m-up holdings, Inc.

3661

Tokyo Stock Exchange Prime Market

14-Aug.-2026

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Contents

Summary

Implemented a significant dividend increase for FY3/26. Continued to increase sales and profit through growth in electronic tickets and other businesses

1. Company profile

m-up holdings, Inc. <3661> (hereafter, also "the Company") conducts integrated business development from the delivery of various digital content, such as anime characters, stamps, music, and e-books, to e-commerce and electronic tickets, with its focus on the fan club web site business that covers a wide range of genres centered on artists, including TV personalities, voiceover actors, and anime. It is one of the largest operators of fan club web sites in Japan with over 900 sites, mostly focusing on musical artists. These web sites boast over 4.7 million paying members, which is also the highest number in Japan. CEO and Representative Director Koichiro Mito previously worked in the music industry (at a record company), so the Company's strength lies in acquisitions of strong IP (intellectual property), including artists, TV personalities, athletes, and anime characters, and it is developing several official web sites that cover a wide variety of categories and genres. Since 2020, despite being partially affected by the COVID-19 pandemic, the live concert market has once again become vibrant, and the Company's performance has grown significantly thanks to synergies with the EC Business and Electronic Tickets Business, as well as the expansion of services that provide new fan experiences. Most recently, the Company has focused on global expansion, and is approaching a new stage that will include next-generation fan businesses utilizing new technologies (Web 3.0, NFTs, etc.).

2. Overview of FY3/26 results

In the FY3/26 results, the Company achieved a major increase in both sales and profits, exceeding initial forecasts, with net sales rising 23.0% year on year (YoY) to ¥31,715mn and operating profit growing 23.1% to ¥5,003mn. The Fan Website Business, EC Business, and Electronic Tickets Business all expanded steadily. The Fan Website Business saw growth in its results driven largely by increases in paying members on existing sites, with the core group of artists performing strongly as a whole, as well as by the launch of new fan clubs and growth in overseas members. The EC Business also expanded steadily amid a booming live music market, supported by linkage with the Fan Website Business. In the Electronic Tickets Business as well, the number of artists handled steadily increased, and the number of tickets issued reached a new record high, while the transaction volume of ticket trading also reached a new record high. Regarding profits, despite a rise in AWS server costs associated with the depreciation of the yen, increases in system management fees, and other factors, the Company achieved a significant increase in profit due to an expansion in the number of paying members and growth in the highly profitable EC Business and Electronic Tickets Business. In terms of activities, the Company established a U.S. entity with a view to accelerating future global expansion. Additionally, the Company raised the dividend payout ratio from the previous 30% to 40%–50%, and for FY3/26, it implemented a significant increase in dividend per share to ¥20.0 per share, up ¥11.0 per share.

3. FY3/27 forecasts

The Company has withheld the disclosure of its FY3/27 forecasts as of the beginning of the fiscal year*. For the reasons why, it cites the difficulty in appropriately and reasonably estimating the impact on earnings at this juncture, as the Company is continuously promoting organizational restructuring aimed at optimizing its business structure for further growth acceleration. Compounding this are its plans to concurrently implement key measures to strengthen its future earnings base, including global expansion and strategic investments in generative AI and other advanced technologies. The Company intends to promptly announce its forecasts once reasonable ones can be made. However, in terms of results trends, it appears to assume roughly the same growth rates in sales and profits as before. For its year-end dividend, the Company is planning to increase the dividend to ¥24.0 per share, up ¥4.0 YoY.

* The Company announced its FY3/27 forecasts on June 26, 2026. It decided on a policy to conduct a reorganization, including the divestment of certain non-core businesses. Following the decision on this policy, it has become possible for the Company to make reasonable calculations. This is what resulted in the announcement. For its FY3/27 results, the Company anticipates rises in sales and profits, with net sales to increase 13.5% YoY to ¥36,000mn, operating profit to rise 15.9% to ¥5,800mn, ordinary profit to increase 10.5% to ¥6,000mn, and profit attributable to owners of parent to increase 17.9% to ¥3,500mn.

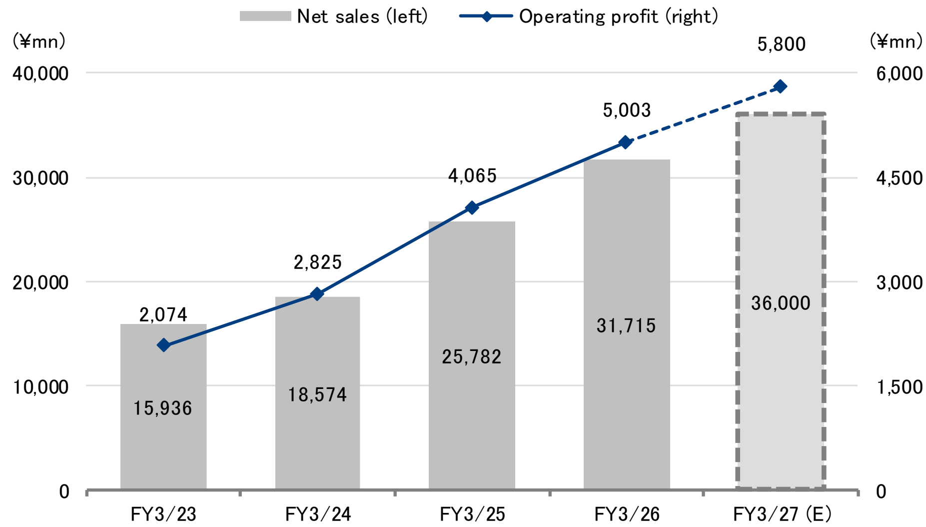
4. Image of future growth

The Company projects stable, continuing growth in existing businesses from acquiring strong IP and expanding its membership base. New earnings drivers will come from global expansion, enhancements to the Electronic Tickets Business, creation of next-generation fan businesses, and cultivating new business, including through M&A. The Company is drawing up a strategy to accelerate growth for the Group as a whole. In particular, it intends to proactively undertake strategic investments to evolve its core fan club from a “framework” into an integrated platform that creates “fan experiences.”

