

## Consolidated Financial Summary for Interim Period of Fiscal Year Ending March 31, 2025 (Japanese Accounting Standards)

November 7, 2024

Avex Inc.

Tokyo Stock Exchange, Prime Market  
(URL: <https://avex.com/jp/en/>)

Code No: 7860

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Scheduled date to submit the Semi-annual Securities Report (*Hanki Houkokusho*): November 13, 2024

Scheduled date for commencement of dividend payments: December 5, 2024

Supplementary documents for financial results: Yes

Financial results briefing: Yes (briefing for institutional investors and securities analysts planned to be held by video streaming)

Note: All amounts are rounded down to the nearest million yen.

### 1. Consolidated operating results for the interim period of fiscal year ending March 31, 2025

(April 1, 2024 to September 30, 2024)

#### (1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Interim Period of Fiscal Year Ending March 31, 2025	56,131	(12.8)	(2,122)	–	(2,385)	–	1,632	(33.6)
Interim Period of Fiscal Year Ended March 31, 2024	64,355	19.0	2,167	(40.1)	2,186	(42.0)	2,458	(23.4)

(Note) Comprehensive income Interim Period of Fiscal Year Ending March 31, 2025: ¥1,949 million (67.6%)  
Interim Period of Fiscal Year Ended March 31, 2024: ¥1,163 million (-57.6%)

	Profit per share		Diluted profit per share	
	yen		yen	
Interim Period of Fiscal Year Ending March 31, 2025	36.51		–	
Interim Period of Fiscal Year Ended March 31, 2024	54.40		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
As of September 30, 2024	108,161	53,572	48.7
As of March 31, 2024	109,887	56,099	50.2

(Reference) Shareholders' equity As of September 30, 2024: ¥52,631 million  
As of March 31, 2024: ¥55,189 million

### 2. Status of dividend payments

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of year	Annual
	yen				
Year ended March 31, 2024	–	25.00	–	25.00	50.00
Year ending March 31, 2025	–	25.00			
Year ending March 31, 2025 (forecast)			–	25.00	50.00

(Note) Revisions to dividend forecasts published most recently: None

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

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	%	
Year ending March 31, 2025	2,000	58.1	4,500	355.9	102.57

(Note) Revisions to earnings forecasts published most recently: None

\* Notes

- (1) Significant changes in the scope of consolidation during the period: Yes  
 New: – company (Company name) – Excluded: – 1 company (Company name : THINKR Inc. ) –
- (2) Application of particular accounts procedures to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies and changes in or restatement of accounting estimates
- |  |      |
|--|------|
| 1. Changes in accounting policies in conjunction with revisions to accounting standards: | Yes  |
| 2. Changes in accounting policies other than 1:  | None |
| 3. Changes in accounting estimates:  | None |
| 4. Restatement:  | None |
- (4) Outstanding shares (ordinary shares)
- |   |                   |
|---|-------------------|
| a. Shares outstanding at end of term (including treasury stock) |                   |
| As of September 30, 2024:                                       | 45,792,500 shares |
| As of March 31, 2024:   | 45,663,400 shares |
| b. Treasury stock at end of term                                |                   |
| As of September 30, 2024:                                       | 2,748,106 shares  |
| As of March 31, 2024:   | 410,546 shares    |
| c. Average number of shares during term                         |                   |
| Interim Period of Fiscal Year Ending March 31, 2025:            | 44,700,254 shares |
| Interim Period of Fiscal Year Ended March 31, 2024:             | 45,187,322 shares |

\* This financial summary is outside the scope of review by certified public accountant or audit corporation.

\* Explanation for forecasts of business results and other notes

The forecasts for business results and other forward-looking statements contained in this release are based on data and information that the Group has obtained so far and specific assumptions that the Group judges to be reasonable. Please note, therefore, that the actual results and others may greatly differ from the forecasts due to various factors.

