



Earning Results Briefing for the Third Quarter of FY2020

February 3, 2021

SKY Perfect JSAT Holdings Inc.

Security : 9412

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 in light of 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:

Risks to General Management

- Risks Concerning Business Investments, etc.
- 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 Disasters, etc.

Risks related to the Media Business

- Risks Concerning the Lower Feasibility of the Multichannel Pay TV business
- Risks Concerning Illegal Viewing
- Risks Concerning the Customer Management System

Risks related to the Space Business

- Risks Concerning Lower Competitiveness in the Satellite Communications Market
- Risks Concerning Procurement of Communications Satellites
- Risks Concerning Operations of Communications Satellites

Consolidated Business Performance for Q3 of FY2020

Overview of Consolidated Earning Results for Q3/FY2020

- **Consolidated revenues and profits (Q3 cumulative) continuously increased** compared to the same period of the previous year. In the Media Business, revenues from viewing fees decreased, however, in the Space Business, revenues from new satellites such as JCSAT-17 and Horizons-3e increased steadily. In addition, operating costs of both Business units decreased.
- Considering forecast of Q4/FY2020, **the company revised the financial forecasts for FY2020.**

(Millions of Yen)

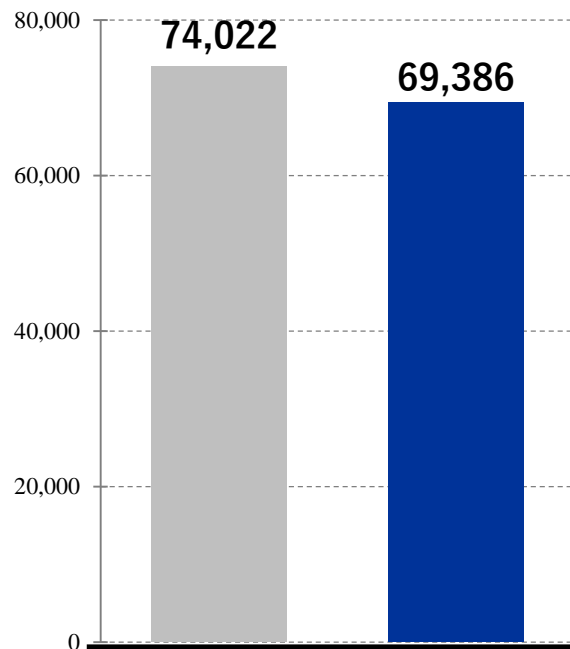
	Q3 2019 Cumulative	Q3 2020 Cumulative	Change	2020 Financial Forecast (Revised)	Progress rate for the revised Financial Forecast 2020
Revenue	103,823	104,342	0.5%	139,000	75.1%
Operating income	12,302	16,577	34.7%	18,500	89.6%
Ordinary income	13,041	17,351	33.0%	19,200	90.4%
Profit attributable to Owners of Parent	8,526	11,290	32.4%	12,500	90.3%
EBITDA*	32,597	35,936	10.2%	44,700	80.4%

* EBITDA = Net income + Tax expenses + Depreciation + Amortization of goodwill + Interest expenses

- Revenue was ¥69.4B at Q3 cumulative/FY2020 (-¥4.6B on a year-on-year comparison).
- Segment profit (profit attributable to Owners of Parent) was ¥5.1B (-¥2.3B on a year-on-year comparison)
- Revenues from viewing fees decreased. However, revenue-related costs, such as program provision cost, and content-related cost by the thorough review of its own channels, depreciation expenses decreased. As a result, **total segment profit of the Media Business increased.**

Revenue

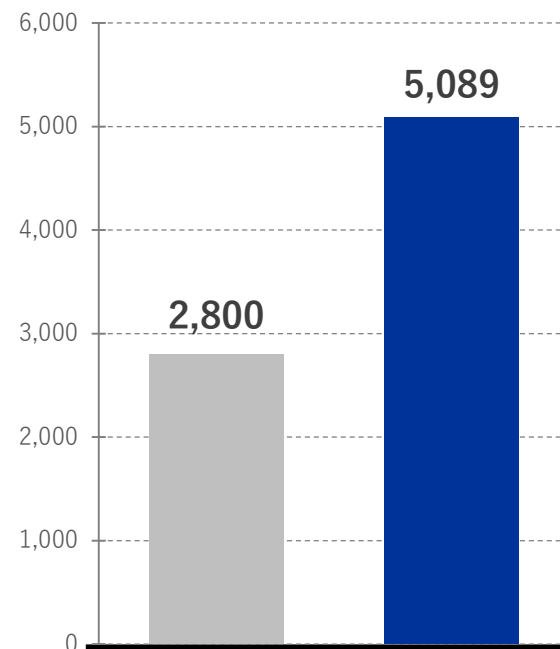
(Millions of Yen)



Q3 2019 Cumulative Q3 2020 Cumulative

Segment profit

(Millions of Yen)



Q3 2019 Cumulative Q3 2020 Cumulative

Major Factors contributing to changes in the segment profit

■ Revenue (-¥4.6 billions) *

- Decrease in revenue from viewing fees: (¥2.9B)
- Decrease in revenue from basic fees: (¥0.6B)
- Decrease in revenue from commissions: (¥0.4B))

■ Operating expenses (-¥7.8 billions) *

- Decrease in cost for program provision: (¥1.6B)
- Decrease in content-related cost: (¥1.3B)
- Decrease in depreciation expense: (¥1.1B)
- Decrease in promotion-related cost: (¥0.7B)
- Decrease in satellite transponder cost: (¥0.6B)

