

Fiscal 2018 Business Affairs

May 22nd, 2019

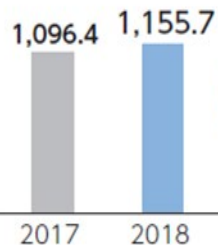


1 Overview

(Figures indicate either collected or distributed amounts. Unit: hundred million yen)

Collection

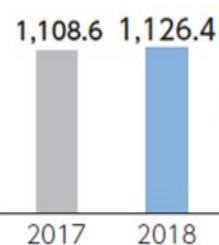
1,155.7 hundred million yen



Against
FY2017
+5.4%

Distribution

1,126.4 hundred million yen



Against
FY2017
+1.6%

■ Collection

Royalties and other collections increased by 5,930 million yen from FY2017 results, reaching the second highest amount next to FY2007. This was mainly due to robust growth of music and video subscription services and video posting (sharing) services in the interactive transmissions category, and successful products in the videograms category.

■ Distribution

Distribution of royalties increased by 1,770 million yen from FY2017 results, reaching the second highest amount next to FY2008. This takes into account collections from the 2nd half of FY2017 and the 1st half of FY2018.

1 Overview (Collection and Distribution)

Royalties Collected in FY2018

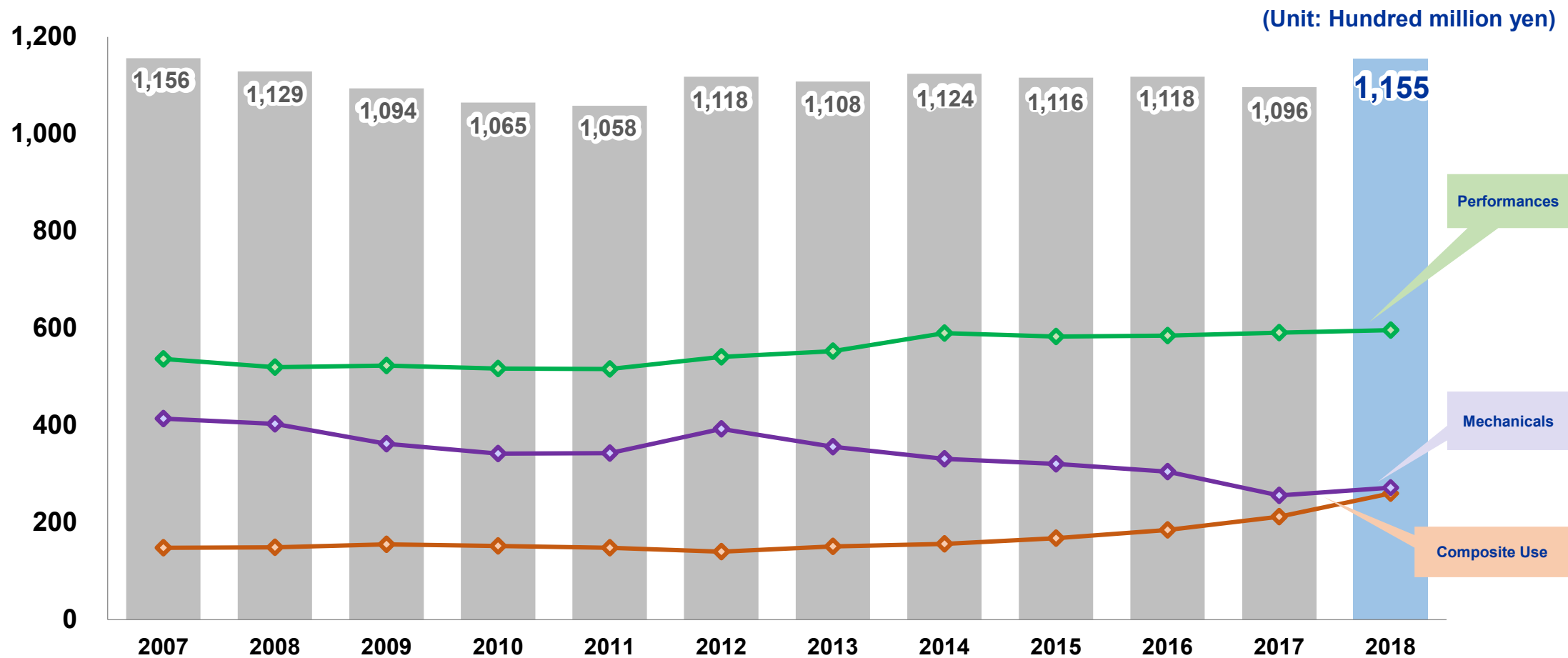
Category	Collection (thousand yen)	Against FY2017 (%)
Performances	59,669,371	100.9
Performances, etc.	22,768,261	104.0
Broadcasts, etc.	30,753,381	98.7
Cable broadcasts, etc.	4,802,266	100.1
Film exhibitions	253,169	110.5
Background music	616,711	102.7
Foreign income (performances)	475,581	105.5
Mechanicals	22,801,434	104.1
Audio discs	10,328,845	88.2
Audio tapes	211,839	106.2
Music boxes	10,690	66.4
Synchronization	50,430	66.1
Videograms	12,104,578	123.3
Foreign income (mechanicals)	95,050	95.7
Publication	911,195	99.4
Reproduction for specific purposes	4,412,860	117.4
Reproduction for advertisement	1,387,058	100.0
Reproduction for games	3,025,802	127.6
Lending	1,724,470	64.4
Composite use	26,050,580	122.6
Online Karaoke	6,995,653	99.2
Interactive transmissions	19,054,927	134.2
Total private copying remuneration	7,765	76.8
Total	115,577,680	105.4