Key Points

- In FY3/26, the three mainstay businesses expanded steadily, achieving significant increases in sales and profits that exceeded initial forecasts
- Raised its target dividend payout ratio from 30% to 40%–50%, and implemented a significant dividend increase
- Withheld the disclosure of its FY3/27 forecasts at this time, considering the impact of organizational restructuring, strategic investments, and other measures aimed at accelerating growth
- Aims to evolve its core fan club from a “framework” into an integrated platform that creates “fan experiences” as it aims to accelerate global growth

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

Offers a proprietary integrated platform with cross-linkage among its EC, electronic ticket, and other businesses

1. Business description

The Group conducts integrated business development from the delivery of various digital content, such as anime characters, stamps, music, and e-books, to e-commerce and electronic tickets, with its focus on the fan club web site business that covers a wide range of genres centered on artists, including TV personalities, voiceover actors, and anime. The Company's provision of value is organically connecting users through various media, like smartphones and PCs, with various rights owners (artists, music offices, record companies, character companies, etc.) while expanding the membership base of highly loyal members who are the fans. At the same time, it entails providing a wide range of products and services, such as advance sales of concert tickets and the provision of music, as well as digital content (CDs, DVDs, Blu-rays, etc.) and goods. By leveraging its expansive number of leading artists and content, the Company has created synergies throughout the Group and expanded and diversified its business foundation by mutually utilizing them.

The Company worked to expand its business foundation, including by launching the Electronic Tickets Business, which is expected to grow, by making EMTG Inc. (currently Fanplus, Inc.) a fully owned subsidiary on October 1, 2018. From April 1, 2020, the Company transitioned to a holding company structure in order to optimally allocate management resources, realize speedy decision-making, and pursue further Group synergies. The live concert market was partially affected by the COVID-19 pandemic starting in 2020, but it is now booming. The Company is seeing major growth in recent results alongside expansion in services that provide new fan experiences. Most recently, the Company is focused on global expansion. It is approaching a new stage that includes cultivating next-generation fan businesses that utilize new technologies.

There are three reportable segments: the Content Business, Electronic Tickets Business, and Other Businesses. The Content Business is further subdivided into Fan Website Business and EC Business. The Fan Website Business, which has been the mainstay business since the Company's foundation, provides a high percentage of total sales. However, the plan is to grow the highly profitable EC Business and Electronic Tickets Business (which have commission income) going forward while linking these businesses together.

Summaries of each of the businesses are provided below.

(1) Content Business

a) Fan Website Business

This business mainly involves the management of fan club web sites for smartphones and PCs, the distribution of various digital content, and the provision of apps. In particular, for the mainstay fan club web sites, it manages official sites that deliver the latest information and exclusive content on artists and idols, as well as other celebrities such as actors, TV personalities, and athletes. This business also includes the provision of member-only content, delivery of music, and sales of goods. It is one of the largest operators of fan club web sites in Japan with over 900 sites*1, mostly focusing on musical artists. These web sites boast over 4.7 million paying numbers—a source of earnings and the largest number in Japan. Also, by creating apps for fan clubs and adding various functions (developing platforms)*2, the Company is responding to user needs and expanding opportunities to acquire earnings. It also offers peripheral services that include FANPLANET*3, a metaverse service that leverages Web 3.0 technologies, and bubble for JAPAN*4, a fan engagement app that realizes close communication between artists and fans, and is working to link these services with fan clubs. Meanwhile, in the area of the distribution of various forms of digital content, the Company distributes content in considerable quantity that is modeled after popular characters and TV personalities. This includes dress-up themes, stamps, and decorative emails. In addition, it actively provides content for monthly flat-rate, unlimited subscription services offered by mobile carriers.

*1 Includes Fanpla Kit (an FC platform; hereafter, "Fan+Kit.") Fan+Kit is a SaaS-type platform that allows artists of all sizes to start a fan club without any initial or installation costs, and is packaged with functions necessary for managing a fan club as well as managing membership fees. Since opening in December 2020, the number of users and new members has steadily increased.

*2 Aims to enhance engagement by enhancing everyday life-oriented functions that include a digital fan letter function that lets users deliver original fan letters to artists, weather forecasts, and a custom icon function in addition to an electronic ticket function.

*3 Enables users to enjoy supporting their favorite artists while roaming virtual spaces and interacting with artists and other fans with the use of a dedicated avatar. Includes a "listening party" function for sharing music among artists and fans, among other features. Also commenced sales of items using the crypto asset FPL as a means of payment.

*4 Japanese version of the "bubble" global fan communication app offered by South Korean company Dear U Co., Ltd. The Company began providing service with this app in June 2024 through a capital and business alliance with Dear U Co., Ltd.

b) EC Business

This business involves sales of music video products; CDs, DVDs, and Blu-rays, and artists' goods related to these products, mainly through fan club web sites managed by the Group. It also provides a variety of fan-oriented EC services that include Fanpla Chance, online prize draws exclusively for fan clubs. Its features include targeting the core fan group (members of fan club web sites), developing a new distribution route to sell directly to fans, handling artists from those with major to independent distribution, effectively conducting sales promotions by providing original perks (artists' goods, etc.) when selling packaged products, and facilitating optimal product suggestions and service enhancement based on data through linkage with the Fan Club Business. It has also recently launched services (advance sales, a service for collecting items at venues, etc.) that can be used smoothly for sales of goods at live performances and event venues, and is aiming to expand sales opportunities that go beyond the EC framework.

