



Briefing on FY2022 H1 Earnings Results

H1 Highlights and Progress of avex vision 2027

TSE Prime 7860

November 10, 2022

Overview of H1 Business Results

Music packages and overseas events performed strongly, especially for live concerts where greater-than-expected audiences were secured. Operating profit was 3.6 billion yen, far surpassing our full-year forecast as of the end of H1.

	FY22/3 H1	FY23/3 H1	YoY	Rate
Net sales	46,304	54,060	+7,755	+16.7%
Operating profit	2,634	3,619	+984	+37.4%
Ordinary profit	2,623	3,771	+1,148	+43.8%
Net profit	1,612	3,207	+1,595	+99.0%

<Major Fluctuations in Business Results>

- In the Music segment, live concert performances in large venues increased.
Audience **1.07 million people (up 770,000 YoY)**
Average Concert Ticket Price **8,931 yen (up 23.7% YoY)**
- For music packages, albums, singles and DVD/Blu-ray each recorded higher sales volume year on year.
Albums **2,061,000 units (up 9% YoY)**
Singles **1,922,000 units (up 1% YoY)**
DVD/Blu-ray **1,048,000 units (up 99% YoY)**
- Net sales in the Animation Non-Package subsegment expanded, helped by the movie *Osomatsu-san* and other titles.
Animation Non-Package Net Sales **5.1 billion yen (up 1.6 billion yen / 46% YoY)**
- There was growth in overseas net sales, in part from the holding of large events overseas.
Overseas Net Sales **2.9 billion yen (up 1.4 billion yen / 95% YoY)**
- Extraordinary profit of **approximately 1 billion yen** was made from the transfer of shares in LINE MUSIC.

| Major Title Events in H1

(All arranged in Japanese alphabetical order)

<Label>

Kis-My-Ft2



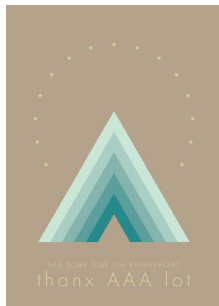
Two as One
(Single)

Snow Man



Snow Labo. S2
(Album)

AAA



**AAA DOME TOUR
15th ANNIVERSARY
-thanx AAA lot-**
(DVD/Blu-ray)

<Live>

NCT 127



**NCT 127 2ND TOUR
'NEO CITY: JAPAN - THE LINK'**
(Dome tour)

Da-iCE



**Da-iCE ARENA TOUR 2022
-REVERSi-**
(Arena tour)

BE:FIRST



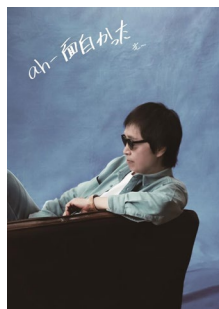
BE:1
(Album)

Dai Hirai



HOPE / WISH
(Album)

Takuro Yoshida



ah-Omoshirokatta
(Album)

<Animations and videos>



©Osomatsu-san Theatrical Version
Production Committee 2022

The movie, "Osomatsu-san"