Royalties Distributed in FY2018

Category	Collection (thousand yen)	Against FY2017 (%)
Performances	60,020,095	100.2
Performances, etc.	22,920,954	105.1
Broadcasts, etc.	31,124,166	96.9
Cable broadcasts, etc.	4,722,632	102.4
Film exhibitions	241,320	108.8
Background music	591,472	83.2
Foreign income (performances)	419,549	95.5
Mechanicals	22,796,342	100.6
Audio discs	10,376,540	87.4
Audio tapes	205,511	99.1
Music boxes	10,897	62.1
Synchronization	66,342	103.7
Videograms	12,021,695	116.0
Foreign income (mechanicals)	115,355	92.2
Publication	887,141	96.6
Reproduction for specific purposes	3,939,726	78.8
Reproduction for advertisement	1,397,010	97.8
Reproduction for games	2,542,716	71.1
Lending	1,879,134	62.6
Composite use	23,116,167	119.3
Online Karaoke	7,021,863	99.1
Interactive transmissions	16,094,304	131.0
Total private copying remuneration	9,083	82.1
Total	112,647,692	101.6

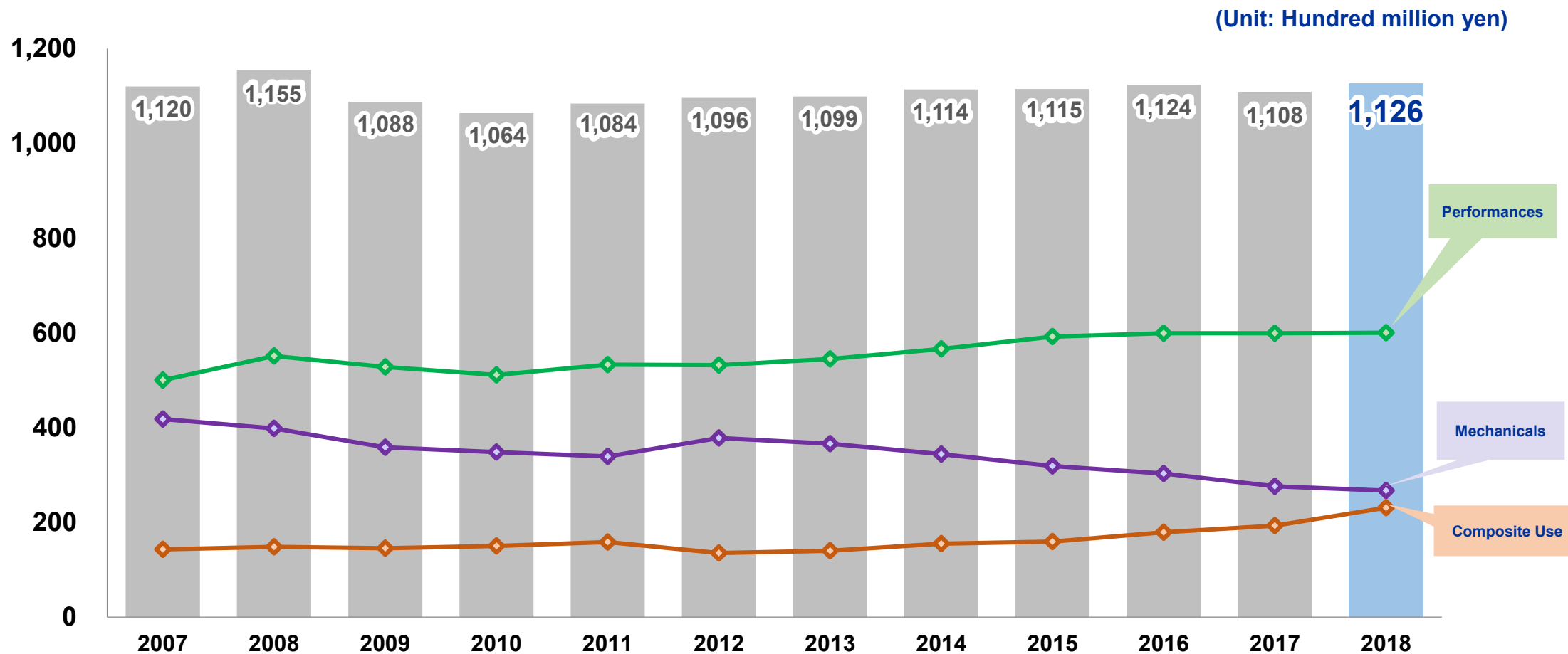
- Amounts are rounded down to the nearest thousand yen and therefore the sum of the amounts of each category may differ from the total amount.

