Consolidated Balance Sheet

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 6 and 16)	¥ 43,603	¥ 73,194	$ 661,073
Accounts receivable (Notes 6 and 16):			
Trade	73,934	67,996	614,130
Affiliated companies	442	188	1,701
Other	529	179	1,620
Allowance for doubtful accounts	(669)	(390)	(3,524)
Lease receivables (Notes 6, 11 and 16)	2,911	49,045	442,965
Inventories:			
Broadcasting rights	1,202	1,973	17,819
Work in process	47,274	299	2,698
Other	1,148	1,081	9,763
Investment in and advances to affiliated companies (Notes 16 and 19)	1,199	2,077	18,755
Other (Notes 6 and 19)	4,476	4,028	36,381
Total current assets	176,049	199,670	1,803,381
Property and Equipment:			
Buildings and structures	22,103	22,490	203,129
Machinery, equipment and vehicles	78,401	78,652	710,373
Telecommunications satellites	263,710	247,758	2,237,703
Land	2,924	2,924	26,411
Construction in progress	155	7,097	64,102
Other	16,819	16,365	147,786
Total property and equipment	384,112	375,286	3,389,504
Accumulated depreciation	(241,572)	(241,332)	(2,179,662)
Net property and equipment	142,540	133,954	1,209,842
Investments and Other Assets:			
Software	6,848	5,106	46,113
Goodwill	1,823	945	8,537
Investment securities (Notes 5 and 16)	1,910	2,078	18,767
Investment in and advances to affiliated companies (Notes 16 and 19)	36,981	31,875	287,889
Deferred tax assets (Notes 2.o and 10)	9,065	8,990	81,200
Other	3,151	2,988	26,985
Allowance for doubtful accounts	—	(38)	(343)
Total investments and other assets	59,778	51,944	469,148
Total	¥ 378,367	¥ 385,568	$ 3,482,371

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
LIABILITIES AND EQUITY			
Current Liabilities:			
Current portion of long-term debt (Notes 6 and 16)	¥ 11,468	¥ 7,718	$ 69,709
Accounts payable (Note 16):			
Trade	12,399	12,932	116,796
Affiliated companies	413	643	5,804
Income taxes payable (Note 16)	734	4,265	38,523
Subscription fees received (Note 16)	8,066	7,585	68,510
Unearned revenues	7,155	12,373	111,753
Accrued bonus	656	801	7,235
Other	6,892	8,696	78,540
Total current liabilities	47,783	55,013	496,870
Non-current Liabilities:			
Long-term debt (Notes 6 and 16)	90,975	83,241	751,820
Liabilities for retirement benefits (Note 7)	6,030	6,760	61,056
Deferred tax liabilities (Notes 2.o and 10)	344	534	4,820
Asset retirement obligations (Note 8)	2,298	2,323	20,982
Other	1,994	2,382	21,510
Total non-current liabilities	101,641	95,240	860,188
Commitments and Contingent Liabilities (Notes 11 and 17):			
Equity (Note 9):			
Common stock			
Authorized, 1,450,000,000 shares;			
Issued, 297,007,848 shares in 2020 and 297,170,975 shares in 2021	10,000	10,033	90,620
Capital surplus	131,984	132,017	1,192,357
Retained earnings	86,504	94,502	853,520
Accumulated other comprehensive income			
Unrealized (loss) gain on available-for-sale securities	(73)	38	340
Deferred loss on derivatives under hedge accounting	(649)	(421)	(3,803)
Foreign currency translation adjustments	501	(1,314)	(11,873)
Remeasurements of defined retirement benefit plans	(257)	(605)	(5,468)
Total	228,010	234,250	2,115,693
Non-controlling interests	933	1,065	9,620
Total equity	228,943	235,315	2,125,313
Total	¥ 378,367	¥ 385,568	$ 3,482,371

Consolidated Statement of Income

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Revenues (Note 20)	¥ 139,542	¥ 139,572	$ 1,260,588
Operating Expenses:			
Cost of services (Notes 12 and 20)	90,188	87,047	786,194
Selling, general, and administrative expenses (Notes 13 and 20)	34,091	33,373	301,419
Operating Profit (Note 20)	15,263	19,152	172,975
Other Income (Expenses):			
Interest and dividend income	2,288	1,804	16,294
Interest expense (Note 6)	(1,826)	(1,269)	(11,463)
Foreign exchange (losses) gains —net	(17)	52	470
Share of profit of investments accounted for using the equity method	376	287	2,596
Commission fee	—	(142)	(1,282)
Impairment loss (Note 14)	(93)	—	—
Loss on sales of investment securities	—	(35)	(314)
Write-down of investment securities (Note 5)	(503)	—	—
Write-down of shares of subsidiaries and associates	—	(427)	(3,857)
Other—net (Notes 3 and 15)	4	466	4,205
Other Income—Net	229	736	6,649
Profit before Income Taxes	15,492	19,888	179,624
Income Taxes (Note 10):			
Current	3,190	6,186	55,864
Deferred	293	267	2,414
Total Income Taxes	3,483	6,453	58,278
Profit	12,009	13,435	121,346
(Loss) profit attributable to non-controlling interests	(18)	90	816
Profit attributable to owners of the parent	¥ 12,027	¥ 13,345	$ 120,530

	Yen		U.S. dollars (Note 1)
	2020	2021	2021
Per Share of Common Stock (Note 2.s):			
Earnings Per Share	¥ 40.49	¥ 44.92	$ 0.41
Diluted Earnings Per Share	—	—	—
Cash Dividends Applicable to the Year	18.00	18.00	0.16

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Profit	¥ 12,009	¥ 13,435	$ 121,346
Other comprehensive income (Note 18):			
Unrealized (loss) gain on available-for-sale securities	(366)	106	956
Deferred gain on derivatives under hedge accounting	139	299	2,702
Foreign currency translation adjustments	19	(1,815)	(16,397)
Remeasurement of defined retirement benefit plans	43	(350)	(3,157)
Share of other comprehensive income in affiliated companies accounted for using the equity method	(12)	12	109
Total other comprehensive loss	(177)	(1,748)	(15,787)
Comprehensive income	11,832	11,687	105,559
Total comprehensive income attributable to:			
Owners of the parent	¥ 11,810	¥ 11,520	$ 104,042
Non-controlling interests	22	167	1,517

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of yen											
						Accumulated other comprehensive income						
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurement of defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance, April 1, 2019	297,007,848	¥ 10,000	¥ 158,055	¥ 79,823	¥ (26,268)	¥ 294	¥ (736)	¥ 482	¥ (300)	¥ 221,350	¥ 2,665	¥ 224,015
Cash dividends, ¥18.00 per share				(5,346)						(5,346)		(5,346)
Profit attributable to owners of parent				12,027						12,027		12,027
Retirement of treasury stock			(26,209)		26,209					—		—
Change in ownership interest of parent due to transactions with non-controlling interests			(145)							(145)	(1,716)	(1,861)
Other			283		59	(342)				—		—
Net change in items other than shareholders' equity						(25)	87	19	43	124	(16)	108
Balance, March 31, 2020	297,007,848	¥ 10,000	¥ 131,984	¥ 86,504	¥ —	¥ (73)	¥ (649)	¥ 501	¥ (257)	¥ 228,010	¥ 933	¥ 228,943
Issuance of new shares	**163,127**	**33**	**33**							**66**		**66**
Cash dividends, ¥18.00 per share				**(5,347)**						**(5,347)**		**(5,347)**
Profit attributable to owners of parent				**13,345**						**13,345**		**13,345**
Net change in items other than shareholders' equity						**111**	**228**	**(1,815)**	**(348)**	**(1,824)**	**132**	**(1,692)**
Balance, March 31, 2021	**297,170,975**	**¥ 10,033**	**¥ 132,017**	**¥ 94,502**	**¥ —**	**¥ 38**	**¥ (421)**	**¥ (1,314)**	**¥ (605)**	**¥ 234,250**	**¥ 1,065**	**¥ 235,315**

