

## NexTone Inc.

7094

Tokyo Stock Exchange Growth Market

1-Jul.-2026

FISCO Ltd. Analyst

**Takuma Yoshibayashi**



FISCO Ltd.

<https://www.fisco.co.jp>

## ■ Contents

<b>■ Summary</b>	<b>01</b>
1. Overview of FY3/26 results .....	01
2. FY3/27 forecasts .....	01
3. Medium- to long-term growth strategy .....	01
<b>■ Company profile</b>	<b>02</b>
1. Company profile .....	02
2. History .....	03
<b>■ Business overview</b>	<b>04</b>
1. Copyright Management Business .....	04
2. Digital Distribution (DD) Business .....	05
3. Digital Music Provider Business .....	05
4. Other .....	05
5. Strengths .....	06
<b>■ Results trends</b>	<b>07</b>
1. Overview of FY3/26 results .....	07
2. Trends by business segment .....	07
3. Financial position and management indicators .....	08
<b>■ Outlook</b>	<b>09</b>
1. FY3/27 forecasts .....	09
2. Medium-term business plan .....	10
3. Shareholder returns .....	10

## Summary

### Aiming to achieve operating profit of ¥2.3bn in FY3/29 through expansion of core earnings and monetization of new businesses

NexTone Inc. <7094> (hereafter, also “the Company”) has developed the Copyright Management Business, Digital Distribution (DD) Business, and Digital Music Provider Business in the entertainment domain, primarily the music field, broadly supporting both rightsholders and users in the music industry since its establishment in 2016. Its main competitor in the Copyright Management Business, its mainstay business, is the Japanese Society for Rights of Authors, Composers and Publishers (JASRAC), and the Company and JASRAC dominate the market as an oligopoly.

#### 1. Overview of FY3/26 results

In FY3/26, the Company reported consolidated net sales of ¥20,774mn, up 7.0% year on year (YoY), operating profit of ¥1,301mn, up 29.4%, ordinary profit of ¥1,334mn, up 29.8%, and profit attributable to owners of parent of ¥791mn, up 14.3%. While all segments achieved higher revenues, resulting in double-digit profit growth, both net sales and operating profit fell short of the initial plan. This was due to distribution-related transaction volume in the Copyright Management Business and the DD Business falling short of expectations, as well as delays in the launch of new services at subsidiaries. However, core earnings continued to expand, and recovery in distribution-related operations will be the focus going forward.

#### 2. FY3/27 forecasts

For its consolidated results in FY3/27, the Company is forecasting increases in both sales and profits. Net sales are expected to increase 5.9% YoY to ¥22,000mn, operating profit to increase 23.0% to ¥1,600mn, ordinary profit to increase 19.9% to ¥1,600mn, and profit attributable to owners of parent to increase 26.3% to ¥1,000mn. The Company plans for higher revenue and profits driven by increases in the number of songs under copyright management and master recordings handled, the expansion of existing services, and the introduction of new services. Although results in FY3/26 fell short of the initial plan, the outlook for FY3/27 calls for profit growth, supported by the growth of the DD Business and the turnaround to profitability in the Business Support Business. Progress in various measures is expected to further enhance the likelihood of recovery in results.

