

Securities Code: 9412

SKY Perfect JSAT Holdings Inc.



# Full-Year 2021 Presentation Material

For the year ended March 31, 2022

April 28, 2022

# 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 and new infectious diseases, 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 Multi channel pay TV business
- Risks concerning illegal viewing
- Risks concerning customer management system

# Consolidated Financial Results

## For Full Year 2021

# Consolidated Earning Results for FY2021

- Achieved profit targets due to increased sales from the Space Business and cost control in the Media Business.

(in Millions of ¥)

	FY2020	FY2021	Change (%)	FY2021 Forecast	Achievement (%)
Revenue *	139,572	119,632	(14.3%)	122,000	98.1%
Operating Income	19,151	18,862	(1.5%)	18,000	104.8%
Ordinary Income	20,349	20,307	(0.2%)	18,800	108.0%
Net Income (Profit attributable of owners of the parent)	13,345	14,579	+9.3%	13,000	112.2%
EBITDA **	45,268	44,179	(2.4%)	43,000	102.7%

\* Since 1Q/FY2021, "Accounting Standards for Revenue Recognition" has been adopted and the negative impact on revenue for Cumulative Total is around ¥21 billion.

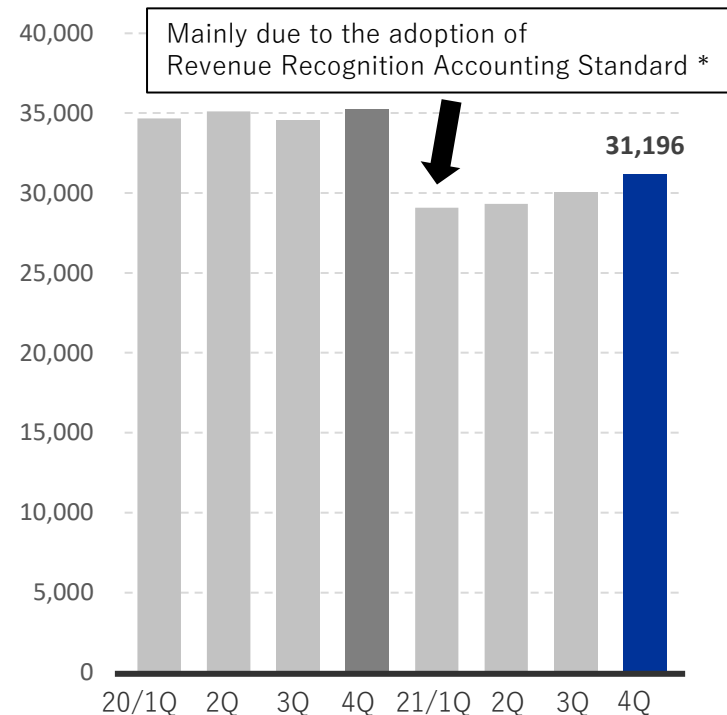
The negative impact on Operating Income is around ¥0.3 billion.

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

# Trends of Consolidated Financial Results by Quarter

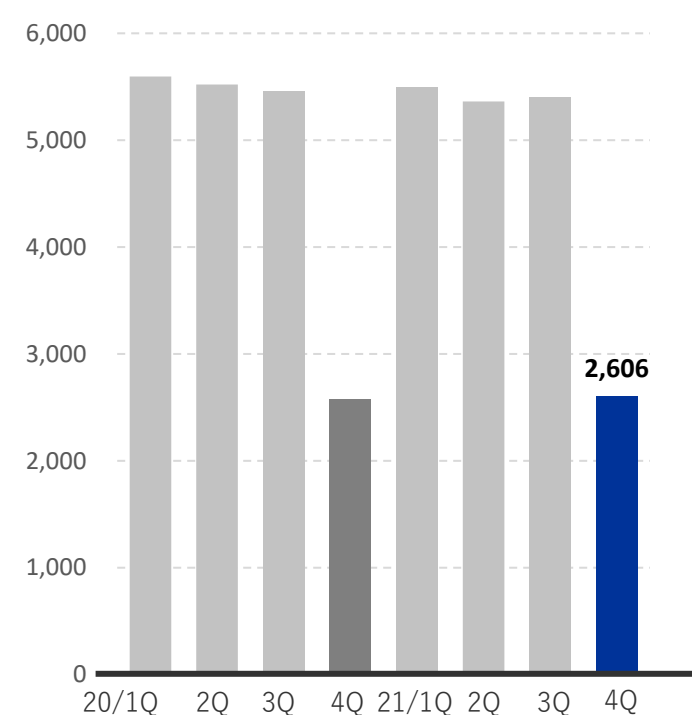
## Revenue

(in Millions of ¥)



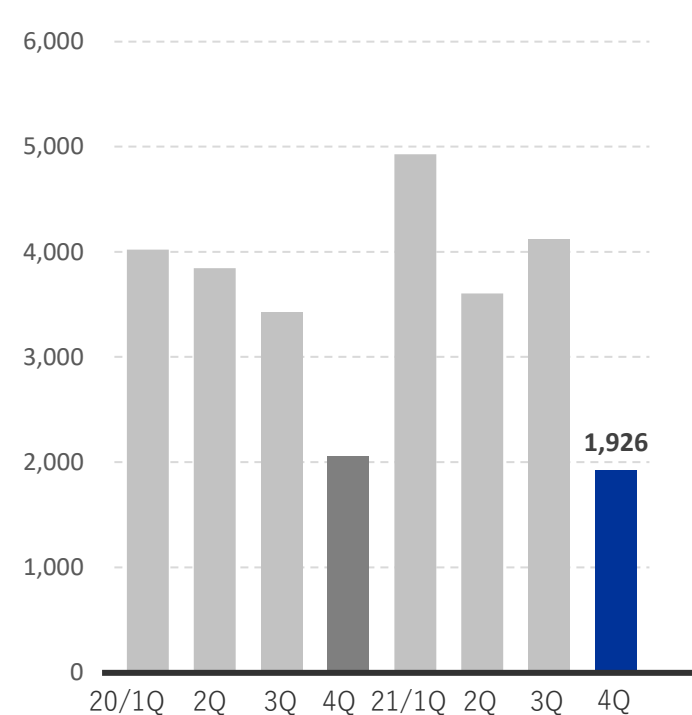
## Operating Income

(in Millions of ¥)



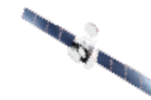
## Net Income

(in Millions of ¥)

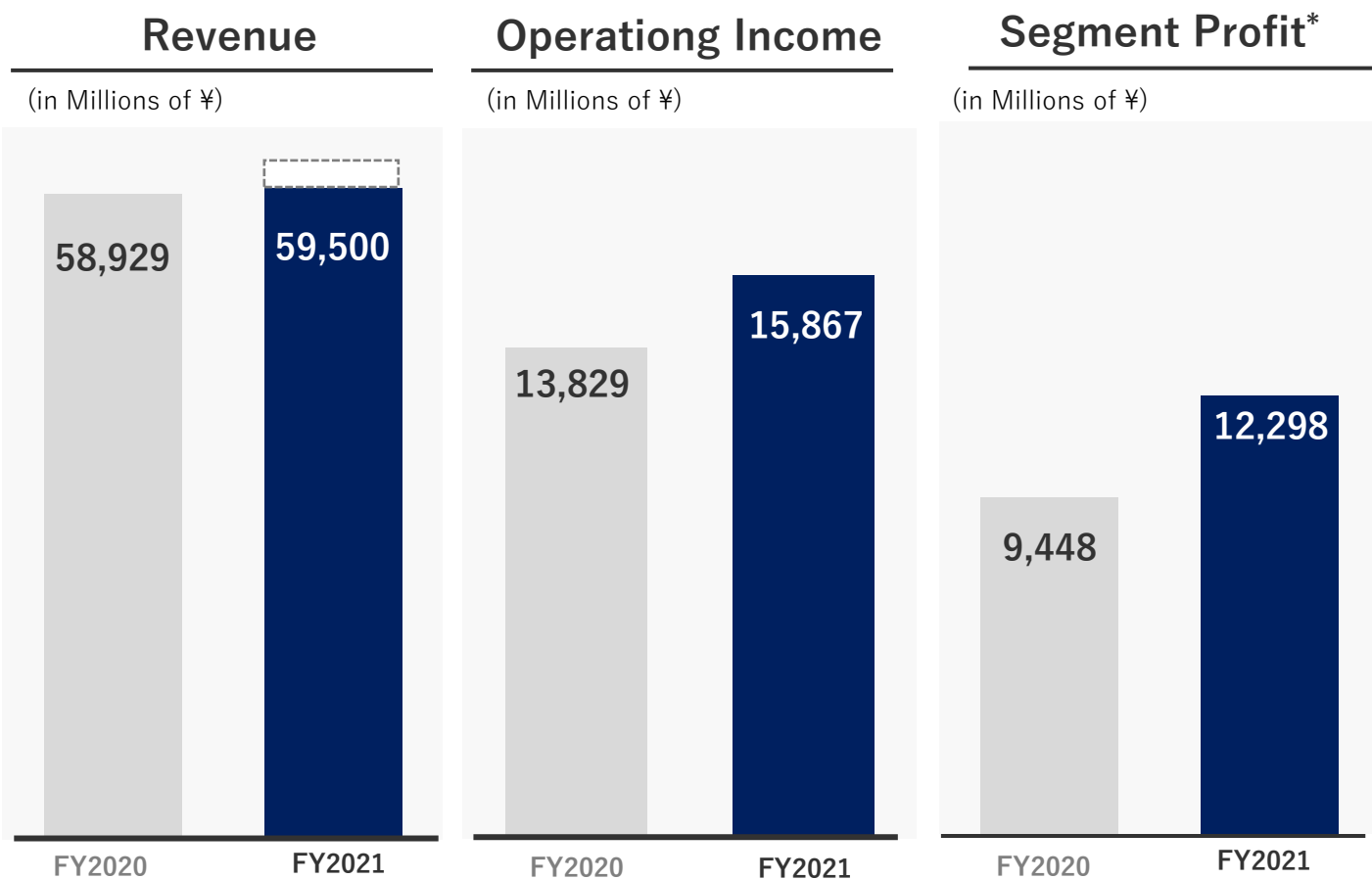


\* Since 1Q/FY2021, “Accounting Standards for Revenue Recognition” has been adopted. The number has from FY2021 are calculated according to the accounting standard.

