

NexTone Inc.

7094

Tokyo Stock Exchange Growth Market

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Summary

In FY3/26, expecting a major increase in profit against the backdrop of a favorable market environment

NexTone Inc. <7094> (hereafter, also “the Company”) has developed the Copyright Management Business, Digital Distribution (DD) Business, and Digital Music Provider 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 it and JASRAC dominate the market as an oligopoly.

1. Overview of FY3/25 results

In FY3/25, the Company reported consolidated net sales of ¥19,412mn, up 44.5% year on year (YoY), operating profit of ¥1,005mn, up 54.9%, ordinary profit of ¥1,028mn, up 57.4%, and profit attributable to owners of parent of ¥692mn, up 30.3%. Operating profit finished ahead of forecasts. Net sales increased sharply due to the strong performance of the Copyright Management Business and DD Business as RecoChoku Co., Ltd and Eggs Co., Ltd., which became subsidiaries in the previous fiscal year, were added to the scope of consolidation and both the number of copyrighted songs and master recordings handled by the Company increased. Operating profit increased substantially due to the effect of increased sales which offset the rise in personnel costs and costs associated with consolidation of the two companies.

2. FY3/26 forecasts

For its consolidated results in FY3/26, the Company is forecasting increases in both sales and profits. Net sales are expected to increase 18.5% YoY to ¥23,000mn, operating profit to increase 79.1% to ¥1,800mn, ordinary profit to increase 75.0% to ¥1,800mn, and profit attributable to owners of parent to increase 73.3% to ¥1,200mn. In the Copyright Management Business, steady increases in copyright royalties are expected against the backdrop of expansion in the music and video streaming markets. In the DD Business, along with stronger relationships with existing business users, revenue is expected to expand owing to acquiring contracts with individual creators and strengthening overseas operations. In Other Business, upfront investment will continue, but full-fledged service development is planned during FY3/26, so the earnings structure is expected to continue to diversify.

3. Medium- to long-term growth strategy

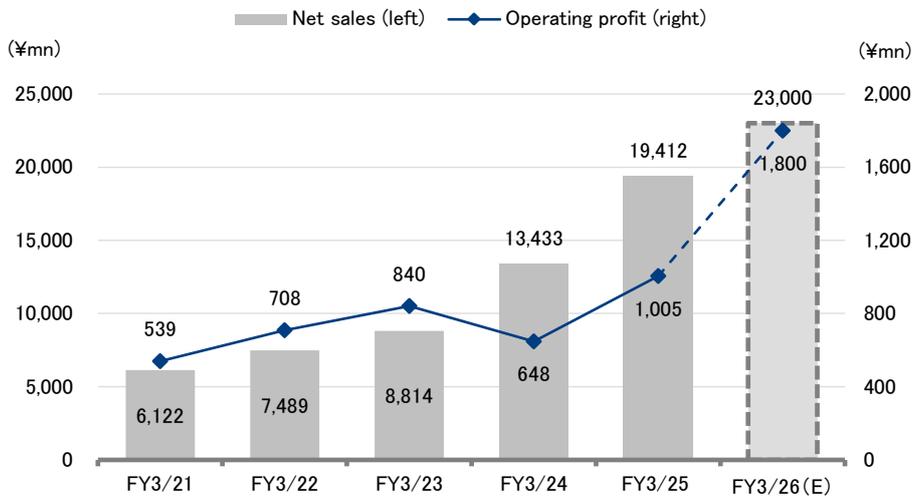
The Company has disclosed a medium-term business plan for FY3/26 to FY3/28. Double-digit increases in revenue and profit are expected to continue. For FY3/28, the Company is targeting net sales of ¥29.6bn, operating profit of ¥2.7bn, and an operating margin of 9.1%. The Copyright Management Business and DD Business, which are the core of earnings, will continue to maintain high growth while the Company diversifies its earnings structure through the development of new business. The Company will not stop at expanding existing businesses; it is aiming for sustained growth in medium- to long-term corporate value by realizing noncontinuous growth from working to create new growth drivers. In addition, starting in FY3/26 the Company will pay a dividend. For FY3/26, it is planning a dividend of ¥20 per share (¥0 interim, ¥20 year-end). 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
- In FY3/25, there was a large profit increase thanks to the strong mainstay business as Company forecasts were exceeded
- For FY3/26, a continued period of high growth is expected, and the Company will pay its first dividend

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 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, 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 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 in December 2000 with investment from 11 artist management offices. Yuji Arakawa, the current COO of NexTone, was appointed Representative Director of JRC.