©Paradox Live2022

Paradox Live

<Overseas>

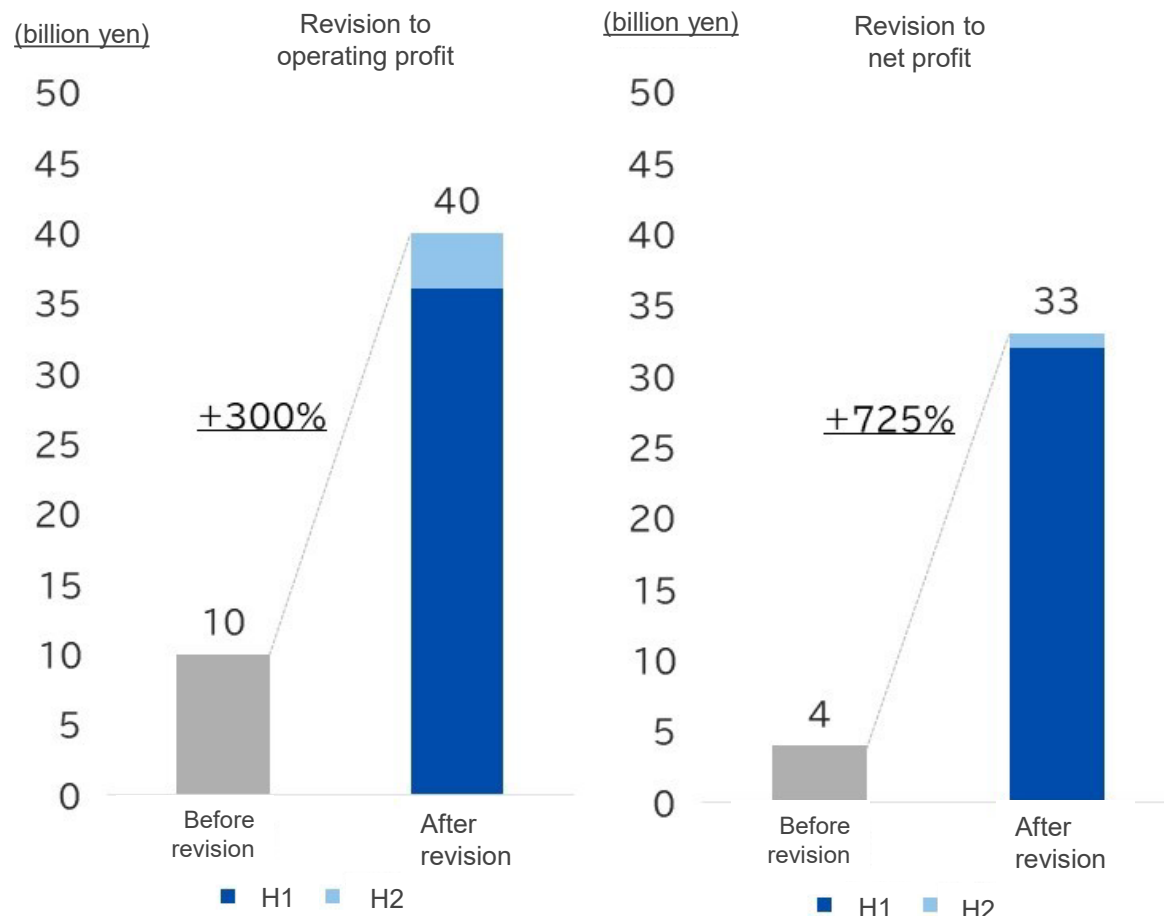


Anime Village (Saudi Arabia)

Revisions to Full-Year Forecast

In response to healthy business results in the first half of the year, forecast operating profit for the full-year has been revised upward from 1 billion yen to 4 billion yen.

However, in the second half of the year profit is expected to contract compared with the first half due to a contraction in net sales and expanded up-front investment.



<Main assumptions of the revision>

- Considering the upswing in the first half of the year, for live concerts and package sales **an improved business environment is also expected for the second half**. However, in comparison to the first half, **net sales from live concerts and package sales is expected to contract due to schedules and size**.
- In light of the upswing that occurred in the first half of the year, in the second half Avex intends to make investments for medium-to-long-term IP development **at a greater pace than initially planned**.
- **Due to the recording of gain on sale of investment securities**, net profit is expected to increase.

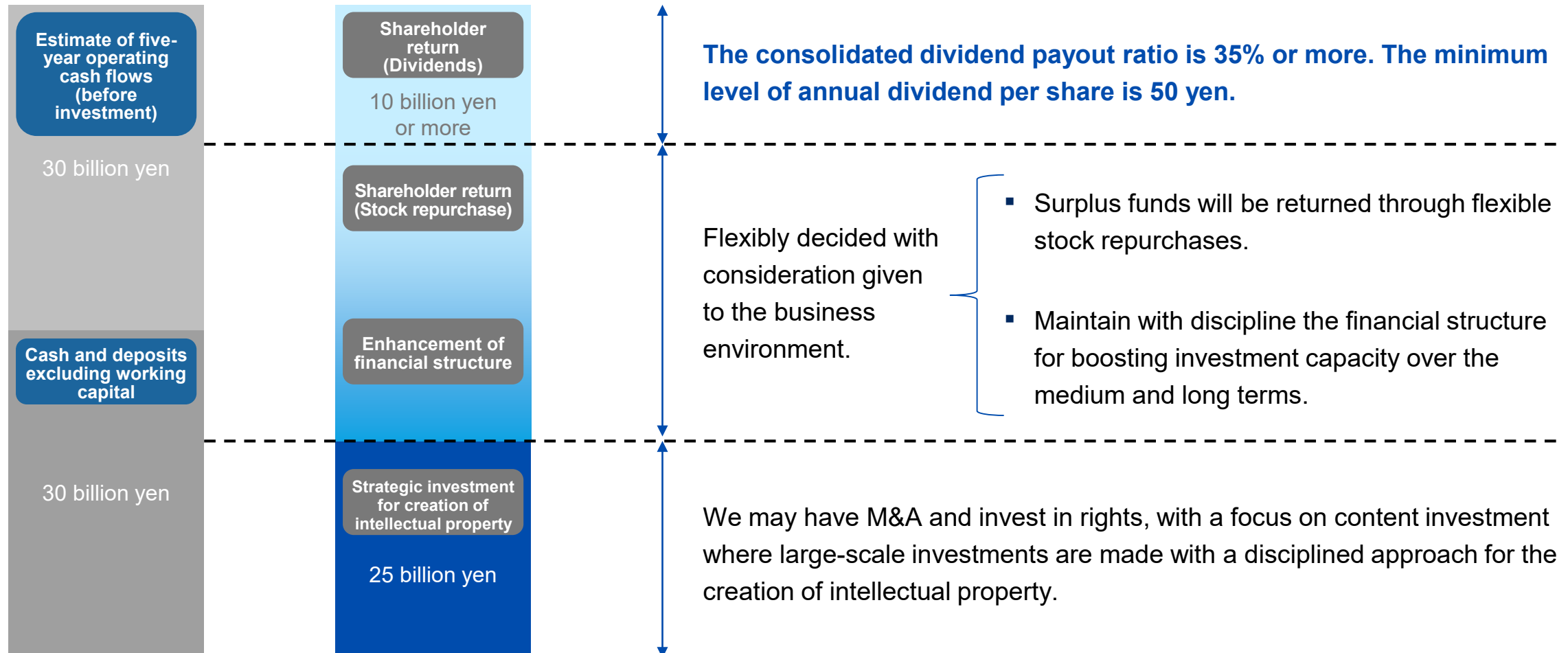
<Titles and Events Expected to Contribute in H2 (Partial List)>

Timing	Format	Artist	Title
Q3 / Q4	Live	Nissy	Nissy Entertainment 4 th LIVE -DOME TOUR-
Q3 / Q4	Live	TREASURE	TREASURE JAPAN ARENA TOUR 2022-23
Q3	Music package	SKE48	Zettai Inspiration
Q3	Music package	Kis-My-Ft2	Omoibana
Q3	Animation and video package	-	Blu-ray / DVD of the movie <i>Osomatsu-san</i>

| Capital Allocation (Reproduced)

We make strategic investments to create intellectual property. Surplus funds will be returned through agile stock repurchase with consideration given to the business environment.