	Thousands of U.S. dollars (Note 1)											
						Accumulated other comprehensive income						
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurement of defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance, March 31, 2020	297,007,848	$ 90,318	$ 1,192,055	$ 781,289	$ —	$ (656)	$ (5,866)	$ 4,524	$ (2,318)	$ 2,059,346	$ 8,423	$ 2,067,769
Issuance of new shares	**163,127**	**302**	**302**							**604**		**604**
Cash dividends, $0.16 per share				**(48,299)**						**(48,299)**		**(48,299)**
Profit attributable to owners of parent				**120,530**						**120,530**		**120,530**
Net change in items other than shareholders' equity						**996**	**2,063**	**(16,397)**	**(3,150)**	**(16,488)**	**1,197**	**(15,291)**
Balance, March 31, 2021	**297,170,975**	**$ 90,620**	**$ 1,192,357**	**$ 853,520**	**$ —**	**$ 340**	**$ (3,803)**	**$ (11,873)**	**$ (5,468)**	**$ 2,115,693**	**$ 9,620**	**$ 2,125,313**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Operating Activities:			
Profit before income taxes	¥ 15,492	¥ 19,888	$ 179,624
Adjustments for:			
Depreciation and amortization (Note 20)	23,317	23,323	210,652
Impairment loss	93	—	—
Amortization of goodwill	878	878	7,931
Interest and dividend income	(2,288)	(1,804)	(16,294)
Interest expense	1,826	1,269	11,463
Equity in net gains of affiliated companies	(376)	(287)	(2,596)
Write-down of shares of subsidiaries and associates	—	427	3,857
Decrease in receivables—trade and affiliated companies	3,149	6,136	55,418
Write-down of investment securities	503	—	—
Decrease (increase) in broadcasting rights	206	(771)	(6,960)
(Increase) decrease in other receivables	(192)	349	3,155
(Increase) decrease in inventories	(15,866)	46,985	424,358
Increase in payables—trade and affiliated companies	2,113	764	6,902
Increase in deferred revenues	4,276	5,220	47,149
Decrease (increase) in lease receivables	153	(46,134)	(416,676)
Other—net	623	3,406	30,751
Subtotal	33,907	59,649	538,734
Interest and dividends received	2,286	1,938	17,500
Interest paid	(1,846)	(1,414)	(12,769)
Income taxes paid	(5,467)	(2,224)	(20,084)
Net cash provided by operating activities	28,880	57,949	523,381
Investing Activities:			
Purchase of securities	(600)	—	—
Proceeds from redemption of securities	600	—	—
Purchases of property and equipment	(17,235)	(11,445)	(103,366)
Purchases of intangible assets	(2,516)	(793)	(7,161)
Purchases of investment securities	(671)	(80)	(724)
Proceeds from collection of loans receivable	199	1,168	10,550
Payments for additional acquisition of shares of affiliated companies	(561)	(287)	(2,596)
Other—net	(42)	79	715
Net cash used in investing activities	(20,826)	(11,358)	(102,582)
Financing Activities:			
Repayments of finance lease obligations	(70)	(72)	(654)
Repayments of long-term loans payable	(5,204)	(6,426)	(58,036)
Redemption of bonds	—	(5,000)	(45,159)
Dividends paid	(5,343)	(5,345)	(48,277)
Dividends paid to non-controlling interests	(39)	(36)	(320)
Payments from changes in ownership interests in subsidiaries that do not result in charge in scope of consolidation	(1,860)	—	—
Net cash used in financing activities	(12,516)	(16,879)	(152,446)
Foreign currency translation adjustments on cash and cash equivalents	(25)	(121)	(1,092)
Net (decrease) increase in cash and cash equivalents	(4,487)	29,591	267,261
Cash and cash equivalents, beginning of year	48,090	43,603	393,812
Cash and cash equivalents, end of year	¥ 43,603	¥ 73,194	$ 661,073

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

SKY Perfect JSAT Holdings Inc. and Consolidated Subsidiaries
Year Ended March 31, 2021

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, and its related accounting regulations, and in accordance with generally accepted accounting principles in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of generally accepted accounting principles in the United States of America and International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SKY Perfect JSAT Holdings Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.72 to $1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation

The consolidated financial statements as of March 31, 2021, include the accounts of the Company and its significant subsidiaries (together, the "Companies"). The remaining subsidiaries are excluded from the scope of consolidation because those unconsolidated subsidiaries do not have material effects on the accompanying consolidated financial statements.

The numbers of consolidated subsidiaries and affiliated companies, in which investments are accounted for under the equity method, as of March 31, 2020 and 2021, are summarized below.

	2020	2021
Consolidated subsidiaries	10	**10**
Affiliated companies:		
Unconsolidated subsidiaries	6	**6**
Associated companies	18	**19**

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Investments in unconsolidated subsidiaries and associated companies are accounted for by the equity method.

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets of the acquired subsidiaries and associated companies at the date of acquisition. The Companies reasonably estimate the period for which the effects of goodwill are expected to emerge and amortize the goodwill on a straight-line basis over the estimated period. Goodwill that arose on the acquisition of JSAT Corporation (JSAT) and Space Communications Corporation (SCC) is amortized over 15 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is also eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

The accounting standard for unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements: (1) requires the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances to be, in principle, unified for the preparation of the consolidated financial statements and (2) allows for financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America to be tentatively used for the consolidation process. However, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity through other comprehensive income; 3) expensing capitalized development costs of research and development ("R&D"); 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and 5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method

The accounting standard requires adjustments to be made to conform the affiliate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity through other comprehensive income; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and 5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, commercial paper, and mutual funds investing in bonds, all of which mature or become due within three months of the date of acquisition.

e. Inventories

Inventories consist primarily of broadcasting rights and work in process. The Companies purchase rights relating to the broadcasting of programs, which are capitalized and then amortized based on the number of showings.

Inventories are stated at the lower of cost, or net selling value. The cost is determined by the specific identification method for broadcasting rights and work in process, and by the first-in, first-out method for merchandise and supplies.

f. Securities

Securities are presented as investment securities in the consolidated balance sheet.

Securities are classified as held-to-maturity debt securities or available-for-sale securities, depending on management's intent.

Held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are stated at amortized cost.

Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

g. Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided for the estimated amount of uncollectible receivables, such as accounts receivable—trade and loans receivable, based on the past credit loss experience of bad debts for general receivables, and on the individually evaluated collectability for specific doubtful accounts.

For accounts receivable—trade for the Companies' collection service for basic fees, subscription fees, and other fees on which broadcasters hold claims, the Companies record an allowance for doubtful accounts in light of their past credit loss experience with subscribers over a certain period.

h. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The estimated useful lives for property and equipment are principally as follows:

Buildings and structures	2–50 years
Machinery, equipment, and vehicles	2–17 years
Telecommunications satellites	11–15 years
Other	2–20 years

i. Software

Software is stated at cost less accumulated amortization and is amortized by the straight-line method over its estimated internal useful life (mainly five years).

j. Impairment of Long-Lived Assets

The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. Accrued Bonuses

Accrued bonuses for employees are recorded for the estimated bonuses attributable to the current fiscal year within the period eligible for bonus payment set by the Companies.

l. Retirement and Pension Plans

Certain consolidated subsidiaries of the Company have unfunded defined benefit severance indemnity plans covering substantially all of their employees other than directors, executive officers, and Audit & Supervisory Board Members.

