Consolidated Financial Summary for the First Three Months of Fiscal Year Ending March 31, 2027 (Japanese Accounting Standards)

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Avex Inc. Tokyo Stock Exchange, Prime Market
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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, 2027 (April 1, 2026 to June 30, 2026)

(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, 2027	34,930	6.7	1,277	(12.4)	1,372	(4.7)	425	(44.2)
Three-Month Period of Fiscal Year Ended March 31, 2026	32,735	28.1	1,458	–	1,439	–	761	(58.5)

(Note) Comprehensive income Three-Month Period of Fiscal Year Ending March 31, 2027: ¥581 million (-29.1%)
Three-Month Period of Fiscal Year Ended March 31, 2026: ¥819 million (-64.6%)

	Profit per share	Diluted profit per share
	yen	yen
Three-Month Period of Fiscal Year Ending March 31, 2027	10.00	–
Three-Month Period of Fiscal Year Ended March 31, 2026	17.96	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholders’ equity ratio
	million yen	million yen	%
As of June 30, 2026	108,826	52,412	46.9
As of March 31, 2026	110,793	52,889	46.5

(Reference) Shareholders’ equity As of June 30, 2026: ¥51,040 million
As of March 31, 2026: ¥51,572 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
Year ended March 31, 2026	–	25.00	–	25.00	50.00
Year ending March 31, 2027	–				
Year ending March 31, 2027 (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, 2027 (April 1, 2026 to March 31, 2027)

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	6,000	46.9	3,200	(9.9)	75.28

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

* Notes

(1) Significant changes in the scope of consolidation during the period: None
Newly added: – Excluded: –

(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, 2026:	45,919,300 shares
Fiscal year ended March 31, 2026:	45,919,300 shares
b. Treasury stock at end of term	
As of June 30, 2026:	3,410,829 shares
Fiscal year ended March 31, 2026:	3,410,828 shares
c. Average number of share (quarter-to-date)	
Three-month period of fiscal year ending March 31, 2027:	42,508,471 shares
Three-month period of fiscal year ended March 31, 2026:	42,381,820 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.

○ Index for Supplementary Information

1. Overview of Operating Results, etc.

(1) Overview of Consolidated Financial Results for the Three-Month Period of Fiscal Year Ending March 31, 2027

(Unit: million yen)

First three months results	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Year ending March 31, 2027
Net sales	28,473	31,973	25,548	32,735	34,930
Cost of sales	17,947	20,881	18,526	23,069	24,907
Gross profit	10,526	11,092	7,022	9,665	10,022
Gross profit margin	37.0%	34.7%	27.5%	29.5%	28.7%
Personnel expenses	3,241	3,606	3,194	3,243	3,137
Sales promotion and advertising expenses	1,745	1,625	1,194	1,386	1,545
General expenses	3,251	3,978	3,915	3,577	4,061
Total SG&A expenses	8,237	9,210	8,303	8,207	8,745
Operating profit (loss)	2,288	1,881	(1,281)	1,458	1,277
Operating margin	8.0%	5.9%	–%	4.5%	3.7%

In the entertainment industry, to which the Group belongs, the production of music software, including music videos, was down 2.9% year on year, to 104,000 million yen (January to June 2026; according to a survey by the Recording Industry Association of Japan). Sales of paid music downloads were up 46.2% year on year, to 46,400 million yen (January to March 2026; according to a survey by the Recording Industry Association of Japan). In the video-related market, sales of video software decreased 0.1% year on year, to 22,500 million yen (January to March 2026; according to a survey by the Japan Video Software Association).

In this business environment, the Group has focused on creating IP that will be active over the long term and has promoted company-wide structural reforms aimed at acquiring rights and maximizing value, as well as strengthening its revenue structure. Specifically, progress was made in the creation of IP in each segment, with each artist and work expanding the scope of their activities both domestically and internationally. We also accelerated our overseas expansion by leveraging our US-based creative network. In the catalog business utilizing IP rights, we promoted efforts to maximize the value of rights through the launch of joint projects for music-related rights and the utilization of past animation works.

Regarding the operating results for the first quarter of the fiscal year under review, net sales totaled 34,930 million yen (up 6.7% year on year), driven by a strong performance in the Anime & Visual Content Business, including major live-action films and theatrical anime releases. However, operating profit was 1,277 million yen (down 12.4% year on year), primarily due to an increase in selling, general and administrative expenses. Profit attributable to owners of parent was 425 million yen (down 44.2% year on year), primarily due to the recognition of extraordinary losses resulting from the review of the Asian operations.

(2) Overview of Financial Position for the Three-Month Period of Fiscal Year Ending March 31, 2027

Assets at the end of the first quarter under review decreased 1,967 million yen, to 108,826 million yen from the end of the previous consolidated fiscal year. This was primarily due to a decrease of 5,440 million yen in notes and accounts receivable - trade, despite increases of 1,553 million yen in other under current assets and 1,533 million yen in other under intangible assets.