# Earnings Overview: Space Business



- Revenue increased due to the contribution of Global & Mobile, etc. and acquiring projects in new business fields steadily.
- Profit increased due to the decrease in satellite depreciation expenses despite rising expenses in new business fields caused by growth of sales.



▭ Negative impact of the adoption of Revenue Recognition Accounting Standards

## Major factors of change (YoY)

- **Revenue ¥60 billion [+0.6B] \*\***
  - Revenue recognition accounting standards: (3.3B)
  - Increase in Global and Mobile domain: +1.1B \*\*\*
  - Increase in new business fields : +1.8B \*\*\*
  - Others: +1.1B \*\*\*
- **Operating Expense ¥44 billion [(1.5B)] \*\***
  - Revenue recognition accounting standards: (3.2B)
  - Depreciation expenses: (1.1B)
  - Other operating expenses: +2.9B \*\*\*
- **Operating Income ¥16 billion [+2.0B]**
- **Segment Profit ¥12 billion [+2.9B]**
  - Decrease in tax expenses: +0.9B

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

\*\* Including inter-segment transactions

\*\*\* Excluding negative impact of the adoption of Revenue Recognition Accounting Standards



# Earnings Overview: Media Business

- Revenue decreased by ¥3.4B after excluding the negative impact of accounting standards, mainly because of a decrease in cumulative subscribers
- Both operating income and segment profit decreased due to a decrease in viewer fees revenue, etc.

## Revenue

## Operating Income

## Segment Profit\*

(in Millions of ¥)

(in Millions of ¥)

(in Millions of ¥)

91,599

70,447

5,995

3,740

4,396

2,749

FY2020

FY2021

FY2020

FY2021

FY2020

FY2021

□ Negative impact of the adoption of Revenue Recognition Accounting Standards

## Major factors of change (YoY)

- **Revenue ¥70.4 billion [(21.2B)] \*\***
  - Revenue recognition accounting standards: (17.7B)
  - Decrease in viewing fees: (2.8B) \*\*\*
- **Operating Expense ¥66.7 billion [(18.9B)] \*\***
  - Revenue recognition accounting standards: (17.4B)
  - Decrease in Cost of program provision: (1.7B) \*\*\*
- **Operating Income ¥3.7 billion [(2.3B)]**
- **Segment Profit ¥2.7 billion [(1.6B)]**

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

\*\* Including inter-segment transactions

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

# **Consolidated Financial Forecast For Full Year 2022**



# Financial Forecast for FY2022

Looking ahead to 2030, while aggressively investing in new business fields, exceed profit for the previous fiscal year through core profitability.

(Millions in ¥)

	FY2021 Results	FY2022 Forecast	(Change)
Revenue	119,632	120,000	+0.3%
Operating income	18,862	21,000	+11.3%
Ordinary income	20,307	21,500	+5.9%
Profit attributable to Owners of Parent	14,579	15,000	+2.9%
EBITDA*	44,179	44,400	+0.5%

\* EBITDA: Net income + Tax expenses + Depreciation + Amortization of Goodwill + Interest costs. Cost for JCSAT-17 is included in Lease Receivable as it is subject to finance lease transactions.

# Financial Forecast by Segment for FY2022

**Space Business : Increase in sales due to JCSAT-1C, Horizons 3e, etc.**

**Increase in profit due to decrease in satellite depreciation, etc.**

**Media Business: Promoting structural reforms for future.**

**Aggressive investment in new business fields.**

(Millions in ¥)

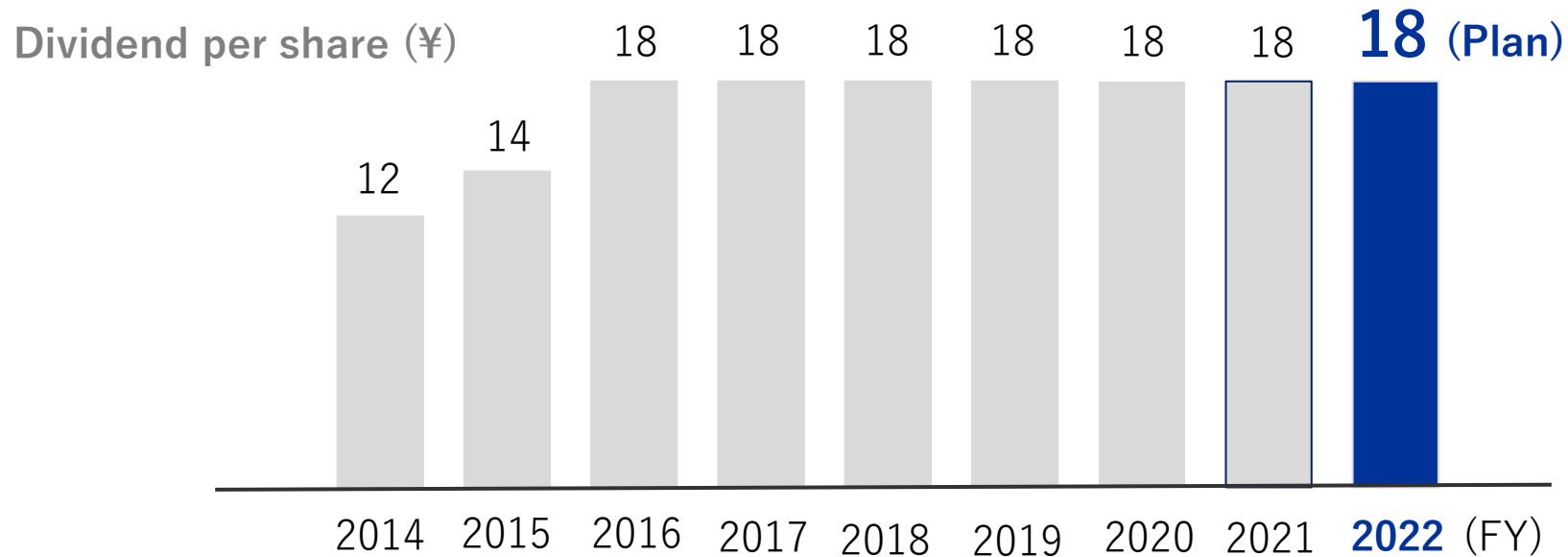
	FY2022 Financial Forecast by Segment			
	Space Business	Media Business	Consolidated Eliminations	Consolidation Total
Revenue	61,000 [+1,499]	68,800 [(1,647)]	(9,800)	120,000 [+367]
Operating income	18,500 [+2,632]	3,200 [(540)]	(700)	21,000 [+2,137]
Segment Profit * Net profit base	13,000 [+701]	2,400 [(349)]	(400)	15,000 [+420]

Note: The number inside of [ ] is the amount of change from FY2021 results.

# Dividend Policy for FY2022

Continues stable Cash Dividends in FY2022,

Planning to pay an annual dividend of **¥18** per share  
While improving core profitability



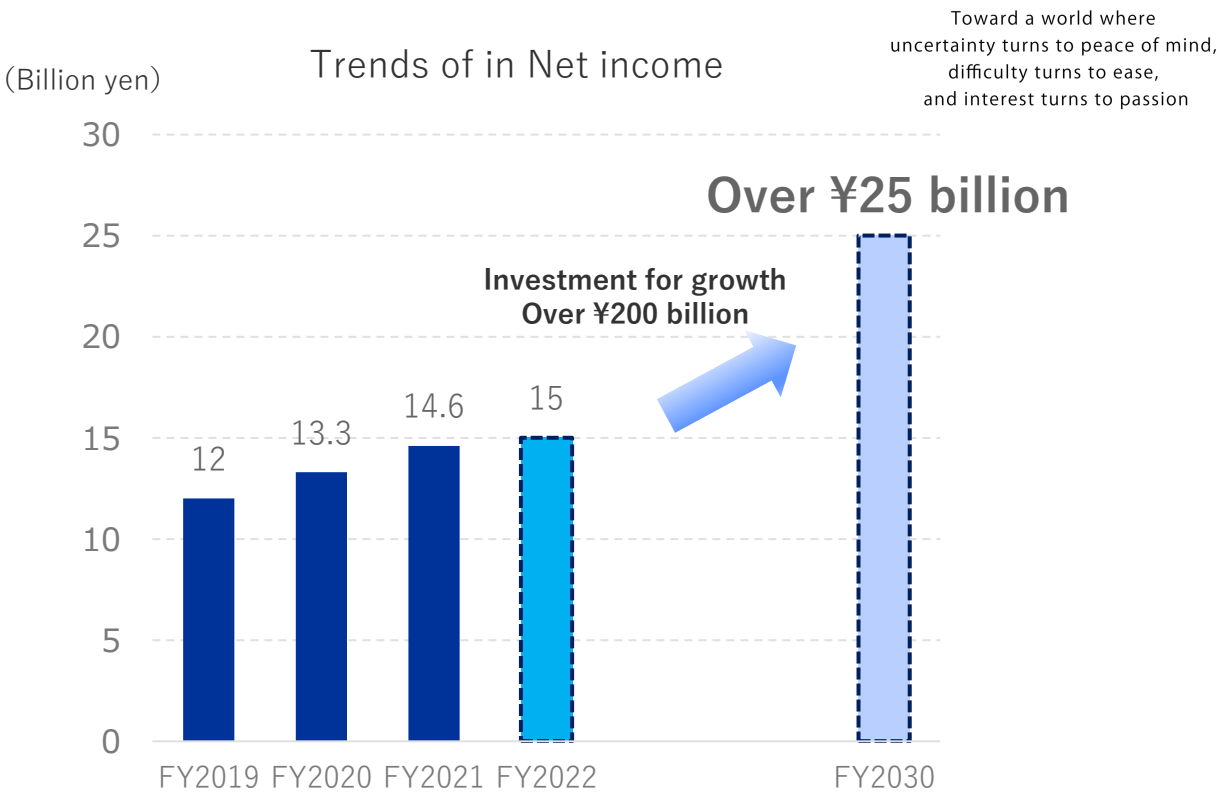
**Dividend Policy:**  
¥16 per share or more and 30% or more of Dividend Payout Ratio

