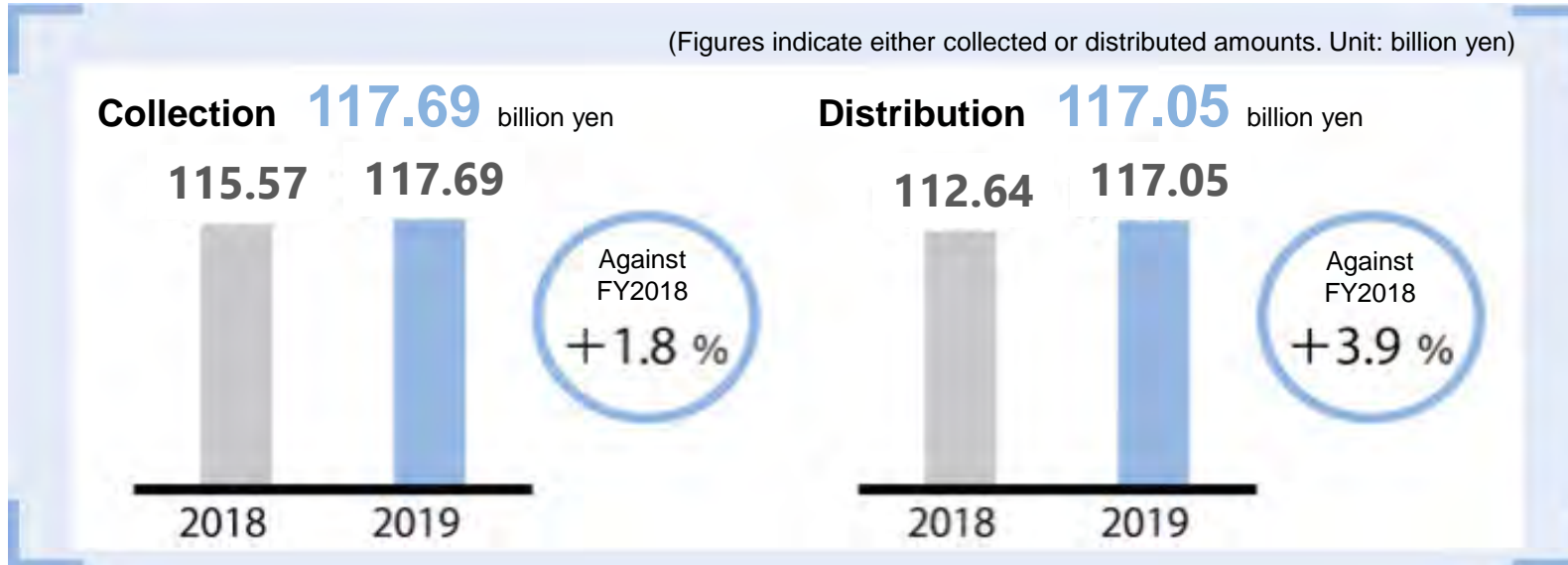


Fiscal 2019 Business Affairs



■ Collection

Collection of royalties increased by 2.1 billion yen from FY 2018 results, reaching the highest amount in history.

This was mainly due to robust growth of music and video subscription services, other events including major live concerts, and advertisements and game software for home use.

■ Distribution

Distribution of royalties increased by 4.4 billion yen from FY 2018 results, reaching the highest amount in history. This takes into account collections from the 2nd half of FY 2018.

1 Overview (Collection and Distribution)

Royalties Collected in FY 2019

Category	Collection (thousand yen)	Against FY2018 (%)
Performances	60,799,591	101.9
Performances, etc.	24,128,430	103.2
Broadcasts, etc.	31,030,444	100.9
Cable broadcasts, etc.	4,823,165	100.4
Film exhibitions	335,031	132.3
Foreign income (performances)	482,520	101.5
Reproduction	20,837,248	91.4
Audio discs	9,981,344	96.6
Audio tapes	174,622	82.4
Music boxes	12,008	112.3
Film recordings	77,793	154.3
Videograms	10,422,323	86.1
Foreign income (reproduction)	169,156	178.0
Publication	851,215	93.4
Reproduction for specific purposes	5,085,429	115.2
Reproduction for advertisements	1,654,112	119.3
Reproduction for games	3,431,316	113.4
Lending	1,405,216	81.5
Composite use	28,705,712	110.2
Online Karaoke	6,909,689	98.8
Interactive transmissions	21,796,022	114.4
Remuneration	6,768	87.2
Grand Total	117,691,182	101.8