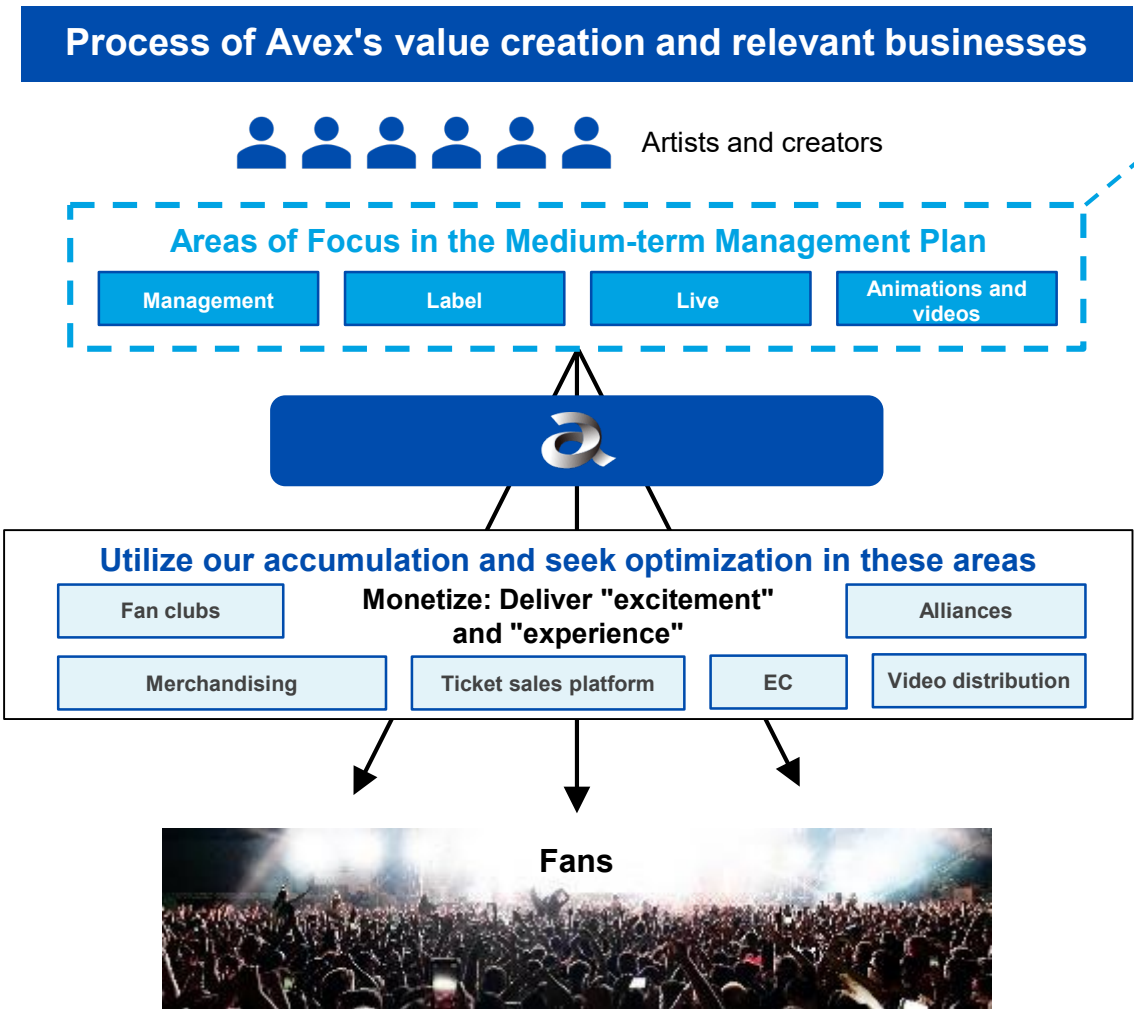
While these latest revisions do not introduce changes to capital allocations during the period of the medium-term management plan, we will give capital allocation consideration in light of expected operating cash flow and other factors.



| Overall Strategy

The key strategy set out in the medium-term management plan is "Seek to discover and develop "beloved" intellectual property in many different regions and fields."

* Reproduced from medium-term management plan materials



Key Strategy

Seek to discover and develop "beloved" intellectual property in many different regions and fields.

