

**FY2023**

**Reports on Earnings Results for FY2023  
(Fiscal year ending March 31st, 2024) and  
Progress of avex vision 2027**

(April 1, 2023 to March 31, 2024)

**Avex Inc.**

TSE Prime 7860

May 9, 2024



1

# Consolidated Results

Financial Highlights

Da-iCE



Net sales increased 9.7% YoY to 133.3 billion yen, driven by the growth of the Music Business.  
 Operating profit decreased 62.6% YoY to 1.2 billion yen due to a drop in gross profit.  
 Profit attributable to owners of parent decreased 64.9% YoY to 0.9 billion yen.

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales</b>	121,561	<b>133,387</b>	+11,825	+9.7%
<b>Operating profit</b>	3,385	<b>1,265</b>	-2,119	-62.6%
<b>Profit attributable to owners of parent</b>	2,742	<b>987</b>	-1,755	-64.0%

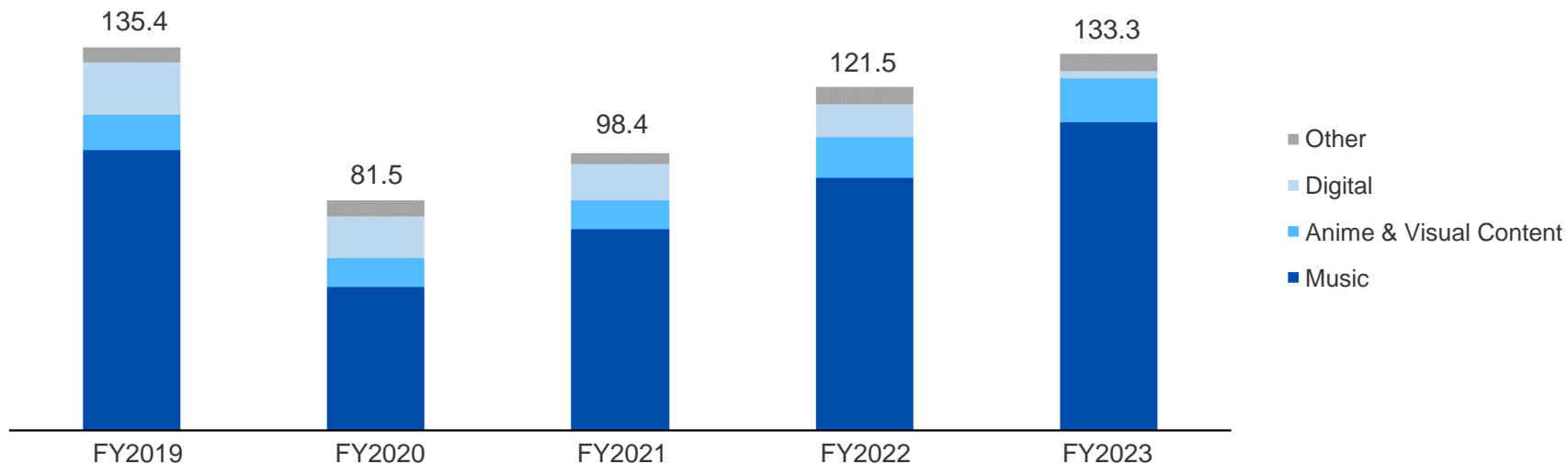
### Overview of Business Results

- ✓ Net sales increased, mainly from Live Concerts in the Music Business
- ✓ The company-wide gross profit margin declined due to changes in the sales mix of each business segment with different profit ratios.
- ✓ Operating profit decreased due to the continuation of investment in IP creation.
- ✓ Profit decreased in line with operating profit.

Recovered to the pre-COVID 19 levels, mainly in the Music Business.

## Trends in Consolidated Net Sales

(billion yen)



Note 1: The net sales breakdown in FY2020 and earlier are reference values that have been reclassified to conform to the current segment standards, without retroactively adjusting for the impact of changes in the accounting standard, etc.

Note 2: The net sales figures in the graph are for reference only, as internal sales have been proportionally allocated to each segment and deducted.

# Consolidated Statements of Income



The decrease in gross profit margin and continued investment in IP creation were accompanied by increases in cost of sales and SG&A expenses. This led to a 1.2 billion yen decrease in operating profit.

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales</b>	121,561	<b>133,387</b>	+11,825	+9.7%
Cost of sales	82,574	<b>94,097</b>	+11,523	
<b>Gross profit</b>	38,987	<b>39,289</b>	+302	+0.8%
Gross profit margin	32.1%	<b>29.5%</b>	-2.6pt	
Personnel expenses	12,671	<b>13,421</b>	+750	
Sales promotion and advertising expenses	8,354	<b>8,049</b>	-305	
General expenses	14,576	<b>16,553</b>	+1,977	
Total SG&A expenses	35,602	<b>38,024</b>	+2,422	
<b>Operating profit</b>	3,385	<b>1,265</b>	-2,119	-62.6%
Operating margin	2.8%	<b>0.9%</b>	-1.8pt	

# Results by Segment



The net sales of the Music Business significantly increased because of reasons such as the increase in the number of large-scale live concerts while the net sales of the Digital Business decreased following the dissolution of a joint venture company for the digital video distribution service in FY2022.

## Net Sales by Segment

(million yen)	FY2022	FY2023	YoY	Rate
<b>Music</b>	94,173	<b>113,195</b>	+19,022	+20.2%
<b>Anime &amp; Visual Content</b>	15,253	<b>16,118</b>	+865	+5.7%
<b>Digital</b>	12,345	<b>2,935</b>	-9,409	-76.2%
<b>Other Business</b>	6,020	<b>6,271</b>	+250	+4.2%
<b>Company-wide Adjustment</b>	-6,231	<b>-5,134</b>	+1,097	—
<b>Annual</b>	121,561	<b>133,387</b>	+11,825	+9.7%

## Operating Profit by Segment

(million yen)	FY2022	FY2023	YoY	Rate
<b>Music</b>	2,343	<b>1,888</b>	-455	-19.4%
<b>Anime &amp; Visual Content</b>	621	<b>-129</b>	-750	—
<b>Digital</b>	-117	<b>-285</b>	-167	—
<b>Other Business</b>	526	<b>-207</b>	-733	—
<b>Company-wide Adjustment</b>	10	<b>-1</b>	-12	—
<b>Annual</b>	3,385	<b>1,265</b>	-2,119	-62.6%

Note: Business segments have been partially revised since FY2022 Q2, and the YoY figures have been restated in accordance with the new segment classification.

## Net sales increased mainly in live concerts, e-commerce and merchandising.

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net Sales in the Music Business</b>	94,173	<b>113,195</b>	+19,022	+20.2%
Live	31,746	<b>44,375</b>	+12,629	+39.8%
Merchandising	5,051	<b>6,772</b>	+1,720	+34.1%
Management	7,559	<b>7,974</b>	+415	+5.5%
Music package	23,313	<b>24,695</b>	+1,382	+5.9%
Digital music distribution	12,790	<b>13,007</b>	+217	+1.7%
Music publishing	2,802	<b>2,927</b>	+124	+4.4%
E-Commerce	12,841	<b>15,305</b>	+2,463	+19.2%
Other	7,550	<b>8,238</b>	+688	+9.1%
<b>Operating profit</b>	2,343	<b>1,888</b>	-455	-19.4%
Operating margin	2.5%	<b>1.7%</b>	-0.8pt	—

Note 1: The business segments have been partially revised since FY2022 Q2, and the YoY figures have been restated in accordance with the new segment classification.

Note 2: In the net sales in each sub-segment, transactions within the subsegment have not been eliminated.

		FY2022	FY2023	YoY
<b>Overview of Live Concerts</b>	Total number of performances	1,110	<b>1,265</b>	+155
	Stadium	23	<b>32</b>	+9
	Arena	141	<b>129</b>	-12
	Hall & Live House class	946	<b>1,104</b>	+158
	Audience (ten thousand people)	235	<b>344</b>	+109
	Average ticket price (yen)	9,540	<b>12,851</b>	+3,311
<b>Overview of Music Package</b>	Albums			
	Unit price (yen)	2,834	<b>2,615</b>	-219
	Units (thousands)	3,055	<b>4,146</b>	+1,091
	Singles			
	Unit price (yen)	1,233	<b>1,080</b>	-153
	Units (thousands)	5,692	<b>6,165</b>	+473
DVD/Blu-ray				
Unit price (yen)	5,520	<b>5,409</b>	-112	
Units (thousands)	1,503	<b>2,256</b>	+753	

Note 3: Due to the revision of the criteria for listing the number of live concerts since the consolidated financial results for FY2022, the figures do not match those disclosed in the previous year's financial results presentation materials.

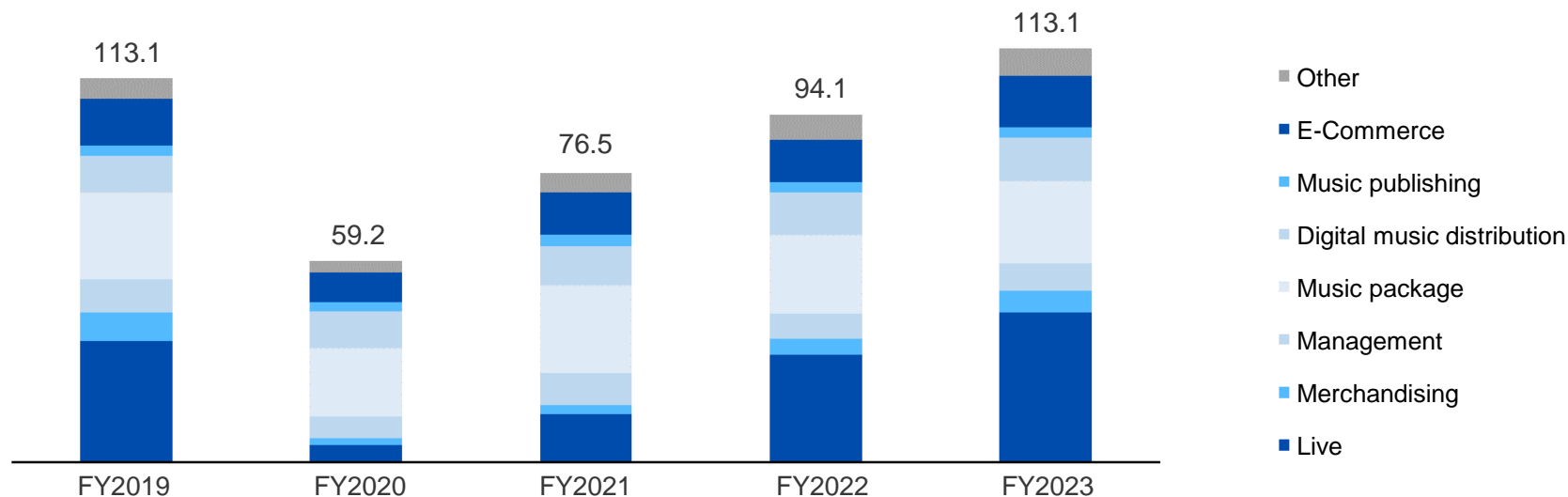
Note 4: Number of performances, audience, and average price for the overview of Live Concerts include our commissioned live concerts and exclude online live concerts, stage performances, events, etc.