#### 3. Medium- to long-term growth strategy

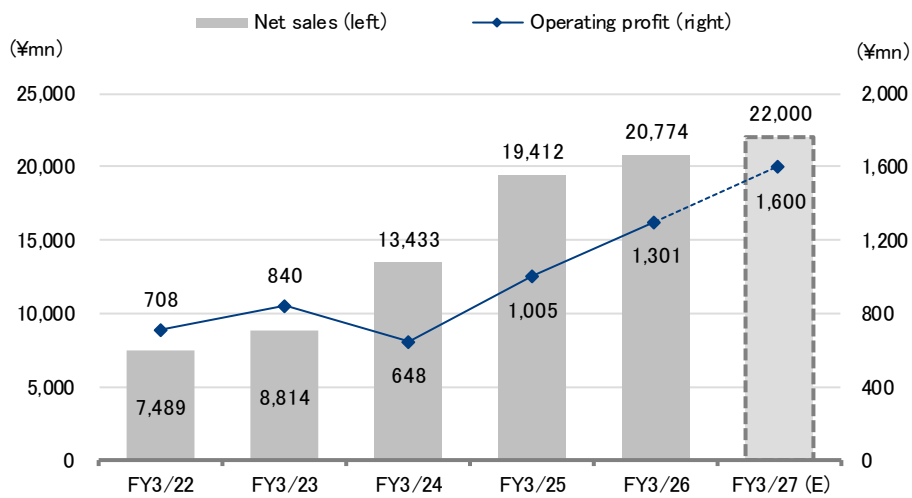
The Company has disclosed a medium-term business plan that covers from FY3/27 to FY3/29. Double-digit revenue and profit growth are expected to continue. For FY3/29, the Company is targeting net sales of ¥26.0bn, operating profit of ¥2.3bn, and an operating margin of 8.8%. The Copyright Management Business and DD Business, which make up the core of revenue, will continue to maintain high growth, and through the development of new businesses, the Company is aiming for sustained growth in medium- to long-term corporate value by achieving non-continuous growth from working to create new growth drivers. In terms of shareholder returns, the Company paid dividends in FY3/26 of ¥20 per share annually (¥20 year-end dividend), and plans to pay ¥22 per share annually in FY3/27 (¥11 interim and ¥11 year-end dividend). With a basic policy of stable and continuous dividends, the Company is considering dividend increases alongside earnings growth.

Summary

**Key Points**

- NexTone's mainstay Copyright Management Business and JASRAC dominate Japan's rights management market
- Double-digit profit growth was achieved in FY3/26, despite falling short of the initial plan; core earnings steadily expanded
- Both net sales and profits are expected to increase in FY3/27, driven by the growth of the DD Business and the Business Support Business becoming profitable

**Results trends**



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

## Company profile

### Provider of comprehensive music agent services with copyright management as its core business

#### 1. Company profile

Since its establishment in 2016, NexTone has developed the Copyright Management Business, DD Business and Digital Music Provider Business in the entertainment domain, primarily the music field, broadly supporting both rightsholders and users in the music industry. The Company's business segments are the Copyright Management Business, DD Business, Digital Music Provider Business, and Other.

## Company profile

The Copyright Management Business is entrusted by lyricists, composers, music publishers, and other copyright holders to license the use of their musical works and collect and distribute royalties. This business and JASRAC dominate Japan's copyright management market. The DD Business provides digital content, primarily music, to distributors in Japan and overseas. The Digital Music Provider Business distributes music via the internet. In addition, the Company operates a casting & promotion service business, which coordinates the promotion of content use such as artist bookings, user invitations to live performances, rights handling related to music tie-ups, support for streaming live performances to households, and live viewings. It also has a system development business, which develops and provides content distribution-related IT systems, such as handling systems for copyrights and master recordings.

## 2. History

Japan enacted the Copyright Act in 1899, but this failed to curb unauthorized performances of musical works, so a new law, the Act on Intermediary Business Concerning Copyrights (hereafter, the "Intermediary Business Act") was enacted in 1939. The purpose of the new law was to create, in principle, a single organization in each rights field to centrally manage copyrights under the guidance and supervision of the government, to ensure copyrights were appropriately enforced. In the year that the Intermediary Business Act came into force, the Great Japanese Music Copyright Association (later renamed JASRAC) was established in the music field as the sole copyright management organization for music, a role it continued for many years.

On October 1, 2001, the Intermediary Business Act was abolished and the Act on Copyright, etc. Management Service came into force. Under the new law, the business licensing system was changed to a registration system, and the royalty approval system was changed to a notification system, ending the principle of a single organization for each rights field. This opened the door for private companies to provide copyright management services. One of NexTone's predecessor companies, e-License Inc., was founded in September 2000 by Akihiro Mino (Chairman and Advisor to the Company until June 2019) on the expectation that the new Act on Copyright, etc. Management Service would be enacted. Another predecessor company, Japan Rights Clearance Inc. (JRC), was established by Yuji Arakawa, the current COO of NexTone, in December 2000 with investment from 11 artist management offices.

Both companies operated their own Copyright Management Businesses for around 15 years, but Masahiro Anan, then President of e-License (now CEO of NexTone), believed it was rational for e-License, which had the second largest market share at the time, and JRC, the market's third-largest player, to merge in order to create a rival to JASRAC to introduce healthy competition in the music rights market. Masahiro Anan took his proposal to Yuji Arakawa, who agreed to the merger. The merger was realized in February 2016 and the new company was named NexTone.