Key initiatives

1. Develop proprietary intellectual property that is rich in continuity, while seeking exits by type of culture
2. Improve talent development in line with the distribution market and discover many different kinds of intellectual property
3. Develop festivals and events valuable as intellectual property
4. Develop and acquire intellectual property for animation and video works that will be loved for a long time

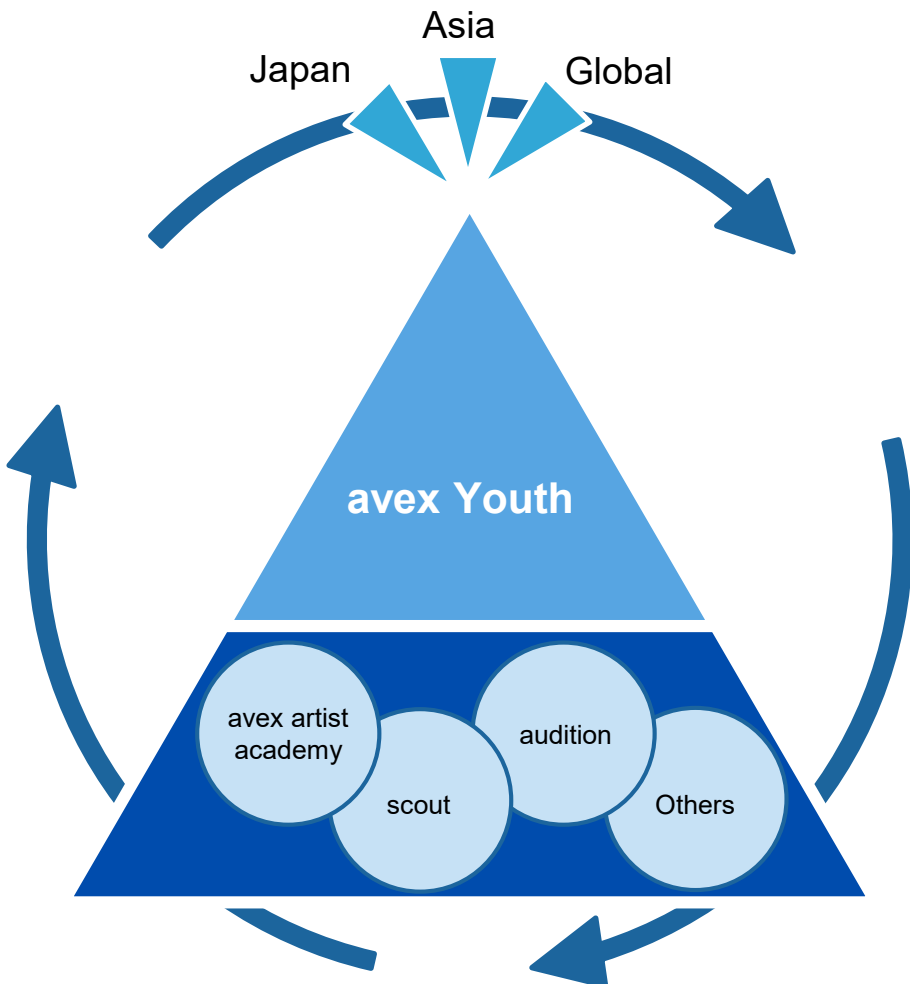
| Development and Cultivation of In-house IP: avex Youth Initiatives

Avex has completed the development of a system that fully integrates the promotion of the process to uncover and cultivate talent, developing talent from debut to stardom.

By approaching over 25,000 candidates, around 100 will be selected as the first generation of trainees to start from April next year.

Positioned as an important part of IP development, over the next five years we plan to invest five billion yen in discovering and cultivating talent.

The Ecosystem Envisaged by avex Youth



Project-led cultivation with a focus on exit strategies

We are arranging highly diverse debut plans including dance & vocal groups, divas (female solo artists), singer-songwriters, television personalities, actors, and voice actors.

World-class development and support system

Based on training and development master plans optimized to each individual, we have created an environment for thorough skill enhancement that takes into account what dreams the talent wishes to pursue and what kind of artist they want to become.

The system is capable of approaching over 20,000 candidates

Specialists in talent discovery approach candidates through scouting, auditions and outside affiliated schools.

Example:

Three projects under way based on dance & vocal culture

a-culture



WARPs



XGALX



◀ Lessons provided by specialists with global experience



▶ We have set up training and development dormitories for artists to concentrate on their goals Providing support starting with food, clothing and accommodation



| XGALX Project Progress Report

XG has released its second single "MASCARA." Roughly six months since the group's debut, subscribers to its YouTube channel have broken the 500,000 mark, with the number approaching 700,000.

With a strong presence on music streaming services, the group will continue to earn global recognition.

Activities and Results on YouTube



June 29: Music video for second single "MASCARA" released.

In two weeks following its release, the video amassed 10 million views, and broke 30 million views 57 days after its release. 80% of views were from overseas.

Results on Spotify (1)

(1): Major music streaming service

The group has made it onto the Viral 50 chart, which is created not based on simple streaming playback numbers but on data indicating the music fans listen to, identify with and share, in 21 countries and regions.



XG was featured on Spotify ad space displayed on giant digital signage in NY Times Square. This is the first time for a Japanese girls group to be used in this ad space.

Comment videos from XG are also posted to the Spotify's global Twitter account.

The group steadily built recognition following its first single *Tippy Toes*, and made even more rapid progress with the second single.

| Music Business Initiatives

(Arranged in Japanese alphabetical order)

The creative and marketing functions we strengthened have borne fruit, with various songs earning high acclaim. We will promote collaboration between production staff and creators, and work to uncover and develop a diverse crop of artists in the second half of this year and next year.

Recording Multiple Reiwa Era and Japan Firsts



Snow Man's debut album "Snow Mania S1" **broke a million in sales.**

The second album "Snow Labo. S2" **is continuing to sell well.**



The Da-iCE single "CITRUS" **broke 300 million cumulative plays** on various music streaming services.

This is the first such feat for a male dance & vocal group from Japan.