Note 5: Average price and units for the overview of Music Package are for new releases only (including sales on consignment) ©2024 Avex Inc.

## The pre-COVID-19 levels have been exceeded, mainly in Live Concerts

### Net Sales Trends in the Music Business

(billion yen)



Note: The net sales breakdown for FY2020 and earlier is for reference only and does not reflect the impact of changes in the accounting standards, etc. or restatements or adjustments within the segment.

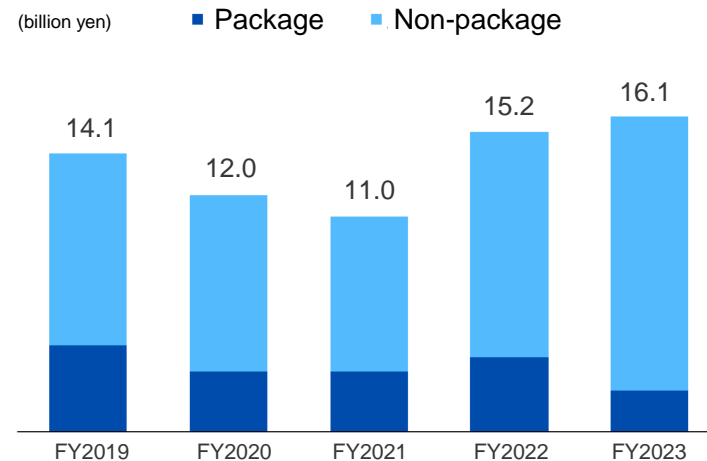
# Anime & Visual Content Business



Profit has moved into the red due to the lower gross profit margin and greater SGA expenses, despite the higher non-package net sales, including overseas sales and events, etc.

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales in the Anime &amp; Visual Content Business</b>	15,253	<b>16,118</b>	+865	+5.7%
Package	3,821	<b>2,158</b>	-1,663	-43.5%
Non-package	11,431	<b>13,960</b>	+2,529	+22.1%
<b>Operating profit</b>	621	<b>-129</b>	-750	—
Operating margin	4.1%	—	—	—

## Net Sales Trends in the Anime & Visual Content Business



Note 1: Non-package net sales include distributed profit from production committee, film distribution, events, live concerts, etc.

Note 2: In the net sales in each sub-segment, transactions within the subsegment have not been eliminated.

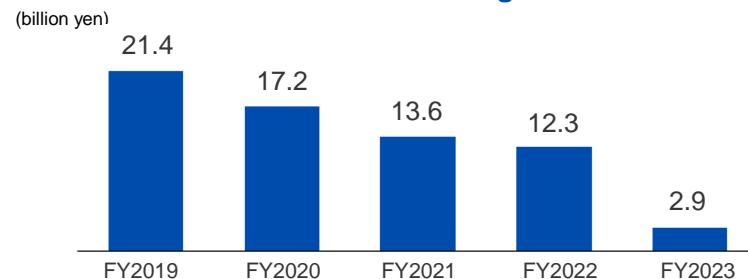
Note 3: Sales figures for FY2020 and earlier are for reference only and do not reflect changes in accounting standards, etc.

**Net sales and operating profit of the Digital Business both decreased after the dissolution of a joint venture company for the service.**

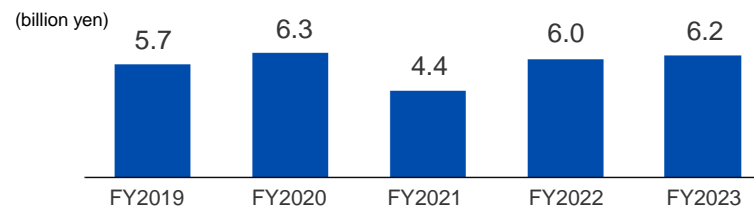
**Net sales increased and profit decreased in other businesses.**

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales in the Digital Business</b>	12,345	<b>2,935</b>	-9,409	-76.2%
Digital video distribution*	8,626	—	-8,626	—
Fan clubs	1,601	<b>1,322</b>	-279	-17.4%
Other	2,116	<b>1,613</b>	-503	-23.8%
<b>Operating profit</b>	-117	<b>-285</b>	-167	—
Operating margin	—	—	—	—
<b>Net sales in Other Businesses</b>	6,020	<b>6,271</b>	+250	+4.2%
<b>Operating profit</b>	526	<b>-207</b>	-733	—
Operating margin	8.7%	—	—	—

**Net Sales Trends in the Digital Business**



**Net Sales Trends in Other Businesses**



\*: On January 31, 2023, all shares of Avex Broadcasting & Communications Inc., a specified subsidiary (sub-subsidiary) engaged in the Digital Streaming Business, were transferred and excluded from the scope of consolidation.

Note 1: Other sales from the Digital Business include those from the outsourced operations of Avex Broadcasting & Communications Inc. (which continued until the end of June, 2023)

Note 2: In net sales in each sub-segment, transactions within the subsegment have not been eliminated. Net sales for each business segment in FY2020 and earlier are reference values that have been reclassified to conform to the current segment standards, without retroactively adjusting for changes in the accounting standards, etc.

# Consolidated Results Forecast for FY2024



Our forecast for FY2024: 2 billion yen in operating profit and 3.3 billion yen in net profit. A dividend payout ratio of 35% and a minimum annual dividend per share of 50 yen will be maintained.

(million yen)	FY2023 (results)	FY2024 (forecast)	YoY	Rate
<b>Net sales (Reference value)</b>	133,387	-	-	-
<b>Operating profit</b>	1,265	<b>2,000</b>	+734	+58.1%
<b>Profit attributable to owners of parent</b>	987	<b>3,300</b>	+2,313	+234.3%
<b>Annual dividends (yen)</b>	50	<b>50</b>	±0	-

**An upper limit on the value of the treasury shares to be acquired of 4.5 billion yen was set on May 9, 2024. Based on the capital allocation policy disclosed in avex vision 2027 and in consideration of our business environment and outlook, we will secure sufficient funds for investing for the medium to long term and pursue increased capital efficiency through flexible shareholder return.**

### Executive summary of the acquisition of treasure shares (resolved on May 9, 2024)

<b>Total number of shares to be acquired</b>	Up to 3,000,000 shares (6.6% of total number of shares issued and outstanding (excluding treasury shares))
<b>Total acquisition value</b>	Up to 4.5 billion yen
<b>Acquisition period</b>	From May 10, 2024 to April 30, 2025
<b>Method of acquisition</b>	Purchase on the market of the Tokyo Stock Exchange (including purchase through the off-floor trading system)
<b>Reasons for acquisition</b>	To increase returns to the shareholders and bolster capital efficiency

## Introduce a new system to strengthen governance and promote the medium-term management plan.

### Appointment of New Director Candidates

Two people will be nominated as directors. (This is to be discussed at the 37th Ordinary General Meeting of Shareholders to be held on June 21, 2024).

The diversity of the Board of Directors will be increased in terms of job history, age, gender, skills and other attributes.

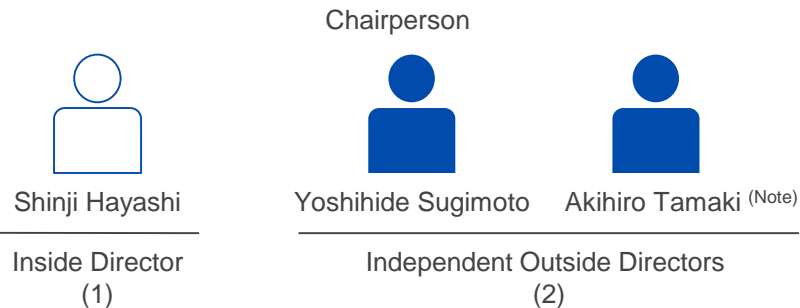
Directors	Masato Matsuura	Representative Director and Chairman	Reappointed
	Katsumi Kuroiwa	Representative Director, CEO	Reappointed
	Shinji Hayashi	Representative Director, CFO	Reappointed
	Toru Kenjo	Directors (part-time)	Reappointed
	Yurina Takiguchi	—	Newly appointed Outside Independent
Directors who are Audit and Supervisory Committee Members	Nobuyuki Kobayashi	Director and Full-time Audit and Supervisory Committee member	Reappointed
	Yoshihide Sugimoto	Outside Director and Audit and Supervisory Committee member	Reappointed Outside Independent
	Megumi Yasuda	—	Newly appointed Outside Independent

Note: Mr. Okubo and Mr. Tamaki, who are currently outside directors and members of the Audit and Supervisory Committee, will resign at the close of the Ordinary General Meeting of Shareholders.

### Introduction of Nomination and Compensation Committee

The Nomination and Compensation Committee will be established by adding the role of appointing directors to the duties of the Compensation Committee which has been operating since FY2011. (effective on May 9, 2024)

The Nomination and Compensation Committee discusses the appointment and dismissal of our directors and the compensation paid to the directors and ensures the transparency and reasonableness of the decision process.



Note: Retiring at the close of the Ordinary General Meeting of Shareholders to be held on June 21, 2024 If director candidate Ms. Megumi Yasuda is elected as an outside director, Ms. Yasuda will be appointed to be a committee member by resolution of the Board Directors at a meeting of the board to be held on the same day.

