

Securities Code: 9412

SKY Perfect JSAT Holdings Inc.



2Q 2021 Presentation Material

For the 6-month period ended September 30, 2021

November 4, 2021

Forward-looking Statements



Statements about the SKY Perfect JSAT Group's forecasts, strategies, management policies, and targets contained in this presentation that are not based on historical facts constitute forward-looking statements. These statements are based on management's assumptions, plans, expectations and judgments from information available at the time. These forward-looking statements are subject to a variety of risks and uncertainties. Therefore, actual results may differ materially from forecasts. The primary risks and uncertainties currently assumed by the SKY Perfect JSAT Group include, but are not limited to, the following:

General Management

- Risks concerning business investment
- Risks concerning legal regulations on business
- Risks concerning leaks and handling of personal information and important information, and cyber security
- Risks concerning business continuity due to large-scale disaster, etc.

Space Business

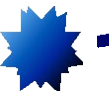
- Risks concerning lower competitiveness in the satellite communications Market
- Risks concerning procurement of communications satellites
- Risks concerning operations of communications satellites

Media Business

- Risks concerning lower business competitiveness of broadcasting business
- Risks concerning illegal viewing
- Risks concerning customer management system

Consolidated Financial Results

Second Quarter of FY2021



Consolidated Earning Results for 2Q of FY2021



- Revenue decreased due to the adoption of *revenue recognition accounting standards* and a decrease in SKY PerfecTV! Broadcasting subscribers.

Revenue and Profit progressed in line with 2021 Full-year forecast.

(in Millions of ¥)

	FY2020-2Q Cumulative Total	FY2021-2Q Cumulative Total	Change (%)	FY2021 Full-Year Forecast	Progress (%)
Revenue*	69,773	58,389	(16.3%)	122,000	47.9%
Operating Income	11,116	10,853	(2.4%)	18,000	60.3%
Ordinary Income	11,821	11,431	(3.3%)	18,800	60.8%
Net Income (Profit attributable to owners of the parent)	7,865	8,533	8.5%	13,000	65.6%
EBITDA**	24,463	23,686	(3.2%)	43,000	55.1%

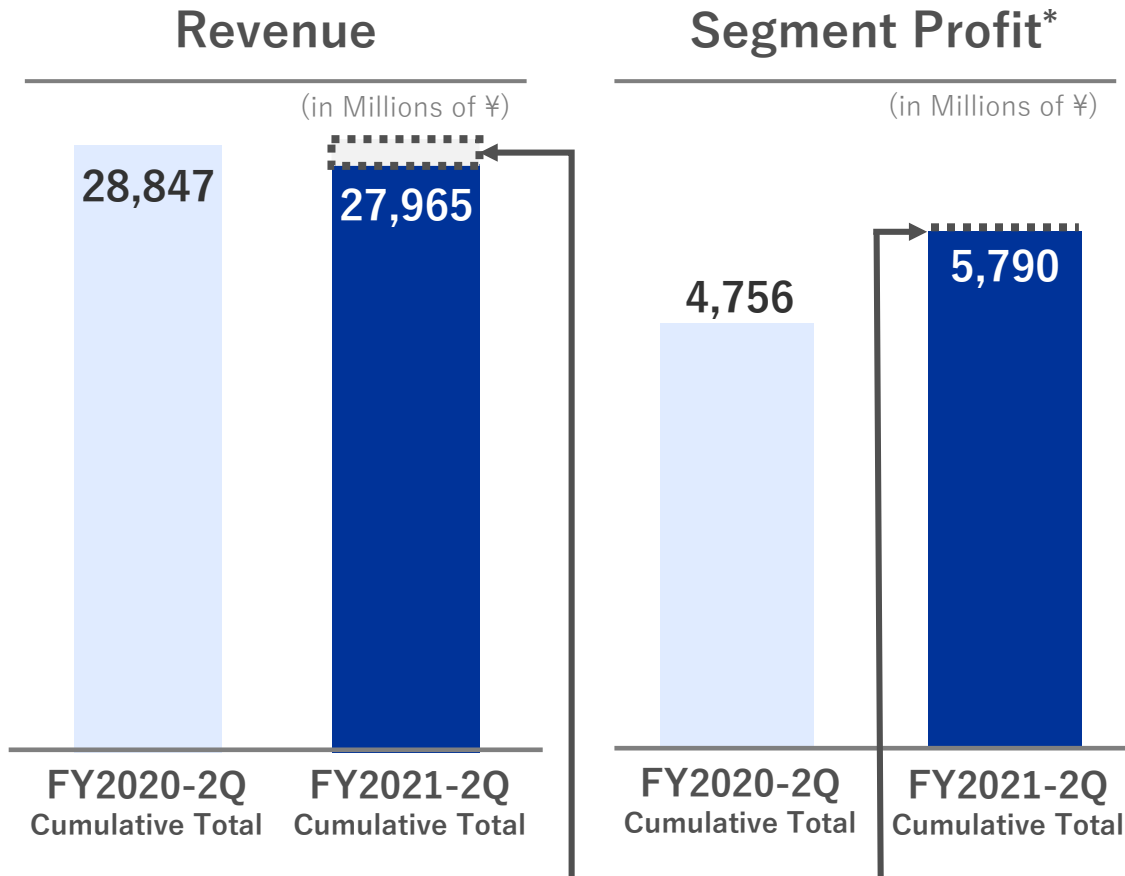
* Since 1Q/FY2021, "Accounting Standards for Revenue Recognition" has been adopted and the negative impact on revenue for 2Q Cumulative Total is around ¥10.3 billion. It has a minimal impact on profits.