* Including inter-segment transactions

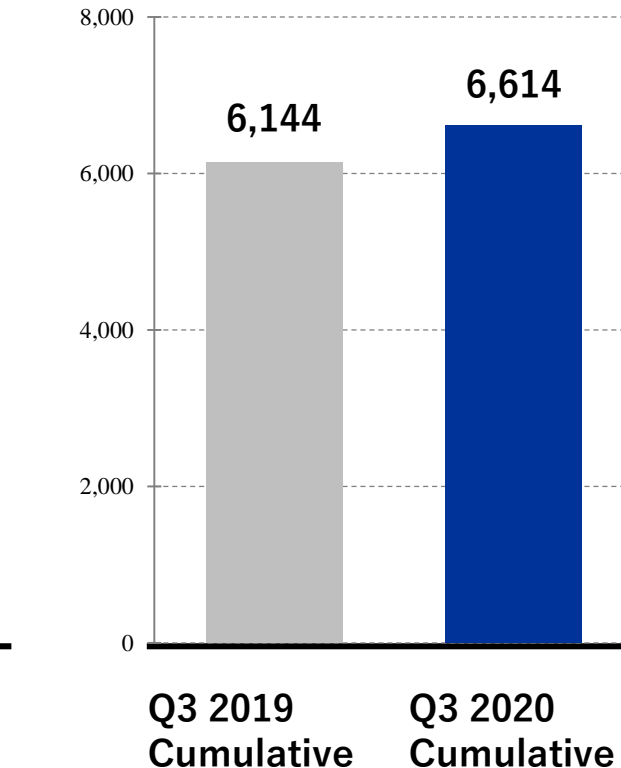
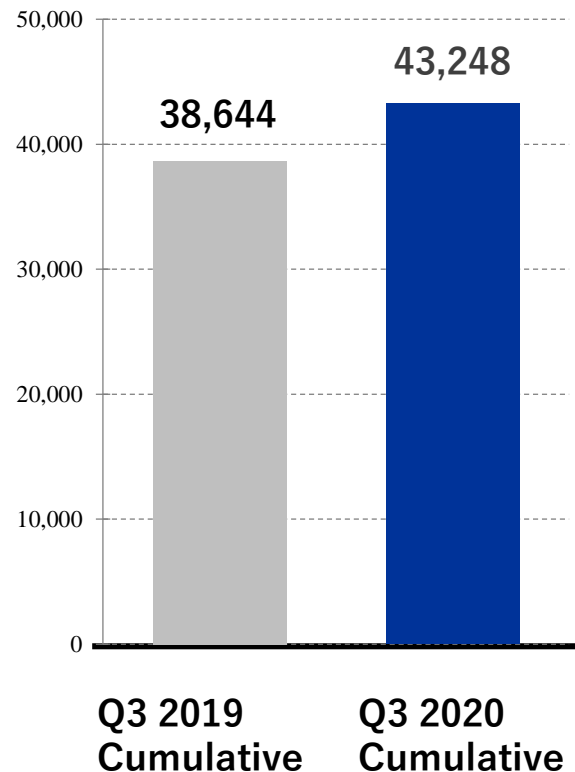
- Revenue was ¥43.2 billions at Q3 cumulative/FY2020 (+¥4.6B on a year-on-year comparison).
- Segment profit (profit attributable to Owners of Parent) was ¥6.6 billions (+¥0.5B on a year-on-year comparison).
- Revenues from the in-flight Internet connectivity decreased under continuous COVID-19 pandemic situation, however, **revenues from new satellites such as JCSAT-17 and Horizons 3e steadily increased. As a result, segment profit of the Space Business increased.**

Revenue

Segment profit

(Millions of Yen)

(Millions of Yen)



Major Factors contributing to changes in the segment profit

- **Revenue (+¥4.6 billions) ***
 - Increase in revenues from J-17 and H3e: +¥5.3B
 - Decrease in revenues from In-flight Internet: (¥0.8B)
- **Operating expenses (+¥3.5 billions) ***
 - Increase in Depreciation expense: +¥1.1B
 - Increase in Cost of satellite services: +¥2.4B

* Including inter-segment transactions

Revised Consolidated Financial Forecast for FY2020

Revised Financial Forecast for FY2020

(Millions of Yen)

	FY2019 Results	FY2020 Forecast (Previous)	FY2020 Forecast (Revised)	Difference from Previous Forecast
Revenue	139,541	139,000	139,000	± 0
Operating income	15,263	16,000	18,500	+ 2,500
Ordinary income	16,088	16,500	19,200	+ 2,700
Profit attributable to Owners of Parent	12,027	11,000	12,500	+ 1,500
EBITDA *	41,531	42,200	44,700	+ 2,500

* EBITDA = Net income + Tax expenses + Depreciation + Amortization of goodwill + Interest expenses

* JCSAT-17 is included in lease receivables as it is subject to finance lease transactions

■ Major Factors behind the revision to the earnings forecasts by each segment:

- **Media Business:** Entire cost structure has been reviewed thoroughly, and that effects realize continuously. In addition, costs related to sales promotion activities and content-related cost are curtailed due to the spread of the COVID-19.
- **Space Business:** Profits are constantly improving due to an increase in sales at an overseas subsidiary and a reduction in operating costs in the domestic business.

(Millions of Yen)

	Previous Earnings Forecast for FY2020				Revised Earnings Forecast for FY2020			
	Media Business	Space Business	Consolidated Eliminations	Consolidated Total	Media Business	Space Business	Consolidated Eliminations	Consolidated Total
Revenue	91,500	58,000	(10,500)	139,000	91,000 [(500)]	58,500 [+ 500]	(10,500) [± 0]	139,000 [± 0]
Operating income	4,400	12,400	(800)	16,000	5,700 [+1,300]	13,500 [+1,100]	(700) [+100]	18,500 [+2,500]
Segment Profit (Profit attributable to Owners of Parent)	3,100	8,500	(600)	11,000	4,000 [+900]	9,000 [+500]	(500) [+100]	12,500 [+1,500]

* The number inside of [] is the amount of change from previous forecast.

