

## Consolidated Financial Summary for the First Nine Months Quarter of Fiscal Year Ending March 31, 2025 (Japanese Accounting Standards)

February 13, 2025

Avex Inc.

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

Code No: 7860

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Scheduled date for commencement of dividend payments: –

Supplementary documents for financial results: Yes

Financial results briefing: None

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

### 1. Consolidated operating results for the nine-month period of fiscal year ending March 31, 2025 (April 1, 2024 to December 31, 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	%
Nine-Month Period of Fiscal Year Ending March 31, 2025	92,607	(1.9)	(1,262)	–	(1,141)	–	2,155	49.9
Nine-Month Period of Fiscal Year Ended March 31, 2024	94,382	10.4	1,577	(52.8)	1,305	(61.0)	1,437	(49.1)

(Note) Comprehensive income  
 Nine-Month Period of Fiscal Year Ending March 31, 2025: ¥2,371 million (–%)  
 Nine-Month Period of Fiscal Year Ended March 31, 2024: -¥66 million (–%)

	Profit per share		Diluted profit per share	
	yen		yen	
Nine-Month Period of Fiscal Year Ending March 31, 2025	48.97		–	
Nine-Month Period of Fiscal Year Ended March 31, 2024	31.79		–	

#### (2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	million yen		million yen		%	
As of December 31, 2024	109,975		51,938		46.3	
As of March 31, 2024	109,887		56,099		50.2	

(Reference) Shareholders' equity  
 As of December 31, 2024: ¥50,948 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
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	%	yen	
Full year	(1,800)	–	1,800	82.3	41.28	

(Note) Revisions to earnings forecasts published most recently: Yes

## \* 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 quarterly 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 December 31, 2024: 45,792,500 shares

As of March 31, 2024: 45,663,400 shares

b. Treasury stock at end of term

As of December 31, 2024: 3,410,606 shares

As of March 31, 2024: 410,546 shares

c. Average number of share (quarter-to-date)

Nine months ended December 31, 2024: 44,009,912 shares

Nine months ended December 31, 2023: 45,209,300 shares

\* Review by certified public accountant or audit corporation of the attached quarterly consolidated financial statements:  
None

\* 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.

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**1. Overview of Operating Results, etc.****(1) Overview of Consolidated Financial Results for the Nine-Month Period of Fiscal Year Ending March 31, 2025**

(Unit: million yen)

Nine-month 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	54,707	76,032	85,525	94,382	92,607
Cost of sales	37,368	48,392	56,952	65,379	66,238
Gross profit	17,339	27,640	28,573	29,003	26,368
Gross profit margin	31.7%	36.4%	33.4%	30.7%	28.5%
Personnel expenses	8,047	8,516	9,309	9,840	9,313
Sales promotion and advertising expenses	4,099	5,136	5,355	5,529	5,197
General expenses	8,803	10,060	10,563	12,055	13,119
Total SG&A expenses	20,950	23,713	25,228	27,425	27,631
Operating profit (loss)	(3,610)	3,926	3,344	1,577	(1,262)
Operating margin	-%	5.2%	3.9%	1.7%	-%

In the entertainment industry, to which the Group belongs, the production of music software, including music videos, was down 7.1% year on year, to 205,151 million yen (January to December 2024; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 5.3% year on year, to 91,411 million yen (January to September 2024; according to a survey by the Recording Industry Association of Japan). In the video-related market, sales of video software decreased 15.5% year on year, to 97,369 million yen (January to December 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 terms of business performance for the nine-month period of the fiscal year under review, net sales were 92,607 million yen (down 1.9% year on year) due to a decrease in the number of music package titles sold, and an operating loss was 1,262 million yen (operating profit of 1,577 million yen in the same period of the previous year) due to an increase in general expenses. However, profit attributable to owners of parent was 2,155 million yen (up 49.9% year on year) due to the recording of extraordinary income from the transfer of shares in subsidiaries and the implementation of a third-party allotment of new shares.

(2) Overview of Financial Position for the Nine-Month Period of Fiscal Year Ending March 31, 2025

Assets totaled 109,975 million yen at the end of the third quarter under review after an increase of 87 million yen from the end of the previous consolidated fiscal year. This was chiefly attributable to increases of 1,680 million yen in buildings and structures, net, 1,550 million yen in other current assets and 1,227 million yen in notes and accounts receivable - trade respectively, which more than offset a decline of 5,969 million yen in cash and deposits. Liabilities increased by 4,248 million yen from the end of the previous consolidated fiscal year, to 58,036 million yen. This was primarily due to increases of 6,729 million yen in other current liabilities and 1,394 million yen in notes and accounts payable - trade respectively, more than offsetting a decline of 3,911 million yen in accounts payable-other.