** EBITDA = Net Income + Tax Expense + Depreciation Expense + Amortization of Goodwill + Interest Expense

Earnings Overview: Space Business



- Revenue was ¥28 billion. Excluding the impact of the adoption of *revenue recognition accounting standards*, revenue increased in new business domains, etc.
- Also, both Operating Income and Segment Profit increased year-on-year, remained firm



Negative impact of adoption of *Revenue Recognition Accounting Standards*

Note: Impact on revenue: (¥1.184B); impact on segment profit: (¥1.0M)

Major factors of change in Segment Profit* (YoY)

- **Revenue ¥28 billion [(0.9B)]****
 - Adoption of *revenue recognition accounting standards*: (1.2B)
 - Increase in new businesses: +0.8B
 - Decrease in consolidated subsidiaries, etc.: (0.5B)
- **Operating Expense ¥21 billion [(1.1B)]****
 - Adoption of *revenue recognition accounting standards*: (1.2B)
 - Others: +0.1B
- **Operating Income ¥7 billion [+0.2B]**
- **Segment Profit ¥5.8 billion [+1.0B]**
 - Decrease in tax expenses due to the dissolution of a consolidated subsidiary: +0.9B

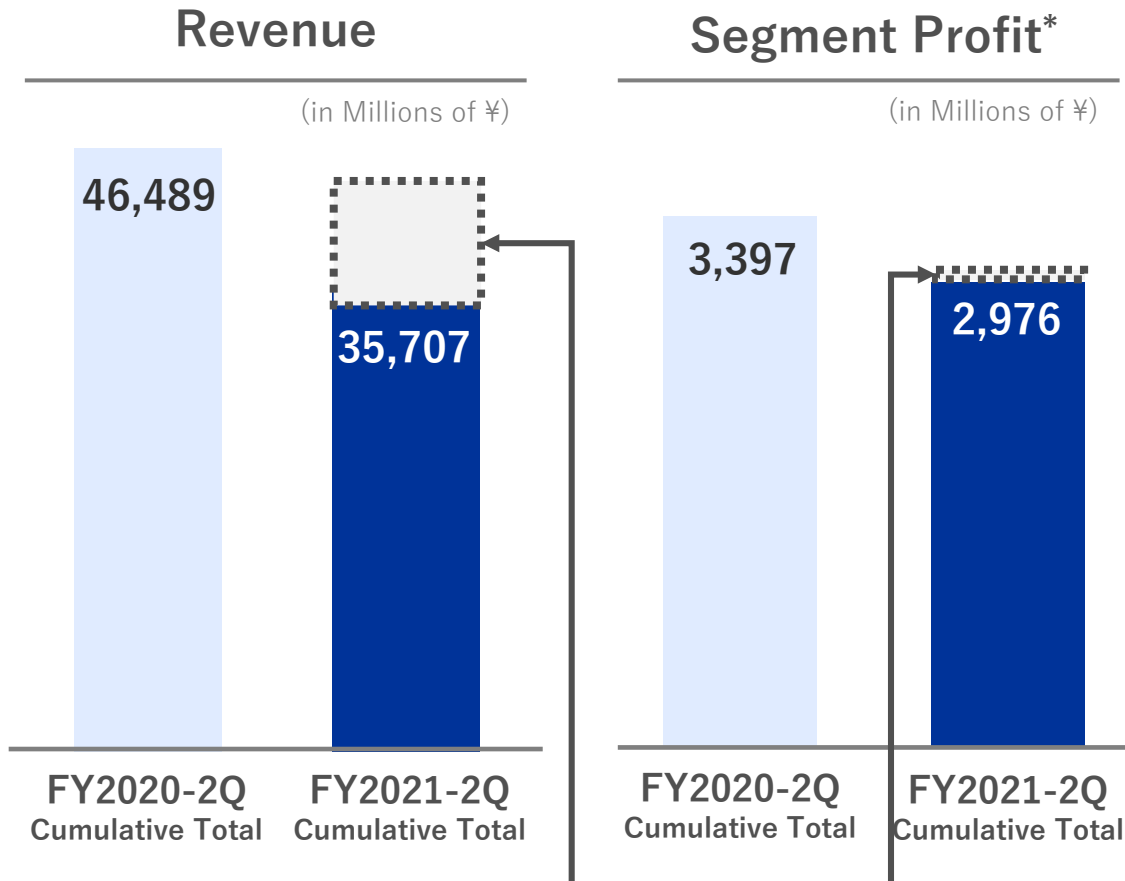
* Segment Profit is calculated based on net income after tax.

** Including inter-segment transactions

Earnings Overview: Media Business



- ¥1.3B decrease in revenue due to decrease in cumulative subscribers, excluding the impact of the adoption of *revenue recognition accounting standards*
- Both Operating Income and Segment Profit slightly down year-on-year due to a decrease in viewing fees, etc.



Negative impact of adoption of *Revenue Recognition Accounting Standards*

Note: Impact on revenue: (¥9.158B); impact on segment profit: (¥1.18M)

Major factors of change in Segment Profit* (YoY)

- Revenue ¥35.7 billion [(10.8B)]**
 - Adoption of *revenue recognition accounting standards*: (9.2B)
 - Decrease in viewing fees: (1.3B) ***
- Operating Expense ¥31.5 billion [(10.3B)]**
 - Adoption of *revenue recognition accounting standards*: (9.0B)
 - Decrease in Cost of program provision: (0.8B) ***
 - Decrease in advertising expenses: (0.7B)
- Operating Income ¥4.2 billion [(0.5B)]
- Segment Profit ¥3.0 billion [(0.4B)]

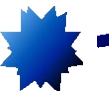
* Segment Profit is calculated based on net income after tax.

** Including inter-segment transactions

*** Excluding the impact of adoption of *revenue recognition accounting standards*

Business Overview

— Initiatives for Sustainable Growth —





Aiming to further Strengthen Core Profitability in the Mid-Term

Specific Measures

FY2022 and the following years

Net income (in Billions of ¥)

13.3

FY2020

- Gains from new satellites
- Review of cost structure

13.0

FY2021 (planned)

- Gains from new satellites (continuing)
- Incurring upfront cost due to aggressive development of distribution services

- Respond to robust demand for satellite communications in the global market including in-flight Wi-Fi connection
- Expand earnings in the intelligence business domains
- Enter new areas through partnership
- Expand business fields along with “Basic Plan for Space Policy”

- Expand earnings in a variety of transmission methods, such as FTTH, 5G and Beyond 5G
- Promote B2B business and Distribution business

A small satellite with two long solar panel arms is visible in the upper left against the black background of space.