1 Overview (History of Collections)



* "Mechanicals" in this graph includes "reproduction for specific purposes," which was newly created in FY2016.

1 Overview (History of Distributions)

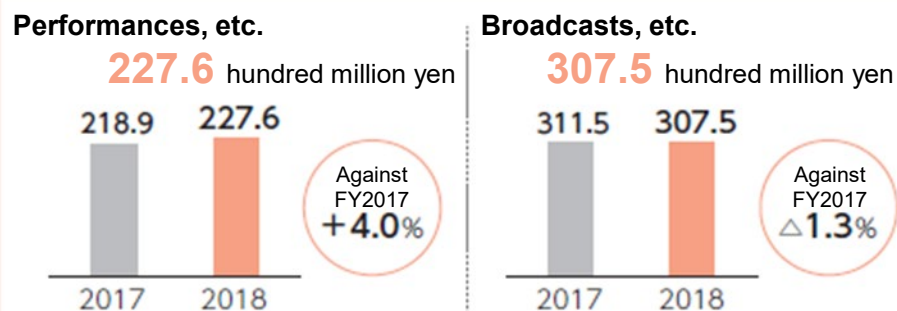


* “Mechanicals” in this graph includes “reproduction for specific purposes,” which was newly created in FY2016.

2 Collection Results (Performances)

1 Performances

(Figures indicate the collected amounts.
Unit: hundred million yen)



■ Performances, etc.

Royalties collected for performances, etc. exceeded FY2017 collection for the following reasons: a solid growth of the concert market mainly for large-scale live concerts, elimination of unlicensed usages at live music clubs and other clubs, contract renewals to adjust royalties according to the changes in music usages at banquet halls of hotels, etc.

■ Broadcasts, etc.

Broadcasters' business revenues for FY2017, which are the basis for royalty calculation for individual commercial broadcasters, decreased from the previous year due to the reverse effect of 2016 Olympics and Paralympic Games in Rio de Janeiro. Also, the use of music administered by JASRAC in commercial broadcasting was sluggish.

Breakdown of Collections for Performances, etc.
(Unit: hundred million yen)

	FY2018 results	Against FY2017
Performances, concerts, etc.	73.1	111.8%
Entertainment places	21.8	104.1%
Karaoke	120.6	96.5%
Video projection	3.4	-
Game machines* (projection/performances)	8.5	-
Total	227.6	104.0%

* Pachinko and pachislot companies are subject to royalties.

