



Earning Results Briefing for the Second Quarter of FY2020

November 4, 2020

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 Q2 of FY2020





Overview of Consolidated Earning Results for Q2/FY2020

- Consolidated revenues and profits (cumulative Q2) increased compared to the same period of the previous year.
- In the Media Business, revenues from viewing fees decreased, however, the related cost declined as well, and also in the Space Business, revenues on JCSAT-17 and Horizons 3e satellites increased steadily.
- On November 4, 2020, the company revised the financial forecasts for Fiscal Year 2020.

(Millions of Yen)

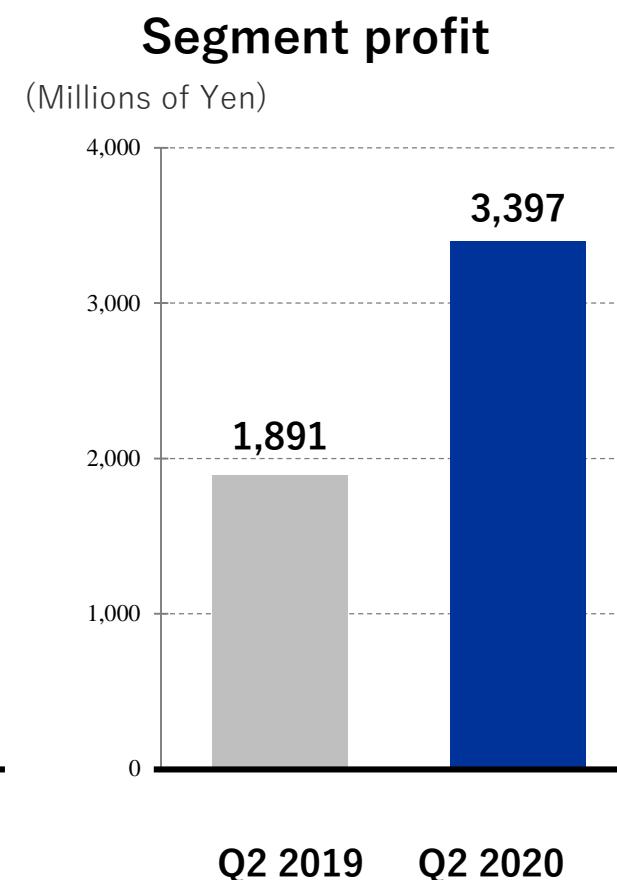
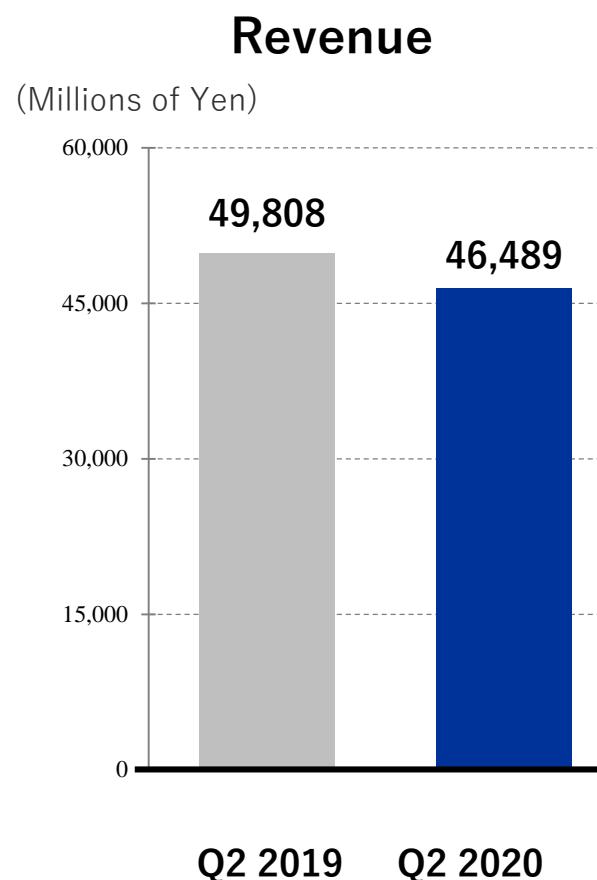
	Q2 2019 Cumulative	Q2 2020 Cumulative	Change	2020 Financial Forecast (Previous)	2020 Financial Forecast (Revised)	Progress rate For the revised 2020 Financial Forecast
Revenue	69,271	69,773	0.7%	140,000	139,000	50.2%
Operating income	8,331	11,116	33.4%	12,000	16,000	69.5%
Ordinary income	8,808	11,821	34.2%	12,500	16,500	71.6%
Profit attributable to Owners of Parent	5,943	7,865	32.3%	8,000	11,000	71.5%
EBITDA *	22,279	24,463	9.8%	38,000	42,200	58.0%

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



Earnings Overview of Media Business

- Segment profit (profit attributable to Owners of Parent) was ¥3.4 billions (+¥1.5B compared to the same period of the previous year)
- Revenues from viewing fees decreased, however, related cost, such as program provision cost, content-related cost, and depreciation expenses decreased. As a result, total segment profit of the Media Business increased.



