

Network and Contents Business

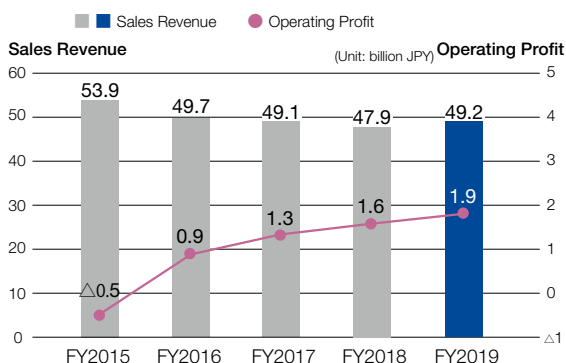


Business Objective

- Position CS B2021 as a regrowth stage and focus on business model transformation and expansion

FY2019 Operational Highlights

Transition of Sales Revenue/Operating Profit



Sales Revenue: 49.2 billion yen (+2.5% y/y)

Sales revenue increased due to strong growth in sales of the new model online karaoke systems launched in June.

Business Segment Profit: 2.1 billion yen (+17.4% y/y)

Operating Profit: 1.9 billion yen (+17.0% y/y)

Karaoke club business demand fell as a result of people staying away from karaoke as the novel coronavirus disease COVID-19 spread around the end of the fiscal year. Despite this, operating profit increased over the full fiscal year due to strong sales of the new models launched in June and the impact from constrained selling, general and administrative expenses.

Main Product Lineup



JOYSOUND MAX GO*1 JOYSOUND HIBIKI*1 JOYSOUND FESTA2

*1 Xing Inc. uses the Hi-Res Audio logo under license from Japan Audio Society. For music, the material's waveform is converted from CD spec to high-resolution audio through sampling.

Business Summary

Brother's Strength

Xing Inc., a consolidated subsidiary of Brother, operates an online karaoke system business including its JOYSOUND MAX GO series and JOYSOUND HIBIKI II series systems, which offer over 310,000 songs (the largest number in the industry*2) and are compatible with high-resolution audio. It offers its own range of very popular services in addition to songs, including the new video service "Miruhaco" with extensive visual content to enjoy and live broadcasts in an industry first*2. Through collaborations with group companies Teichiku Entertainment, Inc. (a record label company) and Standard Corp. (a karaoke club operator), Xing operates a vertical business model with the ability to provide consistent services from the upstream business (content business) to the downstream business (karaoke club business) as a diversified music entertainment company.

*2 As of April 2020 according to research by Xing Inc.

Market Trend and Brother's Business Strategies

- Increase profitability in core business
- Develop new revenue models

In addition to declining customer numbers at karaoke clubs due to the spread of COVID-19, there are concerns that the entire music industry is slowing down. Therefore, in addition to offering products with high consumer appeal, we are rolling out our new Miruhaco video service to drive demand for enjoyable visual content and reinvent karaoke rooms as new entertainment spaces, thereby establishing a new profit model and stimulating the market. We are also working to create social value to contribute to the SDGs by increasing sales of JOYSOUND FESTA2, a model containing musical healing content called "Kenko Okoku," which targets the growing health care market. Furthermore, we aim to expand from our existing businesses into new business areas by maximizing synergies among Xing Group companies.