Breakdown of Collections for Broadcasts, etc.
(Unit: hundred million yen)

	FY2018 results	Against FY2017
Program broadcast	260.6	99.9%
Commercial ^s broadcast	46.8	92.5%
Total	307.5	98.7%

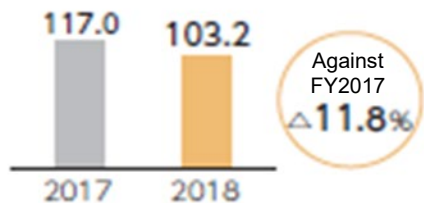
2 Collection Results (Mechanicals)

2 Mechanicals

(Figures indicate the collected amounts.
Unit: hundred million yen)

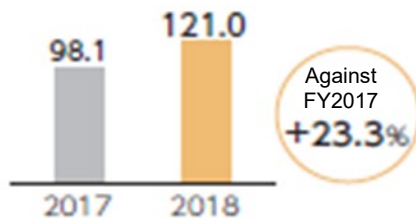
Audio discs

103.2 hundred million yen



Videograms

121.0 hundred million yen



■ Audio Discs

Royalties collected from audio discs fell below FY2017 results since the distribution format of music has shifted to digital transmissions mainly in the form of subscription services.

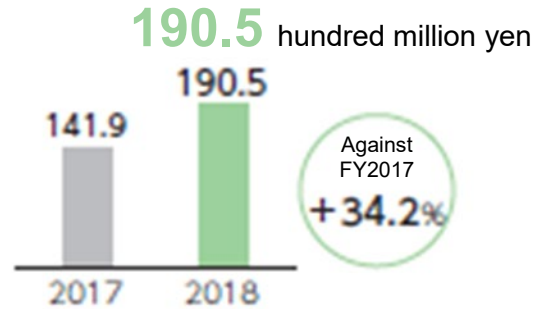
■ Videograms

Royalties collected from videograms exceeded FY2017 results due to successful products, etc.

2 Collection Results (Interactive Transmissions)

3 Interactive Transmissions

Interactive transmissions



(Figures indicate the collected amounts.
Unit: hundred million yen)

Breakdown of Collections for Interactive Transmissions (Unit: hundred million yen)

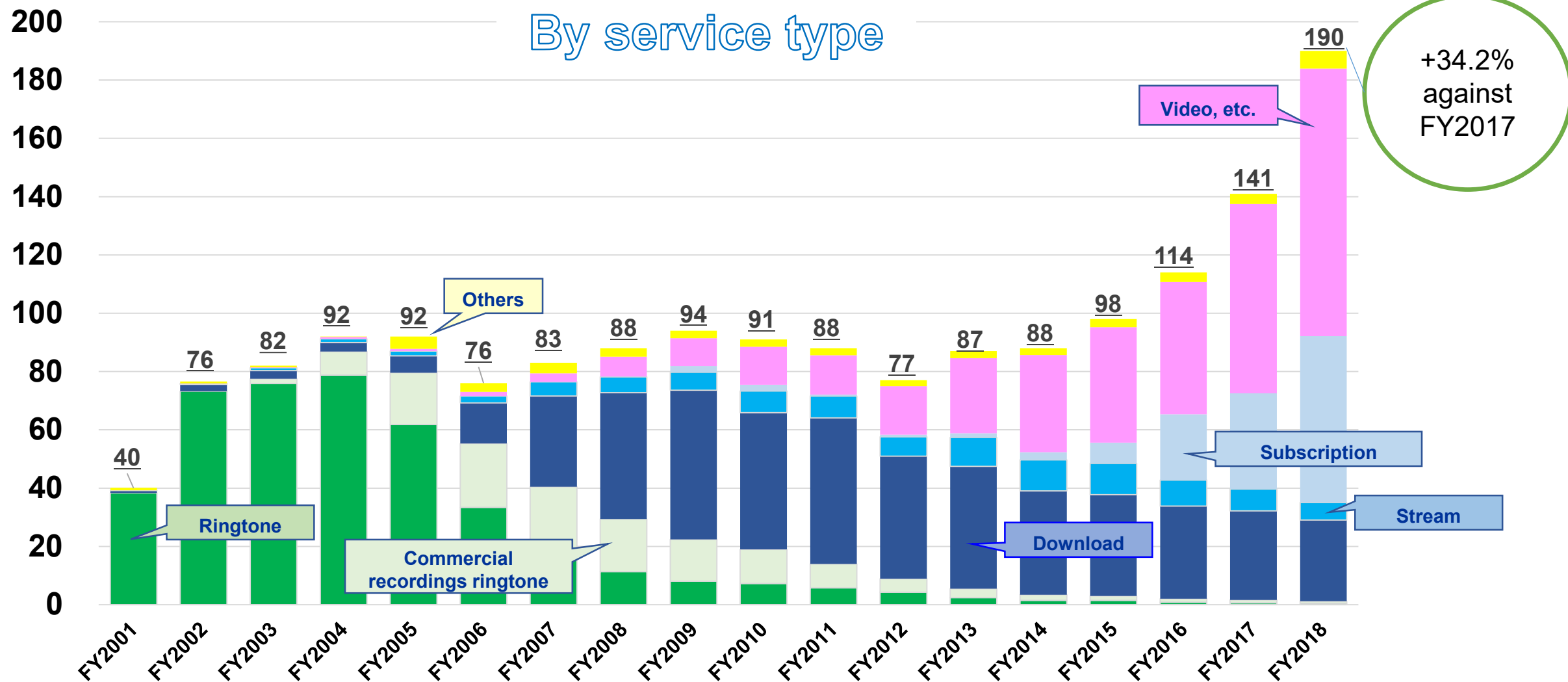
	FY2018 results	Against FY2017
Online Music	92.2	127.1%
Of which, subscription services	57.1	174.0%
Online Video	91.7	141.3%
Others	6.6	147.3%
Total	190.5	134.2%