(2) Electronic Tickets Business

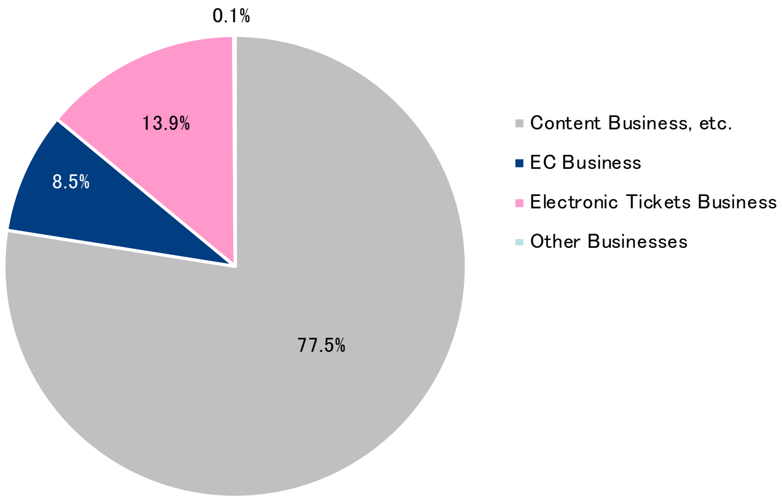
This business was launched through making EMTG Inc. a fully owned subsidiary in October 2018, and is comprised of earnings from the electronic tickets and ticket trading* businesses and various peripheral services. In addition to live music, it provides an electronic tickets service for a wide variety of events, including so-called greeting events to meet members of idol groups, sporting events such as professional baseball and figure skating, and leisure facilities such as amusement parks. On the other hand, it is also working to diversify its monetization methods through services ancillary to electronic tickets, including providing a card collection app (player cards for professional baseball, J.LEAGUE, basketball, volleyball, and table tennis) and sales of commemorative content related to live performances (memory collections) in fee-based packages. In addition, the Company implemented an organizational restructuring of its Electronic Tickets Business and the Digital Card Business for the purpose of further accelerating growth and optimizing management resources.

* A service that allows members to sell tickets to other people at a fixed price when they are unable to go to a live performance or other event. Unlike conventional ticket resale sites, the parties involved are not able to communicate individually and prices are fixed, which prevents tickets from being resold at excessively high prices.

(3) Other Businesses

Other Businesses include earnings of consolidated subsidiaries which are unassociated with the above segments and mainly develop new businesses.

Composition of net sales by business (FY3/26 results)



Source: Prepared by FISCO from the Company's financial results

Accelerating growth in a holding company structure pivoting on fan businesses

2. Group structure

On April 1, 2020, the Group transitioned to a holding company structure. There are eight operating companies (consolidated subsidiaries) under the holding company: Fanplus, Inc., Ticketplus, Inc., Dear U plus, Inc., Creative Plus, Inc., VOLZ, Inc., VR MODE, Inc., THE STAR JAPAN, Inc., and Roen Japan, Inc. This structure emphasizes uniqueness and facilitates swift decision making at each Group company while creating synergies within the Group and diversifying sources of earnings.

3. History

The Company was established by CEO and Representative Director Koichiro Mito in December 2004 (Head Office: Shibuya Ward, Tokyo) in order to provide fee-based content and conduct online sales for mobile phones and PCs.

The mobile content market expanded alongside the spread of mobile phones and the development of the IT environment, so the Company's results trended steadily, mainly for "Chaku-Uta" ringtones. In particular, the provision of carriers' new services greatly affected the Company's results. In October 2006, it opened Artists Official Call to provide melodic ringtones, acting as the official site of the mobile phone carriers providing the content. Also, in February 2007, it opened and launched e-commerce business through ROYAL Roc, the official mobile phone carrier site for an exclusive shop handling mainly fashion related to artists and TV personalities. Moreover, that July, it opened Artists Official Decome as an official mobile phone carrier site and thereby entered into content fields other than music.

A major turning point for the Company was in September 2008 when it opened the GLAY MOBILE official mobile phone carrier site and started to manage fan club web sites. As well as being in a field that utilizes the features of the Company, an expert in the entertainment industry, it was able to capture highly loyal fan groups as paying members and thereby establish a stable business foundation that was not easily affected by technological and market trends. In particular, by guiding visitors of fan club web sites to direct sales sites for CDs, DVDs, and artists' goods, it was able to generate synergies with the e-commerce business, and became the driver of the Company's growth.

The Company was listed on the Tokyo Stock Exchange (TSE) Mothers Market in March 2012. That May, it acquired from Adways <2489> all of the shares of Adways Entertainment, Co., Ltd., which mainly manages Korean wave web sites, and made it a subsidiary (absorption merger in May 2013). In September 2013, its listing was upgraded to the TSE First Section. Furthermore, in October 2018, it launched the Electronic Tickets Business by making EMTG a fully owned subsidiary. On April 1, 2020, it transitioned to a holding company structure.

The Company's features

Earnings model in which increases in the number of members drive results growth

The Company's earnings model is one in which increases in the number of members drive results growth. Therefore, the secret to its success is surely that it is acquiring strong IP (content) and has many sites with powerful customer appeal. Alongside this, it is building the membership base by minimizing the member churn rate, and introducing a framework to increase the unit price per member, including through cooperation between the EC Business and Electronic Tickets Business. Fans that become members increase nearly entirely due to the artist's activities and popularity, limiting the cost of member acquisition, which is a major characteristic. The Company is utilizing its strengths described below with the aim of differentiating itself from other companies and to effectively create value.

(1) Framework to acquire strong IP and realize management of sites with powerful customer appeal

With many of those involved coming from content holders in the music and other industries, such as record companies, in addition to having a good understanding of the entertainment industry, the Company has used this experience of being involved in content production to its favor in acquiring artists, TV personalities, anime characters, and others with powerful customer appeal, discovering content and planning sites. It also captures core fan groups as members by providing original perks on fan club web sites, and aims to build up its membership base by minimizing the member churn rate through a framework that offers benefits that increase with the length of membership and by continuously providing members with related content and original perks.