Certain subsidiaries of the Company also participate in a contributory multi-employer pension plan covering all of their employees. The costs of the multi-employer plan are accrued based on the contribution amounts.

The Companies record liabilities for retirement benefits based on the projected benefit obligations required at the consolidated balance sheet date to provide for future payments.

The projected benefit obligations are attributed to periods on a benefit formula basis. Unrecognized actuarial differences are amortized by the straight-line method over the average remaining service years of the employees or a shorter period (10–19 years), starting from the year following the year in which the differences occur. Unrecognized prior service cost is amortized by the straight-line method over the average remaining service years of the employees (10–12 years), starting from the year in which it occurs.

m. Asset Retirement Obligations

Under the accounting standard for asset retirement obligations, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. Leases

Lessee

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet.

All other leases are accounted for as operating leases.

Lessor

Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables.

o. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

The Companies file a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

On February 16, 2018, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting," which requires deferred tax assets and deferred tax liabilities to be classified as investments and other assets and long-term liabilities, respectively. Deferred tax assets were previously classified as current assets and investments and other assets, and deferred tax liabilities were previously classified as current liabilities and long-term liabilities under the previous accounting standard. The revised accounting standard is effective for annual periods beginning on or after April 1, 2018.

p. Foreign Currency Transactions

All monetary receivables and payables denominated in foreign currencies are translated into yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from transactions are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

q. Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into yen at the current exchange rate as of the consolidated balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the average exchange rate.

r. Derivative Financial Instruments

The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign currency exchange rates. Foreign exchange forward contracts are utilized by the Companies to reduce foreign currency exchange rate risk. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income. b) For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. c) Regarding the interest rate swaps that satisfy the requirements for special treatment, such special treatment is applied.

Certain assets and liabilities hedged by foreign exchange forward contracts are translated at the forward exchange contract rates.

Interest rate swaps are utilized to hedge interest rate exposures of loans payable. These swaps that qualify for hedge accounting are measured at fair value at the consolidated balance sheet date and the unrealized gains or losses are deferred until maturity as deferred gain (loss) under hedge accounting in a separate component of equity.

s. Per Share Information

Earnings per share are computed by dividing profit attributable to owners of the parent available to common shareholders by the weighted-average number of common shares outstanding for the period. The weighted-average number of shares of common stock for the years ended March 31, 2020 and 2021, were 297,007,848 and 297,170,975, respectively.

Diluted earnings per share of common stock are not presented because the Companies had no securities outstanding that might dilute earnings per share for the years ended March 31, 2020 and 2021.

Cash dividends per share presented in the accompanying consolidated statement of income refer to dividends applicable to the respective years, including dividends to be paid after the end of the year.

t. New Accounting Pronouncements

Accounting Standard for Revenue Recognition

ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," on March 31, 2020, and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." on March 26, 2021. The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company and consolidated domestic subsidiaries expect to apply the accounting standard and guidance for the year beginning on or after April 1, 2021. As a result of this applying, the Company expects to recognize subscription revenue in the Media Business and certain revenue

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from the satellite communication services in the Space Business on a net basis. The effect of the applying the accounting standard and guidance on profit and loss is insignificant.

Accounting Standard for Fair Value Measurement
On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the current accounting standards, nonmarketable available-for-sale securities are stated at cost. The New Accounting Standards are effective for the annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2020, or annual periods ending on or after March 31, 2020. The New Accounting Standards shall be applied prospectively, however, under certain circumstances, it is permitted to be applied retrospectively.

The Company and consolidated domestic subsidiaries expect to apply the accounting standard and guidance for the year beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

3. CHANGES IN PRESENTATION

Consolidated Statement of Income
Prior to April 1, 2020, "Subsidy income" in the "Other Income (Expenses)" section had been disclosed separately. The amount decreased during the fiscal year ended March 31, 2021, and as such, the amount is included in "Other—net" in the "Other Income (Expenses)" section. The amount included in "Other—net" in the "Other Income (Expenses)" section as of March 31, 2020, was ¥103 million (as of March 31, 2021, it was ¥47 million).

Changes due to the application of the "Accounting Standard for Disclosure of Accounting Estimates"
The Company has been applying the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) since the current consolidated fiscal year. The entry concerning "Significant Accounting Estimate" is provided in the Notes to the Consolidated Financial Statements.

4. SIGNIFICANT ACCOUNTING ESTIMATE

Valuation of stock without market prices acquired at prices reflecting excess earning power

(1) Amounts recorded on the consolidated financial statements
SKY Perfect JSAT Holdings Inc. and its consolidated subsidiaries (the "Group") hold investment securities for the purpose of increasing corporate value over a medium to long term through building stable business relationships as well as retaining and strengthening business partnerships in line with its growth strategies. The Company recorded investment securities of ¥2,078 million in the consolidated financial statements for the current consolidated fiscal year. Of these investment securities, ¥400 million stocks without market prices that were acquired at a price reflecting the excess earning power were tested for impairment in light of the status of achievement of the investees' business plans.

(2) Method of calculation
In the current fiscal year, the Company assessed the aforementioned stocks by comprehensively taking into account the status of achievement of the investees' business plans, fund-raising status, external factors such as operating environment, and other information available to the Company. As a result, actual values including excess earning power were found not to have declined significantly, and therefore the Company did not recognize impairment.

(3) Major assumptions used in the calculation
Actual values including excess earning power were calculated based on the following assumptions.

No significant change has occurred in the operating environments, markets, consumption trends, and trends of demand and supply, which serve as the basis for the investees' mid- to long-term business plans, and their business plans are deemed feasible.

No significant issue has occurred in the investees' operating status and fund procurement.

(4) Impact on consolidated financial statements in the next consolidated fiscal year
In cases where there is a significant decrease in their actual values including excess earning power, etc. due to a substantial shortfall in the investees' business performance compared to their business plans, the Company may recognize impairment in the next consolidated fiscal year.

5. INVESTMENT SECURITIES

Investment securities as of March 31, 2020 and 2021, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Investment securities:			
Equity securities	¥ 1,712	¥ 1,817	$ 16,411
Other	198	261	2,356
Total	¥ 1,910	¥ 2,078	$ 18,767

The costs and aggregate fair values of certain investment securities as of March 31, 2020 and 2021, were as follows:

	Millions of yen			
	2020			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale				
Equity securities	¥ 483	¥ —	¥ 97	¥ 386
Total	¥ 483	¥ —	¥ 97	¥ 386

	Millions of yen			
	2021			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale				
Equity securities	¥ 483	¥ 46	¥ —	¥ 529
Total	¥ 483	¥ 46	¥ —	¥ 529

	Thousands of U.S. dollars			
	2021			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale				
Equity securities	$ 4,364	$ 411	$ —	$ 4,775
Total	$ 4,364	$ 411	$ —	$ 4,775

The breakdown of available-for-sale securities, which were sold during the years ended March 31, 2020 and 2021, is as follows:

	Millions of yen		
	2020		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	¥ 0	¥ 0	—
Total	¥ 0	¥ 0	—

	Millions of yen		
	2021		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	¥ 7	—	¥ 35
Total	¥ 7	—	¥ 35

	Thousands of U.S. dollars		
	2021		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	$ 66	—	$ 314
Total	$ 66	—	$ 314

Write-downs of available-for-sale securities for the year ended March 31, 2020, were ¥503 million.