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 from existing shareholders, making it and its subsidiary Eggs 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) Rental 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. Rental 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) Screenings at movie theaters, in-store background music, etc.; 2) Banquet hall live music venues, karaoke bars, etc.; 3) Recordings for movies; 4) Recordings for videograms, etc.; 5) Recordings for video games; 6) Reproduction for advertisements (reproduction for TV and radio commercials, reproduction for Internet commercials, copying lyrics to printed advertisements, etc.); 7) Broadcasting/cable broadcasting*1 (broadcasting on TV/radio, etc.); 8) Interactive distribution*2 (distribution to smartphones and PCs, etc.); and 9) Commercial on-demand karaoke*3 (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 distribution 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 rental rights, and in eight types of use: screening and background music, recordings for movies, recordings for videograms, recordings for games, reproduction for advertising purposes, broadcasting and cable broadcasting, interactive distribution, and commercial on-demand karaoke.

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. The business is contributing to growth in copyright royalties by building its own content distribution platform to promote the use of musical content.

3. Digital Music Provider

This business distributes music over the internet. In Digital Music Provider for individuals, users can purchase and download single songs or stream music as a subscription-based service. Digital Music Provider 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, the solutions business, and the agent 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.

(4) Agent business

Subsidiary Eggs operates the Eggs music platform, which provides a space for music lovers and artists, primarily independent artists, to connect. It also supports the activities of independent artists, including through CD releases, music distribution, and promotion.

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 FY3/25, JASRAC collected ¥144.58bn in copyright royalties, while NexTone collected ¥14.15bn, giving respective market shares of 91.1% and 8.9%. 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.

Business overview

In addition, the Company's Copyright Management Business, the DD Business, and the Digital Music Provider generate most of their sales from stable, recurring business. This structure translates into higher profits as the number of copyrighted songs 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

In FY3/25, there was a large profit increase thanks to the strong mainstay business as Company forecasts were exceeded

1. Overview of FY3/25 results

In FY3/25, the Company reported consolidated net sales of ¥19,412mn, up 44.5% YoY, operating profit of ¥1,005mn, up 54.9%, ordinary profit of ¥1,028mn, up 57.4%, and profit attributable to owners of parent of ¥692mn, up 30.3%. Operating profit finished ahead of forecasts. Net sales increased sharply due to the strong performance of the Copyright Management Business and DD Business as RecoChoku and Eggs, which became subsidiaries in the previous fiscal year, were added to the scope of consolidation and both the number of copyrighted songs and master recordings handled by the Company increased. Operating profit increased substantially due to the effect of increased sales which offset the rise in personnel costs and costs associated with consolidation of the two companies. The factor increasing operating profit was increased revenue in existing businesses of ¥2.61bn. The factors decreasing it were increased personnel costs of ¥0.93bn, increased system and other costs of ¥1.12bn, and incorporating losses of ¥0.20bn associated with the new consolidation of RecoChoku and Eggs.

Overview of FY3/25 results

	FY3/24		FY3/25		YoY	
	Results	vs. net sales	Results	vs. net sales	Change %	Change amount
Net sales	13,433	-	19,412	-	44.5%	5,979
Cost of sales	9,931	73.9%	14,584	75.1%	46.9%	4,653
Gross profit	3,501	26.1%	4,827	24.9%	37.9%	1,326
SG&A expenses	2,852	21.2%	3,822	19.7%	34.0%	970
Operating profit	648	4.8%	1,005	5.2%	54.9%	357
Ordinary profit	653	4.9%	1,028	5.3%	57.4%	375
Profit attributable to owners of parent	531	4.0%	692	3.6%	30.3%	161

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

2. Trends by business segment

(1) Copyright Management Business

The Copyright Management Business reported growth in net sales of ¥1,524mn, up 23.3% YoY, and operating profit of ¥692mn, up 32.2%. Both sales and profits rose sharply, supported by growth in the streaming music and video distribution service markets, an increase in the number of songs managed by the Company, and growth in the number of CD recording rights collected for idol songs. The operating margin improved 3.1 percentage points (pp) to 45.4% on the back of higher net sales. As of the end of FY3/25, the business managed 691,000 copyrighted songs, up 31.4% (+165,000 songs) from the end of FY3/24.