■ Interactive Transmissions

In the online music category, the number of subscription service users increased significantly. In the online video category, subscription services and video posting (sharing) services saw a solid growth, and there were also successful products among game software downloads, smartphone game applications, and others.

(Unit: hundred million yen)

By service type



2 Collection-related Topics

(1) Musical Instrument Classes

In April 2018, JASRAC started licensing of performances at musical instrument classes operated by musical instrument manufacturers and musical instrument stores. In line with this move, JASRAC publicized it to seek understanding widely through its website and advertisements. Meanwhile, during the course of the lawsuit filed by musical instrument class operators affiliated with the Group to Protect Music Education, demanding a confirmation of the absence of JASRAC's right to claim royalties for the reason that copyright protection does not apply to performances at musical instrument classes, 10 preparatory proceedings (6 in 2018) have been held. See JASRAC website for details by scanning the QR code on the right. Chairman Haku Ide of JASRAC will appear as a witness (Tokyo District Court, Room 510) at the second oral argument session scheduled on July 9, 2019 (starting at 1:15 pm).

Musical Instrument
Classes



(2) Exhibition of Films

During the ongoing negotiations with the Japan Association of Theatre Owners to revise royalties to reflect the usage scale, JASRAC reached an agreement with the Association for certain parts, including revision of royalties for foreign films (revised from a flat royalty rate of 180,000 yen per film to royalties based on the number of screens categorized to six groups to be applied until March 2021). See JASRAC website for details by scanning the QR code on the right.

Exhibition of
Films



(3) BGM (Background Music)

JASRAC promoted initiatives to conclude license agreements to legitimize the BGM use. Specifically, JASRAC filed for civil mediation against 151 operators (166 venues) that continued unlicensed use, promoted efficient license management based on the business agreement with the Environmental Health Associations, and provided simple online procedures. See JASRAC website for details by scanning the QR code on the right.

BGM



3 Distribution-related Topics

(1) Provision of Detailed Distribution Statement Data

JASRAC started providing detailed distribution statement data on concert performances, etc. from its September 2018 distribution, following the provision of data on interactive transmissions in 2017. This provision of data is scheduled to be expanded to other areas.

(2) Change of Distribution Method for Royalties from Live Music Clubs

JASRAC will change the distribution method from the conventional sampling distribution to the census distribution for live performances at live music clubs where performers are changing every day.

(3) Reduction of Administrative Expense Rates applied to 2019-03 Distribution

JASRAC reduced the administrative expense rates for 2019-03 distribution. See JASRAC website for details by scanning the QR code on the right.



(4) Revision of Administrative Expense Rates as from 2019-09 Distribution

In light of changes in the market structure, JASRAC has launched an initiative to review the current administrative expense rates, and will continue the review process for a period of three years.

4 JASRAC Members and Trustors-related Topics

(1) Conclusion of Trust Contract, etc.