Net assets decreased 4,161 million yen from the end of the previous consolidated fiscal year, to 51,938 million yen. This was mainly due to an increase of 4,342 million yen in treasury shares (a decrease in net assets).

(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, the Company has changed the forecasts presented in a “Announcement Regarding Revision to Business Results” announced on June 21, 2024.

For further details, please refer to “Notice on Revision of Financial Results Forecasts” announced on February 13, 2025.

**2. Quarterly Consolidated Financial Statements and Key Notes****(1) Quarterly Consolidated Balance Sheets**

(Unit: million yen)

	As of March 31, 2024	As of December 31, 2024
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	47,075	41,106
Notes and accounts receivable - trade	22,700	23,928
Merchandise and finished goods	845	1,901
Work in process	3,356	3,340
Raw materials and supplies	300	288
Other	12,806	14,357
Allowance for doubtful accounts	(621)	(1,577)
<b>Total current assets</b>	<b>86,463</b>	<b>83,344</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,513	4,193
Land	2,580	2,690
Other, net	1,548	1,284
<b>Total property, plant and equipment</b>	<b>6,642</b>	<b>8,168</b>
<b>Intangible assets</b>	<b>2,167</b>	<b>2,750</b>
<b>Investments and other assets</b>		
Investment securities	8,214	8,762
Other	6,423	7,001
Allowance for doubtful accounts	(22)	(52)
<b>Total investments and other assets</b>	<b>14,615</b>	<b>15,711</b>
<b>Total non-current assets</b>	<b>23,424</b>	<b>26,630</b>
<b>Total assets</b>	<b>109,887</b>	<b>109,975</b>

	(Unit: million yen)	
	As of March 31, 2024	As of December 31, 2024
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable - trade	1,762	3,156
Current portion of long-term borrowings	3	3
Accounts payable - other	31,163	27,252
Income taxes payable	1,050	1,617
Refund liabilities	1,705	1,410
Provision for bonuses	561	64
Other	15,341	22,070
Total current liabilities	<u>51,587</u>	<u>55,575</u>
Non-current liabilities		
Long-term borrowings	3	1
Liabilities for retirement benefits	381	381
Other	1,815	2,078
Total non-current liabilities	<u>2,200</u>	<u>2,461</u>
Total liabilities	<u>53,787</u>	<u>58,036</u>
<b>(Net assets)</b>		
Shareholders' equity		
Share capital	4,678	4,755
Capital surplus	5,598	5,649
Retained earnings	44,746	44,694
Treasury shares	(590)	(4,933)
Total shareholders' equity	<u>54,432</u>	<u>50,165</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	795	791
Foreign currency translation adjustment	(98)	(26)
Remeasurements of defined benefit plans	60	18
Total of accumulated other comprehensive income	<u>757</u>	<u>782</u>
Non-controlling interests	910	990
Total net assets	<u>56,099</u>	<u>51,938</u>
Total liabilities and net assets	<u>109,887</u>	<u>109,975</u>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Statements of Income  
 (Consolidated Nine-Month Period)

(Unit: million yen)

	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2024
Net sales	94,382	92,607
Cost of sales	65,379	66,238
Gross profit	29,003	26,368
Selling, general and administrative expenses		
Advertising expenses	3,956	3,998
Promotion expenses	1,572	1,199
Provision of allowance for doubtful accounts	65	983
Employees' salaries and bonuses	6,165	6,245
Provision for bonuses	300	66
Retirement benefit expenses	346	160
Other	15,017	14,978
Total selling, general and administrative expenses	27,425	27,631
Operating profit (loss)	1,577	(1,262)
Non-operating income		
Interest income	15	25
Dividend income	4	10
Share of profit of entities accounted for using equity method	–	179
Gain on valuation of investment securities	46	2
Other	14	62
Total non-operating income	82	280
Non-operating expenses		
Interest expenses	1	4
Share of loss of entities accounted for using equity method	12	–
Foreign exchange losses	263	56
Commission fee	34	32
Other	41	66
Total non-operating expenses	354	160
Ordinary profit (loss)	1,305	(1,141)
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	1,675	–
Other	85	–
Total extraordinary income	1,825	6,514
Extraordinary losses		
Impairment loss	50	263
Loss on disaster	–	159
Loss on valuation of investment securities	49	13
Compensation for damage	160	–
Other	34	230
Total extraordinary losses	295	666
Profit before income taxes	2,835	4,706
Income taxes - current	1,476	2,607
Income taxes - deferred	(203)	(247)
Total income taxes	1,272	2,360
Profit	1,562	2,346
Profit attributable to non-controlling interests	125	191
Profit attributable to owners of parent	1,437	2,155