# Actions for Achieving Business Management Aware of the Cost of Capital and the Stock Price: Evaluation of Current Status

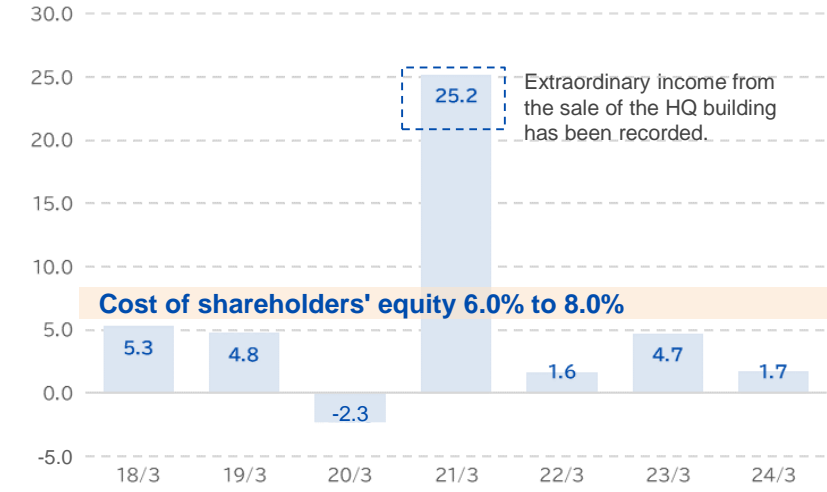


**PBR is greater than one, but ROE remains below the cost of shareholders' equity excluding the impact of the sale of the HQ building.**

**PBR (times)**



**ROE and the cost of shareholders' equity (%)**



**Cost of shareholders' equity (Estimate value)** Risk-free rate  
Approx. 0.9% + Beta  
0.7 to 0.9 × Market risk  
premium  
7% to 8% = **6.0% to 8.0%**

# Actions for Achieving Business Management Aware of the Cost of Capital and the Stock Price: Policy

## Policy

- Continue the efforts to create new IPs based on the avex vision 2027 medium-term management plan and pursue greater profitability.
- Medium-term management plan targets: Operating profit of 9 billion yen and ROE of 10.0% in FY2026

## Initiatives

- Examine the creation of IPs and overseas strategies in the implementation of strategic investments.
- Maintain the consolidated dividend payout ratio and the annual minimum dividend per share at 35% and 50 yen, respectively. In addition, consider our business environment and flexibly implement shareholder return to improve our capital efficiency (a resolution on the acquisition of treasure shares was passed on May 9, 2024).
- Introduce a system of remuneration for directors (and other officers) where the operating profit and ROE specified in the medium-term management plan are regarded as targets and shares of the Company's stock are delivered to directors and officers in line with the degree of achievement of the targets (introduction of the system completed in 2022).
- Bolster our governance structure by increasing the diversity of the Board of Directors, the establishment of the Nomination and Compensation Committee, and other efforts
- Enhanced disclosure of non-financial information

2

## Progress of avex vision 2027

Progress of avex vision 2027

STAR ISLAND

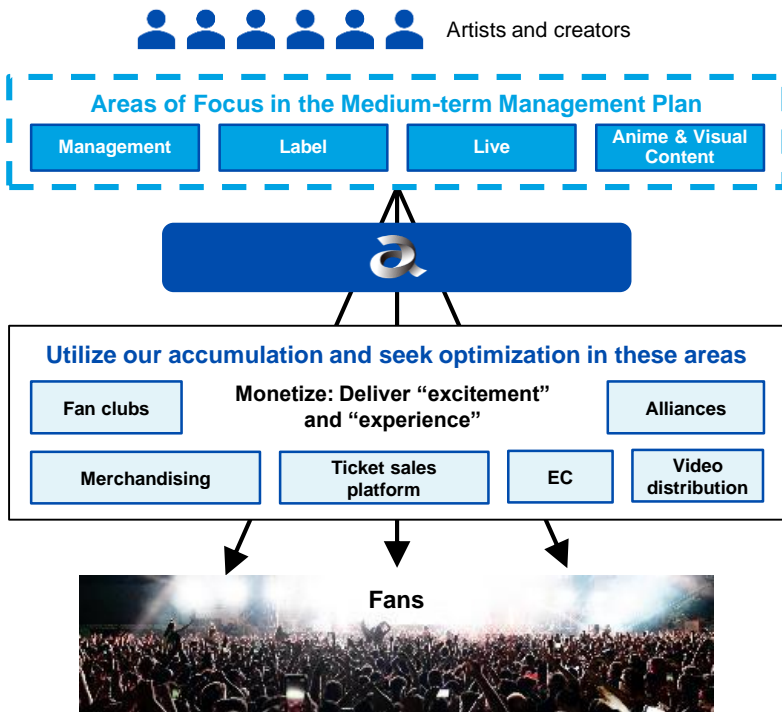


# Overall Strategy

We aim to build a structure to achieve long-term growth by making aggressive investments with an emphasis on “meeting and developing talent,” which is the starting point for value creation at Avex.

In addition, based on the blossoming IP portfolio, we will launch strategic initiatives to create value in overseas markets.

## Process of Avex's value creation and relevant businesses



## 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 with a global perspective
2. Develop and discover diverse intellectual property and create hits in line with the market environment
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



Expanding Avex's value creation to overseas markets

# Progress evaluation

The second year of avex vision 2027 is over. Overall, our efforts to discover and develop IP for future growth are going well in all areas. Meanwhile, we have problems regarding monetization, including excessive expenditures and the lag in monetization during the development of avex IP and the lagging creation of big hits in the Anime & Visual Content Business

Topic	Action	Monetize	Status
<b>Develop proprietary intellectual property that is rich in continuity with a global perspective</b>			
IP development and discovery	Steady	Lagging	Good progress is being achieved in the discovery of candidates and the development of a world-class training system, mainly in avex Youth. In terms of the development of avex IP, a fan base is steadily being built. On the other hand, our earnings were below expectations due to a lag in monetization and excessive investment beyond what was initially assumed.
Global IP creation	Steady		
<b>Develop and discover diverse intellectual property and create hits in line with the market environment</b>			
IP development and discovery	Steady	Steady	There has been progress in the development and discovery of IP through partnerships, etc. and artists with potential for future growth are steadily honing their skills. The upsurge in the fan bases of existing IP increases our profit and their earnings exceeded the initial plan. Strive to make hits that will ignite movements.
Create hits	Under way		
<b>Develop festivals and events valuable as intellectual property</b>			
Create avex IP	Steady	Steady	We undertake many projects such as concert tours as our overseas artists' activities are gaining momentum. Increase in the number of self-organized festivals and events. Our earnings in FY2023 comprehensively exceeded the initial plan.
Hold events in large venues.	Steady		
<b>Develop and acquire intellectual property for animation and video works that will be loved for a long time</b>			
IP development and acquisition	Under way	Below expectations	In the Anime & Visual Content Business, we created some hits and implemented their 360-degree rollouts, and Anime Times grew. However, our earnings were below expectations as the acquisition of strong IP from outside the Group and the creation of big hits fell below our plan.
Create hits	Under way		
<b>Expanding Avex's value creation to overseas markets</b>			
IP development and acquisition	Steady	Steady	Aside from the development of avex IP that are capable of pursuing global success like STAR ISLAND, we have built a track record of supporting the overseas expansion of the IP of our domestic partners.  In the United States, we built a network with many different creators and our global expansion has started in collaboration with US companies.
Build networks	Steady		

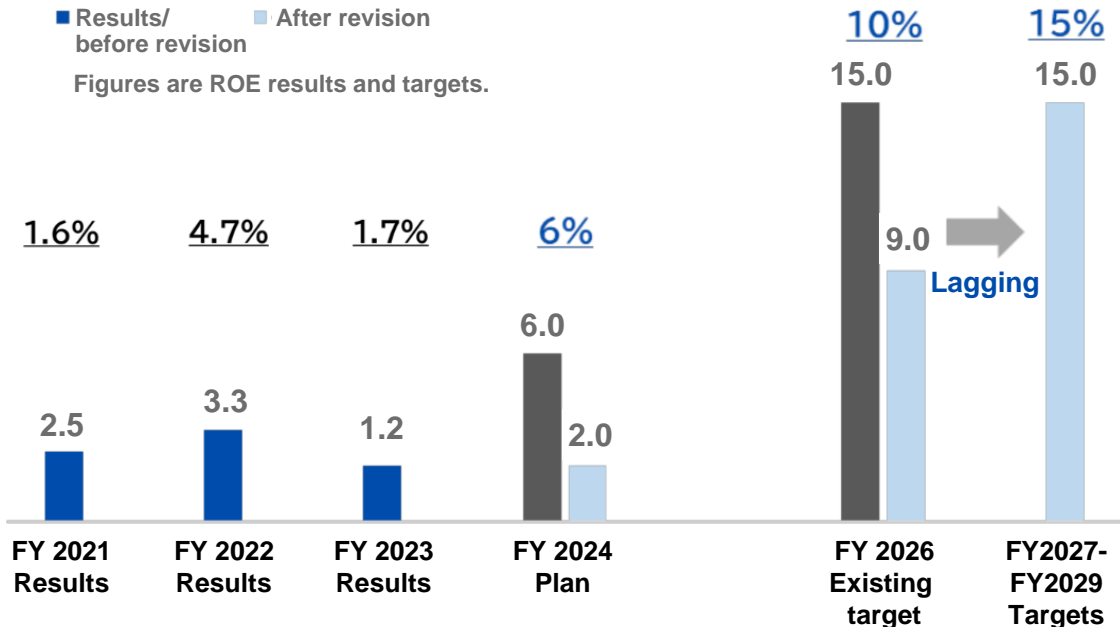
# Revising Targets in the Medium-term Management Plan

Review the targets in the medium-term management plan in consideration of the conditions up to FY2023. Our earnings plan for FY2024 has been revised downward from its existing targets and we seek to achieve the FY2026 operating profit target of 15 billion yen in or after FY2027.

## Changes in operating profit and ROE and targets

■ Results/ before revision    ■ After revision

Figures are ROE results and targets.



### The latest revisions

1. FY2024 operating profit plan: 6 billion yen → 2 billion yen
2. FY2026 target operating profit: 15 billion yen → Revised to "to be achieved in FY2027 or after"  
→ The FY2026 target has been revised to 9 billion yen

### Background behind major revisions

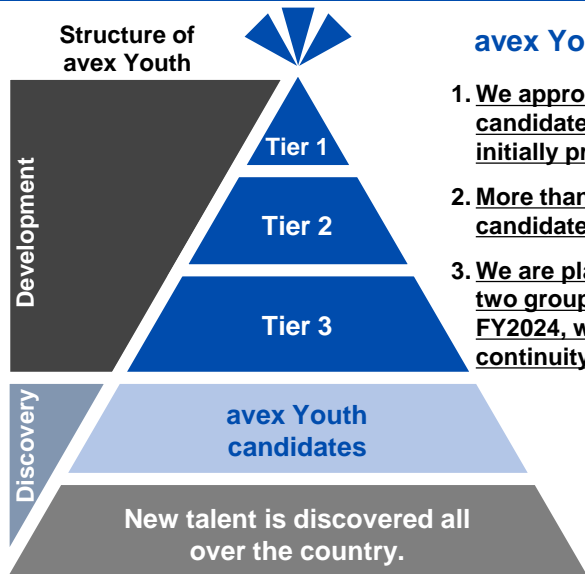
- The revisions reflect the lagging monetization in the development of avex IP and the increase of advance investment costs.
- Our earnings forecast has been revised considering the potential ebbs and flows of external artists' activities.
- Meanwhile, we are doing well in the development of artists and are maintaining the direction of our efforts for the future.  
Strive to achieve operating profit of 15 billion yen and continue to invest in IP development.