JASRAC held seminars and other events to promote member recruitment. Through newsletters for members and its website, JASRAC also highlighted the point that flexible entrustment is possible since progress is being made on the organization of the entrustment system, as seen in the expansion in the range of own use, removal of limits on advertising tie-ups, etc.

Figures in parentheses are for FY2017.

	Authors	Publishers	Others	Total
Number of new trustors	315 (338)	76 (79)	2 (1)	393 (418)
Number of new members	80 (102)	7 (6)	3 (2)	90 (110)

“JASRAC Creator’s Path”



Appearance at Niconico Chokaigi



(2) Revision of Copyright Trust Contract

JASRAC has amended the Copyright Trust Contract mainly to more closely reflect the trustors' intentions in copyright management operations and enhance management in overseas territories (Effective August 1, 2018).

5 International Affairs

(1) Collaboration with International Copyright Organizations

JASRAC attended international conferences such as the General Assembly, Board of Directors, and Committees of CISAC, as well as the General Assembly and Management Committee of BIEM, and visited or had web conferences with relevant foreign organizations to discuss and exchange information aimed at solving international copyright management issues and promoting smooth copyright management.



CISAC General Assembly

(2) Assistance in improving the copyright protection in the Asia-Pacific Region

JASRAC worked to improve the copyright protection by sending speakers and accepting trainees (96 trainees from 23 countries). JASRAC also supported activities to improve the status of music creators, as the Asia-Pacific Music Creators Alliance (APMA) Executive Committee. In November 2018, APMA issued the “Jakarta Statement,” which draws attention to the unfair industry practice of copyright buy-out.



APMA General Assembly

(1) Awards, etc.

A. JASRAC Awards

JASRAC commended the authors and publishers of top-ranked works in JASRAC's royalty distribution in FY2017. See JASRAC website for details by scanning the QR code on the right.



B. JASRAC Music Culture Awards

JASRAC honored four individuals (three groups) to reward their unheralded activities that may not necessarily lead to impressive statistics or business results in terms of sales or use but which contribute to the development of music culture. See JASRAC website for details by scanning the QR code on the right.



C. Presentation of Letter of Appreciation to Longtime Users of Music

To express its gratitude, JASRAC presented letters of appreciation to 2,163 individuals/entities who have kept license agreements with JASRAC over 30 years to support the creation of new works by royalty payments. See JASRAC website for details by scanning the QR code on the right.

(2) Initiatives to Contribute to the Promotion of Music Culture

A. JASRAC's Music Course "Have Fun Learning Ensemble Music!"

JASRAC carried out a project to encourage young people to become music culture pioneers, in which mainly junior and senior high school students enjoyed learning live music and choir skills while deepening their understanding of copyrights. See JASRAC website for details by scanning the QR code on the right.

Have Fun Learning Ensemble Music!



B. JASRAC's Talk & Concert: "Songwriters of the Heart"

JASRAC held events with a focus on songwriters to pass forward the "splendor of music-making," tracing the attractiveness of their works, as well as on past writers and works that have left a lasting influence on these writers. See JASRAC website for details by scanning the QR code on the right.