SPACE

Space Business



Launching JSATMarine, an ultra-high speed ocean broadband service

- Using JCSAT-1C satellite etc., we offer the ocean broadband service of up to downstream 50Mbps / upstream 3Mbps on major routes from the West Pacific to the Indian Ocean.
- Realizes world's highest level of communication as an ocean broadband service by geostationary satellites

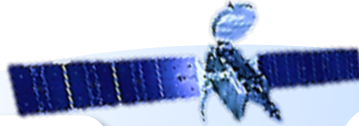
Our satellites (JCSAT-1C, etc.)

- Gateway in Japan
- Ensuring high security

- On-board welfare
- DX of nautical operations
- Safe and efficient navigation through IoT of equipment
- Used for future automated operation system



Our satellite base stations



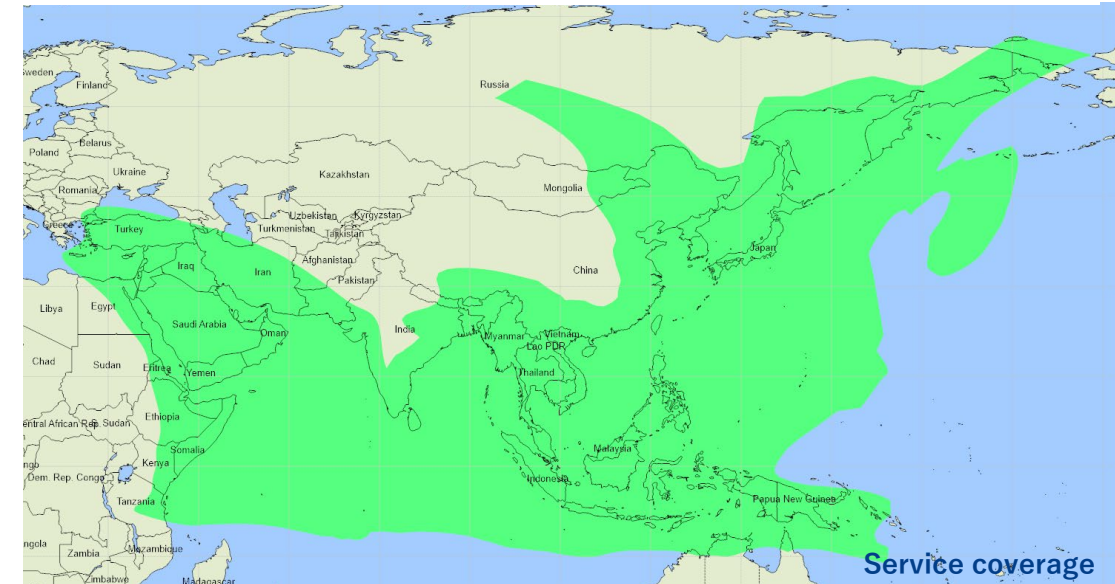
Customers' ships and vessels

Contributes to safe, secure, and comfortable navigation with large capacity satellite communications

海洋ブロードバンドサービス

JSATMarine

ジェイサットマリン



Space Business Initiatives for ESG

Development and Provision of new businesses resolving
The improvement of global environment and social issues

2021

Initiatives so far

➤ Eco-friendly satellite operation



- De-orbit of satellites following the international principles (for Space environment)
- Longevity of satellites by careful satellite operation (for reducing CO2 in the life cycle)

➤ Eco-friendly satellite communication



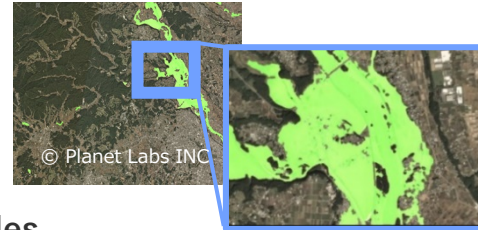
- Power consumption of satellite communication is one third of that of ground lines communication

Note: comparison of power consumption per unit of transmission during operation (our analysis based on the following source, "The impact of progress in the information society on energy consumption, Vol. 3" by The Center for Low Carbon Society Strategy, Japan Science and Technology Agency)

2021 to 2030

Future initiatives

➤ Solutions for social issues Providing safe and secure life



Disaster countermeasures
Using satellite imagery



Solar power generation
forecast, increasing
utilization rate of power
generation (Solar Meilleur)



Marine pollution
analysis using
satellite imagery

Removal of Space
Debris

Market size of Global Observation in Asia

Northern Sky Research:
Satellite Based Earth Observation
(EO) 12th Edition

2019

\$681
million

2029

\$1,606
million

Aim to capture 4-5% of
the market size

➤ Adoption of renewable energy and promotion to society



- 100% renewable energy utilization at operations sites by 2030



- Renewable energy on remote islands and satellite communications using it (Chalenergy Wind Power Generation and Tie-up)

From Earth Dependence to Space Utilization - Possible Future -

Create a decarbonized society by utilizing all SPACES beyond the Earth

Expanding Space Data Center

Communication x Sensing x SSPS

Currently space solar power generation system (SSPS) is expected as a new technology for decarbonization and researched on the Basic Plan for Space Policy.

In the future, by combining this new technology with our space business, including satellite communications, there is a possibility of realizing a new society integrating communication and wireless transmission



スカパー!

MEDIA

Media Business



New Initiative in the Distribution Business

- Launched (1) a video distribution service “SPOOX” and (2) “Program Distribution service” for subscribers of broadcasting services on October 1, 2021



- Launched new brand “SPOOX” as a video distribution service
- Usable on Smartphone, TV, and Web browser
- Currently 23 channels of SVOD and several TVOD lineup
Planned to expand more than 30,000 titles in the future
- “Program Distribution Service” for broadcasting subscribers aims to improve *customer experiences*, and seeks for subscribers’ convenience linked with broadcasting services, such as login on SKY PerfecTV! Official site and usage on Program guide application

Renewed SKY PerfecTV! On-demand service started in December 2011
Divided one video distribution service into the video distribution service and the incidental service for broadcast subscribers

■ Signed a business alliance agreement with FreakOut

- Starts an alliance in the Connected TV (TV connected to the Internet) business domain

■ Launched on October 1, 2021, aiming to expand BtoB businesses

- Connects SKY PerfecTV Tokyo Media Center with PLAY's Media Cloud and totally supports distribution services from production of content to distribution & operation
- Promotes Media Solution businesses for many companies and government agencies using our broadcasting assets