Efforts to Strengthen Label Functions

Collaboration Between Production Staff and Creators



Hanna Ishikawa
Debut with ending theme song for TV Tokyo drama *Fate Police*



Chilli Beans.
3-piece band comprising Moto (Vo), Maika (Ba&Vo) and Lily (Gt&Vo)



NAQT VANE
Team project by Hiroyuki Sawano with vocalist Harukaze as total producer



LIL LEAGUE
Grand Prix group from the iCON Z 2022 - Dreams For Children - auditions will make its major debut on January 11, 2023



@onefive
Appearance in the TV drama *If My Favorite Pop Idol Made It to the Budokan, I Would Die* November 6 debut with the theme song "Miraizu"



ONE LOVE ONE HEART
Mixed male/female group of ten members formed after auditions

In addition, several major plans are under way in anticipation of debuts in 2023 and beyond.

Initiatives in the Anime & Visual Content Business

The film *Osomatsu-san*, which was released in March and stars Snow Man, earned 1.6 billion yen in box office revenue, and attracted 1.1 million cinema-goers.

Title releases and other efforts to enhance the value of IP are ongoing.

Expanding the Value of IP through live action adaptations



©Osomatsu-san Theatrical Version Production Committee 2022

The live action film *Osomatsu-san* starring Snow Man generated 1.6 billion yen in box office revenue and attracted 1.1 million cinema-goers.

The project succeed in reaching fans of Snow Man in addition to traditional fans of *Osomatsu-san*.

Blu-ray & DVD released on October 26.

In the first week of release, 84,000 Blu-ray sales and 50,000 DVD sales were recorded, taking the top positions in the weekly Oricon Blu-ray and DVD rankings.



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Growth of Paradox Live



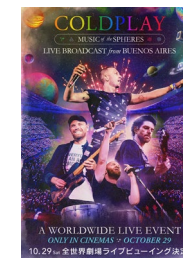
©Paradox Live2022

A HIPHOP media mix with a stage battle format where teams are supported through voting points from CD purchases and streaming playback.

Improvements to Live Viewing Functions



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Global theatrical distribution through live viewing

One Year Anniversary of Anime Times



Anime Times, a channel specializing in anime available on Amazon Prime Video for 437 yen per month, has been performing well.

Various activities were conducted to coincide with the one-year anniversary of the channel on August 19.

Earliest streaming of *Osomatsu-san: The Hipipo Tribe and the Shining Fruit*



Anytime Anime Festival with all episodes of popular animated series numbering more than 100 released free of charge



Streaming of all *Soreike! Anpanman* movies



© Takashi Yanase / Froebel-Kan Group, TMS, NTV / © Takashi Yanase / Anpanman Production Committee

Initiatives in the Anime & Visual Content Business

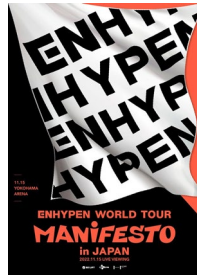
Based on a track record built up over some time, we have strengthened collaboration with Japanese and overseas IP holders and platform holders with international reach.

In addition to strengthening ties with outside studios through investment and other activities, we will also continue to enhance the ability to produce new IP.

HYBE / HYBE Japan



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Continued dealings with HYBE artists through successful movies, live viewing and other activities.

Sony Pictures Entertainment / Toei



© 2022 "HELL DOGS" Production Committee

Hell Dogs: Jigoku no Inu-tachi written by Akio Fukamachi received a film adaptation directed by Masato Harada and starring Junichi Okada. This was the first major project to be jointly produced through a three-company partnership between Avex Pictures, Sony Pictures Entertainment and Toei.

Netflix



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SPRIGGAN, a joint production with Netflix, ranked second in weekly rankings and first in daily rankings in Japan among all titles on Netflix.

Kodansha / Shueisha / Shogakukan



The service launched as a channel managed by avex inside Amazon Prime Video, and enables direct communication with users as a content aggregator.

Content that appeals to users, such as titles that can only be viewed on Anime Times and interviews with anime directors are provided.

Thai TV dramas



©WORLD STAR ©avex pictures

A press conference for *BOYBAND The Series*, which was jointly produced with Thai partners, was held in Bangkok.

Korean TV dramas

An initiative is underway to expand into using Korean TV dramas in addition to conventional comic and anime sources as the subject matter for stage adaptations.

| Overseas Business Initiatives

The Anime Village event held in Saudi Arabia greatly helped return the overseas business to profitability. A Singapore performance of the STAR ISLAND futuristic fireworks entertainment show is scheduled.