Media Business

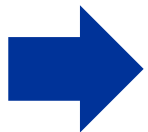
- We organized an “online fair” bringing together about 100 events and gifts for fans from a variety of genres.
- Plans are also prepared that can be enjoyed even by non-subscribers, appealing SKY PerfecTV!’s attractions of not only its broadcasting but a wide range of events.
- The Fan Festival provided an opportunity to touch on SKY PerfecTV!.



Period of Fan Festival: October 30 to December 31, 2020



The press conference was picked up by TV and other media, and a total of 1.4 million people, including general viewers, watched.



We plan to provide information such as “SKY PerfecTV!/Free Day” and “Basic Plan free viewing campaign” to people who have contacted at the Fan Festival as “re-targeting,” stimulating their interests in various programs to promote subscriptions.

- 2020 was a different season than usual due to the COVID-19 pandemic situation.
- In 2021, we will thoroughly deliver the fun of watching professional sports to subscribers who are eagerly awaiting the new season.



Professional Baseball 2021 (Opening on March 26, 2021)

In this season, we also broadcast official games of all 12 baseball teams. Subscribers can easily watch the games even on a smartphone by using the apps.



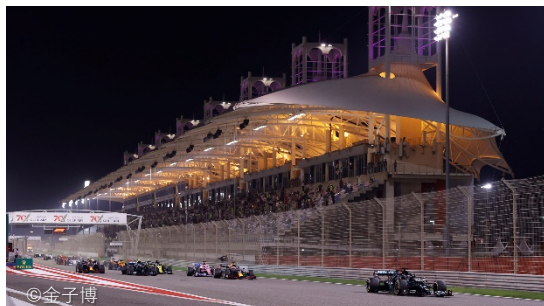
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2021 J League YBC Levain Cup (Opening on March 2, 2021)

In March, we plan to implement a soccer-set discount campaign targeting new and existing customers. We provide opportunities for many soccer fans to enjoy broadcasting/distribution by allowing them to easily subscribe.

2021 F1 Grand Prix (Opening race on March 26, 2021, Bahrain GP)

Full live broadcasting of all sessions of this topical season such as Mr. Yuki Tsunoda, a Japanese driver for the first time in seven years, participating, and the last season for Honda. We implement 4K live broadcast, too, preparing free viewing campaign for contractors.



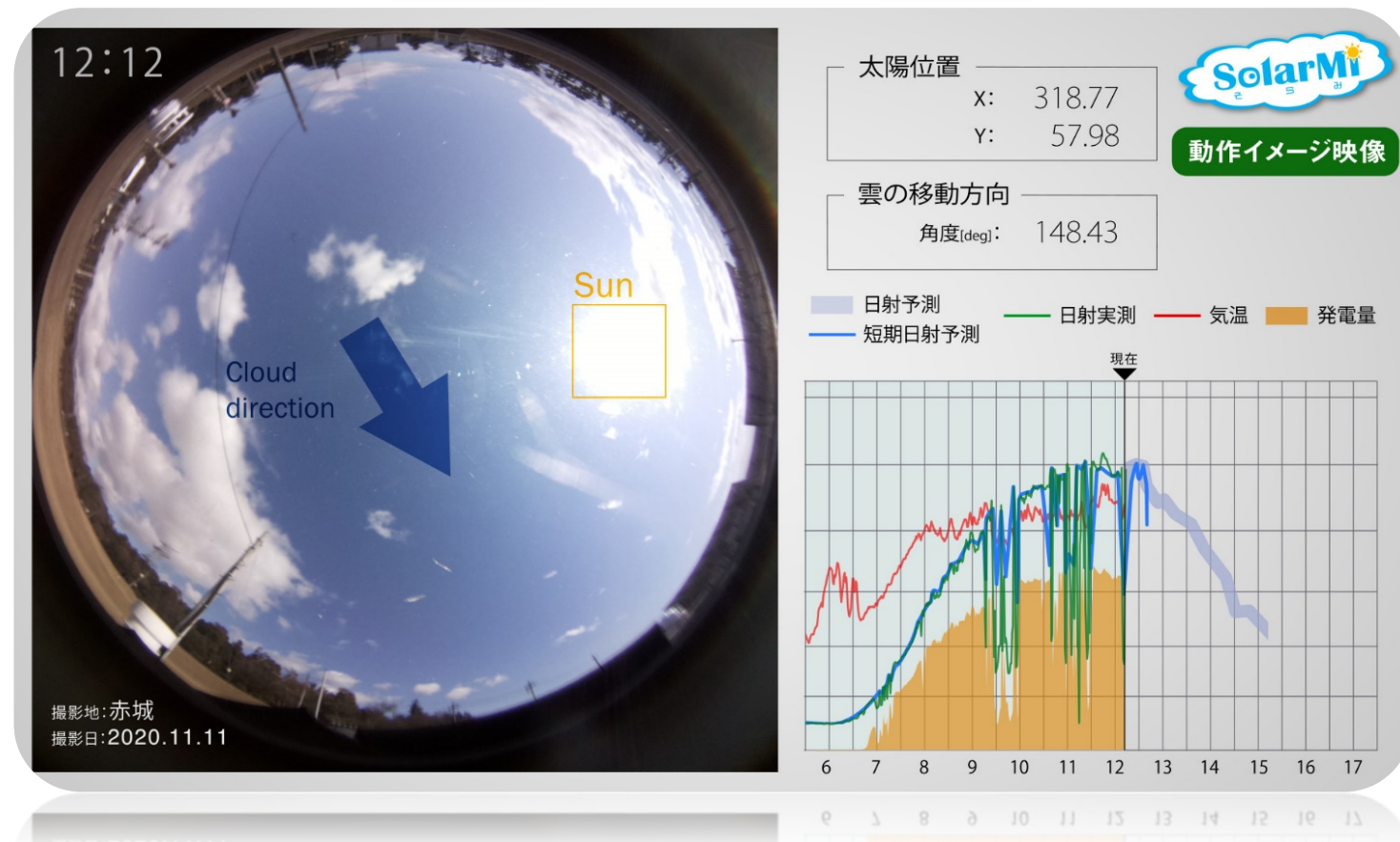
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Space Business