Quarterly Consolidated Statements of Comprehensive Income  
(Consolidated Nine-Month Period)

(Unit: million yen)

	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2024
Profit	1,562	2,346
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,854)	(4)
Foreign currency translation adjustment	157	60
Remeasurements of defined benefit plans, net of tax	100	(68)
Share of other comprehensive income of associates accounted for using equity method	(31)	37
Total other comprehensive income	(1,629)	25
Comprehensive income	(66)	2,371
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(191)	2,180
Comprehensive income attributable to non-controlling interests	125	190

(3) Notes Concerning Consolidated Quarterly Financial Statements

(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 first quarter 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 quarterly 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 first quarter under review. This change in accounting policies is applied retrospectively, and quarterly 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 quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

## (Notes to Segment Information)

## [Segment information]

## 1. Net sales and profit (loss) for each reportable segment and the breakdown of revenue

For the nine-month period ended December 31, 2023

(Unit: million yen)

	Reportable segments				Other (Note 1)	Annual	Adjustments (Note 2)	Amount in quarterly consolidated statement of income (Note 3)
	Music Business	Anime & Visual Content Business	Overseas Business	Subtotal				
Net sales								
Revenue from contracts with customers	78,559	11,946	3,841	94,347	35	94,382	–	94,382
Sales to external customers	78,559	11,946	3,841	94,347	35	94,382	–	94,382
Inter-segment sales and transfers	2,684	539	202	3,426	400	3,826	(3,826)	–
Annual	81,243	12,485	4,044	97,773	436	98,209	(3,826)	94,382
Segment profit (loss)	1,378	227	23	1,629	(44)	1,585	(7)	1,577

- (Notes) 1. The category, others, is a business segment not included in reportable segments, which mainly includes the travel business.
2. An adjustment of -7 million yen in segment profit (loss) represents the deduction of intersegment transactions.
3. Segment profit (loss) have been adjusted with operating profit recorded in the consolidated quarterly income statement.

For the nine-month period ended December 31, 2024

(Unit: million yen)

	Reportable segments				Other (Note 1)	Annual	Adjustments (Note 2)	Amount in quarterly consolidated statement of income (Note 3)
	Music Business	Anime & Visual Content Business	Overseas Business	Subtotal				
Net sales								
Revenue from contracts with customers	76,144	13,843	2,587	92,575	32	92,607	–	92,607
Sales to external customers	76,144	13,843	2,587	92,575	32	92,607	–	92,607
Inter-segment sales and transfers	3,120	436	1	3,559	466	4,025	(4,025)	–
Annual	79,265	14,280	2,589	96,134	498	96,633	(4,025)	92,607
Segment profit (loss)	(904)	221	(579)	(1,262)	(6)	(1,268)	6	(1,262)

- (Notes) 1. The category, others, is a business segment not included in reportable segments, which mainly includes the travel business.
2. An adjustment of 6 million yen in segment profit (loss) represents the deduction of intersegment transactions.
3. Segment profit (loss) have been adjusted with operating loss recorded in the consolidated quarterly income statement.

## 2. Matters relating to changes in reportable segments, etc.

The Group has changed its previous reportable segments. Effective from the first quarter of the fiscal year under review, the reportable segments are Music Business, Anime/Video Business, Overseas Business and Other Businesses, instead of Music Business, Anime/Video Business, Digital Business, Overseas Business and Other Businesses.

With regard to Digital Business, the segment classification has been revised from the perspective of similarities and relevance of business content and has been included in Music Business.

The segment information for the first nine months of the previous fiscal year has been recalculated accordingly.

## 3. Information on impairment loss in non-current assets and goodwill by reportable segment

(Important impairment loss on non-current assets)

For the nine-month period ended December 31, 2023

The description has been omitted because of its lack of materiality.

For the nine-month period ended December 31, 2024

(Unit: million yen)

	Reportable segments				Other	Corporate / Eliminations	Annual
	Music Business	Anime & Visual Content Business	Overseas Business	Subtotal			
Impairment loss	188	74	–	263	–	–	263

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

The Company purchased 3,000 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, during the nine-month period of the fiscal year under review, treasury shares increased 4,342 million yen, standing at 4,933 million yen at the end of the nine-month period of the fiscal year under review.

(Notes on Going Concern Assumptions)

Not applicable

(Notes on Statement of Cash Flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first nine months under review. Depreciation (including amortization of intangible assets) for the first nine months of the fiscal year under review is as follows:

(Unit: million yen)

	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2024
Depreciation	1,247	1,209