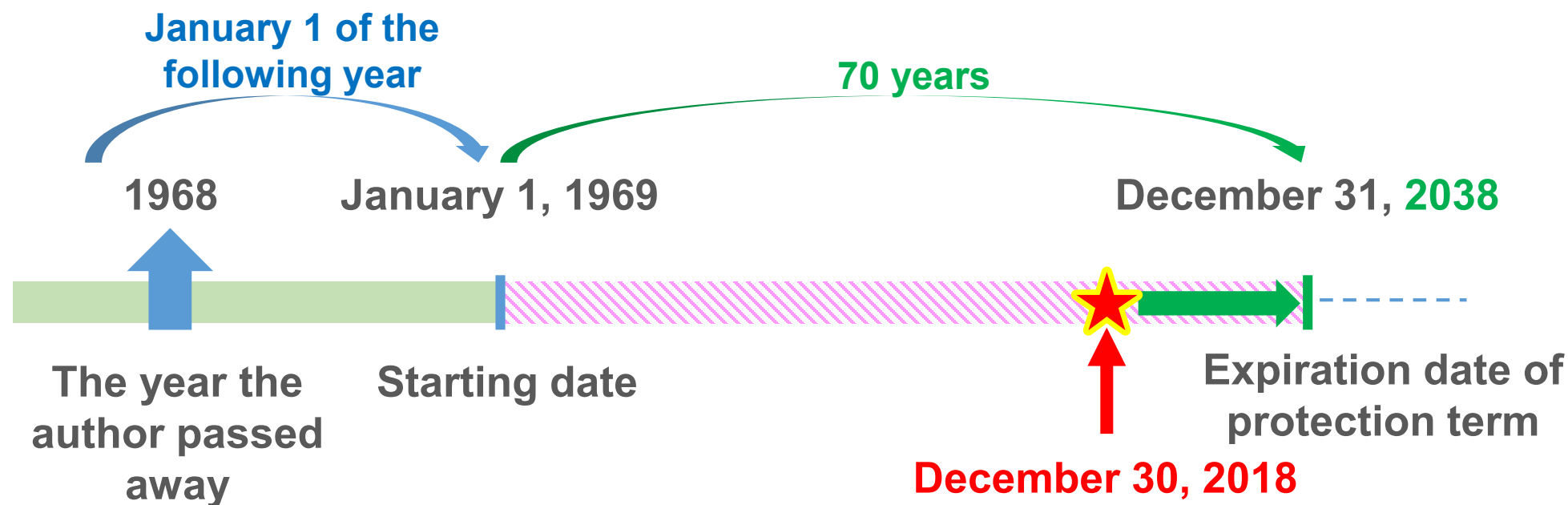
Information on Various
Business Affairs



7 Initiatives to address individual issues

(1) Extension of Copyright Protection Term

With the TPP 11 Agreement coming into force on December 30, 2018, the TPP-related Act enacted in 2016 came into effect on the same day, thereby the term of copyright protection has been extended from 50 years to 70 years after the author's passing. Countries in Europe and North America extended the copyright protection term to 70 years after the author's death in the 1990s, triggering active discussions on the issue in Japan. JASRAC has also continued its efforts to extend the copyright protection term to align with international standards, because works are distributed or delivered across national borders.



* Works with expired copyright terms as of the end of 2017 will not regain copyright protection even if the revised Copyright Law is enforced.

December 30, 2018

Enforcement date of the revised Copyright Law

(2) Toward Resolution of “Wartime Prolongation Obligation”

On the premise that copyright enforcement was not possible during World War II, Japan is currently obligated to add around 10 years—equivalent to the period from 1941, when Japan entered the war, until the day before the Peace Treaty came into effect—to the normal protection term concerning the protection term of copyrights obtained by the Allied Powers and Allied nationals.

JASRAC has been actively approaching various parties, both internationally and in Japan to resolve this issue as early as possible. As a result, Australia as a country and a few music rights management organizations announced their intention to not enforce their rights. JASRAC will make efforts such as asking cooperation of copyright management organizations of the relevant countries.

[Wartime Prolongation Obligation]

The wartime addition system originally started as a national legislative policy in Europe with the aim of recovering the lost profits of copyright owners due to wars. While wartime prolongation should be borne by both sides of a war, the San Francisco Peace Treaty stipulates that Japan alone has an obligation for wartime prolongation, as if to penalize Japan for pre-war unauthorized use of music, publications, etc., which is unlike any other cases. In addition, this system involves problems: the identification of the music in question and the calculation of the protection term, which can be clearly calculated otherwise, are very complicated.

(3) Efforts to Revise the Copyright System

A. Fair Remuneration to Rights Owners for Private Copying

JASRAC submitted an opinion to the government council, etc. that the current system should be changed to a system that ensures that rights owners can receive fair remuneration for private copying.

B. Strengthening the Measures to Leech Sites, etc.

JASRAC requested that the government council, etc. urgently take legislative measures against induction to infringing content by leech sites, etc. and submitted an opinion that it also should consider legalizing site-blocking as one of the effective measures against infringement.

(4) Utilization of Digital Technologies

To improve the operational efficiency and services, JASRAC promoted the use of big data by introducing a tool that can quickly aggregate and analyze a large amount of data, in addition to working on technical verification of RPA (a software robot that can automate desktop operations), AI, blockchain, etc.