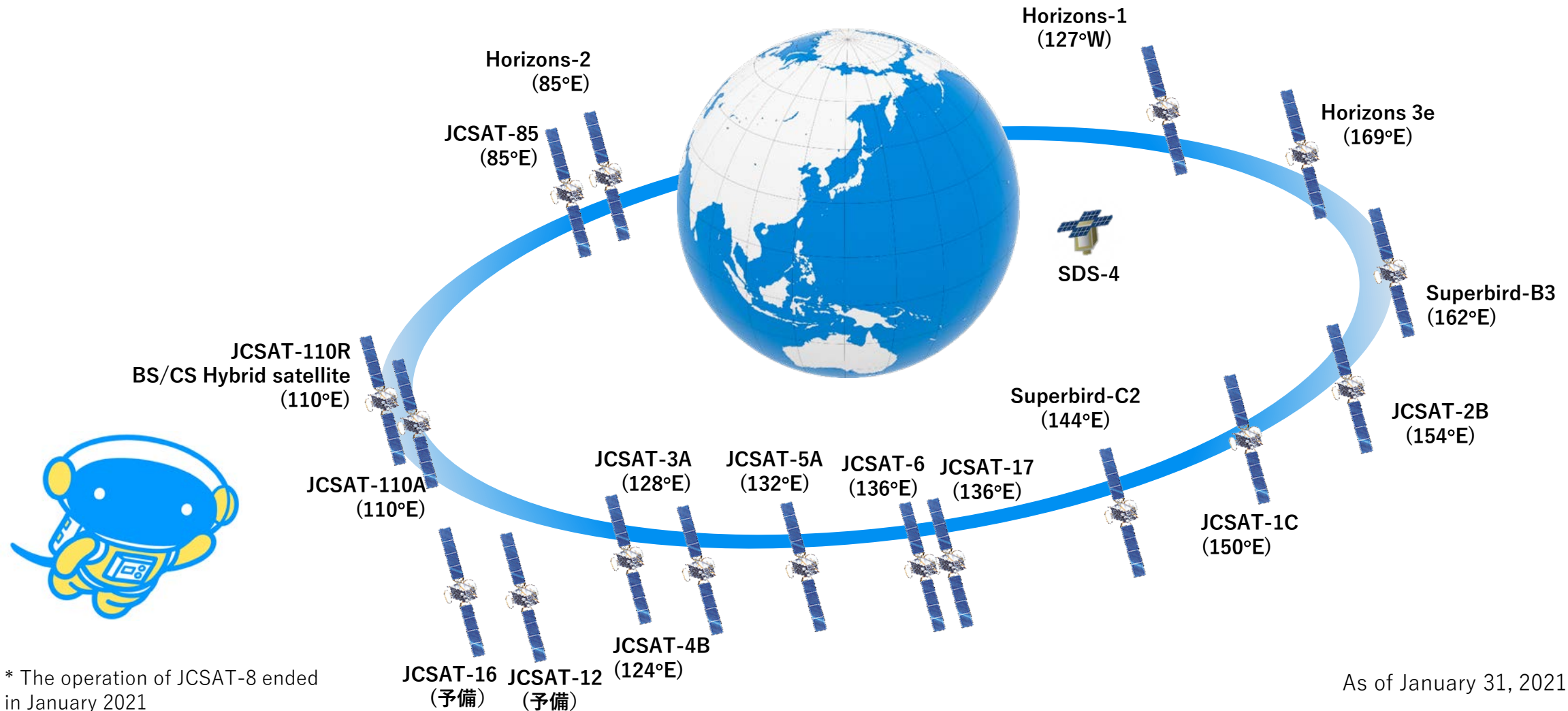
Development of Photovoltaic prediction system (Project SolarMi)

■ We agreed with Central Research Institute of Electric Power Industry on joint development of a “Hybrid Photovoltaic Power Generation Prediction System (Hybrid Prediction System)” using all-sky images from satellite images and combined ground sensors and AI technology.

- Improve the prediction accuracy of the photovoltaic power generation by tracking the movement of clouds from images taken from satellites and combined sensors on the ground
- Realize a stable supply of solar power and help promote the use of renewable energy in a decarbonized society
- Systemize this technology and aim to start the service in 2022



A total of **18** satellites covering from North America to the Indian Ocean



References

Key Indicators of Media Business

	Q3 FY2019 Cumulative	Q3 FY2020 Cumulative	Annual Target for 2020
New* (IC cards or chips)	43.4	44.9	64.3
Net Increase (IC cards or chips)	(7.6)	(8.1)	(8.2)
- SKY PerfecTV!	0.0	(1.0)	1.5
- SKY PerfecTV!Premium Service	(7.3)	(6.9)	(9.2)
- SKY PerfecTV!Premium Service Hikari	(0.3)	(0.3)	(0.6)
Cumulative number of subscribers (IC cards or chips)	317.2	308.8	308.8
Cumulative number of contractors (contracts)	264.2	251.2	249.2
Monthly Unit Price paid by Contractor (Yen)			
- SKY PerfecTV!	3,264	3,298	—
- SKY PerfecTV!Premium Service	3,657	3,613	
- SKY PerfecTV!Premium Service Hikari	5,254	5,193	

* “New” is the sum of the number of subscribers, which had been counted separately as “New” and “Re-subscription” until September 2019. The numbers in 2019 are re-calculated.