(2) Results from managing popular sites in various content fields

Starting with the management of sites produced for members and e-commerce, the Company manages a wide range of official sites covering various categories and genres. This leads to the accumulation of expertise and building of trust, which serves to disperse risk in addition to serving as a strength when acquiring content from content holders. In addition, many sites are ranked among the top-ranking official mobile phone carrier sites.

(3) Integrated business model that generates synergies

Focusing on the Fan Website Business and conducting integrated business development of the EC Business and Electronic Tickets Business, synergies are generated that produce mutually beneficial effects for each business. In particular, visitors to fan club web sites are guided to e-commerce sites, such as those for sales of CDs, DVDs, and artists' goods, while the electronic tickets and ticket trading services cooperate, which creates a new channel to directly reach core fan groups and contributes to improving the unit price per customer. In addition, the Group is conducting effective measures to acquire members, including advance ticket sales for members, members-only sales, and premium ticket trading services for members. Moreover, in the future, synergies can be expected with next-generation fan businesses leveraging new technologies (Web 3.0, NFTs, etc.).

(4) Competitive advantages of the Electronic Tickets Business

The Electronic Tickets Business has competitive advantages with its electronic ticket app that stamps smartphone screens and ticket trading center functions. In particular, the creation of a secondary and subsequent distribution market utilizing ticket trading center functions not only becomes an incentive for capturing members, but also contributes to countermeasures against unauthorized resales being promoted by the government and various industries. While aiming to coordinate with other companies, it is highly likely to become the de facto standard in the future. The Company is further strengthening its advantages through strong identification using facial recognition and evolving functions in line with needs in each area.

Industry environment

The live concert market is booming alongside expectations for real live experiences

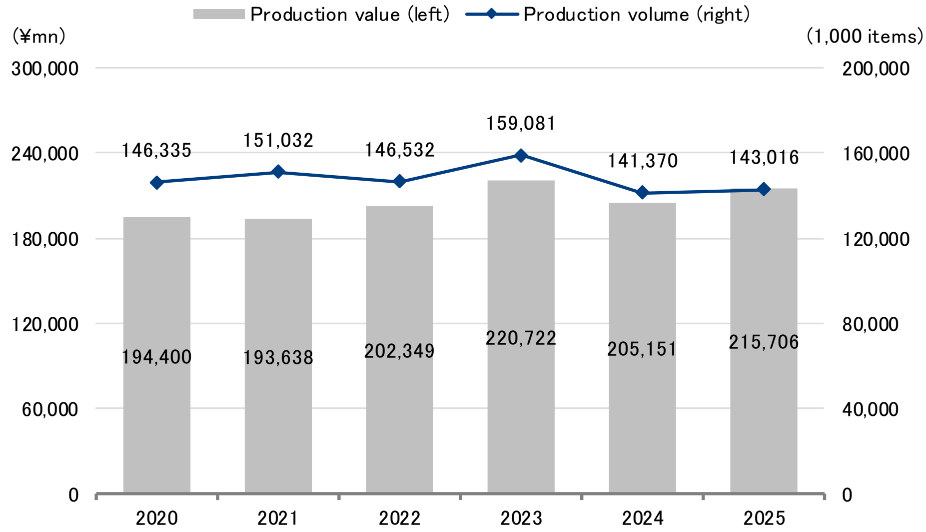
Looking at trends in markets related to music and artists, they progressed solidly up to 2019. In particular, in music delivery, the use of streaming services grew rapidly, while the live concert market also showed signs of growth. However, in 2020, a year in which the impact of the COVID-19 pandemic was felt, results showed a great deal of contrast. Although the production volume and value of music software declined mainly due to sales postponements, the music delivery sales amount expanded due to an increase in the use of streaming services in households, etc. Since then, although there has been a trend of sluggish growth in the production volume and value of music software, music delivery continues to grow, and the market is expanding backed by well-rooted music demand*.

* Source: Recording Industry Association of Japan

Also, in the live concert market, there were many cancellations and postponements due to the COVID-19 pandemic, resulting in a significant decrease in the number of live performances and a drop in the number of audience members in 2020 due to factors such as capacity restrictions. In 2022, the number of live performances and audience members had nearly returned to pre-COVID-19 pandemic levels. Since 2023, the number of audience members has continued to grow substantially, setting a record high for the second straight year in 2025. The market's scale has grown to ¥644.3bn (up 5.3% YoY), showing that the live concert market is booming*. It is fair to say that the increase in opportunities to engage with music through digital streaming has further heightened expectations and enthusiasm for real live experiences.

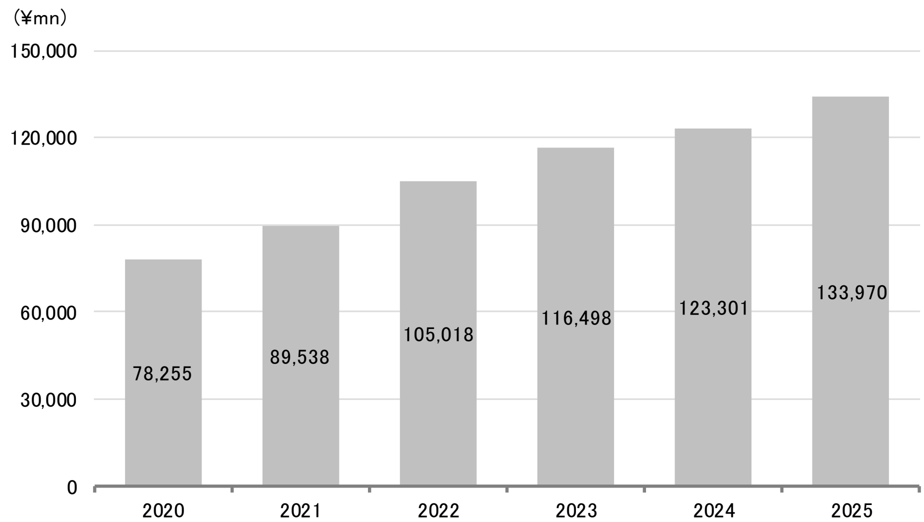
* Source: All Japan Concert & Live Entertainment Promoters Conference