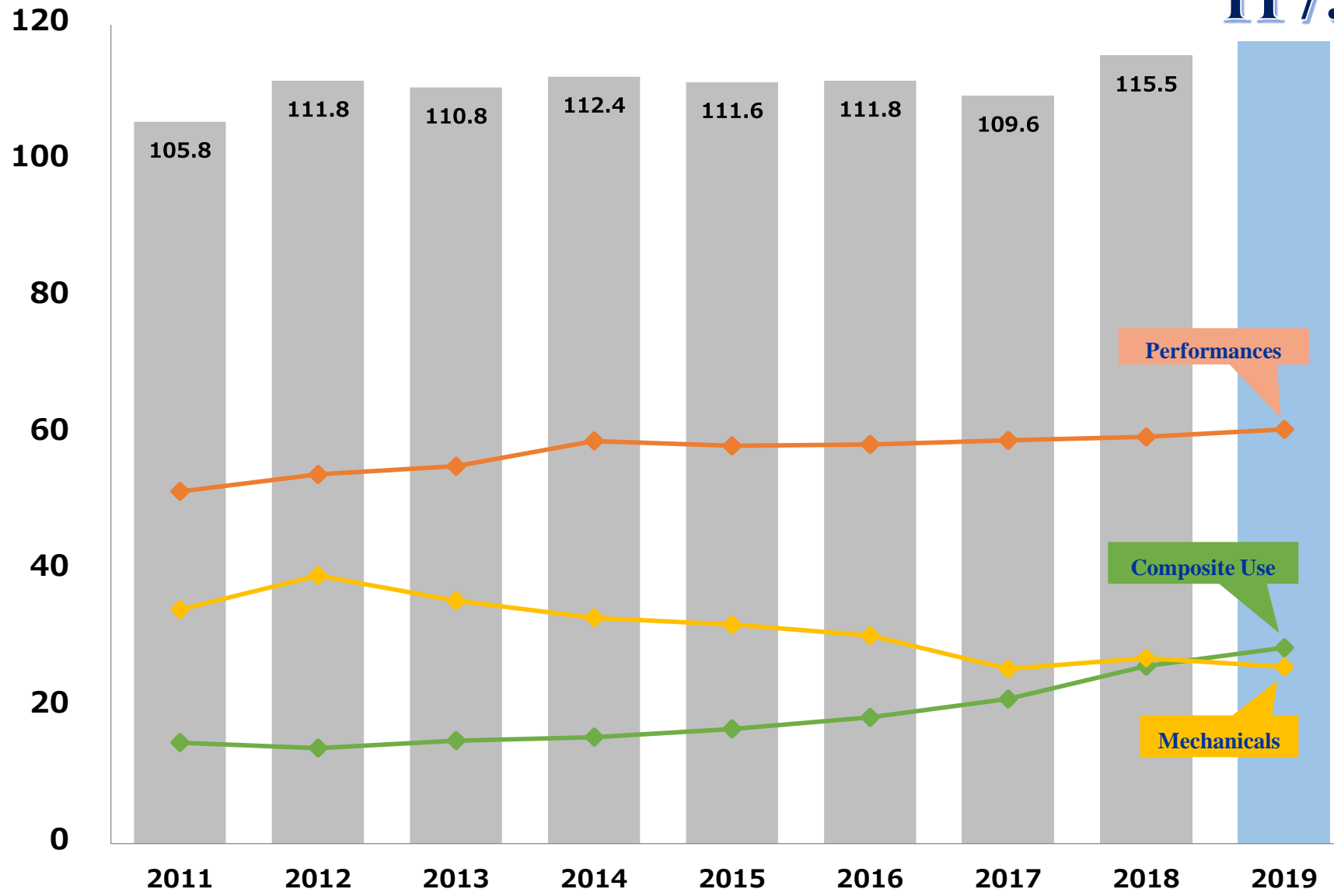
Royalties Distributed in FY 2019

Category	Collection (thousand yen)	Against FY2018 (%)
Performances	61,720,572	102.8
Performances, etc.	24,559,139	104.5
Broadcasts, etc.	31,537,862	101.3
Cable broadcasts, etc.	4,766,940	100.9
Film exhibitions	325,501	134.9
Foreign income (performances)	531,127	126.6
Reproduction	20,411,825	89.5
Audio discs	10,095,529	97.3
Audio tapes	188,466	91.7
Music boxes	11,642	106.8
Film recordings	66,702	100.5
Videograms	9,898,997	82.3
Foreign income (reproduction)	150,487	130.5
Publication	918,731	103.6
Reproduction for specific purposes	5,325,886	135.2
Reproduction for advertisements	1,667,420	119.4
Reproduction for games	3,658,466	143.9
Lending	1,533,689	81.6
Composite use	27,138,004	117.4
Online Karaoke	6,938,391	98.8
Interactive transmissions	20,199,613	125.5
Remuneration	7,985	87.9
Grand Total	117,056,695	103.9

※ 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)

(Unit: billion yen)