Studio, Content production equipment



Video aggregation and relay line equipment



Direct connection to
Cloud

Manned monitoring
and operation

動画配信をより手軽に、効率的に。



One stop service

Content producing
function

Examples:

- Easily providing distributors with content
- Easily distributing events
- Distributing overseas content
- Launching independent distribution services

New Initiative for BUNDESLIGA



■ BUNDESLIGA LIVE APPLICATION starting October 29, 2021

- New soccer viewing experience with *interactive feed* which integrates video with data using state-of-the-art technology
- In addition to various game stats such as formation and number of shoots, display information such as the player's mileage or touch number in real time
- Distributes special free content limited for the application



■ EC Site for BUNDESLIGA related goods OPEN this winter

- Exclusive Sales (Japan) of the Fortuna Duesseldorf's official goods to which Mr. Ao Tanaka belongs
- Expanding lineup of other clubs' goods
- Provides Fan marketing that is not limited to broadcast and distribution of games

■ SKY PerfecTV! Basic Plan is going well

- While at-home time is increasing, “Free campaign of basic plans up to two months” is successful, and the number of new subscription increased steadily. Customers’ satisfaction is high, contributing to decrease in cancellation and increase in ARPU



*The number of Contracts
Exceeded 650,000!*

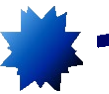
■ “SKY PerfecTV! Natsu-Emo Tengoku TV” Starting this November

- broadcasting programs from Showa to the early Heisei period, centered on TV programs in the 70s to 90s that are always requested by customers
- Over 100 titles in 7 days from Nov. 1 to 7 as a platform-wide feature
- Mitsuhiro Oikawa appointed as an ambassador



Deepened Sustainability Management

— Initiatives for Sustainable Growth —



Toward Who We Want To Be in 2030



Our Group Mission "Space for your Smile" established as Sustainability Policy Contributing to the Creation of a Sustainable Society Toward 2030

Contribution to the environment toward the realization of a decarbonized society and a recycling-oriented economy

- Aiming to use 100% renewable energy in the Group
- Expanding contribution to renewable energy generation and provision through satellite communications and data



Diversity and Inclusion

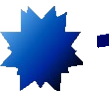
- Aiming to be a company in which all employees are active by making the most of their strengths
- Working to improve the environment and change awareness in order to actively promote the active participation of women



Space for your Smile

Toward a world where
uncertainty turns to peace of mind,
difficulty turns to ease,
and interest turns to passion

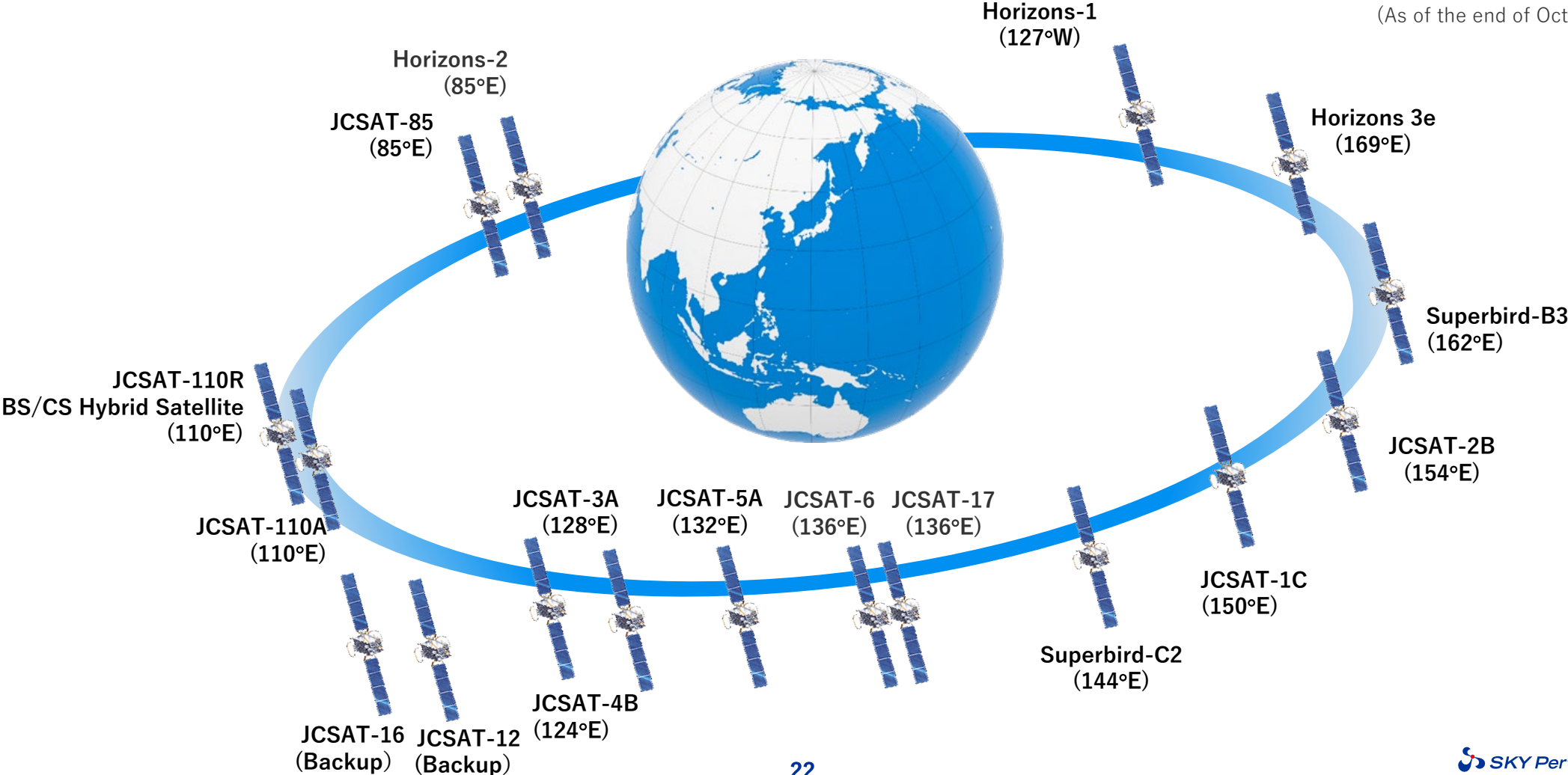
References





A total of **17** satellites covering from North America to the Indian Ocean

(As of the end of October 2021)