Trends in the production value and volume of music software



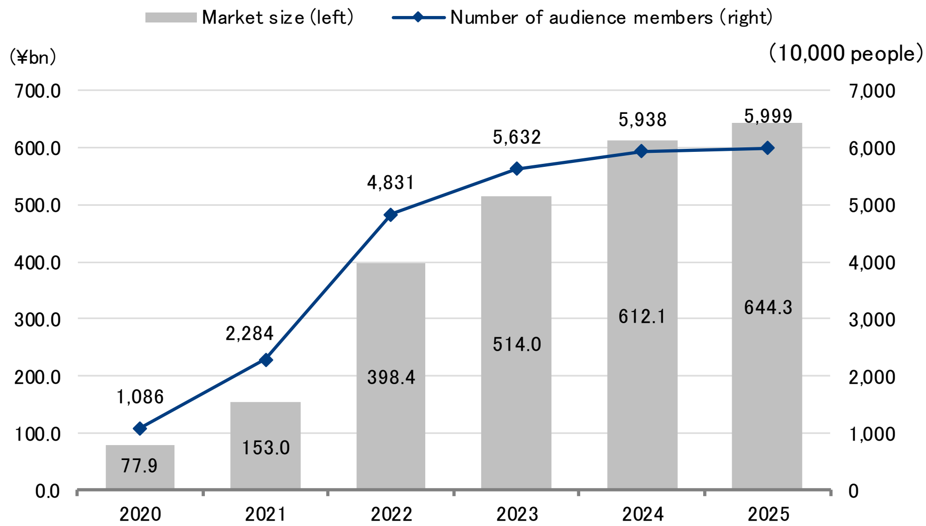
Source: Prepared by FISCO from the Recording Industry Association of Japan's web site

Trends in sales of fee-based music delivery



Source: Prepared by FISCO from the Recording Industry Association of Japan's web site

Trends in the live concert market



Source: Prepared by FISCO from the All Japan Concert & Live Entertainment Promoters Conference's web site

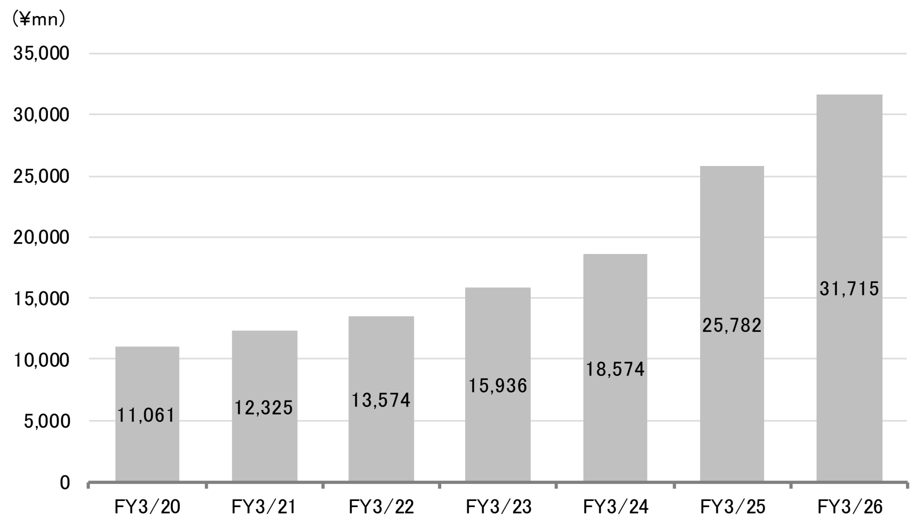
Results trends

Stably maintaining results growth and the financial foundation with focus on the Fan Website Business

1. Past results trends

Looking back on past results, net sales growth was sluggish up to FY3/18. In the mainstay (mobile) Content Business, the main factors adversely impacting results included the shift from feature phones to smartphones and rapid contraction of music content, centered on ringtones. In this situation, the core membership base, mainly for fan club web sites, supported the foundation of results. But the slow pace of acquisitions for new sites caused growth to be sluggish. However, results grew significantly from FY3/19. This was because the number of fan club web sites and the membership base largely doubled through making EMTG a fully owned subsidiary, which led to the improvement of results in the Fan Website Business and EC Business, and because of the upside provided by the new addition of the Electronic Tickets Business. Even in the years from FY3/21 onward, in which the impact of the COVID-19 pandemic was felt, the Company continued to see an increase in sales due to the launch of new services responding to the changing relationship between artists and fans and growth in its EC Business and the Electronic Tickets Business.