Factors contributing to changes in the segment profit

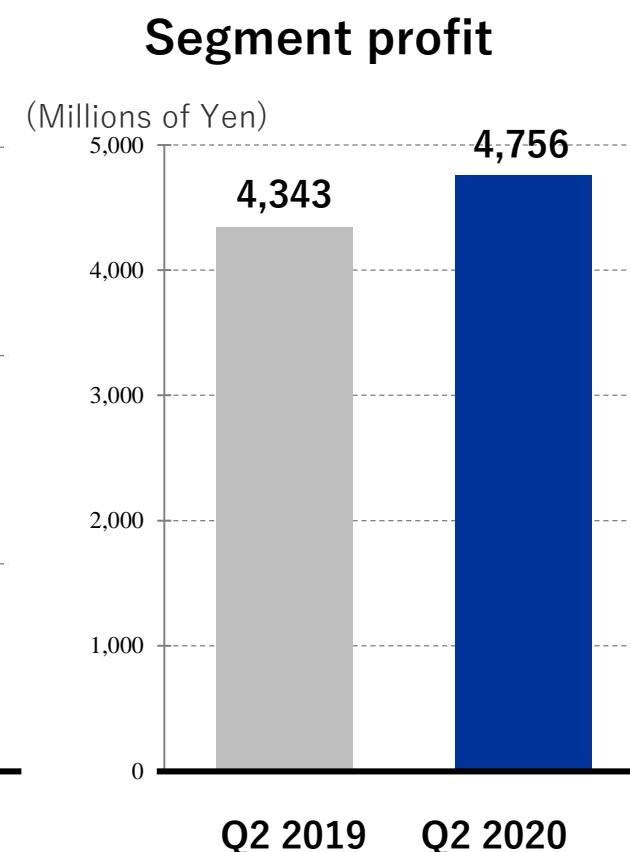
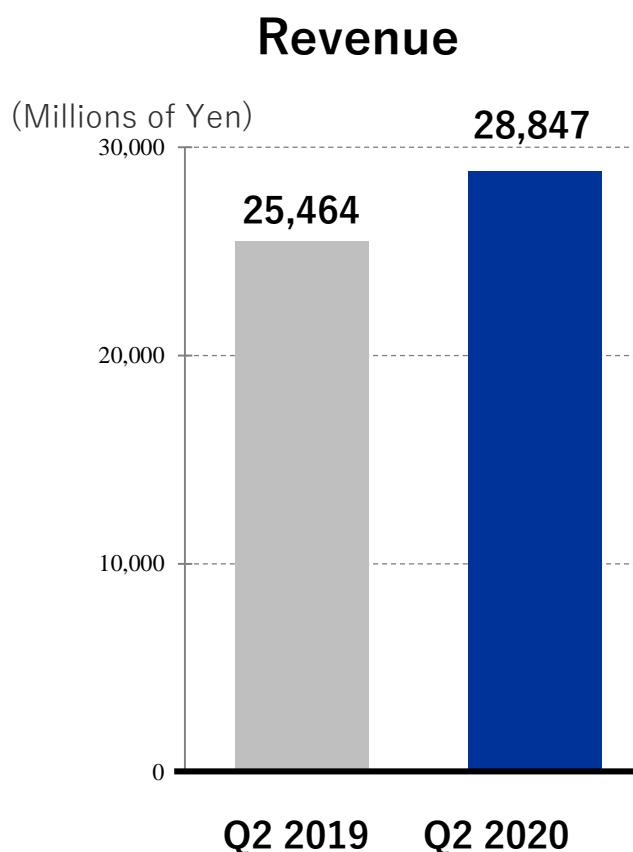
- **Revenue (-¥3.32 billions) ***
 - Decrease in revenue from viewing fees: (¥2.1B)
 - Decrease in revenue from basic fees: (¥0.4B)
 - Decrease in revenue from commissions: (¥0.4B)
- **Operating expenses (-¥5.43 billions) ***
 - Decrease in cost for program provision: (¥1.1B)
 - Decrease in content-related cost: (¥1.1B)
 - Decrease in depreciation expense: (¥1.1B)
 - Decrease in promotion-related cost: (¥0.5B)
 - Decrease in satellite transponder cost: (¥0.5B)

* Include inter-segment transactions



Earnings Overview of Space Business

- Segment profit (profit attributable to Owners of Parent) was ¥4.8 billions (+¥0.4B compared to the same period of the previous year)
- Revenues from the in-flight Internet connectivity decreased due to the negative impact of COVID-19, however, revenues from new satellites such as JCSAT-17 and Horizons 3e. As a result, segment profit of the Space Business increased.



Factors contributing to changes in the segment profit

- **Revenue (+¥3.38 billions) ***
 - Increase in revenues from J-17 and H3e: +¥3.7B
 - Decrease in revenues from In-flight Internet: (¥0.6B)
- **Operating expenses (+¥2.72 billions) ***
 - Increase in Depreciation expense: +¥0.8B
 - Increase in Cost of satellite services: +¥2.0B

* Include 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	140,000	139,000	(1,000)
Operating income	15,263	12,000	16,000	+ 4,000
Ordinary income	16,088	12,500	16,500	+ 4,000
Profit attributable to Owners of Parent	12,027	8,000	11,000	+ 3,000
EBITDA *	41,531	38,000	42,200	+ 4,200

* 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



Revised Financial Forecast for FY2020 (Segment)

■ Reviewed the impact on both businesses through the year of the COVID-19

- **Media Business:** While revenue declines due to the cancellation of major events, related costs will also decline. In addition, the effects of the review of the cost structure have begun to appear.
- **Space Business:** Revenues mainly associated with the in-flight Wi-Fi connectivity, which had been conservatively expected, are expected to improve from the previous prediction. In addition, this revision reflects the reduction of business operating costs and the delay in the incurrence of some upfront costs.

(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	93,900	57,300	(11,200)	140,000	91,500 [(2,400)]	58,000 [+700]	(10,500)	139,000 [(1,000)]
Operating income	2,300	10,300	(600)	12,000	4,400 [+2,100]	12,400 [+2,100]	(800)	16,000 [+4,000]
Segment Profit (Profit attributable to Owners of Parent)	1,800	6,800	(600)	8,000	3,100 [+1,300]	8,500 [+1,700]	(600)	11,000 [+3,000]

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

Media Business



■ The first collaborative model that we share broadcasting facilities with CATV operators