# IP Development in Management: Report on Artist Development and Discovery

There was progress in the improvement of the system for discovering and training our artists for the development of global IP in the first two years of the medium-term management plan.

We project a series of our artists and talent will debut in and after FY2024 based on the current structure.

The artist development and discovery system centered on avex Youth has been completed.



## avex Youth's achievements

1. We approached more than 80,000 candidates, far surpassing the initially projected 30,000.
2. More than 250 new artists, including candidates, have been selected.
3. We are planning to debut one or two groups from avex Youth in FY2024, with the project (exit) and continuity in mind.

In and after FY2024, we will remain poised to continuously debut artists and build an ecosystem in addition to the development of next-generation artists.

Our new studio in Sakura-shinmachi started operating at the end of April.



## Benefits of the new studio

1. The large facility with an area of 1,200 square meters or more is equipped with a world-class environment for artist development characterized by dance and vocal studios, recording rooms and other facilities.
2. The studio can also be the venue for the online distribution of content and showcases with small audiences.
3. Reduced studio rental expenses.

We will continue to develop global IP using the studio which enables world-class artist development and independent practice.

# IP Development in Management - XG Project(\*) Progress Report

\* from JAKOPS

Efforts to build a fan base are smoothly underway and the decision to have an XG world tour has been made and announced in FY2024. Our understanding is that we are past the initial development stages when expenditures takes precedence and are beginning to move on to the next stage.

Expanding the fan base through continuous song releases

Fan club subscribers are steadily increasing / More than 70% of social media followers are overseas

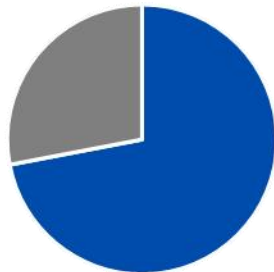
XG has its first world tour in FY2024.



4<sup>th</sup> single (December 8, 2023)  
“WINTER WITHOUT YOU”



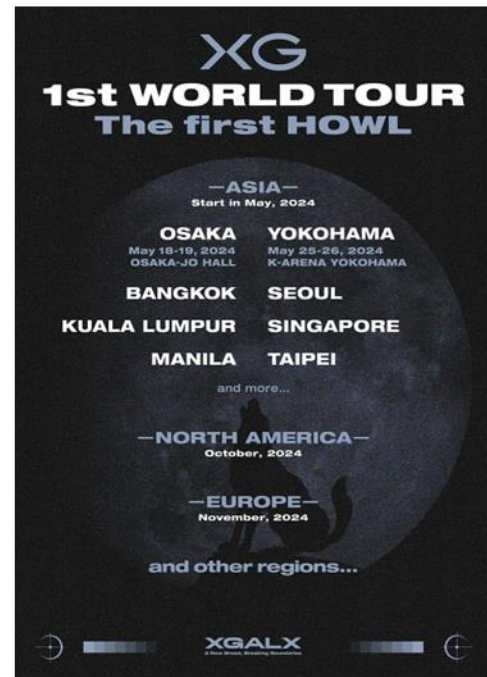
5<sup>th</sup> single  
 (scheduled on May 21, 2024)  
“WOKE UP”



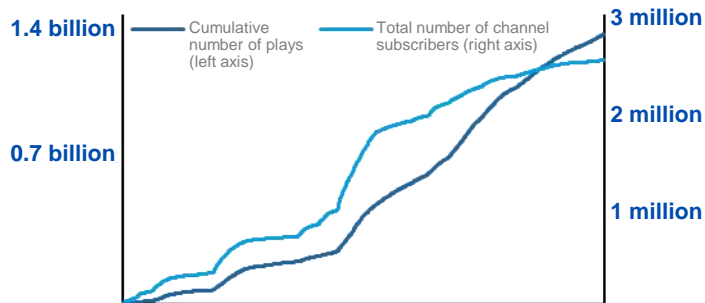
XG's social media accounts have a total of more than 8 million followers

(e.g., YouTube, Instagram, X, TikTok).

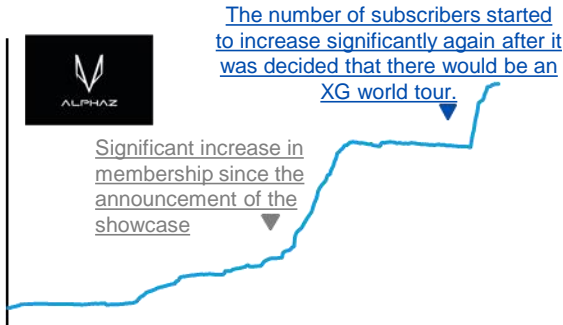
More than 70% of these followers are overseas.



YouTube channel statistics



ALPHAZ Membership Trends



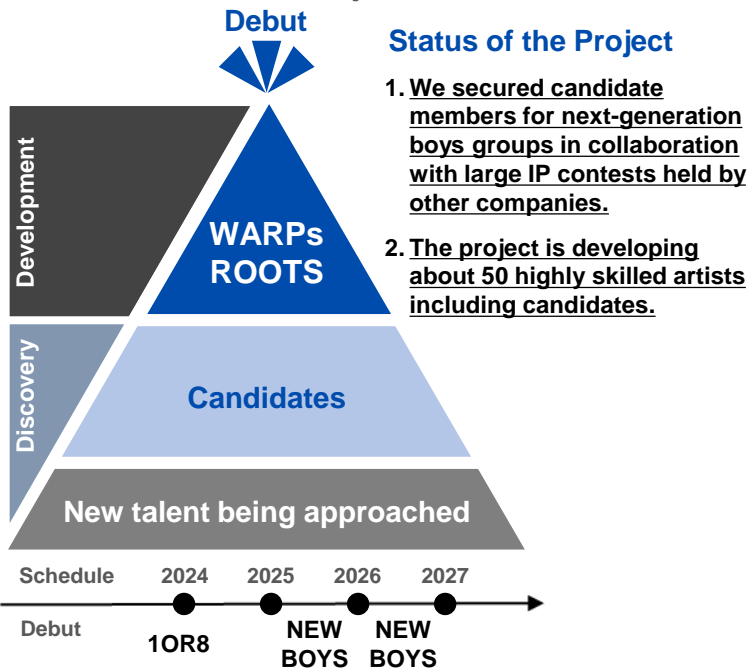
# IP Development in Management - WARPs Project Progress Report

Aiming to produce the next generation of boys groups, the WARPs Project is building a system encompassing the entire process from artist development and discovery to the debut and development of global IP. It has been decided that the new group ONE OR EIGHT will debut in the summer of 2024. From the beginning, we have established a team with a view toward global success in collaboration with the US team.

We are building a structure for the development of avex's global IP related to boys groups

WARPs Project's ONE OR EIGHT will make its global debut this summer

## Overview of WARPs Project



### 2022

The group consists of eight members, seven who won the "WARPs DIG" 365-day audition and one additional member.

### 2023

The members spent one year training in South Korea, having test photo shoots and joining the Rec development program.

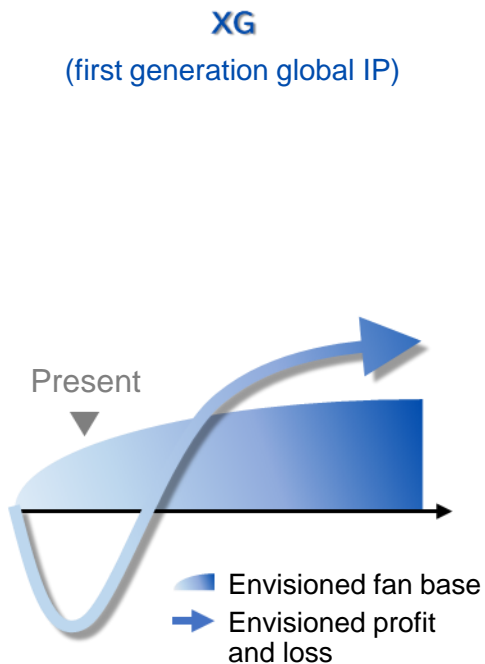
## Debut in the summer of 2024

A strategy has been built on the slogan, "The pursuit of global expansion starts from their debut."

- ◆ The world's top creators today are making songs for ONE OR EIGHT. These creators' achievements include nominations at the latest Grammy Awards and the creation of some of the biggest hits in 2023.
- ◆ Right from the group's debut, a strong partnership has been established with front-line US companies, mainly in the promotion of the group in the country.

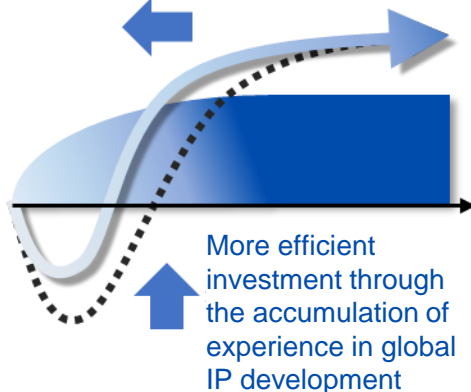
# Envisioning the Contribution of Global IP Development to Our Earnings

The likelihood that our global IP will greatly drive our earnings remains unchanged. Despite problems such as investment costs exceeding initial assumptions, our second and third projects should lead to more efficient and speedy IP development through the accumulation of experience in global IP development.

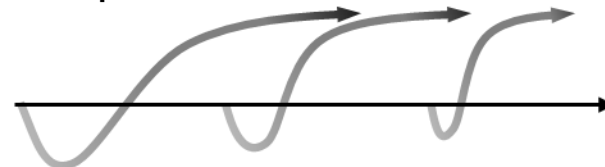


**ONE OR EIGHT Next Global IP**

Utilize a network developed through the foundation of pioneers and the cultivated network through artist development to build a fan base more quickly.



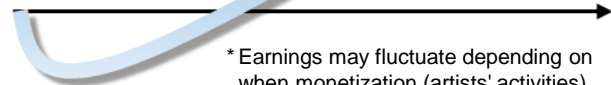
**Development of an IP**



Streamline artist development by utilizing the foundation and experience that we have built, to continue developing avex IP.

**Total envisioned earnings from IP**

The IP will be a driver significantly increasing our earnings in the medium- and long-term after the initial investment stage.



