



Company name: Avex Inc.
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 (Securities code: 7860, TSE Prime Market)
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(Corrections: Numerical Data Corrections) Notice Regarding Partial Revisions to Consolidated Financial Summary for the Fiscal Year Ended March 31, 2024 (Japanese Accounting Standards)

Avex Inc. (the “Company”) announces that it has made partial corrections to the Consolidated Financial Summary for the Fiscal Year Ended March 31, 2024 (Japanese Accounting Standards) announced on May 9, 2024. Details are as follows. There were also corrections in numerical data, and corrected numerical data have been issued.

Details

1. Reason for the corrections

With respect to the Consolidated Financial Summary for the Fiscal Year Ended March 31, 2024 (Japanese Accounting Standards), the Company has made corrections to reflect revisions to changes in the classification of disclosure items in the consolidated statement of income. The revisions were made according to the opinion of the audit company the Company received after the disclosure of such classification changes.

2. Details of the corrections

Corrected parts are underlined.

Summary: Page 1

1. Consolidated operating results for the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

[Before the correction]

(1) Consolidated operating results

Note: Figures in percentages denote the year-on-year change.

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2024	133,387	9.7	<u>1,633</u>	<u>(51.7)</u>	<u>1,506</u>	<u>(62.9)</u>	987	(64.0)
March 31, 2023	121,561	23.5	3,385	31.1	4,055	72.5	2,742	198.2

Year ended	Profit per share	Diluted profit per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
March 31, 2024	21.83	–	1.7	<u>1.4</u>	<u>1.2</u>
March 31, 2023	60.80	–	4.7	3.9	2.8

[After the correction]

(1) Consolidated operating results

Note: Figures in percentages denote the year-on-year change.

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2024	133,387	9.7	<u>1,265</u>	<u>(62.6)</u>	<u>1,137</u>	<u>(71.9)</u>	987	(64.0)
March 31, 2023	121,561	23.5	3,385	31.1	4,055	72.5	2,742	198.2

Year ended	Profit per share	Diluted profit per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
March 31, 2024	21.83	–	1.7	<u>1.0</u>	<u>0.9</u>
March 31, 2023	60.80	–	4.7	3.9	2.8

Summary: Page 1

3. Forecasts for consolidated operating results for the year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

[Before the correction]

Note: Figures in percentages denote the year-on-year change.

	Operating profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	yen
Year ending March 31, 2025	2,000	<u>22.4</u>	3,300	234.3	72.98

[After the correction]

Note: Figures in percentages denote the year-on-year change.

	Operating profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	yen
Year ending March 31, 2025	2,000	<u>58.1</u>	3,300	234.3	72.98

Summary: Page 3

1. Overview of Operating Results, etc. (1) Overview of operating results for the fiscal year under review

[Before the correction]

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	135,469	81,527	98,437	121,561	133,387
Cost of sales	96,375	55,908	63,209	82,574	94,097
Gross profit	39,093	25,618	35,228	38,987	39,289
Gross profit margin	28.9%	31.4%	35.8%	32.1%	29.5%
Personnel expenses	12,170	12,128	11,029	12,671	13,421
Sales promotion and advertising expenses	8,336	6,875	7,993	8,354	8,049
General expenses	14,553	12,893	13,622	14,576	<u>16,184</u>
Total SG&A expenses	35,060	31,897	32,645	35,602	<u>37,655</u>
Operating profit (loss)	4,033	(6,278)	2,582	3,385	<u>1,633</u>
Operating margin	3.0%	–%	2.6%	2.8%	<u>1.2%</u>

As a result, although consolidated net sales climbed to 133,387 million yen (up 9.7% year on year), consolidated operating profit came to 1,633 million yen (down 51.7% year on year) mainly due to a lower gross profit margin and increases in the cost of sales and SG&A expenses associated with continued investment for the creation of IP. Consolidated profit attributable to owners of parent came to 987 million yen (down 64.0% year on year).