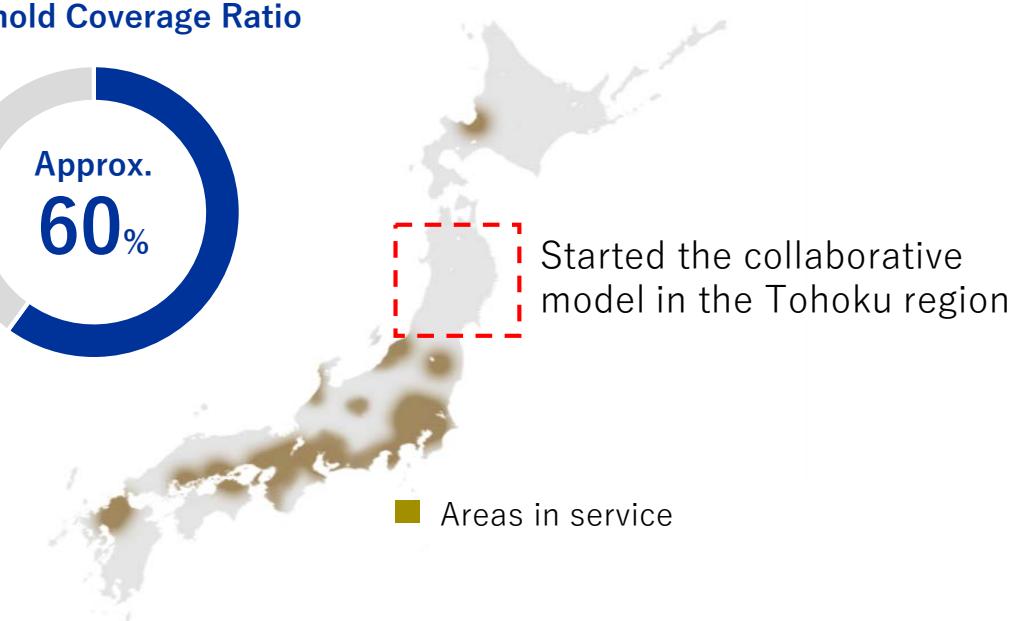
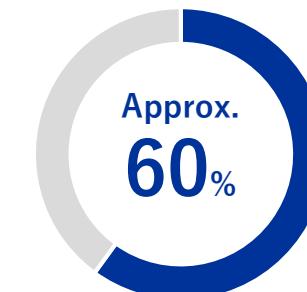
- Improve business efficiency by sharing facilities and resources and expand subscribers to retransmission services

Accelerate nationwide expansion of service areas through collaboration with CATVs

Number of available households: **Expanded to 32 million households in 31 prefectures**

Household coverage ratio: **Approx. 60%**

Household Coverage Ratio



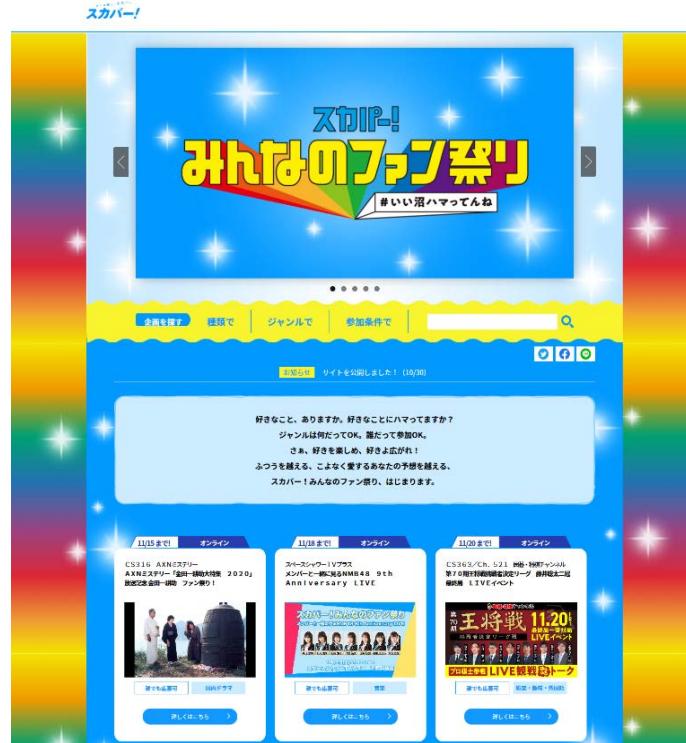
Summary of the Collaboration:

- Expansion area: Tohoku region Miyagi, Yamagata, Iwate (expanding after November, 2020)
- Number of available households: 1 million households
- Collaborative CATV operators: Miyagi Cable TV Co., Ltd. (Miyagi), New Digital Cable Corporation(Miyagi), Diversity Media Co., Ltd.(Yamagata), Iwate Cable Television (Iwate)
- Business model: We share head-end facilities and optical fibers with CATV operators and each provides services



Measures for the Second-half: SKY PerfecTV! Fan Festival for Everyone

 SKY Perfect JSAT Group



Summary:

- A festival of content entertaining (enthraling) many fans through SKY PerfecTV!
- A variety of original plans, such as subscriber-only online events, online talk shows and premium gifts
- In addition, it delivers original content that can be joined by even non-subscribers

Purpose:

- As part of its fine-tuned “fan marketing” it intents to build up contact points with each fan based on multi-genre and multi-channel content, aiming to improve their interest and loyalty to our service.

Period: October 30 through December 31, 2020

[Excerpt of Plans]



Online talk show by **Fukuoka Softbank Hawks'** professional baseball players (planned) (Sports Live+)



©NMB48

“NMB48 9th Anniversary LIVE watching with its members” (SPACESHOWER TV+)