The Company listed on the Mothers section of the Tokyo Stock Exchange (TSE) on March 30, 2020 and transferred to the TSE Growth Market on April 4, 2022. In September 2023, the Company acquired 51.7% of shares (ratio of voting rights) in RecoChoku Co., Ltd. from existing shareholders, making it and its subsidiary Eggs Co., Ltd. consolidated subsidiaries.

## Business overview

### Providing end-to-end services, from copyright management to content use promotion

#### 1. Copyright Management Business

The Company is registered with the Agency for Cultural Affairs as a copyright management business operator, as stipulated in the Act on Copyright, etc. Management Service, and manages copyrighted works in the music field. The Company's music copyright management operations are based on classifications in copyright law, but it also classifies and manages music copyrights further into four groups and nine types of use, in line with actual conditions of use and other factors.

##### (1) Four groups

Rights are classified into four main groups: 1) Performing rights, etc. 2) Mechanical rights, etc. 3) Publication rights, etc. and 4) Lending rights. Performing rights, etc. are the rights to license the performance and showing of copyrighted works at concerts, live performances and other events, as background music in retail stores, movie theaters and other venues, banquet hall live music venues, and karaoke rooms. Of these, the Company plans to start rights management operations for banquet hall live music venues and karaoke rooms, including karaoke performances, as soon as the framework for licensing out and managing rights is in place (timing still to be determined). Mechanical rights, etc. are the rights to license the reproduction of works for CDs, movies, DVDs, video games, commercials, and other types of media. Publication rights, etc. are the rights to license the printing of works (lyrics/music scores) in sheet music, lyric collections, magazines, books and other publications. Lending rights are the rights to license the work for CD rentals and other rental media.

##### (2) Nine types of use

The Company further classifies rights based on type of use: 1) Film-showing, BGM, etc.; 2) Places of entertainment, karaoke performances, etc.; 3) Recording in films; 4) Recording in videograms; 5) Reproduction for Games; 6) Reproduction for Advertising Purposes (reproduction for TV and radio commercials, reproduction for Internet commercials, copying lyrics to printed advertisements, etc.); 7) Broadcasting/cable broadcasting\*<sup>1</sup> (broadcasting on TV/radio, etc.); 8) Interactive transmissions\*<sup>2</sup> (distribution to smartphones and PCs, etc.); and 9) On-line karaoke for business use\*<sup>3</sup> (duplication for singing at karaoke facilities, public transmission, etc.).

\*1 The right to license the use of copyrighted works for TV, radio, or cable broadcasting

\*2 The right to license the use of copyrighted works across computer networks such as the internet, including music services for smartphones and PCs. Interactive transmissions accounted for the majority of transaction volume in FY3/25, at 60.9%.

\*3 The right to license the use of copyrighted works for installing in karaoke databases and transmitting to terminals in karaoke facilities

Of the above, the Company manages copyrighted works in the four groups: performing rights, etc., mechanical rights, etc., publication rights, etc., and lending rights, and in eight types of use: Film-showing, BGM, etc., Recording in films, Recording in videograms, Reproduction for Games, Reproduction for Advertising Purposes, Broadcasting/cable broadcasting, Interactive transmissions, and On-line karaoke for business use.

#### Business overview

Copyright holders have the right to choose their own copyright management methods, but it is common in the music field for rights holders to outsource management of their works to copyright management companies, as this is more efficient and ensures greater accuracy in royalties collection. Also, from the perspective of rights users, obtaining permission from numerous copyright holders each time a work is used is labor-intensive. Outsourcing rights management to companies therefore creates an environment where copyrighted works can be used smoothly, provided the user follows the correct procedures for reporting the use of content and pays the royalty fees. NexTone establishes rules and royalty fees for the management and use of musical content, and with the authority of rightsholders, acts as an agent for promoting the use of the content by granting permission to users and collecting royalty fees. It should be noted that there is a time lag of roughly one to two fiscal quarters between the use of the musical works and the booking of sales in the Copyright Management Business.

Subsidiary MCJP Inc. provides business services to music publishers. These services include calculating redistribution amounts and preparing copyright contracts and copyright work notifications on their behalf, thereby reducing the copyright management workload and improving business efficiency for music publisher clients.