[After the correction]

(Unit: million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	135,469	81,527	98,437	121,561	133,387
Cost of sales	96,375	55,908	63,209	82,574	94,097
Gross profit	39,093	25,618	35,228	38,987	39,289
Gross profit margin	28.9%	31.4%	35.8%	32.1%	29.5%
Personnel expenses	12,170	12,128	11,029	12,671	13,421
Sales promotion and advertising expenses	8,336	6,875	7,993	8,354	8,049
General expenses	14,553	12,893	13,622	14,576	<u>16,553</u>
Total SG&A expenses	35,060	31,897	32,645	35,602	<u>38,024</u>
Operating profit (loss)	4,033	(6,278)	2,582	3,385	<u>1,265</u>
Operating margin	3.0%	–%	2.6%	2.8%	<u>0.9%</u>

As a result, although consolidated net sales climbed to 133,387 million yen (up 9.7% year on year), consolidated operating profit came to 1,265 million yen (down 62.6% year on year) mainly due to a lower gross profit margin and increases in the cost of sales and SG&A expenses associated with continued investment for the creation of IP. Consolidated profit attributable to owners of parent came to 987 million yen (down 64.0% year on year).

Summary: Page 5

Operating results for the main business segments

[Before the correction]

c) Digital Business

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net sales	12,345	2,935	(9,409)
Cost of sales	9,190	1,544	(7,645)
Gross profit	3,155	1,390	(1,764)
Gross profit margin	25.6%	47.4%	21.8%
Total SG&A expenses	3,272	<u>1,307</u>	<u>(1,965)</u>
Operating profit (loss)	(117)	<u>83</u>	<u>200</u>
Operating margin	–	<u>2.8%</u>	–
Sales to external customers	11,949	2,720	(9,228)

Net sales stood at 2,935 million yen (down 76.2% year on year) and the operating profit was 83 million yen (compared to an operating loss of 117 million yen in the previous fiscal year), reflecting decreased revenue from a digital video distribution service with the end of a joint venture and the recording of consignment fee income for said service.

[After the correction]

c) Digital Business

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Net sales	12,345	2,935	(9,409)
Cost of sales	9,190	1,544	(7,645)
Gross profit	3,155	1,390	(1,764)
Gross profit margin	25.6%	47.4%	21.8%
Total SG&A expenses	3,272	<u>1,676</u>	<u>(1,596)</u>
Operating profit (loss)	(117)	<u>(285)</u>	<u>(167)</u>
Operating margin	–	=	–
Sales to external customers	11,949	2,720	(9,228)

Net sales stood at 2,935 million yen (down 76.2% year on year) and the operating loss was 285 million yen (compared to an operating loss of 117 million yen in the previous fiscal year), reflecting the dissolution of the joint venture for the digital video distribution service.

Summary: Pages 11 and 12
Consolidated Statements of Income

[Before the correction]

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	121,561	133,387
Cost of sales	82,574	94,097
Gross profit	38,987	39,289
Selling, general and administrative expenses		
Advertising expenses	6,599	5,907
Promotion expenses	1,754	2,141
Provision of allowance for doubtful accounts	27	<u>124</u>
Employees' salaries and bonuses	7,620	8,251
Provision for bonuses	900	571
Retirement benefit expenses	253	466
Depreciation	926	773
Commission fee	6,637	6,892
Other	10,880	12,527
Total selling, general and administrative expenses	35,602	<u>37,655</u>
Operating profit	3,385	<u>1,633</u>
Non-operating income		
Interest income	18	21
Dividend income	8	14
Share of profit of entities accounted for using equity method	–	13
Gain on valuation of investment securities	822	224
Compensation income	–	38
Other	122	25
Total non-operating income	972	337
Non-operating expenses		
Interest expenses	9	6
Share of loss of entities accounted for using equity method	20	–
Foreign exchange losses	146	344
Commission fee	16	37
Loss on valuation of cryptocurrencies	70	–
Other	38	76
Total non-operating expenses	301	465
Ordinary profit	4,055	<u>1,506</u>
Extraordinary income		
Gain on sales of investment securities	1,390	1,675
Reversal of provision for contingent loss	50	–
Other	225	356
Total extraordinary income	1,666	2,031