\* Earnings may fluctuate depending on when monetization (artists' activities) takes place.

# IP Development under Management: Other Major Artists, Actors/Actresses and Talent

In addition to those mentioned here, other artists and talent continue to improve and contribute to our revenue. As in the development of global IP, avex will leverage its experience of having developed artists and talent and seek to expand domestic IP in a similar manner.

## History of developing artists and talent that make a major contribution.

### Da-iCE



**2014**  
Released their first single on a major label. Subsequently, the group toured the country doing shows at live music clubs and other venues to lay a foundation for its activities.

**2017**  
Had a successful show at Nippon Budokan.

**2020**  
"CITRUS" became a hit and won a Japan Record Award.

**2021**  
After "CITRUS," "Starmine" became a hit. It won Song of the Year at the Japan Record Awards.

**2023**  
They had an arena tour that visited six cities around the country. It drew the largest-ever audience for the group.

**2024**  
**Tickets for the group's tenth anniversary show at Nippon Budokan sold out in one day. Tickets for Da-iCE's other already announced concerts are also sold out.**

### Meru Nukumi



**2015**  
She started her career as a Popteen exclusive model.

**2019**  
She got big breaks on terrestrial variety shows and other media.

**2021**  
Started her acting career.

**2023**  
**Included in "2023 People of the Year."  
Ranked first in the 2023 First Half Breakthrough Actresses Ranking**

**The realm of her activities is expanding**

**Worked as a model and at events such as fashion shows.**

**Began to appear at more events including fashion shows and variety shows on TV increased.**

**In addition to variety shows, her exposure on TV dramas is increasing and she also appears in many commercials.**

The next generation of artists and actors/actresses continues to improve.

### GENIC



With "N\_G," GENIC reached No. 1 in the album chart for the first time. This happened in the fourth year after the group's debut. The group is scheduled to go on a concert hall tour this fiscal year.

### Akari Takaishi



"Baby Assassins," a TV series that she stars in, is doing well. It has been decided that season 3 will be released this coming fall.

### Juri Kosaka



"The Period Guy and His Daughter," a TV drama that she appears in, has been recognized as an excellent single drama at Tokyo Drama Award. She is scheduled to appear in numerous works next three months.

# IP Development in Label

Development of next generation IP is progressing through partnership in our labels. We hope they will increase from 2024 onward. Our existing artists also boost our revenue through their songs, etc. that enliven their fan bases.

## Uncovering and cultivating next generation artists through partnership

### × Yasushi Akimoto Bokuga Mitakatta Aozora



**2023**

The group debuted as an official rival group to Nogizaka46.  
Won New Artist of the Year at the 65th Japan Record Awards.

**2024**

Their second single, "Sotsugyo made" ("Until Graduation"), was released this past January, and it was ranked No. 1 on Billboard Japan's Top Singles Sales.

A solo live concert has been scheduled in June to celebrate the first anniversary of the group's formation.  
The group's third single will be released in July.

### × SM Entertainment NCT WISH



**2023**

Simultaneously debuted in Japan and South Korea as the last group of globally popular NCT.

The group preliminarily debuted as NCT NEW TEAM and went on a tour that drew 20,000 people from all over Japan.

**2024**

"WISH," the group's first single, was released in February, reaching No. 3 on both Oricon's weekly ranking and the Billboard Japan Hot 100.

**Other artists like Cho Tokimeki Sendenbu and**

**Tomonari Sora are showing signs that they may release hits and we will keep producing hits.**

## Our existing artists boost our revenue

### AiNA THE END

The artist has been releasing major hits such as "Takaramono," the theme song of a weekly TBS drama broadcast on Sundays, and "Frail," which was featured in the Toho film "Hennaie."

Her first concert at Nippon Budokan is scheduled in September this year.



### BE:FIRST

The group had their first concert at Tokyo Dome only two years and four months after their debut.

A new single, "Masterplan," was released on April 22.



### Snow Man

Snow Man's 10th single was released in February 2024. It sold one million copies in the first week on the Oricon chart. This is the first time Snow Man has achieved this as a group.

Snow Man became the fourth male group in history to achieve the feat.



### FANTASTICS

"FANTASTIC ROCKET," the group's latest album, was released on the day of the group's fifth anniversary, and 117 thousand copies have been sold. It is the group's best selling album.

Currently, the group is on its first arena tour which includes 15 shows at eight venues.



### TREASURE

Their mini album "REBOOT" released in July 2023 became their first album to sell a million copies worldwide.



# IP Development in Live Concert

We went beyond the target by implementing many different projects such as concerts in large venues, festivals and events.

Our overseas artists' concerts also performed well.

We continue to develop festivals and events using avex IP.



With the resumption of global activities by overseas artists, we will secure major projects as a domestic player.

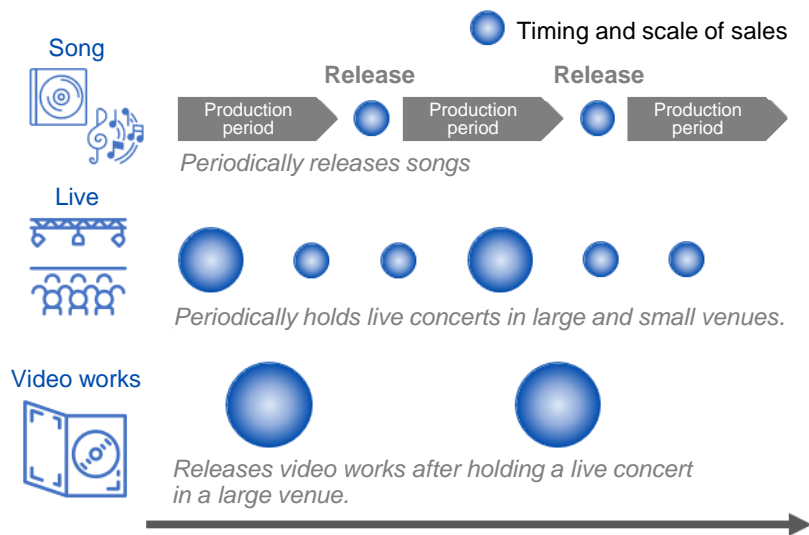


We continue to hold festivals and events as can be seen by STAR ISLAND's domestic rollout, THE HOPE and other projects.

# Envisioning How Partner IP Contributes to Our Results

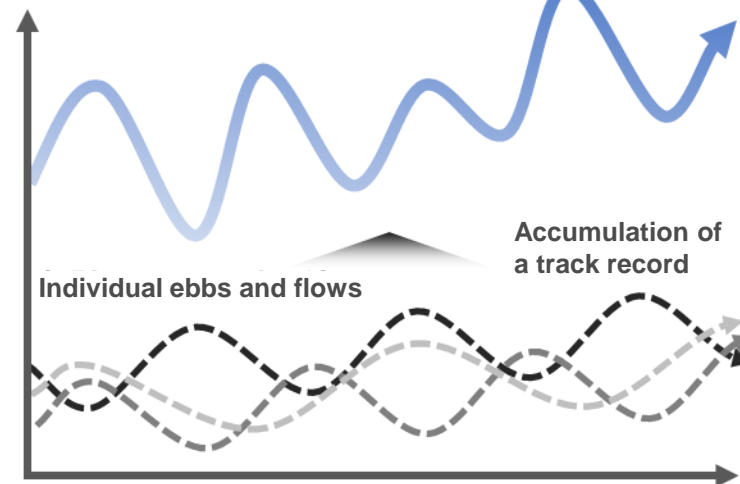
Based on our understanding that there are ebbs and flows in artists' activities, we have built a structure that is strong enough to withstand these fluctuations and continue to undertake projects. Our earnings may fluctuate short-term, but we envision long-term growth by developing trust with our partners and expanding and reinforcing our structure.

## Envisioned ebbs and flows of artists' activities



Artists' activities have ebbs and flows, but we cannot control them, especially in relation to external partners' IP.

## Envisioned earnings from the partner IP business as a whole



Build a system with a monetization function which may be selected by IP holders. While acquiring projects in accordance with the ebbs and flows of artists' activities, we envision long-term growth achieved by obtaining the trust of partners.

# IP Development in Anime & Visual Content - Anime

Aside from the changes in the market, the lag in creating hits, a rise in production costs and the shortage of production capacity are factors in our going below the plan.

Our direction, specifically strengthening our IP acquisition capabilities and existing IP, remains important. But the forecast is revised downward in consideration of the lag compared with the plan.

Factor	Initial forecast	Results	Issues	Future initiatives
Market	The animation market is growing steadily.	In addition to unexpected changes in the Chinese market, the shift overseas, distribution and box office markets accelerated.	Revenue should stabilize and be maximized as we focus overseas and on distribution and box office.	Roll out our works quickly in the overseas, distribution and box office markets.
Production	Strengthen our production capacity through stronger cooperation with external studios.	Production costs rose and a production lag occurred.	The chronic production capacity shortage remains unresolved.	Continue to strengthen partnerships with external studios and increase our in-house production capacity.
Works	Create hits through the creation of our original IP and acquisition of strong IP from the outside.	We created some hits but none of them became outstanding megahits.	Acquire strong IP from the outside and create megahits.	Increase ability to compete for strong external IP.
Earnings	Accumulate a track record by continuously creating hits and rolling them out over the long term.	Sales went below expectations as costs increased.	Create megahits that can be rolled out over the long term and increase the number of consistently profitable works.	Increase the focus on creating megahits that can be rolled out the long term and that enable us to maximize revenue.

# IP Development in Anime & Visual Content - Anime

We created hits such as "MF GHOST" and "Heavenly Delusion" in FY2023.

Works originating from powerful IP are coming up in FY2024. We will seek to create megahits to achieve our plan.

## These animated films became hits in FY2023.



©Shuichi Shigeno, Kodansha / MF GHOST Production Committee

### "MF GHOST"

TV animation broadcast/distribution from October 2023

This became a much-talked-about title both domestically and internationally, leading to a decision to broadcast its second season in 2024.



©Masakazu Ishiguro, Kodansha / Heavenly Delusion Production Committee

### "Heavenly Delusion"

TV animation broadcast/distribution from April 2023

Won five awards in different categories including Anime of the Year at the Anime Trending Awards.



©Paradox Live THE ANIMATION

### Paradox Live THE ANIMATION

TV animation broadcast/distribution from October 2023

"Paradox Live," whose original work is owned by Avex, will be broadcast on TV as an animated program.