Results trends

(2) Digital Distribution (DD) Business

The DD Business reported net sales of ¥9,688mn, up 28.1% YoY, and operating profit of ¥962mn, up 22.5%. Net sales growth was driven by an increase in the number of managed master recordings, expansion in the streaming music distribution and video distribution service markets, and increased use of master recordings for animation and video games and by internet creators such as VTubers. As of the end of FY3/25, the business managed 1,470,000 master recordings, up 16.4% (+207,000 recordings) from the end of FY3/24. Profitability increased by 20% due to the effect of sales growth, which absorbed upfront investments such as system development for the construction of RecoChoku's new business FLAGGLE, a solution for music master recording rightsholders.

(3) Digital Music Provider

The Digital Music Provider reported net sales of ¥7,585mn, up 90.7% YoY. Operating profit grew by 136.6% to ¥1,337mn. As a result of newly consolidating RecoChoku, there was a net increase. The subscription music streaming service "dhits," a mainstay service aimed at individuals, added new functions and revised its monthly fee starting on December 1, 2024 from ¥550 (including tax) to ¥690 (including tax), and the increased price contributed to higher revenue. There was no major change in the dhits cancellation rate after the price revision; it continues to trend in a stable manner. Sales to companies were also solid, with the number of stores contracted for store video and the background music streaming service increasing alongside an increase in the number of wedding facilities introducing the background music streaming service.

(4) Other

The Other segment reported net sales of ¥1,497mn, up 14.5% YoY, and an operating loss of ¥425mn (versus operating loss of ¥80mn in FY3/24). Concerts by popular groups and live viewings of popular musicals drove the large increase in net sales. At the same time, the e-commerce solution "murket" for the music industry offered by RecoChoku, and the fan community of Eggs, which are new businesses, posted upfront costs due to delays in ramping up services, which led to the operating loss.

3. Financial position and management indicators

As of the end of FY3/25, total assets increased by ¥1,596mn compared to the end of the previous fiscal year to ¥14,831mn. Current assets increased by ¥1,929mn, and with the Copyright Management Business, DD Business and Digital Music Provider all performing well, cash and deposits increased by ¥1,582mn. Non-current assets declined by ¥332mn and intangible non-current assets declined by ¥283mn due primarily to impairment of software by RecoChoku.

Total liabilities increased ¥1,036mn from the end of the previous fiscal year to ¥9,116mn. Current liabilities rose ¥1,068mn, due to ¥556mn increase in accounts payable – other for royalties distribution to copyright holders in line with an increase in transaction volume in the Copyright Management Business. Non-current liabilities did not change significantly, declining ¥32mn.

Total net assets increased ¥560mn from the end of the previous fiscal year to ¥5,715mn. Retained earnings rose ¥692mn mainly due to the booking of profit attributable to owners of parent. Non-controlling interests declined ¥146mn.

The equity ratio improved 1.5pp YoY to 32.1% as a result of profit generation. The Company has no interest-bearing debt and is in a strong net cash position (cash and deposits minus interest-bearing debt) of ¥9,629mn. To support sustained growth in profits, it plans to invest in personnel and IT systems and explore M&A options.

Results trends

Consolidated balance sheets and key management indicators

	FY3/22	FY3/23	FY3/24	FY3/25	Change amount
	(¥mn)				
Current assets	5,681	6,707	10,343	12,272	1,929
Cash and deposits	5,192	6,041	8,046	9,629	1,582
Notes and accounts receivable - trade	210	282	1,600	1,744	144
Non-current assets	867	1,113	2,891	2,559	-332
Property, plant and equipment	17	12	152	232	80
Intangible non-current assets	684	781	2,072	1,789	-283
Investments and other assets	165	320	667	537	-130
Total assets	6,549	7,821	13,235	14,831	1,596
Current liabilities	3,369	3,875	7,502	8,570	1,068
Notes and accounts payable - trade	701	872	2,974	3,436	462
Non-current liabilities	259	371	577	545	-32
Total liabilities	3,629	4,246	8,080	9,116	1,036
Total net assets	2,919	3,574	5,155	5,715	560
Retained earnings	1,217	1,849	2,380	3,072	692
Treasury shares	-219	-211	-308	-288	19
Total liabilities and net assets	6,549	7,821	13,235	14,831	1,596
Management indicators					
Equity ratio	44.6%	45.7%	30.6%	32.1%	1.5pp
Net cash	5,192	6,041	8,046	9,629	1,582