# Toward 2030

# Toward 2030

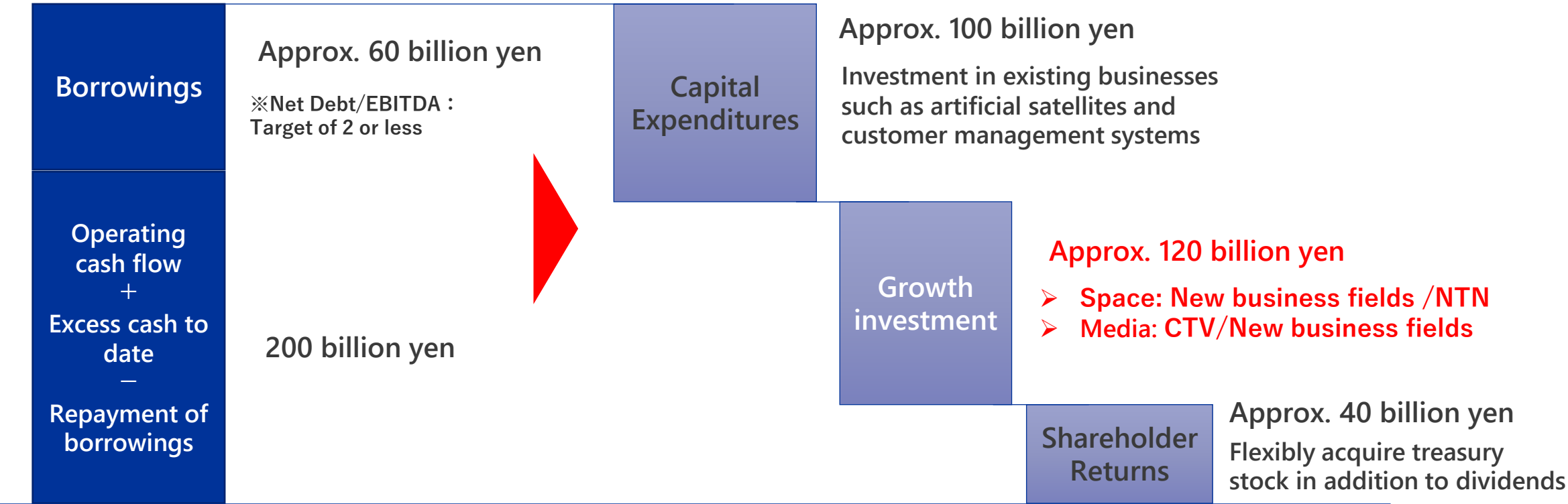
Contribute to the realization of Society5.0 (super-smart society),  
in developing technologies and services for both the Space Business and the Media Business  
under the Group Mission "Space for your Smile".  
Aim for net income in excess of ¥25 billion.

## Space for your Smile



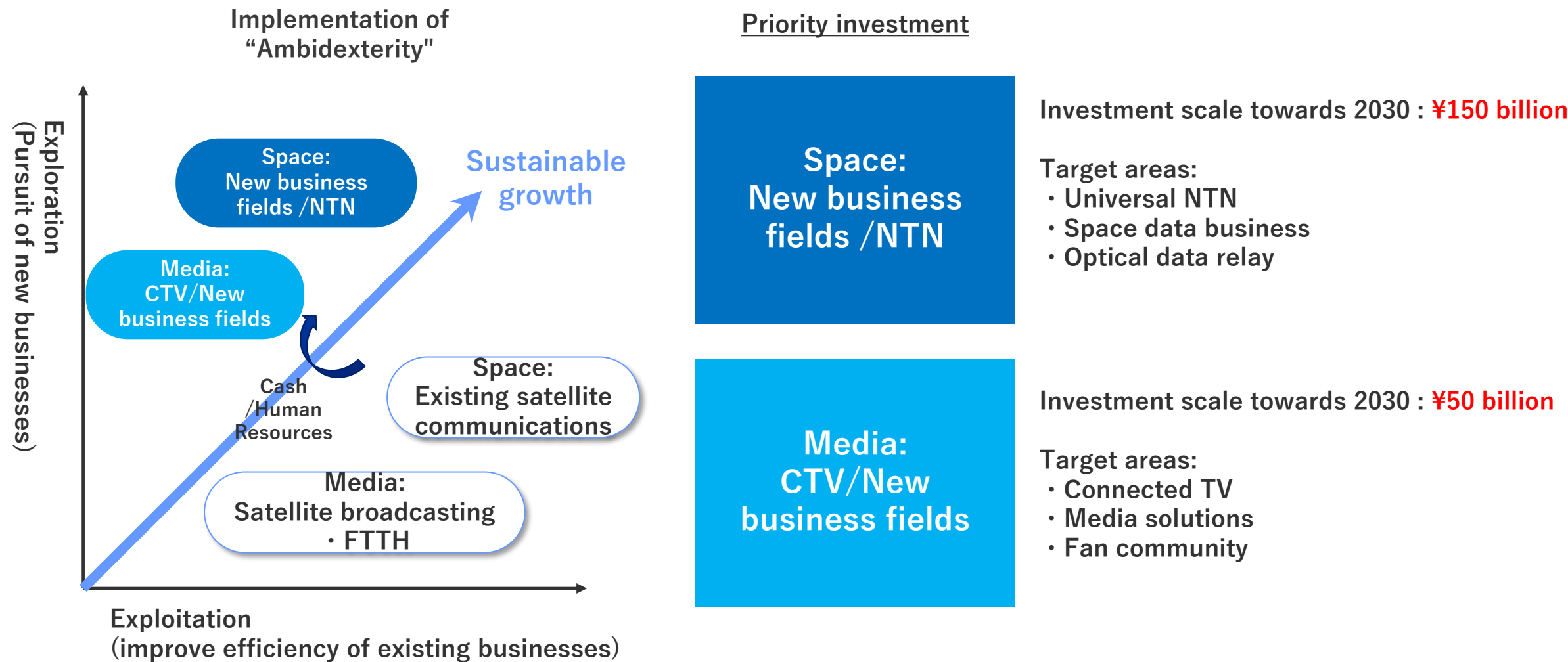
# Capital Allocations over the next five years

Aiming to improve core profitability toward 2030,  
We proactively invest in growth opportunities over the next five years  
based on stable cash flow generated in existing businesses

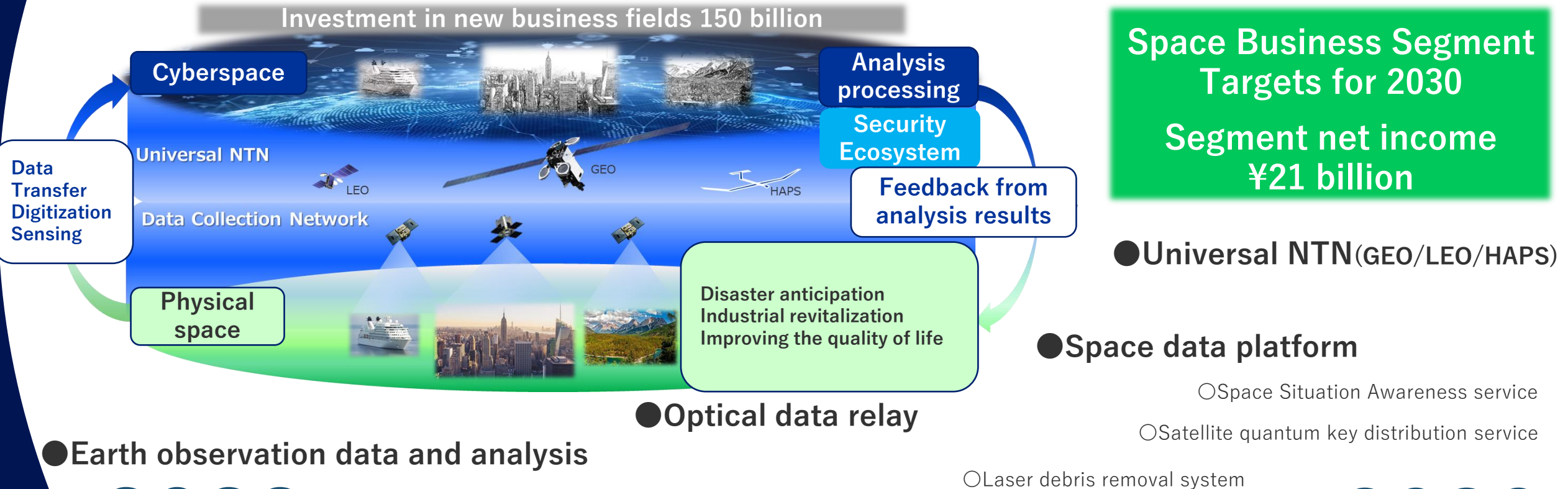


# Priority Investment Areas for Sustainable Growth

We will boldly invest in new business fields while increasing productivity in existing businesses.



SKY Perfect JSAT contributes to the creation of super-smart society by building innovative communications networks and global data collection networks that cover all spaces



2022

2030



# Agree to establish a new company with NTT to handle the new space business

## ■ Goal of new company

Business planning, development, and provision of services 'the Integrated Space Computing Network Business' as A New ICT Infrastructures' that has been under consideration based on the business alliance since May 2021.