## These animated films will be broadcast on TV in FY2024.



©Shuichi Shigeno, Kodansha / MF GHOST Production Committee



© Tsukikage / Chyko / Micromagazine / Nageki no Borei Production Committee



©Shotan / Shogakukan / You are Ms. servant. Production Committee

## These animated films will be out in theaters in FY2024.



©Tasuki Fujimoto / Shueisha ©2022 "Look Back" Production Committee



©API, 81P / Full Energy!! Production Committee



©T-ARTS / syn Sophia / Avex Pictures / Tatsunoko Production / KING OF PRISM Project

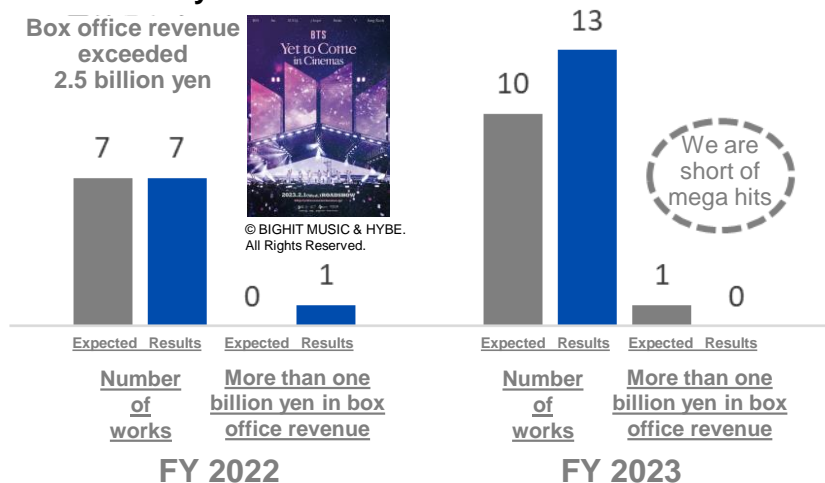
# IP Development in Anime & Visual Content - Live Action

Over two years, we worked to achieve a certain amount in terms of the handling of avex's and other IP and the production of a certain volume of works.

On the other hand, we have been unable to get over instability in terms of the accumulation of profit through the creation of hits. In FY2023, the box office revenue of the individual works we made were short of one billion yen.

In number, we made more video works than expected. But we were short of works that earned more than one billion yen in the fiscal year.

## Two-year results in the visual content area



## Live-action video works in FY2023



©Kokone Nata/SQUARE ENIX, Drama Play It Cool, Guys Production Committee



©B-ME & CJ 4DPLEX All Rights Reserved.



©Kino Nani Tabeta? Season 2 Production Committee ©Fumi Yoshinaga/Kodansha

## These live-action video works are scheduled for showing in FY2024.



©2024 SM ENTERTAINMENT CO., Ltd. All Rights Reserved.



© BIGHIT MUSIC & HYBE. All Rights Reserved.



©Movie Goman to Zenryo Production Committee

By creating hits, we fared better than the plan in FY2022.  
In FY2023, we created some hits but they were spread across two years.  
Consequently, we were short of works earning more than one billion yen box office revenue within the fiscal year.

To achieve the plan, we should stabilize operations and create more hits.

# Growth of Anime Times

Having implemented many measures, Anime Times is gaining subscribers faster than planned. Going forward, we will continue to expand Anime Times domestically and make efforts to develop the vast overseas market, including India, which we have already begun to expand to.

## What we did in FY2023



The rollout of Anime Times also started on Prime Video channel in India. Anime Times pioneered the opening of a Japanese anime-only channel and the distribution of content via such a channel.

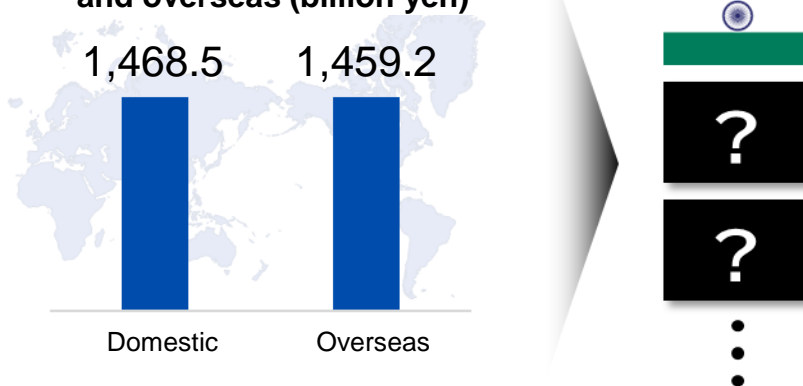


Anime Times Store, the first e-commerce shop operated by Anime Times, opens. Japanese anime-related merchandise is made available for purchase in about 120 countries and regions.

Anime Times continues to offer works that are in high demand among users and smoothly obtain subscribers.

## We started expanding into the overseas market which is the same size as the domestic market.

### Animation market in Japan and overseas (billion yen)



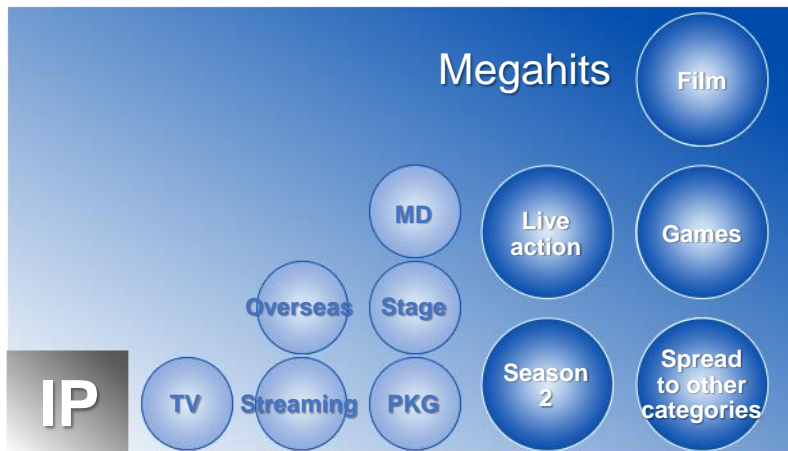
We have started rolling out Anime Times in the overseas market including India. We consider the market to be a big channel for 360-degree rollouts.

# Envisioned Earnings from the Anime & Visual Content Business

Revenue will increase if we develop and acquire strong IP and grow them into big hits that may spread into other categories in addition to film, gaming and live-action work.

Continuing development efforts and creating multiple megahits should lead to the achievement of targets.

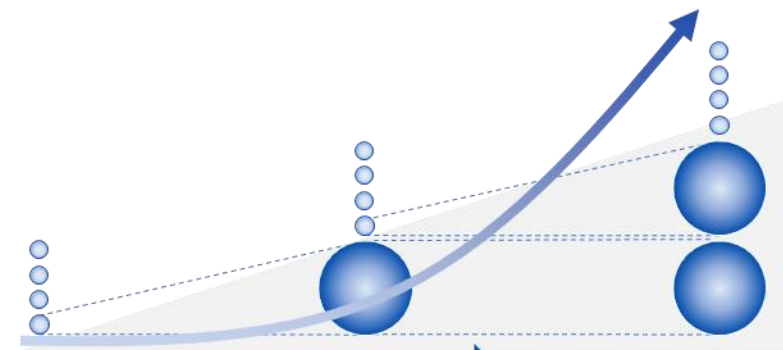
How our anime works will spread



Enlarge monetization

Starting with IP, roll out anime and other works in many directions. Create hits and monetize films and video games at a larger scale to grow them into megahits.

Envisioned earnings from the animation business as a whole



Maximize revenue by enabling the creation of multiple hits to lead to megahits.

# Progress in Overseas Expansion

The development of a structure for overseas expansion and the development of IP are going smoothly based on the overseas strategy announced in May 2023.

We will build a global IP-centered business model in pursuit of the medium- and long-term expansion of business overseas.

## Supporting the overseas expansion of the IP of domestic partners



© 2024 SANRIO CO., LTD.



©2024 Pokémon. ©1995-2024 Nintendo/Creatures Inc. /GAME FREAK inc. TM, ®, and character names are trademarks of Nintendo.



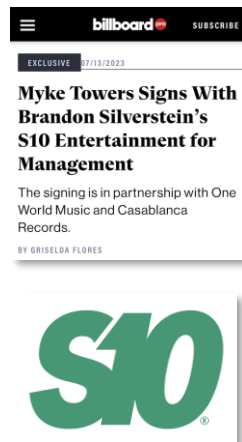
© Nintendo



©Hajime Isayama, Kodansha / Attack on Titan The Final Season Production Committee

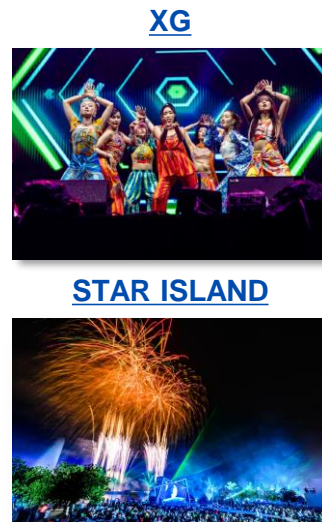
While increasing the number of domestic partner IP, we support their expansion mainly in Asia and the Middle East.

## Building bases of operations and networks in regional markets overseas



We are participating in a US management business through a strategic investment. The goal is to accelerate the overseas expansion of our artists.

## Developing original IP with the potential for global success



\* from JAKOPS

We are continuing the successive development of IP such as events and artists.

# Corporate Action

We will improve our management structure and pursue flexible shareholder returns in an effort to enhance our corporate value over the medium and long term.