## 2. Digital Distribution (DD) Business

The Digital Distribution (DD) Business supplies and distributes music content to music distribution services in Japan and overseas. It licenses master recordings (recorded and edited master versions of musical works) from rights holders and provides the music to users via music distribution services. Since launching the business in 2003, the Company has been a pioneer in this field in Japan. The Company has accumulated considerable expertise in the music distribution market through contracts with rights holders that own music content, such as record manufacturers, music production companies, music publishers, and animation and video game developers. Music distribution services are allowing even more users to access master recordings containing copyrighted works managed by the Company, which receives royalties both for the master recordings and for the copyrights. Therefore, the business leads to growth in copyright royalties through the promotion of the use of its own musical content.

## 3. Digital Music Provider Business

This business distributes music over the internet. In Digital Music Provider Business for individuals, users can purchase and download single songs or stream music as a subscription-based service. Digital Music Provider Business for companies includes background music distribution services for retail stores, karaoke rooms, and wedding venues. The main services are music download services RecoChoku and “dmusic” and music streaming service “dhits,” all aimed at individuals, and the Otoraku music service for companies.

## 4. Other

The Other segment includes the casting & promotion service business, the system development, maintenance & operation business, and the solutions business.

### (1) Casting & promotion service business

This business provides total support, including rights handling, for the various needs of users and rights holders. Specifically, the business plans and carries out supporting sales for live music concerts and events, coordinates the promotion of use of music and visual works, books artists for various events, distributes and promotes live viewings and movies, coordinates live streaming to households, and sponsors and co-sponsors events.

## Business overview

**(2) System development, maintenance & operation business**

This business specializes in the development of IT systems for back-end operations related to music, video and other content in the entertainment industry, such as content distribution, royalty contract management, licensing and distribution management, and royalty calculation and distribution to related rights holders. Specifically, the business develops and provides rights handling systems for copyrights and master recording rights, develops and provides content distribution systems, and develops and operates various in-house systems.

**(3) Solutions business**

Subsidiary RecoChoku provides e-commerce and other direct sales support to rights holders, primarily in the music industry.

**5. Strengths**

The Company's strengths are the high barriers to entry in its business field, the provision of end-to-end services from copyright management to promotion of music use, and stable, recurring business that generates the majority of sales.

When the Act on Copyright, etc. Management Service came into force in 2001, over 20 private companies entered the market, but all have either exited the field or downsized their operations, leaving just NexTone and JASRAC as the only two real players in the market. The Copyright Management Business has high barriers to entry, as it takes significant time and up-front investment to generate profits. Specifically, companies need system management capabilities to handle the vast amounts of data and information related to daily copyright use, as well as the stable and continuous outsourcing of music management from leading copyright holders. In these respects, the Company is uniquely positioned to compete with JASRAC, having actively invested in systems at an early stage and built long-term, wide-ranging relationships and networks in the music industry.

The Company's main point of difference with JASRAC is the type of contract it uses. JASRAC employs trust agreements, under which the rights holder must transfer the music copyright to JASRAC. With this type of contract, artists are charged usage fees each time they perform the music live or at concerts, even if they created the work themselves. In contrast, NexTone uses outsourcing agreements, which allows the rights holder to retain the copyright and outsource management of the copyrighted work to the Company. Singer-songwriters and other artists who create their own music appear to be choosing NexTone because of its business approach and philosophy, with a growing number of artists transferring copyright management from JASRAC to the Company. In FY3/26, JASRAC collected ¥152.32bn in copyright royalties, while NexTone collected ¥15.65bn, giving respective market shares of 90.7% and 9.3%. However, NexTone's share is gradually rising. The Company also leverages usage data for music obtained by its Copyright Management Business to supply master recordings to music distributors and to coordinate the promotion of music content use through casting and other means. This is accelerating the pace of song uptake by users, maximizing sales from each content asset. NexTone is the only company in the sector that provides end-to-end support from copyright management to promotion of music content use, setting it apart from competitors. In addition, the Company's Copyright Management Business, the DD Business, and the Digital Music Provider Business generate most of their sales from stable, recurring business. This structure translates into higher profits as the number of songs under copyright management and master recordings handled by the Company increases. Japan's music market continues to expand, supported by growth in music streaming music services and other online services. The Company is targeting sustained growth in profits, driven by this market expansion.