## ■ Outline of business (planned)

- Space Data Center Business  
Large-Capacity Computing Infrastructure in Space  
Launched Optical Data Service in fiscal 2024
- Space RAN business  
Communications Infrastructure in Beyond 5G/6G  
Scheduled to begin domestic HAPS business in fiscal 2025

## ■ Outline of new company

Company name: Space Compass Corporation

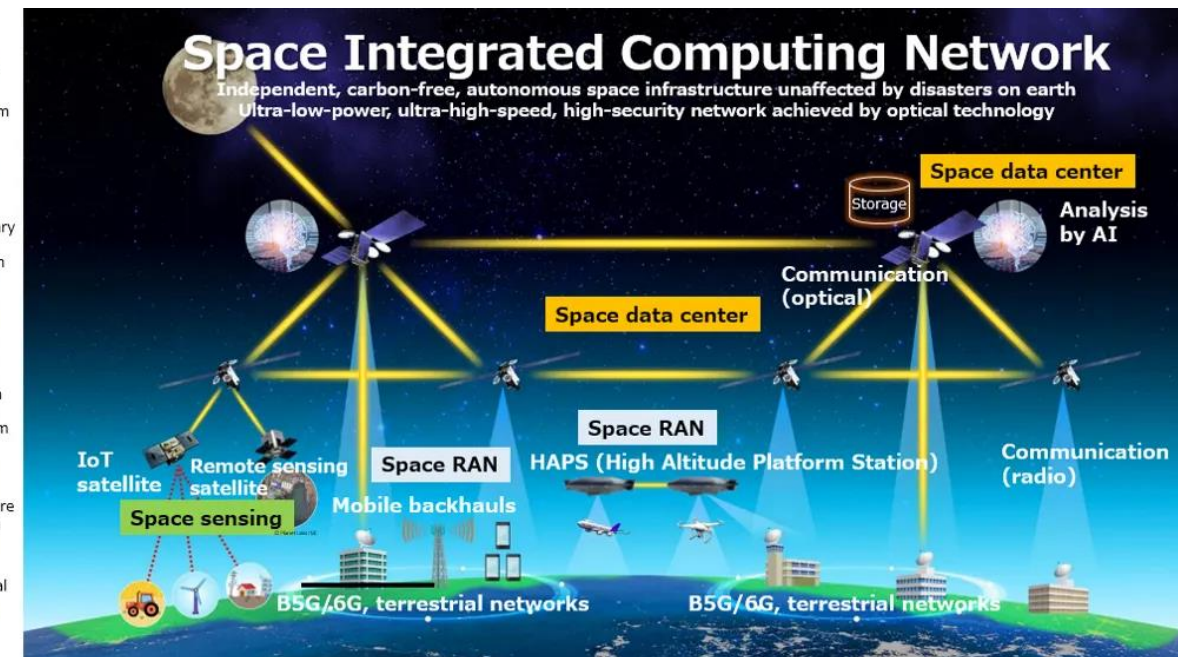
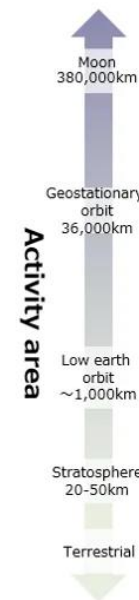
Establishment date: July 2022 (planned)

Address: Chiyoda-ku, Tokyo (planned)

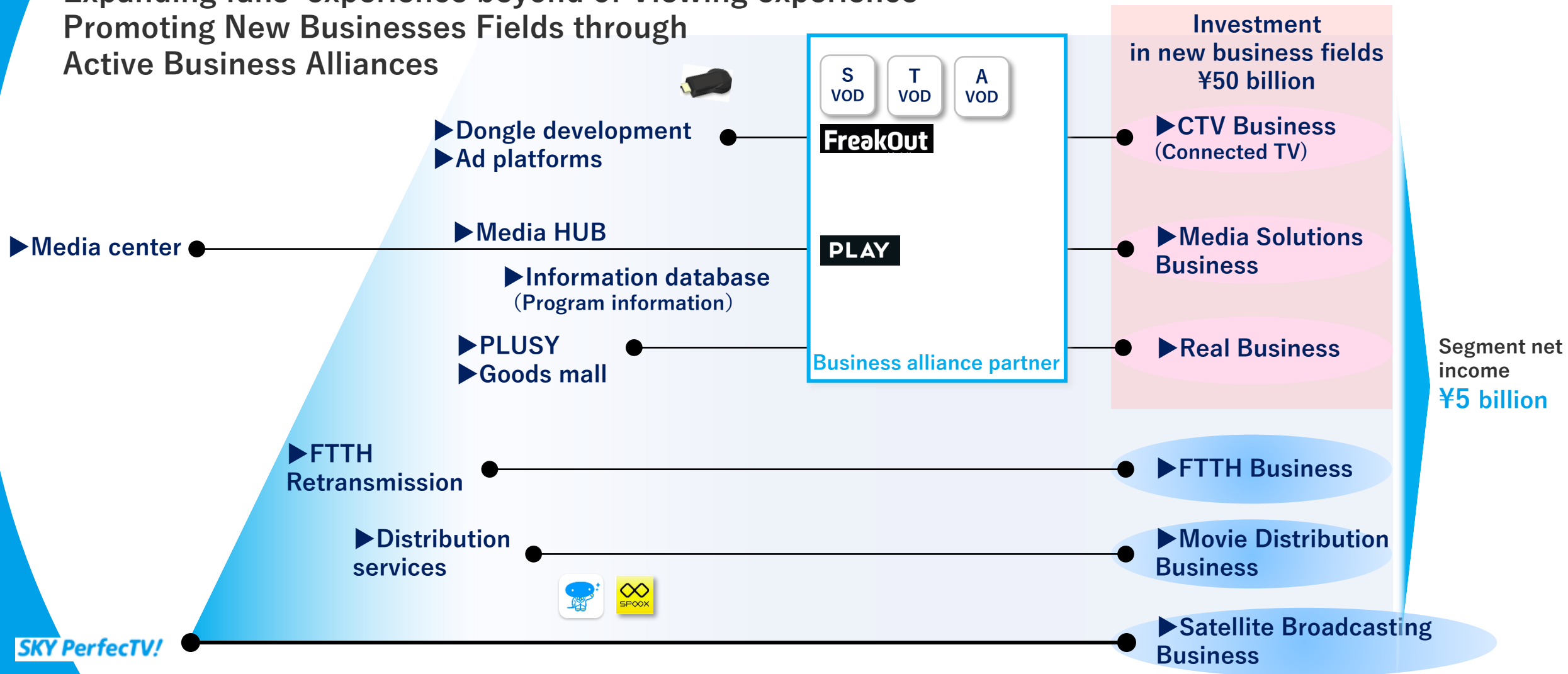
Capital: ¥18 billion (planned)

(The capital at the establishment of the new company will be ¥6 billion (including capital reserve) and will be gradually increased.)

Shareholders: NTT50% SKY Perfect JSAT50%



Expanding fans' experience beyond of Viewing experience  
Promoting New Businesses Fields through  
Active Business Alliances

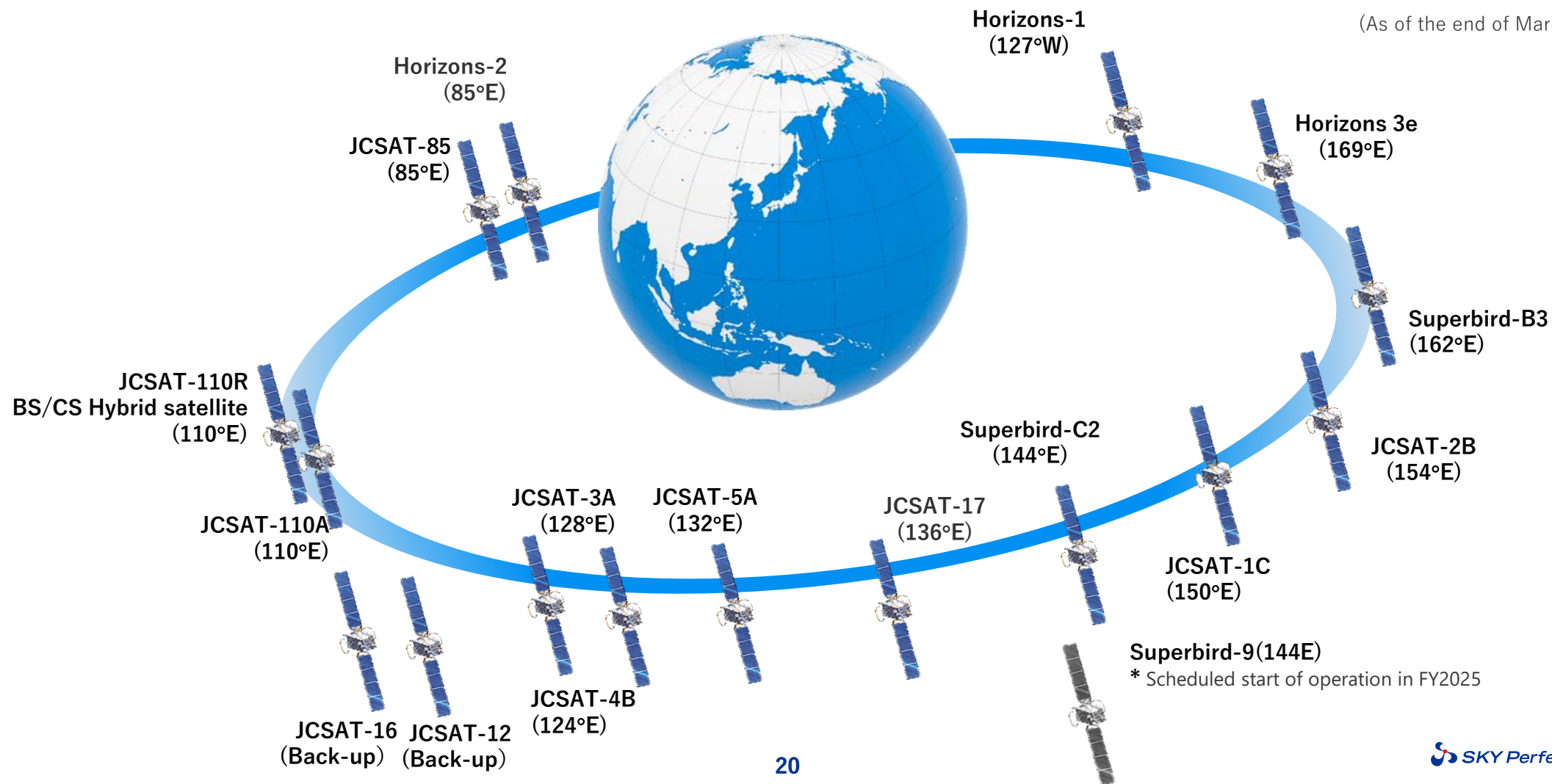


# References

# Satellite Fleet Update

A total of **16** satellites covering from North America to the Indian Ocean

(As of the end of March 2022)