FY 2011

- Collection decrease due to the Great East Japan Earthquake

FY 2016

- Withdrawal of appeal against Japan Fair Trade Commission

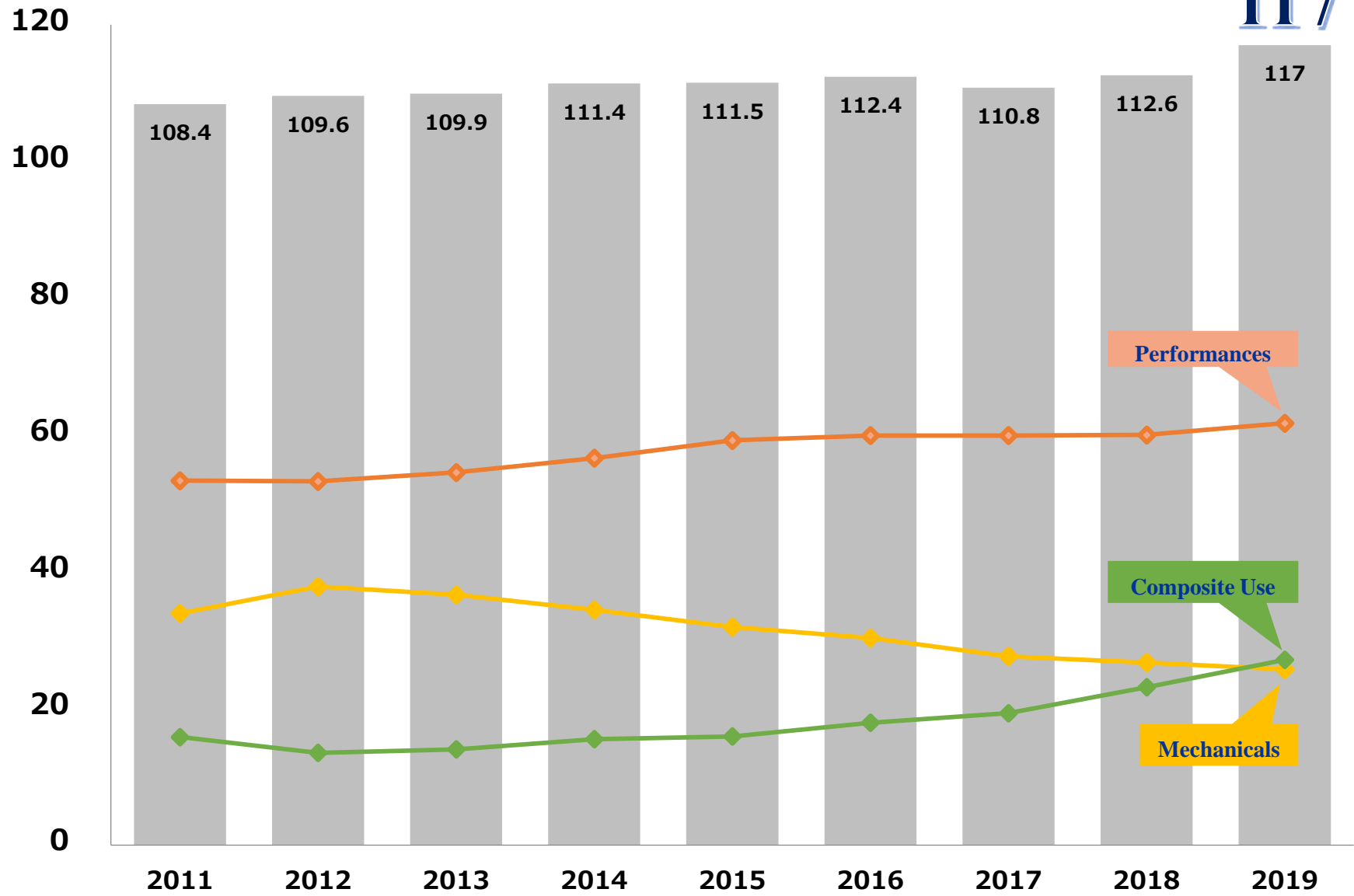
FY 2019

- 117.6 billion JPY is the highest amount in history
- Collections from “Composite Use” (Online Karaoke and Interactive transmissions) exceeded “Mechanical” for the first time

※”Mechanicals” includes “Reproduction for specific purposes” which is a category subdivided in 2016.

1 Overview (History of Distributions)

(Unit: billion yen)