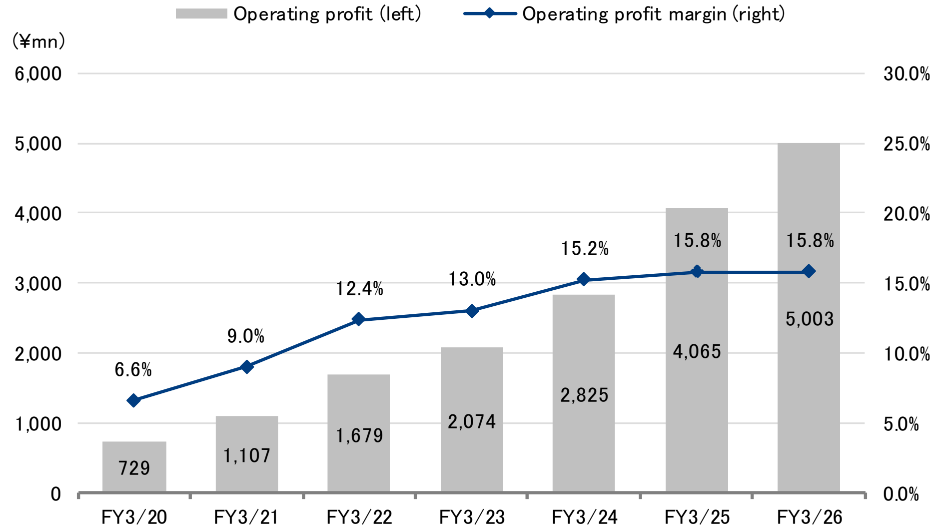
Trends in net sales



Source: Prepared by FISCO from the Company's financial results

Looking at profit and loss, the operating profit margin trended around the high level of approximately 14% up to FY3/15. However, the operating profit margin was low for several years from FY3/16 due to factors including temporary costs such as those for the head office relocation, upfront investments in new businesses (including VR business and electronic tickets), and M&A costs. The margin has been recovering, however, since FY3/20 due to earnings being boosted by higher revenues and temporary costs being eliminated. Furthermore, recently, the operating profit margin has risen to around the 16% level thanks to growth in the highly profitable EC Business and Electronic Tickets Business and an increase in spend per member, among other factors.

Trends in operating profit and the operating profit margin



Source: Prepared by FISCO from the Company's financial results

Financially, the Company continues to practice debt-free management from its business characteristic of not requiring capital investment, and the equity ratio, which indicates the stability of the financial foundation, has trended at a high level. It fell significantly in FY3/19, but this was due to the expansion of total assets following EMTG being made a consolidated subsidiary. However, there are no concerns about the stability of the Company's financial foundation due to it being debt free with a current ratio at a high level. Meanwhile, ROE, which indicates capital efficiency, fell in FY3/18 due to a decline in the profit margin, but has been on a recovery trend from FY3/20 onward, and has been at a level exceeding 20% since FY3/24.

Increases in sales and profits continued in FY3/26 due to the expansion of the membership base and growth in the EC and Electronic Tickets Businesses

2. Overview of FY3/26 results

In the FY3/26 results, sales and profits increased by a large margin, exceeding initial forecasts, with net sales rising 23.0% YoY to ¥31,715mn, operating profit growing 23.1% to ¥5,003mn, ordinary profit climbing 32.1% to ¥5,432mn, and profit attributable to owners of parent increasing 78.4% to ¥2,969mn.

The Fan Website Business, EC Business, and Electronic Tickets Business all expanded steadily. The Fan Website Business saw increases in paying members on existing sites, with the core group of artists performing strongly as a whole, as well as the launch of new fan clubs and growth in overseas members through overseas performances. These and other factors exceeded expectations to drive growth in results. The EC Business also expanded steadily, supported by linkage with the Fan Website Business. In particular, amid the booming live music market, stable goods sales largely through advance sales, the expansion of online prize draws, and other factors contributed positively. In the Electronic Tickets Business as well, the number of artists handled steadily increased, the number of tickets issued reached a new record high, and transaction volume also reached a new record high, with ticket trading exhibiting growth in both the number of completed trades and the number of projects.

Regarding profits, despite the rise in AWS server costs due to the depreciation of the yen, increase in system management costs, and incurring of costs related to the organizational restructuring, the larger-than-expected increase in the number of paying members and the growth in the highly profitable EC Business and Electronic Tickets Business resulted in a large increase in profit, and the Company managed to maintain its operating profit margin at the high level of 15.8% (15.8% in the previous fiscal year).

Regarding the Company's financial position, total assets increased 28.2% compared to the end of the previous fiscal year to ¥31,617mn due to an increase in cash and deposits, an increase in accounts receivable - trade largely associated with expansion of the EC Business, and an increase in investment securities held for the purposes of business linkage and surplus fund management, among other factors. Shareholders' equity increased by 21.8% to ¥9,389mn due to a buildup of internal reserves (increase in retained earnings) that more than offset dividends paid and treasury share buyback. As a result, the equity ratio declined slightly to 29.7% (31.2% at the end of the previous fiscal year).

FY3/26 results

(¥mn)

	FY3/25		FY3/26		YoY	
	Result	Composition ratio/profit margin	Result	Composition ratio/profit margin	Change (amount)	Change (rate)
Net sales	25,782	-	31,715	-	5,933	23.0%
Content Business	21,838	84.7%	27,272	86.0%	5,434	24.9%
Electronic Tickets Business	3,921	15.2%	4,399	13.9%	478	12.2%
Other Businesses	23	0.1%	43	0.1%	20	88.0%
Cost of sales	17,962	69.7%	22,846	72.0%	4,884	27.2%
SG&A expenses	3,753	14.6%	3,866	12.2%	113	3.0%
Operating profit	4,065	15.8%	5,003	15.8%	938	23.1%
Content Business	3,635	16.6%	4,515	16.6%	880	24.2%
Electronic Tickets Business	1,055	26.9%	1,353	30.8%	298	28.3%
Other Businesses	-36	-	-23	-	13	-
Adjustments	-588	-	-842	-	-254	-
Ordinary profit	4,113	16.0%	5,432	17.1%	1,319	32.1%
Profit attributable to owners of parent	1,664	6.5%	2,969	9.4%	1,305	78.4%

Source: Prepared by FISCO from the Company's financial results

Results for the main segments are described below.

(1) Content Business

Sales and profits significantly increased, with net sales increasing 24.9% YoY to ¥27,272mn and segment profit rising 24.2% to ¥4,515mn. Of this, net sales from mainstay Fan Website Business increased 27.0% to ¥24,545mn. Due to increases in paying members on existing sites, with the core group of artists performing strongly as a whole (up approximately 20%), the launch of new fan clubs (up approximately 12%), growth in artists using Fan+Kit (up approximately 31%), and the acquisition of overseas members through overseas concerts (up approximately 24%), the number of paying members expanded more than expected. Capitalizing on the utilization of Fan+Kit and external ID linkage as strengths in projects involving 2.5-dimensional (2.5D) stage artists and comedians and other endeavors, this business won new projects across genres, which also appears to have contributed to boosting the number of paying members. In terms of activities, the Company worked on function development and service enhancements to continuously improve engagement with fans, including expanding the functionality of its artist app, expanding the implementation of the FANPLANET metaverse service that leverages Web 3.0 technologies, and increasing the number of participating artists in the bubble for JAPAN fan engagement app. Furthermore, it established a U.S. entity with a view to accelerating future global expansion.