# Recent Topics of Institute for Q-shu Pioneers of Space, Inc. (iQPS)

- Capital participation as a lead investor in the Series B round of iQPS. Concluded a business alliance to create new services by their developing small SAR satellites constellation collaborating with our assets and know-how.
- iQPS's small-sized SAR satellite project won the prime minister's award at the 5th Space Development and Utilization Grand Prize sponsored by the Cabinet Office.
- iQPS was adopted as “demonstration to expand the use of small SAR satellite Constellation (FY2022 )” within the Cabinet Office's Strategic Program for Accelerated Space Development and Use (Star Dust Program).
- iQPS agreed to outsource the launch of Units QPS-SAR3 and 4 to IHI Aerospace Co., Ltd. (IA), an agent for Ipsilon's commercial launch transportation service, and concluded a contract on April 18, 2022.



Prime Minister's Award Ceremony (Cabinet Office)\*



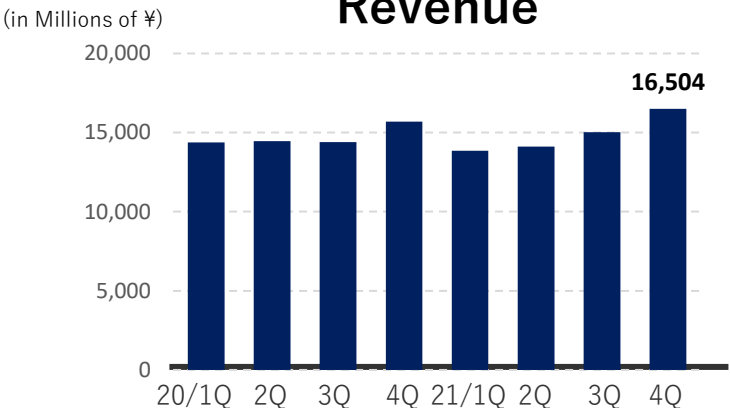
Signing ceremony (IA Head Office)\*

\* [Photo Materials] Provided by iQPS

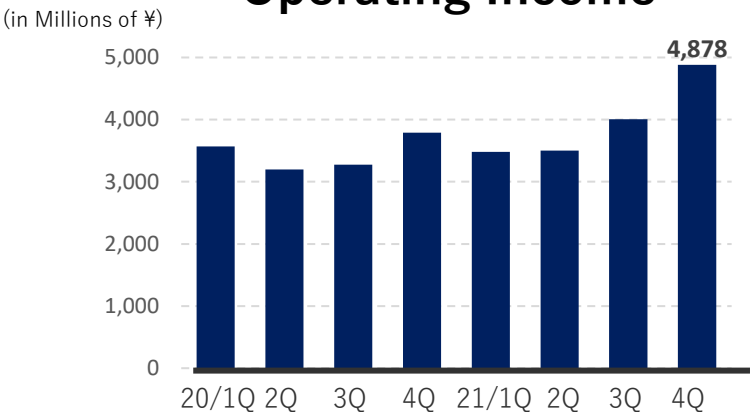
# Trends of Quarterly Financial Results by Segment

## Space Business

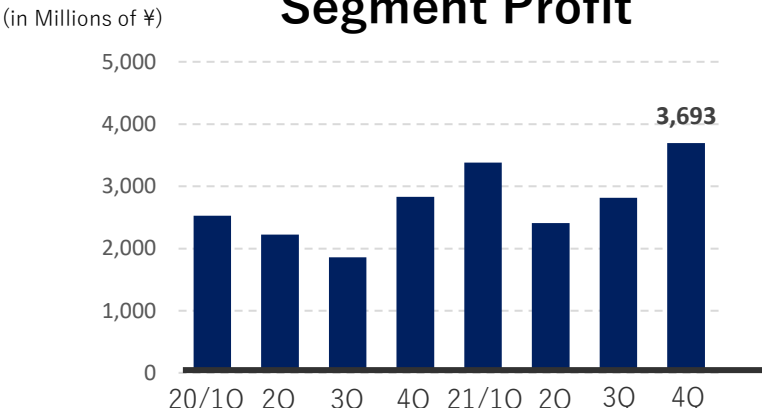
### Revenue



### Operating Income

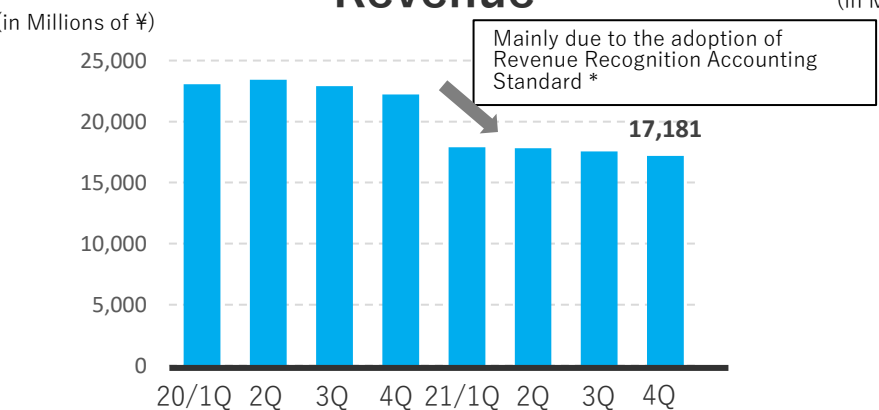


### Segment Profit \*

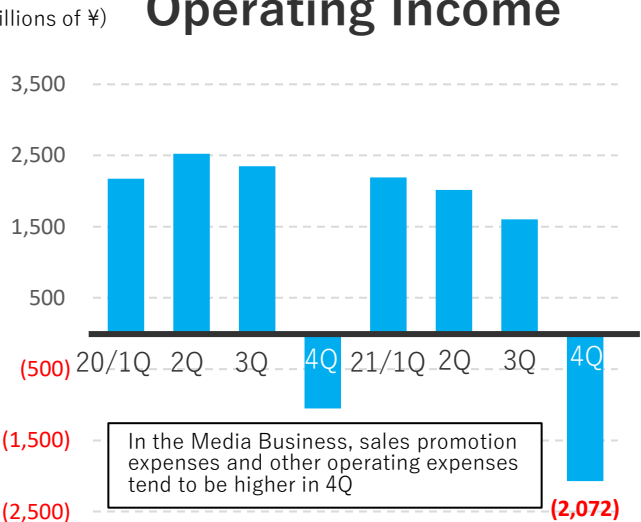


## Media Business

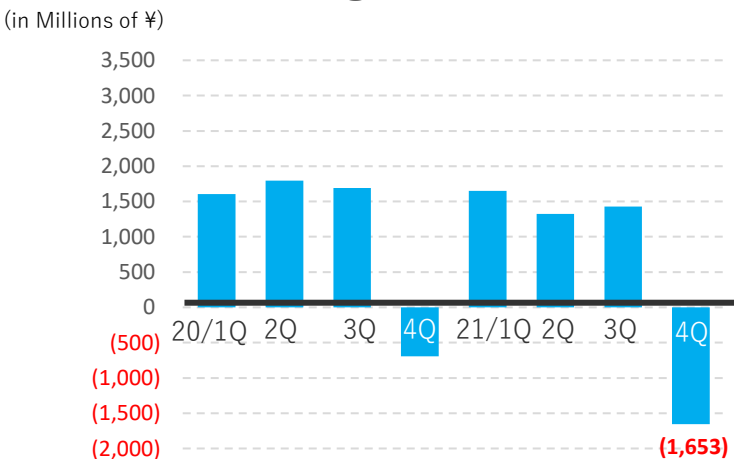
### Revenue



### Operating Income



### Segment Profit \*



\* Including inter-segment transactions

\* Since 1Q/FY2021, "Accounting Standards for Revenue Recognition" has been adopted. The numbers has from FY2021 are calculated according to the accounting standard.