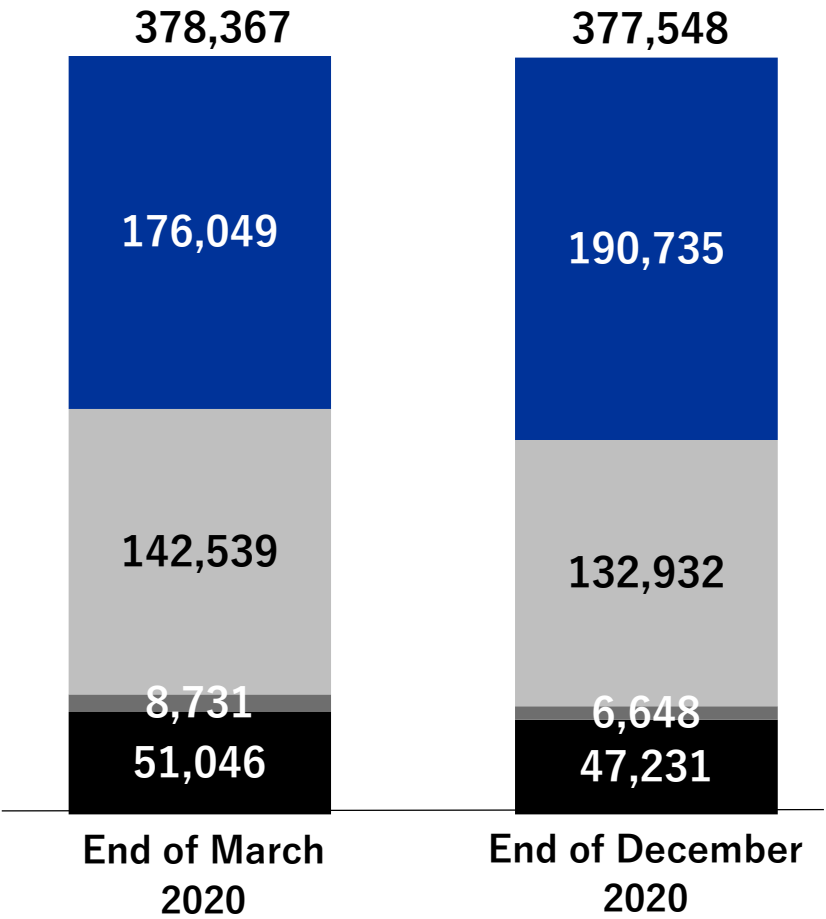
Consolidated Earnings Results by Segment

(Millions of Yen)

	FY2019					FY2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
Revenue	34,519	34,752	34,552	35,717	139,541	34,674	35,099	34,568
Media Business	24,985	24,822	24,213	23,623	97,645	23,066	23,422	22,896
Space Business	12,570	12,893	13,180	14,889	53,533	14,381	14,465	14,400
Consolidated Eliminations	(3,037)	(2,963)	(2,842)	(2,794)	(11,637)	(2,773)	(2,789)	(2,728)
Operating income	3,694	4,636	3,971	2,960	15,263	5,594	5,521	5,461
Media Business	654	1,932	1,284	(795)	3,076	2,174	2,525	2,347
Space Business	3,225	2,875	2,855	3,945	12,901	3,568	3,197	3,275
Consolidated Eliminations	(185)	(171)	(168)	(189)	(714)	(148)	(201)	(161)
Segment profit <small>(Profit attributable to Owners of Parent)</small>	2,464	3,479	2,582	3,500	12,027	4,022	3,843	3,424
Media Business	474	1,416	909	1,746	4,546	1,603	1,794	1,691
Space Business	2,146	2,197	1,800	1,884	8,029	2,529	2,226	1,857
Consolidated Eliminations	(156)	(134)	(128)	(130)	(549)	(111)	(178)	(124)