Meanwhile, net sales from the EC Business rose 8.8% YoY to ¥2,707mn. In addition to initiatives to expand sales channels that included broadening the lineup of artists handled and launching a new online store, the entrenchment of cashless payments at concert venues and pre-order and venue pickup services helped drive results growth against the backdrop of the booming live music market. Additionally, Fanpla Chance (online prize draws), which is becoming established as a new fan experience, performed well, exhibiting growth of approximately 34% on an operating profit basis.

As far as profits, while there were cost factors in the form of increased server costs due to the depreciation of the yen and higher personnel expenses, profits increased by a large margin as higher revenues boosted profits to more than offset costs. The segment profit margin stayed at 16.6%, the same level as in the previous fiscal year, due to the incurring of temporary costs*1 and changes in the cost structure*2. Even so, it is reasonable to interpret that it remained at a high level.

*1 Impact from an increase in the royalty burden in a large fan community and prior-year adjustments in the EC Business (¥58mn).

*2 Due to an increase in the composition ratio for “Fanpla Chance” (online prize draws), which constitutes a cost of sales burden in the EC Business (where sales of goods, etc., are chiefly commission income and no cost of sales burden is incurred).

(2) Electronic Tickets Business

Both sales and profits rose, with net sales increasing 12.2% YoY to ¥4,399mn and segment profit rising 28.3% to ¥1,353mn. The number of electronic tickets issued set a new record high against the backdrop of steady expansion in the number of artists handled and the booming live music market. In addition, the external provision of electronic ticketing functionality is also increasing, which contributed to expanded earning opportunities and the spread and expansion of electronic ticketing. At the same time, ticket trading is gaining recognition as an official secondary and subsequent distribution service that meets a wide range of needs, including the need for measures to prevent unauthorized resale. In addition to broader adoption in music, further expansion of ticket trading into non-music areas that include high-profile international sports events and large-scale events drove a 33% increase in the number of ticket trades, with transaction volume reaching a record high. In terms of activities as well, the Company introduced a ticketing function to its fan app, making it possible to promote attendance and improve retention through the analysis and utilization of fan data. In addition, to further enhance safety and fairness, the Company took measures to further strengthen its competitive advantages as a secure and safe ticket distribution platform, with examples being a new resale function that utilizes facial recognition technology and strict anti-resale measures for large-scale events.

As for profits, while there were cost factors that included increased server costs due to the depreciation of the yen, growth in highly profitable ticket sales, revisions to various commissions, and other factors resulted in profits increasing significantly, with the segment profit margin improving to 30.8% (26.9% in the previous fiscal year).

3. Summary of FY3/26

Summing up FY3/26, the Company continued a trend of more than 20% growth in both sales and profits, confirming that its model for developing its businesses, which is linked to its membership base, is functioning well. In particular, with live music concerts booming, the fact that the Company has been able to capture this momentum can be said to be a testament to the strength of its fan service business and considerable draw of its value proposition (fan experience). In terms of activities as well, the Company has worked to enhance a variety of functions and services that lead to higher fan engagement, and has also shown more active moves aimed at accelerating growth, including a forward-looking organizational restructuring and the establishment of a U.S. entity.

Forecasts

Has withheld the disclosure of FY3/27 forecasts as of the beginning of the fiscal year in light of the impact of its organizational restructuring and other factors

As of the beginning of the fiscal year, the Company has withheld the disclosure of its FY3/27 forecasts*. For the reasons why, it cites the difficulty in appropriately and reasonably estimating the impact on earnings at this juncture, as the Company is continuously promoting organizational restructuring aimed at optimizing its business structure for further growth acceleration. Compounding this are its plans to concurrently implement key measures to strengthen its future earnings base, including global expansion and strategic investments in generative AI and other advanced technologies. The Company intends to promptly announce its forecasts once reasonable ones can be made. However, in terms of results trends, it appears to assume roughly the same growth rates in sales and profits as before.

* The Company announced its FY3/27 forecasts on June 26, 2026. From the standpoint of "selection and concentration" of management resources within the Group, the Company decided on a policy to conduct a reorganization, including the divestment of certain non-core businesses. As a result, it became possible for the Company to make reasonable calculations regarding the clarification of the earnings model through concentration on core businesses and the impact of global expansion and other various measures on its consolidated results. This is what resulted in the announcement. For its FY3/27 results, the Company anticipates rises in sales and profits, with net sales to increase 13.5% YoY to ¥36,000mn, operating profit to rise 15.9% to ¥5,800mn, ordinary profit to increase 10.5% to ¥6,000mn, and profit attributable to owners of parent to increase 17.9% to ¥3,500mn. On the same date, the Company also announced that the Group's overseas expansion of its Fan Club Business model was selected for the "Content Industry Growth Investment Support Project (IP360)" program administered by the Ministry of Economy, Trade and Industry, and that a subsidy grant was approved.

Future direction

Will seek to accelerate growth by ramping up global expansion and creating next-generation fan businesses

1. Image of future growth

The Company's basic strategy to date has been to expand its loyal membership base, starting with fan club web sites, and to increase synergies with its EC and Electronic Tickets Businesses. Going forward, the Company expects stable and continuous growth from existing businesses through the acquisition of strong IP and expansion of the membership base. New earnings drivers will come from full-scale global expansion, enhancements to the Electronic Tickets Business, the creation of next-generation fan businesses, and the cultivation of new businesses, including through M&A. There will be no change in the Company's strategy for accelerating growth throughout the Group. In particular, for its core fan clubs, the Company has clearly set forth a direction to evolve from a "framework" to "fan experiences," and intends to proactively undertake strategic investments to evolve the fan club into an integrated platform that organically connects diverse touchpoints, including membership management and content, ticketing, e-commerce, and Web 3.0, to create a seamless fan experience.