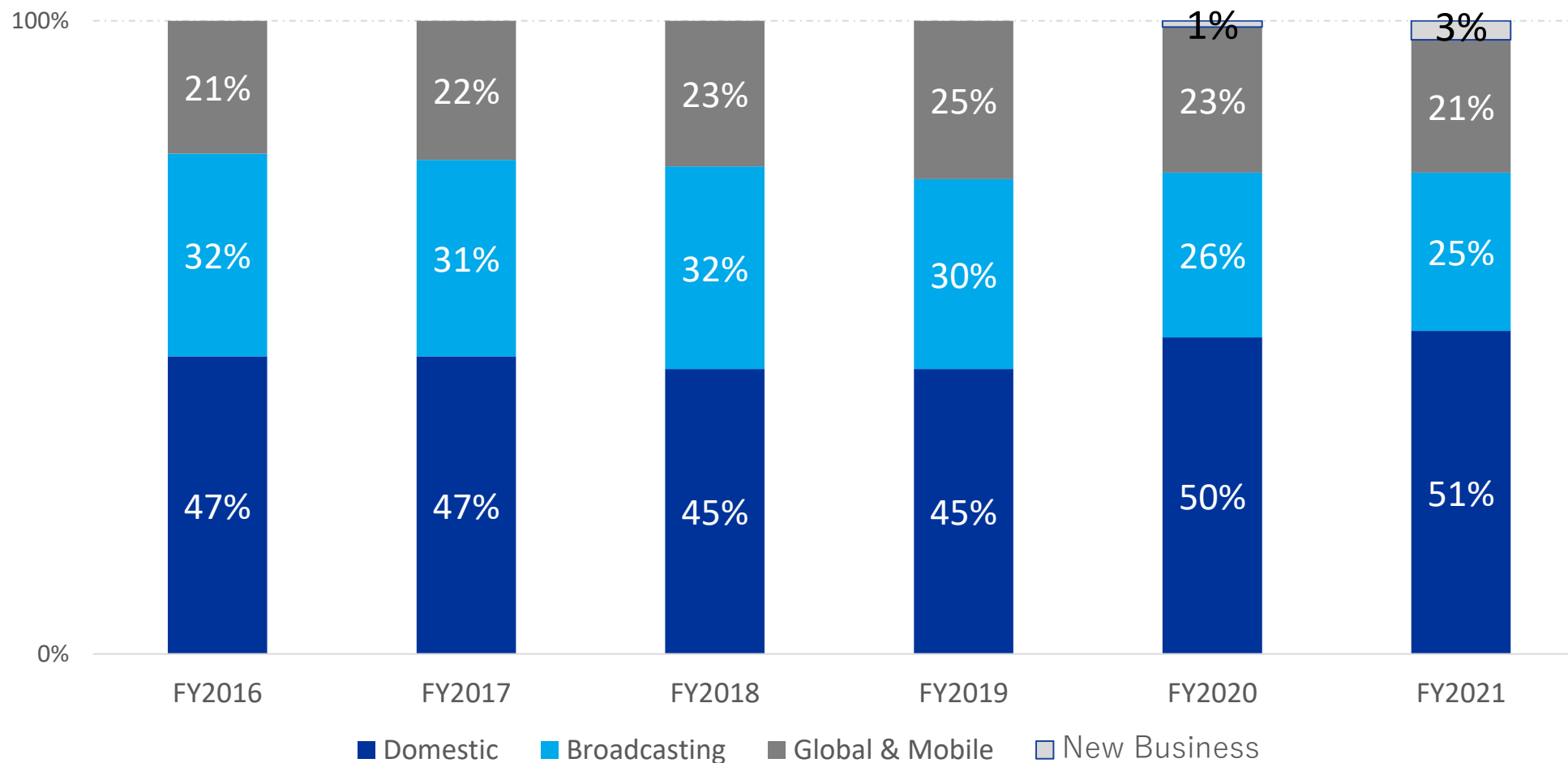
# Trends of Quarterly Financial Results by Segment

(in Millions of ¥)

	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
<b>Revenue</b>	<b>34,674</b>	<b>35,099</b>	<b>34,568</b>	<b>35,230</b>	<b>139,572</b>	<b>29,078</b>	<b>29,311</b>	<b>30,046</b>	<b>31,196</b>	<b>119,632</b>
<b>Space</b>	14,381	14,465	14,400	15,681	58,929	13,843	14,121	15,030	16,504	59,500
<b>Media</b>	23,066	23,422	22,896	22,213	91,599	17,896	17,811	17,557	17,181	70,447
Consolidated Elimination	(2,773)	(2,789)	(2,728)	(2,664)	(10,956)	(2,661)	(2,621)	(2,542)	(2,489)	(10,314)
<b>Operating Income</b>	<b>5,594</b>	<b>5,521</b>	<b>5,461</b>	<b>2,574</b>	<b>19,151</b>	<b>5,493</b>	<b>5,360</b>	<b>5,402</b>	<b>2,606</b>	<b>18,862</b>
<b>Space</b>	3,568	3,197	3,275	3,788	13,829	3,480	3,503	4,004	4,878	15,867
<b>Media</b>	2,174	2,525	2,347	(1,051)	5,995	2,193	2,016	1,602	(2,072)	3,740
Consolidated Elimination	(148)	(201)	(161)	(162)	(673)	(181)	(160)	(204)	(200)	(745)
<b>Segment Profit</b> (Profit attributable to owners of the parent)	<b>4,022</b>	<b>3,843</b>	<b>3,424</b>	<b>2,054</b>	<b>13,345</b>	<b>4,929</b>	<b>3,604</b>	<b>4,119</b>	<b>1,926</b>	<b>14,579</b>
<b>Space</b>	2,529	2,226	1,857	2,833	9,448	3,380	2,409	2,815	3,693	12,298
<b>Media</b>	1,603	1,794	1,691	(692)	4,396	1,652	1,323	1,426	(1,653)	2,749
Consolidated Elimination	(111)	(178)	(124)	(86)	(500)	(103)	(128)	(121)	(113)	(468)

\* 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.

# Revenue Composition ratio in Space Business



※Excluding the impact of the sale of communications satellites to the Ministry of Defense in FY2016 and FY2018

※Accounting Standard for Revenue Recognition, etc. adopted from FY2021



# FY2022 Depreciation expense (Plan)

(Billions in ¥)

	FY2021 Result	FY2022 Plan	Change
Depreciation expense	22.2	21.9	(0.3)
Space Business	14.4	14.1	(0.3)
Media Business	7.3	7.4	+ 0.1
Others	0.4	0.4	0

# FY2022 Investment Plan

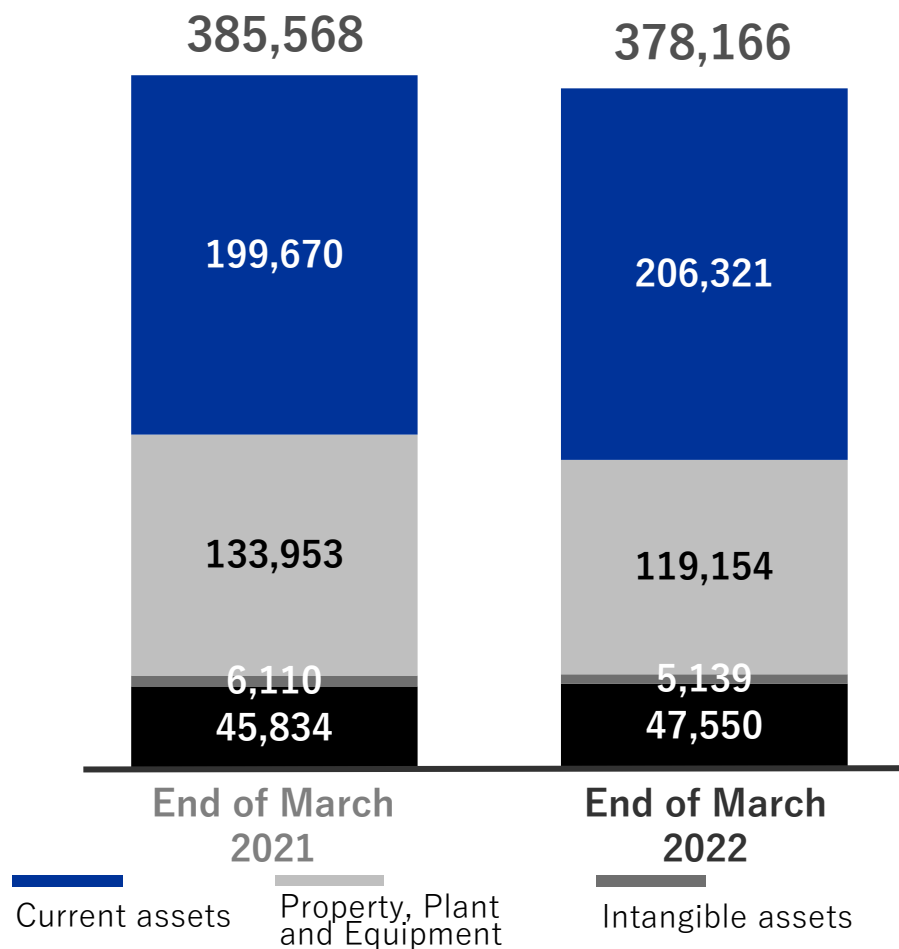
(in Billions of ¥)

	FY2021 Result	FY2022 Plan	Change	Notes
① CAPEX	7.5	25.7	18.2	
Space Business	3.3	22.3	19.0	Satellite procurement, etc.
Media Business	4.0	3.3	(0.7)	
Others	0.2	0.3	0.1	
② Business investment	3.0	14.0	11.0	NTT collaboration, etc.
① + ② Investment Total	10.5	39.7	29.2	

