

Consolidated Financial Summary for the First Three Months Quarter of Fiscal Year Ending March 31, 2026 (Japanese Accounting Standards)

August 7, 2025

Avex Inc.

Tokyo Stock Exchange, Prime Market

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 first three months of fiscal year ending March 31, 2026 (April 1, 2025 to June 30, 2025)

(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	%
Three-Month Period of Fiscal Year Ending March 31, 2026	32,735	28.1	1,458	–	1,439	–	761	(58.5)
Three-Month Period of Fiscal Year Ended March 31, 2025	25,548	(20.1)	(1,281)	–	(1,236)	–	1,834	(32.2)

(Note) Comprehensive income
 Three-Month Period of Fiscal Year Ending March 31, 2026: ¥819 million (-64.6%)
 Three-Month Period of Fiscal Year Ended March 31, 2025: ¥2,313 million (62.4%)

	Profit per share	Diluted profit per share
	yen	yen
Three-Month Period of Fiscal Year Ending March 31, 2026	17.96	–
Three-Month Period of Fiscal Year Ended March 31, 2025	40.54	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Three-Month Period of Fiscal Year Ending March 31, 2026	102,136	50,786	48.7
Fiscal year ended March 31, 2025	105,960	51,112	47.3

(Reference) Shareholders' equity
 Three-Month Period of Fiscal Year Ending March 31, 2026: ¥49,737 million
 Fiscal year ended March 31, 2025: ¥50,109 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	yen	yen	yen	yen
Fiscal year ended March 31, 2025	–	25.00	–	25.00	50.00
Year ending March 31, 2026	–				
Year ending March 31, 2026 (forecast)		25.00	–	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, 2026 (April 1, 2025 to March 31, 2026)

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	3,000	–	1,200	5.4	28.31

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

* Notes

- (1) Significant changes in the scope of consolidation during the period: Yes
 Newly added: 1 company (Company name) S10 Entertainment & Media LLC
 Excluded: 1 company (Company name) Avex Technologies 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: None
 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 June 30, 2025:	45,792,500 shares
Fiscal year ended March 31, 2025:	45,792,500 shares
 - b. Treasury stock at end of term

As of June 30, 2025:	3,410,680 shares
Fiscal year ended March 31, 2025:	3,410,680 shares
 - c. Average number of share (quarter-to-date)

As of June 30, 2025:	42,381,820 shares
As of June 30, 2025:	45,252,799 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 Three-Month Period of Fiscal Year Ending March 31, 2026**

(Unit: million yen)

First three months results	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Year ending March 31, 2026
Net sales	19,417	28,473	31,973	25,548	32,735
Cost of sales	12,537	17,947	20,881	18,526	23,069
Gross profit	6,880	10,526	11,092	7,022	9,665
Gross profit margin	35.4%	37.0%	34.7%	27.5%	29.5%
Personnel expenses	2,545	3,241	3,606	3,194	3,243
Sales promotion and advertising expenses	1,332	1,745	1,625	1,194	1,386
General expenses	2,739	3,251	3,978	3,915	3,577
Total SG&A expenses	6,617	8,237	9,210	8,303	8,207
Operating profit (loss)	262	2,288	1,881	(1,281)	1,458
Operating margin	1.4%	8.0%	5.9%	–%	4.5%

In the entertainment industry, to which the Group belongs, the production of music software, including music videos, was up 19.3% year on year, to 107,179 million yen (January to June 2025; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 1.7% year on year, to 31,736 million yen (January to March 2025; according to a survey by the Recording Industry Association of Japan). In the video-related market, sales of video software decreased 4.0% year on year, to 42,309 million yen (January to June 2025; 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 each segment, progress was made in IP discovery, cultivation, development and acquisition with a global perspective, expanding the IP portfolio, and building a global value chain to maximize the value of IP. We have already steadily strengthening our business foundations in overseas markets. In our mainstay businesses such as LIVE and LABEL, we worked to maximize the value of existing IP and strengthened collaboration with partner companies.