## 1. Overview of Operating Results, etc.

### (1) Overview of Consolidated Financial Results for the Interim Period of Fiscal Year Ended September 30, 2024

(Unit: million yen)

Interim period results	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025
Net sales	34,279	46,304	54,060	64,355	56,131
Cost of sales	23,060	28,797	33,704	44,286	40,183
Gross profit	11,218	17,507	20,356	20,068	15,948
Gross profit margin	32.7%	37.8%	37.7%	31.2%	28.4%
Personnel expenses	5,360	5,646	6,539	6,752	6,220
Sales promotion and advertising expenses	2,330	2,989	3,429	3,325	3,182
General expenses	5,756	6,236	6,767	7,823	8,666
Total SG&A expenses	13,447	14,872	16,736	17,901	18,070
Operating profit (loss)	(2,229)	2,634	3,619	2,167	(2,122)
Operating margin	-%	5.7%	6.7%	3.4%	-%

In the entertainment industry, to which the Group belongs, the production of music software, including music videos, was down 13.1% year on year, to 145,234 million yen (January to September 2024; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 7.6% year on year, to 61,633 million yen (January to June 2024; according to a survey by the Recording Industry Association of Japan). In the video-related market, sales of video software decreased 22.8% year on year, to 44,052 million yen (January to June 2024; according to a survey by the Japan Video Software Association).

In this business environment, the Group worked to realize the Medium-Term Management Plan “avex vision 2027” by making aggressive investments, with emphasis on “seeking out and cultivating new talent” as the starting point of value creation and by building a structure that will allow it to aim for long-term growth, while at the same time implementing strategic initiatives for overseas markets. In addition, the Group strategically reviewed its business portfolio to clarify the domains it will focus on and to optimize management resources, and sought to lay the foundations for realizing the Medium-term Management Plan.

In the interim period of the fiscal year under review, consolidated net sales were 56,131 million yen (down 12.8% year on year) due to a decrease in large-scale live performances and packaged product releases. The consolidated operating loss came to 2,122 million yen (compared to operating profit of 2,167 million yen in the interim period of the previous year), chiefly reflecting a rise in general expenses. Even so, the Group recorded profit attributable to owners of parent of 1,632 million yen (down 33.6% year on year) chiefly due to the recording of extraordinary income from the transfer of shares and carrying out a private placement of shares in a subsidiary.

### (2) Overview of Financial Position for the Interim Period Ended September 30, 2024

Assets at the end of the interim period under review decreased 1,726 million yen, to 108,161 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 3,132 million yen in notes and accounts receivable-trade and 1,271 million yen in cash and deposits, despite increases of 1,671 million yen in buildings and structures (net) and 1,002 million yen in merchandise and finished goods.

Liabilities increased by 800 million yen from the end of the previous consolidated fiscal year, to 54,588 million yen. This was mainly due to an increase of 7,882 million yen in deposits received, which offset a decrease of 7,353 million yen in accounts payable-other.

Net assets decreased 2,527 million yen from the end of the previous consolidated fiscal year, to 53,572 million yen. This was mainly due to an increase of 3,363 million yen in treasury shares (decrease in net assets), despite an increase of 500 million yen in retained earnings.

### (3) Summary of Consolidated Financial Forecasts and Other Future Forecast Information

With respect to consolidated financial results forecasts for the fiscal year ending March 31, 2025, there is no change in the forecasts presented in a “Announcement Regarding Revision to Business Results” announced on June 21, 2024.

If any revision to the financial forecasts becomes necessary in the future, the Company will promptly disclose it.

**2. Semi-annual Consolidated Financial Statements and Major Notes****(1) Semi-annual Consolidated Balance Sheets**

(Unit: million yen)

	As of March 31, 2024	As of September 30, 2024
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	47,075	45,804
Notes and accounts receivable - trade	22,700	19,567
Merchandise and finished goods	845	1,848
Work in process	3,356	3,151
Raw materials and supplies	300	281
Other	12,806	13,209
Allowance for doubtful accounts	(621)	(1,309)
<b>Total current assets</b>	<b>86,463</b>	<b>82,552</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,513	4,184
Land	2,580	2,690
Other, net	1,548	1,099
<b>Total property, plant and equipment</b>	<b>6,642</b>	<b>7,974</b>
<b>Intangible assets</b>	<b>2,167</b>	<b>2,935</b>
<b>Investments and other assets</b>		
Investment securities	8,214	8,235
Other	6,423	6,511
Allowance for doubtful accounts	(22)	(48)
<b>Total investments and other assets</b>	<b>14,615</b>	<b>14,698</b>
<b>Total non-current assets</b>	<b>23,424</b>	<b>25,608</b>
<b>Total assets</b>	<b>109,887</b>	<b>108,161</b>