Increasing monetization of Japanese IPs through overseas expansion

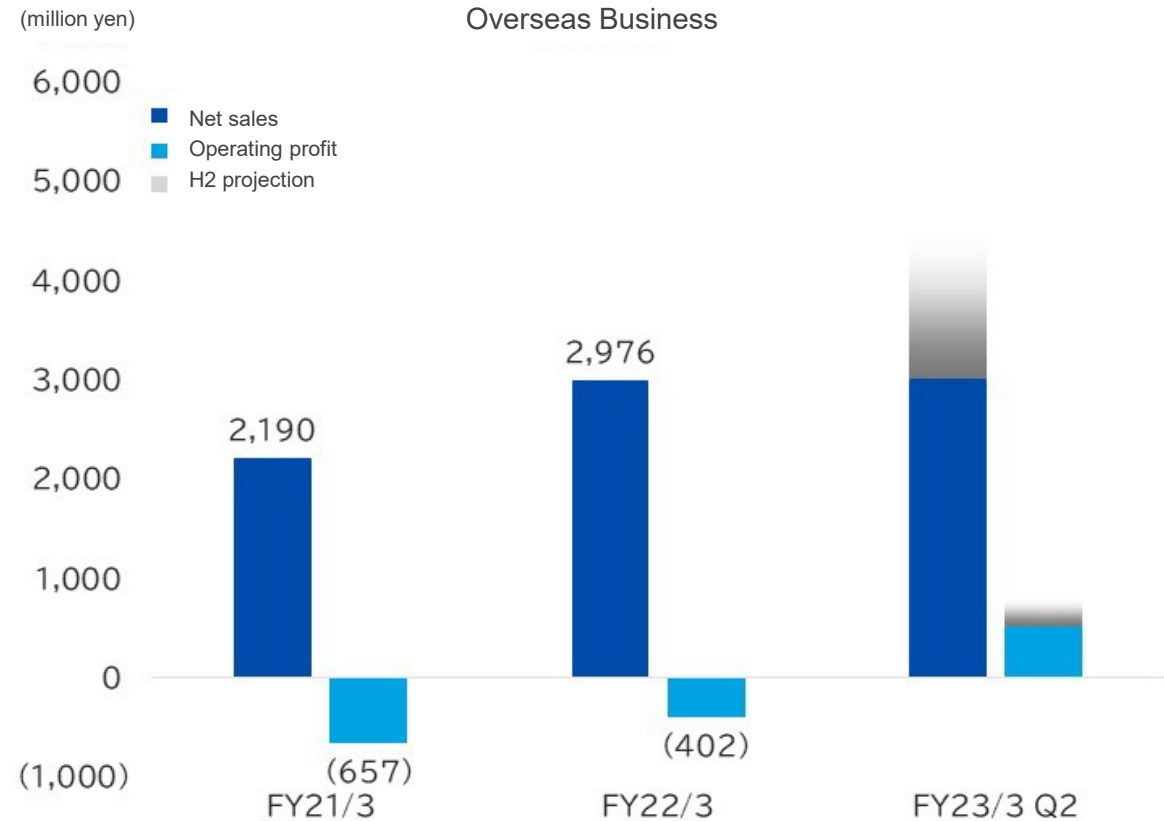


We produced Anime Village, an event bringing together content from 12 anime franchises in Saudi Arabia. This greatly helped return the overseas business to profitability.

A Singapore countdown performance of the STAR ISLAND futuristic fireworks entertainment show will be held for the first time in three years.



Aiming to return the overseas business to profitability for the full year



* In FY2022, Avex USA was profitable on a non-consolidated basis.

| Overseas Business Initiatives

Through **Avex USA**, we will expand our business foundations with creative networks in the United States. In the world's largest music market, we will steadily build our position and global IP, and become a notable company that also attracts extensive local media coverage.

Songs to which we own publishing IP become global hits

Songs created by composers, producers and singer-songwriters under exclusive publishing contracts with Avex USA in which Avex USA owns the publishing IP have become big hits
Songs have even been nominated in major music awards such as the 64th GRAMMY Awards



HARV

Composer / producer

<Major Hit Songs>

Justin Bieber /

"Peaches feat. Daniel

Caesar & Giveon"



J.Que

Composer

<Major Hit Songs>

Joji / "Die For You"



Shenseea

Singer-songwriter

<Major Hit Songs>

Calvin Harris with Charlie

Puth & Shenseea /

"Obsessed"



CXDY (Internet Money)

Producer

<Major Hit Songs>

Juice WRLD /

"Smile with The Weeknd"

Our in-house creators provide songs to Avex USA-related artists



CAELAN / "Forever With You" (去依赖)

Weibo Asia New Songs (Asia Pacific Region)

✓ Top of monthly rankings (on September 30, 2021)

✓ Top of daily rankings (on September 27, 2021)

Weibo Music Video

✓ Top of daily rankings (on September 27, 2021)



J SOUL BROTHERS III from EXILE TRIBE / "Lose Control" (coupled with the single "Movin' on")

Oricon

✓ Top of weekly singles ranking (on April 20, 2020)



Daichi Miura / "Le Penseur"

"CDTV LIVE! LIVE! New Year's Eve Special! 2021→2022"

✓ First public performance (December 31, 2021)

"Music Station 3-Hour Special"

✓ Singing (aired February 11, 2022)

| Human Resource Measures

We introduced an expert system enabling the presentation of flexible compensation based on expertise and skills.

This is used to hire talent from the outside and to present diverse career paths to human resources internally.

We also established a new incentive system. The aim is to enhance commitment to achieving the plans of each department and boost motivation.