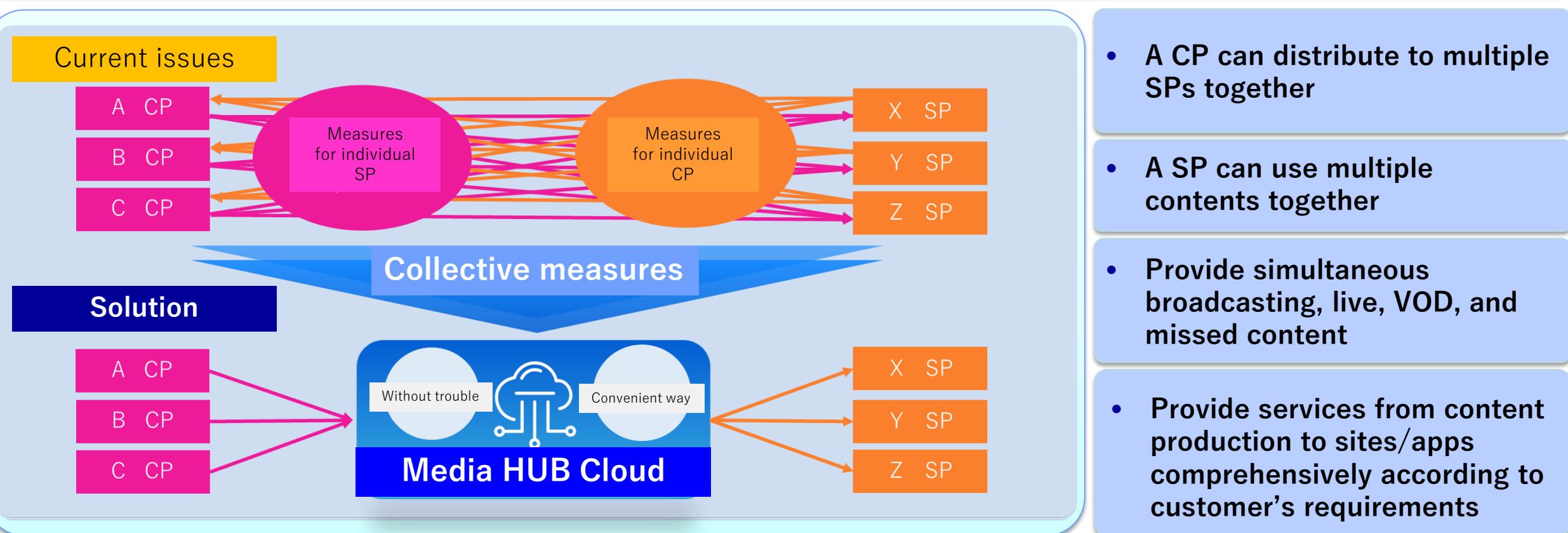
SUPERGIRL and all related pre-existing characters and elements TM and © DC Comics. Supergirl series and all related new characters and elements TM and © Warner Bros. Entertainment Inc. All Rights Reserved.

SUPERGIRL (Season 5)
Broadcasting commemorative Special Talk LIVE (Mikako Komatsu, dubbing voice actor) (AXN)

Contribution to Distribution Services in Japan and overseas

Cooperation with PLAY, inc., Japan's largest solution provider of video distribution for Media

Develops SKY PerfecTV! Tokyo Media Center (TMC) as a center of aggregation and distribution, aiming to provide a short-term, low-cost, and highly reliable distribution method for both of content providers (CPs) and OTT service providers (SPs)



Space Business



Concluded an agreement with JAXA on ETS-9

■ Concluded an agreement with Japan Aerospace Exploration Agency (JAXA) on Engineering Test Satellite-9 (ETS-9)

- SKY Perfect JSAT has reached an agreement with JAXA on operating ETS-9 satellite bus system during the post-demonstration period and embarking our own payload (onto ETS-9) regarding "operation of the bus of ETS-9 and addition of co-payload" in JAXA announcement.
- Optical telescope equipped with as our co-payload will image the status of geostationary orbit including debris, etc.

The Scope of Work 1: Operation of ETS-9

- Operate ETS-9 from SKY Perfect JSAT's YSCC (Yokohama Satellite Control Center)



The Scope of Work 2: Additional load of co-payload

- Equipped with an optical telescope of SKY Perfect JSAT, images the status of geostationary orbit including debris, etc.





■ Business partnership with ZENRIN CO., LTD. and Nippon Koei Co., Ltd. to provide “Satellite Disaster Prevention Information Service”

- Partnering by Japan's three largest companies in the business of satellite, map, and construction consulting
- Developing “Satellite Disaster Prevention Information Service” used for disaster risk forecasting, disaster mitigation, and early recovery of infrastructure facilities, etc.

Each company's Role



Develops imaging and analysis technologies
Utilizing optical satellites and SAR satellites



Provides housing map data, building polygon, statistical map data, etc.
necessary for calculating damage

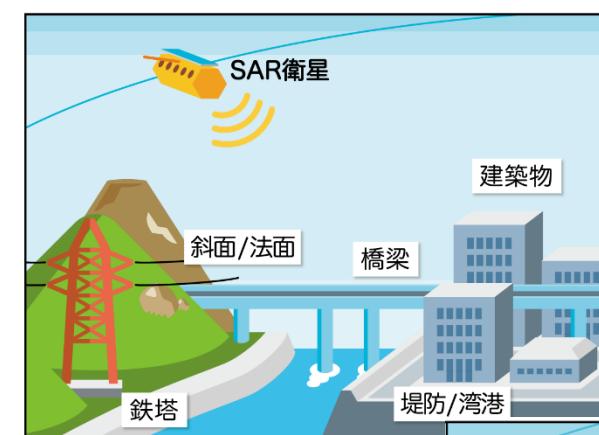


Develops risk assessment technologies (alert functions),
forecasting technologies, and display content

- Risk assessment and prediction based on the observation results analyzed by satellite data
- The information is posted on high-frequency updated and high-precision maps
- Statistical processing according to customer's requirements

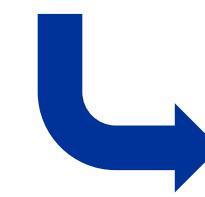
Comprehensive disaster prevention information service

Service Concept



In ordinary times:

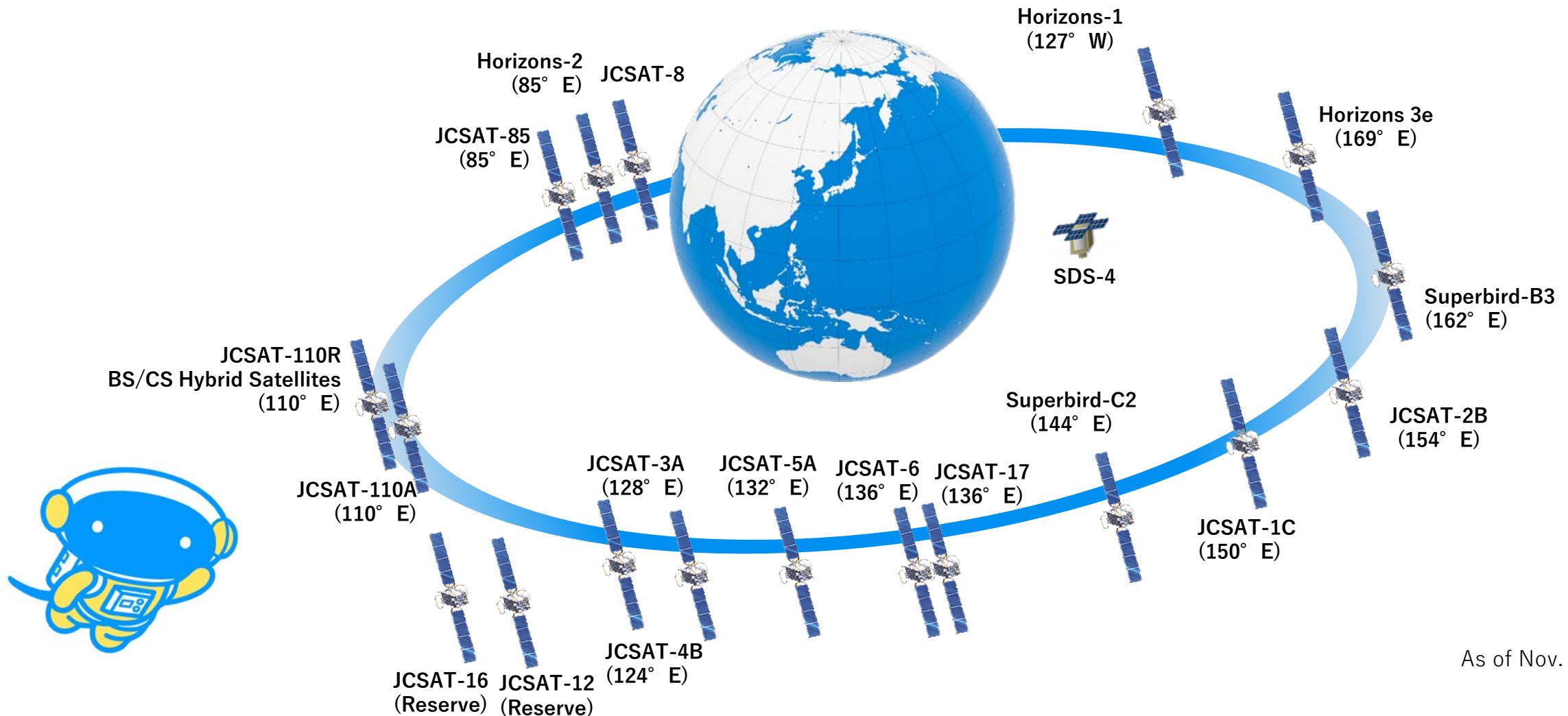
- Monitoring infrastructures
- Lead to disaster mitigation and disaster prevention



In the event of disaster:

- To grasp damage status
- Support rescue and recovery activities and prevent secondary disasters

A total of 19 satellites covering from North America to the Indian Ocean.



As of Nov. 2020

New Initiatives



Establishment of Tutti Music Entertainment

 SKY Perfect JSAT Group

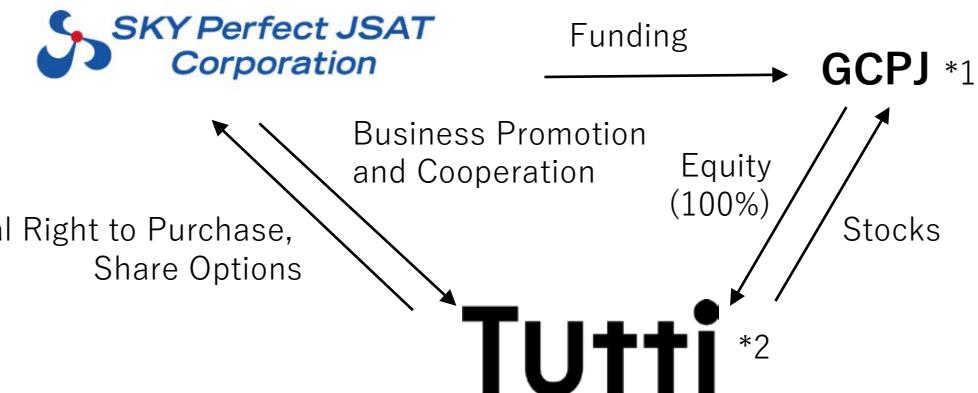
■ Tutti Music Entertainment Corporation

- The fund invested by SKY Perfect JSAT established a new company specializing in video distribution services of classic music, Tutti Music Entertainment Corporation (August 2020)
- Our first attempt to promote new business outside the company by utilizing the Fund's know-how in venture business development and its network etc.
- Wind-instrument music "Super-Band" festival held in October, 2020, in order to replace alternatively All Japan Student Wind-instrument Competition discontinued due to the COVID-19
- Scheduled to start the distribution service on November 20, 2020 (¥480 for monthly subscription fee)



Lead to our FUTURE! Wind-instrument music "Super-Band" Festival 2020 (sponsored by SKY Perfect JSAT Corporation)

Funding Structure



*1 Global Catalyst Partners Japan No.2 Investment Limited Partnership

*2 Tutti Music Entertainment Corporation

Launched Corporate Branding Activities (REBRANDING)

SKY Perfect JSAT
Group

- Started corporate branding activities under the brand slogan “Our Unlimited Vision, Your Practical Value.”
 - Started commercial since October 1, 2020, and is also being released on the official YouTube.
 - It has been broadcasted on TV created to promote understanding of our business.
 - We will continue to actively develop corporate branding activities in order to earn the understanding and empathy of society in our business and increase corporate value.

The scene of TV Commercial



The Brand website

Scrolling up is to
create a sense of our
business from the
ground to the space



The Group website



References

Key Indicators of Media Business

(Tens of thousands)	Q2 2019	Q2 2020	Target for FY2020
New* (IC cards or chips)	30.9	31.2	64.3
Net Increase (IC cards or chips)	(0.6)	(1.5)	(8.2)
- SKY PerfecTV!	4.0	2.9	1.5
- SKY PerfecTV! Premium Service	(4.5)	(4.2)	(9.2)
- SKY PerfecTV! Premium Service Hikari	(0.2)	(0.2)	(0.6)
Cumulative number of subscribers (IC cards or chips)	324.1	315.5	308.8
Cumulative number of subscribers (IC cards or chips)	272.4	258.5	249.2
Monthly Unit Price paid by Contractor (Yen)			
- SKY PerfecTV!	3,273	3,294	—
- SKY PerfecTV! Premium Service	3,679	3,617	—
- SKY PerfecTV! Premium Service Hikari	5,256	5,198	—