	(Unit: million yen)	
	As of March 31, 2024	As of September 30, 2024
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable - trade	1,762	1,826
Current portion of long-term borrowings	3	3
Accounts payable - other	31,163	23,810
Income taxes payable	1,050	1,659
Refund liabilities	1,705	1,475
Deposits received	3,107	10,990
Provision for bonuses	561	44
Other	12,233	12,487
Total current liabilities	51,587	52,296
Non-current liabilities		
Long-term borrowings	3	1
Liabilities for retirement benefits	381	382
Other	1,815	1,907
Total non-current liabilities	2,200	2,291
Total liabilities	53,787	54,588
<b>(Net assets)</b>		
Shareholders' equity		
Share capital	4,678	4,755
Capital surplus	5,598	5,649
Retained earnings	44,746	45,247
Treasury shares	(590)	(3,953)
Total shareholders' equity	54,432	51,698
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	795	819
Foreign currency translation adjustment	(98)	67
Remeasurements of defined benefit plans	60	46
Total of accumulated other comprehensive income	757	933
Non-controlling interests	910	940
Total net assets	56,099	53,572
Total liabilities and net assets	109,887	108,161

## (2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated statements of Comprehensive Income

## Semi-annual Consolidated Statements of Income

(Unit: million yen)

	For the interim period ended September 30, 2023	For the interim period ended September 30, 2024
Net sales	64,355	56,131
Cost of sales	44,286	40,183
Gross profit	20,068	15,948
Selling, general and administrative expenses		
Advertising expenses	2,621	2,460
Promotion expenses	703	722
Provision of allowance for doubtful accounts	18	715
Employees' salaries and bonuses	4,041	4,175
Provision for bonuses	387	42
Retirement benefit expenses	231	106
Other	9,897	9,847
Total selling, general and administrative expenses	17,901	18,070
Operating profit (loss)	2,167	(2,122)
Non-operating income		
Interest income	10	12
Dividend income	3	7
Share of profit of entities accounted for using equity method	0	22
Gain on valuation of investment securities	46	2
Foreign exchange gains	16	–
Other	12	33
Total non-operating income	89	77
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	–	252
Commission fee	30	29
Other	38	57
Total non-operating expenses	70	340
Ordinary profit (loss)	2,186	(2,385)
Extraordinary income		
Gain on sale of shares of subsidiaries	–	4,548
Gain on change in equity	64	1,965
Gain on sale of investment securities	1,657	–
Total extraordinary income	1,721	6,514
Extraordinary losses		
Impairment loss	–	188
Loss on disaster	–	159
Compensation for damage	176	–
Other	34	226
Total extraordinary losses	210	574
Profit before income taxes	3,697	3,555
Income taxes - current	931	1,739
Income taxes - deferred	240	41
Total income taxes	1,172	1,781
Profit	2,525	1,773
Profit attributable to non-controlling interests	67	141
Profit attributable to owners of parent	2,458	1,632

## Semi-annual Consolidated Statements of Comprehensive Income

(Unit: million yen)

	For the interim period ended September 30, 2023	For the interim period ended September 30, 2024
Profit	2,525	1,773
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,653)	23
Foreign currency translation adjustment	249	119
Remeasurements of defined benefit plans, net of tax	67	(45)
Share of other comprehensive income of associates accounted for using equity method	(25)	77
Total other comprehensive income	(1,362)	175
Comprehensive income	1,163	1,949
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,096	1,808
Comprehensive income attributable to non-controlling interests	67	141

(3) Notes Concerning Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Note Regarding Significant Changes in the Amount of Shareholders' Equity)

The Company is in the process of purchasing 2,337 thousand treasury shares following the resolution concerning the acquisition thereof, which the Board of Directors passed at a meeting held on May 9, 2024 based on the provisions of Article 156 of the Companies Act applied under the provisions of Article 165, Paragraph 3 of the Act. As a result, treasury shares increased by 3,363 million yen during the interim period under review, and treasury shares amounted to 3,953 million yen as of September 30, 2024.

(Notes Relating to Changes in Accounting Policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the interim period of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). The application of the Accounting Standard for Current Income Taxes, etc. mentioned above has no impact on semi-annual financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the interim period under review. This change in accounting policies is applied retrospectively, and semi-annual consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.