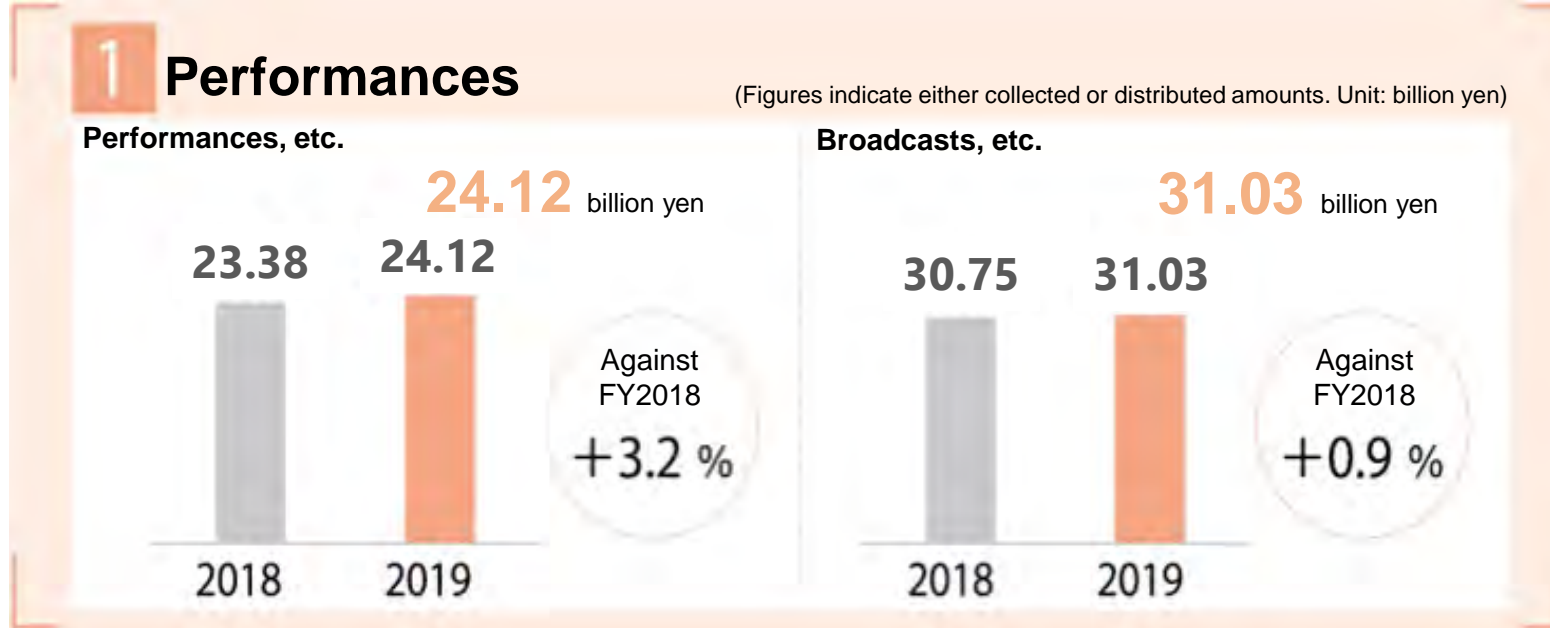


FY 2019

- Distribution reached the highest amount in history along with collections
- Distributions for “Composite Use” (Online Karaoke and Interactive transmissions) exceeded “Mechanical” for the first time

※”Mechanics” includes “Reproduction for specific purposes” which a category subdivided in 2016.

2 Collection Results (Performances)



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

	FY2019 results	Against FY2018
Performances, concerts, etc.	7.91	108.2%
Entertainment places	2.24	102.9%
Karaoke	12.15	100.8%
BGM	0.62	102.1%
Video projection	0.33	96.9%
Game machines* (projection/performances)	0.84	98.4%
Total	22.76	104.0%

*Pachinko and pachislot companies are subject to royalties

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

	FY2019 results	Against FY2018
Program broadcast	26.14	100.3%
Commercials broadcast	4.89	104.3%
Total	31.03	100.9%

■ Performance, etc.

Exceeded FY 2018 figures, mainly due to stable growth in the concert market, especially for large-scale concerts, and contract renewals setting royalties according to changes in music usage at hotel banquet halls, etc.

■ Broadcasts, etc.

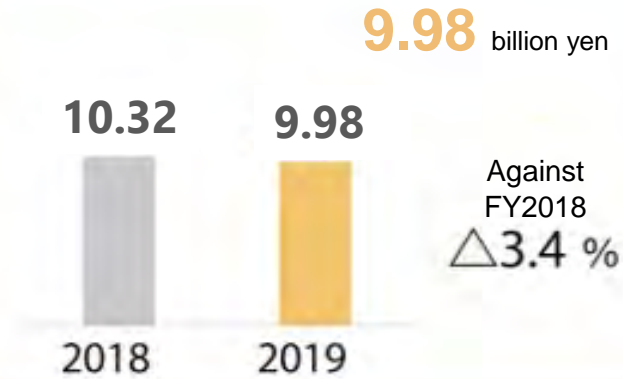
Both program and advertisement broadcasts exceeded FY 2018 figures. For program broadcasts, although the broadcasters' business revenue decreased for FY 2018, which is the basis for royalty calculation, NHK's subscription fees for FY 2018 reached a record high. Large-scale corporate campaigns led to an increase in JASRAC repertoire usage in advertisement broadcasts.

2 Collection Results (Mechanicals and Reproduction for Specific Purposes)

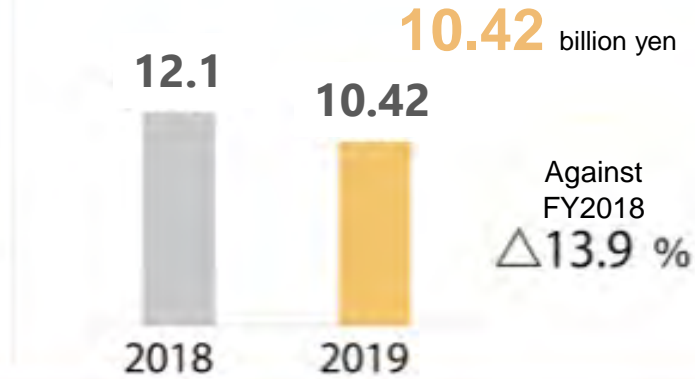
2 Mechanicals and Reproduction for Specific Purposes

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

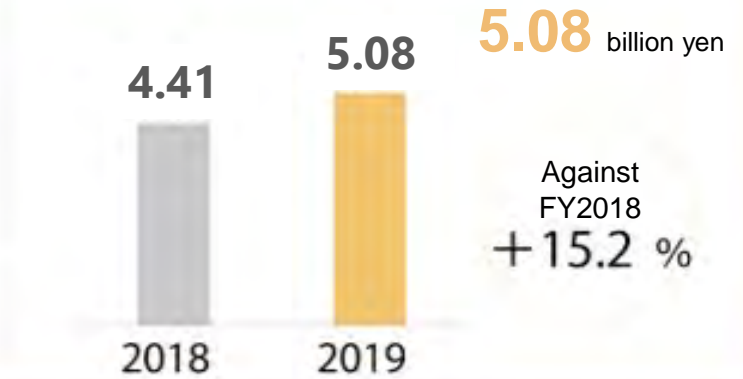
Audio discs



Videograms



Reproduction for specific purposes



■ Audio disc

Despite some successful releases, royalties collected from audio discs fell below FY 2018 results due to the decline in production of CDs.

■ Videogram

Royalties collected from videograms significantly fell below FY 2018 results, when there were record-breaking hit releases.