No Write-downs of available-for-sale securities were recognized for the year ended March 31, 2021.

6. LONG-TERM DEBT

Long-term debt as of March 31, 2020 and 2021, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Long-term debt:			
Unsecured 0.312% yen bonds, due 2020, 0.564% yen bonds, due 2022, and 0.927% yen bonds, due 2025	¥ 20,000	¥ 15,000	$ 135,477
Government-owned banks, maturing serially through 2031, annual interest rates of 0.58%–2.24% at March 31, 2020, and 0.55%–1.34% at March 31, 2021	15,217	13,690	123,644
Banks and insurance companies, maturing serially through 2031, annual interest rates of 0.58%–2.78% at March 31, 2020, and 0.58%–2.5% at March 31, 2021	67,226	62,269	562,408
Total	102,443	90,959	821,529
Less current portion	11,468	7,718	69,709
Long-term debt, less current portion	¥ 90,975	¥ 83,241	$ 751,820

Annual maturities of long-term debt as of March 31, 2021, were as follows:

	Millions of yen	Thousands of U.S. dollars
	2021	2021
Years ending March 31:		
2022	¥ 7,718	$ 69,709
2023	13,345	120,531
2024	9,721	87,800
2025	9,223	83,298
2026	20,728	187,214
Thereafter	30,224	272,977
Total	¥ 90,959	$ 821,529

Certain domestic subsidiaries of the Company have concluded lines of credit agreements with nine financial institutions to efficiently manage their working capital. The status of these lines of credit as of March 31, 2020 and 2021, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Lines of credit	¥ 15,289	¥ 15,289	$ 138,087
Credit utilized	—	—	—
Available credit	¥ 15,289	¥ 15,289	$ 138,087

Assets pledged as collateral as of March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Cash and cash equivalents	¥ 878	¥ 1,490	$ 13,455
Accounts receivable—trade	57,336	52,435	473,582
Lease receivables	2,773	2,532	22,866
"Other" under current assets	633	576	5,207
Total	¥ 61,620	¥ 57,033	$ 515,110

(Note) The assets above are pledged as collateral to secure the borrowings under the lines of credit agreements in relation to the maintenance and operations of the X-band satellite relay communications business.

Secured obligations as of March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Current portion of long-term loans payable	¥ 4,952	¥ 4,952	$ 44,722
Long-term loans payable	51,992	47,040	424,859
Total	¥ 56,944	¥ 51,992	$ 469,581

7. EMPLOYEES' BENEFIT PLANS AND DIRECTORS' SEVERANCE INDEMNITIES

Certain consolidated subsidiaries of the Company have unfunded defined benefit severance indemnity plans, under which substantially all of their employees, other than directors, executive officers, and Audit & Supervisory Board Members, are entitled, under most circumstances, to lump-sum severance indemnities. Severance indemnities are determined based on the level of compensation at retirement or earlier termination of employment, the length of service, and other factors upon mandatory retirement at the normal retirement age or earlier termination of employment.

The benefits for the multi-employer defined benefit corporate pension plan are determined based on a standard remuneration schedule corresponding to the length of participation and other factors. However, assets contributed by an employer are not segregated into a separate account or restricted to provide benefits only to employees of that employer. Therefore, the contributions to the multi-employer defined benefit corporate pension plan are recognized as paid and accounted for as a component of net periodic retirement benefit costs.

Changes in defined benefit obligations for the years ended March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Balance at the beginning of the year	¥ 5,618	¥ 5,607	$ 50,638
Current service cost	408	405	3,659
Interest cost	20	27	245
Actuarial gains	(49)	27	239
Benefits paid	(390)	(269)	(2,427)
Past service liability	—	501	4,524
Balance at the end of the year	¥ 5,607	¥ 6,298	$ 56,878

Changes in defined benefit liabilities calculated using the simplified method for the years ended March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Balance at the beginning of the year	¥ 384	¥ 417	$ 3,766
Periodic benefit cost	49	53	476
Benefit paid	(16)	(14)	(120)
Balance at the end of the year	¥ 417	¥ 456	$ 4,122

A reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation as of March 31, 2020 and 2021, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Unfunded defined benefit obligation	¥ 6,024	¥ 6,754	$ 61,000
Net liability for defined benefit obligation	¥ 6,024	¥ 6,754	$ 61,000

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Liabilities for retirement benefits	¥ 6,024	¥ 6,754	$ 61,000
Net liability for defined benefit obligation	¥ 6,024	¥ 6,754	$ 61,000

Components of net periodic benefit costs for the years ended March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Service cost	¥ 408	¥ 405	$ 3,659
Interest cost	20	27	245
Recognized actuarial losses	44	39	349
Amortization of prior service cost	(32)	(15)	(135)
Periodic benefit cost under the simplified method	49	53	476
Net periodic benefit costs	¥ 489	¥ 509	$ 4,594

Amounts recognized in other comprehensive income (before income tax effect) in respect of remeasurement of defined retirement benefit plans as of March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Actuarial losses	¥ 94	¥ 12	$ 110
Prior service cost	(32)	(516)	(4,659)
Total	¥ 62	¥ (504)	$ 4,549

Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of remeasurement of defined retirement benefit plans as of March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Unrecognized actuarial losses	¥ (400)	¥ (388)	$ (3,502)
Unrecognized prior service cost	31	(485)	(4,383)
Total	¥ (369)	¥ (873)	$ (7,885)

Assumptions used for the years ended March 31, 2020 and 2021, were set forth as follows:

	2020	2021
Discount rate	0.4–0.5%	0.4–0.5%

The amounts of contributions to the multi-employer defined benefit corporate pension plan were ¥171 million for the year ended March 31, 2019, and ¥176 million for the year ended March 31, 2020.

The funded status of the multi-employer defined benefit corporate pension plan as of March 31, 2019 (available information as of March 31, 2020) and 2020 (available information as of March 31, 2021), to which contributions were recorded as net periodic retirement benefit costs, was as follows:

	Millions of yen	
	2019	2020
Fair value of plan assets	¥ 30,141	¥ 30,857
Pension benefit obligation recorded	35,713	37,285
Difference	¥ (5,572)	¥ (6,428)

The Companies' contribution percentages for the multi-employer defined benefit corporate pension plan as of March 31, 2019 and 2020, were 5.6% and 5.8%, respectively.

The difference for the year ended March 31, 2019, mainly resulted from prior service costs of ¥10,700 million and adjustments of voluntary reserve of ¥5,127 million. Prior service cost is amortized over 14 years. The Companies recorded special contributions of ¥56 million as expenses in the consolidated financial statements in the fiscal year ended March 31, 2019.

The difference for the year ended March 31, 2020, mainly resulted from prior service costs of ¥10,275 million and adjustments of voluntary reserve of ¥3,847 million. Prior service cost is amortized over 13 years. The Companies recorded special contributions of ¥59 million as expenses in the consolidated financial statements in the fiscal year ended March 31, 2020.

The above contribution percentages do not conform to the actual percentages applied to the Companies.

A subsidiary of the Company also has directors' unfunded severance indemnity plans. Benefits under the directors' unfunded severance indemnity plans are determined based on the level of compensation at retirement, length of service, and other factors. Liabilities for severance payments under the directors' unfunded severance indemnity plans as of March 31, 2020 and 2021, amounting to ¥6 million and ¥6 million ($56 thousand), respectively, were stated on the vested benefit obligation basis. The vested benefit obligation represents the amount that would be required to be paid if all directors and executive officers terminated their appointments as of the consolidated balance sheet date.

8. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations are mainly recognized on restitution obligations associated with real estate rental agreements and leasehold establishment contracts.

The amount of asset retirement obligations is computed using discount rates of 0.1% to 2.4% and estimated useful lives of nine to 50 years after acquisition.

Changes in asset retirement obligations for the years ended March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Balance at the beginning of the year	¥ 2,203	¥ 2,312	$ 20,885
Additional provisions associated with the acquisition of property and equipment	75	17	154
Reconciliation associated with passage of time	34	36	328
Reduction associated with settlement of asset retirement obligations	—	(27)	(241)
Other	—	(15)	(144)
Balance at the end of the year	¥ 2,312	¥ 2,323	$ 20,982

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria including (1) having a board of directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its Articles of Incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its Articles of Incorporation. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as legal capital surplus (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the total aggregate amount of the legal reserve and legal capital surplus equals 25% of the common stock. Under the Companies Act, the total amount of legal capital surplus and the legal reserve may be reversed without limitation. The Companies Act also provides that common stock, the legal reserve, legal capital surplus, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights, which were previously presented as liabilities, are now presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

With the issuance of shares under the restricted stock compensation plan, common stock and capital surplus each increased by ¥33 million ($302 thousand) as of March 31, 2021.

10. INCOME TAXES

The Companies are subject to a number of different income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2020, and 2021.

The tax effects of significant temporary differences and tax loss carryforwards that resulted in deferred tax assets and liabilities as of March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Deferred tax assets:			
Depreciation	¥ 4,481	¥ 4,029	$ 36,389
Liabilities for retirement benefits	1,855	2,078	18,768
Tax loss carryforwards (Note 2)	1,233	1,554	14,040
Asset retirement obligations	711	719	6,492
Deferred gain on derivatives under hedge accounting	541	427	3,860
Other	3,355	3,307	29,865
Total of tax loss carryforwards and temporary differences	12,176	12,114	109,414
Less valuation allowance for tax loss carryforwards	(1,062)	(1,397)	(12,618)
Less valuation allowance for temporary differences	(1,292)	(1,120)	(10,117)
Total valuation allowance (Note 1)	(2,354)	(2,517)	(22,735)
Deferred tax assets	9,822	9,597	86,679
Deferred tax liabilities:			
Depreciation in foreign subsidiaries	(642)	(695)	(6,279)
Asset retirement obligations	(314)	(284)	(2,566)
Other	(145)	(162)	(1,452)
Deferred tax liabilities	(1,101)	(1,141)	(10,297)
Net deferred tax assets	¥ 8,721	¥ 8,456	$ 76,380

(Note 1) Total valuation allowance increased by ¥163 million mainly due to additional recognition of valuation allowance for tax loss carryforwards.

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(Note 2) The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2020 and 2021, were as follows:

	Millions of yen						
	2020						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards (*)	¥ 37	¥ 43	¥ 41	¥ 43	¥ 44	¥ 1,025	¥ 1,233
Less valuation allowances for tax loss carryforwards	(37)	(43)	(41)	(43)	(44)	(854)	(1,062)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	171	171

	Millions of yen						
	2021						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards (*)	¥ 43	¥ 41	¥ 43	¥ 44	¥ 46	¥ 1,337	¥ 1,554
Less valuation allowances for tax loss carryforwards	(43)	(41)	(43)	(44)	(46)	(1,180)	(1,397)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	157	157

	Thousands of U.S. dollars						
	2021						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards (*)	$ 384	$ 371	$ 386	$ 400	$ 419	$ 12,080	$ 14,040
Less valuation allowances for tax loss carryforwards	(384)	(371)	(386)	(400)	(419)	(10,658)	(12,618)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	1,421	1,421

(*) Tax loss carryforward was calculated using the statutory tax rate.

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2020 and 2021, is as follows:

	2020	2021
Normal effective statutory tax rate	30.6%	30.6%
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	0.5	0.2
Change in valuation allowance	(10.0)	1.0
Amortization of goodwill	1.7	1.4
Share of profit or loss of investments accounted for using the equity method	(0.7)	(0.4)
Other	0.4	(0.4)
Actual effective tax rate	22.5%	32.4%

11. LEASES

a. Finance Lease

As lessor:

Annual maturities of lease receivables are as follows:

	Millions of yen	Thousands of U.S. dollars
	2021	2021
Years ending March 31:		
2022	¥ 2,773	$ 25,046
2023	2,889	26,095
2024	2,994	27,041
2025	3,109	28,076
2026	3,178	28,703
Thereafter	34,102	308,004
Total	¥ 49,045	$ 442,965

b. Operating Lease

As lessee:

The minimum rental commitments under noncancelable operating leases as of March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Due within one year	¥ 1,758	¥ 1,688	$ 15,247
Due after one year	3,519	1,924	17,376
Total	¥ 5,277	¥ 3,612	$ 32,623

12. COST OF SERVICES

Write-down of inventories and other assets, which were charged to cost of services for the years ended March 31, 2020 and 2021, amounted to ¥77 million and ¥122 million ($1,101 thousand), respectively.

13. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Major components of selling, general, and administrative expenses for the years ended March 31, 2020 and 2021, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Salaries and wages	¥ 5,001	¥ 4,978	$ 44,957
Provision for accrued bonuses	414	482	4,350
Net periodic benefit costs	304	305	2,751
Advertising expenses	5,659	6,476	58,486
Sales promotion expenses	4,343	2,748	24,817
Sales incentives	760	592	5,347
Subcontracting fees	6,823	7,474	67,502
Provision for doubtful accounts	526	282	2,546
Research and development expenses	286	236	2,134
Other	9,974	9,800	88,529
Total	¥ 34,090	¥ 33,373	$ 301,419

14. IMPAIRMENT LOSS

The asset groups for which the Company and its subsidiaries recognized impairment loss for the years ended March 31, 2020 and 2021, were as follows:

Use	Location	Type of assets	Millions of yen		Thousands of U.S. dollars
			2020	2021	2021
Operational assets	Hitachiomiya-shi, Ibaraki Prefecture	Buildings and structures	¥ 20	¥ —	$ —
		Other	41	—	—
	Asaka-shi, Saitama Prefecture	Buildings and structures	3	—	—
		Software	7	—	—
		Other	21	—	—

15. OTHER EXPENSES

"Other"under non-operating expenses for the year ended March 31, 2020, includes, among other things, an amount of ¥289 million required to refund inappropriately received subsidies.

16. FINANCIAL INSTRUMENTS

a. Policy for Financial Instruments

The Companies procure funds through bank loans and issuance of bonds. Temporary cash surpluses, if any, are invested in low-risk financial assets. Derivatives are not used for speculative purposes, but for managing exposure to financial risks as described in Note 17.

b. Nature of, Risks Arising from, and Risk Management for Financial Instruments

Accounts receivable and lease receivables are exposed to customer credit risk. The Companies manage their credit risk from receivables in accordance with internal credit control rules, which include monitoring payment due dates and balances of customers, and periodic assessment of the credit standing of major customers.

Cash equivalents are mainly bonds, which are exposed to credit risk, held for the purpose of investing temporary cash surpluses. To mitigate these risks, the Companies invest in only highly rated bonds.