Liabilities were reduced by 1,490 million yen from the end of the previous consolidated fiscal year, to 56,413 million yen. This was primarily due to decreases of 738 million yen in other under current liabilities and 605 million yen in the provision for bonuses.

Net assets decreased 476 million yen from the end of the previous consolidated fiscal year, to 52,412 million yen. This was chiefly attributable to a decline of 637 million 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, 2027, the financial forecasts presented in the “Consolidated Financial Summary for the Year Ended March 31, 2026” announced on May 14, 2026 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, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	34,305	34,010
Notes and accounts receivable - trade	25,678	20,237
Merchandise and finished goods	1,273	1,909
Work in process	4,157	4,322
Raw materials and supplies	380	374
Other	16,096	17,649
Allowance for doubtful accounts	(136)	(68)
Total current assets	81,755	78,435
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,380	5,312
Land	2,986	2,990
Other, net	1,207	1,177
Total property, plant and equipment	9,574	9,481
Intangible assets		
Goodwill	2,535	2,499
Other	2,432	3,966
Total intangible assets	4,968	6,465
Investments and other assets		
Investment securities	6,977	7,341
Retirement benefit asset	193	188
Other	8,272	7,833
Allowance for doubtful accounts	(947)	(919)
Total investments and other assets	14,496	14,443
Total non-current assets	29,038	30,390
Total assets	110,793	108,826

(Unit: million yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,778	2,609
Accounts payable - other	30,299	29,833
Income taxes payable	554	450
Refund liabilities	1,163	1,132
Provision for bonuses	819	214
Other	20,582	19,843
Total current liabilities	56,198	54,084
Non-current liabilities		
Long-term borrowings	–	665
Other	1,705	1,663
Total non-current liabilities	1,705	2,329
Total liabilities	57,904	56,413
Net assets		
Shareholders’ equity		
Share capital	4,836	4,836
Capital surplus	5,125	5,125
Retained earnings	45,069	44,432
Treasury shares	(4,933)	(4,933)
Total shareholders’ equity	50,098	49,460
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	929	925
Foreign currency translation adjustment	360	507
Remeasurements of defined benefit plans	184	147
Total of accumulated other comprehensive income	1,474	1,580
Non-controlling interests	1,317	1,372
Total net assets	52,889	52,412
Total liabilities and net assets	110,793	108,826

(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, 2025	For the three-month period ended June 30, 2026
Net sales	32,735	34,930
Cost of sales	23,069	24,907
Gross profit	9,665	10,022
Selling, general and administrative expenses		
Advertising expenses	1,100	1,175
Promotion expenses	285	370
Employees' salaries and bonuses	2,077	1,961
Provision for bonuses	220	198
Retirement benefit expenses	(10)	44
Commission fee	1,596	1,856
Other	2,936	3,138
Total selling, general and administrative expenses	8,207	8,745
Operating profit	1,458	1,277
Non-operating income		
Interest income	22	43
Dividend income	6	14
Share of profit of entities accounted for using equity method	58	51
Other	7	23
Total non-operating income	94	132
Non-operating expenses		
Interest expenses	2	9
Loss on investments in partnership	–	20
Foreign exchange losses	96	–
Other	15	7
Total non-operating expenses	114	37
Ordinary profit	1,439	1,372
Extraordinary losses		
Provision for Loss on Business Liquidation	–	265
Loss on liquidation of business	43	–
Loss on retirement of non-current assets	19	–
Other	15	–
Total extraordinary losses	79	265
Profit before income taxes	1,360	1,107
Income taxes - current	290	242
Income taxes - deferred	161	374
Total income taxes	452	616
Profit	908	490
Profit attributable to non-controlling interests	146	65
Profit attributable to owners of parent	761	425

Quarterly Consolidated Statements of Comprehensive Income

(Consolidated First Quarter)

(Unit: million yen)

	For the three-month period ended June 30, 2025	For the three-month period ended June 30, 2026
Profit	908	490
Other comprehensive income		
Valuation difference on available-for-sale securities	223	(4)
Foreign currency translation adjustment	(200)	133
Remeasurements of defined benefit plans, net of tax	(69)	(33)
Share of other comprehensive income of associates accounted for using equity method	(42)	(3)
Total other comprehensive income	(88)	91
Comprehensive income	819	581
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	673	530
Comprehensive income attributable to non-controlling interests	146	50

(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, 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.

For the three-month period ended June 30, 2026

(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	25,567	8,747	597	34,913	17	34,930	–	34,930
Sales to external customers	25,567	8,747	597	34,913	17	34,930	–	34,930
Inter-segment sales and transfers	125	135	29	290	158	448	(448)	–
Total	25,693	8,882	627	35,203	175	35,378	(448)	34,930
Segment profit (loss)	345	1,187	(261)	1,272	7	1,279	(2)	1,277

(Notes) 1. The category, others, is a business segment not included in reportable segments, which mainly includes the travel business.
2. An adjustment of -2 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)

None applicable.

(Notes on Going Concern Assumptions)

None 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, 2025	For the three-month period ended June 30, 2026
Depreciation	338	323
Amortization of goodwill	82	87