Assets

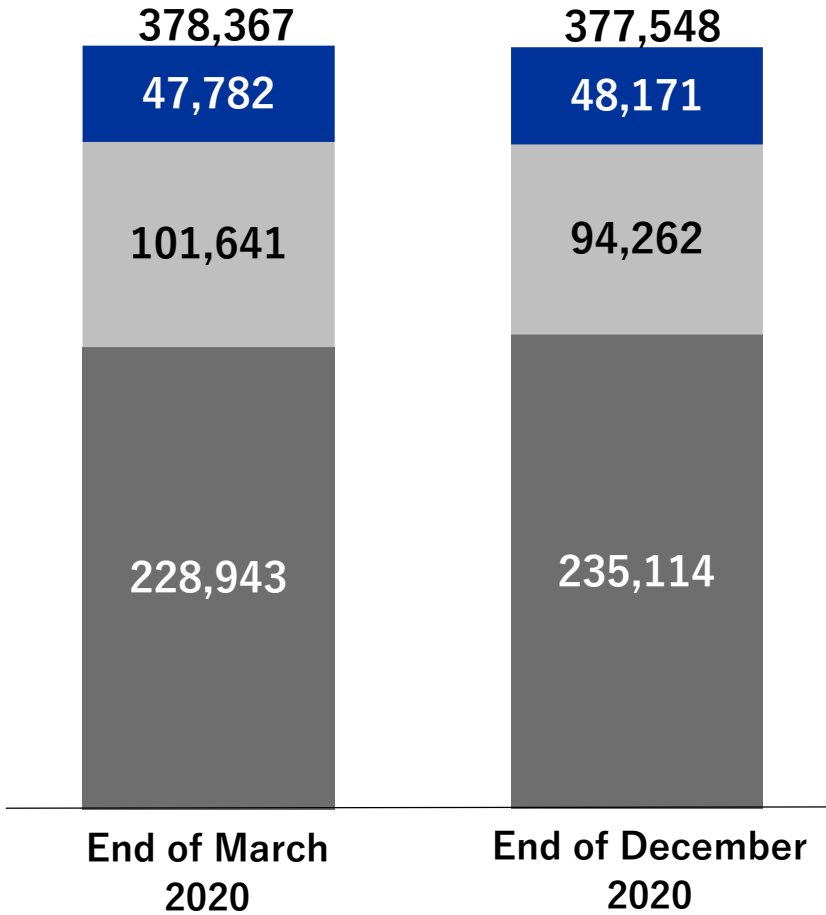
(Millions of yen)



Current assets Property, Plant and Equipment
Intangible assets Investments and other assets

Liabilities and Net Assets

Equity Ratio: 60.3% 62.0% (Millions of yen)



Current liabilities Long-term liabilities Net assets

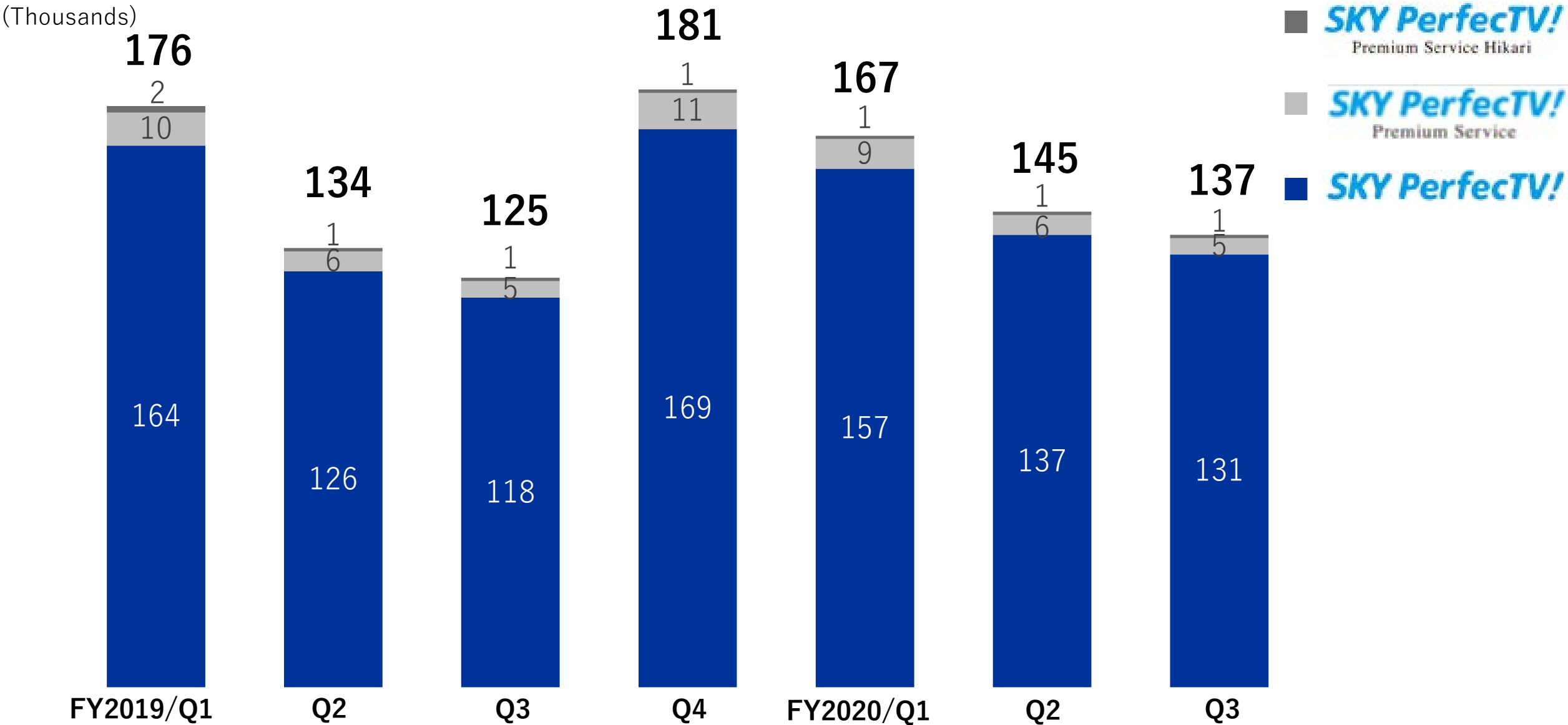
(Millions of Yen)

	Q3 2019 Cumulative	Q3 2020 Cumulative
Net Cash from Operating Activities	23,785	47,106
Net Cash from Investing Activities	(15,117)	(7,612)
Free Cash Flows ^(*1)	8,667	39,494
Net Cash from Financing Activities	(12,442)	(16,530)
Cash and Cash Equivalents Balance at Term-end (a)	44,269	66,501
Interest-bearing Debt Balance at Term-end ^(*2) (b)	102,542	90,295
Net Interest-bearing Debt Balance at Term-end (b) – (a)	58,273	23,794