## Shareholder return

**Setting a limit on the acquisition of treasury shares  
(See page 12.)**

## Enhancement of corporate governance

**Appointment of new director candidates  
Introduction of Nomination and Remuneration Committee  
(See page 13.)**

## Formulation of a policy of Actions for Achieving Business Management Aware of the Cost of Capital and the Stock Price

**Evaluation of current facts including the calculation of the cost of shareholders' equity and the formulation of a policy for related actions  
(See page 14.)**

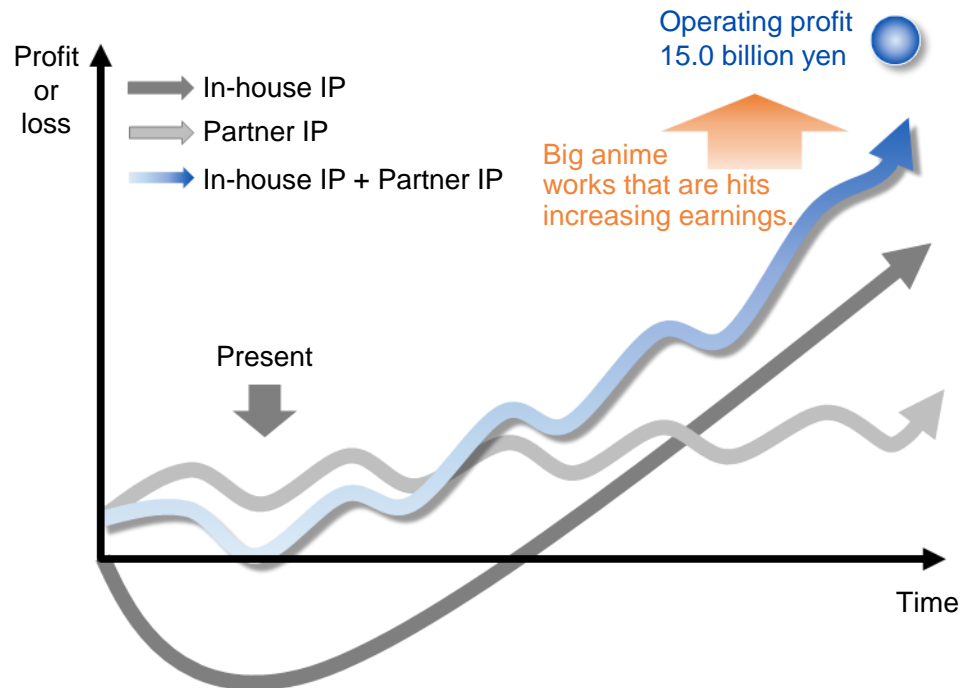
# Summary

Numerical targets were revised downward in consideration of many different facts regarding the medium-term management plan announced in 2022. The achievement of an operating profit of 15 billion yen and an ROE of 15% was postponed. Meanwhile, efforts to create IP are going smoothly and we will continue with the current direction.

## Review of the medium-term management plan as of the end of FY2023

- ✓ Efforts to develop global IP are going well.
- ✓ It is projected that the plan will be achieved later than **expected** due to reasons such as delayed monetization and excessive investment expenses beyond what was planned.
- ✓ In FY2024, we **expect to go below the initial plan** due to the ups and downs of the partner IP business and the delayed development of global IP.
- ✓ At the same time, **our understanding is that the direction of the efforts is correct.**  
We will continue to invest in global IP development while addressing the ups and downs of the business derived from partner IP.

## Envisioning our earnings and where we are now



**Appendix.**

# Highlights from FY2023



Major news releases	April 26	Notice	Kuroiwa, Representative Director, CEO, Named as One of Billboard's 2023 International Power Players
	May 17	Press release	Avex Pictures Inc. Concludes Strategic Partnership Agreement with STUDIO Dragon, One of the Largest Drama Studios in Asia
	May 25	IR	Announcement Regarding Posting of Extraordinary Profit and Revision to Business Results
	June 23	IR	Notice of the Establishment of a New Company (Second-Tier Subsidiary) by a Subsidiary of the Company in Saudi Arabia
	June 23	IR	Notice of Reorganization of Avex Inc. and Group Companies and Changes to Business Execution System
	June 23	IR	Notice Regarding Issuance of New Shares as Restricted Stock Compensation
	September 25	IR	Notice of Shareholder Benefits, Ticket Priority Reservation System
	November 1	IR	Notice of Renewal of Avex Shareholders-Only Website
	November 9	IR	Notice of Change of Representative Director of Sub-Subsidiary
	January 9, 2024	Notice	Supporting the Areas Stricken by 2024 Noto Peninsula Earthquake
	February 15, 2024	Press release	Avex Concluded Top Partner Agreement with FC Machida Zelvia
	March 21, 2024	IR	Notice Concerning Establishment of Subsidiary Arising from Transfer of Business of Consolidated Subsidiary, Company Split and Transfer of Shares in Subsidiary
	March 25, 2024	IR	Notice Regarding Appointment of Outside Director Candidates
	March 28, 2024	Press release	avex starts the job-type personnel system

## Music

## Live/Event

Month(s)	Artist/Genre	Title
February-June	Tohoshinki	“TOHOSHINKI LIVE TOUR 2023 - CLASSYC -”
April-June	BLACKPINK	“BLACKPINK WORLD TOUR [BORN PINK] JAPAN”
June-September	Da-iCE	“Da-iCE ARENA TOUR 2023 -SCENE-”
July-April 2024	Ayumi Hamasaki	“ayumi hamasaki 25th Anniversary Live Tour”
August-March 2024	Nissy	“10th Anniversary LIVE VIEWING TOUR 2023 -Nissy Meets You-”
September	NCT	“NCT STADIUM LIVE 'NCT NATION : To The World-in JAPAN'”
September	Festival	“ULTRA JAPAN 2023”
November	XG	“XG 'NEW DNA' SHOWCASE in JAPAN”
January-March 2024	TREASURE	“2024 TREASURE TOUR [REBOOT] IN JAPAN”
January-March 2024	NCT 127	“NCT 127 3RD TOUR 'NEO CITY: JAPAN - THE UNITY'”



Nissy



“ULTRA JAPAN 2023”



TREASURE

## Music

## Package

Format	Release Date	Artist	Title
Singles	July	SKE48	“Suki ni Nacchatta”
	September	Snow Man	“Dangerholic”
	February 2024	Snow Man	“LOVE TRIGGER / We'll go together”
Albums	May	Snow Man	“i DO ME”
	July	TREASURE	“REBOOT”
	September	XG	“NEW DNA”
	October	NCT 127	“Fact Check”
DVD/Blu-ray	June	BE:FIRST	“BE:FIRST 1st One Man Tour "BE:1" 2022-2023”
	July	Snow Man	“Snow Man LIVE TOUR 2022 Labo.”
	December	Snow Man	“Snow Man 1st DOME tour 2023 i DO ME”



Snow Man



NCT 127



BE:FIRST

	Genre	Month(s)	Title
Live/Event	Live	May	“Paradox Live Dope Show 2023”
	Stage	August	Musical “Vincenzo”
	Stage	November-December	“Osomatsu-san on STAGE — SIX MEN’ S SHOW TIME — 2nd SEASON”

	Format	Release Date	Title
Package	DVD/Blu-ray	June	“ONE PIECE FILM RED: special version linked to the movie”
		August	“Initial D Stage Series Complete Blu-ray”
		September	“Paradox Live Dope Show 2023 Blu-ray”
		March 2024	“BE:the ONE-STANDARD EDITION-”



© 2021 Studio Dragon Corporation / MUSICAL VINCENZO 2023  
Musical “Vincenzo”



©Fujiio Akatsuka/Osomatsu-san on STAGE Production Committee 2023  
Stage performance “Osomatsu-san on STAGE — SIX MEN’S SHOW TIME — 2nd SEASON”



©Shuichi Shigeno / Kodansha / Avex Pictures OB Planning  
©Shuichi Shigeno / Kodansha / Wedgelink  
“Initial D Stage Series Complete Blu-ray”

	Month(s)	Artist/Genre	Title
Live/Event	April-September	Kumi Koda	“KODA KUMI LIVE TOUR 2024 -BEST SINGLE KNIGHT-”
	May-June	Stage	“Onna no yujo to kinniku THE MUSICAL -Shiawase no Jowan Nitokin-”
	May-June	NCT DREAM	“2024 NCT DREAM WORLD TOUR <THE DREAM SHOW 3: DREAM( )SCAPE> in JAPAN”
	May-June	Events	“STAR ISLAND 2024”
	May-September	Harami-chan	“Harami-chan Live Concert 2024 -Gokujo Namaniku no Shirabe-”
	May-November	XG	“XG 1st WORLD TOUR “The first HOWL””
	June	NCT DOYOUNG	“2024 DOYOUNG CONCERT [ Dear Youth, ] in JAPAN”



Kumi Koda



NCT DREAM



STAR ISLAND

	Format	Release Date	Artist	Title
Package	Singles	April	BE:FIRST	“Masterplan”
		May	CHO TOKIMEKI♡SENDENBU	“Saijokyu ni Kawaii no!”
		June	NCT DREAM	“Moonlight”
	Albums	April	Kumi Koda	“UNICORN”
		May	Kis-My-Ft2	“Synopsis”
		June	EXILE THE SECOND	“THE FAR EAST COWBOYZ”
	DVD/Blu-ray	May	Misako Uno (AAA)	“UNO MISAKO 5th ANNIVERSARY LIVE TOUR -PEARL LOVE-”
		June	Chilli Beans.	“Chilli Beans. “Welcome to My Castle” at Budokan”



CHO TOKIMEKI♡SENDENBU



EXILE THE SECOND



Misako Uno (AAA)

## Content highlights from Q1 of FY2024 and after

	Genre	Month(s)	Title
Live/Event	Live	April	“Puripara Friendship Memory”
	Stage	April-August	“i☆Ris 9th Live Tour 2024 Aitakute...Full Ener9y!!”
	Stage	May	“Stage performance “Ya Boy Kongming!””
	Live	May	“Paradox Live Dope Show 2024”

	Genre	Release Date	Title
Package	DVD/Blu-ray	April-May	“Boku no Kokoro no Yabai Yatsu Blu-ray Vol. 5-6”
		April	“Lumberjack the Monster” Blu-ray&DVD”



©Yuto Yotsuba, Ryo Ogawa, and KODANSHA / Stage performance “Ya Boy Kongming!” Production Committee  
Stage performance “Ya Boy Kongming!”