## Results trends

### Double-digit profit growth was achieved in FY3/26, despite falling short of the initial plan; core earnings steadily expanded

#### 1. Overview of FY3/26 results

In FY3/26 the Company reported consolidated net sales of ¥20,774mn, up 7.0% YoY, operating profit of ¥1,301mn, up 29.4%, ordinary profit of ¥1,334mn, up 29.8%, and profit attributable to owners of parent of ¥791mn, up 14.3%, resulting in increased revenue and profit. A closer look at the factors behind the change in operating profit reveals positives that include a ¥480mn contribution from higher net sales across all segments, and negatives that include ¥40mn from higher personnel costs and ¥140mn from higher system and other costs.

On the other hand, compared to the initial plan, net sales landed ¥2,226mn below target and operating profit fell short by ¥499mn. The main reason for not meeting the plan was that transaction volumes related to distribution in the Copyright Management Business's interactive transmissions and the DD Business were below initial expectations, in addition to delays in acquiring new corporate clients and rolling out services for new offerings in the Business Support Business. Additionally, due to the partial transfer of Eggs' operations, an impairment loss of ¥239mn was recorded as a special loss. Nevertheless, core earnings, chiefly from the Copyright Management Business, have been steadily expanding, and if a recovery in distribution-related transaction volume is confirmed, accelerated profit growth can be expected.

#### Overview of FY3/26 results

	FY3/25		FY3/26		YoY	
	Results	vs. Net sales	Results	vs. Net sales	Change amount	Change %
Net sales	19,412	-	20,774	-	1,362	7.0%
Cost of sales	14,584	75.1%	15,457	74.4%	873	6.0%
Gross profit	4,827	24.9%	5,316	25.6%	489	10.1%
SG&A expenses	3,822	19.7%	4,015	19.3%	193	5.0%
Operating profit	1,005	5.2%	1,301	6.3%	296	29.4%
Ordinary profit	1,028	5.3%	1,334	6.4%	306	29.8%
Profit attributable to owners of parent	692	3.6%	791	3.8%	99	14.3%

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

#### 2. Trends by business segment

##### (1) Copyright Management Business

The Copyright Management Business reported net sales of ¥1,604mn, up 5.2% YoY, and segment profit of ¥704mn, up 1.8%. Total collections grew 12.2%. For domestic use, while royalty collections from interactive transmissions grew 2.4% with the growth rate slowing, collections of mechanical rights surged 24.4%, thanks to solid usage in idol-genre songs in music software and other products. Broadcasting/cable broadcasting also saw a 16.6% increase due to more use of songs under copyright management in programs. Overseas, direct collections of royalties for YouTube video views worldwide that started in July 2024 and the expansion of direct contracts with copyright management organizations in each country had a positive impact. As of the end of FY3/26, the number of songs under copyright management reached 823,341, up steadily from 691,490 at the end of the previous fiscal year. On the profit side, the increased personnel and system-related costs associated with growth in number of songs under copyright management were absorbed, resulting in higher profits.

Results trends

### (2) Digital Distribution (DD) Business

The DD Business reported net sales of ¥10,345mn, up 6.8% YoY, and segment profit of ¥1,045mn, up 8.6%. In addition to an increase in the number of master recordings handled, growth in the streaming music and video distribution markets, increased playback of masters related to anime, games, and net creators such as VTubers, and release of old titles by major rights holders all contributed to higher revenue. As of the end of FY3/26, the number of master recordings handled rose to 1,657,158, up from 1,470,294 at the end of the previous fiscal year. In July 2025, RecoChoku launched the new service, FLAGGLE. The DD service previously operated by Eggs was absorbed and integrated into RecoChoku as of April 1, 2026, and will continue to be operated mainly by RecoChoku going forward.

### (3) Digital Music Provider Business

The Digital Music Provider Business reported net sales of ¥7,726mn, up 1.9% YoY, and segment profit of ¥1,565mn, up 17.0%. A price revision of the core consumer subscription music streaming service dhits was implemented in December 2024, and the resulting effect contributed to increased revenue. For corporate clients, in June 2025, RecoChoku play—a master recording usage licensing scheme—was launched, expanding deployment to karaoke equipment manufacturers. As of the end of June 2025, the number of Manekineko outlets operated by KOSHIDAKA HOLDINGS Co., LTD. <2157> introducing this service was around 200 across Tokyo and three neighboring prefectures. By March 2026, the number increased to about 700 out of approximately 770 stores nationwide. On the profit side, personnel and system-related costs were kept in check, resulting in double-digit profit growth.