Available-for-sale securities are listed stocks, and are exposed to market risk. To mitigate the risk, the Companies assess fair values and financial conditions of the issuer periodically and review status of ownership on an on-going basis.

Payment terms of the majority of trade payables, such as accounts payable—trade and accounts payable—other, are less than one year. These trade payables are exposed to liquidity risk related to funding. The Companies manage such risk by preparing and executing financing plans that maintain a certain amount of liquidity in hand and concluding lines of credit agreements with respective financial institutions.

Bank loans and bonds are used to fund Private Finance Initiative (PFI) projects, business investment, and capital investment. Of these financial instruments, floating-interest-rate loans are exposed to interest rate risk. Some of such loans are hedged using interest rate swaps to fix interest on loans.

Derivatives include forward exchange contracts used to hedge against the market risk resulting from fluctuations in foreign currency exchange rates related to financing the purchase of broadcasting rights and capital expenditures of telecommunications satellites, and interest rate swaps used to hedge against changes in interest rates on bank loans.

The Companies execute and manage derivative transactions in accordance with the internal policies that define transaction authority. The Companies enter into derivative transactions only with financial institutions with a high credit rating to minimize credit risk exposure.

Notes to Consolidated Financial Statements

c. Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. The results of valuations may differ based on assumptions used because rational valuation techniques include variable factors. The nominal amounts disclosed in Note 17 do not reflect market risks regarding derivative transactions.

(1) Cash and cash equivalents

The carrying amounts of cash and cash equivalents that are readily convertible into cash approximate fair value.

(2) Accounts receivable and lease receivables

The carrying amounts of accounts receivable with a short collection period approximate fair value. The fair values of accounts receivable with a longer collection period are stated at their present values, which are determined by categorizing receivables by a certain period and discounting them at the rate that incorporates the period to maturity and credit risk.

(3) Investment securities

The fair values of investment securities are based on prices provided by the stock exchange.

Fair value information for investment securities by classification is included in Note 5.

(4) Investment in and advances to affiliated companies

The carrying values of advances to affiliated companies approximate fair values because the interest rates of the loans are variable and reflect market interest rates for a short period, unless the credit standings of borrowers vary greatly.

(5) Accounts payable, income taxes payable, and subscription fees received

The carrying amounts of these instruments approximate fair value, given their short settlement periods.

(6) Current portion of long-term loans payable and long-term loans payable

The carrying amounts of the current portion of long-term loans payable and long-term loans payable with floating interest rates approximate fair value because the interest rates of the loans are variable and reflect market interest rates and the loans are of short duration. In addition, the credit standing of the Company has not varied greatly from the time it executed the financing transactions. Fair values of the current portion of long-term loans payable and long-term loans payable with fixed interest rates are determined based on the present value as calculated by categorizing the loans by a certain period (for long-term loans payable that are subject to special treatment for interest rate swaps, the aggregate value of principal and interest using the rate of the interest swaps) and discounting the aggregate value of principal and interest using an interest rate for similar new loans.

(7) Bonds payable

Fair values are determined based on the present value as calculated by discounting the aggregate value of principal and interest using an interest rate for the remaining period and reflecting the credit risk of the applicable bond.

(8) Derivatives

Fair value information for derivatives is included in Note 17.

Fair value of financial instruments:

	Millions of yen		
	2020		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 43,603	¥ 43,603	¥ —
Accounts receivable	74,905		
Allowance for doubtful accounts	(669)		
Net	74,236	76,488	2,251
Lease receivables	2,911	3,028	117
Investment in and advances to affiliated companies:			
Current portion of advances	1,199	1,199	—
Investment securities:			
Available-for-sale securities	386	386	—
Investment in and advances to affiliated companies:			
Advances	18,579	18,579	—
Total	140,914	143,283	2,368
Current portion of long-term debt:			
Current portion of bonds payable	5,000	5,003	3
Current portion of long-term loans payable	6,468	6,479	11
Accounts payable	12,812	12,812	—
Income taxes payable	734	734	—
Subscription fees received	8,066	8,066	—
Long-term debt:			
Bonds payable	15,000	15,356	356
Long-term loans payable	75,975	77,705	1,730
Total	124,055	126,155	2,100
Derivative transactions	¥ (1,339)	¥ (1,339)	¥ —

	Millions of yen		
	2021		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 73,194	¥ 73,194	¥ —
Accounts receivable	68,363		
Allowance for doubtful accounts	(390)		
Net	67,973	69,734	1,761
Lease receivables	49,045	49,616	571
Investment in and advances to affiliated companies:			
Current portion of advances	2,077	2,077	—
Investment securities:			
Available-for-sale securities	529	529	—
Investment in and advances to affiliated companies:			
Advances	15,480	15,480	—
Total	208,298	210,630	2,332
Current portion of long-term debt:			
Current portion of long-term loans payable	7,718	7,729	11
Accounts payable	13,575	13,575	—
Income taxes payable	4,265	4,265	—
Subscription fees received	7,585	7,585	—
Long-term debt:			
Bonds payable	15,000	15,272	272
Long-term loans payable	68,241	69,609	1,368
Total	116,384	118,035	1,651
Derivative transactions	¥ (908)	¥ (908)	¥ —

	Thousands of U.S. dollars		
	2021		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	$ 661,073	$ 661,073	$ —
Accounts receivable	617,451		
Allowance for doubtful accounts	(3,524)		
Net	613,927	629,831	15,904
Lease receivables	442,965	448,126	5,161
Investment in and advances to affiliated companies:			
Current portion of advances	18,755	18,755	—
Investment securities:			
Available-for-sale securities	4,775	4,775	—
Investment in and advances to affiliated companies:			
Advances	139,809	139,809	—
Total	1,881,304	1,902,369	21,065
Current portion of long-term debt:			
Current portion of long-term loans payable	69,709	69,806	97
Accounts payable	122,600	122,600	—
Income taxes payable	38,523	38,523	—
Subscription fees received	68,510	68,510	—
Long-term debt:			
Bonds payable	135,477	137,938	2,461
Long-term loans payable	616,343	628,694	12,351
Total	1,051,162	1,066,071	14,909
Derivative transactions	$ (8,198)	$ (8,198)	$ —

Notes to Consolidated Financial Statements

Carrying amount of financial instruments whose fair value cannot be reliably determined:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Investment in affiliated companies	¥ 18,402	¥ 16,395	$ 148,080
Investment in equity instruments that do not have a quoted market price in an active market	1,326	1,288	11,636
Investments in partnerships	198	261	2,356
Total	¥ 19,926	¥ 17,944	$ 162,072

Maturity analysis for financial assets and securities with contractual maturities:

	Millions of yen			
	2021			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash equivalents	¥ 22,999	¥ —	¥ —	¥ —
Accounts receivable	21,690	19,652	24,565	2,456
Lease receivables	2,773	12,170	17,282	16,820
Investment in and advances to affiliated companies:				
Current portion of advances	2,077	—	—	—
Advances	—	12,931	2,549	—
Total	¥ 49,539	¥ 44,753	¥ 44,396	¥ 19,276

	Thousands of U.S. dollars			
	2021			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash equivalents	$ 207,721	$ —	$ —	$ —
Accounts receivable	195,902	177,494	221,868	22,187
Lease receivables	25,046	109,915	156,091	151,913
Investment in and advances to affiliated companies:				
Current portion of advances	18,755	—	—	—
Advances	—	116,792	23,017	—
Total	$ 447,424	$ 404,201	$ 400,976	$ 174,100

17. DERIVATIVE INSTRUMENTS

Certain consolidated subsidiaries of the Company use derivative financial instruments, which include foreign exchange forward contracts and interest rate swap contracts. Foreign exchange forward contracts are used for the purpose of reducing the risk arising from changes in anticipated cash flows of forecasted transactions associated with certain payments for overseas broadcasting rights and telecommunications satellites. Interest rate swap contracts are used to reduce the risk of increasing interest payments on loans due to increases in market rates.