Earnings Trend by Segment: 2020-1Q to 2021-2Q



(in Millions of ¥)

	FY2020					FY2021	
	1Q	2Q	3Q	4Q	Total	1Q*	2Q*
Revenue	34,674	35,099	34,568	35,230	139,572	29,078	29,311
Media	23,066	23,422	22,896	22,213	91,599	17,896	17,811
Space	14,381	14,465	14,400	15,681	58,929	13,843	14,121
Consolidated Elimination	(2,773)	(2,789)	(2,728)	(2,664)	(10,956)	(2,661)	(2,621)
Operating Income	5,594	5,521	5,461	2,574	19,151	5,493	5,360
Media	2,174	2,525	2,347	(1,051)	5,995	2,193	2,016
Space	3,568	3,197	3,275	3,788	13,829	3,480	3,503
Consolidated Elimination	(148)	(201)	(161)	(162)	(673)	(181)	(160)
Segment Profit (Profit attributable to owners of the parent)	4,022	3,843	3,424	2,054	13,345	4,929	3,604
Media	1,603	1,794	1,691	(692)	4,396	1,652	1,323
Space	2,529	2,226	1,857	2,833	9,448	3,380	2,409
Consolidated Elimination	(111)	(178)	(124)	(86)	(500)	(103)	(128)

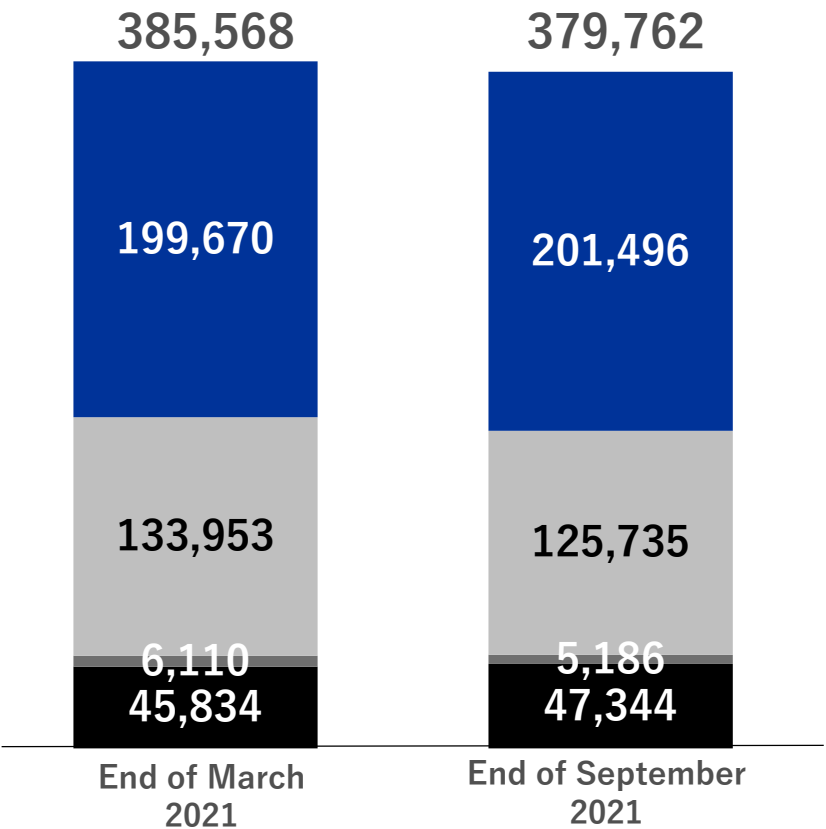
* We adopt "Accounting Standard for Revenue Recognition" from the beginning of the First Quarter of FY2021. Each figure from the First Quarter of FY2021 is stated after the adoption of that Accounting Standard.

Consolidated Balance Sheet



Assets

(in Millions of ¥)



Current assets

Property, Plant and Equipment

Intangible assets

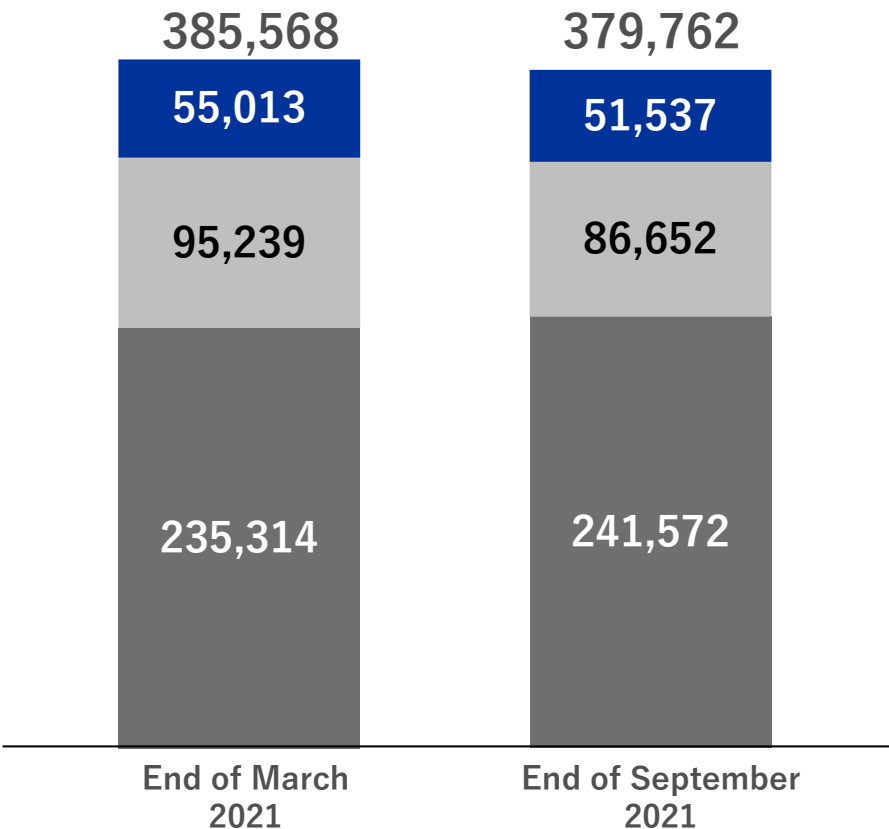
Investments and other assets

Liabilities and Net Assets

(in Millions of ¥)