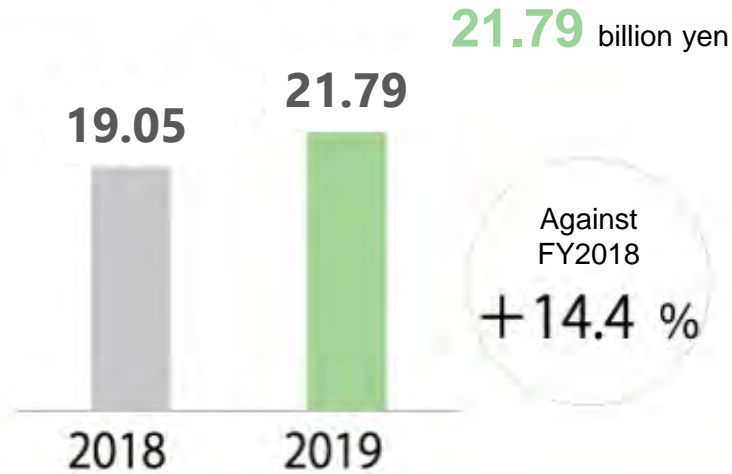
■ Reproduction for Specific Purposes (Reproduction for advertisements and games)

Category greatly exceeded FY 2018 figures. This was due to steady growth of exploitation in TV advertisements and exploitation of a number of JASRAC works in gaming machines and game software for home use.

2 Collection Results (Interactive Transmissions)

3 Interactive Transmissions (Figures indicate either collected or distributed amounts. Unit: billion yen)

Interactive transmissions



Breakdown of Collections for Interactive Transmissions

(Unit: billion yen)

	FY2019 results	Against FY2018
Online Music	10.4	112.8%
Of which, subscription services	7.3	127.1%
Online Video	10.5	114.1%
Others	0.9	140.9%
Total	21.8	114.4%

■ Interactive Transmissions

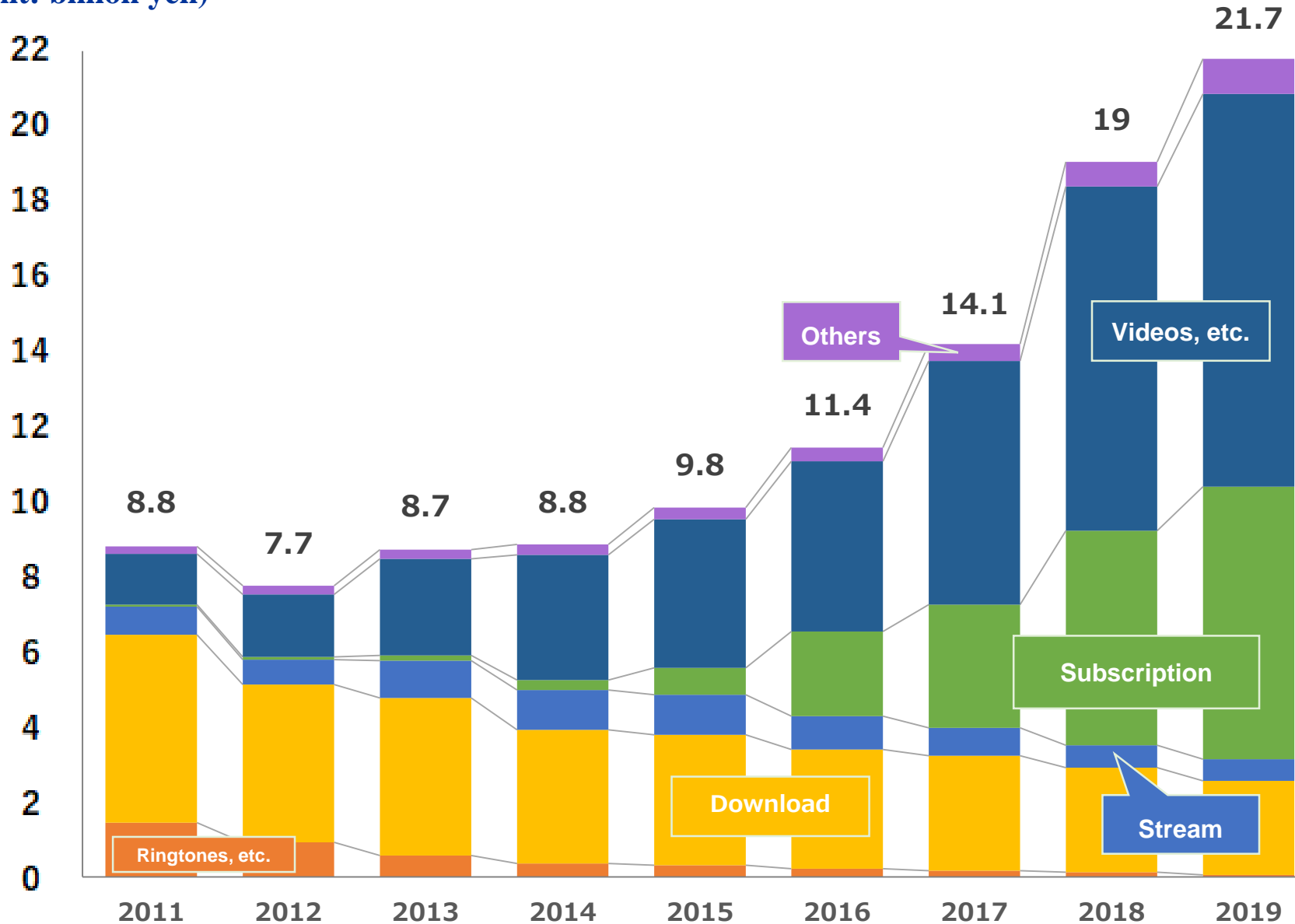
Along with an increase in users of subscription services for both online music and video services, JASRAC renewed contracts for existing services in accordance with changes in actual usage.