Net sales increased 28.1% year on year to 32,735 million yen due to an increase in the number of major live performances in the Music Business and strong sales of live-action video works in the Anime & Visual Content Business. Operating profit was 1,458 million yen (compared with an operating loss of 1,281 million yen in the same period of the previous fiscal year), mainly due to an improvement in the gross profit margin resulting from an increase in the number of music package titles sold and a decrease in selling, general and administrative expenses as a result of a review of cost execution. Profit attributable to owners of the parent amounted to 761 million yen (down 58.5% year-on-year), mainly due to the recording of extraordinary income from the transfer of shares in subsidiaries in the first quarter of the previous fiscal year.

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

Assets at the end of the first quarter under review decreased 3,824 million yen, to 102,136 million yen from the end of the previous consolidated fiscal year. This was chiefly attributable to a decrease of 7,329 million yen in cash and deposits, more than offsetting increases of 1,239 million yen and 2,697 million yen in notes and accounts receivable-trade and goodwill, respectively.

Liabilities were reduced by 3,497 million yen from the end of the previous consolidated fiscal year, to 51,350 million yen. This was mainly due to decreases of 4,381 million yen in accounts payable-other and 1,769 million yen in income taxes payable, despite increases of 1,886 million yen in other current liabilities and 1,174 million yen in notes and accounts payable-trade, respectively.

Net assets decreased 326 million yen from the end of the previous consolidated fiscal year, to 50,786 million yen. This was chiefly attributable to a decline of 2 84million yen in retained earnings.

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

With respect to the summary of consolidated financial forecasts for the fiscal year ending March 31, 2026, the financial forecasts presented in the “Consolidated Financial Summary for the Year Ended March 31, 2025” announced on May 8, 2025 remain unchanged.

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

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

(Unit: million yen)

	As of March 31, 2025	As of June 30, 2025
(Assets)		
Current assets		
Cash and deposits	35,690	28,360
Notes and accounts receivable - trade	22,952	24,191
Merchandise and finished goods	910	1,009
Work in process	3,683	4,080
Raw materials and supplies	315	301
Others	14,474	15,389
Allowance for doubtful accounts	(253)	(239)
Total current assets	77,774	73,094
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,214	4,723
Land	2,690	2,958
Other, net	1,595	1,794
Total property, plant and equipment	8,500	9,475
Intangible assets		
Goodwill	22	2,719
Others	2,637	2,710
Total intangible assets	2,660	5,430
Investments and other assets		
Investment securities	9,839	7,386
Retirement benefit asset	42	50
Others	8,767	8,435
Allowance for doubtful accounts	(1,624)	(1,736)
Total investments and other assets	17,025	14,136
Total non-current assets	28,186	29,042
Total assets	105,960	102,136

	(Unit: million yen)	
	As of March 31, 2025	As of June 30, 2025
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	2,972	4,146
Current portion of long-term loans payable	3	2
Accounts payable - other	29,511	25,129
Income taxes payable	2,105	336
Refund Liabilities	1,323	1,262
Provision for bonuses	310	232
Others	16,607	18,494
Total current liabilities	52,834	49,603
Non-current liabilities		
Others	2,013	1,746
Total non-current liabilities	2,013	1,746
Total liabilities	54,848	51,350
(Net assets)		
Shareholders' equity		
Share capital	4,755	4,755
Capital surplus	5,649	5,649
Retained earnings	43,677	43,393
Treasury shares	(4,933)	(4,933)
Total shareholders' equity	49,149	48,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	700	924
Foreign currency translation adjustment	(49)	(291)
Remeasurements of defined benefit plans	308	239
Total of accumulated other comprehensive income	960	872
Non-controlling interests	1,003	1,048
Total net assets	51,112	50,786
Total liabilities and net assets	105,960	102,136

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income
(Consolidated First Quarter)

(Unit: million yen)

