total SG&A Expenses	813	1,054	+240	
<b>Operating Profit</b>	<b>-157</b>	<b>515</b>	<b>+673</b>	<b>—</b>
<b>Operating Margin</b>	<b>—</b>	<b>15.7%</b>	<b>—</b>	

\*GMF=Group Management Fee

# Regarding the FY 2022 Consolidated Results Forecast

Taking the First Half Results into consideration, the Company will revise the Consolidated Results Forecast as per following.

	Operating Profit	Net Profit Attributable to Owners of Parent	Net Asset per Share
	million yen	million yen	yen
Previously Announced Consolidated Results Forecast	1,000	400	8.88
<b>Revision to Consolidated Results Forecast</b>	<b>4,000</b>	<b>3,300</b>	<b>73.15</b>
<Reference> FY 2021 Consolidated Results	2,582	919	20.77

~Dividend Forecast~

- There will be no revision of dividend forecast from the revision to the consolidated results forecast.
- Interim dividend 25 yen/share; Year-end dividend 25 yen/share. Total 50 yen/share.  
\*Interim dividend payment will be made to shareholders in shareholders record as of September 30th in December..

# 【Reference】 Highlights as of FY 2022 Q2 and from FY 2022 Q3

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
- July 1st Announcement of Avex Corporate Mission
- Aug. 4th Notice of Shareholders’ Exclusive Live Event
- Aug. 8th “CITRUS” by Avex Managed Artist Da-iCE Achieved over 300 million for Number of Streaming, a First for Male Dance and Vocal Group in Japan
- Aug. 29th Record Date Determined for Extraordinary General Shareholders’ Meeting and Notice of Extraordinary General Shareholders’ Meeting and Amendment to Articles of Incorporation
- Sept. 20th Avex to Host STAR ISLAND, the Futuristic Japanese Fireworks Show and Singapore Countdown Event, for First Time in 3 Years "STAR ISLAND SINGAPORE COUNTDOWN EDITION 2022-2023" Presented by JCB
- Sept. 26th Notice of Change in Affiliated Company Accounted for Using the Equity Method (Share Transfer) and Recording of Extraordinary Income

## Music Business

Live/  
Event

Month(s)	Artist	Title
April	SUPER JUNIOR	“SUPER JUNIOR Japan Special Event 2022 ~Return of the KING~”
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’”
July~August	Da-iCE	“Da-iCE ARENA TOUR 2022 -REVERSi-”
July~September	SKY-HI	“SKY-HI HALL TOUR 2022 -Cho-Hachimenroppi-”
July, October	iKON	“iKON JAPAN TOUR 2022~FLASHBACK~”
August	NCT 127	“NCTzen 127-JAPAN Meeting 2022 ‘School 127’”
September	SKE48	“SKE48 14th Anniversary Festival 2022”

## Anime & Visual Content

Live  
Event/  
Film etc.

Month(s)	Genre	Title
April	Film	“SEVENTEEN POWER OF LOVE:THE MOVIE”
July, September	LIVE	“Pretty Live! ~One for All !!!~”, “Pretty Live! ~All for One!!!~”



TOHOSHINKI



NCT 127



Da-iCE



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“SEVENTEEN POWER OF LOVE  
: THE MOVIE”

## Music Business

	Type	Artist	Title
Package	Single	Snow Man	“Orange Kiss” <July>
		GENERATIONS from EXILE TRIBE	“Chikara no Kagiri” <August>
		Kis-My-Ft2	“Two as One” <August>
	Album	BE:FIRST	“BE:1” <August>
		Snow Man	“Snow Labo. S2” <September>
		NCT 127	“The 4th Album ‘2 Baddies’” <September>
	DVD/Blu-ray	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>

## Anime & Visual Content Business

	Type	Title
Package	DVD/Blu-ray	“Fruits Basket -prelude-” <June>
		“Paripi Koumei” Blu-ray Vol. 1, Vol. 2, Vol. 3 <June~August>
		Film “Usogui” <July>



Kis-My-Ft2



Snow Man



AAA



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映画「嘘喰い」製作委員会  
Film “Usogui”



Release/ Major Press	Nov. 1st	Establishment of “avex Youth,” a New Organization to Discover and Development Talent for Avex Glocal Stars Consecutively
	Nov. 10th	Establishment of Avex Sustainability Policy, in which the Company Will Promote Sustainability with Initiatives That Avex Can Achieve as an Entertainment Company from the Setup of the Specialized Office

## Music Business

	Month(s)	Artist	Title
Live/Event	October	SOPHIA	“SOPHIA LIVE 2022 ‘SOPHIA’”
	Oct.~Feb. ‘23	Nissy	“Nissy Entertainment 4th LIVE ~DOME TOUR~”
	Oct.~Nov.		Musical “Sekai de Ichiban Utsukushii ~Kamakura Monogatari~”
	Nov.~Dec.	NCT DREAM	“NCT DREAM TOUR ‘THE DREAM SHOW2 : In A DREAM’ - in JAPAN”
	Nov.~Jan. ‘23	TREASURE	“TREASURE JAPAN ARENA TOUR 2022-23~HELLO~”
	Dec.		“STAR ISLAND SINGAPORE COUNTDOWN EDITION 2022-2023”

## Anime & Visual Content Business

	Month(s)	Genre	Title
Live/ Event/ Films, etc.	October	Film	“Break of Dawn”
	December	Live	“PriPara x Kiratto Pri☆Chan x Waccha Primagi! Winter Live 2022”



Nissy



NCT DREAM



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“Break of Dawn”

## Music Business

	Type	Artist	Title
Package	Single	SKE48	“Zettai Inspiration” <October>
		THE RAMPAGE from EXILE TRIBE	“Tsunage Kizuna” <October>
		Kis-My-Ft2	“Omoi Bana” <December>
	Album	KEN MIYAKE	“NEWWW” <November>
		TREASURE	“THE SECOND STEP : CHAPTER TWO” <November>
DVD/Blu-ray	TAKURO YOSHIDA	“Live at WANGAN STUDIO 2022 -AL ‘ah-Omoshirokatta’ Live Session-” <December>	

## Anime & Visual Content Business

	Type	Title
Package	DVD/Blu-ray	Film “Osomatsu-san” <October>
		“Paradox Live Dope Show -2022.5.28 PACIFICO Yokohama National Convention Hall-” <October>
		“MONSTA X : THE DREAMING” <December>



SKE48



TREASURE



TAKURO YOSHIDA



©映画「おそ松さん」製作委員会 2022  
Film “Osomatsu-san”

## 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.

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Really! Mad+Pure