The notional amounts of derivatives that are shown in the table below do not represent the amounts exchanged by the parties and do not measure exposure to credit or market risks of certain consolidated subsidiaries of the Company.

Derivative transactions to which hedge accounting was not applied as of March 31, 2020 and 2021, were as follows:

	Millions of yen			
	2020			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign exchange forward contracts				
Buying U.S. dollars	¥ 1,810	¥ —	¥ (24)	¥ (24)

	Millions of yen			
	2021			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign exchange forward contracts				
Buying U.S. dollars	¥ 87	¥ 87	¥ (0)	¥ (0)

	Millions of U.S. dollars			
	2021			
	Contract amount	Contract amount due after one year	Fair value	Unrealized gain/loss
Foreign exchange forward contracts				
Buying U.S. dollars	$ 783	$ 783	$ (1)	$ (1)

Fair values of derivative transactions are measured at the quoted price obtained from financial institutions.

Derivative transactions to which hedge accounting was applied as of March 31, 2020 and 2021, were as follows:

	Hedged item	Millions of yen 2020 Contract amount	Contract amount due after one year	Fair value
Foreign exchange forward contracts				
Buying U.S. dollars	Forecasted foreign currency transactions	¥ 69	¥ —	¥ 1
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	25,390	23,182	(1,315)
Method of hedge accounting: Special treatment (Note 2. r)				
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	¥ 31,433	¥ 28,700	¥ —

	Hedged item	Millions of yen 2021 Contract amount	Contract amount due after one year	Fair value
Foreign exchange forward contracts				
Buying U.S. dollars	Forecasted foreign currency transactions	¥ 1,073	¥ —	¥ (0)
Buying euro	Forecasted foreign currency transactions	1,478	—	109
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	23,182	20,975	(1,017)
Method of hedge accounting: Special treatment (Note 2. r)				
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	¥ 28,700	¥ 25,967	¥ —

	Hedged item	Thousands of U.S. dollars 2021 Contract amount	Contract amount due after one year	Fair value
Foreign exchange forward contracts				
Buying U.S. dollars	Forecasted foreign currency transactions	$ 9,691	$ —	$ (1)
Buying euro	Forecasted foreign currency transactions	13,353	—	985
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	209,379	189,438	(9,182)
Method of hedge accounting: Special treatment (Note 2. r)				
Interest rate swap				
(Fixed rate payment, floating rate receipt)	Long-term debt	$ 259,212	$ 234,526	$ —

Fair values of derivative transactions are measured at the quoted price obtained from financial institutions.

18. COMPREHENSIVE INCOME

Other comprehensive income for the years ended March 31, 2020 and 2021, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Other comprehensive income :			
Unrealized gain (loss) on available-for-sale securities			
(Losses) gains arising during the year	¥ (528)	¥ 150	$ 1,357
Amount before income tax effect	(528)	150	1,357
Income tax effect	162	(44)	(401)
Total	(366)	106	956
Deferred gain on derivatives under hedge accounting			
Gains arising during the year	208	395	3,563
Reclassification adjustments to profit or loss	24	23	211
Amounts transferred to the initial carrying amounts of hedged items	(32)	13	121
Amount before income tax effect	200	431	3,895
Income tax effect	(61)	(132)	(1,193)
Total	139	299	2,702
Foreign currency translation adjustments	19	(1,815)	(16,397)
Remeasurement of defined retirement benefit plans			
Losses arising during the year	49	(527)	(4,764)
Reclassification adjustments to profit or loss	13	23	214
Amount before income tax effect	62	(504)	(4,550)
Income tax effect	(19)	154	1,393
Total	43	(350)	(3,157)
Share of other comprehensive income in affiliated companies accounted for using the equity method			
Losses arising during the year	(6)	15	136
Amounts transferred to the initial carrying amounts of hedged items	(6)	(3)	(27)
Total	(12)	12	109
Total other comprehensive income	¥ (177)	¥ (1,748)	$ (15,787)

19. RELATED-PARTY DISCLOSURES

Year Ended March 31, 2020

Transactions of the Companies with affiliated companies for the year ended March 31, 2020, were as follows:

	Millions of yen
Correction of loans receivable	¥ 199
Receipt of interest	¥ 954

The balances due to or from the Companies with affiliated companies at March 31, 2020, were as follows:

	Millions of yen
Current portion of long-term loans receivable	¥ 1,199
Long-term loans receivable	¥ 18,579
Current assets—other	¥ 122

Year Ended March 31, 2021

Transactions of the Companies with affiliated companies for the year ended March 31, 2021, were as follows:

	Millions of yen	Thousands of U.S. dollars
Correction of loans receivable	¥ 1,168	$ 10,550
Receipt of interest	¥ 590	$ 5,329

The balances due to or from the Companies with affiliated companies at March 31, 2021, were as follows:

	Millions of yen	Thousands of U.S. dollars
Current portion of long-term loans receivable	¥ 2,077	$ 18,755
Long-term loans receivable	¥ 15,480	$ 139,809
Current assets—other	¥ 62	$ 563

20. SEGMENT INFORMATION

The Companies are required to report financial and descriptive information about their reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available, and for which such information is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of reportable segments

The Company's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Companies. The Companies have established service divisions in SKY Perfect JSAT Corporation, which is a core operating consolidated subsidiary of the Company, and such service divisions design the strategies for their services and deploy operating activities. The Company consists of service segments based on the operating divisions of SKY Perfect JSAT Corporation, which include the Media Business and the Space Business as reportable segments. The Media Business offers platform services, such as customer management activities, to the broadcasting businesses, and delivers broadcasting services via communication satellites and fiber-optic networks. The Space Business offers communication satellite circuits (transponders) to the broadcasting businesses and satellite communication services, such as data communication and mobile communication, to the government, public entities, and corporations.

2. Methods of measurement for the amounts of sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2,"Summary of Significant Accounting Policies."

Intersegment sales or transfers are determined based on market prices.

3. Information about sales, profit, assets, liabilities, and other items is as follows:

	Millions of yen			
	2020			
	Media Business	Space Business	Reconciliations (Note 1)	Consolidated (Note 2)
Sales to external customers	¥ 94,382	¥ 45,160	¥ —	¥ 139,542
Intersegment sales or transfers	3,264	8,374	(11,638)	—
Total	97,646	53,534	(11,638)	139,542
Operating profit	¥ 3,076	¥ 12,902	¥ (715)	¥ 15,263
Segment profit (profit attributable to owners of the parent)	4,547	8,030	(550)	12,027
Segment assets	54,950	276,096	47,321	378,367
Other:				
Depreciation and amortization	8,510	14,472	335	23,317
Amortization of goodwill	—	878	—	878
Investment in affiliated companies accounted for using the equity method	4,771	13,631	—	18,402
Increase in property and equipment and intangible assets	10,664	8,706	163	19,533

Note 1. Reconciliation is as follows:

(1) Segment profit of ¥(550) million consists of ¥(8) million of intersegment sales and ¥(542) million of corporate profit (loss) not allocated to each reportable segment. Corporate profit (loss) mainly consist of general and administrative expenses, non-operating income and tax expenses that are not attributable to any segment.