2. Main breakdown and aims of strategic investments

(1) UX updates

The Company will bolster its cross-business UX (convenience and ease of use) for fan clubs and electronic tickets to enhance an end-to-end fan experience that spans joining, purchasing, attending and engaging in continued use. It will also expand its value domain through investment in and commercialization of new fan experience development, including the further evolution of the metaverse and AI-powered content.

(2) Platform evolution

The Company will overhaul its ID, foreign currency payment, and data infrastructure so that it meets global standards, realizing a UX optimized for fandom growth. It will also strengthen its capabilities in strategy and proposals that leverage data-driven insights as it aims to establish a competitive advantage globally.

(3) Global expansion

The Company will accelerate the expansion of its business overseas through local marketing conducted by the Group's local entities, and will also secure development resources through investments in overseas partners*. It will engineer the establishment of a foundation for sustainable growth from the dual aspects of business expansion and development capability reinforcement.

* Established a U.S. entity in 2025. In 2026, the Company plans to establish an entity in South Korea as well as to enter into a capital and business alliance with a major Vietnamese IT company and establish an offshore development center.

3. FISCO's points to focus on in the medium to long term

FISCO believes that it is highly likely that the Company's medium- to long-term growth will be driven by deepening existing businesses, which are expected to still have room for growth, by global expansion, which has great potential, and by enhancing the Electronic Tickets Business to capture a wide range of needs in various areas. In particular, the ramping up of global expansion will broaden the potential to further expand the membership base through supporting the activities of Japanese artists who are growing increasingly popular overseas as well. This can be seen as a positive factor supporting the Company's sustained growth. Additionally, given that the Company's distinctive business model for generating fan experiences (an integrated platform) is unique even internationally, as the Company's track record and name recognition increase, there are sufficient prospects for acquiring artists overseas as well. This time, our view is that the fact that an integrated platform for generating unique fan experiences is taking shape and that the Company has started to gain confidence and see a winning formula is behind the Company's articulation of the direction of its strategic investment, including its organizational restructuring. While offering only a "framework" would carry a risk of being replaced by AI or other technologies, the "fan experiences" that the Company provides deliver essential value in areas that cannot be experienced in the AI or digital realm in the form of real immersion, empathy, and emotion. One can therefore conclude that with the addition of more diverse functions and services, these experiences have the potential to continue evolving. FISCO intends to monitor how the Company maps its path toward an integrated platform that generates seamless fan experiences alongside the moves made by the Company in its organizational restructuring and strategic investments.

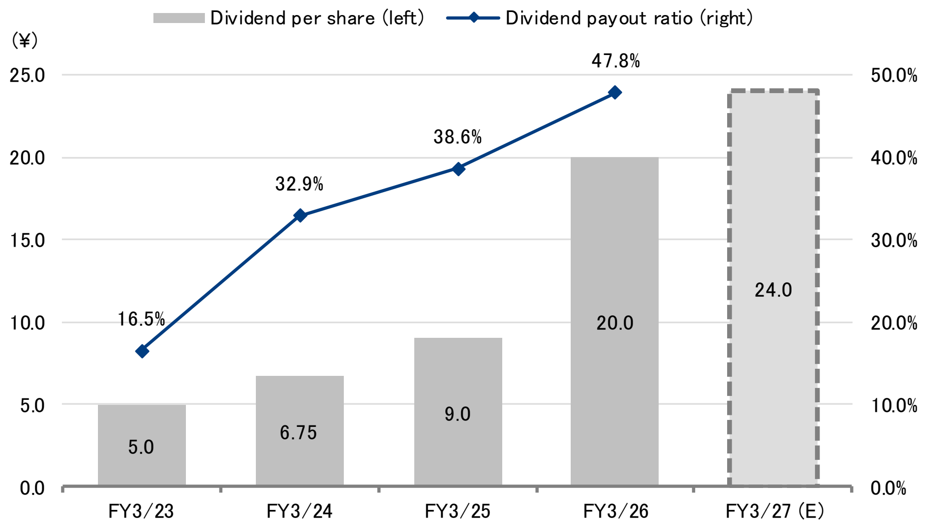
Shareholder returns

Raised dividend payout ratio and implemented a significant dividend increase. Also committed to agile treasury share buybacks

The Company raised its target dividend payout ratio from the previous 30% to 40%–50%. In line with that, for FY3/26, it implemented a significant increase in dividend per share to ¥20.0 per share, up ¥11.0 YoY (with a dividend payout ratio of 47.8%). For FY3/27 as well, taking into account its future results trends, the Company is planning to increase its dividend to ¥24.0 per share, up ¥4.0. Considering the Company's strong financial foundation and business characteristics that do not require capital investment or other similar outlays, and that multiple earnings pillars are emerging, FISCO thinks there is plenty of room for it to further increase dividends in accordance with profit growth.

Moreover, for the purpose of enhancing returns to shareholders and improving capital efficiency, the Company has also committed itself to agile treasury share buybacks, implementing buybacks of approximately ¥0.3bn in FY3/25 and approximately ¥1.0bn in FY3/26. Going forward, the Company will continue its policy of considering shareholder returns through treasury share buybacks while also taking into account the status of its strategic investments and M&A, including global expansion.

Dividend per share and the dividend payout ratio



Note: The Company conducted a stock split at a ratio of 2-for-1, effective January 1, 2026. Figures for FY3/25 and prior fiscal years have been adjusted retroactively.
Source: Prepared by FISCO from the Company's financial results

FISCO

Disclaimer

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