### (4) Other

The Other segment reported net sales of ¥1,978mn, up 32.1% YoY, and a segment loss of ¥325mn (compared with a ¥425mn loss in the previous fiscal year). Implementation of several large-scale live viewing projects in the casting & promotion service business contributed to higher revenue. On the other hand, delays in developing new clients and expanding new services at Eggs proved to be a burden, resulting in a continued segment loss. On March 31, 2026, the Company transferred part of Eggs' business to a third party and recorded an impairment loss of ¥239mn as extraordinary loss.

## 3. Financial position and management indicators

As of the end of FY3/26, the financial position showed that total assets increased ¥995mn compared to the end of the previous fiscal year, reaching ¥15,827mn. Current assets increased ¥1,236mn, mainly due to a ¥1,435mn increase in cash and deposits. Non-current assets decreased ¥241mn to ¥2,318mn. While the Company proceeded with the acquisition of intangible non-current assets by continuously upgrading the system and adding new functions, a decrease in non-current assets was caused by depreciation and disposal of non-current assets and the booking of impairment losses on software in Eggs. Total liabilities increased ¥248mn to ¥9,365mn. Current liabilities increased ¥438mn; although accounts payable-trade and income taxes payable decreased by ¥181mn and ¥199mn respectively, accrued expenses for distributions to copyright holders increased ¥763mn. Non-current liabilities decreased ¥188mn, mainly due to a ¥123mn decrease in long-term payables. Total net assets increased ¥746mn to ¥6,461mn. Retained earnings increased ¥791mn, mainly due to the booking of profit attributable to owners of parent. The equity ratio was 35.2%, an improvement of 3.1 percentage points (pp) from the end of the previous fiscal year. The Company plans to continue making growth investments to expand its business, including system upgrades and the addition of new functions. Additionally, the Company is actively considering M&A for discontinuous growth and is also exploring business domain expansion through the utilization of external resources. The Company plans to pay its first-ever dividend in June 2026 since its founding and intends to increase dividends in FY3/27.

## Results trends

## Consolidated balance sheets and key management indicators

	End-FY3/23	End-FY3/24	End-FY3/25	End-FY3/26	Change amount
	(¥mn)				
<b>Current assets</b>	6,707	10,343	12,272	13,508	1,236
Cash and deposits	6,041	8,046	9,629	11,064	1,435
Notes and accounts receivable-trade	282	1,600	1,744	1,725	-19
<b>Non-current assets</b>	1,113	2,891	2,559	2,318	-241
Property, plant and equipment	12	152	232	179	-53
Intangible non-current assets	781	2,072	1,789	1,642	-147
Investments and other assets	320	667	537	496	-41
<b>Total assets</b>	7,821	13,235	14,831	15,827	995
<b>Current liabilities</b>	3,875	7,502	8,570	9,008	438
Notes and accounts payable-trade	872	2,974	3,436	3,255	-181
Accrued expenses	2,647	3,780	4,336	5,100	763
<b>Non-current liabilities</b>	371	577	545	357	-188
<b>Total liabilities</b>	4,246	8,080	9,116	9,365	248
<b>Total net assets</b>	3,574	5,155	5,715	6,461	746
Retained earnings	1,849	2,380	3,072	3,864	792
Treasury shares	-211	-308	-288	-276	12
<b>Total liabilities and net assets</b>	7,821	13,235	14,831	15,827	995
<b>[Management indicators]</b>					
Equity ratio	45.7%	30.6%	32.1%	35.2%	3.1pp

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

## Outlook

### Both net sales and profits are expected to increase in FY3/27, driven by the growth of the DD Business and the Business Support Business becoming profitable

#### 1. FY3/27 forecasts

For its consolidated results in FY3/27, the Company is forecasting increases in both sales and profits. Net sales are expected to increase 5.9% YoY to ¥22,000mn, operating profit to increase 23.0% to ¥1,600mn, ordinary profit to increase 19.9% to ¥1,600mn, and profit attributable to owners of parent to increase 26.3% to ¥1,000mn.