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



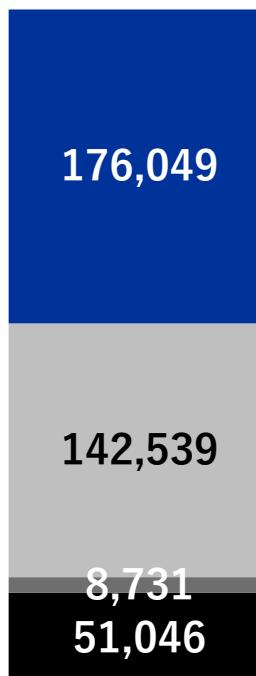
Consolidated Balance Sheet

SKY Perfect JSAT
Group

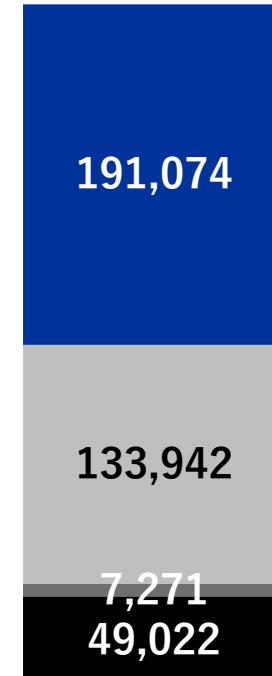
Assets

(Millions of yen)

378,367



381,311



End of March
2020

End of September
2020

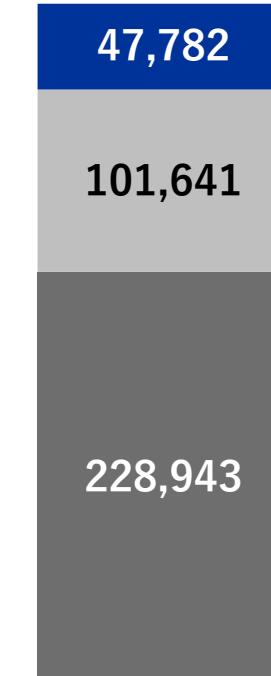
Liabilities and Net Assets

Equity Ration: 60.3%

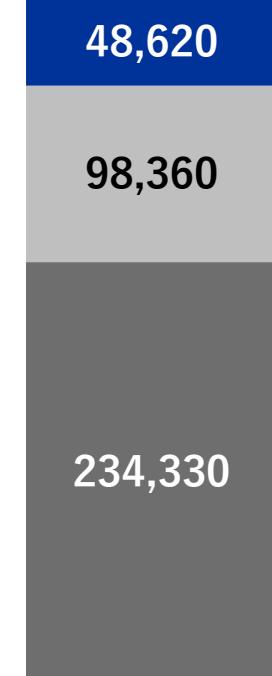
61.2%

(Millions of yen)

378,367



381,311



End of March
2020

End of September
2020

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

Current liabilities Long-term liabilities Net assets



Consolidated Cash Flows

(Millions of yen)

	Q2 2019 Cumulative	Q2 2020 Cumulative
Net Cash from Operating Activities	19,176	31,144
Net Cash from Investing Activities	(12,867)	(3,181)
Free Cash Flows ^(*1)	6,308	27,963
Net Cash from Financing Activities	(7,104)	(10,497)
Cash and Cash Equivalents Balance at Term-end (a)	47,246	61,040
Interest-bearing Debt Balance at Term-end ^(*2) (b)	104,924	94,116
Net Interest-bearing Debt Balance at Term-end (b) – (a)	57,678	33,075

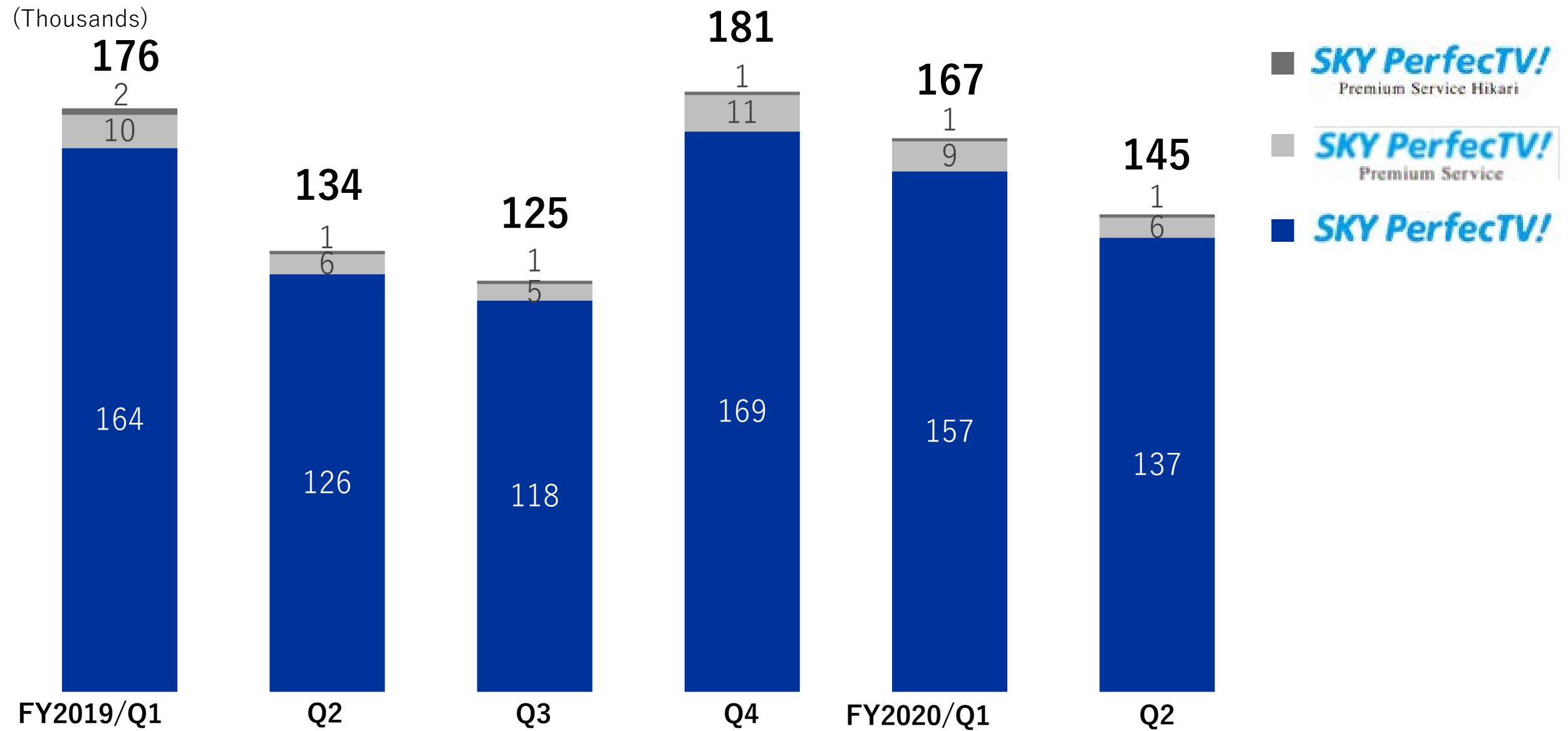
*1 Net Cash from Operating Activities + Net Cash from Investing Activities