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

Outlook

For FY3/26, a continued period of high growth is expected, and the Company will pay its first dividend

1. FY3/26 forecasts

For FY3/26, the Company forecasts an increase in sales and profits, with consolidated net sales of ¥23,000mn, up 18.5% YoY, operating profit of ¥1,800mn, up 79.1%, ordinary profit of ¥1,800mn, up 75.0%, and profit attributable to owners of parent of ¥1,200mn, up 73.3%.

Forecasts by business segment are: net sales of ¥1.92bn (up 26.3% YoY) and operating profit of ¥0.89bn (up 29.0%) in the Copyright Management Business; net sales of ¥12.53bn (up 29.4%) and operating profit of ¥1.25bn (up 30.2%) in the DD Business; net sales of ¥7.51bn (down 0.9% YoY) and operating profit of ¥1.48bn (up 11.3%) in the Digital Music Provider; and net sales of ¥2.63bn (up 76.5% YoY) and operating loss of ¥0.18bn (improvement of ¥0.24bn) in the Other Business.

Outlook

In the Copyright Management Business, the amount collected is expected to further increase against the backdrop of ongoing expansion in the music and video streaming markets. The transfer of management of songs by idol groups and an increase in the number of songs managed, including television background music in the broadcasting field, are expected to be factors that boost collection amounts. In the DD Business, along with deepening transactions with existing business users, the Company expects earnings to increase by acquiring contracts with prominent individual creators and strengthening development of the overseas market. YouTube-related earnings continue to grow steadily and are expected to contribute to results as a stable revenue source. Regarding FLAGGLE, the service is scheduled to launch during FY3/26. In the Digital Music Provider, the price revision to “dhits” will contribute for the full year and earnings are expected to continue to increase. In services for companies, progress is expected in acquiring new customers and developing new services. In Other Business, the upfront investment phase in new business will continue, but the Company is planning to steadily ramp up service development in FY3/26 as the earnings structure is expected to continue to diversify.

2. Medium-term business plan

The Company has disclosed a medium-term business plan that covers from FY3/26 to FY3/28. Double-digit revenue and profit growth are expected to continue. For FY3/28, the Company is targeting net sales of ¥29.6bn, operating profit of ¥2.7bn and an operating margin of 9.1%. 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 10% or more, share of collection of copyright royalties of 10% medium-term and 50% long-term, an increase in the number of songs managed by 100,000 songs or more each fiscal year, and an increase in the number of master recordings handled of 230,000 or more each fiscal year. As for financial KPI, the Company is targeting net sales of ¥29.6bn or higher, YoY increases in net sales of 10–20%, and an operating margin of 9% or higher in FY3/28. The Company is seeking to list on the TSE Prime Market in FY3/27. What is preventing listing on the market currently is the market capitalization standard of ¥25.0bn or higher and the earnings base standard of consolidated operating profit totaling ¥2.5bn for the most recent two years, but the Company plans to meet the latter requirement by FY3/26.

In the Copyright Management Business and DD Business, the core of earnings, while continuing to maintain high growth the Company is diversifying its earnings structure through development of new business. The Company is not stopping at linear growth through expansion of existing businesses; it is aiming to achieve discontinuous growth by working to create new growth drivers and to sustainably increase medium- to long-term corporate value. With changes in the industry structure and diversification in content consumption proceeding, the Company's business model is both highly flexible and highly scalable, and going forward it is expected to establish a position as a presence driving innovation in the music and entertainment fields.

3. Shareholder returns

The Company announced on May 13, 2025 that it would be paying a dividend starting in FY3/26. It put forth a basic policy of a stable and continuing dividend based on results on the precondition that internal reserves are secured for growth investment. It is expected to pay a dividend of ¥20 per share in FY3/26. Its dividend policy for the immediate future is an annual dividend of ¥20 per share (¥10 interim, ¥10 year-end), and going forward it will consider raising the dividend in stages depending on progress in earnings growth. It has not announced a specific indicator like a payout ratio, but it has shown that it will work for an appropriate harmony with shareholder returns while emphasizing a balance with growth investment.



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