In addition, JASRAC concluded blanket license agreements with major SNSs. Advertising expenditures for Internet-based advertisements have been expanding in the Japanese advertising market, exceeding those for TV advertisements, and many JASRAC works were used.

2 Collection Results

History of Collections | Interactive Transmissions

(Unit: billion yen)



Online video services and subscription services led the market, replacing the once-mainstream download services, leading to significant revenue increase.

(1) Musical Instrument Classes

On February 28, 2020, the Tokyo District Court passed judgement, fully accepting JASRAC's claims on a lawsuit filed by musical instrument class operators seeking to confirm that performances in musical instrument classes do not need to be protected by copyright ([document announced on February 28, 2020](#)). The plaintiffs appealed to the Intellectual Property High Court on March 4, 2020.

(2) BGM (Background Music)

In order to eliminate unauthorized use, lawsuits were filed against 3 operators (11 venues). As a result, a settlement was reached for 2 operators and a judgement fully accepting JASRAC's claims was passed for 1 operator. In addition, JASRAC filed for civil mediation with 166 operators nationwide (201 venues).

(3) Reproduction Use in Bridal

The tariff was amended for the purpose of simplifying the royalty fee calculation (effective October 1, 2019) to facilitate music usage. In addition, with an aim to enhance convenience for users and promote usage of JASRAC repertoire, pilot licensing operations based on a flat-fee has started. Moreover, through explanatory meetings (held at 9 locations nationwide with a total of 806 participants) held jointly with the Bridal Institutional Association and the Recording Industry Association of Japan, JASRAC is working to further promote awareness of the amended tariff and legal use.

(1) Efforts to Improve Distribution Accuracy and Transparency

In order to reflect more precisely the actual usage of live music venues where performers play on a daily basis, JASRAC abolished the collection of usage reports using sampling surveys, and switched to using setlists and a wide range of other information sources (implemented from 2020-03 distribution, [document announced on March 25, 2020](#)).

In addition, JASRAC began providing detailed distribution statement data for "broadcasts, etc." and "entertainment places" (starting from 2019-09 Distribution and 2020-03 Distribution, respectively). Currently, JASRAC provides detailed distribution statement data for "interactive transmissions", "concerts, etc.", "broadcasts, etc.", and "entertainment places".

(2) Efforts to Hasten Distribution of Interactive Transmissions

In December 2019, JASRAC hastened distribution of interactive transmission for some online music services (the minimum period from usage to distribution was reduced from about 9 months to about 6 months).

(3) Review of Administrative Expense Rates

Considering recent changes in the collection and distribution structure of royalty fees, as part of our ongoing efforts to create an administrative expense rate system that more closely reflects income and expenditure balance, we amended the applied administrative expense rate from the 2020-06 distribution ([document announced on February 18, 2020](#)).

3 Distribution-related Topics

(4) Launch of the “Members’ Dashboard”

JASRAC launched the “Members’ Dashboard” which allows trustors to check their distribution statements on the website (published on April 20, 2020).



(1) Conclusion of Trust Contracts, etc.

JASRAC worked to recruit new affiliates through “JASRAC Creator's Path”, a talk event for creators (held in Tokyo and Osaka) to promote awareness of the role of copyright and JASRAC.

	Authors	Publishers	Others	Total
Number of new trustors	329	61	1	391
	(315)	(76)	(2)	(393)
Number of new members	90	7	2	99
	(80)	(7)	(3)	(90)

Figures in parentheses are for FY2018

(2) Amendment of Stipulations for Copyright Trust Contract

JASRAC made amendments to the Stipulations for Copyright Trust Contract, which mainly deal with the amendment to the Civil Code, and established rules on expenditures for activities for the common interests of Trustors (came into effect on January 1, 2020, with the exceptions of some provisions). In addition, the name Stipulations for Copyright Trust Contract was changed to “Stipulations for Administration Trust Contract”.

(1) Collaboration with Global Copyright Organizations

As part of its 80th anniversary commemorative activities, JASRAC hosted the CISAC (International Confederation of Societies of Authors and Composers) General Assembly, Board of Directors, and other committees, the BIEM (Bureau International de l'Édition Mécanique) General Assembly and Management Committee, and other international meetings from May 28 to 30, 2019.

At the CISAC General Assembly, which was held in Japan for the first time in 35 years, Prime Minister ABE Shinzo delivered an address with a message in honor of CISAC's activities at the opening of the meeting. In addition, JASRAC was re-elected as a Board Member in the Board Election with the most votes. Three important resolutions concerning Japan, including the "Resolution on Private Copying Remuneration System" were adopted. On June 25, JASRAC submitted these resolutions to the Agency for Cultural Affairs and asked for the Japanese Government's response.



CISAC General
Assembly

(2) Conclusion of Reciprocal Representation Agreement with Foreign Societies

JASRAC concluded new reciprocal representation agreements with 4 foreign societies including SCM (Cape Verde) for performing rights and mechanical rights, and WAMI (Indonesia) for mechanical rights.

(3) Measures to Improve the Level of Protection Mainly in the Asia-Pacific Region

Through staff interactions, such as the "WIPO Training on Copyright Collective Management Organizations" held in collaboration with the Agency for Cultural Affairs and WIPO (World Intellectual Property Organization) in August 2019, and other occasions to dispatch lecturers and accept trainees (81 people from 25 countries and 1 region), JASRAC aims to improve the management level in various countries and regions the Asia-Pacific and beyond.