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



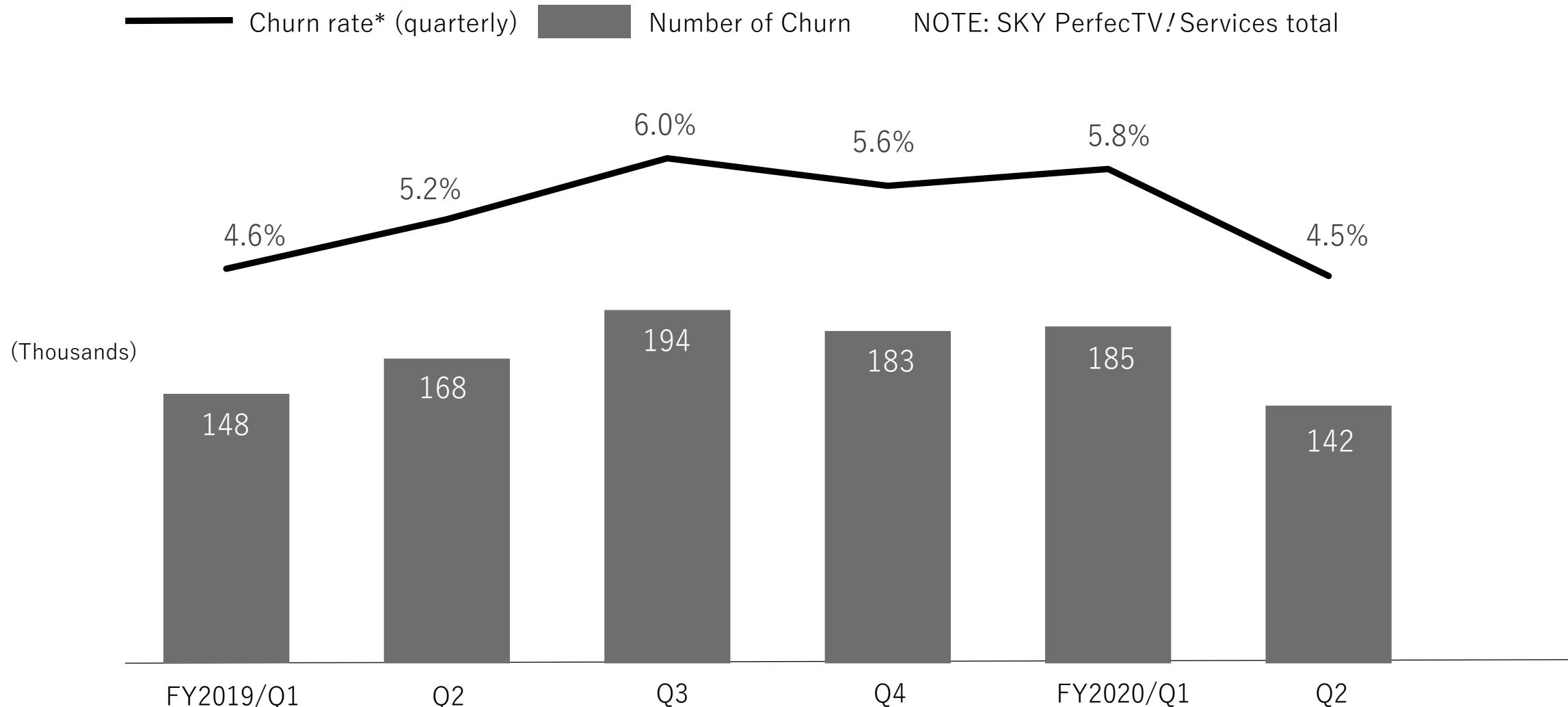
Number of New Subscribers (IC cards or IC chips)*