(2) Segment assets of ¥47,321 million consist of ¥(525) million of intersegment assets and ¥47,846 million of corporate assets not allocated to each reportable segment. Corporate assets mainly consist of cash and cash equivalents and assets related to administrative divisions.

(3) Depreciation and amortization of ¥335 million represents depreciation of corporate assets not allocated to each reportable segment.

(4) An increase in property and equipment and intangible assets of ¥163 million represents increases in property and equipment and intangible assets not allocated to each reportable segment.

Note 2. Segment profit is reconciled with profit attributable to owners of the parent in the consolidated statement of income.

Notes to Consolidated Financial Statements

	Millions of yen			
	2021			
	Media Business	Space Business	Reconciliations (Note 1)	Consolidated (Note 2)
Sales to external customers	¥ 88,403	¥ 51,169	¥ —	¥ 139,572
Intersegment sales or transfers	3,196	7,760	(10,956)	—
Total	91,599	58,929	(10,956)	139,572
Operating profit	¥ 5,996	¥ 13,830	¥ (674)	¥ 19,152
Segment profit (profit attributable to owners of the parent)	4,397	9,449	(501)	13,345
Segment assets	51,343	257,867	76,358	385,568
Other:				
Depreciation and amortization	7,427	15,533	363	23,323
Amortization of goodwill	—	878	—	878
Investment in affiliated companies accounted for using the equity method	4,973	11,422	—	16,395
Increase in property and equipment and intangible assets	4,571	8,288	179	13,038

	Thousands of U.S. dollars			
	2021			
	Media Business	Space Business	Reconciliations (Note 1)	Consolidated (Note 2)
Sales to external customers	$ 798,440	$ 462,148	$ —	$ 1,260,588
Intersegment sales or transfers	28,865	70,091	(98,956)	—
Total	827,305	532,239	(98,956)	1,260,588
Operating profit	$ 54,154	$ 124,907	$ (6,086)	$ 172,975
Segment profit (profit attributable to owners of the parent)	39,711	85,338	(4,519)	120,530
Segment assets	463,718	2,329,003	689,650	3,482,371
Other:				
Depreciation and amortization	67,083	140,290	3,279	210,652
Amortization of goodwill	—	7,931	—	7,931
Investment in affiliated companies accounted for using the equity method	44,917	103,163	—	140,080
Increase in property and equipment and intangible assets	41,289	74,859	1,611	117,759

Note 1. Reconciliation is as follows:
(1) Segment profit of ¥(501) million ($4,519) thousand) consists of ¥1 million ($10thousand) of intersegment sales and ¥(502) million ($(4,529) thousand) of corporate profit (loss) not allocated to each reportable segment. Corporate profit (loss) mainly consist of general and administrative expenses, non-operating income and tax expenses that are not attributable to any segment.
(2) Segment assets of ¥76,358 million ($689,650 thousand) consist of ¥(450) million ($(4,063) thousand) of intersegment assets and ¥76,808 million ($693,713thousand) of corporate assets not allocated to each reportable segment. Corporate assets mainly consist of cash and cash equivalents and assets related to administrative divisions.
(3) Depreciation and amortization of ¥363 million ($3,279 thousand) represents depreciation of corporate assets not allocated to each reportable segment.
(4) An increase in property and equipment and intangible assets of ¥179 million ($1,611 thousand) represents increases in property and equipment and intangible assets not allocated to each reportable segment.

Note 2. Segment profit is reconciled with profit attributable to owners of the parent in the consolidated statement of income.

Related information:

1. Information about products and services

Information about products and services is omitted as the same information is disclosed in "Information about sales, profit, assets, liabilities and other items" above.

2. Information about geographical areas

(1) Sales

Under Japanese accounting standards, the Companies are not required to disclose geographical segment information about sales because sales to external customers in Japan represent more than 90% of that of the Companies for the fiscal years ended March 31, 2020 and 2021.

(2) Property and equipment

Under Japanese accounting standards, the Companies are not required to disclose geographical segment information about property and equipment because property and equipment located in Japan represented more than 90% of that of the Companies for the fiscal years ended March 31, 2020 and 2021.

3. Information about major customers

Under Japanese accounting standards, the Companies are not required to disclose major customer information because sales to any one external customer do not represent more than 10% of that of the Companies for the fiscal years ended March 31, 2020 and 2021.

Information about impairment losses on long-lived assets by reportable segment:

Information about impairment losses as of March 31, 2020 and 2021, is as follows:

	Millions of yen			
	2020			
	Media Business	Space Business	Reconciliations	Consolidated
Impairment losses	¥ —	¥ 93	¥ —	¥ 93

No Impairment losses were recognized for the fiscal year ended March 31, 2021.

Information about goodwill and its amortization:

Information about goodwill and its amortization as of March 31, 2020 and 2021, is as follows:

	Millions of yen			
	2020			
	Media Business	Space Business	Reconciliations	Consolidated
Amortization of goodwill	¥ —	¥ 878	¥ —	¥ 878
Goodwill as of March 31, 2020	—	1,823	—	1,823

	Millions of yen			
	2021			
	Media Business	Space Business	Reconciliations	Consolidated
Amortization of goodwill	¥ —	¥ 878	¥ —	¥ 878
Goodwill as of March 31, 2021	—	945	—	945

	Thousands of U.S. dollars			
	2021			
	Media Business	Space Business	Reconciliations	Consolidated
Amortization of goodwill	$ —	$ 7,931	$ —	$ 7,931
Goodwill as of March 31, 2021	—	8,537	—	8,537

Information about recognized bargain purchase gain (negative goodwill) by reportable segment:

In the Space Business segment, negative goodwill of 109 million was recorded due to the new acquisition of the shares of MCC Corporation for the fiscal year ended March 31, 2020. The negative goodwill was included in the "Share of profit of investments accounted for using the equity method" in the consolidated statement of income.

There was no applicable information for the fiscal year ended March 31, 2021.

21. SUBSEQUENT EVENTS

Appropriations of Retained Earnings

The following appropriation of retained earnings as of March 31, 2021, was approved at the Board of Directors' meeting held on April 28, 2021:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividend, ¥9 ($0.08) per share	¥ 2,675	$ 24,156

Dissolution of Consolidated Subsidiary

At the meeting of the Board of Directors held on June 2, 2021, the Company resolved to dissolve its consolidated subsidiary, Enroute Co., Ltd. ("Enroute")

1. Summary of the Subsidiary to be Dissolved

(1) Trade name : Enroute Co., Ltd.
(2) Head office : Akasaka, Minato-Ku, Tokyo
(3) Description of businesses
: Design, manufacture, and sale of industrial drones
(4) Capital : ¥496 million
(5) Major shareholders
: Our indirect ownership (100%)

2. Reason for Dissolution

Enroute became a consolidated subsidiary of the Company in July 2016 and has been developing businesses such as sales of industrial drones and so on. However, due to intensified competition caused by overseas manufacturers entering Japanese market and other factors, business conditions remained severe. In January 2021, Enroute transferred a portion of its drone business to NTT e-Drone Technology Corporation and the Company decided to dissolve it after completing its roles as a drone operating company in the Group.

3. Schedule of Dissolution

On June 3, 2021, Enroute's extraordinary general meeting of shareholders resolved to dissolve it. We plan to complete the liquidation upon completion of the necessary procedures.

4. Impact on financial results

This dissolution is expected to reduce tax expenses, etc. by approximately ¥900 million in the consolidated income statement for the year ending March 31, 2022.