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary losses		
Impairment loss	851	132
Provision of allowance for doubtful accounts	–	<u>368</u>
Compensation for damage	–	160
Loss on valuation of investment securities	87	49
Other	131	62
Total extraordinary losses	<u>1,070</u>	<u>773</u>
Profit before income Taxes	<u>4,651</u>	<u>2,764</u>
Income taxes - current	1,813	1,354
Income taxes - deferred	(186)	230
Total income taxes	<u>1,626</u>	<u>1,584</u>
Profit	<u>3,024</u>	<u>1,180</u>
Profit attributable to non-controlling interests	281	193
Profit attributable to owners of parent	<u>2,742</u>	<u>987</u>

[After the correction]

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	121,561	133,387
Cost of sales	82,574	94,097
Gross profit	38,987	39,289
Selling, general and administrative expenses		
Advertising expenses	6,599	5,907
Promotion expenses	1,754	2,141
Provision of allowance for doubtful accounts	27	<u>493</u>
Employees' salaries and bonuses	7,620	8,251
Provision for bonuses	900	571
Retirement benefit expenses	253	466
Depreciation	926	773
Commission fee	6,637	6,892
Other	10,880	12,527
Total selling, general and administrative expenses	35,602	<u>38,024</u>
Operating profit	3,385	<u>1,265</u>
Non-operating income		
Interest income	18	21
Dividend income	8	14
Share of profit of entities accounted for using equity method	–	13
Gain on valuation of investment securities	822	224
Compensation income	–	38
Other	122	25
Total non-operating income	972	337
Non-operating expenses		
Interest expenses	9	6
Share of loss of entities accounted for using equity method	20	–
Foreign exchange losses	146	344
Commission fee	16	37
Loss on valuation of cryptocurrencies	70	–
Other	38	76
Total non-operating expenses	301	465
Ordinary profit	4,055	<u>1,137</u>
Extraordinary income		
Gain on sales of investment securities	1,390	1,675
Reversal of provision for contingent loss	50	–
Other	225	356
Total extraordinary income	1,666	2,031

(Unit: million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary losses		
Impairment loss	851	132
Compensation for damage	–	160
Loss on valuation of investment securities	87	49
Other	131	62
Total extraordinary losses	1,070	404
Profit before income taxes	4,651	2,764
Income taxes - current	1,813	1,354
Income taxes - deferred	(186)	230
Total income taxes	1,626	1,584
Profit	3,024	1,180
Profit attributable to non-controlling interests	281	193
Profit attributable to owners of parent	2,742	987

Summary: Page 23

3. Information on operating revenue, profit or loss, assets, liabilities, and other items by reportable segment and information on breakdown of profits

[Before the correction]

Fiscal year ended March 31, 2024

(Unit: million yen)

	Reportable segments					Others (Note 1)	Total	Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Music Business	Anime & Visual Content Business	Digital Business	Overseas Business	Subtotal				
Net sales									
Revenue from contracts with customers	109,555	15,403	2,720	5,657	133,336	50	133,387	–	133,387
Sales to external customers	109,555	15,403	2,720	5,657	133,336	50	133,387	–	133,387
Inter-segment sales and transfers	3,640	715	214	27	4,598	535	5,134	(5,134)	–
Total	113,195	16,118	2,935	5,684	137,935	586	138,521	(5,134)	133,387
Segment profit (loss)	1,888	(129)	<u>83</u>	(161)	<u>1,680</u>	(45)	<u>1,635</u>	(1)	<u>1,633</u>
Other items									
Depreciation	1,258	155	258	80	1,753	18	1,772	–	1,772

[After the correction]

Fiscal year ended March 31, 2024

(Unit: million yen)

	Reportable segments					Others (Note 1)	Total	Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Music Business	Anime & Visual Content Business	Digital Business	Overseas Business	Subtotal				
Net sales									
Revenue from contracts with customers	109,555	15,403	2,720	5,657	133,336	50	133,387	–	133,387
Sales to external customers	109,555	15,403	2,720	5,657	133,336	50	133,387	–	133,387
Inter-segment sales and transfers	3,640	715	214	27	4,598	535	5,134	(5,134)	–
Total	113,195	16,118	2,935	5,684	137,935	586	138,521	(5,134)	133,387
Segment profit (loss)	1,888	(129)	<u>(285)</u>	(161)	<u>1,312</u>	(45)	<u>1,266</u>	(1)	<u>1,265</u>
Other items									
Depreciation	1,258	155	258	80	1,753	18	1,772	–	1,772

End