By business segment: the Copyright Management Business forecasts net sales of ¥1.70bn (up 6.3% YoY) and operating profit of ¥700mn (flat); the DD Business forecasts net sales of ¥11.40bn (up 10.3%) and operating profit of ¥1.10bn (up 5.8%); the Digital Music Provider Business forecasts net sales of ¥7.30bn (down 5.4%) and operating profit of ¥1.30bn (down 16.7%); the Other Business forecasts net sales of ¥2.40bn (up 21.8%) and operating profit of ¥100mn (compared to a loss of ¥320mn in the previous year). The Company plans for higher revenue and profits driven by increases in the number of songs under copyright management and master recordings handled, the expansion of existing services, and the introduction of new services. Although results in FY3/26 fell short of the initial plan, the outlook for FY3/27 calls for profit growth, supported by the growth of the DD Business and the turnaround to profitability in the Business Support Business. Progress in various measures is expected to further enhance the likelihood of recovery in results.

## Outlook

## 2. Medium-term business plan

The Company has disclosed a medium-term business plan that covers from FY3/27 to FY3/29. Double-digit revenue and profit growth are expected to continue. For FY3/29, the Company is targeting net sales of ¥26.0bn, operating profit of ¥2.3bn, and an operating margin of 8.8%. Management indicators that the Company puts highest emphasis on for its management are divided into business key performance indicator (KPI) and financial KPI. Regarding business KPI, the Company is targeting growth in transaction volume of the Copyright Management Business of 10% or more, share of collection of copyright royalties of 10% medium-term and 50% long-term, an increase in the number of songs under copyright management managed by 100,000 songs or more each fiscal year, and an increase in the number of master recordings handled of 160,000 or more each fiscal year. As for financial KPIs, the targets for FY3/29 are net sales of ¥26.0bn or higher, YoY net sales growth of 10–20%, and an operating margin of 9% or higher. In terms of ordinary profit target, for the Prime Market listing, the policy is to achieve a total of ¥2.5bn or more over the two most recent years by FY3/27. The Copyright Management Business and DD Business, which are core sources of revenue, are expected to continue growing due to an increase in the number of songs under copyright management and master recordings handled. Additionally, if the Business Support Business moves into the black and further increases in profit are achieved, it will also lead to diversification of revenue sources. The business model that collectively supports rights management, distribution, and usage promotion in music and entertainment domain is maintained, and going forward, in addition to steady expansion of existing businesses, the Company is in the phase to monetize new services, thereby aiming to enhance medium- to long-term corporate value.

## 3. Shareholder returns

The Company places high importance on shareholder returns as a key management issue. While ensuring retained earnings for strengthening the corporate structure and future growth investments, it aims to pay stable and continuous dividends in line with business performance, with a policy of not reducing dividends in principle—maintaining or increasing dividends based on results—implementing a progressive dividend. For FY3/26, the annual dividend per share was ¥20 (year-end dividend of ¥20), with a payout ratio of 24.7% and a dividend on equity of 3.8%. For FY3/27, the annual dividend is expected to be increased to ¥22 (¥11 interim dividend and ¥11 year-end dividend). Profit attributable to owners of parent is projected to increase 26.3% YoY to ¥1,000mn, and the Company's approach is to enhance shareholder returns in line with profit growth. Going forward, while balancing growth investments, the Company is expected to continue stable dividends with gradual increases.



## Disclaimer

FISCO Ltd. ("FISCO") offers stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Exchange, and Nikkei Inc.

This report is provided solely for the purpose of offering information and is not a solicitation of investment nor any other act or action.

FISCO has prepared and published this report based on information it deems reliable. However, FISCO does not warrant the accuracy, completeness, certainty, nor reliability of the contents of this report or the said information.

The issuers' securities, currencies, commodities, and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs, and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report was prepared at the request of the subject company, with information provided by the company through telephone interviews and other means, and with compensation from the company. Hypotheses, conclusions and all other content contained in this report are based on FISCO's analysis. The contents of this report are current as of the date of preparation and are subject to change without notice. FISCO is not obligated to update this report.

The intellectual property rights, including the copyrights to the main text, data, and the like, belong to FISCO, and any revision, reprocessing, reproduction, transmission, distribution or the like of this report and any duplicate hereof without the permission of FISCO is strictly prohibited.

FISCO and its affiliated companies, as well as the directors, officers, and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report with an understanding and acceptance of the above points.

■ For inquiries, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: [support@fisco.co.jp](mailto:support@fisco.co.jp)