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

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

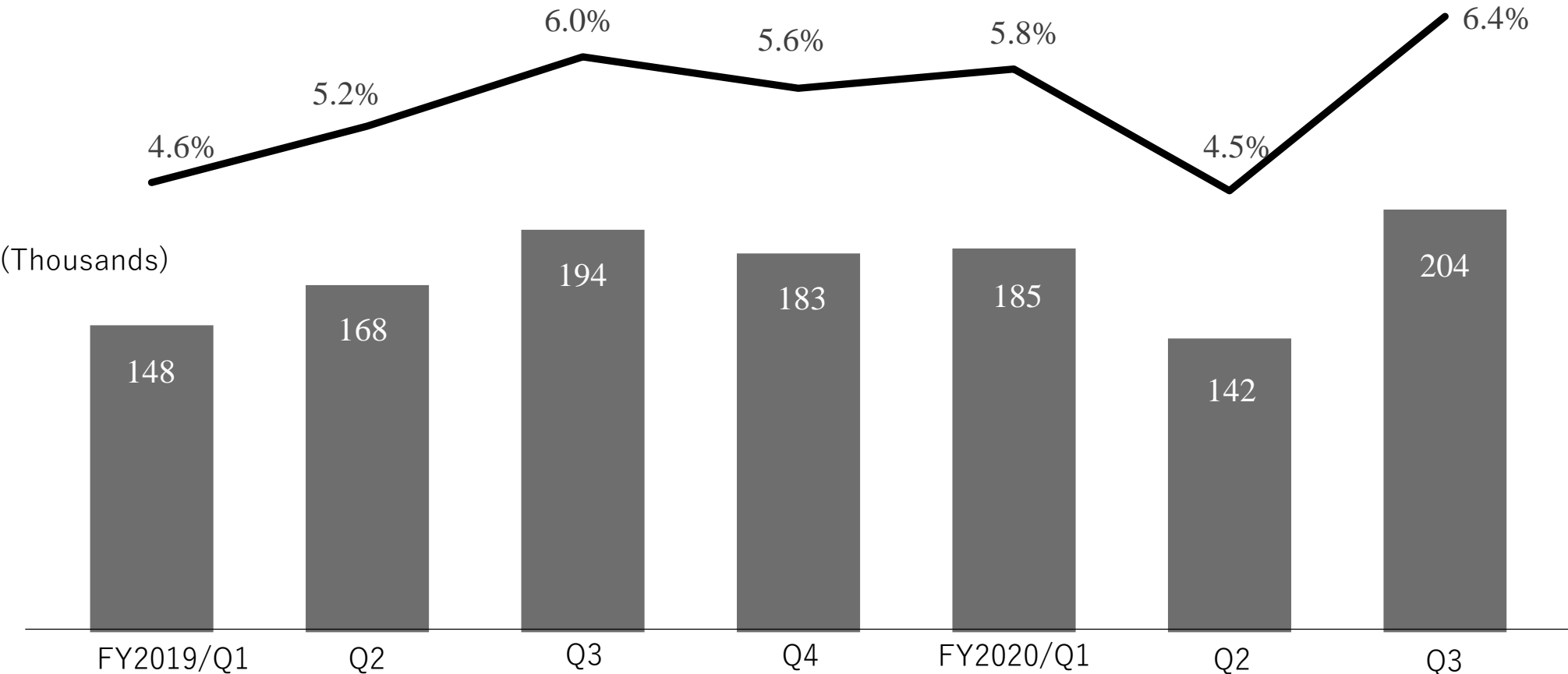
Number of New Subscribers (IC cards or IC chips)*



* “New” is the sum of the number of subscribers, which had been counted separately as “New” and “Re-subscription” until September 2019. The numbers in 2019 are re-calculated.