Equity Ratio: 60.8%

63.4%



Current liabilities

Long-term liabilities

Net assets

Consolidated Cash Flows



(in Millions of ¥)

	FY2020-2Q Cumulative total	FY2021-2Q Cumulative total
Net Cash from Operating activities	31,144	16,540
Net Cash from Investing activities	△3,181	△3,348
Free Cash Flows *1	27,963	13,192
Net Cash from Financing activities	△10,497	△7,574
Cash and Cash Equivalents at Term-end(a)	61,040	79,004
Interest-bearing Debt at Term-end *2 (b)	94,116	87,744
Net Interest-bearing Debt at Term-end (b) – (a)	33,075	8,740

*1 Net Cash from Operating activities + Net Cash from Investing activities

*2 Term-end balance of Debts and unsecured corporate bonds

Key Indicators of Media Business (2021-2Q) *SKY PerfectTV!*



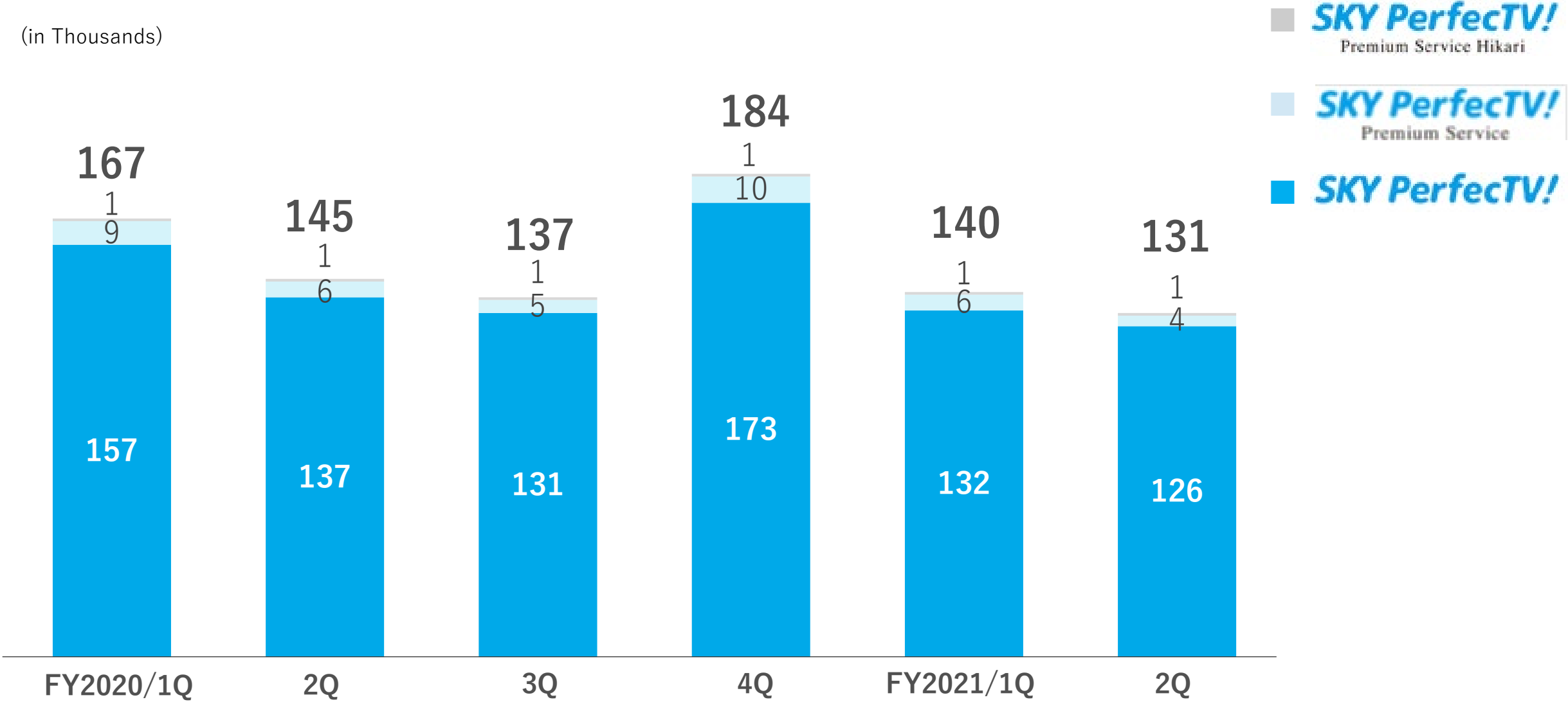
(in 10 Thousands)

	FY2020-2Q Cumulative total	FY2021-2Q Cumulative total	Annual Target For FY2021
New (IC cards or chips)	31.2	27.1	56.4
Net Increase (IC cards or chips)	(1.5)	(2.6)	(8.7)
- SKY PerfectTV!	2.9	1.5	0.8
- SKY PerfectTV! Premium Service	(4.2)	(3.9)	(9.0)
- SKY PerfectTV! Premium Service Hikari	(0.2)	(0.2)	(0.5)
Cumulative number of subscribers (IC cards or chips)	315.5	307.6	301.5
Cumulative number of contractors (contracts)	258.5	246.9	238.3
Monthly Unit Price paid by Contractor (Yen)			
- SKY PerfectTV!	3,294	3,346	—
- SKY PerfectTV! Premium Service	3,617	3,597	
- SKY PerfectTV! Premium Service Hikari	5,198	5,134	