# Consolidated Balance Sheet

## Assets

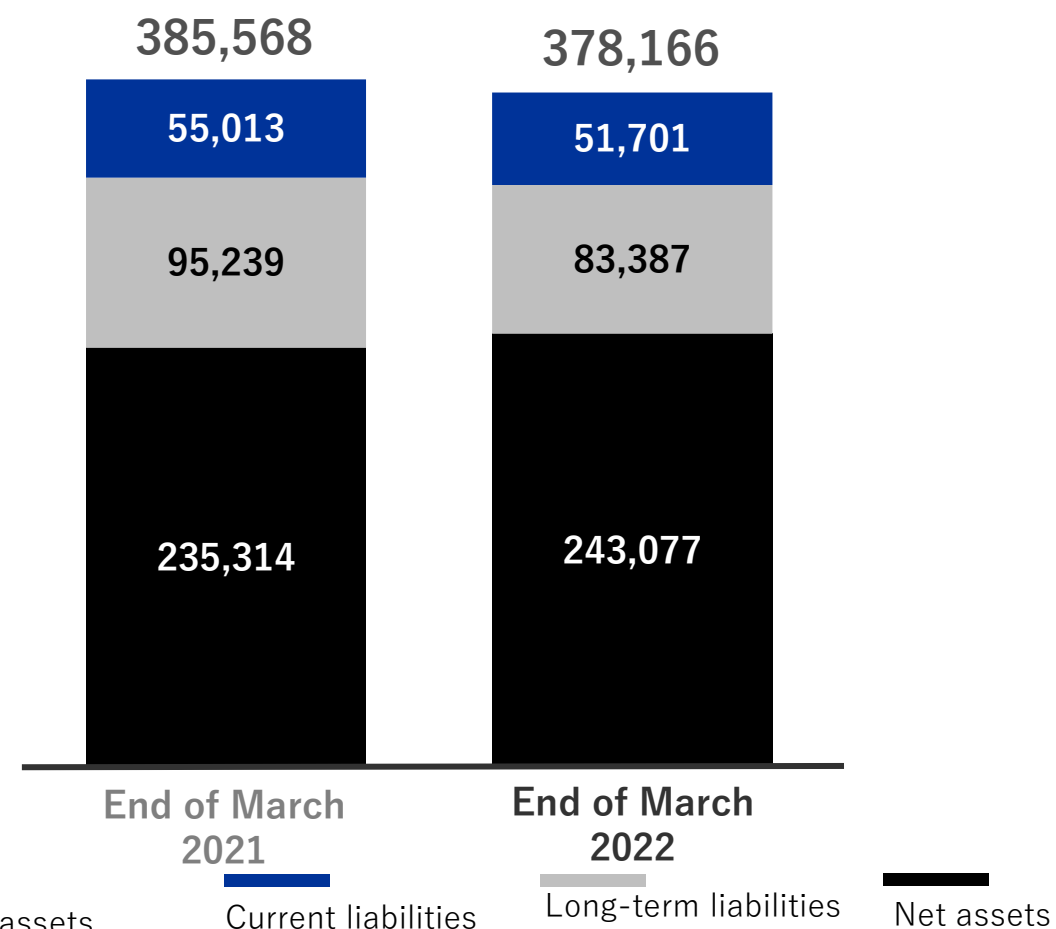
(in Millions of ¥)



## Liabilities and Net Assets

Equity Ratio : 60.8% → 64.0%

(in Millions of ¥)



# Consolidated Cash Flows

(in Millions of ¥)

	FY2020	FY2021
<b>Net Cash from Operating activities</b>	57,948	<b>36,507</b>
<b>Net Cash from Investing activities</b>	(11,357)	<b>(7,737)</b>
<b>Free Cash Flows <sup>*1</sup></b>	46,590	<b>28,770</b>
<b>Net Cash from Financing activities</b>	(16,878)	<b>(16,405)</b>
<b>Cash and Cash Equivalents at Term-end(a)</b>	73,193	<b>85,914</b>
<b>Interest-bearing Debt at Term-end <sup>*2</sup> (b)</b>	90,959	<b>85,351</b>
<b>Net Interest-bearing Debt at Term-end (b) – (a)</b>	17,765	<b>(562)</b>

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

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

# Earnings Results of Subsidiaries

(Millions in ¥)

		SJC	SPCC	SPET	SPBC	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	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	100.0	53.3
Revenue	FY2020/4Q	113,897	6,074	45,349	2,645	3,860	2,966
	FY2021/4Q	112,662	5,854	15,665	2,361	4,344	3,456
Operating Income	FY2020/4Q	19,340	365	307	139	73	421
	FY2021/4Q	17,944	385	418	309	956	558
Ordinary Income	FY2020/4Q	20,005	428	314	145	138	428
	FY2021/4Q	22,569	387	424	309	1,102	603

SJC: SKY Perfect JSAT Corporation

SPCC: SKY Perfect Customer-relations Corporation

SPET: SKY Perfect Entertainment Corporation

SPBC: SKY Perfect Broadcasting Corporation

JII: JSAT International Inc.

JMC: JSAT MOBILE Communications Inc.

※ Satellite Network, Inc was merged into SKY Perfect JSAT Corporation on December 1, 2021.

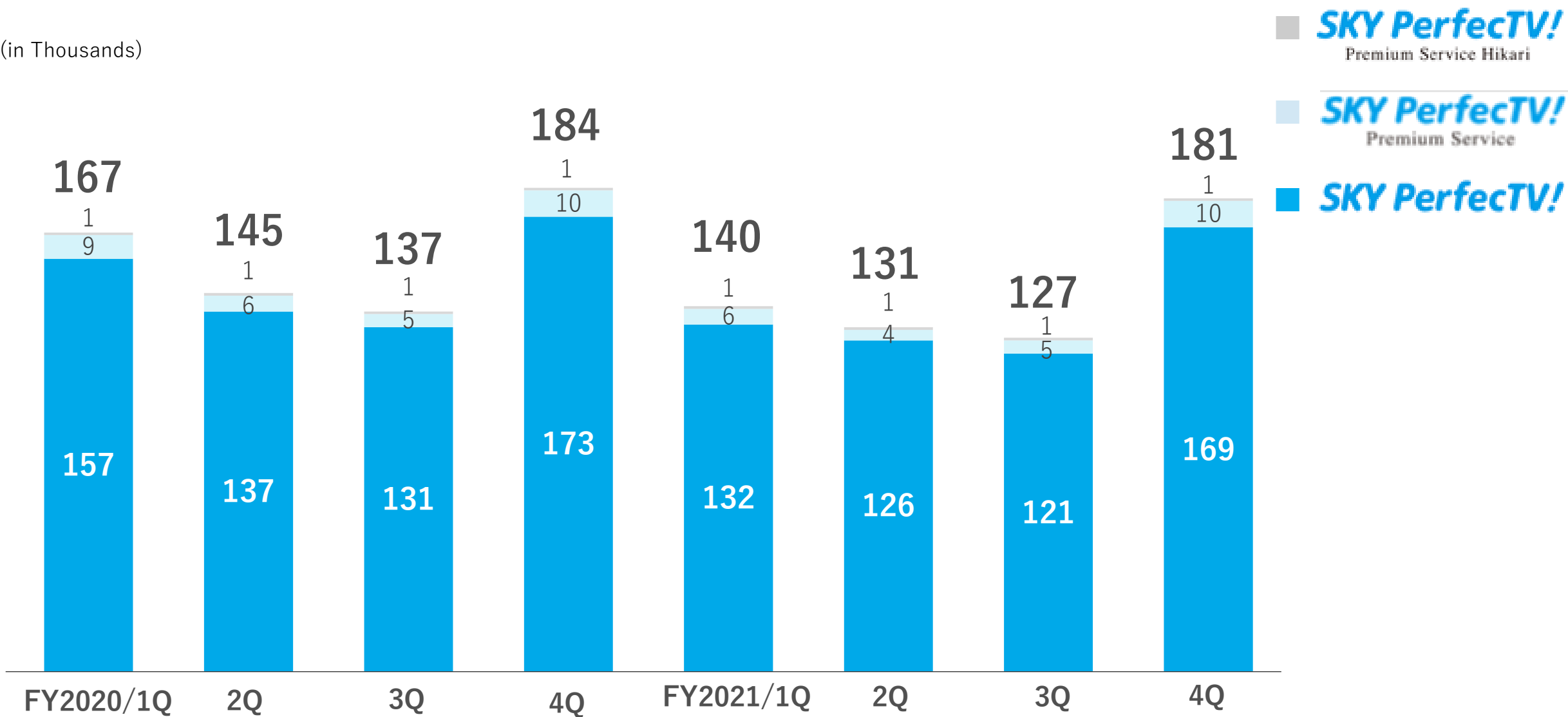
# Annual Target of Subscribers (FY2022)