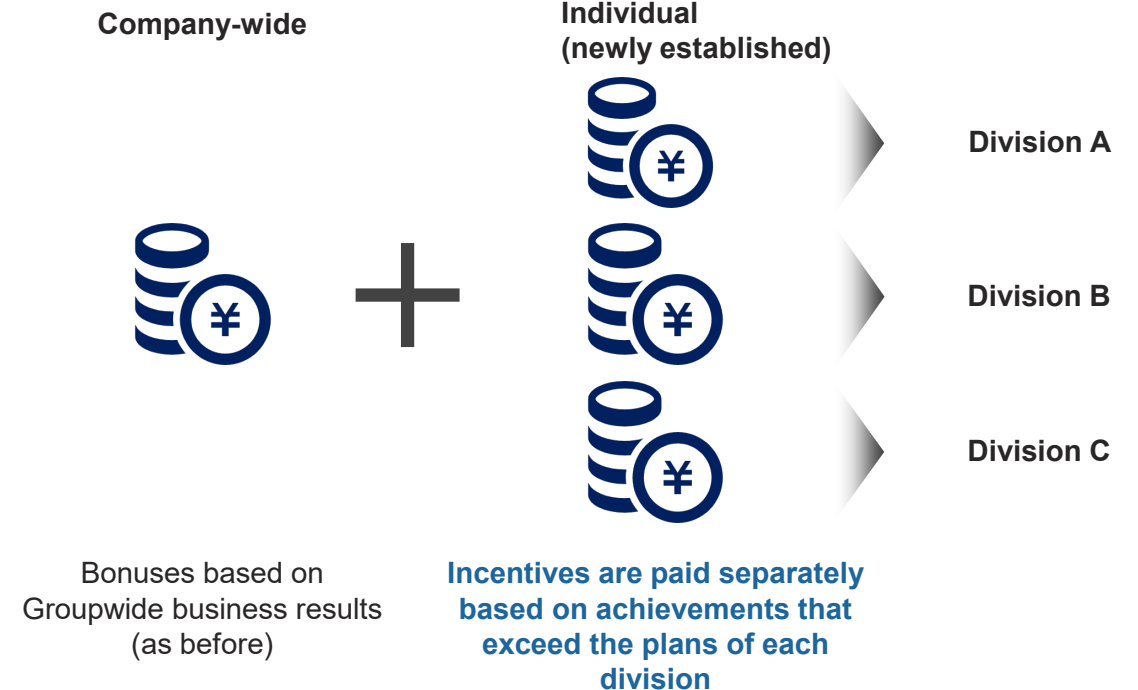
Expert System

	Management track (previously career track)	Expert track (newly established)
Requirements	As the top person in the assigned area, make decisions and take responsibility for business and organization management	Maintain rare expertise and skills and produce results as a player
Compensation Design	Compensation designed based on importance in organizational operation and the responsibilities taken on	Compensation is set based on expertise and skills, and individual compensation is provided based on results as a player
Main Occupations Covered	Conventional managerial positions and top management	A&R Video creators, etc.

Experts can also receive the same compensation as when conventional managerial staff were promoted through individual bonuses based on annual salary and job performance

- ✓ Designing compensation that is favorable compared with other companies leads to the acquisition of talented human resources from the outside
- ✓ Reduce employee turnover by presenting talented in-house staff with job motivation and compensation
- ✓ Clarify career paths that reward staff as players even when they are not in managerial positions

Incentive System



- ✓ Maintain and enhance motivation at the business level to achieve medium-term plans
- ✓ Encourage more active initiatives and challenges to achieve medium-to-long-term plans

| Other Measures

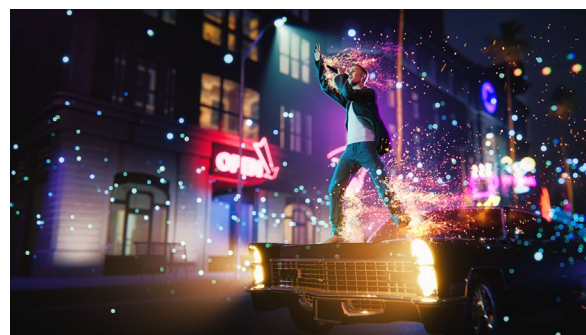
At Avex USA we have newly established CVC functions and plan to make investments worth 3 billion yen over six years. In addition, at head office we will invest in DX to automate fields such as data collection.

New establishment of CVC functions at Avex USA



Overview of the Future of Music Fund

Avex USA will develop a full-fledged CVC business that targets global startup companies. Over six years, 3 billion yen will be spent targeting startups that have the potential to contribute to the future development of music and entertainment.



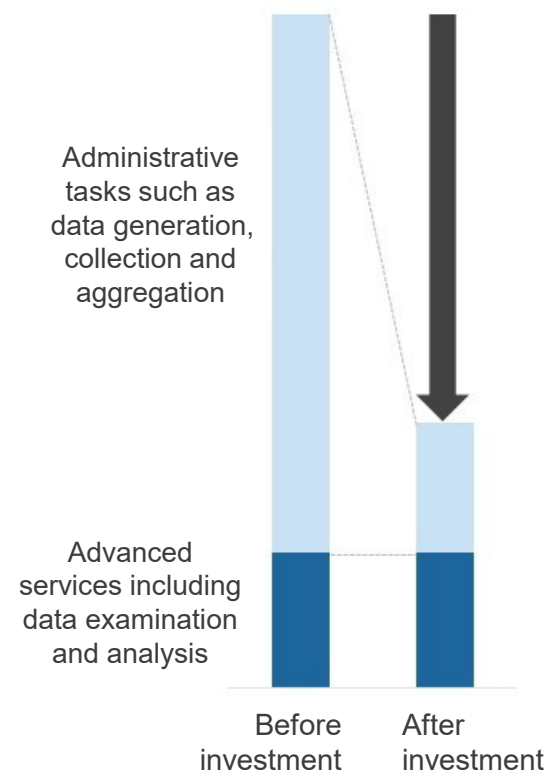
©Wave

Examples of Actual Investments

Through Justin Bieber's first metaverse performance "Justin Bieber - An Interactive Virtual Experience" presented by Wave, which Avex USA has supported since the early stages, a nomination for Best Metaverse Performance was earned from the 2022 MTV Video Music Awards.