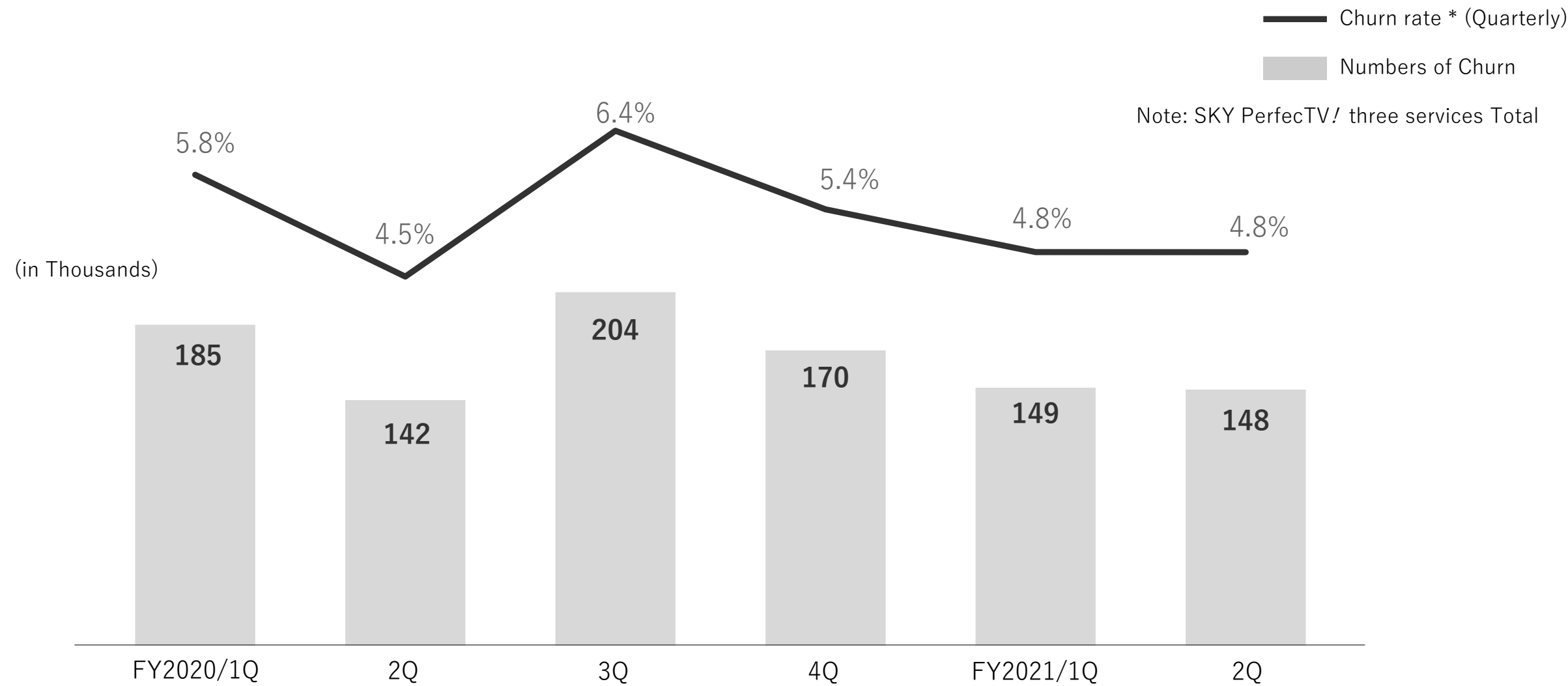
Number of New Subscribers (IC cards and chips)



(in Thousands)



Churn Rate (IC cards and chips)

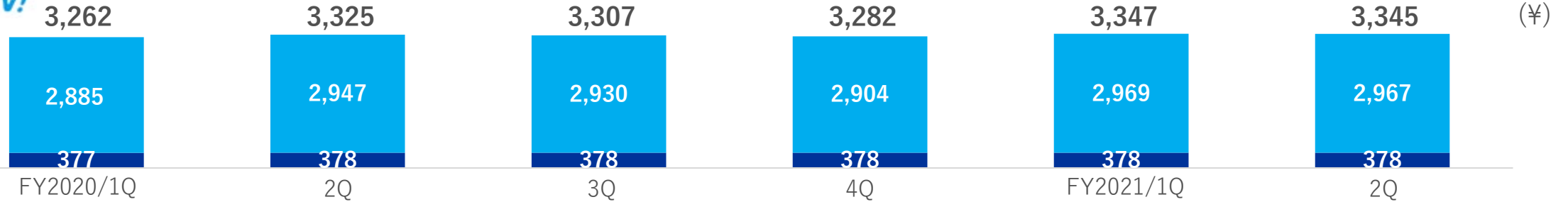


* The churn rate is calculated by dividing the total number of cancellations for each quarter by the cumulative number of subscribers at the end of the previous fiscal year.

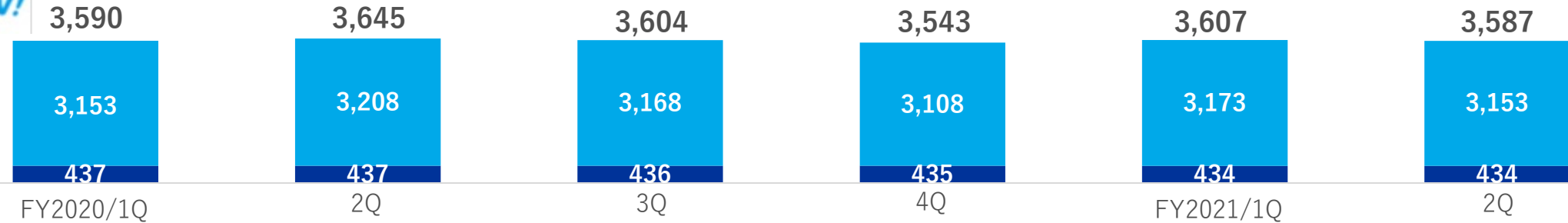
Average Monthly Contractor's Payment ^{*1}



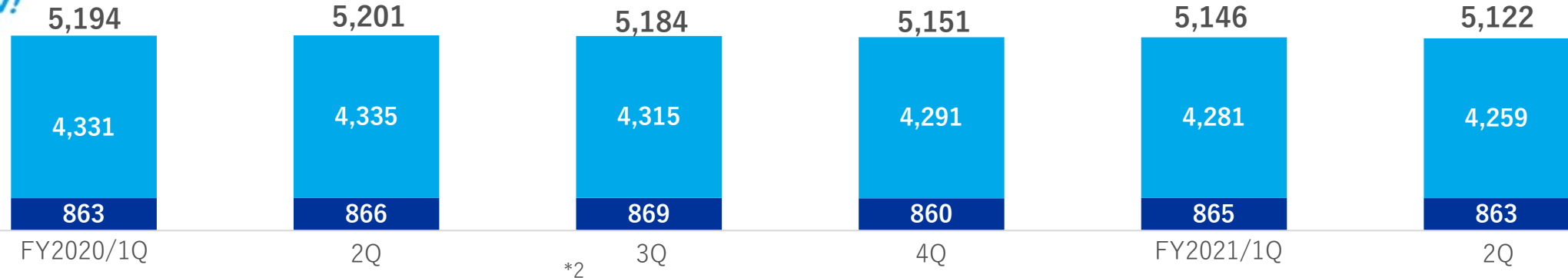
SKY PerfectTV!