**SKY PerfecTV!**

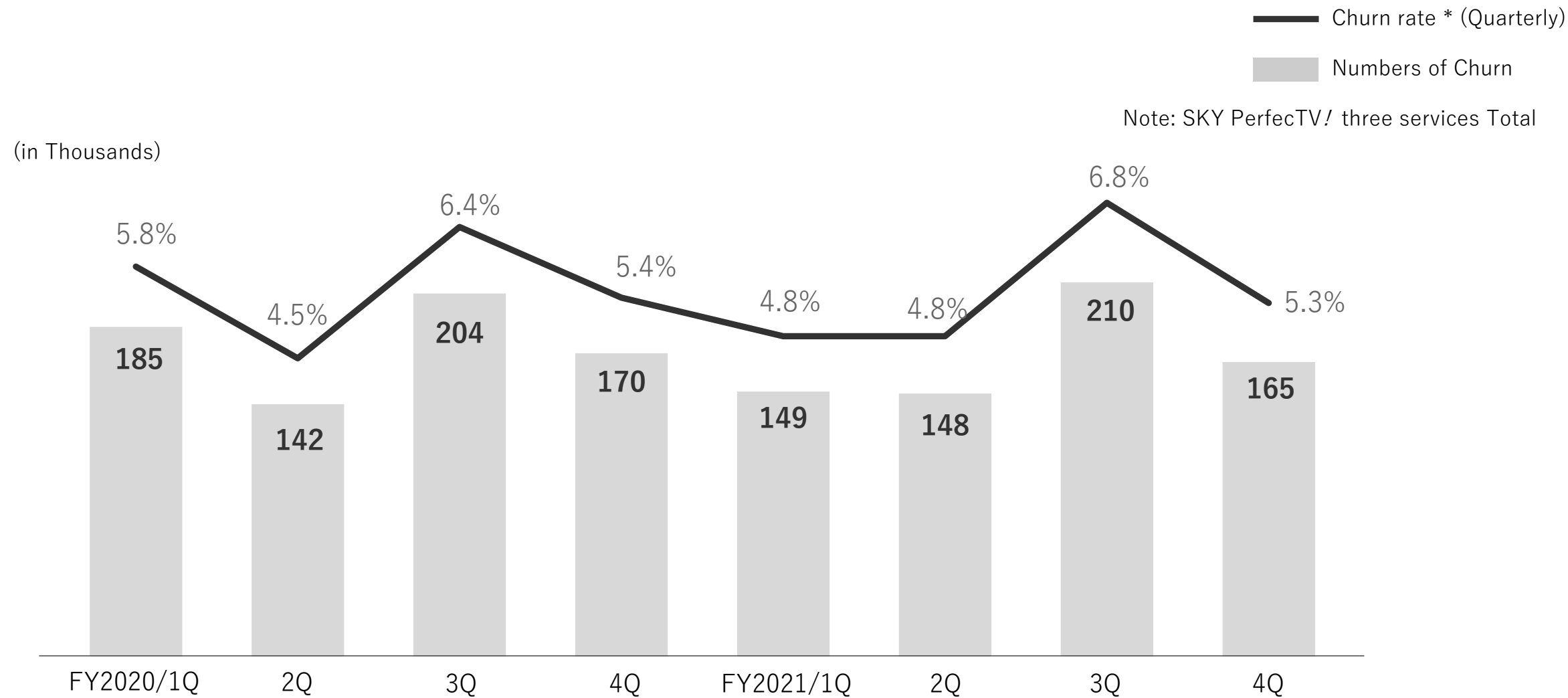
(in 10 Thousands)	FY2020	FY2021	Annual Target For FY2022
<b>New Subscribers</b> (IC cards or chips)	<b>63.3</b>	<b>57.9</b>	<b>57.2</b>
<b>Net Increase (IC cards or chips)</b>	<b>(6.8)</b>	<b>(9.4)</b>	<b>(9.5)</b>
- SKY PerfecTV!	+2.4	(1.2)	(0.5)
- SKY PerfecTV!Premium Service	(8.8)	(7.8)	(8.4)
- SKY PerfecTV!Premium Service Hikari	(0.5)	(0.4)	(0.6)
<b>Cumulative number of subscribers</b> (IC cards or chips)	<b>310.2</b>	<b>300.8</b>	<b>291.3</b>
<b>Cumulative number of contractors</b> (contracts)	<b>251.3</b>	<b>239.5</b>	<b>227.1</b>
<b>Number of subscribing households of Optical Fiber Based Re-transmission service</b> (million)	<b>244.1</b>	<b>254.2</b>	<b>264.2</b>
<b>Average Monthly Contractor's Payment (Yen)</b>			
- SKY PerfecTV!	3,294	3,326	—
- SKY PerfecTV!Premium Service	3,596	3,557	
- SKY PerfecTV!Premium Service Hikari	5,183	5,109	

# Number of New Subscribers (IC cards or chips)

(in Thousands)



# Churn Rate (IC cards or chips)

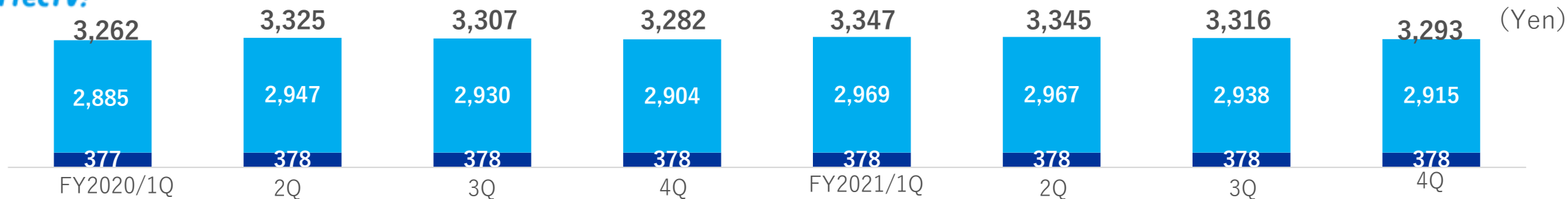


\* The churn rate is calculated by dividing the total number of cancellations for each quarter by the cumulative number of subscribers at the end of the previous fiscal year.



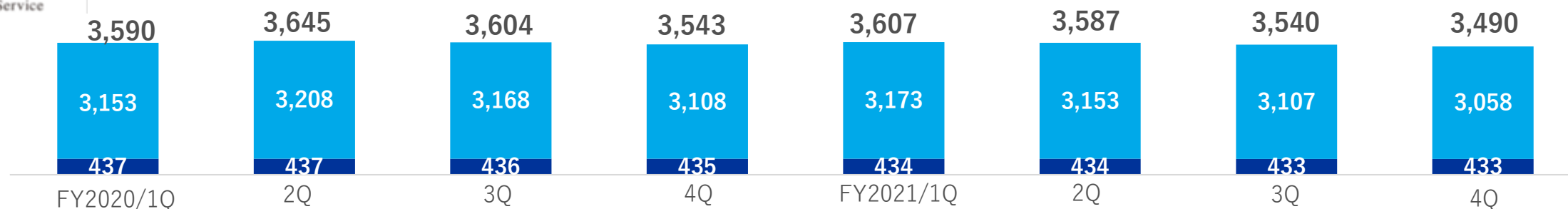
# Average Monthly Contractor's Payment <sup>\*1</sup>

SKY PerfectTV!

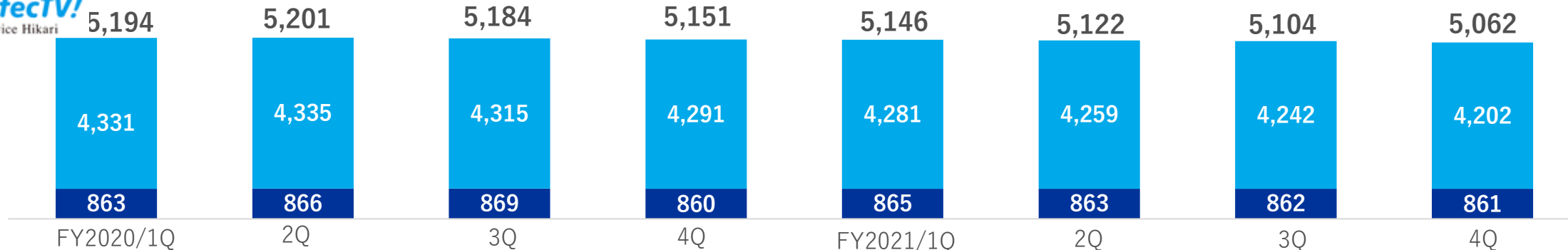


(Yen)

SKY PerfectTV!  
Premium Service



SKY PerfectTV!  
Premium Service Hikari

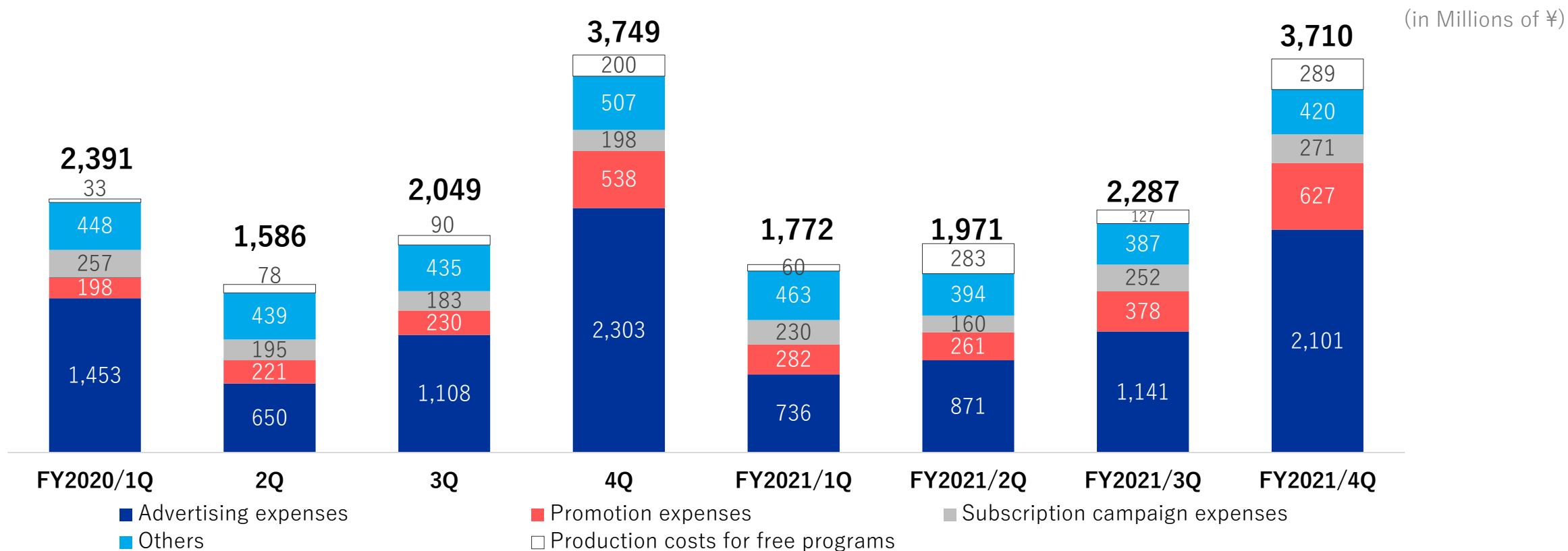


■ Basic fees and other<sup>\*2</sup> ■ Viewing fees

<sup>\*1</sup> 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.

<sup>\*2</sup> Basic fees and set-top box rental fees.

# Total Subscribers Acquisition Cost (SAC)



■ 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 PerfecTV! Customer service center, etc.

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

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

# Space for your Smile

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