(1) JASRAC Awards

The awards were presented to authors and music publishers of the works with the highest distribution in FY 2018 ([document announced on May 22, 2019](#)).

(2) JASRAC Music Culture Award

The award was presented to individuals who contributed to the development of music culture, through important activities that may otherwise not be heralded or lead to impressive statistics in sales and works usage ([document announced on the November 18, 2019](#)).

(3) Presentation of long-term licensees and letter of appreciation

JASRAC presented a letter of appreciation to 1,401 long-term licensees nationwide who have concluded a license agreement with JASRAC for more than 30 years and supported new creations by paying royalty fees.

(1) JASRAC's Music Course

"Let's have fun learning! Ensemble"

JASRAC carried out a project mainly for junior and senior high school students to enjoy learning musical instruments and chorus, and to foster future of music culture by deepening their understanding of copyright.

(2) JASRAC's Talk & Concert "Kokoro no Utabito"

JASRAC held an event to communicate the wonders of song-writing while tracking the charms and influences of active authors and their works. The 80th anniversary special edition was held in September 2019.



Let's have fun learning! Ensemble

8 Initiatives to Address Individual Issues

(1) Initiatives to Amend the Copyright System

(a) Fair Remuneration for Private Copying

To achieve a system which ensures fair remuneration to right holders, JASRAC submitted the CISAC General Assembly resolutions to the Agency for Cultural Affairs that urges the Japanese government to establish a functional and fair private copying remuneration system ([document announced on June 25, 2019](#)).

(b) Efforts to Protect Right Holder's Interests

JASRAC submitted an opinion to the government council and other bodies to seek to ensure that the requirements of the provision on the restriction of rights on unexpected appearance in photographs are not relaxed unnecessarily and do not harm the interests of right holders, as well as to proceed with the legislation of site blocking as a measure against leach sites and so on, in addition to the early enactment of legislation.

(c) Remuneration System for Educational Purpose Public Transmission

In response to the amendment of the Copyright Law in 2018, which enabled the public transmission of copyrighted works at schools without licenses by paying a certain amount of remuneration, JASRAC participated in the operation of the Society for the Administration of Remuneration for Public Transmission for School Lessons (SARTRAS), which is the designated society (one-stop shop for remuneration collection and distribution).

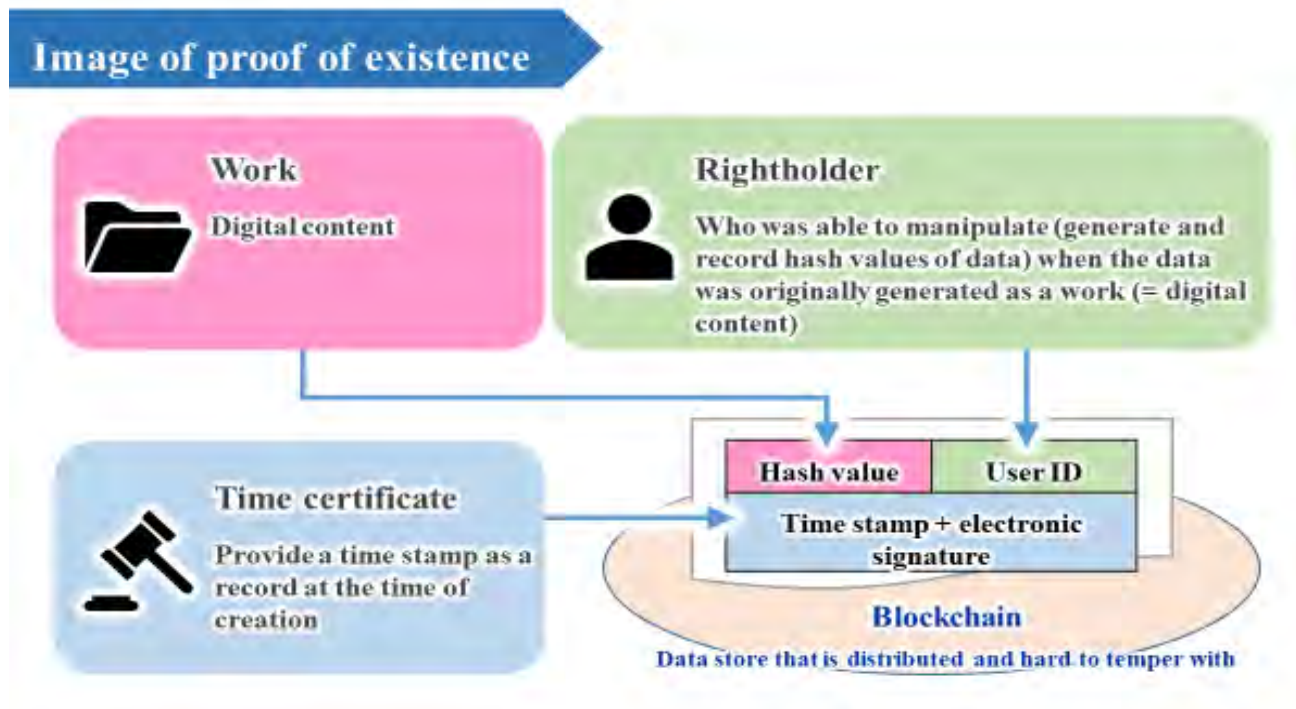
In order to respond to the needs of remote classes associated with COVID-19, SARTRAS applied for the approval of a gratis levy as a special measure for FY 2020. Following the Cabinet decision on April 10, 2020, the system came into effect on April 28.