SKY PerfectTV!
Premium Service



SKY PerfectTV!
Premium Service Hikari



■ Basic fees and other^{*2} ■ Viewing fees

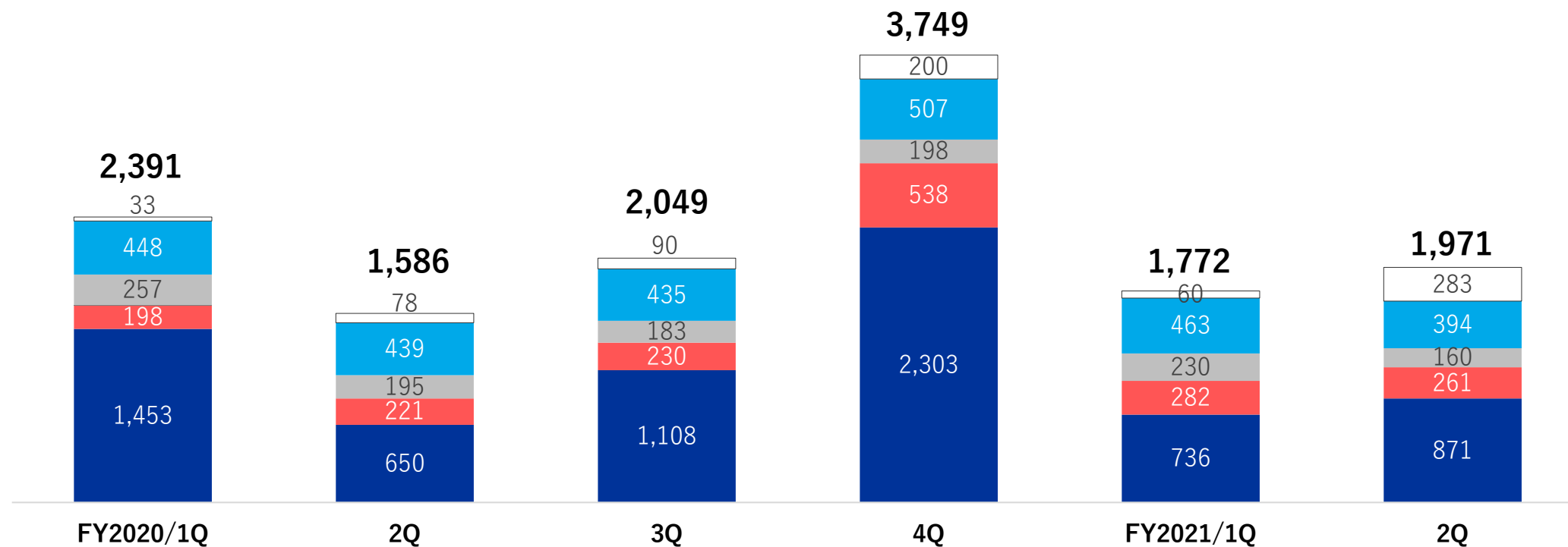
^{*1} Average monthly Contractor's payments made by contractors such as Basic fees and Viewing fees. The monthly unit price is on a basis of Contractor, Of Viewing fees paid by contractors, SKY PerfectTV!/service recognizes around 30% as commission revenues and SKY PerfectTV!/Premium service and SKY PerfectTV!/Premium service HIKARI recognize around 50% deducting Cost of Program provision as Viewing fees revenues.

^{*2} Basic fees, other basic fees, and set-top box rental fees.

Total Subscribers Acquisition Cost (SAC)



(in Millions of ¥)



■ Advertising expenses: advertising expenses for various media

■ Promotion expenses*: promotion cost to acquire new subscribers, sales incentives. *

■ Subscription campaign expenses: campaign costs to acquire new subscribers such as free of charge antenna installation, etc.

■ Others: Operation costs of SKY PerfectTV! Customer service center, etc.

□ Production costs for free programs: Costs associated with production cost for free programs such as BS SKY PerfectTV!

* Sales incentive is merged with Promotion expenses from the first quarter of FY2021. The numbers of Promotion expenses in FY2020 were re-calculated.

Earnings Results of Subsidiaries



The numbers are cumulative total of 6-month period (1Q and 2Q)

		SJC	SPCC	SPET	SPBC	SNET	JII	JMC
Business Description		Provision of Broadcasting Platform and satellite communications	Customer Center operations for multichannel Pay TV services, etc.	Licensed broadcaster providing multichannel pay TV services	Planning, production of content, technical support and provider of programs	Earth Observation image data, Network services and systems Integration	Sale of satellite connections in North America, Russia, and Asia-Pacific	A provider of mobile satellite communications services
Share (%)		100.0	100.0	100.0	100.0	92.0	100.0	53.3
Revenue	FY2020/2Q	56,819	3,000	23,282	1,108	1,777	2,032	1,422
	FY2021/2Q	55,127	2,880	8,112	1,143	1,267	2,099	1,555
Operating Income	FY2020/2Q	11,357	149	183	22	150	251	213
	FY2021/2Q	10,572	170	229	113	152	397	238
Ordinary Income	FY2020/2Q	11,638	210	187	27	167	268	204
	FY2021/2Q	14,529	170	232	113	156	449	245

SJC: SKY Perfect JSAT Corporation
 SPCC: SKY Perfect Customer-relations Corporation
 SPET: SKY Perfect Entertainment Corporation
 SPBC: SKY Perfect Broadcasting Corporation

SNET: Satellite Network, Inc.
 JII: JSAT International Inc.
 JMC: JSAT MOBILE Communications Inc.