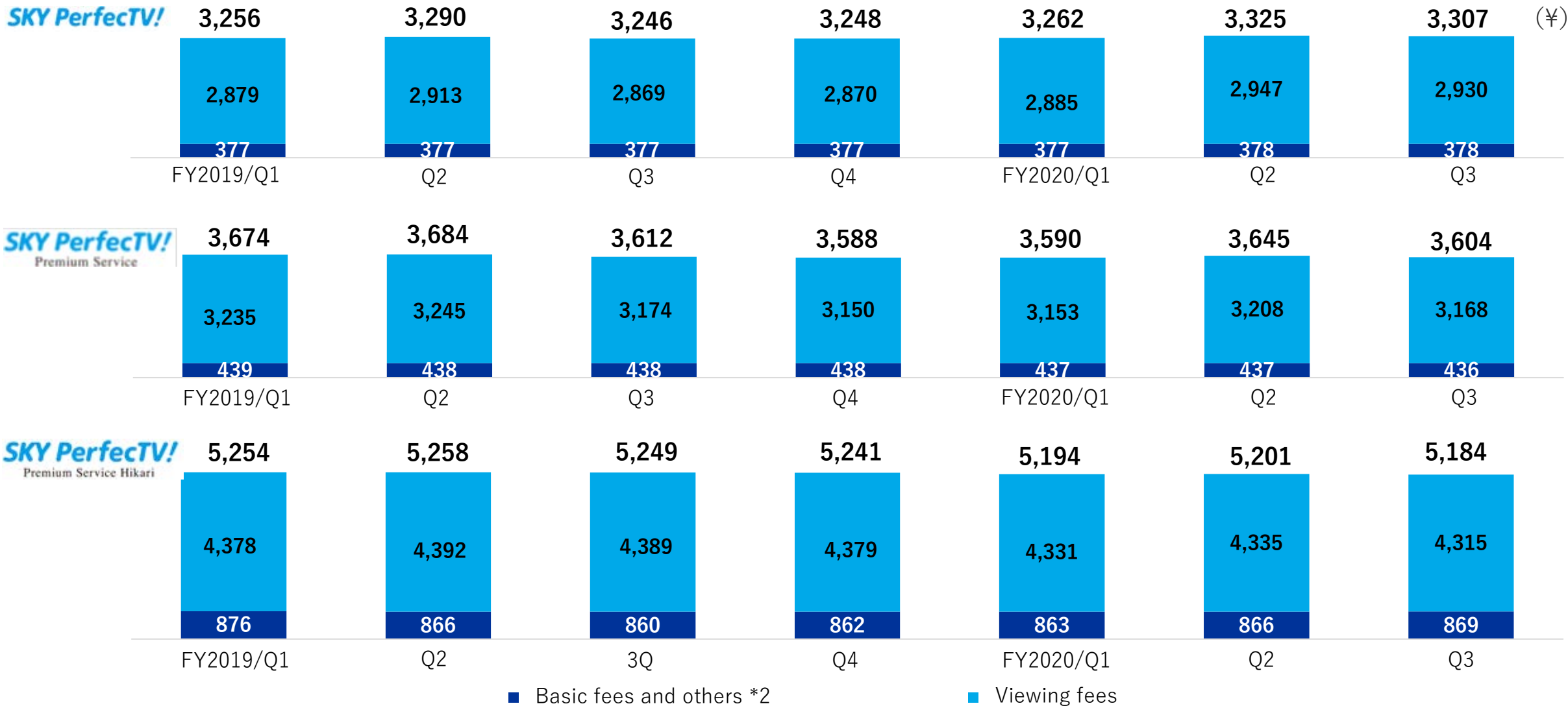
Churn Rate (IC cards or IC chips)

Churn rate* (quarterly)
 Number of Churn
 NOTE: SKY PerfectTV! Services total



* 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.

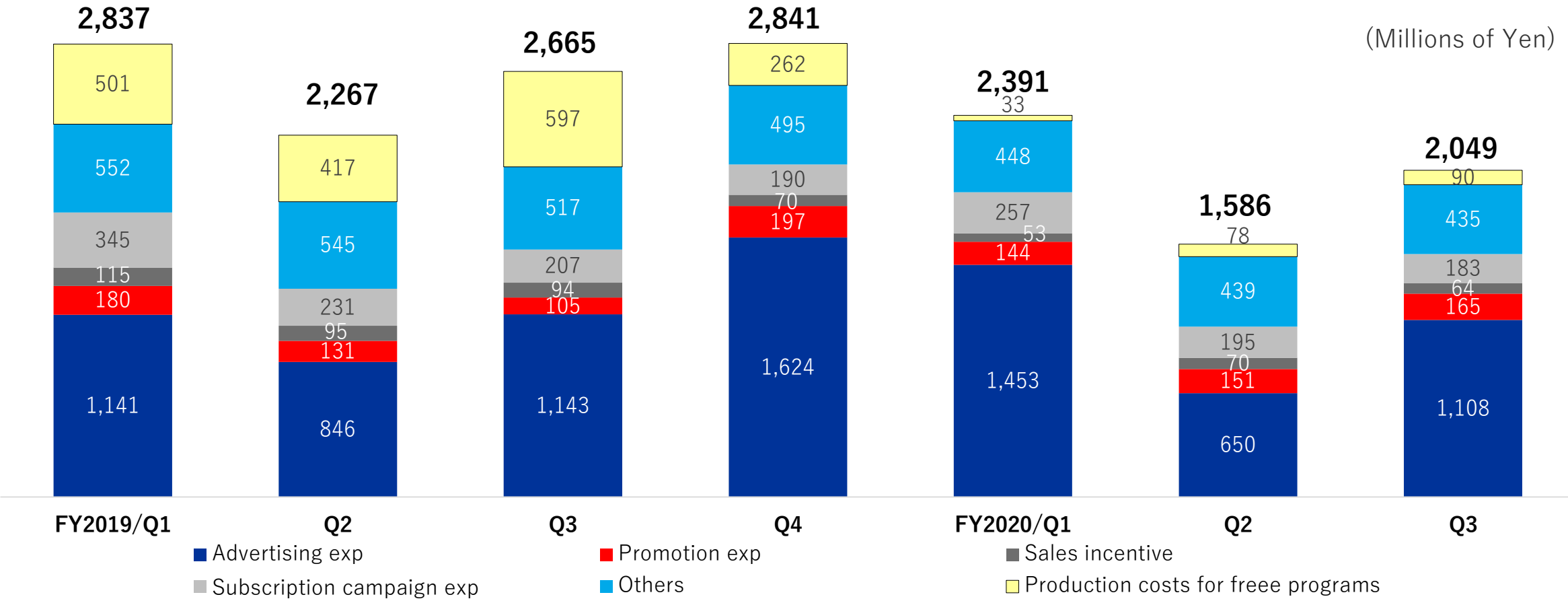
Average Monthly Contractor's Payments *1



*1 Average monthly payments made by contractors such as Basic fees and Viewing fees. The monthly unit price, which was previously disclosed on a “subscribers” basis, has been changed to “contractors” since materials disclosed in the first quarter of Fiscal 2019.

*2 Basic fees, other 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: incentives and agency fees for electronics retail stores and mobile carriers
- 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!

Space for your Smile

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