©Paradox Live2024  
“Paradox Live Dope Show 2024”



©Norio Sakurai (Akita Publishing) / Boku Yaba Production Committee  
“Boku no Kokoro no Yabai Yatsu”

# Consolidated Statements of Income



(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales</b>	<b>121,561</b>	<b>133,387</b>	<b>+11,825</b>	<b>+9.7%</b>
Cost of sales	82,574	94,097	+11,523	
<b>Gross profit</b>	<b>38,987</b>	<b>39,289</b>	<b>+302</b>	<b>+0.8%</b>
Gross profit margin	32.1%	29.5%	-2.6pt	
Personnel expenses	12,671	13,421	+750	
Sales promotion and advertising expenses	8,354	8,049	-305	
General expenses	14,576	16,553	+1,977	
Total SG&A expenses	35,602	38,024	+2,422	
<b>Operating profit</b>	<b>3,385</b>	<b>1,265</b>	<b>-2,119</b>	<b>-62.6%</b>
Operating margin	2.8%	0.9%	-1.8pt	
Non-operating income	972	337	-634	
Non-operating expenses	301	465	+163	
<b>Ordinary profit</b>	<b>4,055</b>	<b>1,137</b>	<b>-2,917</b>	<b>-71.9%</b>
Extraordinary income	1,666	2,031	+365	
Extraordinary losses	1,070	404	-665	
<b>Profit before income taxes</b>	<b>4,651</b>	<b>2,764</b>	<b>-1,886</b>	<b>-40.6%</b>
Income taxes	1,626	1,584	-42	
Profit attributable to non-controlling interest	281	193	-88	
<b>Profit attributable to owners of parent</b>	<b>2,742</b>	<b>987</b>	<b>-1,755</b>	<b>-64.0%</b>

# Consolidated Balance Sheet and Cash Flow Statement



(million yen)	End of Mar. 2023	End of Mar. 2024	(million yen)	FY2022	FY2023
<b>(Assets)</b>			<b>Cash flow statement</b>		
<b>Current assets</b>	86,217	86,463	Net cash provided by operating activities	9,192	3,691
Cash and deposits	48,143	47,075	Net cash provided by investing activities	-3,131	-2,399
Trade accounts receivable, etc.	22,206	22,700	Net Cash provided by Financing Activities	-2,493	-2,360
Inventories	4,196	4,502	Consolidated cash flow	3,567	-1,114
Other	11,670	12,184	Effect of exchange rate change on cash and cash equivalents	-95	-142
<b>Non-current assets</b>	22,697	23,424	Net increase in cash and cash equivalents	3,472	-1,210
Property, plant and equipment & intangible assets	8,057	8,809	Cash and cash equivalents at beginning of period	44,671	48,143
Investment securities	9,228	8,214	Cash and cash equivalents at end of period	48,143	46,933
Other	5,411	6,400			
<b>Total assets</b>	<b>108,915</b>	<b>109,887</b>	<b>Free cash flows</b>	<b>6,060</b>	<b>1,245</b>
<b>(Liabilities)</b>					
<b>Current liabilities</b>	48,104	51,587			
Notes & accounts payable-trade, etc.	3,434	1,762			
Accounts payable - other	25,679	31,163			
Income taxes payable	1,482	1,050			
Refund Liabilities	2,168	1,705			
Other	15,338	15,905			
<b>Non-current liabilities</b>	1,972	2,200			
<b>Total liabilities</b>	50,076	53,787			
<b>(Net assets)</b>					
<b>Total net assets</b>	58,838	56,099			
<b>Total liabilities &amp; net assets</b>	<b>108,915</b>	<b>109,887</b>			

# Music Business Results

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales</b>	<b>94,173</b>	<b>113,195</b>	<b>+19,022</b>	<b>+20.2%</b>
Live	31,746	44,375	+12,629	
Merchandising	5,051	6,772	+1,720	
Management	7,559	7,974	+415	
Music package	23,313	24,695	+1,382	
Digital music distribution	12,790	13,007	+217	
Music publishing	2,802	2,927	+124	
E-Commerce	12,841	15,305	+2,463	
Other	7,550	8,238	+688	
Cost of sales	64,524	81,143	+16,618	
<b>Gross profit</b>	<b>29,649</b>	<b>32,052</b>	<b>+2,403</b>	<b>+8.1%</b>
Gross profit margin	31.5%	28.3%	-3.2pt	
Personnel expenses	7,594	7,370	-223	
Sales promotion and advertising expenses	6,458	7,248	+789	
General expenses	7,280	7,384	+104	
GMF (Group management fee)	5,971	8,160	+2,188	
Total SG&A expenses	27,305	30,164	+2,858	
<b>Operating profit</b>	<b>2,343</b>	<b>1,888</b>	<b>-455</b>	<b>-19.4%</b>
Operating margin	2.5%	1.7%	-0.8pt	

Note: In net sales in each sub-segment, transactions within the subsegment have not been eliminated.

# Anime & Visual Content Business Results

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales</b>	<b>15,253</b>	<b>16,118</b>	<b>+865</b>	<b>+5.7%</b>
Package	3,821	2,158	-1,663	
Non-package	11,431	13,960	+2,529	
Cost of sales	11,296	12,324	+1,027	
<b>Gross profit</b>	<b>3,957</b>	<b>3,794</b>	<b>-162</b>	<b>-4.1%</b>
Gross profit margin	25.9%	23.5%	-2.4pt	
Personnel expenses	1,059	1,207	+148	
Sales promotion and advertising expenses	816	855	+38	
General expenses	605	671	+65	
GMF (Group management fee)	854	1,189	+335	
Total SG&A expenses	3,335	3,923	+587	
<b>Operating profit</b>	<b>621</b>	<b>-129</b>	<b>-750</b>	<b>—</b>
Operating margin	4.1%	—	—	

Note: In net sales in each sub-segment, transactions within the subsegment have not been eliminated.

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales</b>	<b>12,345</b>	<b>2,935</b>	<b>-9,409</b>	<b>-76.2%</b>
Video distribution	8,626	—	-8,626	
Fan clubs	1,601	1,322	-279	
Other	2,116	1,613	-503	
Cost of sales	9,190	1,544	-7,645	
<b>Gross profit</b>	<b>3,155</b>	<b>1,390</b>	<b>-1,764</b>	<b>-55.9%</b>
Gross profit margin	25.6%	47.4%	+21.8pt	
Personnel expenses	835	620	-215	
Sales promotion and advertising expenses	1,092	51	-1,041	
General expenses	661	582	-79	
GMF (Group management fee)	682	422	-260	
Total SG&A expenses	3,272	1,676	-1,596	
<b>Operating profit</b>	<b>-117</b>	<b>-285</b>	<b>-167</b>	<b>—</b>
Operating margin	—	—	—	

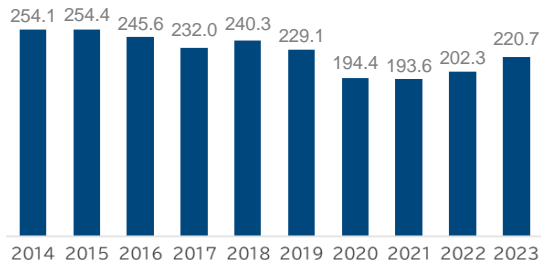
Note: In net sales in each sub-segment, transactions within the subsegment have not been eliminated.

# Other Businesses Results

(million yen)	FY2022	FY2023	YoY	Rate
<b>Net sales</b>	<b>6,020</b>	<b>6,271</b>	<b>+250</b>	<b>+4.2%</b>
Cost of sales	3,240	3,781	+541	
<b>Gross profit</b>	<b>2,780</b>	<b>2,490</b>	<b>-290</b>	<b>-10.4%</b>
Gross profit margin	46.2%	39.7%	-6.5pt	
Personnel expenses	982	1,057	+75	
Sales promotion and advertising expenses	65	77	+11	
General expenses	652	797	+145	
GMF (Group management fee)	554	764	+210	
Total SG&A expenses	2,254	2,697	+442	
<b>Operating profit</b>	<b>526</b>	<b>-207</b>	<b>-733</b>	<b>—</b>
Operating margin	8.7%	—	—	

(billion yen)

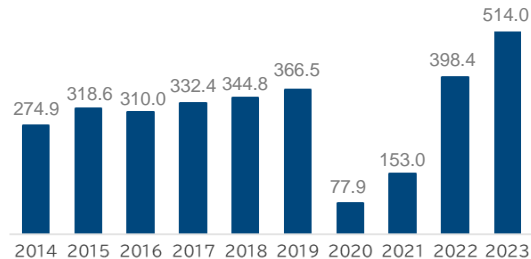
### ■ Music Package Market



Source: The Recording Industry Association of Japan

The market grew by 9.1% YoY and has been steadily growing for two consecutive years.

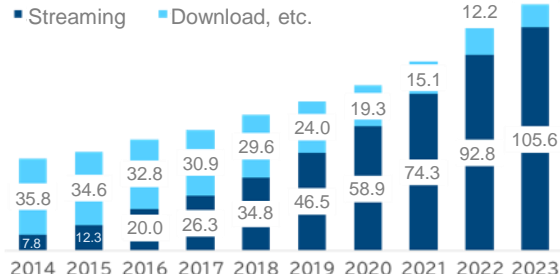
### ■ Live Concert Market



Source: All Japan Concert and Live Entertainment Promoters Conference

The figure increased significantly, 29.0% YoY, after the new arena in Kanto began operating.

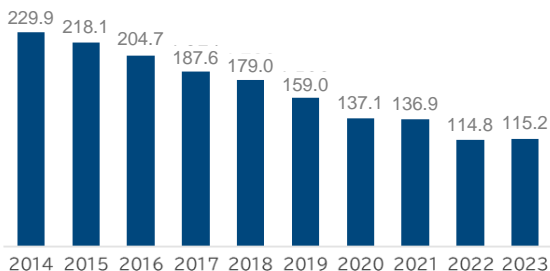
### ■ Paid Digital Music Distribution Market



Source: The Recording Industry Association of Japan

The streaming market grew by 13.8% YoY, driving growth in the paid digital music distribution market.

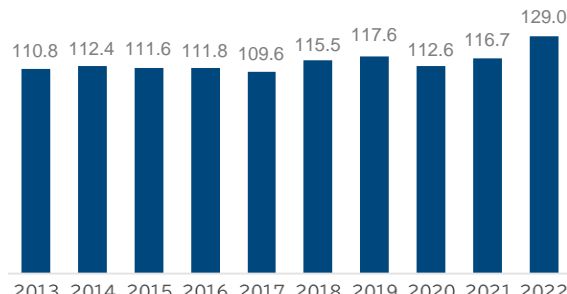
### ■ Video Software Market



Source: Japan Video Software Association

The figure has remained at the same level YoY, up 0.4%.

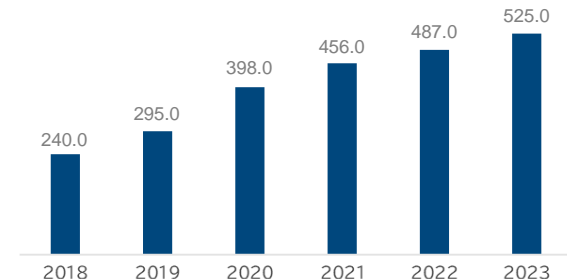
### ■ JASRAC Royalty Collections



Source: Japanese Society for Rights of Authors, Composers and Publishers

This is a record-high figure, the result of the expansion of distribution services and the live concert market.

### ■ Digital Video Distribution Service Market (Japan)



Source: Digital Content Association of Japan

The digital video distribution service market continued to grow with a YoY increase of 7.8%.

## Disclaimer

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.

**Inquiries**

**Avex Inc.**

**Business Administration Group**

**Inquiries**

**<https://avex.com/jp/ja/contact/ir/>**