	For the three-month period ended June 30, 2024	For the three-month period ended June 30, 2025
Net sales	25,548	32,735
Cost of sales	18,526	23,069
Gross profit	7,022	9,665
Selling, general and administrative expenses		
Advertising expenses	946	1,100
Promotion expenses	247	285
Employees' salaries and bonuses	2,077	2,077
Provision for bonuses	34	220
Retirement benefit expenses	53	(10)
Commission fee	1,694	1,596
Others	3,249	2,936
Total selling, general and administrative expenses	8,303	8,207
Operating profit (loss)	(1,281)	1,458
Non-operating income		
Interest income	6	22
Dividend income	7	6
Share of profit of entities accounted for using equity method	—	58
Gain on investments in investment partnerships	59	1
Foreign exchange gains	7	—
Gain on valuation of investment securities	2	—
Others	12	5
Total non-operating income	95	94
Non-operating expenses		
Interest expenses	0	2
Share of loss of entities accounted for using equity method	21	—
Foreign exchange losses	—	96
Loss on valuation of cryptocurrencies	10	1
Others	18	13
Total non-operating expenses	51	114
Ordinary profit (loss)	(1,236)	1,439
Extraordinary income		
Gain on sale of shares of subsidiaries	4,548	—
Total extraordinary income	4,548	—
Extraordinary losses		
Loss on liquidation of business	—	43
Loss on retirement of noncurrent assets	53	19
Provision for loss on contracts	174	—
Others	—	15
Total extraordinary losses	228	79
Profit before income taxes	3,082	1,360
Income taxes - current	952	290
Income taxes - deferred	238	161
Total income taxes	1,190	452
Profit	1,892	908
Profit attributable to non-controlling interests	57	146
Profit attributable to owners of parent	1,834	761

Quarterly Consolidated Statements of Comprehensive Income
(Consolidated First Quarter)

(Unit: million yen)

	For the three-month period ended June 30, 2024	For the three-month period ended June 30, 2025
Profit	1,892	908
Other comprehensive income		
Valuation difference on available-for-sale securities	52	223
Foreign currency translation adjustment	332	(200)
Remeasurements of defined benefit plans	(22)	(69)
Share of other comprehensive income of associates accounted for using equity method	59	(42)
Total other comprehensive income	421	(88)
Comprehensive income	2,313	819
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,255	673
Comprehensive income attributable to non-controlling interests	57	146

(3) Notes Concerning Consolidated Quarterly Financial Statements

(Notes to Segment Information)

[Segment information]

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

For the three-month period ended June 30, 2024

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Quarterly consolidated statement of income (Note 3)
	Music Business	Anime & Visual Content Business	Overseas Business	Subtotal				
Net sales								
Revenue from contracts with customers	21,415	3,422	693	25,531	17	25,548	–	25,548
Sales to external customers	21,415	3,422	693	25,531	17	25,548	–	25,548
Inter-segment sales and transfers	948	134	0	1,083	154	1,238	(1,238)	–
Total	22,364	3,556	693	26,614	172	26,787	(1,238)	25,548
Segment profit (loss)	(847)	(296)	(147)	(1,291)	(0)	(1,292)	11	(1,281)

(Notes) 1. The category, others, is a business segment not included in reportable segments, which mainly includes the travel business.

2. The segment loss adjustment of 11 million yen is for the elimination of intersegment transactions.

3. Segment loss is adjusted to the operating loss in quarterly consolidated statements of income.

For the three-month period ended June 30, 2025

(Unit: million yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Quarterly consolidated statement of income (Note 3)
	Music Business	Anime & Visual Content Business	Overseas Business	Subtotal				
Net sales								
Revenue from contracts with customers	27,793	4,204	731	32,728	6	32,735	–	32,735
Sales to external customers	27,793	4,204	731	32,728	6	32,735	–	32,735
Inter-segment sales and transfers	82	101	0	183	157	340	(340)	–
Total	27,875	4,305	731	32,912	163	33,076	(340)	32,735
Segment profit (loss)	1,547	58	(147)	1,458	(4)	1,454	4	1,458

(Notes) 1. The category, others, is a business segment not included in reportable segments, which mainly includes the travel business.

2. An adjustment of 4 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.

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

Not applicable

(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 quarter under review. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first three months are as follows.

	(Unit: million yen)	
	For the three-month period ended June 30, 2024	For the three-month period ended June 30, 2025
Depreciation	407	338
Amortization of goodwill	13	82