8 Initiatives to Address Individual Issues

(2) Digital Technology

(Demonstration Experiment of Musical Works Information Using Blockchain)

After proving the presence of the creative work using blockchain technology, JASRAC conducted a demonstration experiment to streamline subsequent business processes ([document announced on February 4, 2020](#)).



JASRAC also conducted a demonstration experiment to share information about works information prior to its release with record labels and digital service providers using blockchain.

(1) Commemoration of the 80th Anniversary

On November 18, 2019, JASRAC celebrated its 80th anniversary since its establishment in 1939. Based on the concept of “Music Link”, JASRAC hosted the following business activities to broadly demonstrate JASRAC’s mission both inside and outside Japan.

(a) International Meetings (May 27 - June 1, 2020)

JASRAC hosted international meetings in Tokyo, including CISAC (International Confederation of Societies of Authors and Composers) General Assembly, APMA (Asia-Pacific Music Creators Alliance) Executive Committee, and CIAM (The International Council of Music Creators) Executive Committee. Approximately 250 representatives from more than 100 copyright management organizations of about 70 countries participated in the May 30 CISAC General Assembly.



(b) International Symposium (Ino Hall, May 31, 2019)

The JASRAC International Symposium was held under the theme of "Music Link - Connecting Music Creation to the Future." 340 people attended the symposium, and it was also streamed live on Nico Nico Douga and YouTube, attracting about 4,000 viewers.



(c) Commemorative Ceremony and Celebration (Hotel New Otani, November 18, 2019)

On November 18, the founding anniversary, a commemorative ceremony was held to announce the JASRAC Music Culture Award and to present letter of appreciation to long-term licensees. Furthermore, JASRAC released a visionary message entitled “Let’s link to the future, and to the world. A declaration of innovation to mark our 80th year.”. On the same day, 756 people attended the commemorative celebration, including JASRAC Full Members as well as Diet members and guests from foreign sister organizations.



9 Other Business Affairs

(2) The “Kokorone” Project

The “Kokorone” Project is an arrangement whereby JASRAC Members and Trustors may pledge a portion of the copyright royalties distributable to them to the earthquake restoration support fund, used to support the restoration efforts in the regions affected by the Great East Japan Earthquake. In July 2019, JASRAC donated 5 million yen from the funds generated by this project to Rikuzentakata City and Iwate Prefecture to support funding for the construction of the Civic Cultural Center.

Since this project has fulfilled a certain role to date, the acceptance of the new participating works was closed on March 31, 2020 (JASRAC will continue to consider the recipients and contents of support).



(3) Activities in the Common Interests of Trustors

In June 2019, JASRAC introduced a system under which royalties that could not be distributed and held for over 10 years due to lack of submitted copyright documentation (works registration, etc.) will be allocated to activities for the common interests of all Trustors.

Since the activities require neutrality and fairness, not only in the content of the activities to be implemented but also in the process of selection, a committee composed of outside experts (Expert Committee) will examine the concrete details of the activity proposals.

In September 2019, for the purpose of clarifying the desirable composition of the “Expert Committee” along with the framework for investigation and examination, JASRAC established the “Full Member Committee on Business under Article 22 of the New Stipulation” to deliberate.

Responses to COVID-19

(1) Licensing Procedures, etc.

(a) Suspension of Invoicing During Temporary Stop of Music Use

In cases where facilities using music such as karaoke boxes or live music venues stop their business or music use, royalty payments for such period will be suspended. JASRAC have established a special web application form on its website to facilitate the applications.

(b) Free License for Public Transmissions by Educational Institutions

On March 5, 2020, prior to the implementation of the remuneration system for public transmissions for educational purposes (April 28), JASRAC decided to issue free licenses, in light of the urgency and importance of the situation, for public transmissions (transmission of educational materials) of JASRAC repertoire made by temporarily closed educational institutions as part of their classes.

(c) Change in Licensing of Transmissions of Educational Materials by Boards of Education

While schools are closed, the tariffs for nonprofit educational institutions (not for general users) will apply to the use of JASRAC repertoire in educational materials and learning videos transmitted by Boards of Education.

(2) Distribution and Membership Fees

(a) Distribution Remittances Ahead of Schedule

With an aim to distribute royalties to right holders as soon as possible, JASRAC has decided to remit distributions to right holders roughly 2 weeks ahead of schedule for the 4 distribution periods from 2020-06 to 2021-03. The 2020-06 will be distributed on June 12, 2020 (the original date of distribution remittance is June 25, 2020).

(b) Suspension of Invoicing Annual Membership Fees

In order to reduce the economic burden on “Members” (Full Members and Associate Members) who need to pay membership fees, JASRAC has decided to suspend membership fees for FY2020.

(3) JASRAC Initiatives and Operations, etc.

On April 6, 2020, JASRAC, FCA (Japan Federation of Authors and Composers Associations) and MPA (Music Publishers Association of Japan) submitted a request to the government regarding special support towards the live entertainment industry, bars and restaurants industry and the hotel industry, which are enduring major impact on business continuity due to the stay-at-home request from the government.

As for copyright management operations, JASRAC is working to prevent the spread of infection by implementing telecommuting, staggered work hours, suspending counter services at headquarters and all branch offices, and refraining from visiting user premises.

※ The latest responses to COVID-19 are available here ([Link](#)).