(1) The “*Kokorone*” Project

The Disaster Recovery Fund (the “*Kokorone*” Fund) is supported through the “*Kokorone*” Project, which continuously supports the restoration of regions affected by the Great East Japan Earthquake with music works. The Fund donated 15 million yen to Ishinomaki City, Miyagi Prefecture toward the cost of rebuilding complex cultural facilities that were damaged by the tsunami. A total of 225 individuals/entities and 486 works have participated in this project and 44,552,537 yen has been donated to the *Kokorone* Fund as of March 31, 2019.



(2) JASRAC's 80th Anniversary Commemorative Events

With the concept of “musical connections: connecting through music” and the symbol mark JASRAC has created, we have disseminated information about our 80th anniversary events and scheduled events on a special web page, etc.

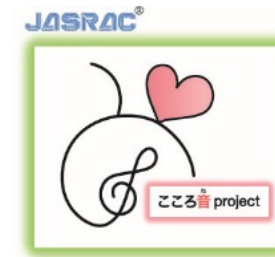
In addition, as part of the project, JASRAC called for the CISAC General Assembly (held in May 2019) in Tokyo for the first time in 35 years and made arrangements.



9 Efforts to Support the Restoration of Regions Affected by the Great East Japan Earthquake

○ Decided to donate to Rikuzentakata City

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こころ音プロジェクト



A project to allocate part of royalties that JASRAC Members and Trustors received for the use of their works and offer to donate, and to donate that amount to support the restoration of regions affected by the Great East Japan Earthquake.

<Area to support> Rikuzentakata City, Iwate Prefecture

As part of the construction cost of “Rikuzentakata Civic Cultural Center”
(tentative name)

(To be completed in December 2019)

<Donation amount> 5 million yen

<Donation made> in July 2019

Rikuzentakata City



* Image of completed facility

Efforts to Improve the Transparency of Distribution and Revisions of Administrative Expense Rates

- **Provision of Detailed Distribution Statement Data**

JASRAC started providing detailed distribution statement data on performances, etc. from its September 2018 distribution, following the provision of data on interactive transmissions in 2017. The data contains detailed information, such as the names of concerts and events that used the work, names of venues, and distribution amount for each work eligible for distribution, and is provided in an electronic file.

- **Change of Distribution Method for Royalties from Live Music Clubs**

JASRAC will change the distribution method from the conventional sampling distribution to the census distribution for live performances at live music clubs where performers change every day. In addition to music usage reports submitted by users and trustors, we also utilize set list information collected by external service providers.

11 Revisions of Administrative Expense Rates

- Reduction of Effective Administrative Expense Rates for the 2019-03 Distribution

JASRAC reduced the applied administrative expense rates only for the 2019-03 distribution as shown in the right table.

Royalty category	Effective rate	Effective rate only for 2019-03 distribution
Performances, etc.	25%	23%
Broadcasts, etc.	10%	9%
Online karaoke for business use	10%	9%
Interactive transmissions	10%	9%

- Revisions of Effective Administrative Expense Rates from the 2019-09 Distribution

JASRAC will review fixed administrative expense rates in stages over the three years from this fiscal year to FY2021. In light of recent structural change in collection and distribution, we will put into effect administrative expense rates that are more in line with the actual cost based on the expense amount for each category.

Administrative
Expense Rates



International Relations

12 CISAC General Assembly Was Held in Tokyo for the First Time in 35 Years

Dates of International Conferences, etc.

* We will announce details of the press conference scheduled on Friday, May 31, 2019 separately by a press release.

Date	Content	Location
Mon, May 27	Writers & Directors Worldwide Executive Committee	JASRAC Headquarters
	Mr. Brett Cottle Presentation	Keyaki Hall
Tue, May 28	CISAC Asia-Pacific Committee	JASRAC Headquarters
	CISAC Board of Directors	Hotel New Otani
	BIEM Management Committee	
Wed, May 29	CISAC Asia-Pacific Committee	JASRAC Headquarters
	APMA Executive Committee	
	CISAC Training	
	CIAM Workshop	Keyaki Hall
	CISAC Board of Directors	Hotel New Otani
	BIEM General Assembly	
Thur, May 30	CISAC General Assembly 09:00–	Hotel New Otani “Tsuru”
Fri, May 31	Press Conference * 10:00–	Hotel New Otani “AZALEA”
	International Symposium 14:00–	Iino Hall
	CIAM Executive Committee	JASRAC Headquarters
Sat, June 1	CIAM Executive Committee	JASRAC Headquarters