

FOR IMMEDIATE RELEASE



March 21, 2024

Company name: Avex Inc.
Representative: Katsumi Kuroiwa, President & CEO
(Securities code: 7860, TSE Prime Market)
Contact: Shinji Hayashi, Representative Director, CFO
TEL: 03-6447-5366

Notice Concerning Establishment of Subsidiary Arising from Transfer of Business of Consolidated Subsidiary, Company Split and Transfer of Shares in Subsidiary

Avex Inc. (the “Company”) hereby announces that it resolved at a meeting of the Board of Directors held on March 21, 2024 to transfer LivePocket Business (the “LPT Business”) operated by Avex Live Creative Inc. (“ALC”), the Company’s consolidated subsidiary, to KDDI Corporation (“KDDI”) (the “Transaction”). Details are as follows.

In the Transaction, the method planned to be used is that ALC will create a wholly owned subsidiary (the “Target Company” or the “Succeeding Company”), have the said subsidiary take over the assets, etc. of the LPT Business through a company split (the “Company Split”) and transfer all the outstanding shares of the Target Company to KDDI (the “Share Transfer”).

Since the Company Split will be a simplified absorption-type company split in which the Company’s wholly owned subsidiary will become a succeeding company, certain disclosure items and some content of disclosure are omitted.

Details

I. Purpose for the Transaction

Under avex vision 2027, a medium-term management plan announced in May 2022, the Company focuses on “meeting and developing talent,” which is the basis of the Company’s value creation. It also actively invests in intellectual property development, and pursues a range of measures to build a system that enables it to achieve medium to long-term growth.

In the Avex’s Group, ALC develops business mainly in the three areas of production of artists’ live concerts, sales of tickets and planning, sales, etc. of related goods. With the end of the coronavirus pandemic, it seeks to win large outsourced projects as a domestic player by taking advantage of the period of renewed expansion of the market and the resumption of activities of overseas artists on a global scale, among other developments. It also continues to promote initiatives for creating intellectual property (IP) by focusing efforts on developing large scale festivals and events with IP value.

Amidst these circumstances, in LPT Business, ALC has been operating LivePocket, a D2C electronic ticket sales platform for event organizers to directly sell tickets to users, as part of services of its ticket

simplified absorption-type company split for ALC pursuant to the provisions of Paragraph 2, Article 784 of the Companies Act, while it will be a summary form absorption-type company split for the succeeding company pursuant to the provisions of Paragraph 1, Article 796 of the Act.

(2) Method of the Company Split

It will be an absorption-type company split with ALC as the company splitting and the Target Company as the company succeeding in the absorption-type split.

(3) Allocation relating to the Company Split

No shares, cash or other assets will be allotted in relation to the Company Split.

(4) Handling of stock acquisition rights and bonds with the stock acquisition rights associated with the Company Split

Not applicable

(5) Capital increase/decrease due to the Company Split

There will be no change in the capital of ALC.

(6) Rights and obligations to be assumed by the succeeding company

As of the effective date of the Company Split, the succeeding company will succeed, within the range prescribed in the company split agreement, to the assets, liabilities, contracts and other rights and obligations related to the LPC Business and held by ALC.

(7) Prospect of fulfillment of debt obligations

The Company believes that there will be no issues with the fulfillment of the obligations by the succeeding company on and after the effective date of the Company Split.

2. Outline of parties to Company Split (as of August 1, 2023 (as of the date of this document with respect to the succeeding company))

		Split company (ALC)	Successor company (LivePocket Co., Ltd.)
(1)	Name	Avex Live Creative Inc.	LivePocket Co., Ltd.
(2)	Address	1-4-1, Mita, Minato-ku, Tokyo, Japan	1-4-1, Mita, Minato-ku, Tokyo, Japan
(3)	Title and name of representative	President Akito Yamanaka	Yosuke Harada, Representative Director
(4)	Business	Planning and production of live concerts and events, the selling of tickets, merchandising, etc.	Sale of various tickets, information provision services and online mail-order business via personal computers and mobile terminals
(5)	Share capital	100 million yen	5 million yen
(6)	Established	August 1, 2023	March 2024 (plan)
(7)	Number of shares issued	2,000 shares	200 shares
(8)	Fiscal year end	March 31	March 31

(9)	Major shareholders and shareholding ratios	Avex Entertainment Inc. 100%	ALC 100%
(10)	Recent business performance and financial condition of the splitting company in immediately preceding fiscal year (unit: million yen)		
	Not applicable, because the said company was established on August 1, 2023 and no account settlement has been conducted for any fiscal period.		