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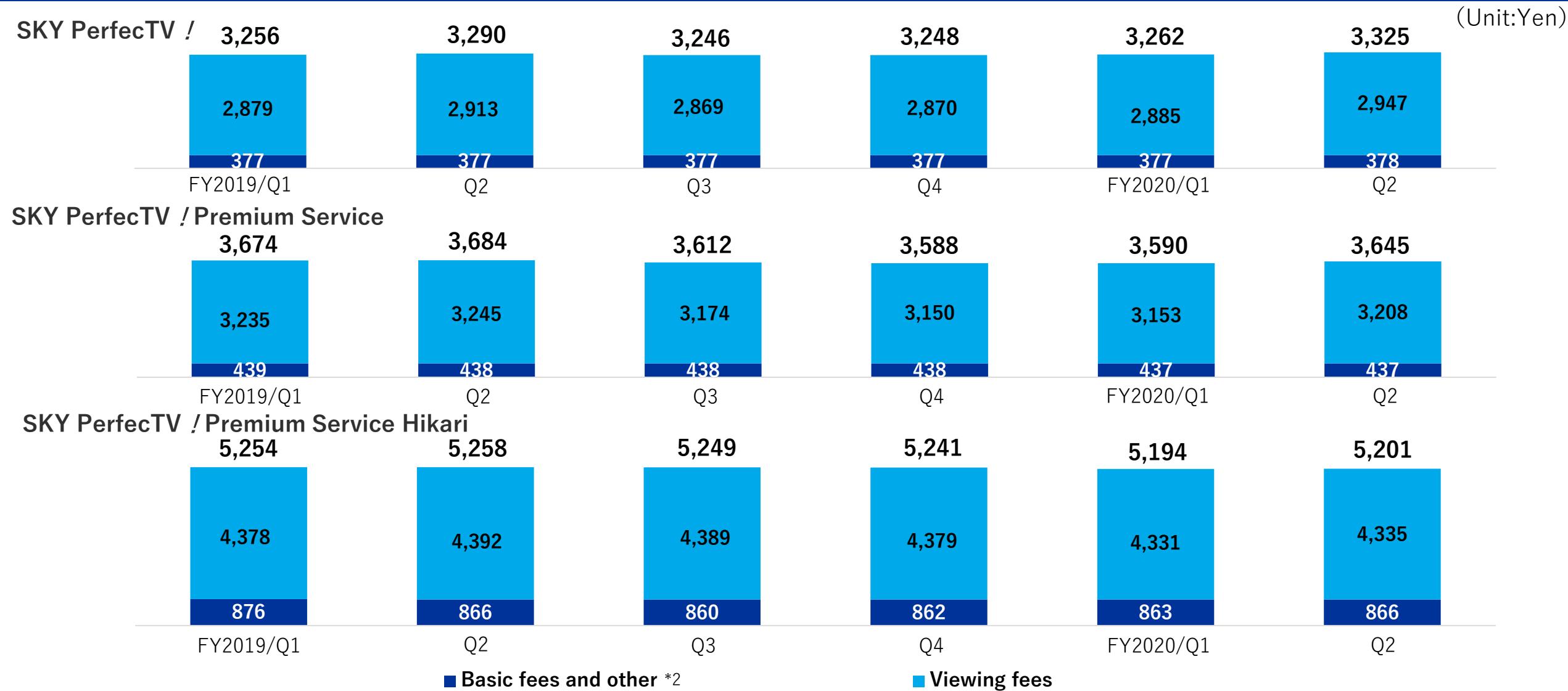
* "New" is the sum of the number of subscribers, which had been counted separately as "New" and "Re-subscription" until September 2019. The numbers in 2019 are re-calculated.

Churn Rate (IC cards or IC chips)



* 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.

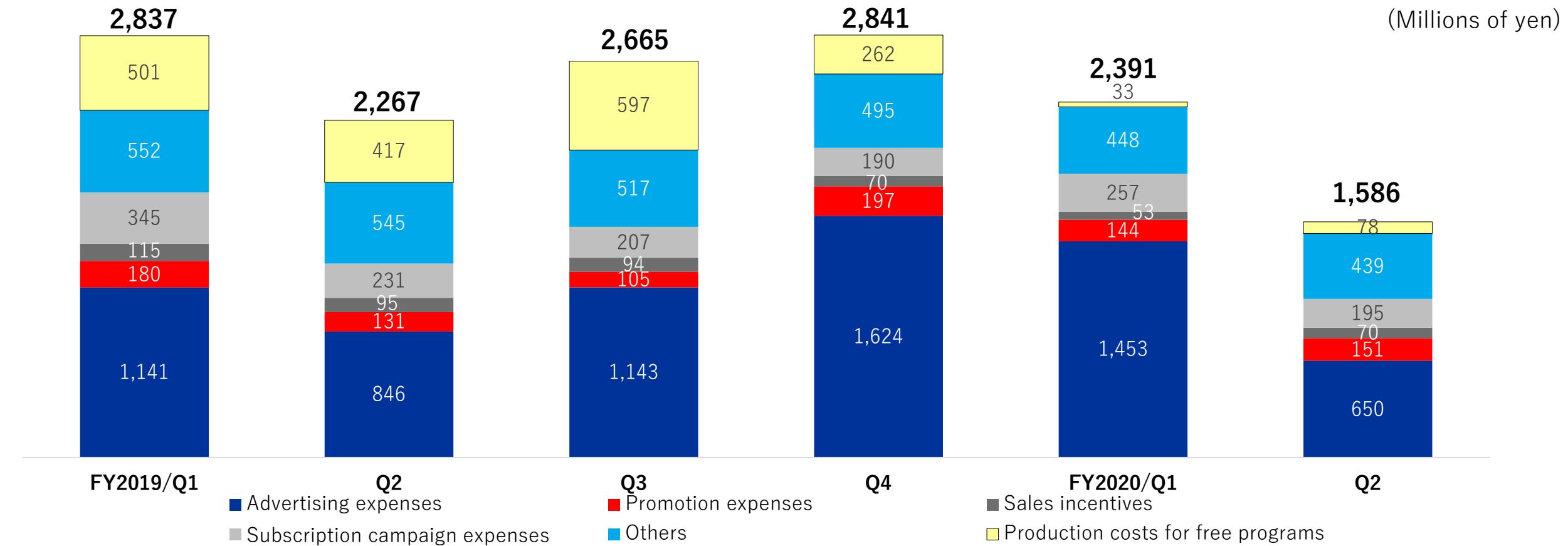
Average Monthly Contractor's Payments *1



*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!

Earnings Results of Subsidiaries

(Millions of yen)

		SJC	SPCC	SPET	SPBC	SNET	JII	JMC	ENR
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	Design, manufacturing and sales of industrial drones
Share (%)		100.0	100.0	100.0	100.0	92.0	100.0	53.3	100.0
Revenues	FY2019/Q2	55,849	3,299	25,817	1,910	1,857	1,284	1,278	187
	FY2020/Q2	56,819	3,000	23,282	1,108	1,777	2,032	1,422	104
Operating Income	FY2019/Q2	9,094	237	284	236	172	(226)	161	(281)
	FY2020/Q2	11,357	149	183	22	150	251	213	(281)
Ordinary Income	FY2019/Q2	9,356	241	287	236	186	(252)	153	(285)
	FY2020/Q2	11,638	210	187	27	167	268	204	(289)

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.

ENR: Enroute Co., Ltd.

* WAKUWAKU JAPAN Corporation was absorbed into SKY Perfect JSAT Corporation on March 1, 2020 and it was excluded in the table.

Space for your Smile

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