DX investments for the fields related to data collection and operation

Image of Working Hours



Under the plan, 160,000 hours per year will be saved once the four stages of DX investment are complete

For operations related to data collection, aggregation and registration, we will arrange past data, formulate future rules and invest in the field of automation using tools.

The investment will be broken up into four stages running from this fiscal year to FY2025.

Full-scale investment is expected from the next fiscal year, **and currently 1 billion yen in total, including from this year, is earmarked for investment.**

Aiming to contribute to sustainability in ways that are unique for an entertainment company, we have identified materiality comprising three key themes and seven individual items, and formulated a sustainability policy.

<Sustainability Policy>

Contribution to future talent and undiscovered joy

We believe in a prosperous future created by diverse talent and joy, and, as an entertainment company, aim to create new value models that will contribute to a sustainable society.



<Materiality>

Key Themes	Individual Items
Creating and delivering "Intangible wealth"	Providing joy and vitality to people through talent and content Promotion of diversity & inclusion
Creating and delivering "The next generation"	Discovering and nurturing next generation human resources Diverse partnerships for a sustainable world Innovation that achieves harmony between the economy, society and the environment
Creating an organization that serves as the foundation for creating "intangible wealth" and the next generation"	Governance that ensures business ethics Job fulfillment and respect for human rights

Establishment of a Dedicated Department for Sustainability Promotion

Avex employees, signed artists and TV personalities, outside experts, university students and others will take part.

With a diverse range of members, the department will promote sustainability company-wide.



Shinjiro Atae (AAA), Daimaou Kosaka and Risako Tanabe (pictured from left) will take part as founding members.

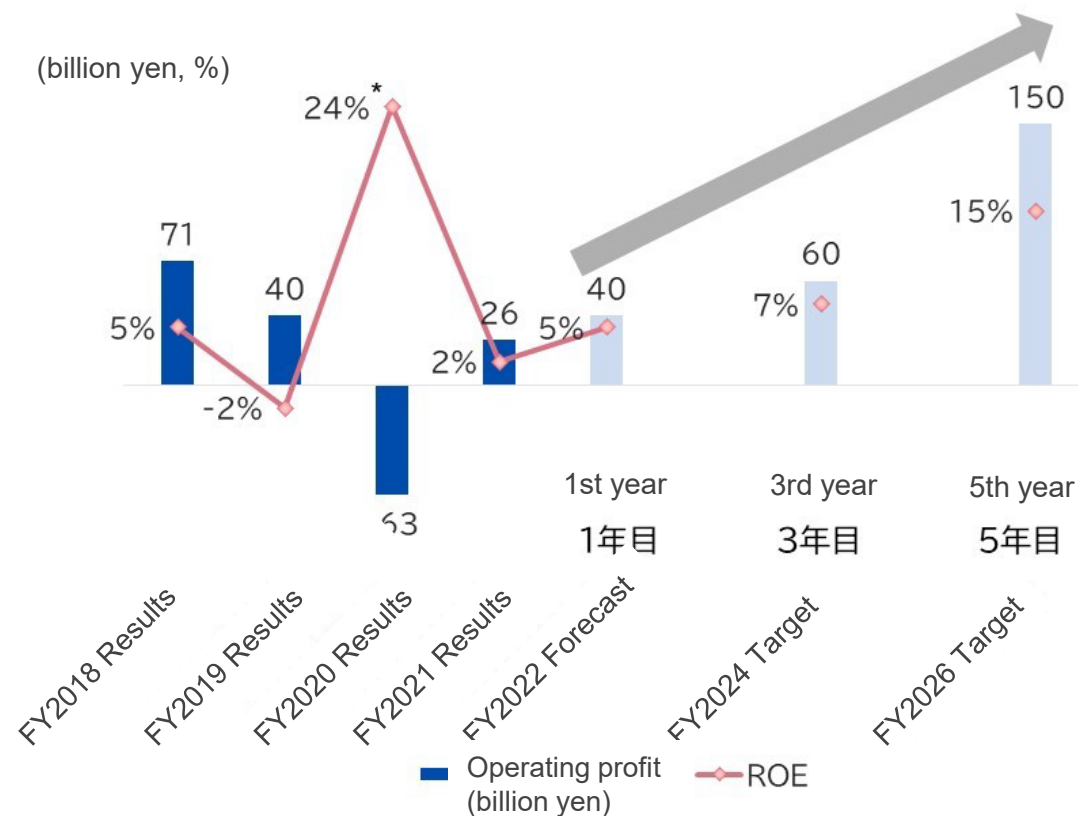
Numerical Targets in the Medium-term Management Plan

We will continue to make investments with the aim of recording 6 billion yen in operating profit and an ROE of 7% in FY2024, and 15 billion yen in operating profit and an ROE of 15% in FY2026.

	FY 2022* 1st year	FY 2024 3rd year	FY 2026 5th year
Operating profit	4 billion yen	6 billion yen	15 billion yen
ROE	5%	7%	15%
Net sales (Reference value)	Over 100 billion yen	150 billion yen	200 billion yen

* After revisions to the full-year forecast

* The above sales should be considered as a reference since our profit ratio may vary significantly, depending on factors such as the type of intellectual property, the method of monetization and variation of hits.



* The performance in FY 2020 includes extraordinary profit associated with the sale of a headquarters building.