*Avex Entertainment Inc. is a wholly owned subsidiary of the Company.

3. Overview of the business to be split

(1) Details of business to be split

Operation of LivePocket, an electronic ticket sales platform

(2) Operating results of the division to be split

	LPT business (a)	Consolidated totals (b)	Ratio (a/b)
Net sales	666 million yen	¥121,561 million	0.5%
Operating profit	257 million yen	¥3,385 million	7.5%

*The above figures for the LPT Business and the total values on a consolidated basis are amounts as of the end of the fiscal year ended March 31, 2023.

*As ALC commenced its operations on August 1, 2023, there are no business results for and before the fiscal year ended March 31, 2023.

(3) Items and book value of assets and liabilities to be split (as of September 30, 2023)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	3 million yen	Current liabilities	-
Non-current assets	73 million yen	Non-current liabilities	-
Total	77 million yen	Total	-

4. Status after the Company Split

None of ALC's name, head office location, representative's position or name, business, capital, or fiscal year end will be affected by this Company Split.

IV. Overview of the Share Transfer

1. Outline of company to be transferred

Please refer to the column for Succeeding Company of 2. Outline of parties to Company Split, III. Outline of Company Split above.

2. Outline of transferee

(1)	Name	KDDI CORPORATION	
(2)	Address	2-3-2 Nishishinjuku, Shinjuku-ku, Tokyo	
(3)	Title and name of representative	Makoto Takahashi President, Representative Director, CEO	
(4)	Business	Telecommunications	
(5)	Share capital	141,852 million yen (as of December 31, 2023)	
(6)	Established	June 1, 1984	
(7)	Total equity	5,670,659 million yen (as of March 31, 2023)	
(8)	Total assets	11,923,522 million yen (as of March 31, 2023)	
(9)	Major shareholders and shareholding ratios (as of September 30, 2023) (*)	The Master Trust Bank of Japan, Ltd. (Trust account)	16.37%
		KYOCERA Corporation	16.00%
		Toyota Motor Corporation	12.08%
		Custody Bank of Japan, Ltd. (Trust account)	6.96%
		STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	1.55%
		JPMorgan Securities Japan Co., Ltd.	1.19%
		SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch of The Hong Kong Shanghai Banking Corporation Limited)	1.05%
		JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	1.05%
		Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.93%
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	0.88%		

(10)	Relationship between the Company and this company	Capital relationship	Not applicable
		Personnel relationship	Not applicable
		Business relationship	Not applicable
		Applicability of affiliated party	Not applicable

*The shareholding ratio under Information regarding major shareholders and their interests (as of September 30, 2023) is stated based on the financial statement for the first six months of the 40th period submitted by KDDI as of November 8, 2023.

3. Number of shares to be transferred, transfer price and the number of shares held before and after transfer

(1)	Number of shares held before the transfer	Common shares: 200 shares (plan) (Number of voting rights: 200 (plan)) (Percentage of voting rights: 100%)
(2)	Number of shares to be transferred	Common shares: 200 shares (plan) (Number of voting rights: 200 (plan))
(3)	Transfer price	4.65 billion yen (plan)
(4)	Number of shares held after the transfer	Common stock 0 shares (Number of voting rights: 0) (Percentage of voting rights: 0%)

*The transfer value is planned to be determined by the date of share transfer upon finalization of the rights and obligations to be transferred.

4. Schedule for the Share Transfer

(1)	Date of resolution of Board of Directors for approval of share transfer	March 21, 2024
(2)	Date of the share transfer agreement	March 21, 2024 (plan)
(3)	Date of share transfer	June 28, 2024 (plan)

5. Description of extraordinary income

An extraordinary profit amounting to 4.64 billion yen will be recorded in the first three months of the fiscal year ending March 31, 2025.

6. Future outlook

The impact of the Transaction on consolidated business results for the fiscal year ending March 31, 2024 will be insignificant. Information regarding business results

for the fiscal year ending March 31, 2025 will be carefully reviewed and disclosed in forecasts for the said fiscal year. The Company will promptly disclose any other matter regarding the subject matter arising in the future that requires disclosure.

References: Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (announced on May 25, 2023) and consolidated financial results for the fiscal year ended March 31, 2023.

	Operating profit (million yen)	Profit attributable to owners of parent (million yen)	Profit per share (yen)
Consolidated financial forecasts for the current fiscal year (For the year ending March 31, 2024)	2,000	2,200	48.77
Consolidated financial results for the previous fiscal year (For the year ended March 31, 2023)	3,385	2,742	60.80